

2009 Annual Budget



**City of Clyde Hill,
Washington**

City of Clyde Hill, Washington

2009 Annual Budget



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To: Clyde Hill City Council and Citizens

From: George S. Martin, Mayor

Date: October 30, 2008

Re: 2009 Budget Message

I would like to thank the City Council, the City Staff and the Citizen Budget Advisory Committee (Marianne Klaas, Bret Neely, Al Pirnat, Eileen Stempel and Bob Valluzzo) for their active and direct participation in the development and preparation of the City of Clyde Hill's 2009 Budget. It is through the efforts of these people that Clyde Hill has consistently been able to provide exceptional public services and facilities to its citizens while maintaining the highest degree of fiscal responsibility.

Budget Background

Developing the 2009 budget was a challenge. The goal was to maintain the current level of essential City services and facilities in a very difficult and uncertain economy.

Unlike the past several years, the 2009 budget focus was not on how best to distribute a budget surplus, but rather how best to manage a budget deficit. As a result of a frozen housing market and an absence of development activity, operating revenues for the City have been significantly diminished. Given this reality, there have been no new programs, initiatives, or major cost increases budgeted for 2009. The increases that have been budgeted for are the result of external costs being passed on to the City, implementation of the police union contract and modifications to salary and benefits of existing employees

Although the City of Clyde Hill is a small residential community consisting of approximately 3,000 people and 1,100 homes, it is still charged with providing essential services to its citizens, including administrative, police, fire, public works, building, streets and adjunct services and the City must do so within significant budgetary limitations.

Given the residential nature of the community, Clyde Hill does not have a diversified tax base and is limited in the revenue sources from which to deliver the services it is charged to provide. About 30% of the City's operating revenue is derived from property taxes.

However, for each dollar in property taxes paid by its citizens, the City of Clyde Hill receives less than 8 cents. Over 92 cents of every property tax dollar goes to other jurisdictions over which Clyde Hill has no control or say.

Clyde Hill derives the remainder of its operating revenue from a combination of sources which include sales tax, development revenue, investment income, fines and forfeitures, wireless communication facility leases, utility and franchise taxes and police contract services provided to other communities. Clyde Hill's ability to increase revenue from any one or all of these sources is limited by practicality and by basic fairness.

Long-Term Consideration

For the past several years the City has enjoyed balanced budgets with year-end surpluses. Serious financial issues have been non-existent and no financial issue has required emergency consideration. This is no longer the case. However, through prudent and considered budget analysis and planning the City is on solid financial footing for 2009 and the foreseeable future.

With Clyde Hill's local housing stock frozen by the absence of credit, development revenues cut in half and expenditure pressures moving in the opposite direction, the City's draft 2009 budget faced an operating imbalance of \$460,000.

Hard work and strategic decisions brought the budget back into balance. To do so, it was necessary to use some of the City's Reserve Fund and implement modest increases in property tax, utility taxes, and building fees. Although \$286,000 of the Reserve Fund was needed to balance the 2009 budget (\$127,450 from Reserve Fund & \$158,350 from 2008 surplus), the City will maintain a Reserve Fund balance of \$1.98 million.

It's important to note that the City did not need to make ill advised, short term, emergency or rushed decisions in order to maintain essential City services and facilities for 2009. Because of past sound financial planning, including the maintaining of a healthy Reserve Fund, the City is able to maintain essential services and facilities for 2009 and for the foreseeable future. This financial stability was strategically earned in significant part by maintaining a healthy Reserve Fund. Because of the limited revenues sources available to Clyde Hill, the City does not have the ability to respond quickly to rapidly changing financial and economic conditions outside of its control. The Reserve Fund provides the Council with the only realistic tool to respond to unanticipated adverse conditions.

Fortunately, over the years Clyde Hill has been and will continue to be fiscally responsible in its budget polices and sound in its practices. It must be noted that the cyclical nature of development and construction activity and the local economy does result in fluctuating development revenues. These revenues and the City's financial picture have been and will continue to be closely monitored because they are tied to the long-term financial health of the City.

The Staff and Council have steadfastly monitored key City economic indicators. This year the Staff developed an even more extensive monitoring program with checkpoints throughout the year.

It is because of the sound financial and fiscal decisions made by the Council over the past several years that the City is able to allocate funds for both immediate and long-term budget demands. Even with financial challenges at our doorstep, the City is able to maintain the same level of essential services and facilities our citizens have come to expect.

2009 Preliminary Budget

The 2009 Preliminary Budget projects total revenue of \$3,606,190 and total expenditures of \$4,206,875. The difference between revenue and expenses is funded from existing department or fund balances. In the operating General Fund, the balanced budget calls for revenues and expenditures of \$3,329,375, with assistance from the Reserve Fund to make up the difference.

Total operating revenues are projected to decrease from the 2008 budget. The following highlights the major revenue trends included in the 2009 Preliminary Budget:

- 1) Development Revenues are set to decrease by \$248,900 or 45% from the 08 budget. The 09 development projections are significantly below the actual trend over the past 6 years reflecting the current slowdown in the Clyde Hill housing market. In 08, development revenues accounted for about 18% of City revenues, in 09 that percentage will be about 10%.
- 2) Real Estate Excise Tax (REET) is projected to decrease significantly from the upward trend of the last few years (down \$250,000 from 08). This is the revenue source the City uses to fund its capital improvements and road programs.
- 3) Property tax includes an allowed 1% general levy increase (about \$8,800), an amount currently available for new construction and prior year refunds (about \$23,700) and the City's entire banked capacity amount (about \$61,800).
- 4) Utility Tax/Franchise Fees are the City's strongest revenue in a down economy. Within the various utility elements the City has accounted for envisioned rate increases that the various utilities are/will be proposing as well as a few utility or franchise fee rate increases from the City.
- 5) Sales Tax is projected slightly lower due to a downturn in residential construction but is slightly offset by positive expectations relating to the implementation of Streamlined Sales Taxes.

- 6) Investment Income is down due to the Federal Reserve significantly cutting the Fed Funds rate. The City has also seen a decrease in fund balances due to capital improvements projects, the slowdown in REET revenue and use of the Reserve Fund.

As a way to control costs, the expenditure side of the budget was developed conservatively. In lieu of a percentage or a subjective dollar amount cut across the board the staff was required to hold the line on any budget increases. Overall, the budget is devoid of account increases unless they are required increases from others, relate to implementing the fire or union contracts or to maintain a competitive group of staff positions. Within the entire operating budget, only 7 accounts have a significant cost change, about 90% of those within the Police Department for fuel, dispatch service, municipal court, jail and other criminal justice related expenses. All other operating accounts essentially remain at their current levels.

City of Clyde Hill Services

Within the 2009 Preliminary Budget, approximately 81% of the General Fund expenditures will fund two major City functions: public safety and public works.

The Clyde Hill Police Department will continue to provide community police service to Clyde Hill and contract services to the Town of Yarrow Point. The police budget for 2009 is \$1,411,550, of which Yarrow Point will pay a proportionate share of about 25%. The police budget represents about 42% of the total operating budget. The staff of Clyde Hill's Police Department is fully trained with an authorized staff of seven officers, two supervisors and a records clerk. The Department is currently at full strength.

Clyde Hill will continue to contract with the City of Bellevue for fire protection and emergency medical service. The City will pay \$645,300 to Bellevue for these services in 2009, which is about 19% of Clyde Hill's total operating budget. This service includes assistance in emergency preparedness and hazardous material response.

Clyde Hill's Public Works Department's budget for 2009 is \$635,900, which is about 19% of the City's total operating budget. The Public Works Department's responsibilities include the construction and maintenance of roads and storm drains, parks and right-of-way areas, development plan check review, approval and building inspection services. The Public Works Department staff has four full-time employees who are charged with the on-going maintenance of the City's infrastructure, as well as the coordination of many special and capital projects that are outlined below.

The remaining portion of the 2009 operating Budget is allocated to legal, accounting, audit, insurance, elections, administrative and support costs for the entire organization. The City staff, throughout the year, actively supports the work of the Board of Adjustment, Planning Commission, Utilities Commission, Civil Service Commission and the City Council. The City Administrator and Mayor are regularly in communication with surrounding communities and make a special effort to cooperate closely with the

other Points Communities on regional issues of concern. These administrative and support service expenses are budgeted at \$636,625 which is about 19% of the total operating budget.

The capital improvements portion of the city budget, which includes various road, storm, sidewalk and other community projects for 2009, is budgeted at just about \$500,000. The entire amount for 2009 relates to the implementation of Clyde Hill's Road Overlay Program. The funding for 2009 includes overlay work on 2 streets with the possibility of 2 additional projects only if funding is available.

The remaining portion of the Projects Fund budget for 2009 relates to a combination of special projects and equipment that includes funding for items like the City's annual community celebration (\$12,500), playground equipment at Clyde Hill Elementary School (\$28,000), funding for on-going emergency preparedness (\$4,000), support for affordable housing on the eastside (\$15,000), replacement of the City's financial and Building Department software (\$100,000) as well as funding for participation in a new Eastside Communications Dispatch Center (\$48,500).

Financial Outlook

Over the past several budget cycles I have mentioned how fortunate the City has been to have experienced high development revenues, relatively stable interest rates and low inflation. The combination of these factors, along with prudent and sound financial management by the Staff and Council, provided the City with year-end surpluses. These surpluses allowed the City to invest in capital expenditures and maintenance projects, while at the same time allowing the City to reduce the tax burdens on its citizens. As I have addressed earlier in this budget message, the financial picture has changed for 2009.

The City's 2009 budget has been developed to address a projected budget deficit within constraints imposed by property tax and other revenue source limitations. The 2009 budget takes into account the uncertainty of the economy, the frozen housing market and the absence of development activity and revenue. I am confident that the Staff and the Council will continue to carefully monitor financial trends that impact the City of Clyde Hill and that the City will continue, as it has done so successfully in the past, to develop and institute fiscal policy and practices that address the financial needs of the City as those needs arise.

Finally, I urge the citizens of the City of Clyde Hill to be informed and knowledgeable about the fiscal policies and practices of the City and about financial and economic factors that impact the City. By acting together, we, the citizens, the Citizen Budget Advisory Committee, the Staff, the Council and the Mayor will continue to assure the financial well being of the City for 2009 and years following.

2009 Financial Plan

City of Clyde Hill, Washington

Background

With the passage of I-695 in 2000 the City lost sales tax equalization, a major operating revenue source that accounted for about 12% of its operating revenue. Property tax limits associated with I-747 provide additional restrictions on a source of revenue that accounts for 30% of operating revenues. I-776 “\$30 car tabs,” removed an additional \$26,000 of the City’s operating revenue a few years ago.

On the economic front, the City is currently challenged with a budget deficit, an uncertain economy, a housing market that has been frozen for about a year, the resulting absence of development activity/revenues and the consequences of managing an operating imbalance.

The combined impact of these initiatives along with changing economic times requires us all to remain vigilant in keeping an eye out for the City’s financial health. One of the objectives for the November 12th meeting was to confirm a financial plan that included short and long-term financial guidelines for the City.

A set of Financial Policy Statements establishes the guiding principles for the longer-term fiscal stability of the City. The Financial Strategy is the City’s action plan that acts as a confirmation of the shorter-term policies and considerations. These strategies make up the 2009 budget and include other activities to help the City’s longer-term financial health. The combined documents make up the City’s annual Financial Plan. The 2009 Financial Plan is outlined below.

Financial Policy Statements

Previously reviewed by the Council and the Budget Advisory Committee are the City’s Financial Policy Statements. The City’s overriding financial guidelines can be found within these Policies. These policies were first developed in the early 1990’s and have been slightly modified over the years to reflect changing longer-term sentiment. The financial policy statements are designed to establish guiding principles for the long-term fiscal stability of the City. There were no changes to the City’s Financial Policy Statements in 2009. Please see the Financial Policy Statements starting on page 1-17.

Financial Strategy

The City's Financial Strategy works to confirm the shorter-term policies and considerations that make up the current budget year and also includes other financial activities that help the City's longer-term financial health.

On October 21st and November 12th the Council and Budget Advisory Committee reviewed a draft and a preliminary budget, along with other financial information in order to decide on a 2009 Final Budget. The philosophies adopted at these meetings help to comprise the short-term element of the City's financial plan:

Balance the 2009 Operating Budget Using the Following Guidelines:

1. Maintain expenditures at amounts that will not have negative impact on or remove existing city services.
2. Freeze budget expenditure accounts unless changes are required to address increases from others, relate to implementing the fire/EMS or the officer's contract or help to maintain a competitive group of staff positions.
3. Reduce expenditures by \$8,500 to reflect employee benefit savings
4. Shift \$8,000 of operational accounts from the Police Department General Fund to the Criminal Justice Department (Projects Fund).
5. Project operating revenues using a realistic and conservative approach.
6. Project development revenues to reflect a considerable slowing in the local economy
7. Modify property taxes to include a 1% general levy addition, new construction, any prior year refunds and all the City's banked property tax capacity.
8. Increase rates on select utility taxes and franchise fees
9. Adjust building permit fees and investigate additional adjustments to City fees this year
10. Use 2008 General Fund year-end surplus to help balance the 2009 budget.
When this amount is known, balance the remaining portion of the operating budget by transferring a necessary amount from the Reserve Fund

Increased Emphasis on Monitoring Revenues and Expenditures:

1. Closely monitor home sales and development activity throughout the year to see if the volume and value of the budgeted estimates are being met.
2. Continue to share a monthly index of original grade permits as an indicator of future development activity.
3. Monitor and report to Council on real estate sales and excise tax trends.
4. Implement new Monitoring Plan for reaction to operating revenues and expenditures that are not unfolding according to the 2009 budget expectations.
(See attached memo detailing this program)

Audit Sales Tax and Utility Tax payments

1. Work with financial consultant to help analyze and understand the impact of streamlined sales tax on the City.
2. Implement internal program to work with the accountants from larger construction projects to assure that sales tax payments are coded correctly.

3. Work with financial consultant to audit all utility tax/franchise fee payers to assure revenues are appropriately going to Clyde Hill.

Match Capital Expenditures with Revenues:

1. Match the 2009 Road program with expected REET revenues according to the revised project plan

Continue Emphasis on Long-Term Financial Planning:

2. Review financial trend information and 5-year projections on an annual basis before the development of the budget.
3. At time of Council discussion of the City's Transportation Improvement Plan (TIP), provide an associated funding analysis.

Increase Community Awareness of City Services and Financial Challenges:

1. Use the Newsletter, web site and cable TV channel to make the community aware of the services they receive from the City and the financial challenges the City faces to continue these services at current levels.

2009 Budget Enhanced Monitoring Plan

City of Clyde Hill, Washington

Background

The following are additional internal controls that will be integrated into the City's existing monitoring plan. These activities will act to strengthen the City's internal control system and help avoid any budget related surprises. This enhanced plan is in response to the extraordinary economic turbulence affecting the City of Clyde Hill. The goal is to avoid surprises through targeted monitoring and having a specific written plan on how to deal with identified problems.

There will be three (3) levels of additional financial control for General Fund revenues and expenditures in response to the uncertainty surrounding the 2009 Budget Plan.

Revenues

- **Level 1 - Continue to monitor** all revenue sources each month by comparing actual to budget year to date expectations.
- **Level 2 - Falls Behind by 5% - Watch List**: If any revenue source falls behind budget year to date expectations by 5% after the 1st quarter, it will be placed on a "Watch List" and will be highlighted to the Council as a potential problem.
- **Level 3 - Falls Behind by 15% - Red Flag List – Treatment Plan**: If any revenue source falls behind the budget year to date expectations by 15% after the 1st quarter, it will be placed on a "Red Flag List." When any revenue source is placed on the Red Flag List, a specific treatment plan will be developed by the staff to address a potential revenue shortfall.

Guidelines for the treatment plan could include 1) expenditure cuts to offset the loss of revenue, 2) designation of a specific surplus revenue source to act as an offset to the identified revenue shortfall, and/or 3) an amendment to modify the 2009 Budget.

Expenditures

- **Level 1 – Identify & Hold Back Certain Expenditures** - Identify the more flexible operating expenditures that could be held back into the 2nd half of 2009. This will enable the staff to use these expenditures as possible candidates to offset a level 3 revenue shortfall.

• **Level 2 - 10% Over Budget - Watch List:** If any expenditure account is 10% over budget after the 1st quarter, it will be placed on a “Watch List” and will be highlighted to the Council as a potential problem.

• **Level 3 - 15% Over Budget - Red Flag List – Treatment Plan:** If any expenditure account is 15% over budget after the 1st quarter, it will be placed on a “Red Flag List.” When any expenditure account is placed on the Red Flag List, a specific treatment plan will be developed by the staff to address the increased cost.

Guidelines for the treatment plan could include 1) plans on how to reduce costs from the problem account going forward, 2) place a freeze on the expenditure account if possible, 3) designate or freeze other expenditure account(s) to provide overall savings to offset the unfavorable condition, 4) designation of a specific surplus revenue source to act as an offset to the identified expenditure account, and/or 5) an amendment to modify the 2009 Budget

2009 Final Budget Overview

City of Clyde Hill, Washington

Balancing the Budget with a Look Forward

For years we've talked about, planned and waited for the local development bubble to burst with an associated departure of development revenues. We weren't exactly sure when that day would come but knew of its important consequences to the City. Unfortunately that day has arrived; in fact it's been here since about the first of the year.

Also for years, we've practiced a conservative approach to estimating revenues with the expectation that our numbers would be low, resulting in a year-end surplus. This cautious approach paid off with a streak of sizable surpluses that enabled the Council to find appropriate ways to invest City resources. Allocation decisions included tax relief to residents (property and utility tax), accelerated capital projects, equipment purchases, special projects, wage decisions that has enabled the recruitment and retention an excellent staff and notably setting some of the resources aside for longer-term financial stability.

Congratulations on recognizing the need to plan for an economic downturn and in making decisions to have a short-term financial cushion. With this cushion, the City did not need to make immediate emergency decisions to continue operations. Other financially strapped organizations did not have this luxury and were forced make some drastic choices.

We began the budget process looking for ways to make up an estimated \$469,000 shortfall in the City's operating budget. To balance the 2009 Budget, it took a number of revenue increases as well as expenditure cuts and shifts. Some of those decisions include:

- Holding the line on expenditures
- Shifting some operating expenditures to the Projects Fund
- Adjusting property taxes to include the City's banked capacity of \$61,800
- Adjusting utility tax/franchise fee rates to reflect an additional \$70,000
- Increasing building and plan check fees 12.5% to reflect a \$29,500 increase to fee revenue while keeping development activity projections on the low end of expectations
- Using any projected 2008 year end surplus funds to balance the 2009 budget

The City also made important plans to closely monitor the implementation of the 2009 Budget to minimize any surprises and have the ability to react to any unplanned negative financial situations if they arise.

Quick Overview

The total City budget was developed to maintain City services while keeping expenditures to a minimum. The operating budget is devoid of account increases without a cost escalation requirement from others or a solid justification. Any increases to the operating budget are the result of costs passed on to the City, implementation of union or service contracts or modifications to salary and benefits of existing employees. The capital side of the budget includes a mix of challenges that contain the implementation of the City's Road Improvement Program as well as special projects/initiatives that will continue to keep us all busy.

Highlights of the 2008 Budget

The following summarizes a few of the key highlights:

GENERAL FUND:

Total **operating revenues** are projected to decrease by **2.25%**, or **\$70,025**, over the 2008 budget. When \$285,800 is added from 2008 surplus and the Reserve Fund to balance the budget, operating revenues increase by 6.9%.

Looking at the revenue picture on an overview basis, the decrease from the 08 to the 09 budget is driven by decreases in the following areas: Development Revenues (**-\$248,900**), Investment Income (**-\$46,000**), Sales Tax Revenue (**-\$22,000**) and Intergovernmental Revenues (**-\$11,750**). On the positive side of the ledger, the following areas have numbers in the black: Utility Taxes/Franchise Fees (\$118,900), Property Tax (\$94,675), Yarrow Point Police Services (\$26,150), Fines & Forfeitures (\$12,500) and Space & Facility Leases (\$11,000).

The following is an overview of the major revenue trends or issues in the 2009 budget:

- 1) **Property tax** – To help offset the budget imbalance the 09 property tax includes all the City's banked capacity (\$61,787), a 1% increase to its general levy (\$8,592), new construction (\$21,950) and a re-levy from prior year refunds or omitted assessment levy amounts (\$1,716).
- 2) **Sales Tax** is projected slightly lower in 09 due to the downturn in residential construction activity and a 1-time 08 bump from school construction but is slightly offset by positive expectations relating to Streamlined Sales Taxes.
- 3) **Utility Tax/Franchise Fees** show the greatest strength of all operating revenues. A solid base of utility taxes in an economic downturn is one of the City's best hedges against hard times.

Within the various utility elements included are proposed or envisioned rate increases that the various utilities are/will be proposing as well as tax/fee rate increases.

4) Intergovernmental Revenue is increasing due to the continued implementation of a recent police officer's collective bargaining agreement and increased Police costs.

5) A continued increase in Fines & Forfeitures has been the result of full staffing, a change in laws (suspended licenses & change in fees) and the continued use of police technology.

6) Investment Income is down due to the Federal Reserve significantly cutting the Fed Funds rate.

7) Development Revenues are set to decrease by about 50% from the 08 budget. The 09 budget numbers are significantly below the actual trend line over the past 4 to 6 years reflecting the slowdown already experienced in the Clyde Hill housing market. Points considered when establishing Development Revenues for the 09 budget include:

- a) Decreasing number of actual Original Grade Permits issued in 08 suggests a decreased short-term demand for construction projects in 09
- b) The lack of new home sales is another short-term indicator for the lack of enthusiasm on the part of new homebuyers or more speculative developers to compete for available building sites and to break ground with or without a buyer
- c) The City is experiencing unprecedented number of homes already demolished that remain vacant or unfinished awaiting foreclosure or better economic times or the relaxing of the credit market. Some have plans and are just waiting.
- d) On the positive side, there remains a strong trend for increasing property valuations and associated increases in construction project values
- e) There is some hope factored into the numbers to reflect a softening of the above trends in the later part of the year (i.e. increased credit flow, relatively low short-term interest rates, increased home sales and resulting development projects)

- f) The guiding principle for setting the 09 development revenue numbers remains conservative. The development revenues were based on our most current worst case development projections.

• Total **operating costs** are projected to increase by 6.9%, or \$215,775 over the 2008 budget. The Budget was developed using the same philosophy adopted in previous budgets; maintain current service levels. Within that philosophy no accounts were increased unless the City was required to absorb increases from others or to account for changes to salaries and benefits. Operating costs can be viewed in 3 major sections:

Salaries/Benefits (57%)
Fire/EMS Services (19%)
Everything Else To Support Operations (24%)

• **Salaries and benefits**

- City employee wages are budgeted based in part on the first half of the 08 CPI-W of 5.4% and other considerations to keep Clyde Hill competitive at attracting and retaining a stable and talented work force.
- Salaries also reflect the collective bargaining agreement with the police officer's union. The average officer's salary increase by 11.3% due to changes in their grade step on top of a 4% cost of living increase.
- There are no new City employees as part of this budget.
- About 1.4% of the total salary increase (about \$17,000) relates to a 1-time retirement charge for a long-time retiring employee for unused vacation time.

• **Personnel benefits** - The administrative staff will participate in a change to the City's medical insurance from an indemnity plan to a PPO. The resulting change will provide a desired mix of benefits for the employees along with a slight reduction in the cost to the City (about **\$8,500**).

• **Court Filing Fees** are estimated to increase by \$6,000. A 10% raise in fees represents the first time the Kirkland Municipal Court has raised its filing fees since the City first started working with them in 2000. Clyde Hill pays a filing fee based on the type of case filed in the Court to process our cases. The exact amount of this item will depend on the number of cases filed in court and will partially be off set with revenue from these cases.

• **Police Dispatch** costs are estimated to increase by \$14,000. A transition to a new regional communications agency (NORCOM) is underway with NORCOM expected to take over in July 09. If all continues to go well, this new agency will provide Clyde Hill with increased dispatch services at a slightly higher rate. The City will become a principal member of this new agency and will also be responsible for its share of capital expenses that are accounted for in the Criminal Justice Department.

- **Jail costs** are estimated to increase by \$11,000 after similar increases in the past few years. This item is very difficult to predict, but the trend line for actual expenditures is definitely up. Clyde Hill has been working with Seattle and other eastside communities to find a set of answers to these increasing costs.

- **Fire & EMS Service** costs are estimated to increase by 7.9%, or \$47,300. The City contracts with the City of Bellevue for this service. They also provide Medic One and hazardous materials response if needed. The large increase to this year's budget is due to the implementation of a recent firefighter's collective bargaining agreement.

- **Fuel Consumption** costs are estimated to increase by \$17,800 to reflect changing gas prices (\$14,000 in Police and \$3,800 in PW Dept.).

Per the City's financial policies, a \$100,000 balance will be held in the General Fund after all expenses and transfers are accounted for.

RESERVE FUND:

- A \$10,000 transfer is budgeted to fund the continuation of the City's equipment replacement program.
- A \$12,500 transfer is budgeted to help fund the Community Celebration.
- A \$126,000 transfer is budgeted to balance the General Fund. This number will change depending on the actual 08 year end figures.

PROJECTS FUND:

The Projects Fund was developed to help segregate and keep track of the more restricted revenue sources so they can be paired up with allowable expenditures. Within the fund there are currently 8 departments:

Criminal Justice Department

Expenditures within this Department have been re-organized into 4 elements:

Criminal Justice Equipment - to account for both the major and most minor equipment needs of the Police Department

Intergovernmental Programs and Training - keeps track of various required intergovernmental programs and necessary police training

IT Management & Development - will help to organize many capital and operational expenses related to the dispatching, mobile data computers in the vehicles and various other networks the police use to gather data. In 09, a major element of this account will be the City's capital costs relating to NORCOM.

Confiscated Property - keeps track of expenditures relating to confiscated properties.

An expenditure account re-organization became necessary as we shifted accounts from the General Fund into the Criminal Justice Department. In 09, \$8,000 of previously General Fund accounts have been relocated to the Criminal Justice Department. These accounts include:

Small Tools & Minor Equipment - \$1,000	Travel - \$500
Training & Tuition - \$3,000	Police Grant Match - \$3,000
Concealed Weapons Permits were also reorganized as a "liability account" - \$500	

Grants Department

- The Grants Department is programmed to receive and spend a \$75,000 grant for a consultant to help implement the mandates of the National Pollutant Discharge Elimination System (NPDES) program. The grant was received in 08 and is required to be spent by June 30, 2009.

Equipment Replacement Department

- The department's main goal is to account for and smooth out major equipment purchases to better manage these larger cost items. There are no equipment replacement expenses budgeted in 09.

Housing Department

- The Housing Department was established to keep track of the revenues and expenses related to the home next to the fire station. After using the home as a temporary City Hall, the City began to rent the home and receives credit from ARCH for providing lower income housing. The draft budget proposes to rent the home next year for \$830/month, less leasehold taxes paid to the state. A \$4,000 expenditure is budgeted to cover any unforeseen repairs and maintenance in 09.

- To better track the City's pledges to ARCH (A Regional Coalition of Housing) and actual expenditures made to provide affordable housing on the Eastside, City staff has transferred the accounting for this program to the Housing Department. The appropriation amount of \$47,500 budgeted in the Housing Dept for 09 would authorize the City to spend the previously pledged, but unspent \$32,500, and an additional \$15,000 based on past practice.

Parks & Recreation Department

- The Community Celebration is included within this Department. The appropriation request for 09 is \$26,000 to fund the event with the City continuing its \$12,500

contribution. The Parade of Pumpkins event is also funded from this source at a cost of about \$500.

Special Projects Department

The Special Projects Department accounts for the following projects in the 09 Budget:

2009 Budget	2009 Amount
IT Development/Website Management	\$100,000
Playground Equipment	\$28,000
Regional Advisory Services	\$10,000
City Map/GIS Revisions	\$7,000
Emergency Preparedness	\$4,000
WRIA 8/NPDES Permits	\$3,500
City Hall Repair	\$3,500
Storage Project	\$2,500
Arbor Day Program	\$1,600
Cable TV Channel	\$1,000
Total:	\$161,100

Capital Projects Department

The Capital Projects Department implements the City's Road Overlay, Storm Sewer and Sidewalk Programs. The major funding source for these projects comes from Real Estate Excise Tax (REET) that is received at the time a home is sold in Clyde Hill. In 08 there has been a considerable decline in housing sales and a related decline in REET revenues. Given the revenue decrease and the possibility of increased sales in 09, the 09 Budget includes a "managed approach" to the budgeted projects by dividing the Road Program into 2 categories: Core Projects and Optional Projects. The implemented projects will relate to actual REET revenues.

• 2009 Road - Overlay Improvement Projects - (\$485,000)

2009 Core Projects: (\$310,000)

Will plan on constructing these projects in 2009

- 90th Ave (20th N. to end)...Reconstruction/Utilities (\$120,000)
- 31st St (96th W. to Dead End) - Overlay (\$110,000)
- Misc Road Work (\$30,000)
- Engineering for 2010 Road Work (\$50,000)

Optional Projects: (\$175,000)

Will design/bid but not construct unless 2009 REET revenues can cover amount (\$120,000 collected by 3-31-09 with promising trend)

- 88th Ave (24th to cul de sac)...Overlay (\$95,000)

- 89th Pl (24th to cul de sac)...Overlay (\$80,000)

- A Sidewalk & Curb Repair project for \$25,000 is included to account for concrete work to address various curb, gutter and sidewalk maintenance issues throughout the City.

LID Departments

- The Firwood Heights Area LID Department will continue to account for the collection of payments relating to the completed LID project.
- The 92nd Area LID Department will close in 2009. Any remaining principal and interest from payments relating to this project goes into the Reserve and General Funds.

Final Budget Thoughts

This was another special budget process because of the help received from a veteran group of Citizen Budget Advisory Committee members. Armed with a sense of financial history this group helped the Council lead the City into an important next step of strategic decisions.

Although the stakes and expectations were high for the 09 budget process, the hard work and support of the Committee, Mayor, City Council and staff, produced a balanced budget and laid the foundation to make it easier for the City to face further financial difficulties. I commend and personally thank all those involved in the budget development group who discussed the hard issues, understood the implications to the City and made the tough decisions needed to keep Clyde Hill on solid financial footing.

Given the hard work and support of the Mayor, Council, Budget Advisory Committee and staff, I am confident in our collective abilities to make this year another prosperous one for the Clyde Hill Community. The 2009 Budget was developed with this philosophy in mind and is recommended for approval.

Financial Policy Statements

City of Clyde Hill, Washington

As of October, 2008

PURPOSE:

The City of Clyde Hill has an important financial responsibility to its citizens: carefully account for public funds, manage municipal finances wisely and plan for the adequate funding of services desired by the community, including the provision and maintenance of public facilities.

The purpose of this Financial Policy and its accompanying statements are to insure that the City is capable of adequately funding and providing those local government services needed and desired by the community. The statements contained in this financial policy are designed to establish guidelines for the long-term fiscal stability of the City of Clyde Hill.

OBJECTIVES:

In order to achieve the above purpose, this plan has the following objectives for the City's fiscal performance:

1. Protect the Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.
2. Enhance the Council's policy-making ability by providing accurate financial information.
3. Assist sound management of the City by providing accurate and timely information on program costs.
4. Provide sound principles to guide important decisions of the Council and of management, which have significant fiscal impact.
5. Set forth operational principles that minimize the cost of local government, to the extent consistent with services desired by the community, and which minimize financial risk.
6. Employ revenue policies that prevent undue or imbalanced reliance on certain revenues, which distribute the costs of municipal services fairly and which provide adequate funds to operate desired programs and services.
7. Prevent deterioration of the City's capital plant and its public facilities.

