

2014

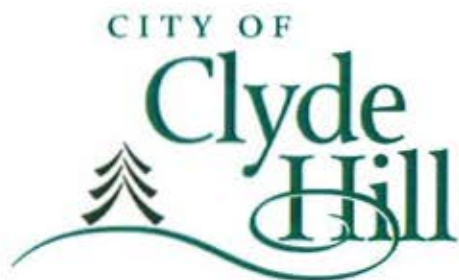
Annual Budget Plan



City of Clyde Hill
Washington

City of Clyde Hill, Washington

2014 Annual Budget



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To: Clyde Hill City Council and Citizens

From: George S. Martin, Mayor

Date: October 24, 2013

Re: 2014 Budget Message

I would like to thank the City Council, the City Staff and the Citizen Budget Advisory Committee (Mike Foley, Marianne Klaas, Cathy McLamb, Kim Muromoto, Al Pirnat, Bob Valluzzo and Bob Walerius) for their active and direct participation in the development and preparation of the City of Clyde Hill's 2014 Budget. It is through the efforts of these people that the City of 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

The goal for the 2014 Budget process was to develop a balanced budget that maintained the current level of essential services and facilities that the citizens of Clyde Hill rightfully expect. This goal has been achieved.

There are no major cost increases in the 2014 Budget. To help manage the budget, cost increases have again been held to a minimum.

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, code enforcement, streets and adjunct services that the City must accomplish within significant budgetary restrictions.

Given the residential nature of the community, the City does not have a diversified tax base and has limited revenue sources from which to deliver the services it is charged to provide. Approximately 30% of the City's operating revenue is derived from property taxes. However, for each dollar in property taxes paid in the aggregate by its citizens, the

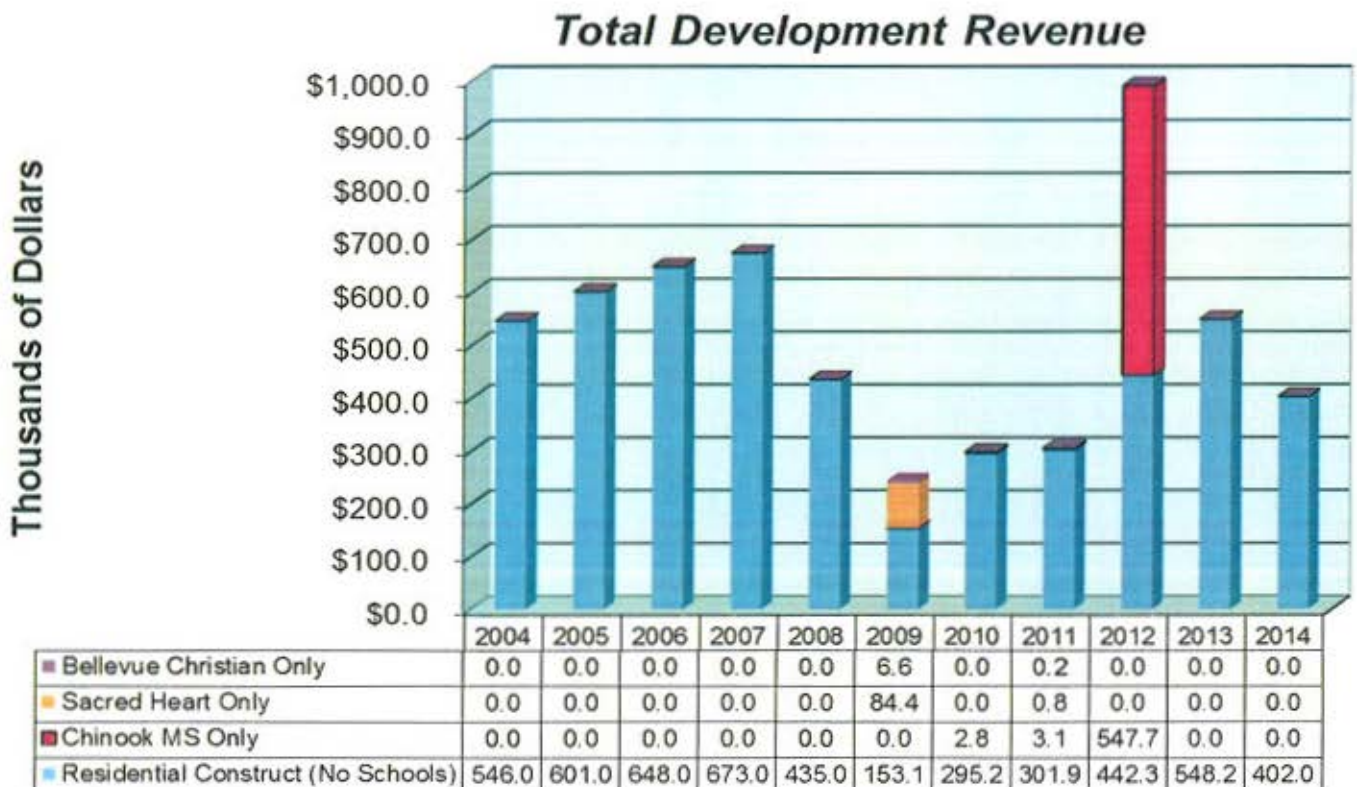
City of Clyde Hill receives less than 9 cents. Over 91 cents of every property tax dollar goes to other jurisdictions over which the City of Clyde Hill has no control or say.

The City of 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 and building inspection contract services provided to other communities. The City's ability to increase revenue from any one or all of these sources is limited by practicality and by basic fairness.

Long-Term Considerations

Over the years the City of Clyde Hill has been fiscally responsible in its budget policies and sound in its practices. Throughout the recent recession, it is because of the sound financial and fiscal decisions made over the past several years that the City was able to maintain the level of essential services and facilities its citizens have come to expect.

However, since the recession began the City has been challenged to find ways to balance its budget. During this time, hard work and strategic decisions brought each year's budget into balance. To do so, it was necessary to use some of the City's Reserve Fund. As seen in the recent past, the Reserve Fund continues to be the City's most reliable tool to manage short-term budget imbalances and provide a bridge to solid financial footing.



The cyclical nature of construction activity and the local economy results in fluctuating city development revenues. Since 2011, the City has seen more homes sold/purchased resulting in new and remodeled home projects. City finances have benefitted from this favorable trend and the \$40.5M Chinook Middle School redevelopment project. It is critical that future development be closely monitored to assure sound budgeting in future years.

The Mayor, Council and Staff have steadfastly monitored key City economic indicators. In 2009 the Staff developed an extensive monitoring program with checkpoints throughout the year. This successful monitoring and reporting process will continue in 2014. This process provides the Mayor, City Council and Staff the necessary information to avoid financial surprises and to implement best financial practices.

2014 Budget

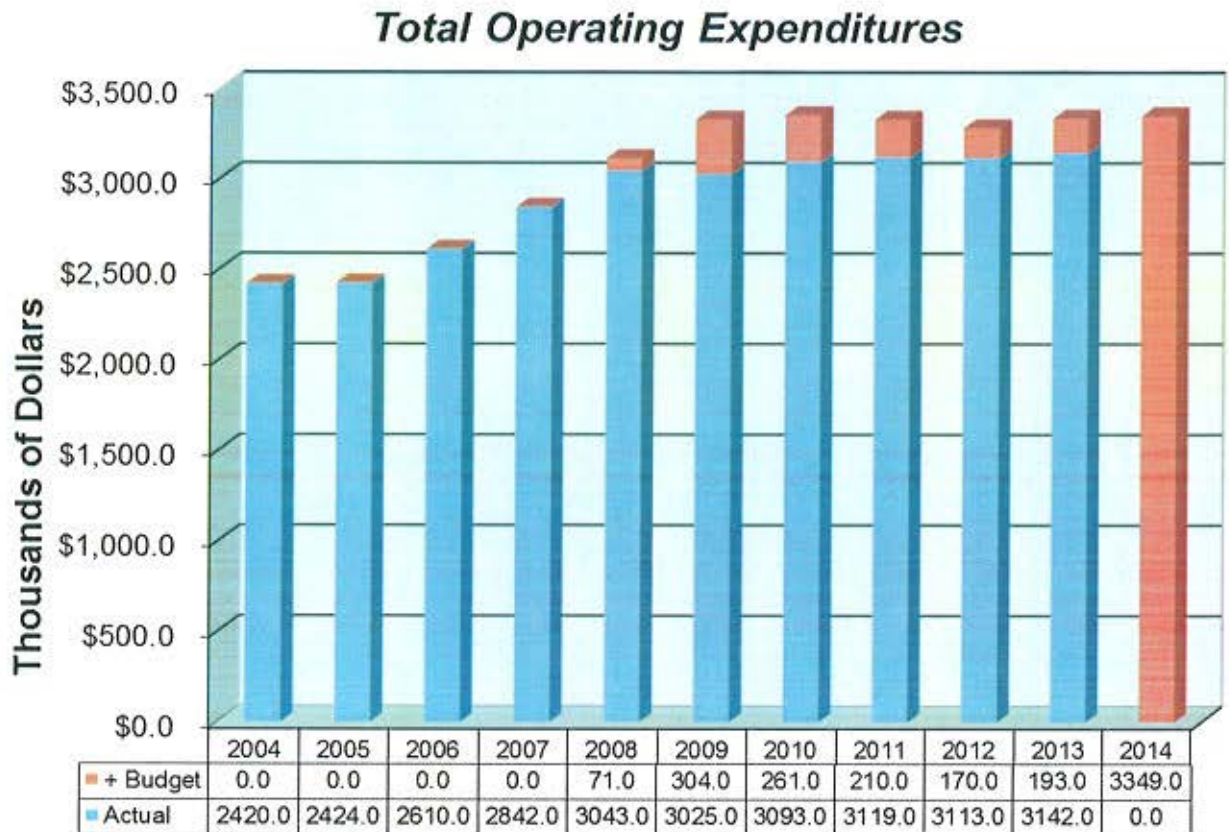
The 2014 Budget anticipates total City revenue of \$4,234,650 and total expenditures of \$4,636,600. The difference between revenue and expenses in the Projects Fund is financed from existing department or fund balances. In the General Fund, \$3,349,000 is budgeted for operating expenditures with a matching amount of anticipated revenues.