8. Insure the legal use of all City funds through a planned system of financial security and internal control.

To achieve the above objectives, in 1992, the City conducted an analysis of its present financial condition, focusing especially on three aspects:

1. Areas of Progress & History: Included what the City was already doing to protect its financial condition.

- Compiled historical financial data going back to 1987, on a detailed account basis, to analyze and have available for further review and comparison
- In 1992, Completed an evaluation of the City's financial condition using the Financial Trend Monitoring System
- Developed financially related indicators and systems:
 1. Investigated the forces and obstacles affecting the City's finances
 2. Investigated existing and emerging problems
 3. Analyzed trends for each financial indicator
 4. Developed a system to project the City's financial situation
 5. Developed seven, five year and four, twenty year financial projection scenarios to provide for an estimated range of future financial information
 6. Redesigned the City's monthly reporting system to the Council and residents for a better understanding of current City finances

2. Areas of Concern: The information in 1992 listed potential problems in revenue sources, management practices, infrastructure conditions and future funding needs.

- Recognized that the City has been in financial difficulty by not being able to balance its operating budget without using existing fund balances
- Recognized that the State revenue entitlements will be decreasing because of a decreased population base and less state revenue per person
- Recognized that there are not many future possibilities to raise new revenues that are directly within the control of the City with the exception of the property tax
- Recognized that the City needs to formalize a capital improvements budget to not only comply with the State's Growth Management Laws but also for better fiscal planning
- Recognized that it will be increasingly difficult in the future for the City to balance its operating budget without cutting into basic services and the quality of those services

3. Financial Solutions or Ideas: After discussing the 1992 financial condition information, considering external factors such as state and federal actions and other ideas that may be used to meet the above objectives, the Council adopted the following strategies:

- Investigate federal and state grant opportunities to meet "one-time" capital expenses

- Investigate the appropriateness of all expenditures on an annual basis during the budget process to assure that the City is run without waste or duplication and to keep expenses at a minimum to better balance the operating budget
- Implement a fund simplification and consolidation plan to make it easier for the Council and residents to understand City finances
- Investigate the appropriateness and timing for future property tax increases to balance the operating budget of the City
- Investigate the financial effects of changing the zoning of the City to allow for higher densities and a broader tax base
- Develop a set of financial policies to help guide the staff and Council through financial matters
- Direct the staff to prepare for the worst case scenario

FINANCIAL POLICY STATEMENTS:

Within this set of objectives and purpose, the following financial policy statements have been developed and subsequently refined for the City of Clyde Hill:

Policy Statement #1:

Continue to investigate and consider every possible expenditure reduction to keep expenses to a minimum without reducing the quality of services currently offered to the community.

Implementation #1:

Continue the current policy of the staff proposing through the budget process, only those expense items necessary for the continued provision of current services at the same or greater quality level as currently exists. Items not meeting these criteria should be so noted as part of the budget review process.

Policy Statement #2:

Continue to review financial trends relating to the City's finances.

Implementation #2:

Every "even" budget year, update trend-monitoring information for review during the budget review process.

Policy Statement #3:

Continue to find ways to simplify the City's financial system to enable residents and future policy leaders to obtain a quicker and easier understanding of City finances.

Implementation #3:

Continue to implement the fund simplification and consolidation plan of 1992 and 1999, and continue to supply the Council and interested residents with monthly operating reports in an agreed upon simplified format.

Policy Statement #4:

Balance all aspects of the budget for long-term fiscal solvency.

Implementation #4:

On an annual basis, and as part of the budget discussions, decide upon the proper mix of expenditures and revenues to meet this objective.

Policy Statement #5:

Maintain a managed reserve balance in the City's funds to address adverse financial trends, provide for financing of unforeseen needs of an emergency or non-recurring nature, to permit for the orderly implementation of budget adjustments, provide a local match for public or private grants and to allow for flexibility to take advantage of any unexpected opportunities.

Implementation #5:

Maintain a minimum unreserved balance in the Reserve Fund of at least \$1,000,000 or an amount equivalent to 50% of the City's operating expenditures, whichever is higher. It is acceptable practice for the City to include the budgeted General Fund balance to meet this objective.

Policy Statement #6:

Continue to make sure that the City's financial system is managed and implemented according to the highest professional standards and is consistent with state law.

Implementation #6:

Continue the current policy of requesting an annual state financial and compliance audit of the City's operations and finances. Encourage the staff to implement financial systems consistent with the State's BARS system.

Policy Statement #7:

Continue to hire highly qualified City personnel to maintain a professional, ethical and equitable government.

Implementation #7:

Make sure that City personnel are competitively compensated and that the City's benefit package is comparable to surrounding communities to control unnecessary turnover after training.

Policy Statement #8:

Provide for the orderly and appropriate replacement of City equipment.

Implementation #8:

Continue to implement an Equipment Replacement Program in the Projects Fund, and annually appropriate funds to that department to provide for the stable, timely and

appropriate replacement of equipment. The replacement of equipment will be based on an adopted equipment schedule that will annually be updated and presented to the Council during the budget process.

Policy Statement #9:

Continue to consolidate and allocate all interest income earned on surplus City funds into the General Fund to better streamline the City's financial operations and further simplify the accounting system.

Implementation #9:

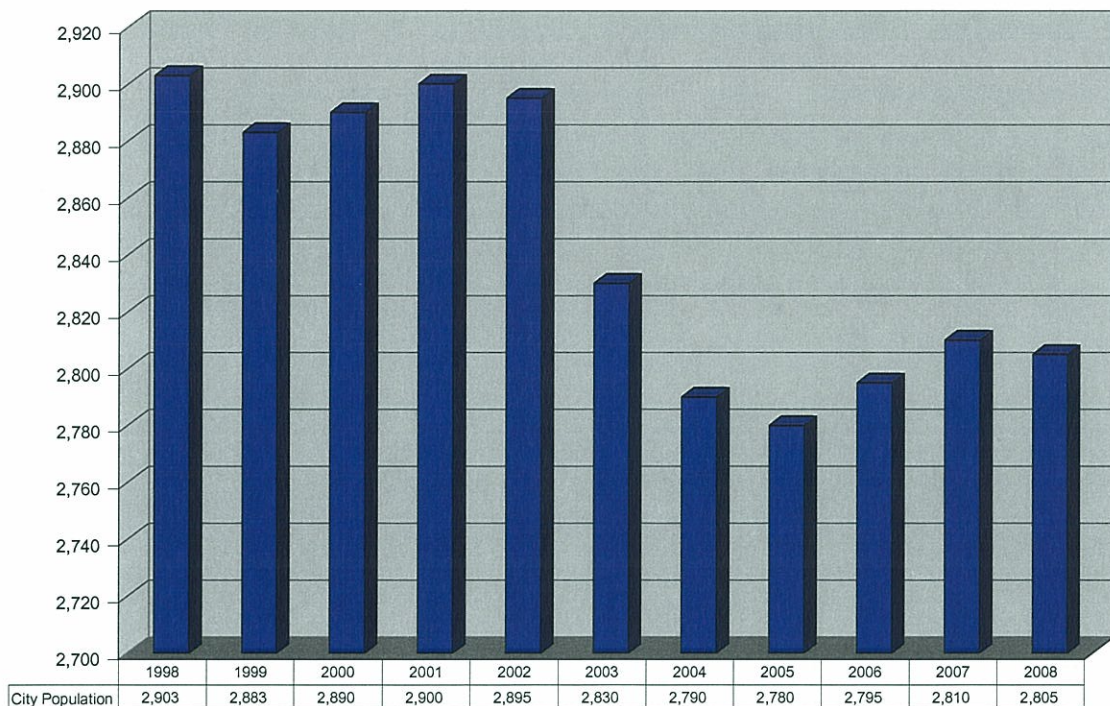
Continue to record all interest income received from certificates of deposit, federal agency securities, the Local Government Investment Pool (LGIP), and City financed Local Improvement Districts (LID), to the extent permitted by law, into the City's General Fund when received. Budgeting for interest income in the General Fund will incorporate this policy statement.

2009 Budget

Major Revenue & Expenditure Assumptions, Facts and Trends

1. The Office of Financial Management for Washington State estimates the population for each city in the State as of April 1st. This population estimate is used in the budget process for the following year to determine the amount that can be expected to be received in State shared revenues on a per capita basis. The 2008 population estimate for the City of Clyde Hill is 2,805, down 10 people from the 2007 estimate and down 85 people from the 2000 census. Overall, the City of Clyde Hill is “built out” with only a few vacant lots left in the City. As a result, the population trend for Clyde Hill will most likely fluctuate within a narrow band of a few hundred people from this year’s estimate in the years ahead.

City Population

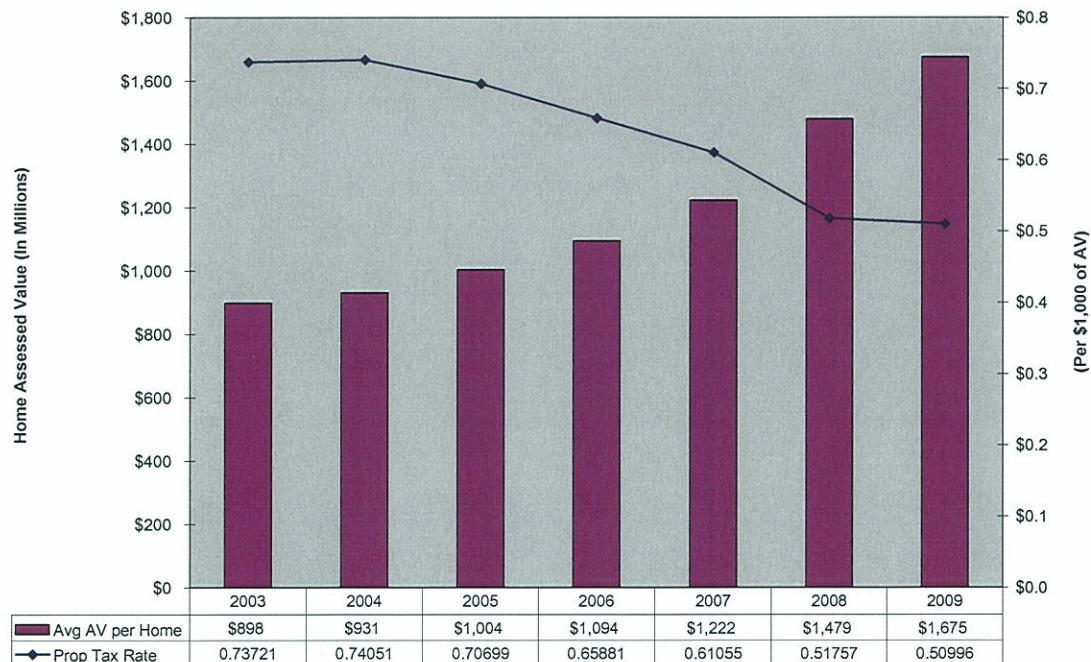


Source: Office of Financial Management

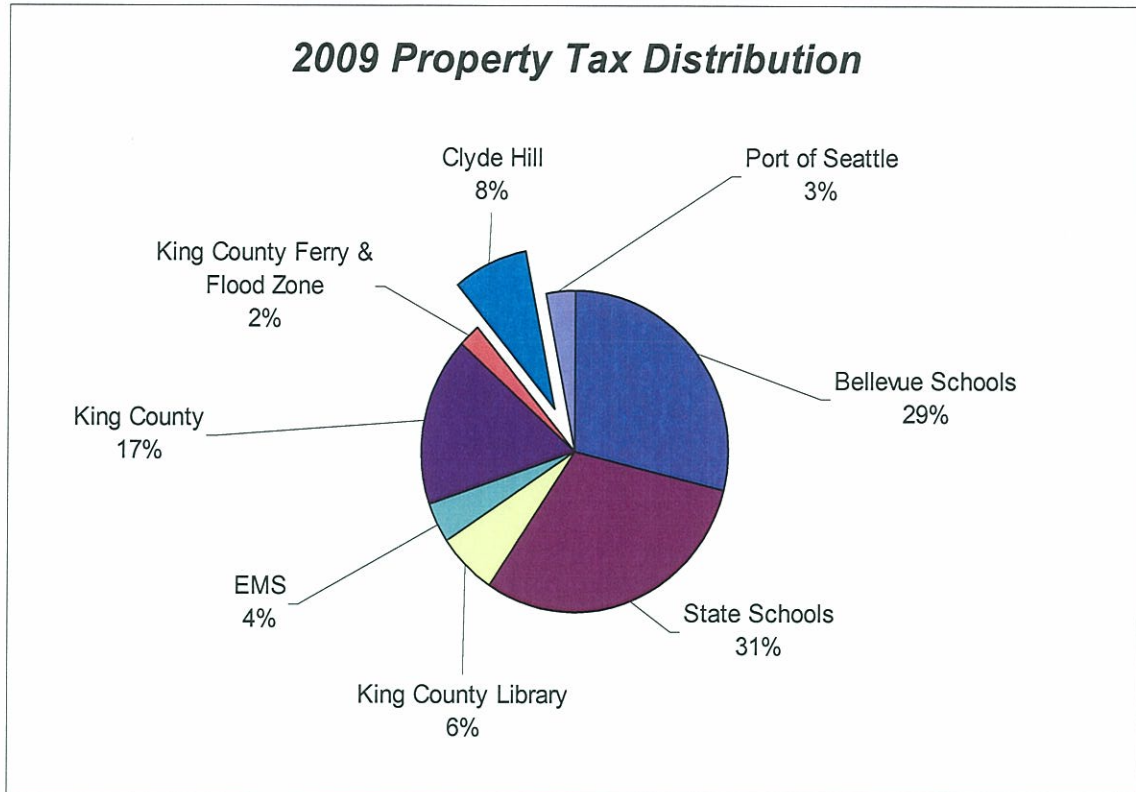
2. The King County Assessor’s Office provides information necessary for the City to levy property tax for the 2009 Budget. The City Council traditionally approves the following year’s budget at their monthly meeting on the 2nd Tuesday of December. At the time the 2009 Budget was approved by the City Council on December 9, 2008, the following property tax information was available: 1) Assessed Valuation \$1,785,778,913, 2) New Construction \$42,410,285, 3) Prior Year Refunds \$1,716. Due to the projected budget deficit for 2009, the City Council decided to increase

property taxes for 2009 in three ways: 1) by the allowed 1% increase over the previous year's levy amount (\$8,592), 2) by the property tax levy for new construction (\$21,950) and prior year refunds (\$1,716), and 3) by the City's "banked capacity" representing allowed property tax increases not taken in previous years (\$61,787). The approved 2009 levy amount of \$910,673 results in a property tax rate of \$0.50996 per \$1,000 of assessed valuation (2nd lowest rate in King County). Even with the City taking the "banked capacity" amount, due to the continuing rise of assessed values in Clyde Hill, the property tax rate actually will go down slightly in 2009 (1.5%). Also worth noting, due to the 1% limit on property tax levy increases, the trend for property taxes as percent of total General Fund revenues will continue to decrease in the years ahead.

Comparison of Average Home Assessed Value to Property Tax Rate



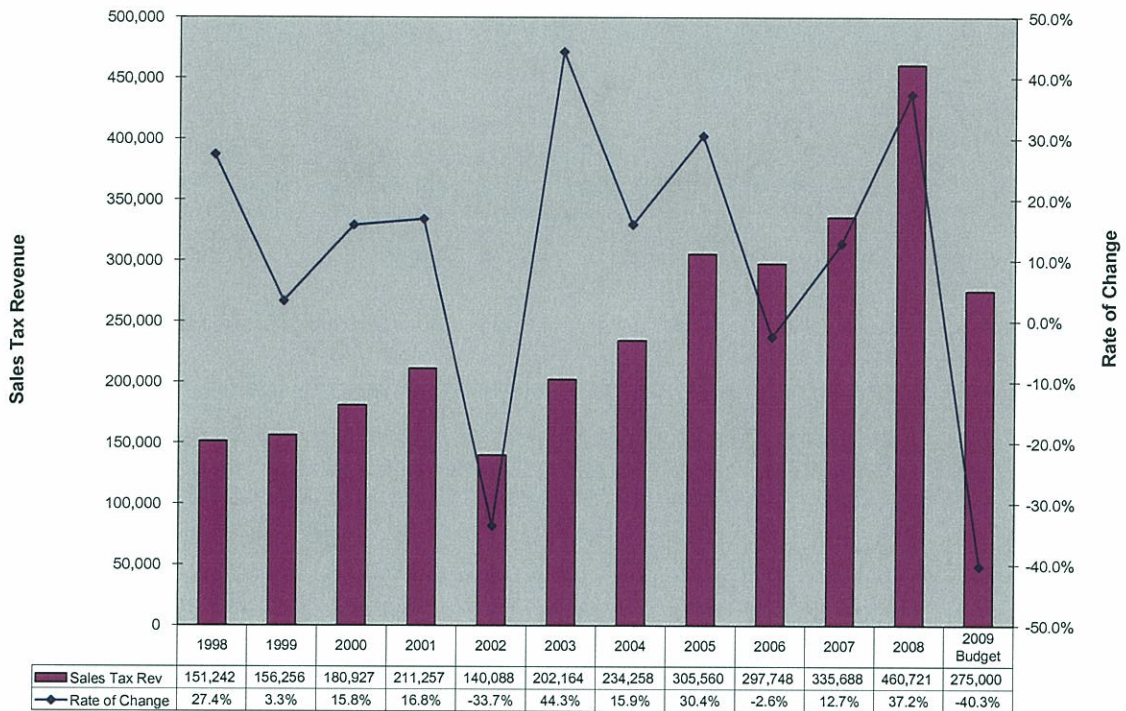
- There are now nine different taxing districts with authority to levy property taxes against homes in Clyde Hill. In general, property tax rates are falling, but significant increases in assessed values are continuing to drive property taxes higher, at a double digit rate for the average Clyde Hill homeowner. The King County Assessor's Office determines the assessed value of your home. The City of Clyde Hill has no control over the other eight jurisdictions receiving your property tax dollars. The City of Clyde Hill provides police, fire, roads, stormwater, and general government services while only receiving slightly less than 8% of your total property taxes paid. Please see the pie chart below showing the name and percent amount for those receiving your total property tax dollars. Please note King County's new ferry district & flood zone district.



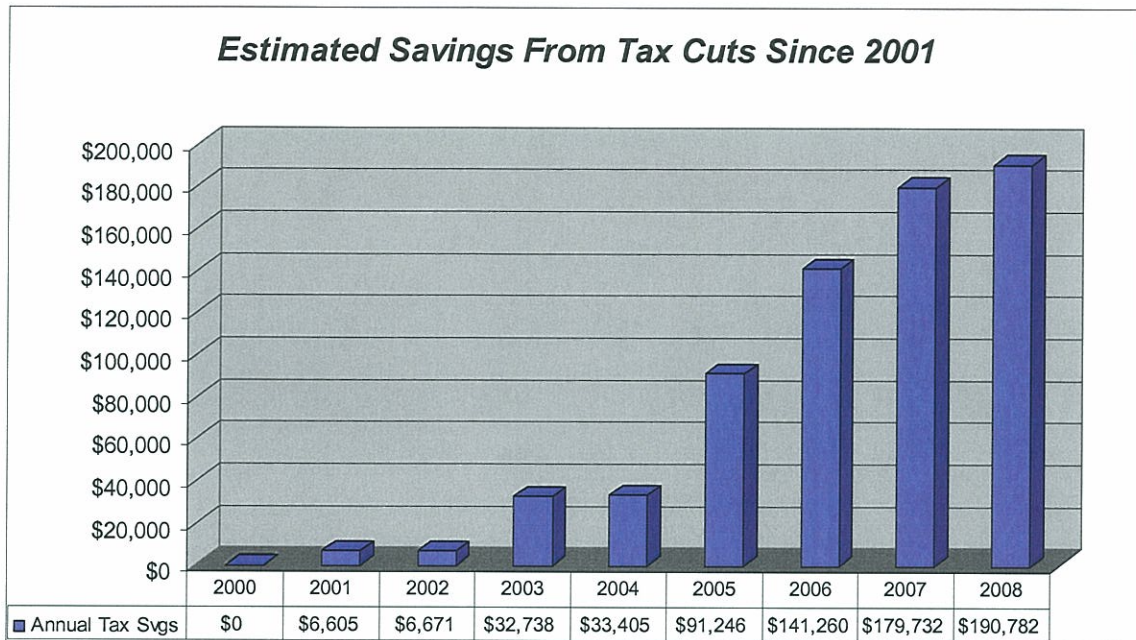
4. Approximately seventy percent (70%) of sales tax revenue for Clyde Hill comes from new home construction and remodeling activity. With the downturn in the housing market starting in August, 2008 for Clyde Hill, this revenue source is expected to decline significantly in 2009 from actual receipts in 2008. For planning purposes, we knew the robust housing development in Clyde Hill would not last forever. In our annual evaluation of the City's financial condition at the start of the 2009 budget development process, sales tax was listed as an "elastic type" revenue source subject to quick changes mirroring the general economic conditions of the Puget Sound region. The City Council has thoughtfully built up the City's Reserve Fund balance over the past decade to help stabilize this long anticipated decline in sales tax revenue. Not all is doom and gloom for sales tax revenues in Clyde Hill due to the potential impact of the new Streamlined Sales Tax (SST) Law that took effect in July, 2008. A quick overview of the new SST law is twofold: 1) internet and catalog sales delivered into Clyde Hill are now subject to sales tax, and 2) this new law changes which jurisdiction receives sales tax revenue for goods and merchandise purchased by Clyde Hill residents from the location of "storefront" to the "destination" where they are delivered. If a Clyde Hill resident buys new kitchen appliances in Bellevue for delivery and installation in their home, in the past, the City of Bellevue would receive the sales tax revenue. With passage of the SST law, the City of Clyde Hill receives the sales tax revenue due to the delivery into the Clyde Hill jurisdiction. This change in sales tax distribution took place July 1, 2008. We've been monitoring

sales tax received by SIC codes since the effective date of the new SST law, but due to the economic meltdown and privacy concerns for the individual retailers, it has been difficult to measure the true impact of the new SST law. FYI, there is a two month lag between when the sales tax is collected by the business and when the State Department of Revenue remits the City' share of the tax.

Sales Tax Revenue with Rate of Change



- Based on telephone discussions with the Clyde Hill utility service providers and our historical revenue trend tracking, the utility tax and franchise fee “revenue base” for 2009 are expected to increase or decrease at approximately the following rates: 1) electricity – + 7.0%, 2) natural gas – (10.0%), 3) solid waste – + 2.49%, cable TV + 3.71%, telephone – + 1.0%, water + (10.0%), and sewer + (13.0%). Due to the projected general fund budget deficit for 2009, the City Council voted to increase the following: 1) utility tax rate on cable tv from 4% to 9%, utility tax on local telephone access from 4% to 6%, 3) franchise fee for water & sewer from 8% to 9%. Please note that the City Council has cut taxes over the past decade with the help of the robust housing market. Cable tv utility tax was at 10% in 2004 and local telephone access was at 6% in 2005. Water and sewer franchise fees were both at 10% in 2006. The following chart shows the estimated tax savings since 2001 from City Council approved tax cuts to utility tax and franchise fee rates charged to Utility Service Providers. The accumulated total of estimated tax savings for city residents due to decreases in the utility tax and franchise fee rates since 2001 is \$522,439.

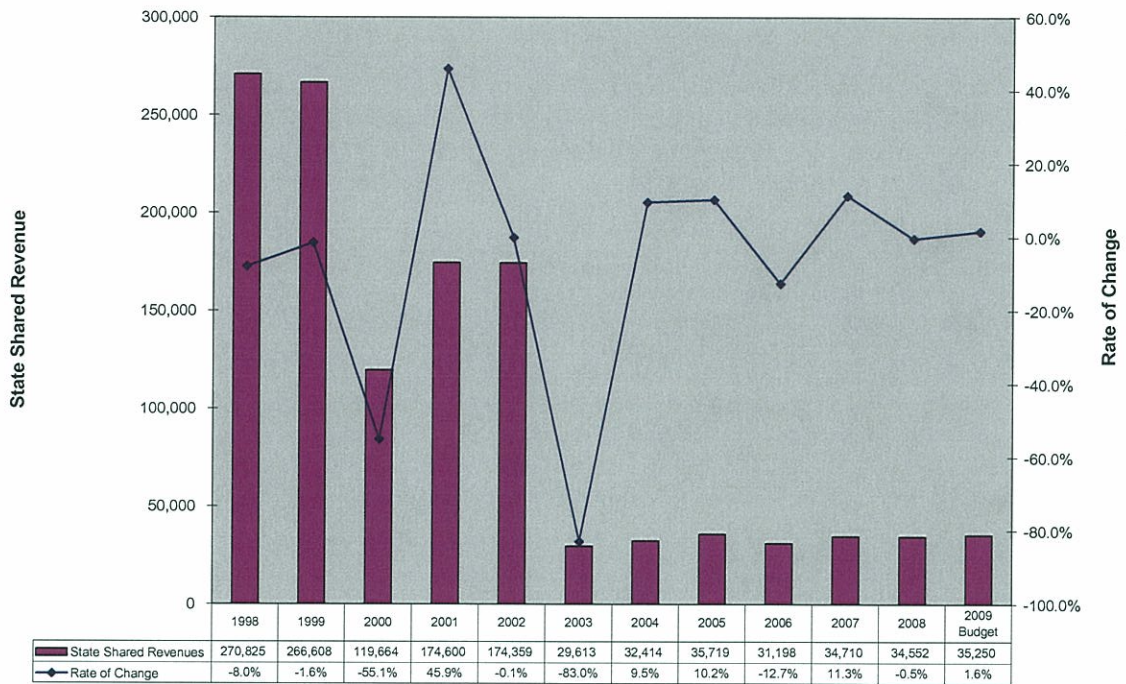


6. Municipal Research and Service Center (MRSC) is a non-profit, independent organization providing excellent consultation, research, and information services to local government in Washington State at no direct cost. For State shared revenues from liquor sales, criminal justice sales tax and motor vehicle fuel tax, we simply look in MRSC's annual "Budget Suggestions" booklet for their estimate of per capita distributions from the State. We then multiple MRSC's estimate by our estimated population from the Office of Financial Management for Washington State to determine revenue amounts for the 2009 budget. All three of these revenue sources have been and are expected to remain "flat" for the foreseeable future.

The most interesting chart from these three revenue sources is for State Shared Revenues. Currently, the only state shared revenues received by the City are for liquor excise taxes and a small cut of the profits from the State's monopoly on liquor sales. Previously though, the State provided the City of Clyde Hill approximately \$250,000 each year in year 2000 dollars through a program called Sales Tax Equalization. This program was designed to help out small residential type cities and towns that did not generate a lot of sales taxes with money from a 2.2% excise tax on the value of motor vehicles. When State Initiative 695 passed in November, 1999 to replace the 2.2% excise tax with "\$30 car tabs", the funding source of the Sales Tax Equalization program went away. The State tried to help out with "backfill" money for the first couple of years after I-695, but could not sustain the effort due to their own budget constraints. The point of this brief history is that this dramatic decrease in revenues from I-695 for the City of Clyde Hill was somewhat masked over the years by the robust housing market. The City benefited revenue wise from the almost phenomenal rise in housing values through increased sales tax on construction

activity and building permit fees. It's interesting to note that the dire predictions from the opponents of I-695 of the adverse impacts from the loss of revenue appear to now be realized by most local governments, including the City of Clyde Hill. In hindsight, the robust housing market that gradually built over the past decade does appear to have masked over the adverse fiscal impact on cities like Clyde Hill of this voter approved tax cut.

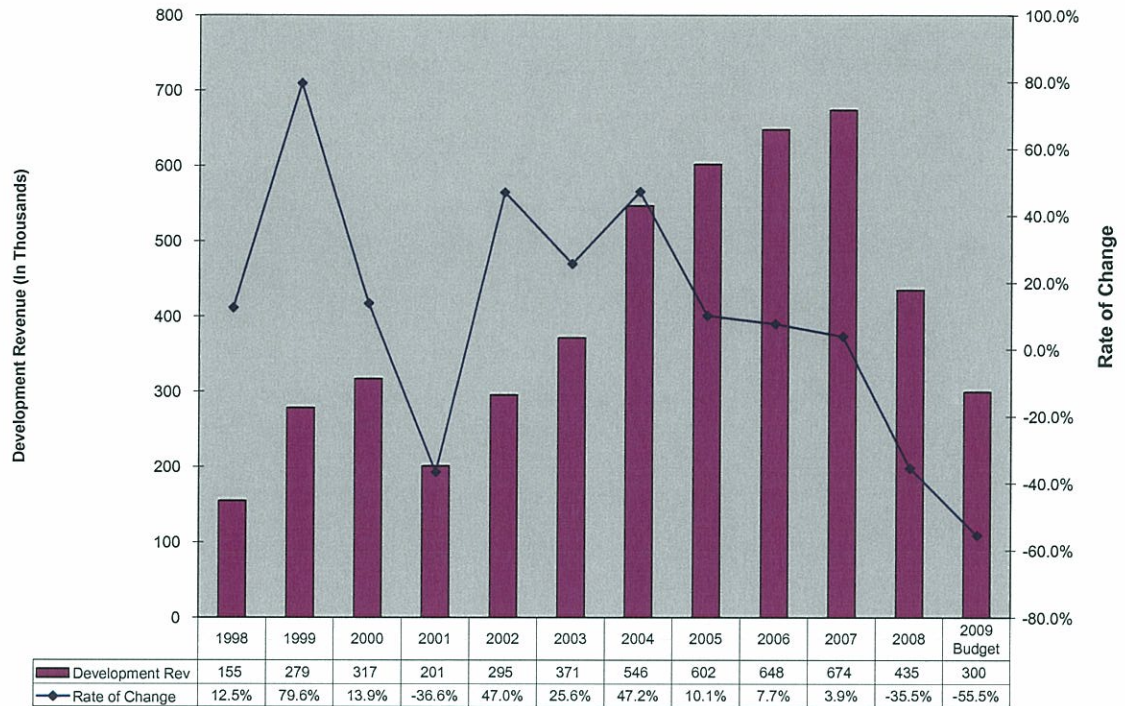
State Shared Revenue with Rate of Change



Initiative 695 was past by Voters in Nov'99 effectively ending Sales Tax Equalization money to the City

- With recent voter approved limits on real property tax levy increases and motor vehicle license fee and excise taxes in Washington State, building permits and plan check fees had become an increasingly significant revenue source for the City as a percent of total General Fund revenues. Building permits and plan check fees are charged based on the valuation of new home construction and remodeling projects. With the housing market basically frozen since half way through the 3rd quarter of 2008, this revenue source has been budgeted for 2009 to decline significantly. At the time of writing the 2009 budget there is no clear insight as to when the housing market might start to unthaw with increased activity. The chart below shows the volatility of what had become an important revenue source for the City of Clyde Hill:

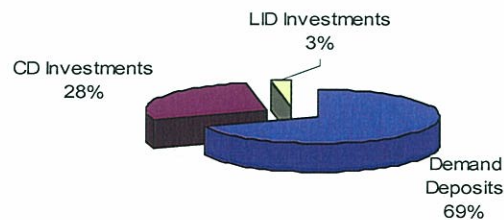
Development Revenues with Rate of Change (In Thousands)



(FYI, in response to I-695, building permit & plan check fees increased Dec'02)

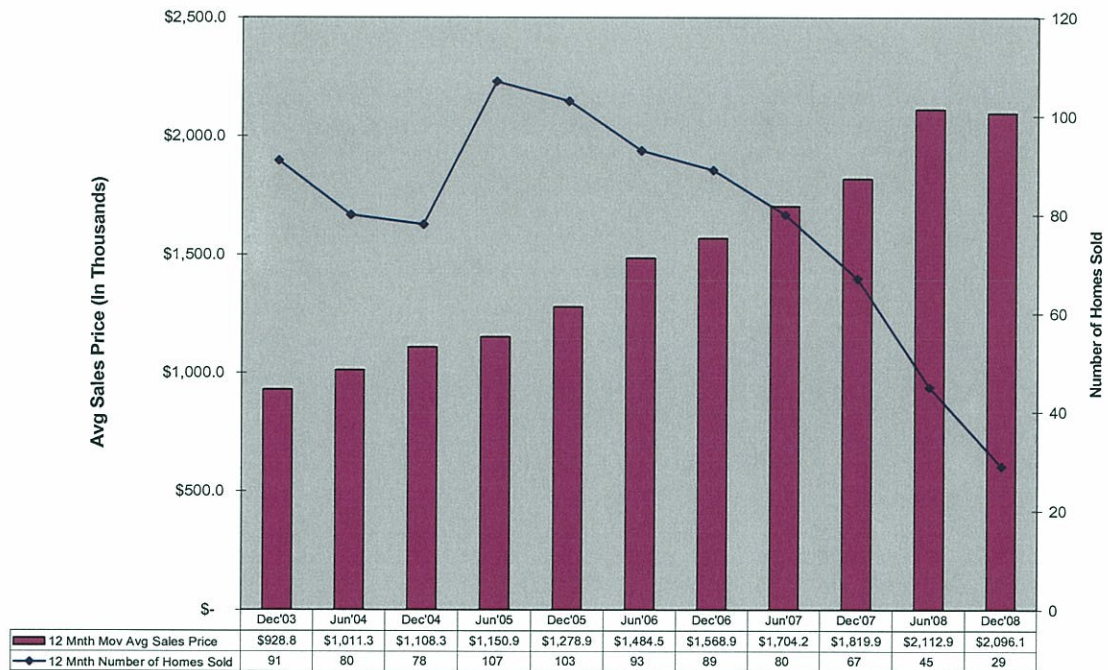
8. The City has an Investment Committee made up of 2 Council Members, the Mayor, the City Administrator and the Finance Manager. The Committee meets at least 3 times per year to recommend investments and monitor performance. The City Administrator, acting as the City's Clerk/Treasurer is responsible for conducting investment activity with assistance from the Finance Manager. A Citywide "Cash Flow Spreadsheet" is prepared as part of the budget process to determine interest income. The estimated yield from investments used for the 2009 budget year is 3.375%, down from last year's 4.375%.

**Allocation of Investment Resources
(As of December 31, 2008)**



9. Homes sold in Clyde Hill pay Real Estate Excise Tax at the time the new title transfer is recorded with King County. Clyde Hill receives 0.005% times the sales price less a 1.3% collection fee paid to King County. This revenue source is restricted by law to capital improvements. Although the total number of homes sold in 2008 was down significantly from 2007 (29 homes sold in 2008 from 67 homes sold in 2007), the average sales price of homes sold in Clyde Hill during 2008 surprisingly went up to \$2.09 from \$1.82 million in 2007. However, with the economic meltdown and resulting frozen housing market during the last quarter of 2008, no projections are made for 2009. The revenue projection in the 2009 budget from this source has been scaled back by 40%. The 2009 budget for capital improvement projects are broken out by "Core Projects" and "Optional Projects." The money for the core capital improvement projects is already part of the fund balance while optional projects will not be started in 2009 unless the 1st quarter trend in receipts is favorable. The chart below as of 12/31/08 shows the trend in 6 month increments for home sale prices and the number of homes sold over the previous 12 month period.

Comparison of 12 Month Moving Sales Price Average to No. of Homes Sold

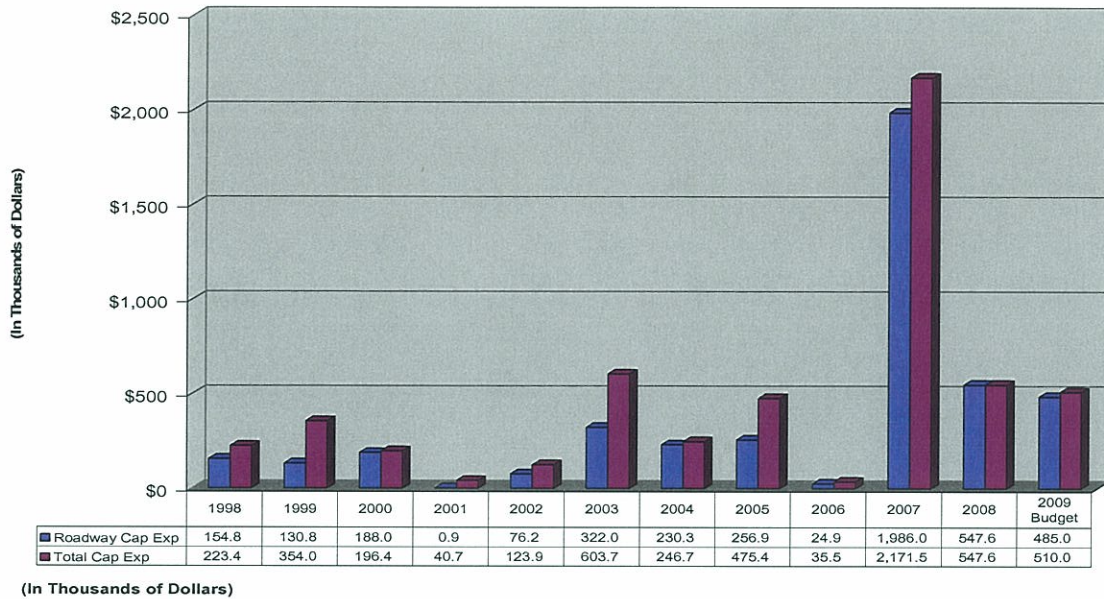


Sales Price is stated in Thousands of Dollars

10. No new grant funding has been included in the 2009 budget. Clyde Hill is scheduled to receive the remaining \$56,500 from a \$75,000 State Department of Ecology state grant to comply with the National Pollution Discharge Elimination System (NPDES) permit program. Grant funding for Clyde Hill is usually hit or miss and can not be assumed for any budget year.

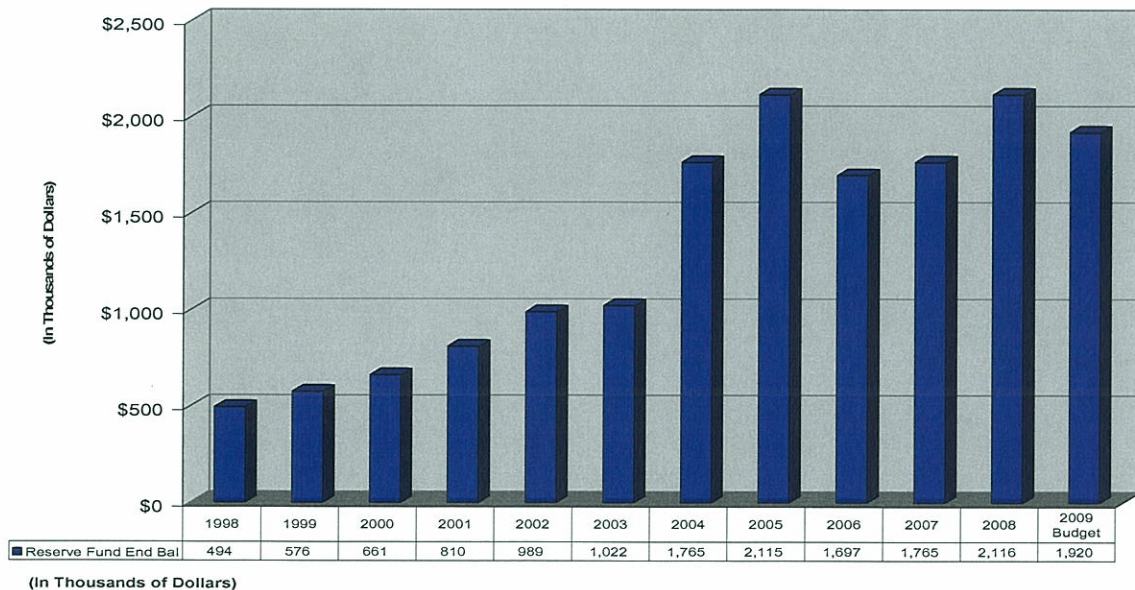
11. As authorized by the State Auditor's Office for a city with the population size of Clyde Hill, the City follows the "cash basis" of accounting method. This basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized when cash is received and expenditures are recognized when cash is paid, including those revenues and expenditures that are properly charged against the report year budget appropriations as required by state law. Capital assets and inventory are recorded as expenditures in the governmental fund type purchasing the asset or inventory item. "Cash basis" is not considered GAAP for financial reporting purposes.
12. The 2008 General Fund budget is balanced meaning no surplus or deficit is planned at the end of the fiscal year. There are no significant changes in service levels in the 2009 General Fund budget.
13. The cost of living for non-union employees as measured by the Seattle Consumer Price Index for Urban Wage and Clerical Workers (CPI-W) for August, 2008 is one element in determining wage increases, (if any). This number was 6.2% for August, 2008 versus the previous August and 4.9% for the 1st half of 2008. This number is expected to decrease dramatically by year end and only serves as part of the decision making process for determining employee salaries for 2009. Market conditions, primarily based on the annual Association of Washington Cities' Salary Survey are also considered to ensure a stable and talented workforce for the City. The police officers are under contract through December 31, 2009.
14. Capital improvements will have a minimal impact on the City's operating budget. In particular, the City paid \$48,000 in 2006 and plans to spend \$28,000 in 2009 for playground equipment to be installed on Bellevue School District property. As a prior condition for both purchases by the city, an inter-local agreement was worked out with the School District for them to pay for the associated operating costs of this playground equipment in the form of repairs, maintenance and insurance.
15. The Capital Improvements Department of the Projects Fund will spend up to \$485,000 for roadway improvements and \$25,000 for special paths/sidewalks in 2009. Of the \$485,000 programmed for roadway improvements, \$310,000 are "Core" projects that will be done in 2009 and \$175,000 are "Optional" projects that will only be done if revenue is available. Capital Improvements are primarily funded with real estate excise tax (REET) money derived from home sales. A determination will be made after the 1st quarter of 2009 if sufficient REET money from home sales is coming to the City for the optional projects to be included in the 2009 spending plan for capital improvements.
16. The City of Clyde Hill has no outstanding debt as of December 31, 2008 and has no plans to issue any debt as part of the 2009 budget.

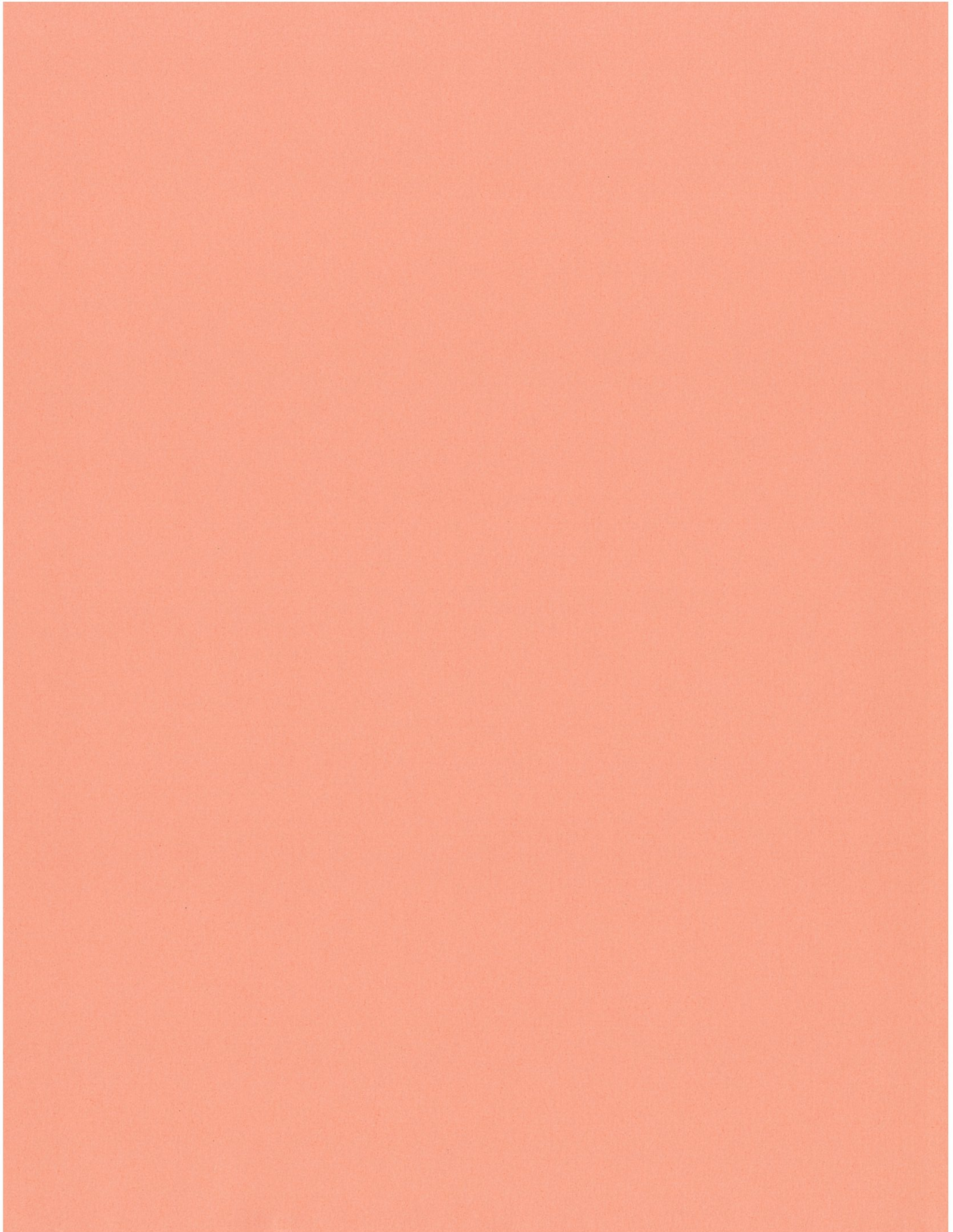
Clyde Hill Roadway & Total Capital Expenditures Over Time



17. The City's Reserve Fund balance is budgeted to have \$1,920,414 at the end of 2009, down 6.6% from the 2008 budget. The City Council has consistently built up the Reserve Fund over the past decade to serve as the City's "Rainy Day" fund. With the projected deficit in the City's General Fund, the Reserve Fund will be tapped for \$187,407 to balance the 2009 budget. The entire Reserve Fund is unrestricted and can be used by the City Council as they see fit.

Reserve Fund Ending Balance (In Thousands of Dollars)





Budget Process Overview

City of Clyde Hill, Washington

Background

The City of Clyde Hill is a residential community of approximately 2,800 residents. Clyde Hill is located on the eastside of Lake Washington directly across the lake from the City of Seattle and is bordered by the cities and towns of Bellevue, Kirkland, Medina, Yarrow Point and Hunts Point. The City of Clyde Hill incorporated on March 31, 1953, and operates under the laws of the State of Washington applicable to a Mayor - Council type of government. The City of Clyde Hill is a general-purpose government and provides a partial range of municipal services, which include a ten member police department and a four member public works department. In addition, the City provides building and land use management services, street and storm sewer service, parks and recreation, general government services (i.e. elections, arbor advice, passports, notary, pet licenses, public records, emergency preparedness, legislative and executive functions, etc.). The City budget includes 18 authorized employees for 2009.

The 2009 Total City Expenditure Budget is approximately \$4.2 million. As allowed by the State Auditor's Office for smaller sized cities, the City uses the cash-basis of accounting which is a departure from generally accepted accounting principles (GAAP). The City has no debt.

The City of Clyde Hill contracts with its neighboring cities and towns to share the costs of providing certain municipal services to residents. For example, the City of Bellevue provides fire, water and sanitary sewer. The City of Kirkland provides municipal court services. Jail services are provided by King County and an assortment of eastside cities for short term stays and the City of Yakima for longer terms. Worth noting also is the City of Clyde Hill is one of 11 members of the award winning Coalition of Small Police Agencies for the purpose of mutual aid and enhanced training opportunities. Going in the other direction, the City of Clyde Hill provides police services to the 1,010 residents in the Town of Yarrow Point.

Clyde Hill considers its primary industry to be schools. The City provides a safe and clean environment for the over 2,500 students and staff at Clyde Hill Elementary, Chinook Middle School, Sacred Heart School, and Bellevue Christian School.

The City of Clyde Hill's fiscal year is the calendar year January 1st through December 31st. As allowed by the State Auditor's Office (SAO) for smaller sized cities in the State of Washington, the City of Clyde Hill uses the cash basis method of accounting for all three funds (i.e. all governmental funds including the General Fund, Reserve Fund, and Projects Fund). The cash basis method is also used for budgeting in all three of the governmental type funds. The cash basis method of accounting and budgeting is an

allowed departure from generally accepted accounting principles (GAAP) for a small city operating in Washington State.

The City of Clyde Hill's budget process culminates in an overall "Business Plan" for the City. The ingredients that go into the budget process start with the City's budget philosophies, on-going "core" goals of the City, and a review of trends affecting the City's financial condition. These ingredients are updated and reaffirmed at the start of each budget development process. The resulting business plan includes "target issues" to accomplish during the 2009 budget year. The business plan also includes future projections of revenues, expenditures and fund balances using both a "best case scenario" and worst case scenario" to provide "bookends" of the most likely scenarios to be faced by the City over the next five years. The 2009 operating budget is essentially the short term plan to guide the City through the next fiscal year while the Capital Facilities Plan is designed to guide the City for more expensive capital improvement projects over the next five year period. The City's annually updated Transportation Improvement Plan is used to update the Capital Facilities Plan each year.

Although the City has made great strides in developing a total business plan, continued work is always necessary to keep items current and to plan based on the ever-changing conditions of the external and internal environment. In August the City Council is presented with a set of economic, financial and demographic indicators that help to describe various financial trends impacting the City. The Council annually reviews and has revised a set of Financial Policy Statements to help guide the staff in areas pertaining to fund balances, how to classify interest income and how to keep the City's finances healthy. These policy statements are reviewed every year to make sure they represent the current thinking of the Mayor and the Council.

Please see the graphic that follows entitled "Clyde Hill's Budget Process" on page 2-8. This document illustrates how the components involved in our budget process come together to form a comprehensive Business Plan for the City of Clyde Hill.

City Services Provided

Your tax dollars that eventually make their way through the various distribution formulas to the City of Clyde Hill are used to provide the following tangible benefits to residents:

- Law Enforcement (24 X 7 fully equipped & trained 10 member Police Department including Municipal Court Services by the City of Kirkland and Jail Services by King County and an assortment of eastside cities for shorter stays and the City of Yakima for longer stays).
- Fire Control & Medic One (24 X 7 fully equipped & trained service provided by the City of Bellevue Fire Department).
- Street Operations (e.g. signs, signals, lighting, street cleaning, clear fallen trees, on-call snow plowing & sanding)

- Roadway Improvements (e.g. overlays, patches, street striping, crack sealing, curb painting, bush trimming)
- Storm Drainage (e.g. pipeline cleaning, catch basin & storm drain repairs, and occasional pond dredging)
- Special Paths (e.g. Points Loop Trail, sidewalk construction & repair, mowing, trimming, weeding, maintaining the attractive City entrance areas)
- Building Code Enforcement (e.g. code information, plan reviews, building permits, other permits, inspections, Planning Commission, Board of Adjustment, view mitigation services, no cost landscape and arbor advice)
- Park Facilities (e.g. 26th St View Park, renovated Tennis Courts, path along 84th Ave, maintain circle parking lot & picnic area near school ball-fields, playground equipment in conjunction with Bellevue School District)
- General Gov't (e.g. Mayor & City Council, election services, communications, finance, audit, legal, insurance, emergency preparedness, passport services, pet licenses, notary, growth management act, Hwy 520 floating bridge planning, urban forestry program, LID administration, wireless communication facilities administration)
- City Hall Repair & Maintenance (e.g. roof replacement, exterior painting, nice landscaping)
- Regional Responsibilities (e.g. affordable housing contribution, endangered species act, Puget Sound Regional Council, Suburban Cities Association, Association of Washington Cities, Puget Sound Air Pollution Control, Eastside Transportation Planning).

Timing

The Budget Process typically begins in August of each year culminating with adoption of a budget for the following year at the December City Council meeting. Public meetings are held during this process to review the City's financial condition, set priorities and allocate resources to meet the needs of the City. In accordance with State Statutes, the 2009 Preliminary Budget was available to the public on November 1, 2008. Please see our Budget Calendar for 2009 following this narrative for the specific timing of budget events. Our City newsletter and web site <http://www.clydehill.org> are the best ways to be made aware of upcoming budget process events. Notices of all public meetings are published in the Seattle Times newspaper. Although rare in occurrence, amendment(s) of the budget can be done by Ordinance passed by the City Council at any time during the budget year.

Responsibilities

The City Council is responsible to set policies for the City and enact a budget. The Mayor working with the City Administrator is responsible for preparing a preliminary budget and a "budget message." The Mayor and City Administrator are basically in charge of day to day operation of the City, including the supervision of all appointed

officials and employees. In general, they are in charge of carrying out the policies set by the Council and seeing that local laws are enforced.

To add private business experience and/or a homeowner's perspective throughout the budget process, Clyde Hill has instituted a Budget Advisory Committee made up of five to twelve City residents expressing an interest in the City's finances. The Budget Advisory Committee assists the Mayor and City Council in formulating a budget that is designed to best suit the needs of the City of Clyde Hill. In addition, all residents of Clyde Hill are welcome at budget study sessions or regularly scheduled City Council meetings to offer their perspectives in formulating the next year's budget.

Legal Requirements

Municipal Research Services Center of Washington (MRSC) publishes a booklet called "Budget Suggestions" each year for Cities to use in their budget planning process. The document summarizes State law time requirements and any recent legislation that may affect the next year's budget. This document in particular is scrutinized thoroughly by City staff at the start of our budget process to ensure compliance with any and all legal requirements.

Budget Monitoring

Each month, the City's Finance Manager "closes the books" and prepares financial statements for review by the City Administrator, Mayor, Council-members and the Budget Advisory Committee members. Cash and investments are reconciled to the respective bank statements and all of the accounts are reviewed for proper classification and completeness. A "highlights" memorandum from the Finance Manager is attached to the financial statements for distribution pointing out any significant favorable or unfavorable variances with our annual budget. This information is posted to the City of Clyde Hill's web site shortly after the City Council meeting each month and staff is available for questions at any time. In addition, Department heads are given their specific expenditure and budget information each month for them to monitor their budget responsibilities.

Due to the extraordinary economic turbulence experienced during the 2nd half of 2008 while the 2009 budget was being developed, a special enhanced budget monitoring plan was formulated. Please see page 1-9 in the Introductory Information chapter of this budget document for a more in-depth explanation of how this new plan will work.

For the 2009 Budget, due to the severe economic downturn and resulting uncertainty, the City Council has adopted an even more stringent monitoring system. Please see page 1-9 of this budget document for the 2009 Budget Enhanced Monitoring Plan. Overall, this plan is designed to avoid any surprises and give the City Council as much time as possible to deal with any unfavorable variances developing during the 2009 fiscal year.

Annual Audit Report

The Washington State Auditor's Office independently audits the City of Clyde Hill annually. As evidence of the City's accountability and strong fiscal practices, the State Auditor's Office in December, 2001 presented a "recognition award" to the City for eleven continuous audits with no findings (i.e. significant problems). Our last published audit reports for fiscal year 2007 can be viewed at the "Finance Page" on the City's web site at www.clydehill.org.

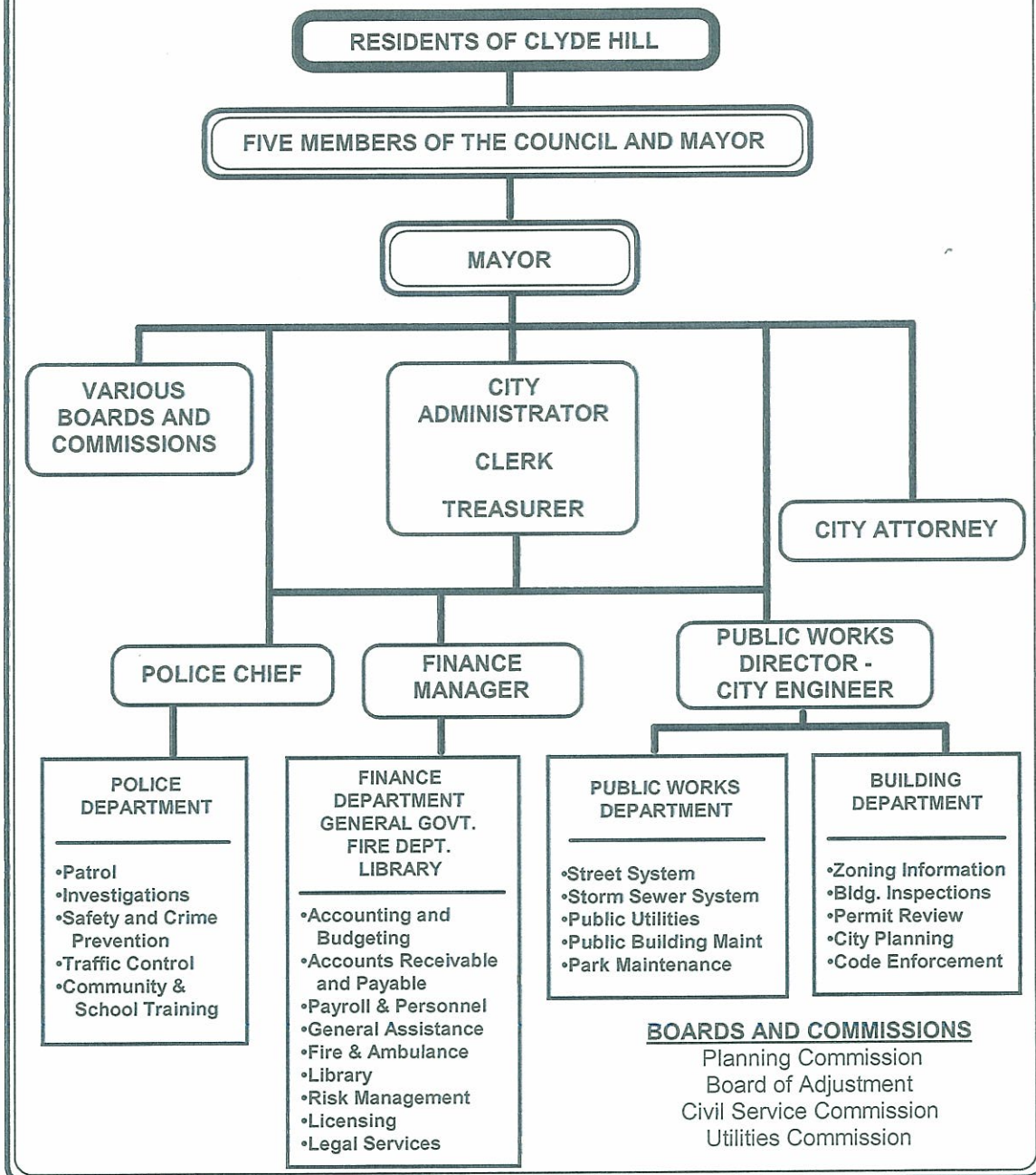
Believe it or not, your city government staff actually looks forward to the audit each year as a way to strengthen our practices and provide us with assurances that our fiscal house is in order. The City of Clyde Hill has a written internal control plan that we share with the auditor's office each year and look for opportunities to strengthen the plan each year. To offer an insight on one of the important costs of municipal government, the City of Clyde Hill paid the State Auditor's Office \$10,868 in 2008 for our annual audit services.

2009 Budget Calendar

City of Clyde Hill, Washington

<i>Statutory Dates</i>	<i>Proposed Dates</i>	<i>Steps in the 2009 Budget Development Process</i>
N/A	Tuesday, 7/8/2008	Review Budget Calendar & Confirm Budget Advisory Committee at Regular City Council Meeting
2nd Monday in September	Friday, 8/8/2008	Department Heads are asked to prepare detailed revenue & expenditure estimates for 2009 Budget.
N/A	Tuesday, 8/26/2008	BUDGET STUDY SESSION #1 - Goal is to facilitate 2009 budget discussions with a good understanding of the City's current financial condition & projected best case/worst case financial future. Possible 2009 budget items will be identified at this meeting also (Public is Welcome!).
4th Monday in September (9/22)	Friday, 9/5/2008	The Department Heads submit their budget requests to the City Administrator and Finance Manager.
On or before October 1st	Available on Monday, 9/22/2008	City Administrator (Clerk/Treasurer) provides the Mayor with the 2009 "Draft Budget" for presentation to the City Council.
No later than October 1st	Monday, 09/29/2008	Projected 2008 Year End Revenue Data & 2009 "Draft Budget" are shared with the City Council & the Budget Advisory Committee.
Before vote on property tax levy	Meeting on Tuesday, 10/21/2008 (Packets out 10/07/08)	BUDGET STUDY SESSION #2 - The legislative body must hold a public hearing on revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues. Additionally, this has been the meeting to decide on "Optional B Projects" (ad hoc one-time expenditures) and confirm the direction for next year's budget (Public is Welcome!).
At least 60 days before the ensuing fiscal year (11/2)	Available on Friday, 10/24/2008 (Packets out 11/04/08)	The Mayor files the 2009 Preliminary Budget & Budget Message with the City Council, Budget Advisory Committee and the City Clerk (City Administrator). Packets are sent out via Police Department home delivery service for review by 2009 budget participants.
No later than 1st two weeks in November	Saturday, 11/01/08 & Saturday, 11/08/08	The City Clerk (City Administrator) publishes notice of filing of preliminary budget with the city clerk and publishes notice of the upcoming public hearing on the final budget once a week for two consecutive weeks. The Seattle Times is now the official publisher of notices for the city.
No later than 6 weeks before January 1	Tuesday, 11/04/08	Copies of proposed 2009 Preliminary Budget are made available to the public upon request.
On or before 1st Monday of December	Wednesday, 11/12/2008	PRELIMINARY BUDGET HEARING & RELATED BUDGET DISCUSSION - Traditionally, this has been the meeting to decide on the property tax levy and confirm the City's overall financial strategy for the upcoming year (Public is Welcome!).
November 30 for all cities & towns	Wednesday, 11/12/2008 & Ordinance on Tuesday, 12/9/08	SET THE 2009 PROPERTY TAX LEVY * The King County Assessor's Office is usually late providing the necessary information to accomplish this step on time. In the past, the City Administrator has notified the Assessor's Office of the City Council's intent by November 30th. The ordinance to establish the 2009 Property Tax Levy is passed at the City Council's regular December monthly meeting and then forwarded to the King County Assessor's Office.
Following the public hearing & prior to the ensuing fiscal year.	Tuesday, 12/9/2008	ADOPTION OF THE 2009 FINAL BUDGET at the December City Council monthly meeting.
N/A	After Adoption	Copies of 2009 Budget are available to the public and filed with the Washington State Auditor's Office, the Municipal Research & Service Center (MRSC), and the Bellevue Branch Library.