Total operating revenues are anticipated to increase by 2.7% from the 2013 Budget. The following highlights the major revenue trends included in the 2014 Budget:

1. Development Revenue is projected to increase by \$69,500 in 2014. The total value of all residential development in 2014 is projected to be about \$22M. This volume compares to the \$21.4M in activity (w/out Chinook) in 2012.
2. Sales Tax is projected to remain the same in 2014. Most of the City's sales tax comes from construction projects. In 2014, a continued high amount of sales tax can be attributed to strong 2013-14 residential development and the last year of the Chinook Project.
3. For the third consecutive year, the City's general levy amount for Property tax will not increase. The 2014 levy includes the amount currently available for new construction and an amount re-levied for prior year refunds. The City of Clyde Hill has the second lowest city tax rate of all cities in King County.
4. Space and Facility Leases are expected to decrease by about \$9,800 due to recent consolidation that eliminated two antenna sites.
5. Fine and Forfeit revenue is decreasing by \$12,500 based on lower court fines.
6. Investment Income is budgeted to be slightly higher in 2014 due to the Fed continuing its policy of very low short-term interest rates. Investment income has dropped approximately \$250,000 since 2007.

7. Intergovernmental revenue is increasing by \$9,000 pursuant to the Police Services Contract between the City of Clyde Hill and the Town of Yarrow Point

In comparison to the 2013 Budget, total operating costs are projected to increase by 0.4% (\$14,500). To control costs in the last six years, multiple years of cost cutting and cost containment measures have been used to maintain expenditures.



City of Clyde Hill Services

Within the 2014 Budget, 80% 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 the City of Clyde Hill and contract services to the Town of Yarrow Point. The Police budget for 2014 is \$1,462,275, of which Yarrow Point will pay a proportionate share of approximately 25%. The Police budget represents approximately 44% of the total operating budget. The staff of the City's Police Department is fully trained with an authorized staff of seven officers, two supervisors and a records clerk.

The City of Clyde Hill will continue to contract with the City of Bellevue for Fire Protection and Emergency Medical Service. The City will pay \$578,925 to the City of Bellevue for these services in 2014, a 3.9% reduction from 2013. This service represents approximately 17% of the City of Clyde Hill's total operating budget and includes assistance in emergency preparedness and hazardous material response.

The City of Clyde Hill's Public Works Department's budget for 2014 is \$621,950, which represents approximately 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.

The remainder of the 2014 Operating Budget is allocated to legal, accounting, audit, insurance, elections, administrative and support costs for the entire City. 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 \$685,850 which represents approximately 20% of the total operating budget.

The Capital Improvements portion of the City budget includes various road, storm, sidewalk and other community projects. This year the City completed the first of five sidewalk projects on 24th, approximately one third of it paid for by a state grant.

The 2014 capital budget includes \$575,000 for the bidding and construction of the City's 2014 Road Overlay Program. The Budget also includes funding related to two sidewalk improvements: \$100,000 for a safe connection on 92nd Ave to the new lid on SR 520 and \$60,000 for engineering so that a second sidewalk project can be designed and bid in 2014, should the Council so direct.

The remaining portion of the Projects Fund budget for 2014 relates to a combination of Special Projects and Equipment that includes funding for such items as the City's annual community celebration (\$17,500), emergency communications system (\$40,000) and support for affordable housing on the Eastside (\$15,000).

Financial Outlook

The City's 2014 Budget continues to be revenue conservative and expenditure frugal. Although the budget is balanced, neither the Council nor I am content with the City's longer-term financial position. Continued strategic decisions are necessary to keep the City on firm financial footing. Along these lines, any additional savings from 2013 will

be used to bolster the Reserve Fund and the City's longer-term financial health. As we have seen in the recent past, the Reserve Fund continues to be the City's most reliable tool to manage short-term budget imbalances and provide a bridge to solid financial footing.

The City is fortunate to be able to take advantage of cuts in expenditures and a healthy amount of development revenue. In the years to come, the City must continue to carefully monitor the financial health of the City and make adjustments where and when necessary.

The citizens of the City of Clyde Hill are urged 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 Mayor, the City Council and the Staff will continue to assure the financial well being of the City of Clyde Hill.

2013 Financial Goals and Objectives

City of Clyde Hill, Washington

Background

The combined impact of challenging economic times, state budget balancing and the occasional state initiative requires us to remain vigilant in keeping an eye out for the City's financial health. One of the group's objectives for the November 19th meeting is to confirm a financial plan that will include 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 confirms the shorter-term policies and considerations. These strategies make up the 2014 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 2014 Financial Plan is outlined below for your review, comment and confirmation.

FINANCIAL POLICY STATEMENTS (Revised #5)

The Financial Policy Statements help guide the overall financial vision of the City and are reviewed each year to make sure they represent the current philosophy of the Mayor and the Council. These policies were first developed in the early 1990's and have been slightly modified 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.

This year the staff streamlined the purpose, objectives and history portion of the Policy Statement document to fit a single page. During the budget meeting process the group had healthy discussions about modifying Policy Statement #5, relating to the City's Reserve Fund to align it with the City's Worst Case Financial Projections. Revised policy language was agreed on to address the consensus of the discussion and provides a revised statement for Council adoption. In addition, the group asked the staff to develop further policy statements for review next August that would address other guidelines for reserve funding.

Attached to this memo is a copy of a revised set of Financial Policies that reflects a modified policy #5. Also attached is an analysis detailing the implementation of the revised policy so it can be duplicated in future years.

2014 FINANCIAL STRATEGY

The City's Financial Strategy confirms the shorter-term policies and considerations of the current budget year and also includes other financial activities that help the City's longer-term financial health. Below is Clyde Hill's 2014 Financial Strategy.

On October 22nd and November 19th the Council and the citizen's Budget Advisory Committee reviewed a draft and a preliminary budget, along with other financial information in order to decide on a 2014 Final Budget. An additional meeting in August was held to provide financial and economic background information on trends and projections through 2019. The philosophies adopted at these meetings help to comprise the short-term element of the City's financial plan:

Balance the 2014 Operating Budget Using the Following Guidelines:

- Maintain expenditures at amounts that will not negatively impact or remove existing city services.
- Continue to budget for a 7th police officer (about \$90,000 for salary and benefits) but freeze that position until the Council authorizes a change.
- Maintain cuts to total operating expenditures that took place during the recession.
- Project operating revenues using a realistic approach.
- Project development revenues to account for a continued increased short-term demand for construction projects in 2014 at a \$22 million level.
- Modify property taxes to include allowable amounts for new construction and any prior year refunds but *do not include* the allowable 1% general levy amount. This amount will be added to the City's banked property tax account.
- Return all but \$100,000 of the 2013 General Fund balance to the Reserve Fund after accounting for any transfers to the Projects Fund.
- Evaluate implementation of the budget and the City's fiscal health through the continuation of the City's enhanced budget monitoring and monthly reporting practices

Continued 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. Monitor and report to Council on real estate sales and excise tax trends.
3. Continue to implement an enhanced Budget Monitoring Plan to evaluate and report on the City's Budget and fiscal health throughout the year. (See attached memo detailing this program)

Audit Sales Tax and License payments:

1. Use the information from sales tax and business licensing and work with the accountants from larger construction projects to assure that their sales tax payments are coded correctly to the proper jurisdiction.

Financial Plan Memo – December 2013 – Page Three

Capital Projects:

1. Implement a Road Overlay Program that does not exceed the amount of expected revenue for the year

Continue Emphasis on Long-Term Financial Planning:

1. Review financial trend information and 6-year projections on an annual basis before the development of the budget.
2. At time of Council discussion of the City's Transportation Improvement Plan (TIP), provide an associated funding analysis.
3. Investigate other purposes for reserve funding and report back at the August budget meeting with suggestions for further consideration.

Increase Community Awareness of City Services and Financial Challenges:

1. Use the Newsletter, web site, annual budget book and cable TV channel to make the community aware of the services they receive from the City, the status of the City's actual performance in providing services (dashboard report) and the financial challenges the City faces to continue these services at current levels.