ORGANIZATIONAL CHART FOR THE CITY OF CLYDE HILL, WASHINGTON





CLYDE HILL'S BUDGET PROCESS

PHILOSOPHIES:

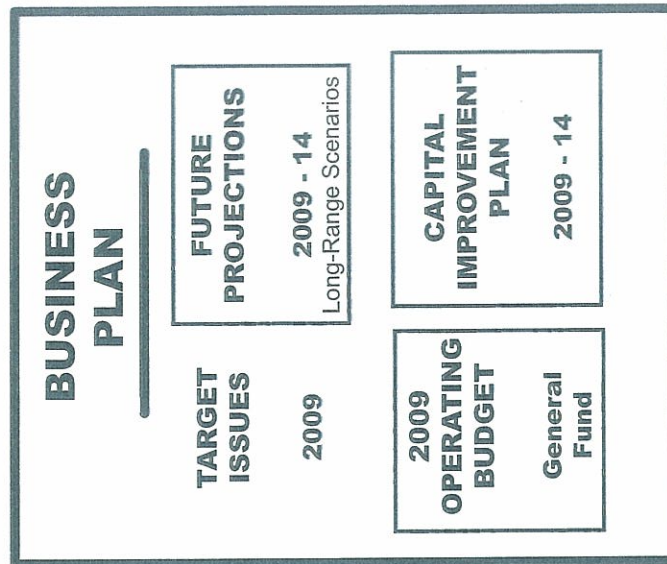
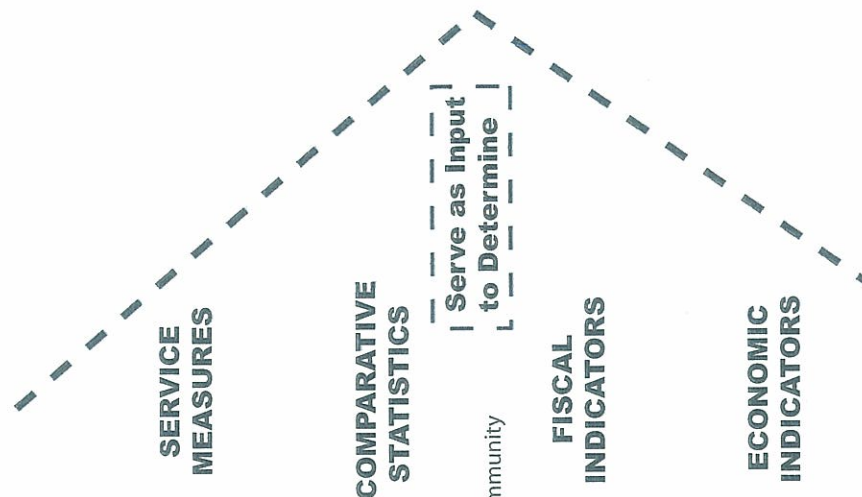
- SERVICE DELIVERY
Strive to meet the long-term total community needs of the City
- CHARACTER
Strive to maintain a quality residential character
- ETHICAL
Maintain high ethical and professional standards
- RESPONSIVE
Effectively and quickly respond to the needs of the community
- FINANCIALLY PRUDENT
Develop strong long- term fiscal integrity

GOALS:

- Maintain strong fiscal integrity
- Meet long-term total community needs
- Provide and maintain high quality services
- Make best use of human resources within the organization and the community
- Strive to be opportunistic in approach
- Maintain high ethical standards
- Respond effectively to the needs of the community

TRENDS AFFECTING THE CITY:

- Economic conditions
- Changing Federal, State and County roles and mandates
- Political environment
- New legislation
- Technology
- Surrounding communities
- Changing City needs



Description of the City's Accounting System

As of January 1, 2009

The City of Clyde Hill uses the chart of accounts and procedures contained in the *Budgeting, Accounting and Reporting System* (BARS) manual, as prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Governmental Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund has a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The City's resources are allocated to and accounted for in individual funds depending on their individual purpose. The following are the fund types used by the City:

General Fund (Fund 001)

This fund is the general operating fund of the City. It accounts for all financial transactions, except when there is a requirement or management elects to account for transactions in another fund.

Reserve Fund (Fund 002)

This fund holds reserves accumulated by the City that are held for future use or designated to finance particular activities of the City.

Projects Fund (Fund 100)

This fund is divided into specific departments identified with specific projects or revenue sources, including Criminal Justice and Capital Projects.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized when cash is received and expenditures are recognized when cash is paid, including those revenues and expenditures that are properly charged against the report year budget appropriations as required by state law.

Fixed assets and inventory are recorded as expenditures in the governmental fund type purchasing the asset or inventory item.

Budgets

Annual appropriated budgets are adopted for all funds. The City's monthly and annual financial statements include budgetary comparisons for all governmental funds.

Annual appropriated budgets are adopted at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for funds lapse at the end of the fiscal period.

The City Administrator is authorized to transfer budgeted amounts between departments within any fund and between object classes within departments. However, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

Cash

It is the City's policy to invest all temporary cash surpluses in accordance with the City's Investment Policy. This amount is included in Cash and Cash Equivalents and Investments on the balance sheet. The interest on these amounts is posted to the General Fund.

Deposits

The Federal Deposit Insurance Corporation insures the City's deposits, including Certificates of Deposit, up to \$250,000 in 2009. The Washington Public Deposit Protection Commission provides protection in the form of collateral for deposits that exceed \$250,000.

Investments

The City's Investment Committee manages the City's investments under the guidelines set forth in the City's Investment Policy. The City's investments are insured, registered or held by the City or its agent in the City's name. The City's Investment Policy has been certified by the Washington Municipal Treasurer's Association as recently as April, 2006.

Investments by type at December 31, 2008, are as follows:

Type of Investment Balance

Local Government Investment Pool	\$2,488,863
Certificates of Deposit	1,500,000
Firwood Heights LID LT Financing	2,867
92 nd Ave LID Long Term Financing	93,647
TOTAL	\$4,085,377

Derivatives and Similar Transactions

The City has no investments or direct holdings in derivatives.

Receivables

The City's receivables are the result of costs incurred by the City that will be reimbursed by other governments, in accordance with inter-local agreements, and private companies, in accordance with contractual arrangements.

Capital Assets

Fixed assets are long-lived assets of the City and are recorded as expenditures of the purchasing fund.

Compensated Absences

The City does not record accumulated unused vacation and sick leave in its governmental funds. Vacation pay, which may be accumulated up to 20 work days, is payable when employees with more than one year of service leave employment in good standing with the City. Sick leave may accumulate up to 180 workdays. Upon separation or retirement, employees do not receive payment for unused sick leave.

Customer Deposits

The City accepts security deposits and bonds from customers to ensure performance and return of City property in good condition. The City holds these payments in trust until completion of the project or return of property, at which time the payment is returned to the customer. In some instances, the City may retain a portion of the deposit to compensate the City for damages.

Long-Term Debt

The City has no debt as of December 31, 2008. The City has provided the long term financing for the two Local Improvement Districts (LID) formed to underground utilities in Clyde Hill.

Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of:

- Operating Transfers to support the operations of other funds;
- Insurance Recoveries

Risk Management

The city of Clyde Hill is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 129 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

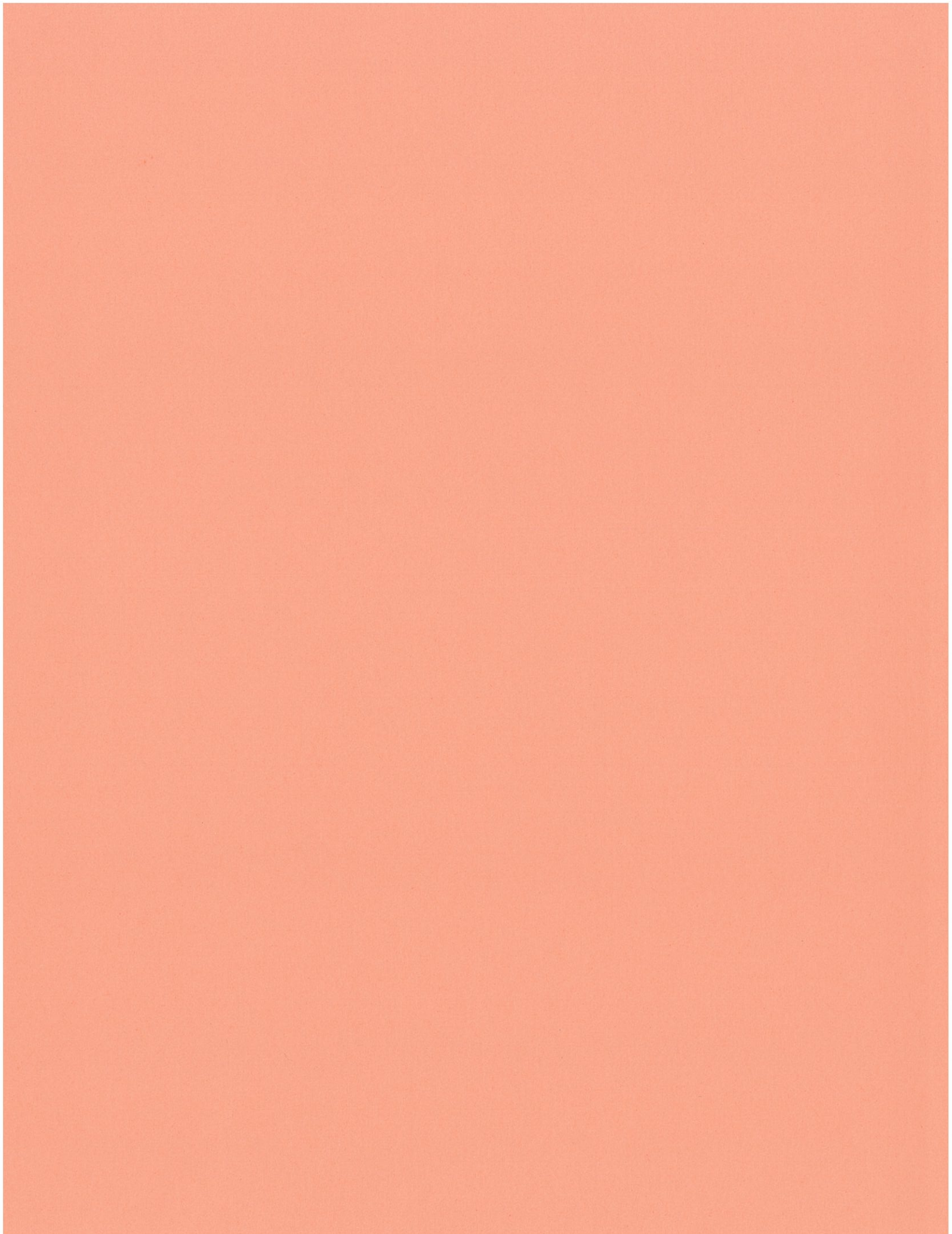
In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Please contact Mitch Wasserman, City Administrator mitch@clydehill.org or John Gagan, CPA, Finance Manager john@clydehill.org if you have any questions. The City's phone number is 425.453.7800.

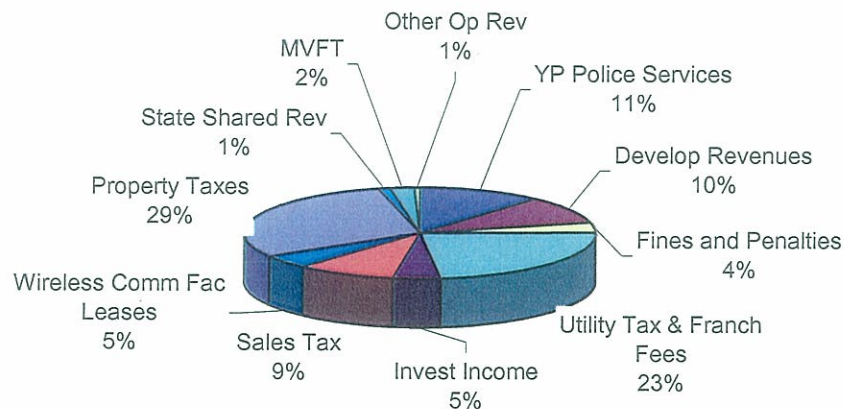


2009 Budget at a Glance

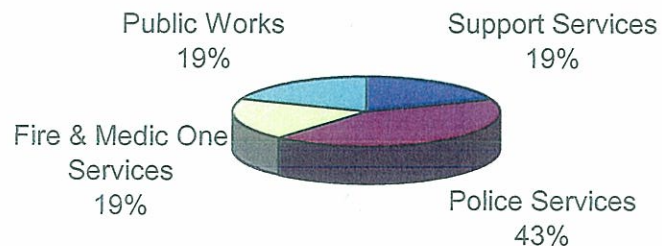
City of Clyde Hill, Washington

	001	002	100	
BUDGET 2009	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,043,575	16,682	604,783	3,665,040
EXPENDITURES	3,329,375	0	873,350	4,202,725
Surplus or (Deficit):	(285,800)	16,682	(268,567)	(537,685)
Beginning Fund Balance	198,393	2,116,184	1,446,189	3,760,766
Total Transfer In	187,404	1,433	22,500	211,337
Total Transfer Out	0	209,904	1,433	211,337
Ending Fund Balance	99,997	1,924,395	1,198,689	3,223,081

2009 General Fund Budget Operating Revenues



2009 General Fund Budget Operating Expenses



2009 Financial Overview - "The Big Picture"

	001	002	100	
BUDGET 2008	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,113,600	18,438	782,662	3,914,700
EXPENDITURES	3,113,600	0	1,452,400	4,566,000
Surplus or (Deficit):	0	18,438	(669,738)	(651,300)
Beg. Fund Balance	618,493	1,764,772	1,625,577	4,008,842
Total Transfer In	0	331,905	338,000	669,905
Total Transfer Out	518,493	0	151,412	669,905
Ending Fund Balance	100,000	2,115,115	1,142,427	3,357,542

	001	002	100	
Actual YE 2008	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,141,735	19,749	459,544	3,621,028
EXPENDITURES	3,043,341	0	825,760	3,869,101
Surplus or (Deficit):	98,394	19,749	(366,216)	(248,073)
Beg. Fund Balance	618,493	1,764,772	1,625,577	4,008,842
Total Transfer In	0	331,663	338,000	669,663
Total Transfer Out	518,491	0	151,172	669,663
Ending Fund Balance	198,396	2,116,184	1,446,189	3,760,769

	001	002	100	
Final - BUDGET 2009	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,043,575	16,682	604,783	3,665,040
EXPENDITURES	3,329,375	0	873,350	4,202,725
Surplus or (Deficit):	(285,800)	16,682	(268,567)	(537,685)
Beg. Fund Balance	198,396	2,116,184	1,446,189	3,760,769
Total Transfer In	187,404	1,433	22,500	211,337
Total Transfer Out	0	209,904	1,433	211,337
Ending Fund Balance	100,000	1,924,395	1,198,689	3,223,084

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Fund #001								
GENERAL FUND								
BEGINNING FUND BALANCE	532,898	701,996	650,845	618,493	618,493	198,396	-67.92%	(420,097)
REVENUES								
TAXES								
Real and Personal Property Taxes	747,263	767,476	793,817	816,000	807,863	910,675	11.60%	94,675
Ad Valorem Taxes	0	(1,985)	(148)	0	(1,145)	0		0
Total General Property Taxes	747,263	765,491	793,669	816,000	806,718	910,675	11.60%	94,675
Local Retail Sales & Use Taxes	305,560	297,748	335,688	297,000	460,721	275,000	-7.41%	(22,000)
Electric - Puget Sound Energy	87,129	97,577	115,017	117,000	129,955	126,700	8.29%	9,700
Gas - Puget Sound Energy	91,770	113,844	129,904	110,000	125,370	141,000	28.18%	31,000
Garbage/Solid Waste - Eastside Disposal	29,700	19,049	16,933	17,500	17,501	18,000	2.86%	500
Cable TV - Comcast	45,665	32,037	32,921	33,000	36,024	82,300	149.39%	49,300
Telephone - Qwest	28,100	21,494	24,645	25,500	20,004	30,700	20.39%	5,200
Telephone - Long Distance	5,101	921	0	0	0	0		0
Telephone - Cellular	57,447	66,359	63,462	68,000	73,127	71,000	4.41%	3,000
Total Business Taxes	344,912	351,281	382,882	371,000	401,981	469,700	26.60%	98,700
Leasehold Excise Tax	4,515	1,239	1,530	2,500	2,035	500	-80.00%	(2,000)
TOTAL TAXES	1,402,250	1,415,759	1,513,769	1,486,500	1,671,455	1,655,875	11.39%	169,375
LICENSES AND PERMITS								
Home Occupation Permits	600	625	675	600	700	600	0.00%	0
Franchise Fees - Solid Waste	21,270	23,178	23,283	24,250	24,063	24,850	2.47%	600
Franchise Fees - Cable TV	32,758	35,665	41,151	41,300	45,030	46,800	13.32%	5,500
Franchise Fees - Water	75,680	90,985	87,857	86,000	69,164	88,600	3.02%	2,600
Franchise Fees - Sewer	60,962	62,864	55,710	55,500	53,312	67,000	20.72%	11,500
Total Business Licenses and Permits	191,270	213,317	208,676	207,650	192,269	227,850	9.73%	20,200
Building and Structures Permits	321,977	350,244	372,223	288,500	228,825	161,700	-43.95%	(126,800)
Other Non-Business Permits	39,682	35,704	41,468	35,500	37,634	25,000	-29.58%	(10,500)
Total Non-Business Licenses and Permits	361,659	385,948	413,691	324,000	266,459	186,700	-42.38%	(137,300)
TOTAL LICENSES AND PERMITS	552,929	599,265	622,367	531,650	458,728	414,550	-22.03%	(117,100)

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
INTERGOVERNMENTAL								
CFDA #20.601 WA Traffic Safety Commission	0	0	0	0	2,314	0	#DIV/0!	0
Motor Vehicle Fuel Tax - City Streets	47,584	64,613	67,724	71,000	64,338	65,500	-7.75%	(5,500)
Motor Vehicle Fuel Tax - Highways	12,018	0	0	0	0	0		0
Liquor Excise Tax	11,416	11,922	12,734	13,500	13,525	14,150	4.81%	650
Liquor Control Board Profits	19,788	18,037	20,446	20,000	18,992	20,600	3.00%	600
Yarrow Point Engineering Services	2,032	9,125	12,105	7,500	3,839	0	-100.00%	(7,500)
Hunts Point Engineering Services	3,355	0	578	0	0	0		0
Yarrow Point Police Contract	262,060	263,604	295,725	318,850	320,463	345,000	8.20%	26,150
TOTAL INTERGOVERNMENTAL	358,253	367,301	409,312	430,850	423,471	445,250	3.34%	14,400
CHARGES FOR GOODS AND SERVICES								
Personnel Services	500	140	301	300	0	0	-100.00%	(300)
Zoning & Subdivision Fees	4,900	4,730	5,500	5,400	3,463	5,000	-7.41%	(400)
Plan Checking Fees	234,580	256,957	253,916	219,000	164,786	107,800	-50.78%	(111,200)
TOTAL CHARGES FOR GOODS AND SERVICES	239,980	261,827	259,717	224,700	168,249	112,800	-49.80%	(111,900)
FINES AND FORFEITS								
Fines & Forfeitures	61,251	75,203	109,168	98,000	107,264	110,000	12.24%	12,000
Miscellaneous Fines & Penalties	8,829	8,644	2,046	2,000	18,944	2,500	25.00%	500
TOTAL FINES AND FORFEITS	70,080	83,847	111,214	100,000	126,208	112,500	12.50%	12,500
MISCELLANEOUS REVENUES								
Investment Interest	133,482	237,127	255,165	186,000	161,616	140,000	-24.73%	(46,000)
Interest on Sales Taxes	797	1,311	1,597	1,400	1,582	1,600	14.29%	200
Total Interest and Earnings	134,279	238,438	256,762	187,400	163,198	141,600	-24.44%	(45,800)
Space and Facilities Leases	148,462	165,311	140,329	135,000	117,573	146,000	8.15%	11,000
Total Rents, Leases, Concessions	148,462	165,311	140,329	135,000	117,573	146,000	8.15%	11,000
Sale of Surplus Property	9,244	14,977	1,500	2,500	345	0	-100.00%	(2,500)
Other Miscellaneous Revenues	19,629	13,613	49,613	15,000	12,508	15,000	0.00%	0
TOTAL MISCELLANEOUS REVENUES	311,614	432,339	448,204	339,900	293,624	302,600	-10.97%	(37,300)
TOTAL GENERAL FUND REVENUES	2,935,106	3,160,338	3,364,583	3,113,600	3,141,735	3,043,575	-2.25%	(70,025)
INTERFUND TRANSFERS								
Transfer In - Reserve Fund	0	0	0	0	0	187,404	#DIV/0!	187,404
Transfer In - 92nd Ave LID Dept (Admin Fee)	0	896	0	0	0	0		0
TOTAL TRANSFERS	0	896	0	0	0	0		0
TOTAL REVENUES AND TRANSFERS	2,935,106	3,161,234	3,364,583	3,113,600	3,141,735	3,230,979	3.77%	117,379

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
GENERAL FUND								
EXPENDITURES								
General Government Services								
Legislative								
Misc - Special Meetings	54	0	57	750	39	750	0.00%	0
Prof Serv - Arbor Advice	360	400	0	500	0	500	0.00%	0
Prof Serv - Comprehensive Planning	350	0	0	1,000	0	1,000	0.00%	0
Misc - Public Notices	1,149	1,286	815	1,500	665	1,500	0.00%	0
Salaries	3,700	3,550	3,750	6,000	3,800	6,000	0.00%	0
Personnel Benefits	283	272	287	550	291	550	0.00%	0
Election Services	3,863	5,508	4,024	6,100	5,241	6,250	2.46%	150
Total Legislative	9,759	11,016	8,933	16,400	10,036	16,550	0.91%	150
Executive								
Salaries	6,300	6,600	30,341	6,900	8,400	8,000	15.94%	1,100
Personnel Benefits	5,265	5,747	9,449	13,400	14,619	13,500	0.75%	100
Misc. - Meetings	983	687	326	1,000	927	1,000	0.00%	0
Total Executive	12,548	13,034	40,116	21,300	23,946	22,500	5.63%	1,200
Finance and Record Services								
Salaries	216,451	223,550	243,195	251,000	243,336	268,250	6.87%	17,250
Personnel Benefits	68,581	83,312	91,968	111,500	99,418	112,500	0.90%	1,000
Office and Operating Supplies	6,293	7,687	7,683	8,000	6,454	8,000	0.00%	0
Minor Equipment	2,446	1,060	4,190	1,500	205	1,500	0.00%	0
Communication	8,302	8,254	9,157	8,600	8,183	8,600	0.00%	0
Travel	6,095	6,020	5,449	6,500	6,028	6,500	0.00%	0
Insurance	61,345	56,408	52,934	55,500	51,169	56,250	1.35%	750
Utility Services	12,432	13,848	11,515	12,800	13,079	12,800	0.00%	0
Repairs and Maintenance	19,106	19,938	22,672	22,500	24,701	23,500	4.44%	1,000
Misc-Dues and Subscriptions	2,443	5,008	5,297	5,250	5,015	5,250	0.00%	0
Misc. - Printing	7,588	7,498	5,098	8,000	6,200	8,000	0.00%	0
Misc-Training and Tuition	1,850	3,205	3,539	6,000	3,104	6,000	0.00%	0
Professional Services - Audit	9,619	10,132	10,889	11,500	10,868	11,750	2.17%	250
Operating Supplies - City Hall	469	689	861	1,000	225	1,000	0.00%	0
Total Finance and Record Services	423,020	446,609	474,447	509,650	477,985	529,900	3.97%	20,250

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Professional Service - Legal	62,143	45,058	57,420	60,000	19,377	60,000	0.00%	0
Personnel Recruiting	0	2,688	4,697	1,000	0	1,000	0.00%	0
AWC - Association of Washington Cities	1,151	1,181	1,255	1,400	1,327	1,450	3.57%	50
PSRC - Puget Sound Regional Council	491	0	505	550	1,087	575	4.55%	25
SCA - Suburban Cities Association	1,319	1,243	1,358	1,700	1,743	1,950	14.71%	250
ARCH - A Regional Coalition For Housing	2,137	2,244	2,367	2,500	2,485	2,700	8.00%	200
Total Other General Government Services	5,098	4,668	5,485	6,150	6,642	6,675	8.54%	525
TOTAL GENERAL GOV'T SERVICES	512,568	523,073	591,098	614,500	537,986	636,625	3.60%	22,125

SECURITY OF PERSONS AND PROPERTY

Law Enforcement (Police Department)

Office and Oper Supplies - Civil Service Commission	7,704	4,714	13,745	3,000	230	3,000	0.00%	0
Prof Services- Secretary - Civil Service Commission	2,938	3,580	1,920	3,000	0	3,000	0.00%	0
Salaries	411,853	449,866	542,415	665,000	633,068	706,000	6.17%	41,000
Salaries-Overtime	38,048	46,525	41,308	14,000	22,717	23,000	64.29%	9,000
Personnel Benefits	188,871	212,785	236,046	301,500	295,570	318,000	5.47%	16,500
Uniforms	7,510	13,657	12,712	11,000	7,645	11,000	0.00%	0
Office and Operating Supplies	12,142	13,216	18,944	13,000	10,536	13,000	0.00%	0
Fuel Consumption	16,630	23,294	27,231	24,000	35,665	38,000	58.33%	14,000
Small Tools and Minor Equipment	672	747	2,045	1,000	636	0	-100.00%	(1,000)
Prof Serv - Legal	50,604	58,136	52,518	49,000	52,612	49,000	0.00%	0
Prof Serv - Indigent	7,140	10,360	11,020	9,000	11,070	11,000	22.22%	2,000
Prof Services - Language Services	0	275	0	0	0	0	0.00%	0
Communications	1,706	1,780	1,834	1,800	1,823	1,800	0.00%	0
Travel	0	0	203	500	0	0	-100.00%	(500)
Repairs and Maintenance	16,060	15,354	18,747	16,000	24,929	20,000	25.00%	4,000
Misc. - Dues and Subscriptions	394	972	1,098	900	538	900	0.00%	0
Misc. - Filing, Recording, Witness	53,261	59,959	46,957	60,000	55,277	66,000	10.00%	6,000
Misc. - Printing	307	267	976	1,200	1,365	1,200	0.00%	0
Misc. - Training & Tuition	2,448	1,571	709	3,000	2,205	0	-100.00%	(3,000)
Misc. - Police Grant	0	393	0	3,000	0	0	-100.00%	(3,000)
Intergvt - Dispatch	68,877	76,780	73,036	76,000	76,135	90,000	18.42%	14,000
Intergvt - Detention Charges	26,020	42,726	54,054	45,000	77,993	56,000	24.44%	11,000
Intergvt - Concealed Weapons	282	702	899	500	836	0	-100.00%	(500)
Prof Services - Alcoholism	641	598	659	650	651	650	0.00%	0
Total Law Enforcement	914,108	1,038,257	1,159,076	1,302,050	1,311,501	1,411,550	8.41%	109,500

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Fire Control Services								
Intergvt - Fire Suppression	545,645	564,145	580,477	598,000	611,309	645,300	7.91%	47,300
TOTAL SECURITY OF PERSONS/PROP	1,459,753	1,602,402	1,739,553	1,900,050	1,922,810	2,056,850	8.25%	156,800

PHYSICAL ENVIRONMENT (PUB WORKS)

ENGINEERING (PUB WORKS ADMIN)

Salaries	79,699	82,364	94,894	109,000	101,837	109,500	0.46%	500
Personnel Benefits	22,924	25,280	33,328	50,500	41,992	52,500	3.96%	2,000
Small Tools and Minor Equipment	1,566	1,666	39	2,000	1,008	2,000	0.00%	0
Prof Serv - Contractual Bldg Dept	50,107	56,930	56,182	54,000	46,778	54,000	0.00%	0
Misc. - Dues and Subscriptions	388	483	1,296	1,300	373	1,300	0.00%	0
Misc. - Training and Tuition	1,904	630	1,325	2,000	2,683	2,000	0.00%	0
Oper Rentals/Leases - Antenna Bldg	6,528	6,682	6,902	7,250	7,171	7,500	3.45%	250
Total Engineering (P. W. Admin)	163,116	174,035	193,966	226,050	201,842	228,800	1.22%	2,750

OTHER PHYSICAL ENVIRONMENT

Intergvt - Pollution Control	2,642	2,801	2,892	3,200	3,166	3,500	9.38%	300
Intergvt - Eastside Transportation Project	100	100	100	100	100	100	0.00%	0
Total Other Physical Environment	2,742	2,901	2,992	3,300	3,266	3,600	9.09%	300
Total Physical Environment	165,858	176,936	196,958	229,350	205,108	232,400	1.33%	3,050

TRANSPORTATION

Road and Street Maintenance

Other Improvement - Roadway	155	4,615	2,605	9,500	2,641	9,500	0.00%	0
Other Improvement - Storm Drain	14,513	14,385	17,391	28,500	50,963	28,500	0.00%	0
Other Improvement - Sidewalks	0	0	0	1,000	39	1,000	0.00%	0
Utility Services - Street Lights	20,115	22,438	19,410	22,000	23,665	23,000	4.55%	1,000
Utility Services - Signal Lights	5,603	6,266	2,607	6,500	2,143	4,500	-30.77%	(2,000)
Other Improvements - Traffic Control	1,819	4,169	1,886	2,500	1,371	2,500	0.00%	0
Oper Supply - Snow and Ice Control	73	0	908	1,000	2,102	1,000	0.00%	0
Prof Serv - Street Cleaning	7,658	6,824	6,336	10,000	7,788	10,000	0.00%	0
Other Improvements - Roadside Cleanup	2,942	0	0	0	0	0	0.00%	0
Other Improvements - Landscaping	6,302	8,922	8,868	11,000	9,230	11,000	0.00%	0
Total Road and Street Maintenance	59,180	67,619	60,011	92,000	99,942	91,000	-1.09%	(1,000)

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Road and Street - PW Crew & Overhead								
Salaries	143,413	151,811	159,733	171,500	165,799	197,000	14.87%	25,500
Personnel Benefits	54,960	60,263	64,312	72,500	71,217	78,000	7.59%	5,500
Personnel Benefits - Uniforms	1,164	1,720	1,793	1,600	1,601	1,600	0.00%	0
Office and Operating Supplies	8,494	9,933	11,752	9,700	12,359	13,500	39.18%	3,800
Small Tools and Minor Equipment	3,115	1,765	1,892	3,000	2,068	3,000	0.00%	0
Operating Rentals and Leases	205	0	0	600	0	600	0.00%	0
Utility Services - Public Works Building	2,117	2,996	2,891	3,300	3,395	3,300	0.00%	0
Repairs and Maintenance	7,979	4,100	5,536	6,000	11,889	6,000	0.00%	0
Total Road/Street - PW Crew & Overhead	221,447	232,588	247,909	268,200	268,328	303,000	12.98%	34,800
TOTAL TRANSPORTATION	280,627	300,207	307,920	360,200	368,270	394,000	9.38%	33,800
ECONOMIC DEVELOPMENT								
Professional Service - Urban Forestry Program	2,000	3,280	2,923	3,500	1,966	3,500	0.00%	0
TOTAL ECONOMIC DEVELOPMENT	2,000	3,280	2,923	3,500	1,966	3,500	0.00%	0
CULTURE AND RECREATION								
Park Facilities								
Other Improvements - General Parks	3,455	4,491	3,538	6,000	7,201	6,000	0.00%	0
Total Park Facilities	3,455	4,491	3,538	6,000	7,201	6,000	0.00%	0
TOTAL PUBLIC WORKS	451,940	484,914	511,339	599,050	582,545	635,900	6.15%	36,850
TOTAL GENERAL FUND EXPENDITURES	2,424,261	2,610,389	2,841,990	3,113,600	3,043,341	3,329,375	6.93%	215,775
Operating Surplus/(Deficit)	510,845	549,949	522,593	0	98,394	(285,800)		(285,800)

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
INTERFUND TRANSFERS								
Total Transfer to Reserve Fund	233,072	411,896	188,445	329,993	329,991	0	-100.00%	(329,993)
Transfer to Housing Rental Dept	0	0	20,000	5,000	5,000	0	-100.00%	(5,000)
Transfer Out - Parks Department	7,500	12,500	12,500	12,500	12,500	0	-100.00%	(12,500)
Transfer Out - Special Projects Dept	41,175	127,600	89,000	111,000	111,000	0	-100.00%	(111,000)
Transfer Out - Capital Projects Dept	25,000	30,000	225,000	0	0	0		0
Admin. Equipment Replacement	11,000	10,000	10,000	10,000	10,000	0	-100.00%	(10,000)
Police Equipment Replacement	11,500	0	0	0	0	0		0
PW Equipment Replacement	12,500	10,000	10,000	50,000	50,000	0	-100.00%	(50,000)
Total Transfer to Projects Fund	108,675	190,100	366,500	188,500	188,500	0	-100.00%	(188,500)
TOTAL INTERFUND TRANSFERS	341,747	601,996	554,945	518,493	518,491	0	-100.00%	(518,493)
TOTAL EXPENDITURES & TRANSFERS	2,766,008	3,212,385	3,396,935	3,632,093	3,561,832	3,329,375	-8.33%	(302,718)
Total Fund Surplus/ (Deficit)	169,098	(51,151)	(32,352)	(518,493)	(420,097)	(98,396)	-81.02%	420,097
ENDING FUND BALANCE	701,996	650,845	618,493	100,000	198,396	100,000	0.00%	0

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Fund #002								
Reserve Fund								
BEGINNING FUND BALANCE	1,153,345	1,401,609	1,696,699	1,764,772	1,764,772	2,116,184	19.91%	351,412
REVENUES								
Operating Revenues & Transfers-In								
Transfer In - General Fund	233,072	411,896	188,445	329,993	329,991	0	-100.00%	(329,993)
Transfer In - Projects Fund	15,192	26,825	3,110	1,912	1,672	1,433	-25.05%	(479)
92nd Ave LID Principal Payments	0	64,536	31,518	18,438	19,749	16,682	-9.52%	(1,756)
TOTAL REVENUES AND TRANSFERS	248,264	503,257	223,073	350,343	351,412	18,115	-94.83%	(332,228)
EXPENDITURES								
Total Expenditures	0	0	0	0	0	0	#DIV/0!	0
INTERFUND TRANSFERS								
Transfer Out-Projects Fund-Equip Repl	0	0	0	0	0	10,000	#DIV/0!	10,000
Transfer Out - Projects Fund-Parks & Rec. Dept.	0	0	0	0	0	12,500	#DIV/0!	12,500
Transfer to Capital Project Dept	0	208,167	155,000	0	0	0	#DIV/0!	0
Total Transfer to Projects Fund	0	208,167	155,000	0	0	22,500	#DIV/0!	22,500
Total Transfer to General Fund	0	0	0	0	0	187,404	#DIV/0!	187,404
TOTAL INTERFUND TRANSFERS	0	208,167	155,000	0	0	209,904	#DIV/0!	209,904
Total Expenditures and Transfers	0	208,167	155,000	0	0	209,904	#DIV/0!	209,904
Fund Surplus/(Deficit)	248,264	295,090	68,073	350,343	351,412	(191,789)	-154.74%	(542,132)
ENDING FUND BALANCE	1,401,609	1,696,699	1,764,772	2,115,115	2,116,184	1,924,395	-9.02%	(190,720)

ITEM		ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Fund #100 Projects Fund									
BEGINNING FUND BALANCE		1,227,644	1,696,725	2,682,994	1,625,577	1,625,577	1,446,189	-11.04%	(179,388)
Auditing Adjustments									
PROJECTS FUND SUMMARY*									
TOTAL FUND REVENUES		991,284	886,384	752,267	782,662	459,544	604,783	-22.73%	(177,879)
TOTAL FUND EXPENDITURES		615,686	270,662	2,328,074	1,452,400	825,760	873,350	-39.87%	(579,050)
TOTAL TRANSFERS IN		471,475	585,917	531,500	338,000	338,000	22,500	-93.34%	(315,500)
TOTAL TRANSFERS OUT		377,992	215,370	13,110	151,412	151,172	1,433	-99.05%	(149,979)
Fund Surplus/(Deficit)		469,081	986,269	(1,057,417)	(483,150)	(179,388)	(247,500)	-48.77%	235,650
TOTAL ENDING FUND BALANCE		1,696,725	2,682,994	1,625,577	1,142,427	1,446,189	1,198,689	4.92%	56,262
Trust and Agency Liability Accounts		134,247	148,478	130,000	130,000	130,000	225,000	73.08%	95,000
Total Ending Balance with Liability Accts		1,830,972	2,831,472	1,755,577	1,272,427	1,576,189	1,423,689	11.89%	151,262

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Criminal Justice								
Beginning Department Balance	166,193	196,169	201,552	254,833	254,833	276,197	8.38%	21,364
Revenues								
Criminal Justice Sales Tax	58,825	63,003	68,637	70,000	66,856	71,000	1.43%	1,000
Criminal Justice - Population	1,000	1,000	1,000	1,000	1,000	1,000	0.00%	0
Criminal Justice - Special Programs	2,059	2,091	2,154	2,150	2,235	2,250	4.65%	100
DUI/Other Crim Justice Assistance	469	462	646	650	508	500	-23.08%	(150)
Yarrow Point Criminal Justice	17,820	17,291	9,127	10,000	16,742	13,300	33.00%	3,300
Confiscated Property	9,159	3,573	0	0	9,225	0	0	0
Insurance Recoveries	250	22,232	0	0	982	0	0	0
Jail Land Sale Proceeds	0	0	0	0	0	42,500		42,500
Total Revenues	89,582	109,652	81,564	83,800	97,548	130,550	55.79%	46,750
Total Revenues and Transfers	89,582	109,652	81,564	83,800	97,548	130,550	55.79%	46,750
Expenditures								
Intergvt - Child Abuse	1,030	1,046	1,077	1,025	0	0	-100.00%	(1,025)
Intergvt - Domestic Violence	1,030	1,046	1,828	1,025	2,127	0	-100.00%	(1,025)
Intergvt - Programs & Training	9,290	15,214	12,916	22,500	27,559	26,750	18.89%	4,250
Intergvt - School Safety & Equip.	0	0	0	550	0	0	-100.00%	(550)
IT Management/Development	0	0	0	0	0	65,500		65,500
Equipment - Criminal Justice	38,256	73,490	12,262	30,870	31,168	6,000	-80.56%	(24,870)
Equipment - From Confiscated Property	0	1,273	200	15,330	15,330	0	-100.00%	(15,330)
Total Expenditures	49,606	92,069	28,283	71,300	76,184	98,250	37.80%	26,950
Dept. Surplus/(Deficit)	39,976	17,583	53,281	12,500	21,364	32,300	158.40%	19,800
Transfer Out - Reserve Fund	10,000	12,200	0	0	0	0		0
Total Transfers	10,000	12,200	0	0	0	0		0
Total Expenditure and Transfer	59,606	104,269	28,283	71,300	76,184	98,250	37.80%	26,950
Total Department Surplus/(Deficit)	29,976	5,383	53,281	12,500	21,364	32,300	158.40%	19,800
Ending Department Balance	196,169	201,552	254,833	267,333	276,197	308,497	15.40%	41,164

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Grants								
Beginning Department Balance	(750)	0	0	0	0	(18,573)		(18,573)
Revenues								
NPDES Grant	0	0	0	75,000	30,778	56,500	-24.67%	(18,500)
Total Revenues	750	0	0	75,000	30,778	56,500	-24.67%	(18,500)
Total Revenues and Transfers	750	0	0	75,000	30,778	56,500	-24.67%	(18,500)
Expenditures								
NPDES Grant				75,000	49,351	26,500	-64.67%	(48,500)
Total Expenditures	0	0	0	75,000	49,351	26,500	-64.67%	(48,500)
Total Transfers	0	0	0	0	0	0		0
Total Expenditure and Transfer	0	0	0	75,000	49,351	26,500	-64.67%	(48,500)
Dept. Surplus/(Deficit)	750	0	0	0	(18,573)	30,000		30,000
Ending Department Balance	0	0	0	0	(18,573)	11,427		11,427
Equipment Replacement								
Beginning Department Balance	127,994	161,041	124,320	133,758	133,758	127,597	-4.61%	(6,161)
Revenues								
Transfer In - General Fund - Administration	11,000	10,000	10,000	10,000	10,000	10,000	0.00%	0
Transfer In - General Fund - Police	11,500	0	0	0	0	0		0
Transfer In - General Fund - Public Works	12,500	10,000	10,000	50,000	50,000	0	-100.00%	(50,000)
Total Transfers	35,000	20,000	20,000	60,000	60,000	10,000	-83.33%	(50,000)
Expenditures								
Admin Equipment Replacement	1,953	14,000	0	3,500	3,379	0	-100.00%	(3,500)
PD Equipment Replacement	0	0	0	0	0	0		0
Equipment - Public Works	0	42,721	10,562	65,000	62,782	0	-100.00%	(65,000)
Total Expenditures	1,953	56,721	10,562	68,500	66,161	0	-100.00%	(68,500)
Dept. Surplus/(Deficit)	33,047	(36,721)	9,438	(8,500)	(6,161)	10,000	-217.65%	18,500
Ending Department Balance	161,041	124,320	133,758	125,258	127,597	137,597	9.85%	12,339

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Housing Dept.								
Beginning Department Balance	25,617	21,674	17,752	30,862	30,862	46,364	50.23%	15,502
Revenues								
Housing Rentals and Leases	8,153	6,452	7,401	8,150	8,800	8,900	9.20%	750
Total Revenues	8,153	6,452	7,401	8,150	8,800	8,900	9.20%	750
Transfer In - General Fund	0	0	20,000	5,000	5,000	0	-100.00%	(5,000)
Transfer In - Special Projects Dept. - Projects Fund	0	0	0	27,500	27,500	0	-100.00%	(27,500)
Total Transfers	0	0	20,000	32,500	32,500	0	-100.00%	(32,500)
Total Revenues and Transfers	8,153	6,452	27,401	40,650	41,300	8,900	-78.11%	(31,750)
Expenditures								
Other Improvements - Rental Property	2,096	374	4,291	4,000	798	4,000	0.00%	0
ARCH Trust Fund	0	0	0	42,500	25,000	47,500	11.76%	5,000
Total Expenditures	2,096	374	4,291	46,500	25,798	51,500	10.75%	5,000
Transfer Out - Special Projects Department - Projects Fund	10,000	10,000	10,000	0	0	0		0
Total Transfers	10,000	10,000	10,000	0	0	0		0
Total Expenditure and Transfer	12,096	10,374	14,291	46,500	25,798	51,500	10.75%	5,000
Dept. Surplus/(Deficit)	(3,943)	(3,922)	13,110	(5,850)	15,502	(42,600)	628.21%	(36,750)
Ending Department Balance	21,674	17,752	30,862	25,012	46,364	3,764	-84.95%	(21,248)

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Parks & Recreation								
Beginning Department Balance	9,056	9,869	15,931	19,412	19,412	19,088	-1.67%	(324)
Revenues								
Race Revenues	0	0	660	1,000	0	0	-100.00%	(1,000)
Celebration Event	8,735	10,190	10,698	10,000	6,981	7,000	-30.00%	(3,000)
Total Revenues	8,735	10,190	11,358	11,000	6,981	7,000	-36.36%	(4,000)
Transfer In - General Fund	7,500	12,500	12,500	12,500	12,500	0	-100.00%	(12,500)
Transfer In - Reserve Fund	0	0	0	0	0	12,500	0.00%	12,500
Total Transfers	7,500	12,500	12,500	12,500	12,500	12,500	0.00%	0
Total Revenues and Transfers	16,235	22,690	23,858	23,500	19,481	19,500	-17.02%	(4,000)
Expenditures								
Celebration Event	12,619	16,628	20,377	25,000	19,805	26,000	4.00%	1,000
Total Expenditures	12,619	16,628	20,377	25,000	19,805	26,000	4.00%	1,000
Dept. Surplus/(Deficit)	3,616	6,062	3,481	(1,500)	(324)	(6,500)	333.33%	(5,000)
Total Transfers	2,803	0	0	0	0	0		0
Total Expenditures and Transfers	15,422	16,628	20,377	25,000	19,805	26,000	4.00%	1,000
Total Department Surplus/(Deficit)	813	6,062	3,481	(1,500)	(324)	(6,500)	333.33%	(5,000)
Ending Department Balance	9,869	15,931	19,412	17,912	19,088	12,588	-29.72%	(5,324)

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Special Projects								
Beginning Department Balance	39,687	62,264	130,534	137,738	137,738	183,299	33.08%	45,561
Revenues								
King Conservation District - Arbor Day	1,400	0	1,300	2,800	2,900	2,000	-28.57%	(800)
Total Revenues	1,400	0	1,300	2,800	2,900	2,000	-28.57%	(800)
Transfers								
Transfer In - General Fund	41,175	127,600	89,000	111,000	111,000	0	-100.00%	(111,000)
Transfer In - Housing Rental Dept - Projects Fund	10,000	10,000	10,000	0	0	0	-100.00%	0
Total Transfers	51,175	137,600	99,000	111,000	111,000	0	-100.00%	(111,000)
Total Revenues and Transfers	52,575	137,600	100,300	113,800	113,900	2,000	-98.24%	(111,800)
Expenditures								
Professional Services - Regional Advisory	0	0	0	10,000	2,423	10,000	0.00%	0
Professional Services - Storage Project	1,029	3,521	1,902	5,000	716	2,500	-50.00%	(2,500)
Safety Committee - Emergency Preparedness	825	324	8,380	4,000	683	4,000	0.00%	0
PW Building Update	0	0	5,494	11,000	3,252	0	-100.00%	(11,000)
ARCH Parity Program	10,000	10,000	0	0	0	0	0.00%	0
Other Improvements - Arbor Day/Urban Forestry	1,037	3,313	1,378	1,600	1,118	1,600	0.00%	0
WRIA 8/NPDES Permits	1,568	1,091	2,885	2,500	3,175	3,500	40.00%	1,000
Equipment - PW Signs & Traffic Counters	11,021	0	0	0	0	0	0.00%	0
IT Development- Website Management	1,676	2,418	1,460	125,000	21,499	100,000	-20.00%	(25,000)
City Hall Repair	0	0	17,123	0	0	3,500	0.00%	3,500
ROW Enhancements (Entry Boulder, Ornamental Signs, etc.)	800	0	0	6,000	0	0	-100.00%	(6,000)
Cable TV Communications	2,042	0	377	1,000	525	1,000	0.00%	0
Equipment - City Hall Generator	0	0	46,618	0	0	0	0.00%	0
Equipment - Playground Equipment	0	47,357	0	28,000	0	28,000	0.00%	0
Equipment - LED Signal Lights	0	0	0	0	2,609	0	#DIV/0!	0
Professional Services - Mapping/GIS	0	0	7,479	6,500	4,839	7,000	7.69%	500
Total Expenditures	29,998	69,330	93,096	200,600	40,839	161,100	-19.69%	(39,500)
Transfers								
Transfer to Housing Rental Dept. - Projects Fund	0	0	0	27,500	27,500	0	-100.00%	(27,500)
Total Transfers	0	0	0	27,500	27,500	0	-100.00%	(27,500)
Total Expenditures and Transfers	29,998	69,330	93,096	228,100	68,339	161,100	-29.37%	(67,000)
Total Department Surplus/(Deficit)	22,577	68,270	7,204	(114,300)	45,561	(159,100)	39.20%	(44,800)
Ending Department Balance	62,264	130,534	137,738	23,438	183,299	24,199	3.25%	761

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
Capital Projects								
Beginning Department Balance	1,020,341	933,125	2,070,908	926,977	926,977	812,220	-12.38%	(114,757)
Revenues								
98th Ave. Sidewalk Grant	92,677	0	0	0	0	0		0
Road Exchange Revenue	0	35,311	0	0	0	0		0
Real Estate Excise Tax	312,789	361,097	311,267	300,000	142,882	175,000	-41.67%	(125,000)
Growth Excise Tax	310,482	361,098	311,267	300,000	142,882	175,000	-41.67%	(125,000)
KC Flood Control District	0	0	0	0	0	36,400		36,400
Prop 2 Special Levy	0	0	0	0	12,174	12,000		12,000
Other Miscellaneous Revenue	0	0	0	0	12,927	0	#DIV/0!	0
TIB Grant	0	0	25,000	0	0	0		0
Total Revenues	715,948	757,506	647,534	600,000	310,865	398,400	-33.60%	(201,600)
Transfers								
Transfer In - General Fund	25,000	30,000	225,000	0	0	0		0
Intrafund Transfer In - 92nd LID Dept - Projects Fund	0	177,650	0	122,000	122,000	0	-100.00%	(122,000)
Transfer In - Reserve Fund	0	208,167	155,000	0	0	0		0
Total Transfers	25,000	415,817	380,000	122,000	122,000	0	-100.00%	(122,000)
Total Revenues and Transfers	740,948	1,173,323	1,027,534	722,000	432,865	398,400	-44.82%	(323,600)
Expenditures								
Other Improvements - Roadway	256,936	24,922	1,986,015	905,000	547,622	485,000	-46.41%	(420,000)
Other Improvements - Storm Drainage	8,000	0	71,801	10,500	0	0		(10,500)
98th Ave. Sidewalk	184,873	10,613	0	0	0	0		0
Other Improvements - Special Paths	25,555	5	113,649	50,000	0	25,000	-50.00%	(25,000)
Total Expenditures	475,364	35,540	2,171,465	965,500	547,622	510,000	-47.18%	(455,500)
Revenue less Expenditure Surplus/(Deficit)	240,584	721,966	(1,523,931)	(365,500)	(236,757)	(111,600)	-69.47%	253,900
Transfers								
Intrafund Transfer Out to 92nd LID Dept - Projects Fund	352,800	0	0	0	0	0		0
Total Transfers	352,800	0	0	0	0	0		0
Total Expenditures and Transfers	828,164	35,540	2,171,465	965,500	547,622	510,000	-47.18%	(455,500)
Total Department Surplus/(Deficit)	(87,216)	1,137,783	(1,143,931)	(243,500)	(114,757)	(111,600)	-54.17%	131,900
Ending Department Balance	933,125	2,070,908	926,977	683,477	812,220	700,620	2.51%	17,143

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
LID-Firwood								
Beginning Department Balance	0	0	0	0	0	0		0
Revenues								
LID Assessments - (Principal)	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Total Revenues	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Total Revenues and Transfers	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Transfers								
Transfer Out - Reserve Fund	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Total Transfers	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Total Expenditures and Transfers	2,389	5,141	3,110	1,912	1,672	1,433	-25.05%	(479)
Ending Department Balance	0	0	0	0	0	0		0

ITEM	ACTUAL 2005	ACTUAL 2006	ACTUAL 2007	BUDGET 2008	ACTUAL YEAR END 2008	FINAL BUDGET 2009	% Change Budget 08 to 09	\$ Change Budget 08 to 09
LID-92nd Area								
Beginning Department Balance	(160,491)	312,586	122,000	122,000	122,000	0	-100.00%	(122,000)
Revenues								
LID Assessments - (Principal + Interest)	164,327	(2,557)	0	0	0	0		0
Total Revenues	164,327	(2,557)	0	0	0	0		0
Transfers								
Intrafund Transfer In - Cap. Projs. Dept - Projects Fund	352,800	0	0	0	0	0		0
Total Transfers	352,800	0	0	0	0	0		0
Total Revenues and Transfers	517,127	(2,557)	0	0	0	0		0
Expenditures								
Professional Services - Financial & Underwriting	40,094	0	0	0	0	0		0
Professional Services - Legal & Appraisal	3,956	0	0	0	0	0		0
Transfers								
Transfer Out - General Fund	0	896	0	0	0	0		0
Interfund Transfer Out - Cap. Projs. Dept - Projects Fund	0	177,650	0	122,000	122,000	0	-100.00%	(122,000)
Transfer Out - Reserve Fund	0	9,483	0	0	0	0		0
Total Expenditures and Transfers	44,050	188,029	0	122,000	122,000	0	-100.00%	(122,000)
Ending Department Balance	312,586	122,000	122,000	0	0	0	0.00%	0

2009 Changes in Fund & Department Fund Balances

City of Clyde Hill, Washington

Component	General Fund		Reserve Fund	Criminal Justice Dept.	Equipment Replacement		Housing		Parks Dept.	Special Projects	Capital Projects		Firwood LID	Projects Fund	Total of All 3 Funds	
					Dept.	Dept.	Dept.			Dept.	Dept.		Dept.			
Beginning Balance -																
01/01/2009	\$ 198,393	\$ 2,116,183	\$ 276,194	\$ (18,573)	\$ 127,597	\$ 46,363	\$ 19,086	\$ 183,300	\$ 812,218	\$ 0	\$ 1,446,185	\$ 3,760,761				
Revenues	\$ 3,043,575	\$ 16,682	\$ 88,050	\$ 56,500	\$ -	\$ 8,900	\$ 7,000	\$ 2,000	\$ 440,900	\$ 1,433	\$ 604,783	\$ 3,665,040				
Expenses	\$ 3,329,375	\$ -	\$ 98,250	\$ 26,500	\$ -	\$ 51,500	\$ 26,000	\$ 161,100	\$ 510,000	\$ -	\$ 873,350	\$ 4,202,725				
Operating																
Surplus/(Deficit)	\$ (285,800)	\$ 16,682	\$ (10,200)	\$ 30,000	\$ -	\$ (42,600)	\$ (19,000)	\$ (159,100)	\$ (69,100)	\$ 1,433	\$ (268,567)	\$ (537,685)				
Transfer-In	\$ 187,407	\$ 1,433	\$ -	\$ -	\$ 10,000	\$ -	\$ 12,500	\$ -	\$ -	\$ -	\$ 22,500	\$ 211,340				
Transfer-Out	\$ -	\$ 209,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,433	\$ 1,433	\$ 211,340				
Ending Balance -																
12/31/2009	\$ 100,000	\$ 1,924,391	\$ 265,994	\$ 11,427	\$ 137,597	\$ 3,763	\$ 12,586	\$ 24,200	\$ 743,118	\$ 0	\$ 1,198,685	\$ 3,223,076				
Change In Fund Balance																
	\$ -	\$ (191,792)	\$ (10,200)	\$ 30,000	\$ 10,000	\$ (42,600)	\$ (6,500)	\$ (159,100)	\$ (69,100)	\$ -	\$ (247,500)	\$ (537,685)				
Percent Change																
	0.0%	-10.0%	-3.8%	0.0%	7.3%	-1132.1%	-51.6%	-657.4%	-9.3%	0.0%	-20.6%	-16.7%				

More Information:

- 1) As allowed by the State Auditor's Office for smaller sized cities in the State of Washington, the City of Clyde Hill uses the cash-basis of accounting and budgeting which is a departure from generally accepted accounting principles (GAAP).
- 2) The City Council's budgeting practice is to maintain a \$100,000 working fund balance in the general fund for the start of each fiscal year.
- 3) The term "Fund Balance" as used by the City of Clyde Hill means the excess of assets over liabilities.
- 4) **Explanations for changes in Fund & Department Balances over 10%:**
Reserve Fund - Two reasons for decrease: 1) projected budget deficit in the Gen'l Fund is balanced with a transfer from the Reserve Fund of \$187,404, & 2) in the past, transfers were made from the Gen'l Fund to the Equip Replace Dept and the Parks Dept (annual celebration event). With this year's projected Gen'l Fund deficit, the transfers were made from the Reserve Fund.
Housing Department - The City has a long history of supporting affordable housing on the eastside of Lake Washington. Over the years, the City Council has pledged money to support affordable housing that has not been spent yet. The 2009 budget has appropriated the full amount of pledged money so that it could be spent in 2009 if approved projects are ready to close (not likely all money would be spent in 2009 due to the time consuming process of closing affordable housing real estate transactions).
Parks Department - The City's annual celebration event is funded through this Department. Through sponsorships and day of event cash receipts, this Department has built up a sizable fund balance that can now be used to make sure the event has adequate resources to be successful.
Special Projects Department - As special projects have been approved by the City Council over the past few years, money has been set aside in this Department to pay for them. With the current economic turbulence, no new projects have been approved for 2009. The City Council did approve the appropriations to pay for special project that have been approved in past years.

Employee Authorized Position Count

City of Clyde Hill, Washington

As of January 1, 2009



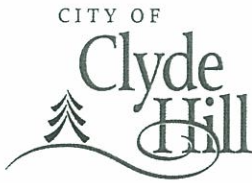
Purpose: to account for all employee positions for prior, current and the budget year.

<u>Department</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Budget 2009</u>
General Government	City Administrator Finance Manager (1/2) City Clerk City Clerk/Code Enforcement (2/3) FTE = 3.16	City Administrator Finance Manager (1/2) City Clerk City Clerk/Code Enforcement (2/3) FTE = 3.16	City Administrator Finance Manager (1/2) City Clerk City Clerk/Code Enforcement (2/3) FTE = 3.16
Police	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers FTE = 10.5	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers FTE = 10.5	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers FTE = 10.5
Fire	Contracted with City of Bellevue	Contracted with City of Bellevue	Contracted with City of Bellevue
Public Works Admin	Public Works Director/Engineer City Clerk/Code Enforcement (1/3) FTE = 1.33	Public Works Director/Engineer City Clerk/Code Enforcement (1/3) FTE = 1.33	Public Works Director/Engineer City Clerk/Code Enforcement (1/3) FTE = 1.33
Public Works Crew *	Building Inspector/Crew Member 2 Public Works Crew Members FTE = 3.00 * Student employed in the summer	Building Inspector/Crew Member 2 Public Works Crew Members FTE = 3.00 * Student employed in the summer	Building Inspector/Crew Member 3 Public Works Crew Members FTE = 3.00 * Student employed in the summer
Total FTE	18	18	18

There are at least 36 residents in Clyde Hill serving on the City Council and various boards, commissions & committees in a voluntary capacity.

The City has one resident volunteering on a fairly regular basis to help with filing and other administrative matters in the Building Department.

The Police Department utilizes the services of volunteer Reserve Police Officers when available.



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2009 CAPITAL FACILITIES PLAN

CITY OF CLYDE HILL, WASHINGTON

The City of Clyde Hill is responsible for providing facilities and services that are needed by the residents and businesses of the City for a safe, secure and efficient environment within which to conduct their affairs. These services and facilities include, but are not limited to: police service, fire protection, building and land use management services, street and storm sewer service, parks and recreation. Often the availability and quality of these services are a primary reason for families to choose a particular community over another. As such, the adequacy of these services and the related facilities greatly influence the quality and character of a particular community.

Since these services cannot be delivered without capital facilities, the appropriate supply of capital facilities must be adequate to meet future service requirements. This plan seeks to ensure such a supply by planning ahead to meet these future needs.

Planning to meet the future needs of a community is a complex task. First, it requires an understanding of the necessary and desired scope of future needs for the community. Second, it requires an accurate assessment of the various types of capital facilities that could be provided, and the need to identify the most effective and efficient array of facilities to support the needed services. Finally, it must address how these facilities will be financed.

Understanding what the future needs of the community will be is accomplished through the development of the City's Comprehensive Plan, which provides a framework for the future growth and character vision of the community. Individual plans or studies are used to address the issue of what is needed to provide an effective and efficient service delivery system for the various service elements.

The final aspect of a Capital Facilities Plan addresses the appropriate mix of revenues needed to meet the various elements of the plan. Choosing the most effective array of facilities considering limited resources and competing demands requires a great deal of policy-making and implementation coordination. Financial planning and implementation of capital facilities cannot be effectively carried out on an annual basis, since their financing requires multi-year commitments of fiscal resources. Because of this, a Capital Facilities Plan is long range in its scope.

Any plan is a tool to aid in decision making. This plan is no exception. Annual budget decisions will be aided by outlining how the needed capital facilities of the future can be successfully provided. The Capital Facilities Plan is not intended to substitute for annual budget decisions, only provide a tool for making those budget decisions.

Since the entire comprehensive planning process, of which facility planning is only a part, is seen in Clyde Hill to be a continuing, evolving process of managing change, this plan, along with the various related plans, will be continually reviewed and updated.

ELEMENTS OF THE PLAN

Expenditure Components

The Capital Facilities Plan provides a framework to plan for the orderly implementation of capital improvements and facilities directly affecting the City's services and operations. The term capital improvements or facilities are widely used terms having different meanings to different persons. The use of these terms within this plan however, are intended to represent improvements, projects, equipment, facilities or assets of the City that require a financing policy of a longer term character than that which can not be readily afforded by the annual operating budget cycle of the City.

The basic planning policy document of the City is its Comprehensive Plan. The Comprehensive Plan is a series of planning elements that address all aspects of the City's future development and land use. A series of other plans then address in greater detail the development of particular elements within the City. The street system is supported through the City's annual Transportation Improvement Program (TIP) and condition rating survey. The storm sewer system was initially supported through the results of a comprehensive system study that was completed in November 1992 and a Stormwater Improvement Plan (SIP) that was discussed in 1996. The parks & recreation system is guided by the Comprehensive Plan. The criminal justice programs are guided by recommendations from the staff and Council approval. The public facility sections of this plan are supported through the Comprehensive Plan, the staff and Council guidelines. The equipment replacement schedule is supported through a detailed equipment replacement schedule that is revised annually and presented to the Council for review.

The following are descriptions of expenditure types within six basic categories: Street system, Storm sewer system, Parks & recreation system, Criminal justice, Public facilities and Other special projects. Six year projections of projects and needs within the following categories are represented in the City's Capital Facilities Plan.

Street System

A. Annual Overlay Program - Implementation of the City's road system Transportation Improvement Program (TIP). The TIP is annually updated after a visual analysis and a condition rating survey of all the roads within the City's jurisdiction.

B. Other Street Projects - Represents road related projects besides the annual overlay program such as; traffic calming ideas, curb replacement, safety improvements, guard rails, speed bumps or their removal or extraordinary patching and new roads.

C. Sidewalk/Pedestrian Improvements - Represents costs relating to sidewalk and pedestrian safety or convenience projects within the rights-of-way. Some of these projects relate to safety buttons, additional sidewalks and trails.

Storm Sewer System

A. Storm Sewer Improvements - Represents costs for the implementation of the City's comprehensive storm system study and the City's Stormwater Improvement Plan (SIP).

B. Pond Maintenance Projects - Represents pond maintenance and dredging projects for Aqua Vista Lake (Done in conjunction with the homeowners), Clyde Loch (Done in conjunction with the homeowners), and the ponds at the Overlake Golf and Country Club (Accomplished per the settlement agreement with the Club).

C. System Maintenance & Depreciation - Represents larger costs outside the operating budget relating to the repair of the existing system due to age and depreciation.

D. Comprehensive Storm System Study & Analysis - Costs to implement a comprehensive study of the City's storm sewer system.