Summary of All City Long Range Planning Processes

City of Clyde Hill, Washington

1) Transportation Improvement Plan (TIP): The Transportation Improvement Plan (TIP) is a 6-year financial plan describing the transportation related projects the City Council wants to fund if resources are available. Projects could be road overlays, sidewalks, storm drainage along right of ways or special paths. The City of Clyde Hill has traditionally updated the TIP at the regularly scheduled June City Council meeting.

Presented along with the updated prioritized list of transportation related projects is the annual street condition survey conducted by the City Engineer. The City's Finance Manager also prepares a six year Cash Flow Analysis to determine if it's realistic to think resources will be available to complete the projects when scheduled as part of the TIP. Consideration of maintaining \$1,000,000 in reserve per Policy Statement #10 for transportation in case of an emergency is also part of this planning process.

The City accounts for the Transportation Improvement Plan in the Capital Projects Department of the Projects Fund. The primary sources of revenue are from the Real Estate Excise Tax, special property tax levies by King County and grants from State agencies. Please see the Table of Contents for the 2014 Budget Line Item Details.

2) Capital Facilities Plan: The City of Clyde Hill's capital facilities plan is a 6-year financial plan that allows the City to prioritize public projects and identify funding sources. The Capital Facilities plan serves as a guide to the City's future financial obligation in providing the public facilities desired by the community. This document provides an overview of the City's financial resources and funding opportunities.

In Washington State, the Growth Management Act (GMA) requires that all Cities and Towns collecting the 2nd one quarter of 1 percent of the real estate excise tax have an annually updated Capital Facilities Plan. Please see the Table of Contents for the 2014 Capital Facilities Plan for the City of Clyde Hill.

3) Comprehensive City Plan: The City's Comprehensive Plan is the document used to help guide a number of land use and zoning decisions for the community. This document is reviewed and updated every 10 years. 2014 will be an update year to the City's Comprehensive Plan. The City has been awarded a \$5,000 grant from the State to accomplish this task. Please see the City's web site www.clydehill.org in the documents section for more information.

Concluding Remarks: Each of these three on-going, periodically updated plans is taken into account while developing the 2014 budget. These individual plans also serve the purposes of prioritizing potential future expenditures and encourage all stakeholders in the City's financial future to be consistent and realistic when making plans.

2014 Enhanced Budget Monitoring Plan

City of Clyde Hill, Washington

Background

The following is an additional internal control, introduced in 2009, but further refined in 2010 by tying the Quarterly Monitoring Plan into the Monthly Operating Reports. These activities act to strengthen the City's internal control system and help manage any budget related surprises. The goal of the plan is to avoid surprises through targeted monitoring with a specific written plan requirement when problems are identified.

Three (3) levels of financial control for City revenues and expenditures are a part of implementing the 2014 Budget.

Revenues

- **Level 1 – Continue to monitor** all revenue sources each month by comparing actual to budget year to date expectations. Staff will share these comparisons with the City Council on the Monthly Operating Report. Both the quarterly and the monthly reports will highlight all major operating revenues and will group any other revenues with a budget of less than \$15,000.
- **Level 2 - Falls Behind by 5% - Watch List:** If any revenue source or grouping 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 or grouping 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 or grouping 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 Budget.

Expenditures

- **Expenditure Reporting:** The expenditure classification will be modified to provide the Council with the same degree of monitoring protection but at a higher

level of reporting. Expenditures will be categorized by subject area groupings, specifying areas that are both material in amount and more important in stature (e.g. Salaries/Benefits – Legal Services – Dispatch – Jail Services – Insurance...). Expenditure groupings will be reported by department to allow for better recognition within program areas. These same subject area groupings will be included in the Council's Monthly Operating Report to allow for a higher level of reporting and consistency of information between quarterly and monthly reports.

Level 1 – Identify & Hold Back Certain Expenditures – The staff will identify the more flexible operating expenditures that could be held back into the 2nd half of the year. 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 grouping 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 grouping is 15% over budget after the 1st quarter, it will be placed on a “Red Flag List.” When any expenditure grouping 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 going forward, 2) place a freeze on an expenditure account(s) 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 grouping problem, and/or 5) an amendment to modify the Budget

2014 Final Budget Overview

City of Clyde Hill, Washington

Background

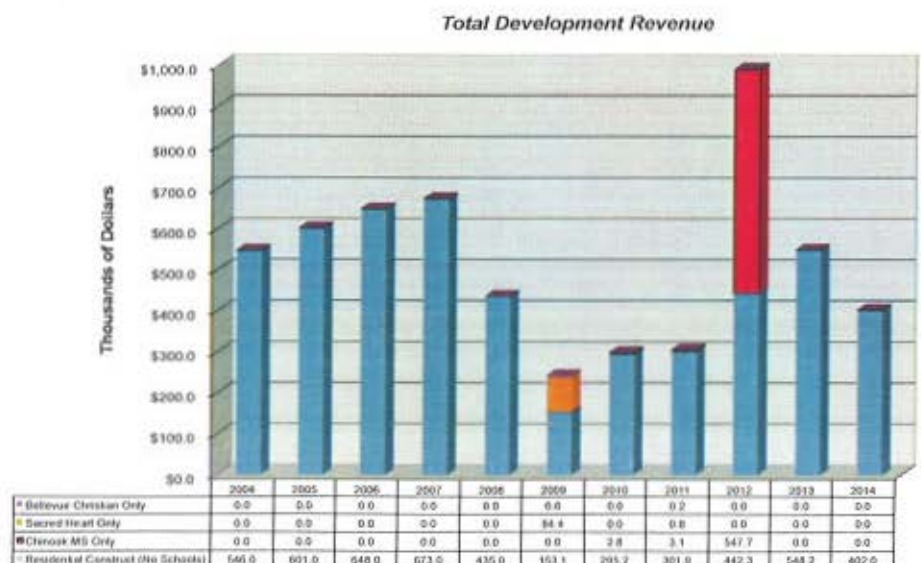
The City weathered the Great Recession... However, during that period of economic turmoil, a number of steps were taken that were done in a financially deliberate way. Expenditures were cut back and then held constant during that period. Development revenues dropped requiring the strategic use of the City's reserves. Although a challenging time, Clyde Hill leaders addressed financial challenges by making a set of budget balancing decisions that did not require emergency consideration and were subsequently influential in bolstering the long-term financial health of the City.

Last year's budget discussion centered on finding the best way of balancing the short-term budget and preserving the City's longer-term financial health. This year the City was presented with a balanced budget by continuing to keep expenditures down while riding on a wave of residential development revenue. The result allowed this year's budget process to focus on understanding and becoming comfortable with an already balanced budget, confirming a set of special projects included in the budget and making a longer-term financial policy decision. Building on the work of the Mayor, Council and Budget Advisory Committee, the staff is pleased to submit a final 2014 Budget for the Council's consideration.

Since the preliminary budget hearing, we've updated the "green budget" and replaced it with the attached "blue budget" document. The blue document represents the final budget for 2014. There were no changes made to the Budget since the preliminary budget hearing. However, the blue budget does reflect a revised 2013 year-end estimate (slightly increased the projected surplus by \$20,100), but these year-end revisions do not change the final budget in a material way.

2014 Budget – Big Picture

In the last few years Clyde Hill's economic picture has been partially upbeat. Since 2011, the City has seen more homes sold/purchased resulting in new homes and remodeling projects. This renewed activity has resulted in a higher



amount of actual development over what has been predicted. This has been positive news, because in Clyde Hill, development is what drives the City's local economy and allows for a balanced budget.

Two years ago the \$40.5M Chinook Middle School redevelopment project provided the City with a 1-time infusion of development revenue that helped pull the City out of the recession. This happened at a time when the local residential development market also began to take off in a positive way and so far, has continued in an upward trend, which has been great news for the Clyde Hill economy and the City's budget.

On the operating expenditure side the two biggest stories of the last few years have included the Fire/EMS services contract and overall cost control. Negotiations to extend the Fire/EMS services contract with Bellevue resulted in a **\$78,000** decrease in 2012, a **\$16,000** in 2013 and now a **\$25,000** decrease in the 2014 Budget. Higher City of Bellevue EMS revenues coupled with lower costs helped fuel this reduction.



Overall City operating expenditures have been cut and continually managed to help survive falling revenues. This has been achieved with relief from relatively low inflation as well as multiple cost cutting and cost containment measures throughout the organization.

On the capital side, the City's capital project objective is to align resources with expenditures for short-term fiscal stability while trying to position the mix of decisions in such a way to continue maintaining a healthy capital asset system. In the last two years the City completed an exciting \$1m boulevard project on 84th and a great looking sidewalk project on 24th. Also in 2013 the water department was required to pay for the repaving of 14 streets in Clyde Hill. All these projects were financially leveraged by grant funding (\$625,400) or partnering (\$1.2M). Because of these partnerships, the City's long-term capital funding is better than the projections from a few years ago. It should also be pointed out that many legacy improvements to the community, paid for by the State, are currently taking place in the SR 520 corridor that will provide 3 new

community lids/parks, a regional trail system and extensive improvements to the Points Loop Trail system.

HIGHLIGHTS OF THE 2014 BUDGET:

The following summarizes a few of the key highlights of the 2014 Budget:

GENERAL FUND:

Total operating revenues are projected to increase by 2.7%, or \$87,950, over the 2013 budget. The following is an overview of the major revenue trends or issues in the 2013 budget:

- 1) **Development Revenue** is projected increase by \$69,500 in 2014. The total value of all residential development in 2014 is projected at \$22M. This volume compares to \$15.7M of residential development experienced in 2011 and \$21.4M in activity (w/out Chinook) in 2012. Total residential development value for 2013 is currently projected at \$29.4M.
- 2) **Utility Taxes & Franchise Fees** collectively are expected to increase slightly by \$2,250 due to rate and usage changes.
- 3) **Sales Tax** is projected to remain the same in 2014. Most of the City's sales tax comes from construction projects. However, Streamlined Sales Tax and business licenses appear to be providing some stability, or a base amount of about \$115,000 to this item. In 2014, a continued high amount of sales tax can be attributed to strong 2013-14 residential development (\$190,000) and the last year of the Chinook Project (\$100,000).
- 4) **Property tax** *does not* include the allowable 1% general levy amount but does includes an amount available for new construction (\$25,700) and an amount (\$1,900) for money re-levied for prior year refunds.
- 5) **Space and Facility Leases** is expected to decrease by about **\$9,800** due to company consolidation.
- 6) **Fine and Forfeit revenue** is decreasing by **\$12,500** based on lower ticket revenues and court fines.
- 7) **Investment Income** is budgeted to be slightly higher in 2014 (\$1,150). The budget is stagnant due to the Fed continuing its policy of very low short-term interest rates.
- 8) **Intergovernmental revenue** is increasing by \$9,000 principally because of the police contract with the Town of Yarrow Point.

- Total **operating costs** are projected to increase by 0.4%, or \$14,500 over the 2013 budget. The Budget was developed using the same philosophy adopted in previous budgets; maintain current service levels and hold the line on all costs.

Operating costs can be viewed in 3 major pieces:

- People Costs (64.4%)
- Fire/EMS Services (17.3%)
- Everything Else To Support the City (18.3%)

People costs (salaries and benefits) are budgeted to increase by \$66,750 or 3.2% over the 2013 budget. The Fire/EMS service contract with Bellevue is budgeted to decrease by \$23,725 or 3.9%. All other accounts are budgeted to decrease by \$28,525 reflecting a 4.4% decrease.

	2013 Budget	2014 Budget	Difference \$	Difference %
Salary/Benefits	\$2,089,000	\$2,155,750	\$66,750	3.2%
	\$602,650	\$578,925	\$23,725	3.9%
All Other Accts	\$642,850	\$614,325	\$28,525	4.4%
TOTAL:	\$3,334,500	\$3,349,000	\$14,500	0.4%

People Costs:

- Total City operating salaries of \$1,483,750 increase by \$43,500 or 3.0%
- Total City personnel benefits of \$672,000 increase by \$23,250 or 3.6%
- This is the third year the City received the Well City award from the Association of Washington Cities. The program was developed to help guide the staff toward healthy ways to decrease the need for future medical insurance costs. Besides having a healthy aware staff, the extra bonus for the City is that it will receive a 2% reduction in its 2014 medical premiums!

Fire/EMS Costs:

Clyde Hill contracts with the City of Bellevue for Fire and EMS services. The services contract was renegotiated in 2011 and resulted in a new formula for dividing up the cost for these services that so far have resulted in a series of cost reductions. The 2014 cost for these services will again be reduced by \$23,725 or 3.9%.

All Other Operating Accounts:

In the last three years the staff cut over \$150,000 from operating accounts reflecting a 5% decrease from the already decreased 2009 budget. To control costs, the majority of these previous cuts remain in place for 2014. The staff has again taken a look at all expenditures and made additional cuts or adjustments where possible. Looking at all the City's operating accounts, 78% have either been decreased or remained the same in the 2014 Budget.

Transfers:

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. A transfer to the Reserve Fund is planned based on year-end projections. The final transfer amount will be set after the actual year-end amounts are known.

In addition, there are five transfers budgeted to go into different departments of the Projects Fund for a variety of projects:

- Transfer into the Housing Department (\$10,000) for a portion of the ARCH Trust Fund.
- Transfer into the Parks/Rec. Department (\$16,500) to help fund the City's Celebration Event.
- Transfer into the Grants Department (\$10,000) for a portion of the Comp Plan update.
- Transfer into the Special Projects Department (\$50,000) to help fund a number of special projects detailed in the Special Projects Department.
- Transfer into the Equipment Replacement Department (\$35,000) to help fund the City's equipment replacement program.

RESERVE FUND:

A transfer is planned depending on year-end actual numbers to reimburse the Reserve Fund for helping balance the General Fund over the last few years.

PROJECTS FUND:

The Projects Fund was developed to help segregate and keep track of the more restricted City revenue sources so they can be paired up with allowable expenditures. Within the fund there are currently 6 departments:

CRIMINAL JUSTICE DEPARTMENT

The City receives about \$60,000/year from proceeds related to a per capita sales tax amount for criminal justice purposes. Expenditures within the Criminal Justice Department were previously consolidated into 4 elements. However, a re-organization of this department's accounts became necessary to better manage all the different activities. In 2009, accounts were shifted from the General Fund into the Criminal Justice Department as a way to reduce operating costs and account for the increased flexibility of the Department's revenue source. Expenditures are budgeted to essentially remain the same as they were in 2013 but are now separated into 12 expenditure accounts. The most notable item in the Department includes the replacement of a police vehicle in 2014.

GRANTS DEPARTMENT

- The Grants Department collects and accounts for specialized grants received by the City. This fund plays an important role in helping to balance the operating budget and stabilize the City's short-term expenditures.
- The City has received grants from the State to help meet its obligations and mandates relating to the National Pollution Discharge Elimination System (NPDES) municipal stormwater permit program. About \$37,500 of stormwater management costs were removed from the General Fund in 2010 and will be funded by these grants in 2010 through 2015.
- A payment from the state to the City to help review the SR 520 improvements is part of this department.
- A payment from the state to the City to help review and update the City's Comprehensive Plan.

EQUIPMENT REPLACEMENT DEPARTMENT

- This department's main goal is to account for and smooth out major equipment purchases to better manage these larger cost items. There are two items, Phone System (\$6,000) – Computer System (\$55,000), scheduled for purchase in 2014.

HOUSING RENTAL DEPARTMENT

- The Housing Rental 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 (A Regional Coalition of Housing) for providing lower income housing. The budget proposes to rent the home next year and account for any unforeseen repairs and maintenance in 2014.
- An account in the department is used to track the City's pledges to ARCH and actual expenditures made to provide affordable housing on the Eastside. An appropriation of \$15,000 is budgeted for 2014 that authorizes funding towards affordable housing on the Eastside on a future ARCH project.

PARKS & RECREATION DEPARTMENT

- The Community Celebration is included within this Department. Celebration and Pumpkin Display activities continue to be popular. A 2014 appropriation of \$17,500 is budgeted to fund the event with the City continuing its \$16,500 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 2014 Budget:

<u>2014 Budget</u>	<u>Amount</u>
Safety Committee – Emergency Preparedness	\$40,000
Storage Project	\$25,000
Regional Advisory Services	\$10,000
Mapping/GIS System	\$10,000
Council Room AV System	\$5,000
Other Projects	\$11,300
(ROW Enhancements 2.5 – Arbor Day 2.5 – Permits 3.8 – Cable TV 2.5)	
Total:	\$101,300

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 Taxes (REET). The Capital Projects Department is cautiously managed to find the right balance between developing and maintaining the City's infrastructure with sensitivity for funding sustainability.

2014 Road Overlay Program:

The 2014 capital budget includes \$575,000 for the bidding and construction of the City's 2014 Road Overlay Program. Roads within this year's program include:

- 86th Ave (24th to 28th)
- 85th Ave (25th to 26th)
- 25th St (85th to 86th)
- 26th St (85th to 86th)
- 14th (15th to 92nd)
- 86th (12th to 14th)

2015 Sidewalk Program:

There are three elements to this account that are included in the 2014 Budget:

Sidewalk Engineering - \$60,000:

The first of five new sidewalk projects was implemented this year on 24th Street (92nd to 98th). The 2014 Budget includes \$60,000 for the design of the next sidewalk project 92nd Ave (20th to 24th) that is planned for construction in 2015.

Sidewalk Segment - \$50,000 – 92nd (32nd about 100' south):

This is a small segment of sidewalk that would be necessary to link the new SR 520 sidewalk from the new 92nd lid to 32nd St (on the east side of the road). This sidewalk would link the current mid-block crossing (just south of Pts. Dr) with the end of the SR 520 sidewalk.

Mid-Block X-Walk - \$50,000 – 92nd (S. of Pts. Dr)

In conjunction with the above project, this project would locate two solar flashing signs to indicate that pedestrians are in the mid-block crosswalk. If possible, the engineer will attempt to include a small safety island in the middle of the road as well.

Small Storm Sewer Projects:

The City received a \$120,000 grant from the State Department of Ecology to address stormwater *quality*. A specific project is not yet designed but is envisioned to treat stormwater runoff from portions of the three highest-volume roadways in Clyde Hill: 84th Avenue NE, 92nd Avenue NE, and NE 24th Street. A project will focus on locations within these roadway corridors where retrofitting can be accomplished most cost-effectively.