Parks & Recreation System

A. Park Improvements - Represents costs for the implementation of the City's Comprehensive Plan. Relates to the construction of new elements or upgrades to the system.

B. Park Land Purchases - Represents costs relating to the potential purchase of additional park property within the City.

C. Park Maintenance - Represents larger costs outside the operating budget relating to the repair of the existing system due to age and depreciation. Some of these projects might include: Tennis court repair and overlay, park equipment or furniture repair or landscaping.

Criminal Justice Program

A. Equipment - Represents equipment costs that are funded through the Criminal Justice program.

Public Facilities

A. City Hall - Represents costs relating to the extraordinary maintenance of the City Hall (roof, internal and external structure), facility upgrades (sound system, structural improvements), and mechanical replacements (heating/cooling systems).

B. Police Department - Represents costs relating to the extraordinary maintenance of the police department.

C. Public Works Building - Represents costs relating to the extraordinary maintenance of the public works "shop" building. This building also includes the public rest room facilities.

D. Land Purchases - Represents costs relating to the potential purchase of additional public property within the City for future facility use.

Equipment Replacement Schedule

A. Equipment Replacement Schedule - Represents costs to keep track of the City's "major" pieces of equipment and plan for their eventual replacement.

Revenue Components

There are a number of available revenue sources that could potentially be used to fund the expenditure items within the Capital Facilities Plan. These revenue items are summarized below. Additional funding sources such as the property tax, utility tax or other general purpose revenues located within the General Fund could be used to fund the Capital Facilities Plan but are currently not recommended for this use.

A. Real Estate Excise Taxes - Represents revenues derived from the 1/4 of 1% excise tax on the sale of real estate within the City. Use of these funds is restricted for the implementation of the City's Capital Facilities Plan.

B. Growth Management Real Estate Excise Taxes - Represents revenues derived from an additional 1/4 of 1% excise tax on the sale of real estate within the City. Use of these funds is restricted for any capital purpose identified in a capital improvements plan and local capital improvements, including those listed in RCW 35.43.040.

C. Street Utility Fees - Represents revenues derived from fees generated through the enactment of a street utility. The City does not currently have a street utility. Based on a 1996 Seattle suit, the constitutionality of this revenue source is in question.

D. Storm Water Utility Fees - Represents revenues derived from fees generated through the enactment of a storm water utility. The City does not currently have a storm water utility.

E. Motor Fuel Taxes - Represents revenues derived from the fuel tax on gasoline. In September, 2005, the two gas tax revenues received by the City as state entitlements were combined into the unrestricted gas tax revenue source. This revenue is currently recorded in the General Fund and is being used to fund operating expenses relating to the maintenance of the street system.

The City receives a quarterly payment from the State on a per capita basis. From the booklet issued by Municipal Research & Service Center (MRSC) entitled "Budget Suggestion For 2009", the City is expected to receive \$23.41 per person living in Clyde Hill. The State Office of Financial Management (OFM) has officially estimated Clyde Hill's population for State revenue distributions in 2009 at 2,805 residents. FYI, Cities and Counties are each allocated revenues from ¼ cent of the three cent gas tax increases that take effect on July 1, 2005 and July 1, 2006. Cities and Counties do not share in the 2 cent gas tax increase on July 1, 2007 or the 1.5 cent gas tax increase on July 1, 2008..

F. Vehicle License Fees – The City has not received any revenue from this source since January, 2003 due to State Initiative 776. The State Supreme Court has decided that I-776 is constitutional.

Vehicle License Fees represented revenues derived from the July 1991, implementation of King County's additional 1% vehicle license fee. This revenue source was located in the General Fund and was being used to fund operating expenses relating to the maintenance of the street system. Revenues from this source were used for transportation purposes only which may include construction, reconstruction, maintenance, repair and betterment of city streets; including the cost and expense of right-of-way acquisition, installing, maintaining and operating traffic signs and signal lights as well as the necessary operating, engineering and legal expenses connected with the administration of the City's streets.

G. Connection Fees - Represents revenues derived from fees charged to those who make a connection to the City's storm water system. This is a revenue source that the City does

not currently use but can be set up as part of a storm water utility package. Fees should be set to cover the cost of the City inspecting the connection.

H. Developer Impact Fees - Represents developer "contribution" revenues that can only be based on the direct benefit or impact from the developer. These fees can be used for parks and open space development, road or storm system improvements or even for schools, fire or police services.

I. County Road and Street Revenue - Represents revenues derived from the Federal Highway Act through Federal motor fuel taxes. These revenues are distributed to the state and then allocated through a regional process. The City received \$15,941 in 1993, approximately \$43,000 in 1997 and approximately \$23,900 in 1999.

J. Grant Revenues - Represents revenues derived from any Federal or State grant programs. These programs are somewhat scarce, usually have strings attached to them and are highly competitive. The City is able to use its "small city" status to compete effectively where and when appropriate.

K. Local Improvement Districts (LID) - Represent a method of implementing specific improvements by allocating the costs of the project among the benefiting properties. These projects are usually financed through long-term bonds, the repayment of which is mainly from the collection of the assessments from the benefiting properties. This type of financing, if forfeited, does not apply against the utility or the City, because the benefiting properties have funded their own "guarantee" at the time of formation. A utility local improvement district (ULID) is a similar type of financing instrument. The difference between the LID and the ULID is that the ULID is guaranteed by the utility, and many times, the city is also a participant. ULID's normally are used to fund an improvement that is system wide.

L. Bonds - Represents revenues derived from the issuance of bonds. There are a few different types of bonds that are available for our use. Councilmanic general obligation bonds could be approved by the Council for a specific capital project. The statutory bond limit was increased in 1994 to allow for 1.5% of the current overall assessed value of the City (October 6, 2008 assessed value = \$1,764,453,946 * 1.5% = \$26,466,809). This type of bond allows up front funding for any municipal purpose and pledges future revenues of the City to pay off the debt. General obligation bonds require a simple majority vote of the people for approval. Current law limits this obligation to 2 1/2% of the current overall assessed value of the City. General obligation bonds require current "users" or residents to pay off the debt during the term of the bond. State law also authorizes an additional 2.5% for parks and open space and another 2.5% for utility projects (2.5% = \$44,111,349). Both of these types of bonds are classified as G.O. bonds and therefore require a simple majority vote of the people for approval.

Revenue bonds represent a funding source whose principal and interest are payable exclusively from the earnings of a proprietary operation. Proprietary operations represent governmental services that are supported mainly by rates and user fees, such as a water or sewer utility. There are no statutory limits for the amount of this type of indebtedness, but the bondholders will certainly look at the liquidation of the operation to capitalize their return.

M. Criminal Justice Revenues - Represents revenues that are to be directed toward municipal criminal justice assistance. A number of sources make up the total of this revenue source. One is a direct allocation from the state's general fund that was only offered from the 3rd quarter 1990, through the 2nd quarter of 1991. The City received approximately \$7,400 from the state. A second source of Criminal Justice funding is from a portion of the state's motor vehicle excise tax that was prorated on a per capita basis till 1-1-94. Starting in 1994, a new distribution formula was established which resulted in less revenue for Clyde Hill. Because of I-695, parts of this source of revenue were slated to disappear after the 1st quarter of 2000. The State Legislature provided a portion of the lost revenue in 2000 through 2002 and then stopped providing municipal criminal justice assistance altogether. A third source of criminal justice funding comes from King County's .1% sales tax. This money is distributed to the City on a monthly per capita basis, which equates to around \$70,000. A fourth source of criminal justice funding is from the City of Yarrow Point, who shares their funding with Clyde Hill as a contractual obligation for the provision of police services.

Criminal justice revenues are not to be used to replace or supplant existing funding. The state auditors provided us with the following guidelines or criteria for the appropriate use of this revenue:

- The total police department budget must not go below the 1989 amount of \$476,362 by using criminal justice revenues. In other words, the City must continue to fund the police department budget at or above the 1989 levels.
- At least \$200/yr. needs to be spent in the General Fund for the specific purpose of crime prevention or for the DARE program. This \$200 represents the City's 1989 funding baseline for these activities. The City must continue to fund these direct criminal justice programs at or above the 1989 levels.
- All revenues are to be used such that they will substantially assist the City's criminal justice system.

Policy Statements and Objectives

The following statements of policy and goals are used to assist and provide guidelines in deciding upon the element of the City's Capital Facilities Plan.

- Use the Capital Facilities Plan as a means of implementing the Comprehensive Plan.
- Ensure that needed capital improvements are implemented on a timely basis.
- Update and present to the Council a Capital Facility Plan annually to ensure an up-to-date, responsive and coordinated plan.
- Development shall be allowed only when and where all public facilities are adequate, and only when and where such development can be adequately served by essential public services without reducing the quality and level of service elsewhere.
- If adequate facilities are currently unavailable and public funds are not committed to provide such facilities, developers must provide such facilities at their own expense to develop.
- The City should continue to investigate assisting through LID's and latecomer agreements, where possible. Where public funding is available, the City may participate in developer initiated facility extensions or improvements, but only if the improvements benefit the broader public interest, and are in accord with the specific policies and recommendations of the appropriate public facilities plan.
- Preserve and promote those community facilities and programs that are important to the safety, health and social needs of families and children in Clyde Hill.
- Provide a comprehensive parks and open space system that responds to the recreational, cultural, environmental and aesthetic needs and desires of the Clyde Hill community.
- Continue to provide for the effective annual maintenance of the City's street system.
- Recognize through all transportation policies and facilities that pedestrian and bicycle transportation modes are a basic means of circulation and enjoyment.
- Coordinate efforts with the City of Bellevue to assure effective and efficient water and sanitary sewer service to meet the needs of the Clyde Hill community.
- General revenues should be used only to fund projects or equipment that provide a general benefit to the entire community within the general governmental functions of the City.
- The City should consider the full range of financing options available to finance capital facility projects and equipment.

A copy of the 2009 Capital Facilities Plan financial schedule is attached for your review.

2009 Capital Facilities Plan City of Clyde Hill, Washington

Budget Book - City of Clyde Hill

Total 2009 Capital Facilities Plan Summary

Beginning Plan Balance:	\$1,102,786	5.76%	\$619,786	-43.80%	\$540,986	-12.71%	\$445,286	-17.69%	\$427,586	-3.97%
Resources	2009 Projected	% Change	2010 Projected	% Change	2011 Projected	% Change	2012 Projected	% Change	2013 Projected	% Change
Road Systems	\$350,000	-51.52%	\$400,000	14.29%	\$450,000	12.50%	\$500,000	11.11%	\$550,000	10.00%
Storm Sewer System	\$0	N/A	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Parks & Recreation	\$48,912	N/A	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Public Facilities	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$16,000	-100.00%	\$115,700	623.13%	\$62,900	-45.64%	\$110,200	75.20%	\$20,000	-81.85%
Total Plan Resources	\$414,912	N/A	\$515,700	24.29%	\$512,900	-0.54%	\$610,200	18.97%	\$570,000	-6.59%
Expenditures	2009 Projected	% Change	2010 Projected	% Change	2011 Projected	% Change	2012 Projected	% Change	2013 Projected	% Change
Road System	\$815,000	-14.66%	\$473,000	-41.96%	\$508,000	7.40%	\$495,000	-2.56%	\$388,000	-21.62%
Storm Sewer System	\$0	N/A	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Parks & Recreation	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Public Facilities	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$0	-100.00%	\$121,500	#DIV/0!	\$100,600	-17.20%	\$132,900	32.11%	\$65,500	-50.71%
Total Plan Expenditures	\$815,000	N/A	\$594,500	-27.06%	\$608,600	2.37%	\$627,900	3.17%	\$453,500	-27.78%
Ending Plan Balance:	\$702,698	N/A	\$540,986	-23.01%	\$445,286	-17.69%	\$427,586	-3.97%	\$544,086	27.25%

2009 Capital Facilities Plan City of Clyde Hill, Washington

Budget Book - City of Clyde Hill

Street & Storm System

*Beginning Balance:	\$926,277	0.10%	\$461,277	-50.20%	\$388,277	-15.83%	\$330,277	-14.94%	\$335,277	1.51%
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Street System

Resources

Real Estate Excise Taxes	\$175,000	-41.66%	\$200,000	14.29%	\$225,000	12.50%	\$250,000	11.11%	\$275,000	10.00%
Growth Mgmt RE Excise Taxes	\$175,000	-41.66%	\$200,000	14.29%	\$225,000	12.50%	\$250,000	11.11%	\$275,000	10.00%
Miscellaneous Revenues	\$0	N/A	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfers In	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Street Resources	\$350,000	-19.60%	\$400,000	14.29%	\$450,000	12.50%	\$500,000	11.11%	\$550,000	10.00%

Expenditures

Street Improvements	\$790,000	36.32%	\$473,000	-40.13%	\$508,000	7.40%	\$495,000	-2.56%	\$388,000	-21.62%
Pedestrian & Bike Paths	\$25,000	100.00%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfers Out	\$0	N/A	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Street Expenditures	\$815,000	22.35%	\$473,000	-41.96%	\$508,000	7.40%	\$495,000	-2.56%	\$388,000	-21.62%

Storm Sewer System

Resources

Transfer In From General Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer In From Reserve Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Storm Resources	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!

2009 Capital Facilities Plan City of Clyde Hill, Washington

Budget Book - City of Clyde Hill

Expenditures									
Storm Sewer Improvements		\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Overlake Pond Maintenance		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
System Study & Analysis		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Storm Expenditures		\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
*Ending Capital Projects Department Balance:		\$461,277	-33.37%	\$388,277	-15.83%	\$330,277	-14.94%	\$335,277	1.51%
								\$497,277	48.32%

*The Department Balance is shared with the Street & Storm System

Parks/Rec. & Public Facilities Systems

Parks & Rec. System		2009		2010		2011		2012		2013	
Resources		Projected		Projected		Projected		Projected		Projected	
Beginning Balance:		%		%		%		%		%	
Transfer In From General Fund		3.16%		-57.25%		0.00%		0.00%		0.00%	
Transfer In From Reserve Fund		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!		#DIV/0!	
Total Resources		\$48,912		\$0		\$0		\$0		\$0	
Expenditures		3.16%		-100.00%		#DIV/0!		#DIV/0!		#DIV/0!	
Playground Equipment		\$28,000		\$0		\$0		\$0		\$0	
Land Purchases		\$0		\$0		\$0		\$0		\$1	
Transfer Out		\$0		\$0		\$0		\$0		\$0	
Total Parks & Recreation Expenditures		\$28,000		\$0		\$0		\$0		\$1	
Ending Parks & Recreation Department Balance		\$20,912		\$20,912		\$20,912		\$20,912		\$20,911	
		7.70%		0.00%		0.00%		0.00%		0.00%	

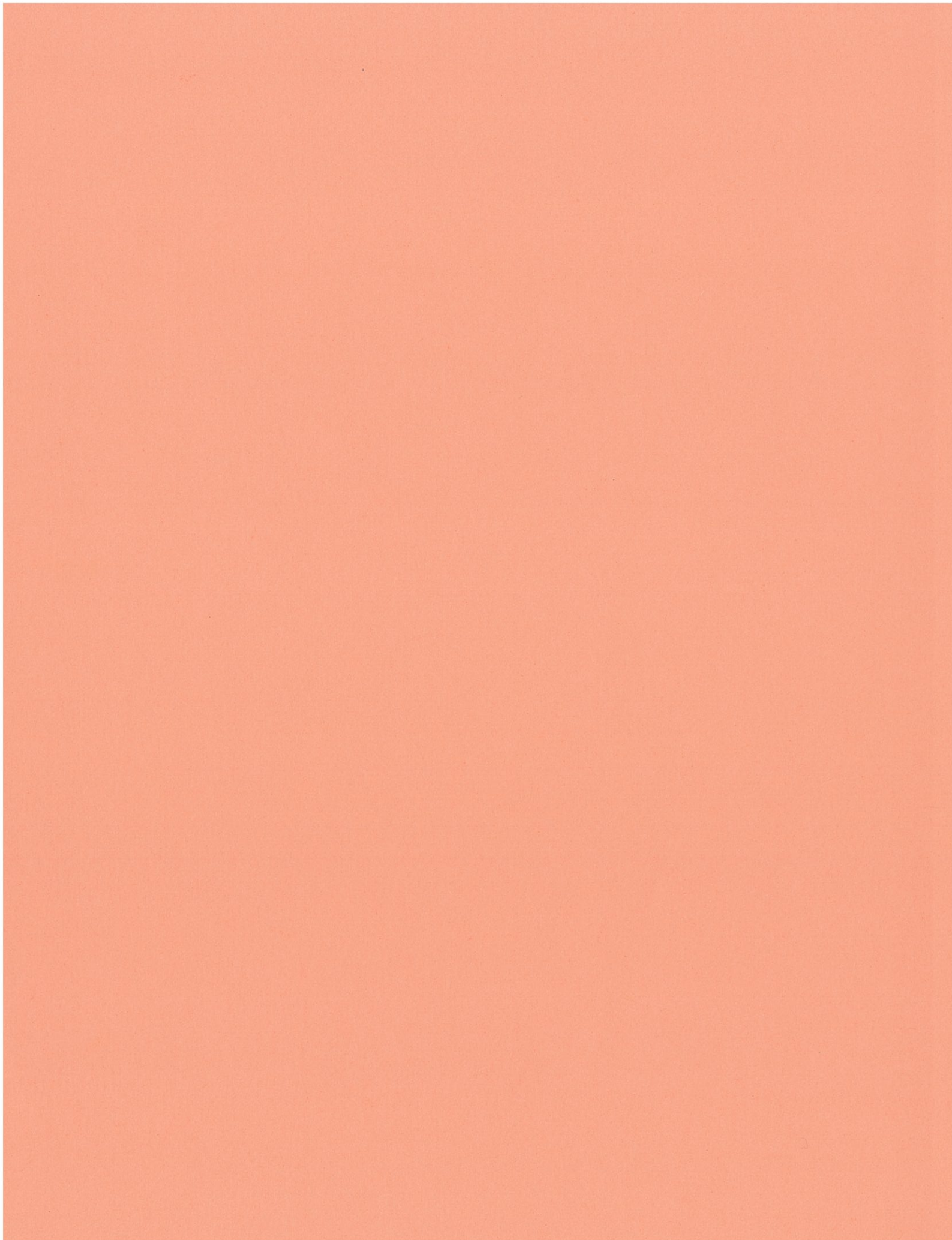
2009 Capital Facilities Plan City of Clyde Hill, Washington

Public Facilities	2009	2010	2011	2012	2013	%
Resources	Projected	Projected	Projected	Projected	Projected	Change
Beg Pub. Fac. Balance:	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Transfer From General Fund	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Transfer From Reserve Fund	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Transfer From Cap. Proj. Dept.	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Total Pub. Fac. Resources	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Expenditures	Projected	Projected	Projected	Projected	Projected	%
City Hall	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Public Works Shop	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Land Purchases	\$0	\$0	\$0	\$0	\$0	#DIV/0!
LID Assistance	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Transfers Out	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Total Pub. Fac. Expenditures	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Ending Public Facility Balance	\$0	\$0	\$0	\$0	\$0	#DIV/0!

2009 Capital Facilities Plan City of Clyde Hill, Washington

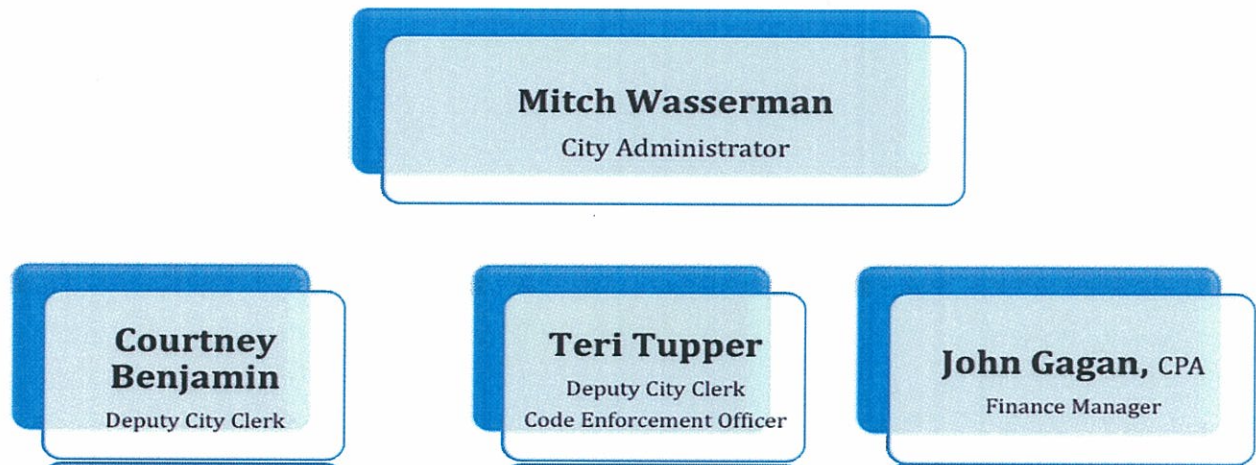
Equipment Replacement

	2009	%	2010	%	2011	%	2012	%	2013	%
Resources	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
Beg Dept Balance:	\$127,597	-4.59%	\$137,597	7.84%	\$131,797	-4.22%	\$94,097	-28.60%	\$71,397	-24.12%
Criminal Justice Revenue	\$6,000	-86.66%	\$95,700	1495.00%	\$42,900	-55.17%	\$90,200	110.26%	\$0	-100.00%
Transfer From Reserve Fund	\$0	N/A	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer From General Fund	\$10,000	-83.33%	\$20,000	100.00%	\$20,000	0.00%	\$20,000	0.00%	\$20,000	0.00%
Total Equipment Replacement Resources	\$16,000	-84.76%	\$115,700	623.13%	\$62,900	-45.64%	\$110,200	75.20%	\$20,000	-81.85%
Expenditures										
Administration	\$0	-100.00%	\$25,800	#DIV/0!	\$35,300	36.82%	\$3,500	-90.08%	\$0	-100.00%
Police Department	\$6,000	-86.66%	\$95,700	1495.00%	\$42,900	-55.17%	\$90,200	110.26%	\$0	-100.00%
Public Works Department	\$0	-100.00%	\$0	#DIV/0!	\$22,400	#DIV/0!	\$39,200	75.00%	\$65,500	67.09%
Total Equipment Replacement Expenditures	\$6,000	-94.47%	\$121,500	1925.00%	\$100,600	-17.20%	\$132,900	32.11%	\$65,500	-50.71%
Ending Equipment Replacement Balance	\$137,597	9.87%	\$131,797	-4.22%	\$94,097	-28.60%	\$71,397	-24.12%	\$25,897	-63.73%



General Government Department

The General Government Department includes the City Administrator, Mitch Wasserman, Deputy City Clerk, Courtney Benjamin, Deputy City Clerk & Code Enforcement Officer, Teri Tupper (2/3), and the Finance Manager, John Gagan, CPA (1/2). Expenditures to support the Mayor, City Council, Planning Commission, Board of Adjustment, and Utilities Commission are recorded in this department.



This group works closely together and wears many hats to meet the wide range of municipal government needs for City residents. General Government Department services include:

- Support the Mayor, City Council, Planning Commission, Board of Adjustment, and the Utilities Commission,
- Provide election services through King County,
- Assist communications with all City stakeholders through one on one contacts, newsletter, web site and Channel 21 TV,

- Administer the day to day accounting function, prepare monthly and annual financial reports, and shepherd the budget process to adopt the next year's budget plan for the City,
- Assist the State Auditor's Office to conduct an independent and comprehensive audit of the City each year,
- Work with the contracted City Attorney to provide legal service as needed,
- Work with the Washington Cities Insurance Authority (WCIA) to provide insurance and risk management services for the City,
- Participate in emergency preparedness exercises,
- Provide City Hall front counter type services such as passport application intake, pet licenses, and notary,
- Plan the City's future by compliance with the State's growth management act,
- Assist homeowners with the free City sponsored urban forestry program,
- Provide in-house Local Improvement District (LID) planning and administration,
- Negotiate and administer wireless communication facility leases with multiple telecommunication companies,
- Coordinate and pay for the City's regional responsibilities such as contributions for affordable housing on the eastside, endangered species act, Puget Sound air quality, Puget Sound Regional Council (regional planning), Suburban Cities Association, Association of Washington Cities, and Eastside Transportation Project Planning).

Overall, this group provides management, information and coordination in the day to day operations of the City.

2009 Goals and Objectives

1. Actively participate in the State Route Hwy 520 Trans-Lake Washington Bridge Project to effectively communicate the needs & issues of the City of Clyde Hill and the surrounding Points Communities,
2. Continue to promote intergovernmental sharing and service delivery cooperation whenever practical with neighboring communities,

3. Continue professional management of the City owned rental house property next to the Fire Station within City guidelines and participate in other low income housing opportunities,
4. Manage current tenants and new applicants for wireless communication facilities within City guidelines and convince the five telecommunication companies with facilities on the water tower to share an automatic generator when power goes out,
5. Maintain the City's cable tv channel as a good source of communication and information for residents,
6. Redesign the City's web site to enhance communication and transmit information,
7. Decide on, train & install new accounting software,
8. Coordinate activity for the implementation of a performance measurement program,
9. Continue City's eligibility as a Tree City USA,
10. Carry out the City's Investment Program per the Investment Policy & support the Investment Committee for oversight purposes,
11. Develop and implement the Enhanced Budget Monitoring Program for 2009,
12. Complete a successful fiscal audit of the City's finances & operations,
13. Transition the monthly mailed City Newsletter into a quarterly mailed Newsletter and a more regular e-mailed Newsletter,
14. Continue to keep the City in compliance with the Washington Cities Insurance Authority's (WCIA) Compact of Membership requirements,
15. Coordinate activities for a successful Community Celebration, City Hall Open House and Pumpkin Display Event,
16. Complete or implement the list of remaining 2008 special projects along with new projects included in the 2009 Budget,
17. Monitor the agreement with Microflex, Inc. for utility revenue auditing services and continue internal audits of sales tax revenues.

2008 Accomplishments

1. Participated in two low income housing projects and continued to rent the City's low income rental house to one of the City's Police Officers. At closing, checks were issued to make good on the City's previous commitment to fund projects for Community Homes, Inc. and Friends of Youth for \$10,000 and \$15,000 respectively,
2. Developed nine (9) new shows for the City's cable tv station (Channel 21), including shows by the Police Chief on identity theft, local students discussing storms and catch basins, and the parade of pumpkins Halloween extravaganza,
3. Kept the City's web site up to date and interesting (number of hits is way up again in 2008),
4. Continued to refine and expand data collection efforts for the new Performance Measurement Program,
5. Won an award from King Conservation District as a Tree City USA for the 16th consecutive year,
6. Continued to assist the community with tree/view issues per the City's View Regulations with 22 separate "free service" visits by the City's paid Arborist,
7. Organized three (3) meetings of the City's Investment Committee (Mayor, 2 Councilmembers, City Administrator, & Finance Manager) to review investment performance and compliance with the City's policy,
8. Received the Government Finance Officers Association's Distinguished Budget Presentation Award for the 3rd year in a row,
9. Completed another successful fiscal audit of the City's finances and operations with no audit findings,
10. Began to transition the monthly mailed Newsletter into a quarterly mailed Newsletter and a more regular e-mailed Newsletter,
11. Maintained compliance with the Washington Cities Insurance Authority's (WCIA) Compact for membership,
12. Supported another successful and fun City Celebration Event in late August and the Parade of Pumpkins Event at Halloween,
13. Processed 222 passport applications with a "friendly, always ready" customer service attitude earning the City an additional \$5,565 in general fund revenue,

14. Entered into an agreement with Microflex, Inc. for utility revenue auditing services and conducted an internal audit of sales tax revenues from building contractors.

Performance Measurement

The City is still in the initial stages to develop and implement a performance measurement program. The overall goal is to achieve a dynamic measuring system to highlight areas for concern in order for management to focus on improvement efforts. The following are the current core measures for the General Government Department:

<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
Total out of pocket and premium costs per \$1,000 of property value at risk over time.	Effective & Efficient Public Service Delivery - Risk Mgmt	\$25.45	\$23.46	\$25.00
City vehicle accidents (including police, if any) per 100,000 miles driven over time.	Effective & Efficient Public Service Delivery - Risk Mgmt	1.055 accidents per 100,000 miles	5.451 accidents per 100,000 miles	0 accidents per 100,000 miles
Number of worker compensation claims filed per 100 FTEs over time.	Effective & Efficient Public Service Delivery - Risk Mgmt	5.55	16.65	0
Number of worker days lost due to injury per FTE over time	Effective & Efficient Public Service Delivery - Risk Mgmt	0	0	0
For code violation cases (i.e. trash/litter, noise, ect.), average number of calendar days from inspector's first inspection to voluntary compliance in cases where voluntary compliance occurs during the reporting period measured over time.	Community Health & Safety - Code Enforcement	Not Available	43.5 days for trash/litter & 1 day for noise	21 days for trash/litter & 1 day for noise

Budget Book – City of Clyde Hill

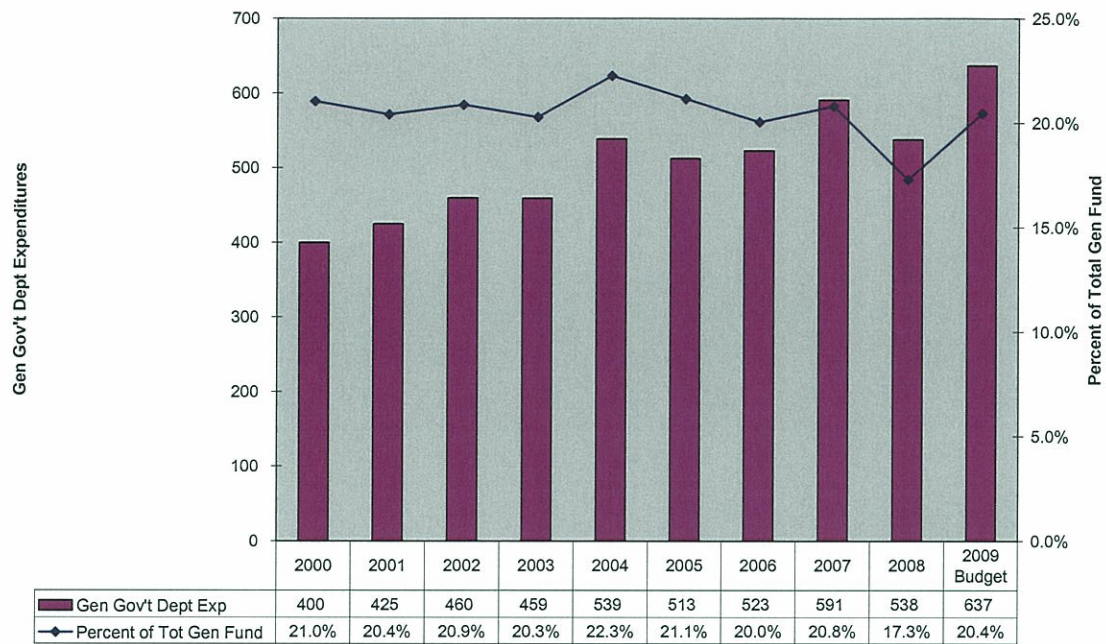
<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
For zoning code violations (i.e. trees, living fence, signs), average number of calendar days from inspector's first inspection to voluntary compliance in cases where voluntary compliance occurs during the reporting period measured over time.	Neighborhood Attractiveness - Code Enforcement	5.3 days	38.5 days	5 days
For nuisance violations (i.e. junk vehicles, reflective roof, ect.), average number of calendar days from inspector's first inspection to voluntary compliance in cases where voluntary compliance occurs during the reporting period measured over time.	Neighborhood Attractiveness - Code Enforcement	2.7 days	10 days for junk vehicles & 104 days for 1 reflective roof	10 days for junk vehicles
Total number of action requests and complaints received during the year with no violation involved (i.e. cut back vegetation, construction parking, sign & street repairs, ect.)	Neighborhood Attractiveness - Code Enforcement	Not Available	60	50
Information Technology operating and maintenance expenditures as a percentage of total operating expenditures during the year measured over time.	Effective & Efficient Public Service Delivery - Financial Management	1.37%	2.31%	2.00%
Average hits per day on the City's web site during the year measured over time.	Public Communication & Community Involvement - Informed Citizenry	1,908.45	2,107.06	2,300.00

<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
Received unqualified (i.e. clean) audit opinion.	Effective & Efficient Public Service Delivery - Financial Management	Yes	Yes	Yes
Ratio of City's Reserve Fund to Projected YE Operating Expenditures.	Effective & Efficient Public Service Delivery - Financial Condition	62.3%	69.6%	59.3%

General Fund Expenditure Data

This following chart shows General Government Department expenditure growth in terms of actual dollars and as a percent of total general fund expenditures over the past decade. There is evidence of the “belt tightening” steps taken as the economic situation deteriorated in the 2nd half of 2008. The General Government Department’s percent of expenditures compared to the total General Fund expenditures is almost the same between year 2000 and the 2009 Budget. A one time payment to the Mayor in 2007 to correct how benefits were being calculated explains the above inflation increase in the Actual 2007 column.