Financial Policy Statements

City of Clyde Hill, Washington

As of December, 2013

PURPOSE:

The City of Clyde Hill has an important responsibility to account for public funds, manage municipal finances and plan for the adequate funding of services, including the provision and maintenance of public facilities. The City's Financial Policies are designed to establish guidelines for the long-term fiscal stability of the City of Clyde Hill.

OBJECTIVES:

To achieve the above purpose, the following are 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 having significant financial impact to guide important decisions of the Council and City management.
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.

Historical Lessons Learned:

To achieve the above objectives, in 1992 the City conducted an analysis of its present financial condition, focusing on historical trends, areas of concern and financial solutions

or ideas. Since that time the City continues to maintain the tools used in tracking important financial/economic trends and projecting out potential financial scenarios in both good and bad times. With a current understanding of the forces and obstacles impacting the City's finances, all involved in the budget development can better appreciate potential problems with revenue sources, management practices, infrastructure conditions and future funding needs. This information enables the City to plan for and develop informed long-term strategies for the City's continued financial solvency.

FINANCIAL POLICY STATEMENTS:

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:

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 that is at least equivalent to the amount required to keep the City's General Fund balanced for five years based on the City's most current worst case financial projection scenario. It is acceptable practice for the City to include the budgeted General Fund balance and discretionary department balances from the Projects Fund to meet this policy.

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.

Policy Statement #10:

Maintain a managed reserve balance in the City's Capital Projects Department (within the Projects Fund). Maintain this balance to protect City infrastructure or other capital assets from unforeseen needs of an emergency or non-recurring nature or adverse financial trends to a limited capital revenue source. This reserve is important to allow the orderly reconstruction or preservation of the City's larger cost exposures.

Implementation #10:

Maintain a minimum balance in the Capital Projects Department (within the Projects Fund) of at least \$1,000,000 to address larger capital costs related to uncontrollable emergency related or unforeseen economic occurrences. Amounts in excess of this reserve balance can be used by the Council on a priority basis for larger capital projects or opportunities the Council deems appropriate.

Current Debt Obligations

City of Clyde Hill, Washington

As of December 31, 2013

To enhance budget communications with interested parties, the City of Clyde Hill would like to provide the following information regarding current debt obligations for the City:

- 1) The City of Clyde Hill has **no current debt obligations.**
- 2) Current unwritten policy can be described as “pay as you go,” and
- 3) “do not accumulate debt to burden future generations of Clyde Hill taxpayers.”
- 4) The State of Washington imposes legal debt limits for all governmental entities.
- 5) Limits on the City of Clyde Hill to issue debt are as follows:
 - a) 2.5% of Assessed Value for general purposes is allocated between:
 - i. up to 1.5% debt without a vote (councilmanic)
 - ii. 1.0% general purpose debt with a vote
 - b) 2.5% Assessed Value for open space, park & capital facilities, voted

The City of Clyde Hill Assessed Valuation for the 2014 Tax Roll is \$1,642,950,803 (2.5% of the current assessed value equals \$41,073,770).

- 6) The City of Clyde Hill does not operate any utilities.
- 7) The City of Clyde Hill **does not intend to issue debt** in the foreseeable future.
- 8) Conditions that should be considered in conjunction with any future issuance of debt:
 - a) unforeseen needs of an emergency or non-recurring nature (e.g. devastating earthquake),
 - b) orderly implementation of budget adjustments,
 - c) local match for public or private grants, and
 - d) unexpected opportunities.

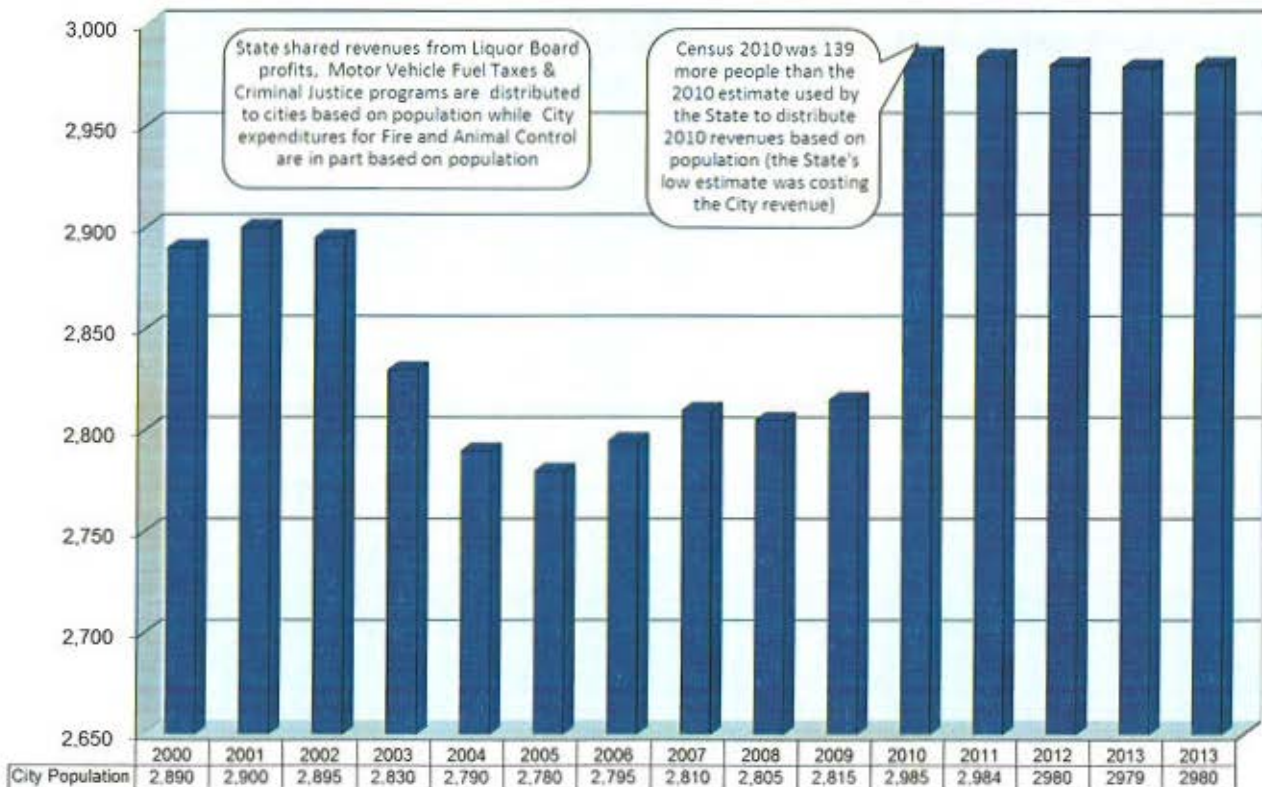
Please contact the Finance Manager, John Gagan, CPA with any questions or concerns regarding current debt obligations (john@clydehill.org & 425.453.7800)

2014 Budget

Major Revenue & Expenditure Assumptions, Facts and Trends

1. The Office of Financial Management (OFM) 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. OFM's April 1, 2013, population estimates are based on OFM adjusted Census 2010 values. Worth noting to see how accurate OFM's population estimates have been in the past, the OFM 2010 population estimate for the City of Clyde Hill was 2,845 and the 2010 census number came in at 2,984 (actual increase of 139 people or 4.9%). 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 of Clyde Hill 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 2014 Budget. The City Council traditionally approves the following year's budget at their monthly meeting on the 2nd Tuesday of December.

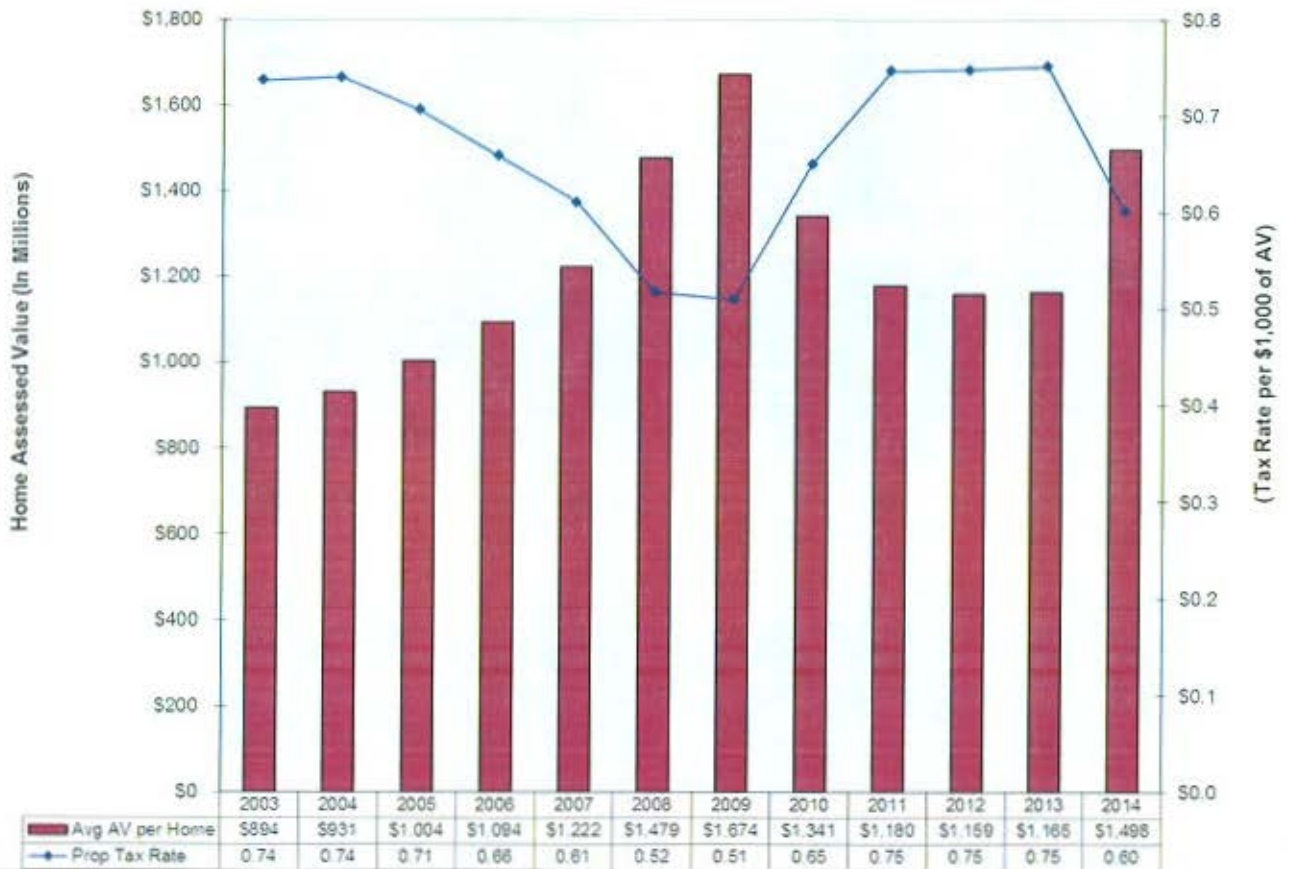
At the time the 2014 Budget was approved by the City Council on December 10, 2013, the following property tax information was available: 1) Assessed Valuation \$1,642,950,803 (up \$366,531,519 or 28.7% from the 2013 Tax Roll but still down \$142,873,110 or 8.0% from the all-time high for the 2009 Tax Roll), 2) New Construction \$34,777,085 (Up \$27,606,168 or 385.0% from the 2013 Tax Roll) and 3) Relevy for Prior Year Refunds \$1,926.

Due primarily to the return of a healthy housing market in the City of Clyde Hill, the City Council decided not to increase property taxes for 2014 by the allowed 1% increase over the previous year's levy amount (\$9,754), but levy property tax for the allowed new construction (\$26,143) and relevy for prior year's refunds (\$1,926).

The City's "banked capacity" representing allowed property tax increases not taken in previous years will increase from \$17,616 to the 2014 Tax Roll amount of \$24,990.

The approved 2014 levy amount of \$988,270 results in a property tax rate of \$0.60152 per \$1,000 of assessed valuation (2nd lowest rate in King County). Normally, the City's property tax rate moves inversely with the total assessed value amount. With the significant increase in assessed value for Clyde Hill for the 2014 Tax Roll, the City's property tax rate went down significantly also from 0.75173 in 2013 to an estimated 0.60152 in 2014 (rate down 20.0% from 2013 to 2014).

Also worth noting, due to the 1% limit on property tax levy increases in Washington State, the trend for property taxes as a percent of total General Fund revenues will continue to decrease in the years ahead and most likely will not keep pace with inflation.

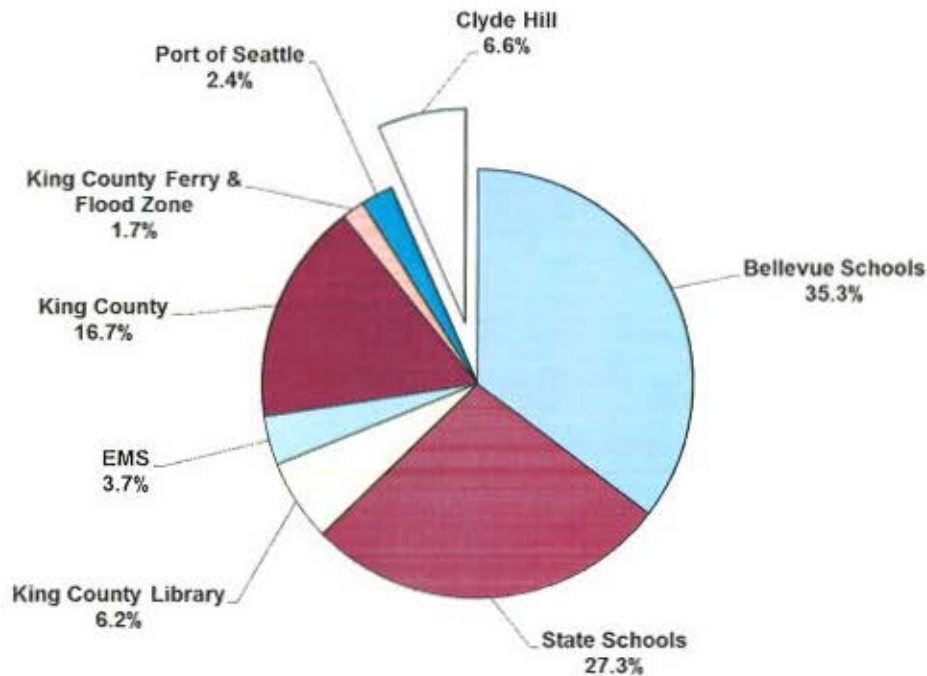
Comparison of Average Home Assessed Value to Property Tax Rate

As reflected in the chart above, the trend for property tax rates relates inversely with the total assessed value for the City of Clyde Hill. Clyde Hill Homeowners were genuinely frightened when they received their significant increases in assessed values from the King County Assessor's Office in the Fall of 2013. Most people that have migrated from other States, especially from the Midwest, associate higher assessed values to higher property taxes at the same proportionate rate. The State of Washington is unique regarding actual property taxes paid not being in direct proportion to the rate of increase or decrease in the property's assessed value.

3. There are now nine different taxing districts with authority to levy property taxes against homes in Clyde Hill. 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, storm water management, and general government services while only receiving 8.5% of your total property taxes paid. Please see the pie chart below showing the name and percent amount for those jurisdictions

receiving your total property tax dollars (still waiting on King County for 2013 Tax Year numbers from other jurisdictions). Please note King County's new ferry district & flood zone district started in 2008.

2014 Property Tax Distribution for Clyde Hill, Washington Taxpayers



4. At the height of sales tax collections in 2008, approximately seventy percent (70%) of the sales tax revenue for Clyde Hill was coming from new home construction and remodeling activity. New home construction projects in Clyde Hill take anywhere from 12 to 24 months depending on the complexity of the project to complete with sales tax remittance via the Washington State Department of Revenue lagging 2 months from the transaction date involving sales tax.

With the downturn in the housing market starting in August, 2008 for the City of Clyde Hill (as measured by building permits issued), this revenue source continued to decline significantly in the subsequent three year period from 2009 through 2011. In 2011, only 49.1% of sales tax revenue came from construction activity. The strong 4th quarter of 2012 broke this downward trend to finish the year at 56.7%.

Starting with the last two months of 2012, the City has received a significant and steady flow of sales tax revenue from the Chinook Middle School Construction Project. This \$40.5 million dollar complete school renovation project is estimated to generate \$344,250 in sales tax over the two year construction period. The actual monthly cash flow of when the sales tax revenue is actually received by the City has been much more difficult to predict. Through 2013, the City has received \$260,991 with an estimated \$83,259 waiting to be received in 2014. In 2013, sales tax revenue was 74.7% from construction activity with the Chinook Middle School Project representing 54.8% of total sales tax from construction activity. All budget participants have been reminded repeatedly of the one-time nature of the sales tax revenue from the Chinook Middle School Project.