General Government Dept Expenditure Information



(In Thousands of Dollars)

Please see the “Final Budget Numbers” chapter starting on page 3-5 for more detailed expenditure information on the General Government Department.

Police Department

The Police Department includes the Chief of Police, Bill Archer, Lieutenant Kyle Kolling, Police Records Specialist Brittney Nygren, and Officers, Di Alexander, Eric Anderson, Nathan Cobrea, Michael Cox, Isaiah Harris, Burien Ishaque and Craig Teschlog (plus ½ the cost of the Finance Manager is charged to this department).



The Police Department also provides services to the 970 residents in the adjacent Town of Yarrow Point. Per the inter-local agreement scheduled to run through 2013, twenty five percent (25%) of the operating and capital costs for the Police Department are

reimbursed to Clyde Hill by the Town of Yarrow Point. Clyde Hill contracts with the following jurisdictions for criminal justice services: City of Bellevue & Eastside Public Safety for dispatch service, City of Kirkland for municipal court, Cities of Kirkland, Issaquah, and Renton for short term jail services, King and Yakima Counties for long term jail services.

Expenditures to support the City's Civil Service Commission are recorded in this department.

FYI, Fire, Emergency Medical and Hazardous Materials are contracted for with the City of Bellevue.

The Police Department provides a fully trained and equipped 10 member police service on a 24x7 basis. The department is responsible for the 2,810 residents in Clyde Hill, the 970 residents in the Town of Yarrow Point, and the approximately 2,500 students and staff attending the 2 public and 2 private schools in Clyde Hill. Necessary criminal justice type expenditures charged to this department include:

- Civil Service Commission (hiring process and any discipline issues)
- Prosecutor for municipal court cases
- Filing fees for municipal court cases
- Indigent defense for municipal court cases
- Dispatch (transition to new Eastside regional entity called "Norcom" in 2009)
- Patrol vehicles (4) for the officers plus take home vehicle for the Chief
- Detention facilities (aka "jail")
- Uniforms, weapons, training, fuel, vehicle repairs and all the other miscellaneous expenditures you would expect to run a Police Department

2009 Goals and Objectives

1. Reach agreement on a new police collective bargaining agreement for 2010 and beyond.
2. Continue to participate and monitor the transition process for dispatch to the new NORCOM Eastside regional entity (expected to start up July 1, 2009).
3. Continue to collect performance data to support the new Performance Measurement Program,

2008 Accomplishments

1. Continued to successfully implement the new police collective bargaining agreement with schedules changed to the 4x10 format and vacation and holiday leave combined into a “paid time off” category.
2. Began the initial participation and monitoring of the transition process for the dispatch function to the new NORCOM Eastside regional entity.
3. Started data collection efforts for the new Performance Measurement Program,
4. Added a 4th patrol vehicle to make sure the patrol officers have the resources available when they’re needed.
5. Police Chief successfully completed the 3 week Executive Training Course at Northwestern University.
6. Citizen Police Academy program was developed and will be implemented at a future date (when more people are interested in attending).

Performance Measurement

The City is still in the initial stages to develop and implement a performance measurement program. The overall goal is to achieve a dynamic measuring system to highlight areas for concern in order for management to focus on improvement efforts. The following are the current core measures for the Police Department:

<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
Total police operation expenditures charge to the police department per capita during the year measured over time.	Effective & Efficient Public Service Delivery - Financial Management	\$306.23	\$347.42	\$350.00
Crimes Against Persons per 1,000 population during the year measured over time.	Community Safety & Security - Crime Prevention Effectiveness	7.47	7.83	6.00

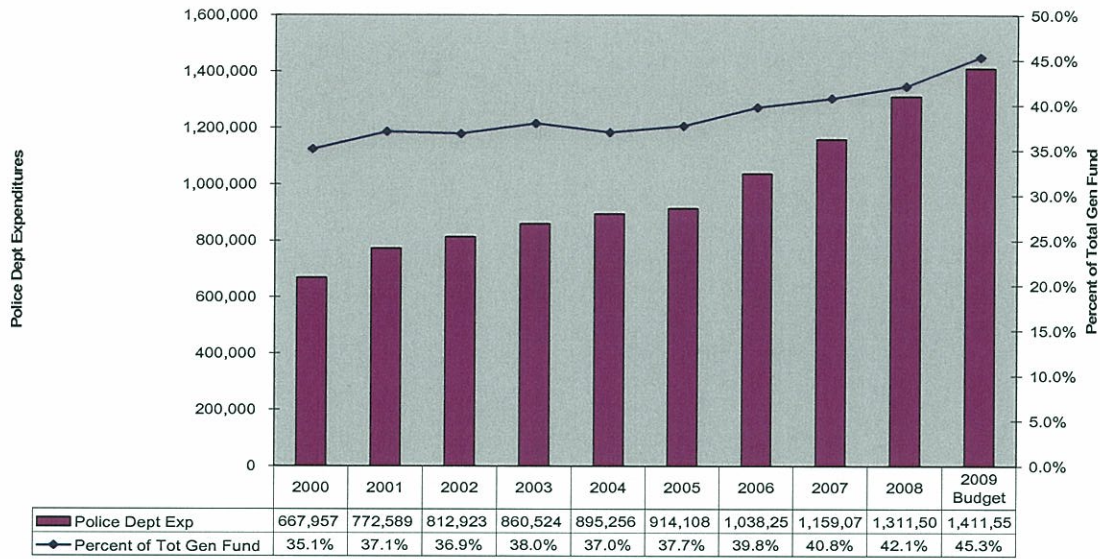
<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
Crimes Against Property per 1,000 population during the year measured over time.	Community Safety & Security - Crime Prevention Effectiveness	16.01	33.45	25
Alcohol and drug arrests per 1,000 population during the year measured over time.	Community Safety & Security - Crime Prevention Effectiveness	17.44	12.72	10.00

General Fund Police Department Expenditure Data

The Police Department day to day operating costs are primarily including in the City's General Fund. The Criminal Justice Department is part of the City's Projects Fund and has been used in the past to account for capital assets and special police programs. The Criminal Justice Department in the Projects Fund has a restricted revenue source of 0.1% of sales tax collected in King County. There is no way of getting around the fact that expenditures for police services are going up. To hold down the growth of general fund police service expenditures in 2009, a new initiative has been made to shift \$8,000 of certain categories of day to day expenditures from the General Fund to the Criminal Justice Department in the Projects Fund. For a more in-depth description of the Criminal Justice Department, please see page 1-15 in the Introductory Chapter of this budget document.

This following chart shows General Fund Police Department expenditure growth in terms of actual dollars and as a percent of total general fund expenditures over the past decade.

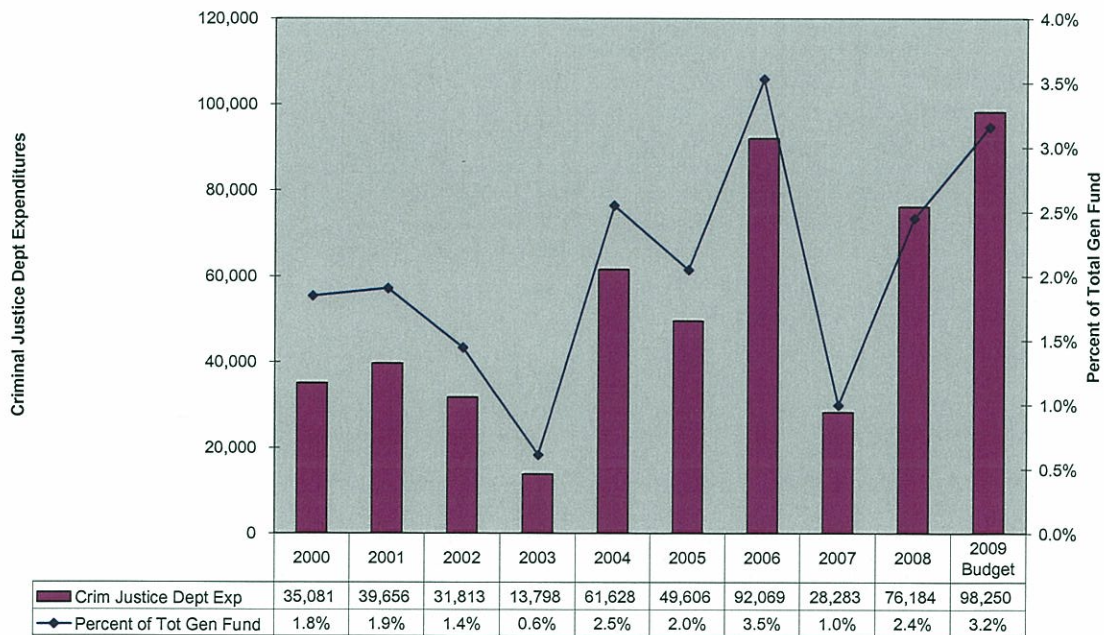
Police Dept General Fund Expenditure Information



(In Thousands of Dollars)

This following chart shows Criminal Justice Department in the Projects Fund expenditure growth in terms of actual dollars and as a percent of total general fund expenditures over the past decade.

Criminal Justice Department Expenditure Information

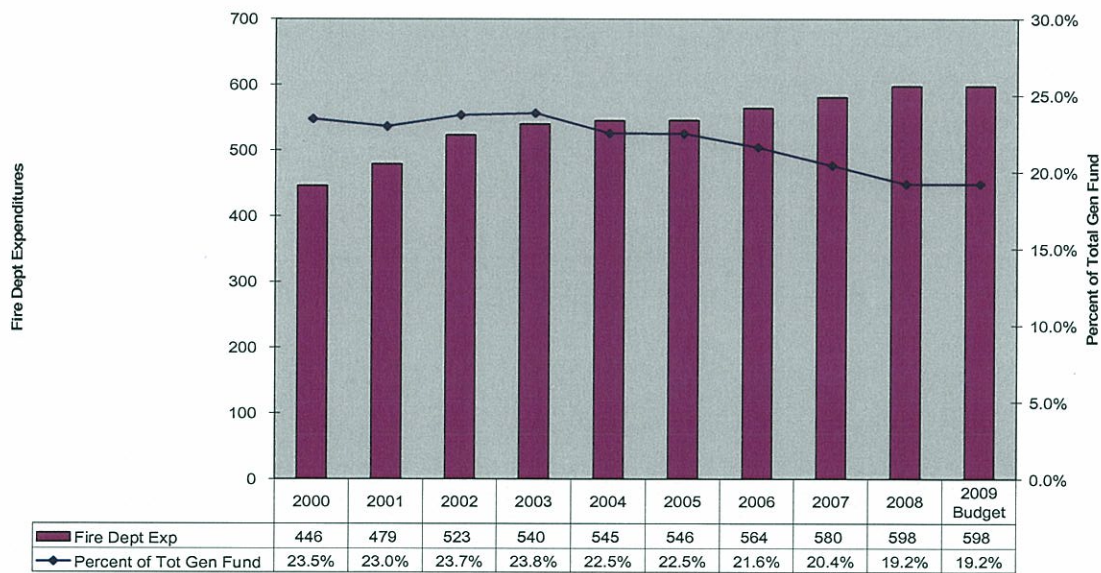


General Fund Fire Department Expenditure Data (Contract with the City of Bellevue)

The City of Clyde Hill contracts with the City of Bellevue for Fire Department Services including emergency medical and hazardous materials. Emergency preparedness type activities are primarily a City of Clyde Hill Police Department responsibility. The Fire Department services are accounted for in the General Fund.

This following chart shows Fire Department expenditure growth in terms of actual dollars and as a percent of total general fund expenditures over the past decade. This chart shows Fire expenditures growing at well within the rate of inflation while the Department's percentage of total General Fund expenditures has decreased by 4.3% from year 2000 Actual to the 2009 Budget. The City has been fortunate to have such a labor intensive, high capital cost, major portion of the annual operating budget be so stable over the past few years.

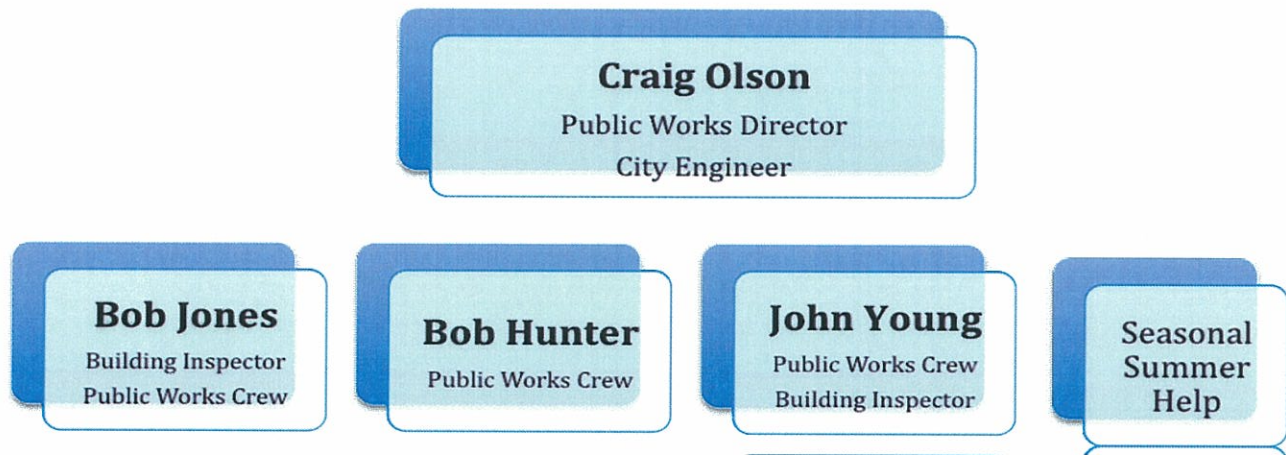
Fire Department Expenditure Information



(In Thousands of Dollars)

Public Works & Building Department

The Public Works & Building Department includes the Public Works Director/City Engineer Craig Olson, Building Inspector/PW Crew Member Bob Jones, Building Inspector/PW Crew Member John Young and PW Crew Member Bob Hunter. One third of the salary and benefits for Deputy City Clerk/Code Enforcement Officer, Teri Tupper is charged to this department for building dept intake services at the City Hall front counter and providing code information to builders. The Building Official duties are now shared via an inter-local agreement with the City of Medina. Annually, the City hires a local student to work with the Public Works Crew in the summer months to help out with park and right of way maintenance.



This department provides the following tangible benefits to Clyde Hill residents:

- Street Operations (includes the installation and maintenance of signs, signals, lighting, street cleaning, right-of-way vegetation maintenance, on-call snow plowing & ice control, 24X7 disaster response (i.e. December 2006 Windstorm).
- Roadway Improvements (includes road overlays, patches, street striping, crack sealing, curb painting).

- Storm Drainage (includes system cleaning and maintenance, including catch basin & storm drain repairs).
- Pathways & City Entrances (includes Points Loop Trail, path along 84th Ave, sidewalk construction & repair, mowing, trimming, weeding, maintaining the attractive city entrance areas).
- Building Code Services (includes one-on-one code information, plan reviews, building permits, other permits, inspections, Planning Commission, Board of Adjustment, view mitigation assistance, code enforcement, no cost landscape and arbor advice).
- Park Facilities (includes the 26th St View Park, the City Park & Tennis Courts, 24th St. circle parking lot & picnic area, & arbor day trees with informative plaques throughout the city).

2009 Goals and Objectives

1. Update the City's annual pavement Rating Condition Survey for use with developing the annual Transportation Improvement Plan (TIP),
2. Manage the bid process and work with the selected contractor to implement the 2009 the road, curb and sidewalk projects,
3. Prepare the necessary documents for bid of the 2010 street, storm water, and sidewalk projects,
4. Manage the National Pollution Discharge Elimination System (NPDES) grant and develop City program for compliance,
5. Maintain service and quality level of the Building Department and investigate any clarifying procedures,
6. Implement an increased amount of maintenance on the City's storm water system,
7. Replace skylights in City Hall,
8. Continue to upgrade mapping capabilities for the City's Building Dept and Storm Water Management System,
9. Participate in the review of new Building Dept software,
10. Continue participation in the City's Performance Measurement Program,

2008 Accomplishments

1. Hired and trained new City Engineer – Public Works Director,
2. Managed the 2008 bid process and worked with the selected contractor to successfully implement the road overlay project well within budget and on time with few disruptions to city residents,
3. Managed the National Pollution Discharge Elimination System (NPDES) grant and started to develop the City program for compliance (included a presentation to the City Council in March, 2008 by the consulting engineers),
4. Purchased a new backhoe following State purchasing regulations,
5. Readied the Public Works Shop Building for hook-up with the emergency generator,
6. Provided additional storage area at the Public Works Shop,
7. Implemented the LED Traffic Signal conversion project and entered into a contract with a new vendor for signal maintenance services,
8. Prepared bid documents for the 2009 Street, Storm and Sidewalk projects,
9. Updated the annual pavement Rating Condition Survey and had the updated TIP approved by the City Council,
10. Developed a few new informational handouts to clarify procedures and requirements in the Building Department,
11. Implemented an increased amount of maintenance on the City's storm water system,
12. Continued to upgrade the City's ability to use GIS mapping to assist the Building Department,
13. Took steps to update the City's Storm Maps,
14. Developed a collaborative interlocal agreement with the City of Medina for building and inspection services,
15. Started data collection efforts for the new Performance Measurement Program,

Performance Measurement

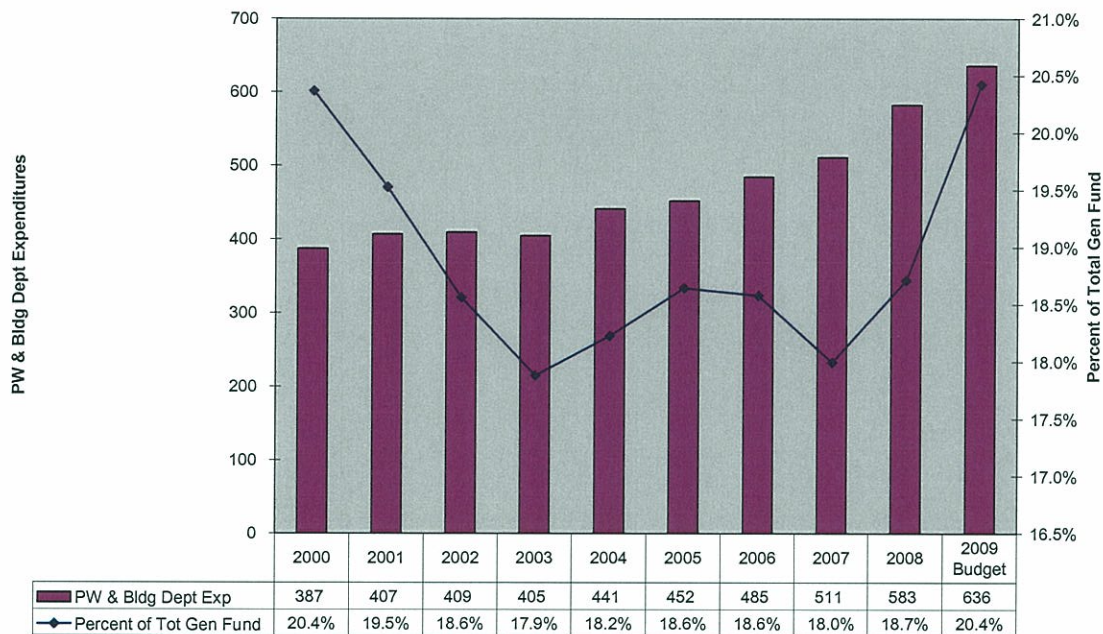
The City is still in the initial stages to develop and implement a performance measurement program. The overall goal is to achieve a dynamic measuring system to highlight areas for concern in order for management to focus on improvement efforts. The following are the current core measures for the Public Works & Building Department:

<u>Description</u>	<u>Benefits</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Target 2009</u>
Road rehabilitation (Overlay) expenditures per lane mile & per capita during the year measured over time.	Effective & Efficient Public Service Delivery - Financial Management	\$103,403 per lane mile & \$773 per capita	\$26,077 per lane mile & \$195 per capita	\$24,286 per lane mile & \$182 per capita
Average response time in working days to complete pothole repairs during the year measured over time.	Reliable Public Infrastructure - Infrastructure Condition: General Government	14	7	5
Paved lane miles assessed as being in satisfactory or better condition as a percentage of paved lane miles assessed during the year measured over time.	Reliable Public Infrastructure - Infrastructure Condition: General Government	93.95%	93.95%	95.00%
Street operating and maintenance expenditures per capita during the year measured over time.	Effective & Efficient Public Service Delivery - Financial Management	\$21.36	\$35.63	\$32.50
Snow and ice control expenditure (no Overtime) per lane mile & per capita during the year measured over time.	Effective & Efficient Public Service Delivery - Financial Management	\$43 per lane mile & \$0.32 per capita	\$100 per lane mile & \$0.75 per capita	\$48 per lane mile & \$0.36 per capita
Average response time in working days to complete traffic signal repair during the year measured over time.	Reliable Public Infrastructure - Infrastructure Condition: General Government	1	5	4

General Fund Expenditure Data

This following chart shows Public Works & Building Department expenditure growth in terms of actual dollars and as a percent of total general fund expenditures over the past decade. Surprisingly, this department's percent of general fund expenditures for the 2009 budget is exactly the same as in year 2000. Two significant expenditures planned for 2009 are; 1) increased maintenance for roads and storms drains, & 2) vacation pay-out for a long time employee expected to retire in the summer of 2009.

Public Works & Building Dept Expenditure Information



(In Thousands of Dollars)

Capital Projects

Capital Projects are primarily managed by the Public Works and Building Department. Most capital projects are street overlays, sidewalks and the storm sewer system. The City bids the projects to local qualified contractors and an engineering consultant is used to help design and engineer the projects. Occasionally, City Hall and the Public Works Shop are part of a capital project.

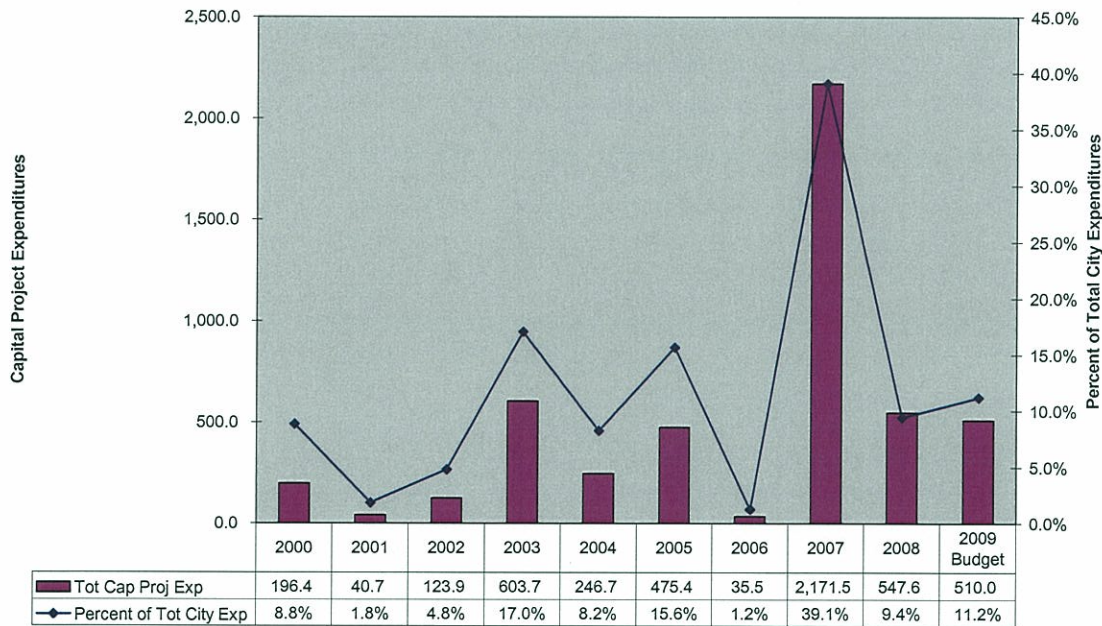
The operating budget is impacted by capital projects. The salary, benefits, and miscellaneous expenditures for the PW Director/City Engineer along with the PW Crew involved in planning and managing capital projects are charged to the City's General Fund. The consulting engineering used to help design and engineer road projects is charged to the capital project and not the operating budget.

Please see the section titled “Capital Projects Department” on page 1-17 of the Introductory Information chapter of this budget document for a detailed explanation of what capital projects will be done in 2009.

Capital Projects Expenditure Data

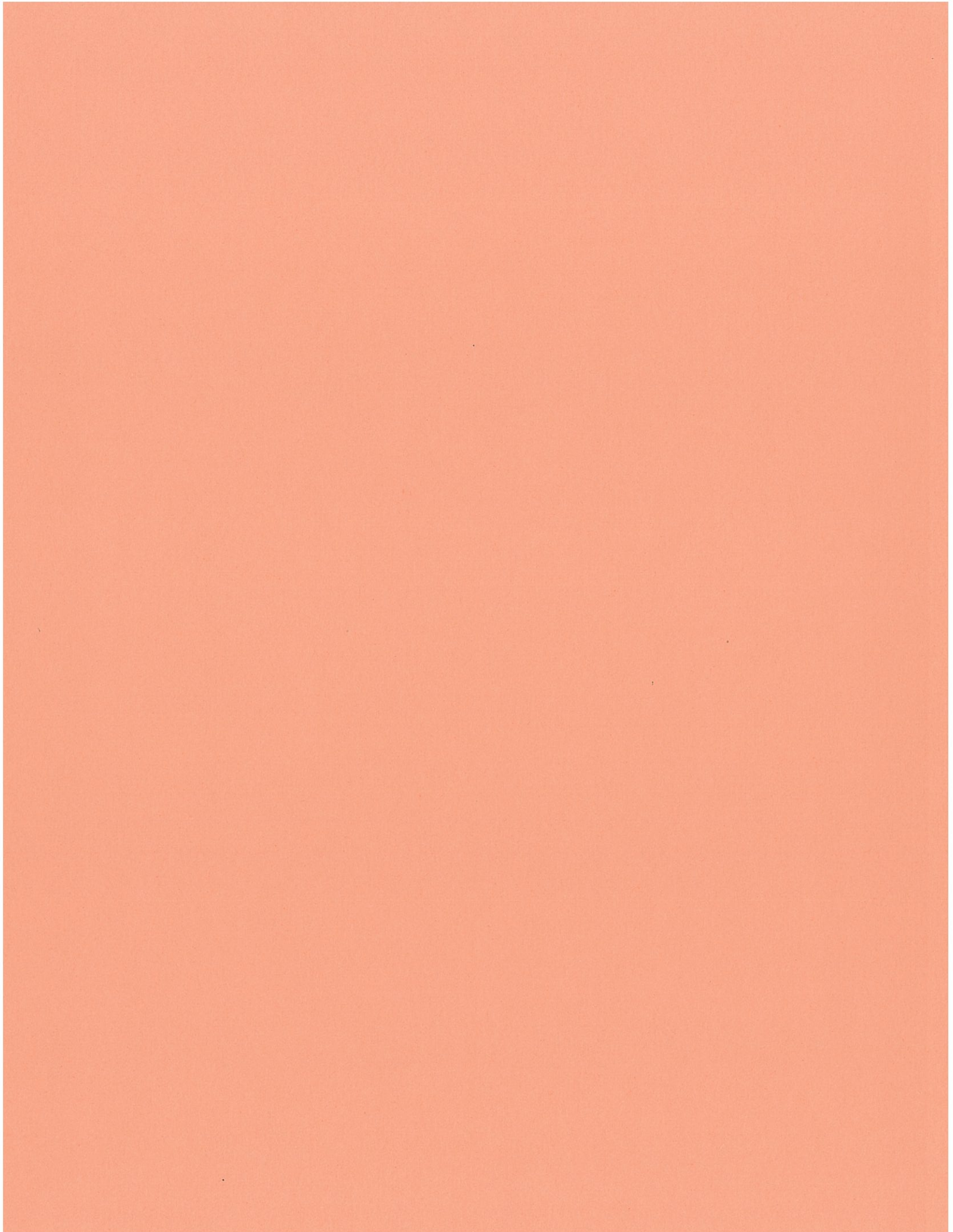
This following chart shows Capital Project expenditures in terms of actual dollars and as a percent of total City expenditures over the past decade. The high number of expenditures in 2007 was due to a combination of issues; 1) bids from the previous year were received latter in the year and not considered a good value at that time, 2) previous year projects were combined with projects originally planned for 2007, 3) two projects planned for the following year that were located in close proximity to the 2007 projects were accelerated as 2007 projects to get the benefits from economies of scale.