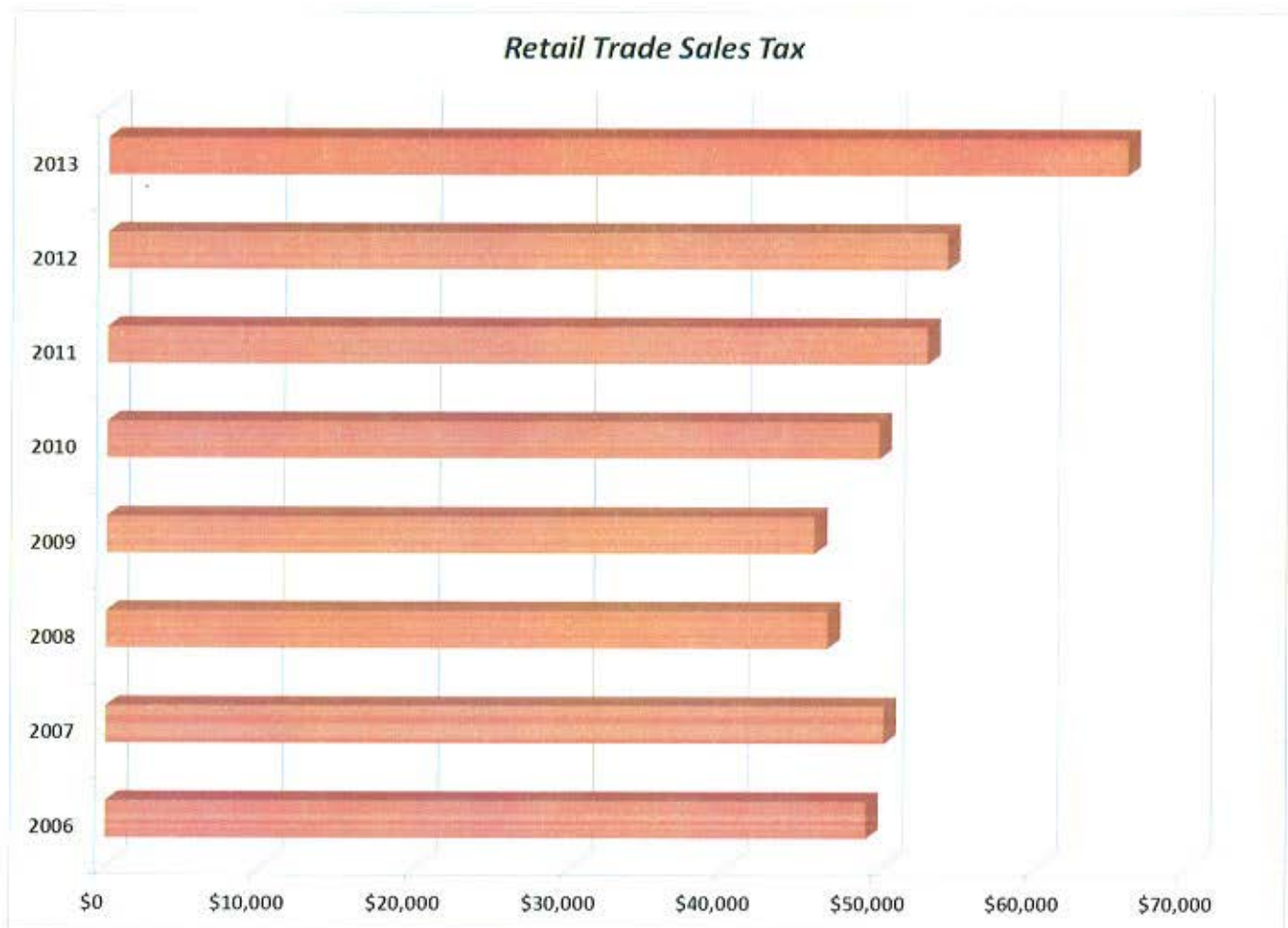
The following bar chart shows the volatility that the construction sales tax component of the overall sales tax revenue category has had over the past few years in Clyde Hill:



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 each budget development process, sales tax is 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 starting in the 2nd half of the 1990s to help stabilize the City's financial condition when the inevitable decline in sales tax revenue from reduced construction activity would occur.

Sales Tax revenue for the City of Clyde Hill has also been impacted by the new Streamlined Sales Tax (SST) Law that took effect throughout the State of Washington 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 the "storefront" where purchased 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 have received 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.

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. Overall though, the new SST law appears to have had a positive impact on the City of Clyde Hill by providing a steady and reliable source of revenue from the retail trade category, even during the great recession from 2009 through 2011.



5. Utility taxes and franchise fees are “revenue based” taxes on the gross receipts collected by the utility service provider to residents of Clyde Hill. We use information learned from telephone discussions with the Clyde Hill utility service providers, a review of their web site information, and our historical revenue trend tracking to project the utility service provider’s 2014 gross receipts for the eight (8) different components making up the utility tax and franchise fee revenue category:

Electricity:

- Puget Sound Energy (PSE) has made some fairly significant changes involving their company’s rate setting process with the State of Washington. The changes are spelled out in Schedule 142 for both Electric and Natural Gas services. It’s called “Revenue Decoupling Adjustment Mechanism” and it’s designed for better rate setting efficiency and avoiding drops in their revenue streams.
- Clyde Hill is investigating teaming up with PSE to challenge local residents to become the greenest town in the Puget Sound through the “Take Charge Green Power Challenge.” The goal would be to win a grant of up to \$40,000 to fund a community solar photovoltaic (solar) project.

- The revenue drop off in 2013 is attributed to the last winter's mild temperatures.

Natural Gas:

- Puget Sound Energy's (PSE) new "Revenue Decoupling Adjustment Mechanism" applies to this revenue category also and it's designed for better rate setting efficiency and avoiding drops in their revenue streams.
- On 09/23/13, PSE filed a request with Washington state regulators to increase natural gas rates for the upcoming winter season by an overall 1.5 percent, effective November 1, 2013.
- Revenue trend for the city has been going down over the past few years from this source, primarily attributable to the declining commodity cost of natural gas due to the abundance of supplies available in the Puget Sound region from western Canada (see previous bullets though).

Solid Waste:

- Annual rate increases are tied to 70% of the Seattle area CPI-W rate for October (expected to be about 1.2% at the end of October, 2013, resulting in a 0.84% rate increase effective April 1, 2014).
- King County raised the disposal rate (aka "tipping fee") effective January 1, 2013 – from \$109 per ton to \$120.17 per ton (10.2% increase) with no recent news of another increase.
- Tipping fees represent approximately 1/3 of the bill paid by Clyde Hill residents for solid waste service.

Cable TV:

- Effective on July 1, 2009, the utility tax rate was increased from 4% to 9% to help reduce the projected deficit caused by the "Great Recession" (the utility tax rate was 10% from 1988 through 2004 with a reduction down to 4% in 2005 made possible by the surge in development revenues).
- Last known rate increase was effective July 1, 2013 applied to selected services and equipment (although it's hard to measure, this rate bump was estimated to increase overall revenue by 3.0%).
- It appears that Clyde Hill residents are trending up in consuming more premium services from Comcast TV and there are many line items for cable tv services.

Local Access Telephone (land lines including VoIP):

- The utility tax rate for this revenue category was reduced to 4% from 2006 to 2008 (allowed by a surge in development revenues), but then increased back up to

6% in 2009 to help resolve the projected budget deficit brought on by the “Great Recession.”

- Comcast’s VoIP telephone service is a noteworthy trend that started at the beginning of 2007 with monthly remittances of under \$100 and now remits almost \$900 per month to the City for Utility Tax (VoIP most likely off-sets some City tax revenues by residents giving up their land lines).
- So far in 2013, there are 13 telecommunication companies remitting some amount of utility tax to the City of Clyde Hill while Century Link and Comcast represent 90.6% of the total remittances.

Wireless telephone:

- The utility tax rate for this revenue category has been 6% from its inception in 1995.
- The four big wireless carriers serving Clyde Hill residents are AT&T, Verizon, T-Mobile & Sprint.
- Noteworthy trends include AT&T’s decline of 34.6% since September, 2009 to September, 2013 presumably due to the lost monopoly for providing service to the iPhone and T-Mobile’s 38.4% decline over the same period presumably due to iPhone competition and outdated technology.
- Revenue rankings through September, 2013: 1) AT&T Mobility 52.4%, 2) Verizon Wireless 30.2%, 3) T-Mobile 9.9%, 4) Sprint 4.3% & 5) Miscellaneous Carriers (8 total so far in 2013) 3.2%.

Water (Service provided by the City of Bellevue Utilities Dept):

- Per the meeting minutes from the City of Bellevue’s Council Study Session on August 5, 2013, the Bellevue Utilities Director stated “staff does not anticipate needing to adjust the 2013-2014 utilities rates adopted in the last budget.”
- The Bellevue Utilities gets their water from the Cascade Water Alliance (formed in 1999, currently a municipal corporation comprised of five cities and 2 water districts serving 350,000 residences).
- On December 18, 2009, Cascade became the owner of Lake Tapps and Puget Sound Energy’s former White River project to enhance their supply of potable water for their service area.

Sewer (Service provided by the City of Bellevue Utilities Dept):

- Again, per the meeting minutes from the City of Bellevue’s Council Study Session on August 5, 2013, the Bellevue Utilities Director stated “staff does not anticipate needing to adjust the 2013-2014 utilities rates adopted in the last budget.”

- King County Metro (wastewater treatment service provider) only increases their charges every other year for processing waste water and 2014 will not be an increase year.
- Metro represents 60% of the costs for Bellevue Utilities to provide waste water sewer service.
- Sewer bills for households are tied to water consumption and that is the big unknown for 2014.

Quick History Lesson: 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%,
- 2) utility tax on local telephone access (land lines) from 4% to 6%,
- 3) franchise fee for water & sewer from 8% to 9%.

Previously the City Council had cut utility tax and franchise fee tax rates over the past decade with the help of the robust housing market that abruptly ended in mid-2008. For example, the 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.

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 2014 budget.