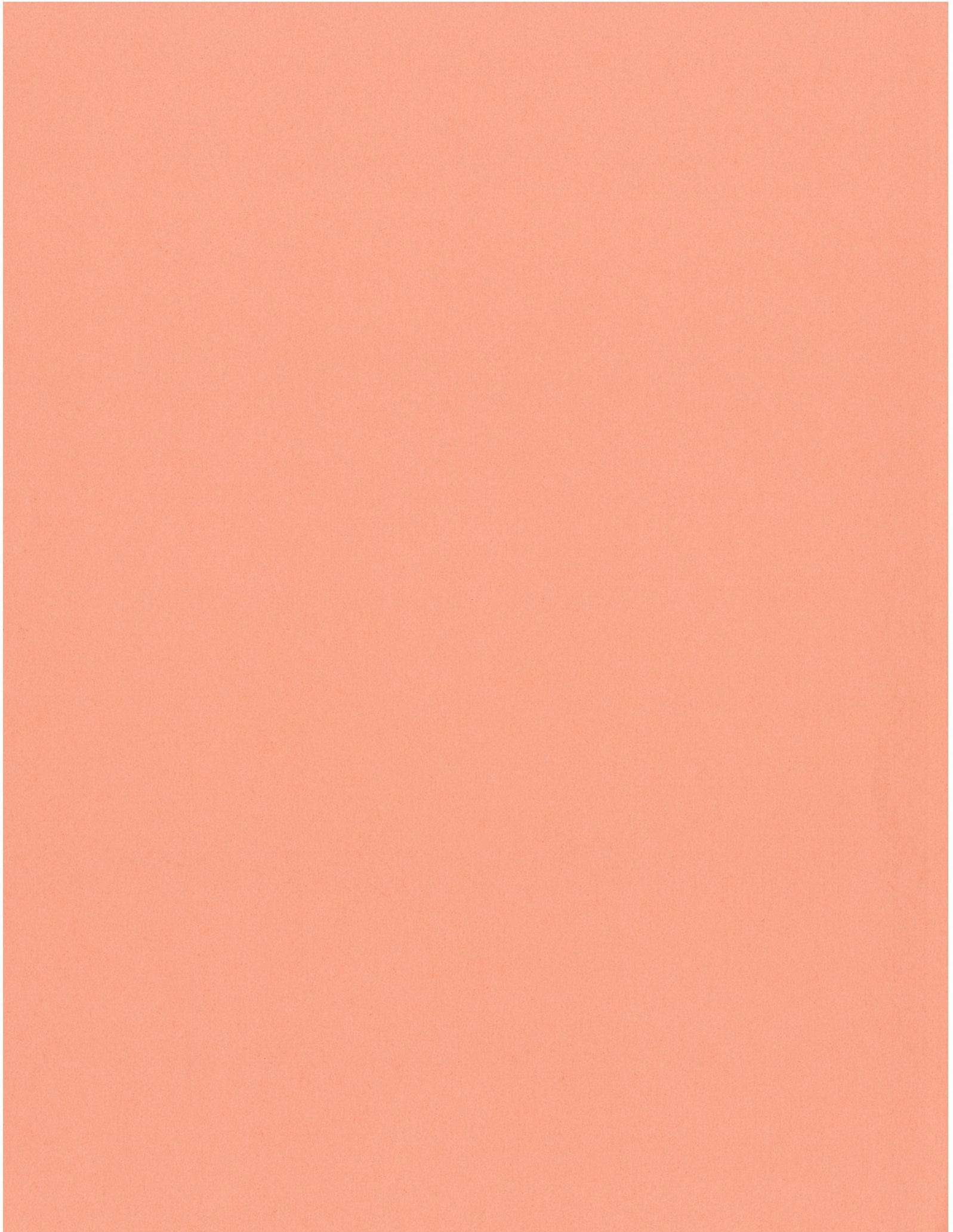
Capital Projects Expenditure Information



(In Thousands of Dollars)

Please see the “Final Budget Numbers” chapter starting on page 3-17 for more detailed expenditure information on the City’s Capital Projects.





“Your City”

City of Clyde Hill, Wasington

January, 2009

GENERAL INFORMATION

In response to the community’s desire to control land use development such as lot size and commercial zoning, Clyde Hill was officially incorporated as a Town on March 31, 1953, with 971 people and 271 homes. Clyde Hill now finds itself almost fully developed with 2,805 residents, 1,067 households, and on November 10, 1998, the Clyde Hill Council voted to become a non-charter Code City.

All the property in Clyde Hill is zoned for single-family use with the exception of two commercially zoned areas: a Union 76 gas station and a Tully’s Coffee shop. Four schools with a total of approximately 2,500 students and staff are located within Clyde Hill: two public schools - Clyde Hill Elementary and Chinook Middle School; and two private schools; Bellevue Christian School and Sacred Heart School. The minimum lot size in the City is 20,000 square feet, although many smaller lots exist which pre-date the incorporation of the City.

With a top elevation close to 375 feet, the City encompasses an area of about one square mile with many excellent water, city and mountain views throughout the City. There are approximately 21 miles of public roadways.

GOVERNMENT

Mayor and City Council

Clyde Hill is a Non-Charter Code City (i.e. flexibility), governed by a Mayor-Council form of government. The Mayor and five Council Members are elected at large to staggered four-year terms. The City Council meets on the second Tuesday of each month at 7:00 PM in the City Hall.

The Mayor serves as the Chief Executive Officer of the City, and has the authority to appoint members to serve on various Boards and Commissions, as well as special advisory committees that are described below. The City Council's primary responsibility is to establish the policy, direction, and goals for the City. The governing laws of the City are adopted by the Council through specific ordinances and are subject to the state laws of the Revised Code of Washington. The City’s laws are embodied in the Municipal Code of Clyde Hill.

The Mayor is George S. Martin (2011). Serving on the City Council are: Chris Baker, (2009), Michaelaen Berger (2009); Bruce Dodds (2009); Randy Jack (2011), and Barre Seibert (2011).

PLANNING COMMISSION

The Planning Commission is appointed for 6-year terms. The Commission consists of five members, serving in an advisory capacity to the City Council, on matters involving zoning, land use and long-range planning. The Planning Commission meets monthly on the 4th Thursday of the month at 7:00 PM in the City Hall.

The Planning Commission Members are: Chuck Albright - Chairman (2014), Jesse Reingold (2010), Jody Bellar (2012), Eileen Stempel (2011), John Kruger (2010). Deputy Clerk, Courtney Benjamin provides staff support.

BOARD OF ADJUSTMENT

Members of the Board of Adjustment serve for three-year periods. The Board consists of five members acting in a quasi-judicial capacity on matters involving variances from City Code requirements, and appeals of administrative determinations of the City Code. Decisions of the Board of Adjustment may be appealed to the State Superior Court. The Board of Adjustment meets monthly on the 3rd Thursday of the month at 7:00 PM in the City Hall.

The Board of Adjustment members are: Mark Comstock - Chairman (2011), Marianne Klaas (2009), Bruce Eastes (2010), Jody Albright (2011), and Jack Bookey (2009). The City's Building Official, Steve Wilcox and Deputy Clerk Teri Tupper provide staff support.

CIVIL SERVICE COMMISSION

The Civil Service Commission is appointed for three-year terms. The Commission consists of five members who have jurisdiction over full-time Police Department personnel in matters relating to qualifications and hiring, as well as complaints or appeals by police officers concerning grievances, disciplinary matters or termination.

Members of the Civil Service Commission are: Bret Neely (2011), Christopher Butler (2010), Mike Lang (2010), Patti Hopper (2009), Jack Lauderbaugh (2011). Carol Wedland serves as the Secretary/Chief Examiner and provides support and assistance to the Civil Service Commission. This position is also responsible for the administration of all testing for candidates applying for a police officer position with the City.

UTILITIES COMMISSION

The Utilities Commission serves for three-year terms. The Commission consists of three members whose function is to advise the Council on matters involving utility franchises, to conduct periodic evaluations of utilities with operators, to assure coordination between the City and utility operators and to assure proper and timely extension of service to new areas.

Members of the Utilities Commission are Dick Becker - Chairman (2011), Craig Spiegle (2009), and Schell Harmon (2010). Deputy Clerk, Courtney Benjamin provides staff support.

CITY STAFF

The organization of the City is shown on the attached organization chart. The City government currently is authorized to have 18 full time employees, with all police officer positions filled as of the end of 2007. The following provides a more detailed insight into the activities and the specific people working for the City.

ADMINISTRATOR

In 1986, the position of Administrator was created by the City Council to oversee the daily operation of all departments and personnel of the City. The Administrator is appointed by the Mayor and reports directly to the Mayor regarding all City matters. The Administrator is responsible for ensuring that the policy set by the City Council is carried out in an efficient, cost effective, and timely manner. In addition, the Administrator works with the Mayor and the City Council on technical issues regarding the budget, implementing various Clyde Hill programs, coordinating the activities with other governmental units and neighboring communities, and assists in the development and formulation of the City's long range objectives, vision and image.

The Administrator is Mitch Wasserman.

PUBLIC WORKS DEPARTMENT

The Public Works Department is responsible for all the street, storm sewer, parks, landscaping, engineering and right of way related activities in the City. The Public Works Department also encompasses the activities of the Building Department.

The Building Department responsibilities include the review of building permit plans, plats and subdivisions, the inspection of construction activity related to private projects and the enforcement of all building related Federal, State and City Codes.

The Public Works Department coordinates all the utility work in the City as well as with adjoining municipalities for joint improvement projects. The department insures the maintenance and repair of roadways, parks, landscaping, equipment and the storm water system for the City. With the Chief of Police, the Public Works Department is

responsible for the installation, maintenance and revision of all street signs, signals and other traffic devices.

The Public Works Director/Engineer oversees the daily operation of the Clyde Hill Public Works Department and is responsible to ensure that all work is completed in a proper, timely and cost effective manner. A 3 person Public Works Crew is utilized to accomplish the day to day operations of this Public Works Department.

Public Works Department personnel are "on call" to respond to emergency conditions such as a severe storm or the control of ice and snow on the City's roadways. Craig Olson is the Public Works Director/City Engineer. Bob Jones is the Public Work Crew/Building Inspector. John Young and Bob Hunter specialize in the parks and landscaping elements of the department. A local student is utilized on a seasonal basis in the summer months to help the Public Works Crew keep up with the growing season.

DEPUTY CLERKS

There are two Deputy Clerks who provide a variety of assistance to citizens at the City Hall.

The Deputy Clerks are Courtney Benjamin and Teri Tupper.

Teri works full time at the front desk in City Hall and answers zoning questions, processes applications for building permits, variances, demolitions, mechanical permits, public use permits, and street permits. She is also the City's Code Enforcement Officer, works closely with the Public Works Department, and is the staff support person for the Board of Adjustment.

Courtney works full time in a variety of capacities in the City Hall, including directing phone calls and answering questions on current issues, processing accounts payable, support to the Administrator, City Council, Utilities Commission and the Planning Commission, and Special Projects Coordinator.

FINANCE

Annually, the City Council adopts the operating budget for the City. This process begins in August, with the final budget adoption in December. The City Council reviews all financial related activities for the City at their monthly meetings and approves all expenditures.

Prior to 1987, Clyde Hill was served by an elected Treasurer. In 1987, the Council combined the Treasurer and Clerk position to create the Clerk/Treasurer position with the working title of City Administrator, which is appointed by the Mayor. Mitch Wasserman holds that position.

John Gagan, CPA is the Finance Manager for the City, and performs the day to day operational activities associated with the City's finances under the direction of the City Administrator (Clerk/Treasurer).

POLICE DEPARTMENT

The Clyde Hill Police Department consists of the Chief of Police, a Police Lieutenant, seven full time patrol officers, and a Records Specialist.

The Clyde Hill Police Department provides police services by contract to the adjacent 970 residents of the Town of Yarrow Point also. For the first half of 2009, dispatch services will continue to be provided by contract through the Eastside Communication Center. Schedule to start July 1, a new entity called “Northeast King County Regional Public Safety Communication Agency”, NORCOM for short will take over this function. Jail services are provided by the Cities of Yakima, Kirkland, Issaquah and King County. Municipal Court services are provided by the City of Kirkland.

The Police Department is committed to working closely with the residents of Clyde Hill and to be responsive to the needs and desires of the community. The Department also believes in working closely with the young people in the community by fostering a relationship of trust, respect and understanding.

Other services provided by the Clyde Hill Police Department include issuance of concealed pistol licenses and fingerprinting when required by employment, professional licensing or governmental requirements.

The Chief of Police is William Archer. The Police Lieutenant is Kyle Kolling, and the officers are Di Alexander, Eric Anderson, Nathan Cobrea, Michael Cox, Isaiah Harris, Burien Ishaque, and Craig Teschlog. All positions are filled in the Police Department for the start of 2009.

Brittney Nygren is the Records Specialist for the Police Department. Brittney acts as the Office Manager in the Department, answering phone calls, responding to questions, processing police records and generally supports the entire operations of the Department.

CONTRACTED OR FRANCHISED SERVICES

Starting in 2009, the City of Clyde Hill has entered into an inter-local agreement with the neighboring City of Medina to share building official and inspection services.

The City also contracts with the City of Bellevue to operate Fire Station #5, located on NE 24th Street, right next to the City Hall and Police Department. Water and Sewer services are also provided through the City of Bellevue, acting as a regional utility for other small jurisdictions in the area. Clyde Hill has established a Municipal Court

through the City of Kirkland, and King County contracts with the City to provide Animal Control and Health Services.

The City has granted franchises to a number of other utilities to provide services to City residents: Allied Waste Services of Bellevue (garbage and recycling service), Comcast (cable television service), Puget Sound Energy (electricity & natural gas service), and Qwest (telephone service). The City will lease 8 wireless communication facilities to six different telecommunication companies in 2009 with the potential for a few more facilities in the near future.

General Information

- There are 21 miles of public roads maintained by the City of Clyde Hill
- There are 16 miles of storm sewers maintained by the City
- The total area of Clyde Hill is approximately one square mile
- There are 906 catch basins & 72 man holes maintained by the City
- Elevation in Clyde Hill is 375 feet above sea level (great for water, city & mountain views, but more likely to receive snow instead of rain in the winter)
- Clyde Hill Sales Tax Code is 1708
- The City has 5 police patrol vehicles (all SUV type vehicles with 4 wheel drive)
- The City has 4 public works trucks (3 are equipped with snow plows & 1 with a sander when necessary) along with 1 backhoe and flatbed trailer for lawn mowers.
- State Hwy 520 passes through the north part of the City of Clyde Hill with approximately a dozen homes north of the highway.

iMAP



(C) 2008 King County

The information included on this map has been compiled by King County staff from a variety of sources and is subject to change without notice. King County makes no representations or warranties, express or implied, as to accuracy, completeness, timeliness, or rights to the use of such information. This document is not intended for use as a survey product. King County shall not be liable for any general, special, indirect, incidental, or consequential damages including, but not limited to, lost revenues or lost profits resulting from the use or misuse of the information contained on this map. Any sale of this map or information on this map is prohibited except by written permission of King County.

Date: 3/10/2009

Source: King County iMAP - Property Information (<http://www.metrokc.gov/GIS/iMAP>)



King County

Miscellaneous Information and Statistics

City of Clyde Hill, Washington

January, 2009

Historical Dates

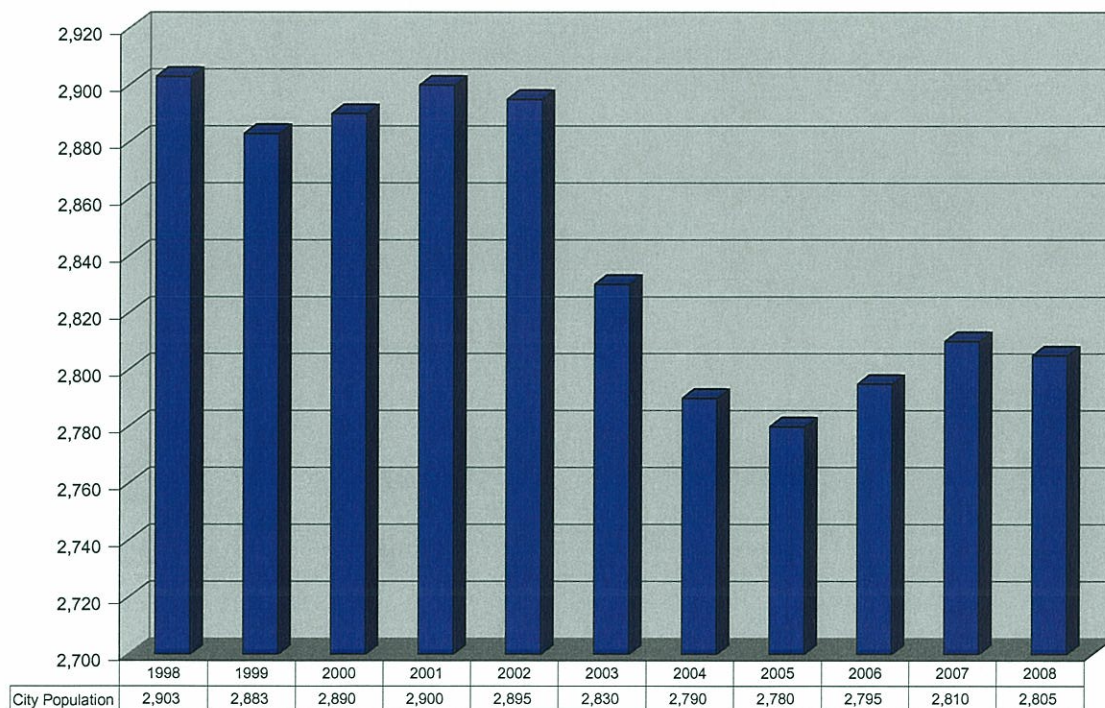
The present day area of Clyde Hill was first settled in September, 1882. The Town of Clyde Hill was incorporated on March 31, 1953 (a few hours before the City of Bellevue). The Town of Clyde Hill became the City of Clyde Hill in 1998. Please see the City's web site at www.clydehill.org for a more in-depth narrative.

Form of Government

The City of Clyde Hill is classified as a Non-Charter Code City (provides more flexibility) with a strong Mayor/Council form of government. The Mayor and the City's five council members serve staggered 4 year terms.

Population

City Population



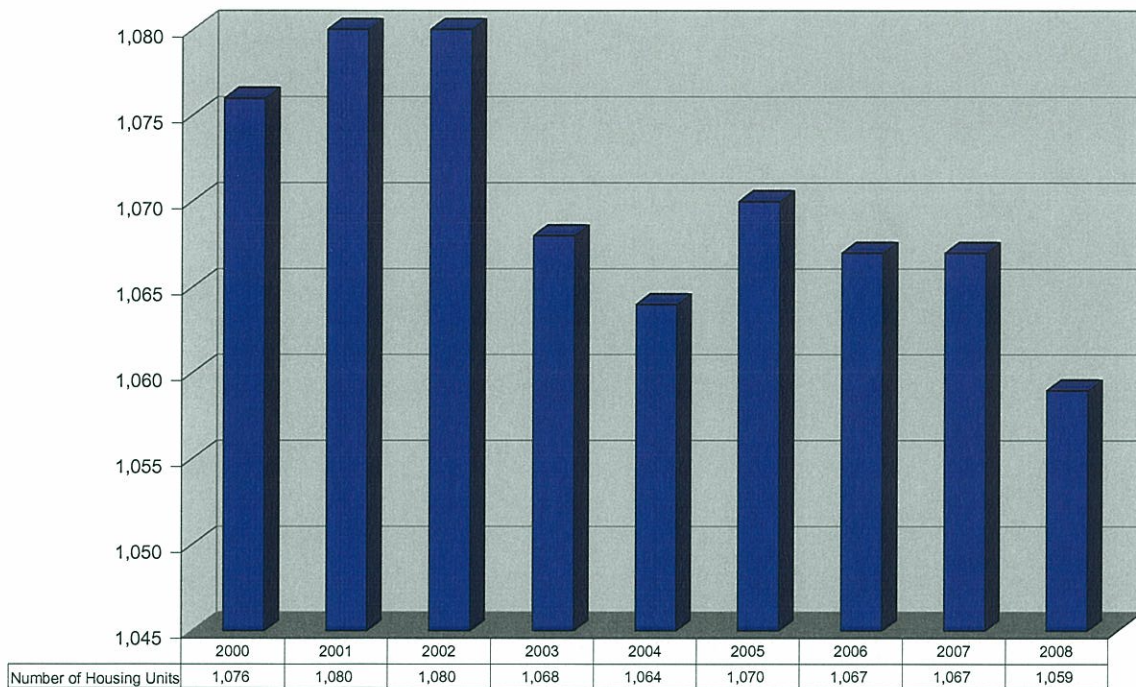
Source: Office of Financial Management

From empirical evidence only, it appears that younger families have been moving into to Clyde Hill more frequently in the past few years. It will be interesting to compare past census data with the new data expected in the near future.

FYI, there were 2,227 register voters in the City of Clyde Hill in 2008 per King County Election Services

Housing Information

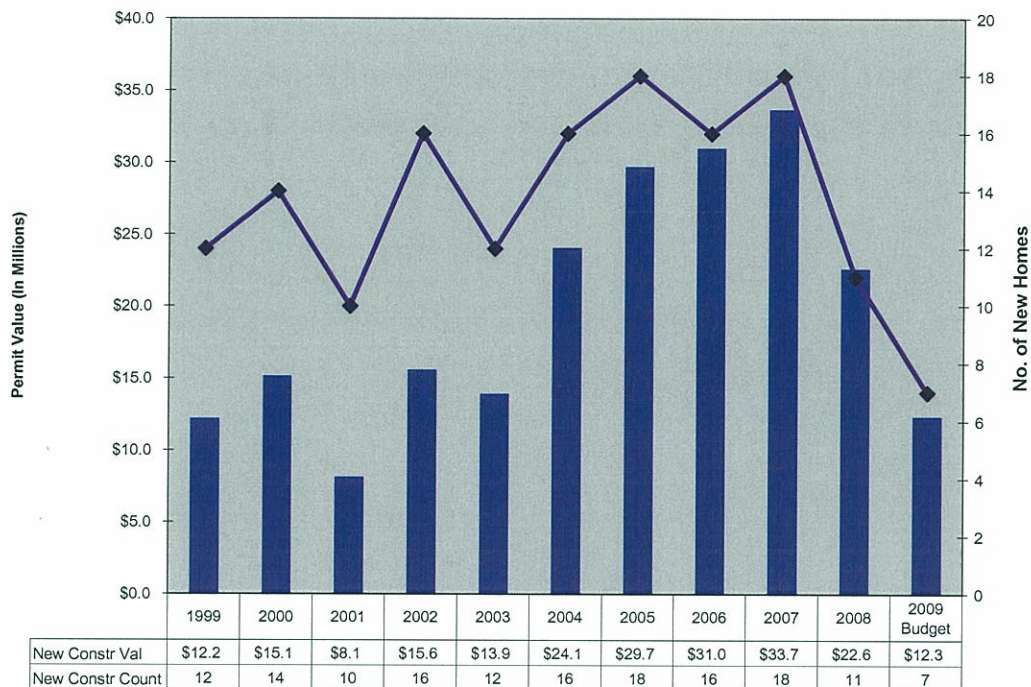
Number of Housing Units



Source: Office of Financial Management (OFM)

The City of Clyde Hill is pretty much “built-out” with only a few vacant parcels of land left in the City. From 2004 through August, 2008, the City of Clyde Hill experienced a robust housing development environment. Older homes were being purchased by developers and homeowners to “tear down” and be replaced with much larger and more expensive homes. However, the housing development activity in Clyde Hill came to screeching halt in August 2008 due to the regional and national economic “meltdown”. There were 11 new home construction permits issued in Clyde Hill during 2008, (none after 08/08/08), valued at \$22,622,810.

Number of Residential New Construction Permits & Valuations



Line shows the number of new home permits granted & columns show the total new home valuations

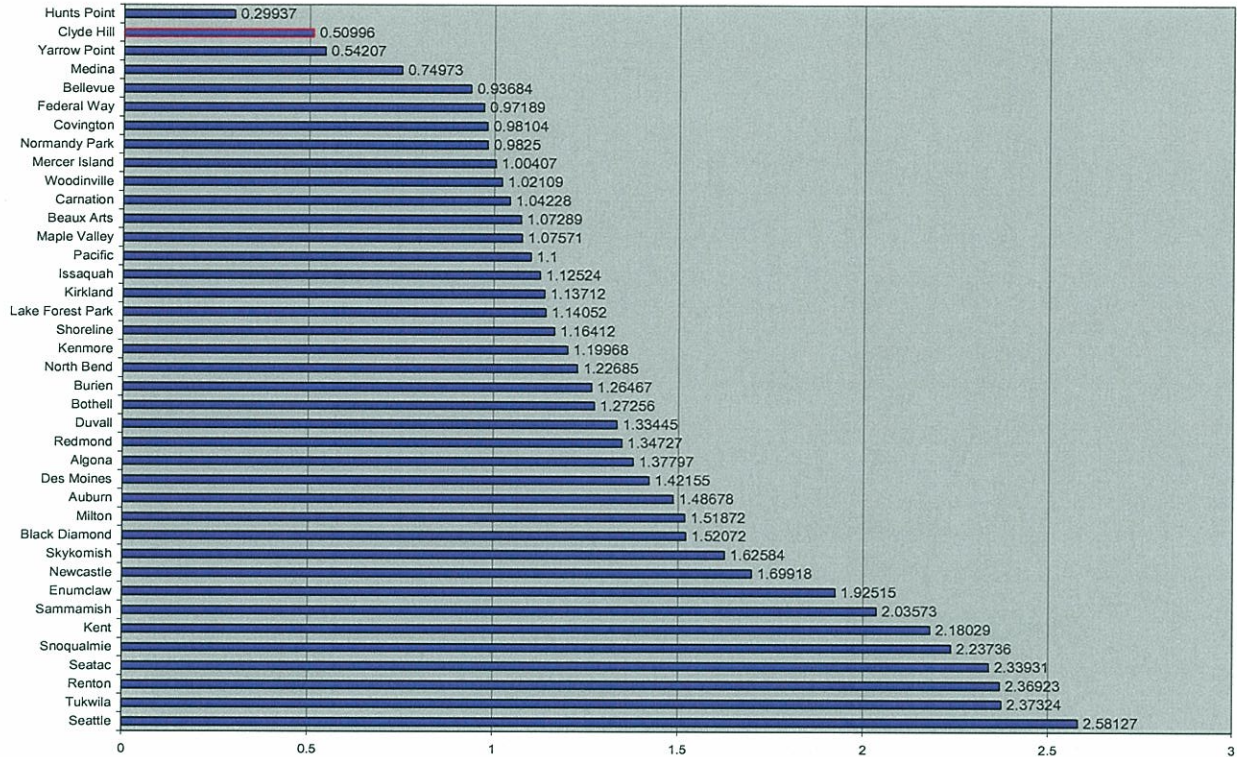
Property Tax Information

Property tax can be a confusing subject due to the apparent conflicting information received by taxpayers (e.g. property tax rates going down while assessed values are going up). The essential information all Clyde Hill taxpayers should know about their real estate property taxes follows: 1) assessed values in Clyde Hill for 2009 continued their upward trend by an average of 13%, 2) there are now 8 other jurisdictions (i.e. state & local schools, county, port, EMS, Library, King County Ferry District & King County Flood District) levying a tax on Clyde Hill homeowners that the City has no control over, 3) Clyde Hill receives less than 8 cents on each property tax dollar paid by taxpayers to fund basic local government services like police, fire, and roads, 4) after not taking the full amount of allowed property tax increases in previous years, the City's "banked capacity" of \$61,787 and allowed 1% increase over the previous year's levy will be used as one element to help balance the 2009 General Fund, 5) due to rising assessed values, the City's property tax rate paid by Clyde Hill taxpayers will actually go down slightly in 2009 and has gone down over 30% since 2003, 6) it's the rising assessed values for why many Clyde Hill homeowners are paying more in property tax each year.

All cities have a slightly different mix of taxes and fees to fund their day to day operations. Property tax is an important revenue source for the City of Clyde Hill. The

following chart shows that Clyde Hill has the 2nd lowest property tax rate out of the 39 cities and towns in King County, Washington.

Comparison of 2009 Property Tax Rates for Cities & Towns in King County



Budget Glossary

ANNUAL BUDGET: A budget applicable to a single fiscal year.

APPROPRIATION: An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

ASSESSED VALUATION: A valuation set upon real assets or other property by a government as a basis for levying taxes.

ASSESSMENT: The process of making the official valuation of property for purposes of taxation.

BALANCE SHEET: A statement presenting the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date.

BARS: The State of Washington prescribed Budgeting, Accounting, Reporting System Manual required for all government entities in the State of Washington.

BEGINNING FUND BALANCE: The cash balance at the start of a fiscal year available for appropriation in the current and future years.

BUDGET (Operating): A plan of financial operation embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which the City and its departments operate.

BUDGET DOCUMENT: The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years actual revenues, expenditures and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

BUDGET MESSAGE: A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government

experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

CAPITAL BUDGET: A plan of proposed capital outlays and the means of financing them.

CAPITAL FACILITIES PLAN: A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected public facilities.

CAPITAL PROJECTS FUND: A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

CONTINUING APPROPRIATIONS: An appropriation which, once established, is automatically renewed without further legislative action, period after period, until altered, revoked or expended.

DEFICIT: (1) The excess of an entity's liabilities over its assets. (2) The excess of expenditures or expenses over revenues during a single accounting period.

DEVELOPMENT ACTIVITY: Any construction or expansion of a building, structure, or use, any changes in use of a building, structure, or use, any change in use of a building or structure, or any change in the use of land, that creates additional demand and need for public facilities.

DUE FROM OTHER FUNDS: An asset account used to indicate amounts owed to a particular fund by another fund for goods or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ENCUMBRANCES: Obligations in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

ENDING FUND BALANCE: The cash balance remaining at the end of the fiscal year available for appropriation in future years.

EXPENDITURES: Decreases in net current assets. Expenditures include debt service, capital outlays, and those current-operating costs that require the use of current assets. The difference between expenditures and an expense is a difference in what is being measured. Expenditures measure current outlays, while expenses measure total costs.

EXPENSES: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

FISCAL YEAR: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations.

FUND: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

GENERAL FUND: The General Fund represents the “operating fund” for the City. This Fund keeps track of all operating revenues and expenses within the following departments: Legislative, Executive, Financial & Administrative, Legal, Law Enforcement, Fire and the Public Works/Building Departments.

INTERNAL CONTROL: A plan of organization for purchasing, accounting, and other financial activities which, among other things, provides that: The duties of employees are subdivided so that no single employee handles financial action from beginning to end, Proper authorization from specific responsible officials are obtained before key steps in the processing of a transaction are completed, records and procedures are arranged appropriately to facilitate effective control.

INVESTMENTS: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals and base payments.

LEVY: (1) To impose taxes, special assessments or service charges for the support of governmental activities. (2) The total amount of taxes, special assessments or service charges imposed by a government.

LEVY LID: A statutory restriction on the annual increase in the amount of property tax a given public jurisdiction can assess on regular or excess levies.

LIABILITY: Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date. This term does not include encumbrances.

LID: Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

OPERATION FUNDS: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

OPERATING TRANSFER: Routine and/or recurring transfers of assets between funds.

ORDINANCE: A statute or regulation enacted by City Council.

OTHER SERVICES AND CHARGES: A basic classification for services, other than personnel services, which are needed by the City. This item includes professional services, communication, travel, advertising, rentals and leases, insurance, public utility services, repairs and maintenance, and miscellaneous.

PERS: Public Employees Retirement System provided for, other than Police and fire, by the State of Washington.

PROJECTS FUND: The Projects Fund represents a combined “special revenue & projects fund” for the City. This fund separates all “restricted” revenue sources or grants into sub-areas and keeps track of all specific expenses within those functional areas. The Fund also serves to coordinate the City’s major capital improvements and other special projects.

RCW: Revised Code of Washington

REET: (Real Estate Excise Tax) A tax upon the sale of real property from one person or company to another.

RESERVE FUND: The Reserve Fund represents the “discretionary or emergency fund” for the City and is used to balance the City’s 2000-2005 Capital Facilities Plan.

RESOLUTION: A formal statement of a decision or expression of an opinion of the City Council.

REVENUES: Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, grants, fines and forfeits, interest income and miscellaneous revenue.

REVENUE ESTIMATE: A formal estimate of how much revenue will be earned from a specific revenue source for some future period.

TAX: Charge levied by a government to finance services performed for the common benefit.

TAX LEVY ORDINANCE: An ordinance through which taxes are levied.

TAX RATE LIMIT: The maximum legal rate at which a municipality may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
Award*

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**City of Clyde Hill
Washington**

For the Fiscal Year Beginning

January 1, 2008

President

Executive Director