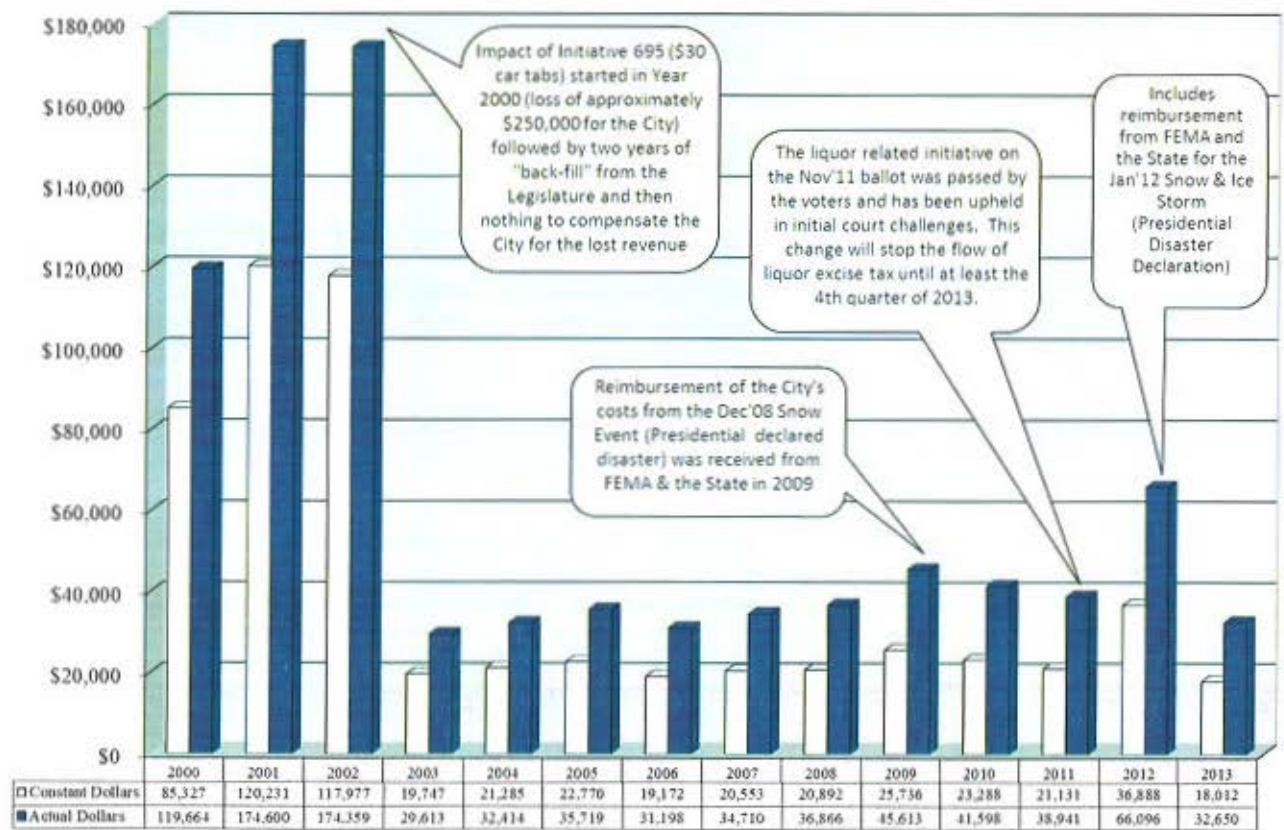
Much has changed on the liquor revenue scene since Initiative 1183 was approved by voters in November, 2011. It privatized the distribution and retail sale of liquor, effective June 1, 2012. The markups on liquor have been replaced as a state revenue source by license fees that are paid to the state by retailers and distributors. In addition, the legislature passed ESHB 2823, which diverts some liquor excise tax funds from cities and counties to the State General Fund.

With the passage of ESHB 2823, starting in October 2012, the legislature began to divert all the liquor excise tax revenue that would normally have been distributed to cities, counties, and border cities and counties to the State General Fund for one year. As a result of this legislation, cities and counties and border areas did not receive distributions in October 2012, January 2013, April 2013, or July 2013.

The 2014 Draft Budget number of only \$3,500 was taken from the guidance provided by the Municipal Research and Services Center's "2014 Budget Suggestions" based on the City's population of 2,980.

The most interesting chart from the three revenue sources we look to MRSC for guidance is for State Shared Revenues. Currently, the only state shared revenues received by the City are for liquor excise taxes, a small cut of the profits from the State's partial control of liquor sales and small reimbursement type grants from State and Federal for the police and public works departments

State & Federal Shared Revenues - Actual Dollars compared to Constant Dollars



Note: 2013 is Projected Year End

As illustrated in the chart above, the State provided the City of Clyde Hill up to approximately \$250,000 each year until the year 1999 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 in recent years by the robust housing market during the past decade. The City benefited revenue-wise from the almost phenomenal rise in housing values from 2003 through August, 2008 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 as to the adverse impacts from the loss of revenue now appear to have been realized by most local governments, including the City of Clyde Hill. In hindsight, the housing bubble that gradually built over the past decade does to a certain degree, appear to have masked over the predicted adverse fiscal impact for cities like Clyde Hill from the voter approved I-695 tax cut.

7. With recent voter approved limits on property tax levy increases, motor vehicle license fees and motor vehicle excise taxes in Washington State, building permits and plan check fees have become an increasingly significant revenue source for the City. Building permits and plan check fees are charged based on the valuation of the new home construction and remodeling projects.

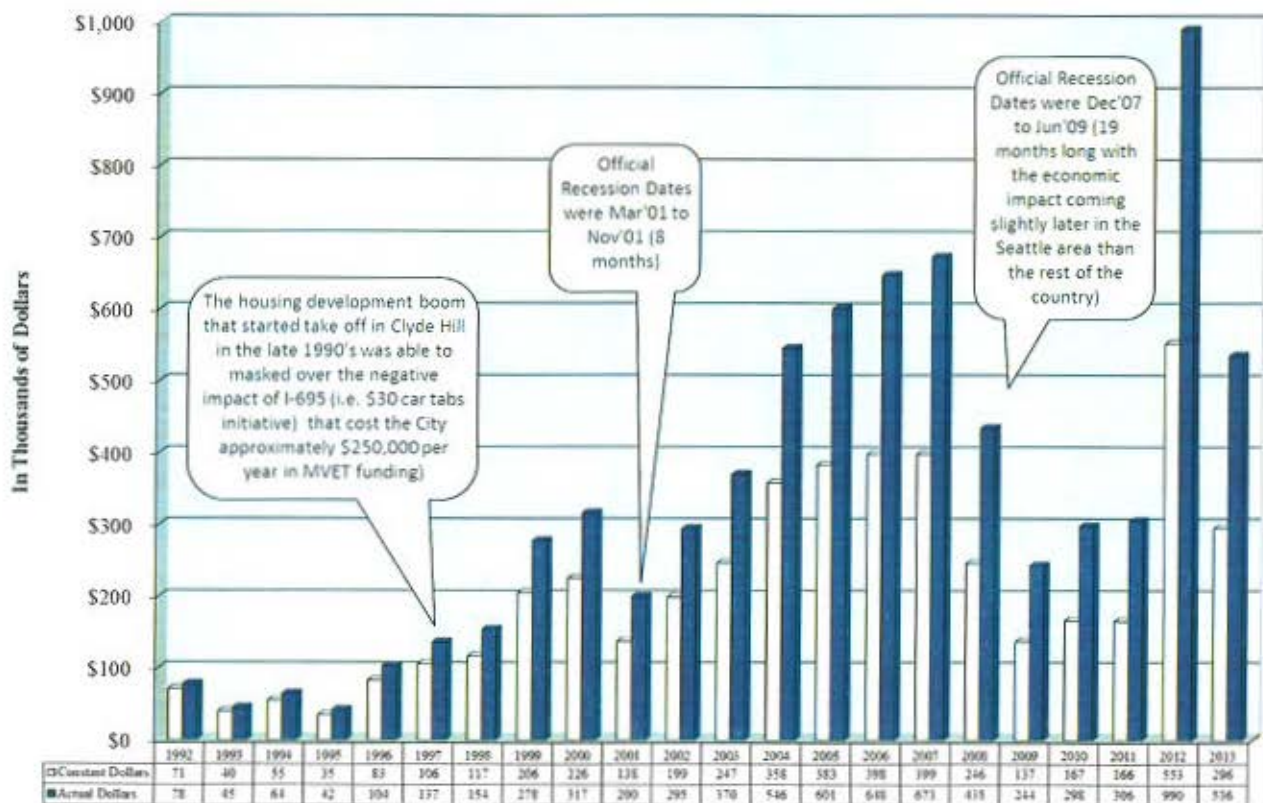
The existing home sale market appears to have recovered since June, 2009 and this has inspired confidence in homeowners and developers to build new homes or do substantial remodeling projects in Clyde Hill. If home builders sense that they will not be able to sell either a new home or their existing home after spending a significant sum of money on remodeling in a down market, obviously they’ll wait on the sidelines until there is clear evidence the market shows at least signs of hope. For 2014, we’ll continue to budget conservatively for revenue from building permits and plan check fees, but there has been clear evidence that the housing market in Clyde Hill has recovered from the burst in the housing bubble from 2009 to 2011.

As a reminder, the one-time total reconstruction of Chinook Middle School started in 2012 by the Bellevue School District with an estimated value of \$40,500,000 substantially increased the amounts of revenue in this category in 2012. The plan called for the School District to submit their building plans early in 2012 and begin the construction project right after school let out for the 2012 summer. Students will go to Ringdall School in south Bellevue for two school years while the construction project takes place and be back at a brand new Chinook Middle School for the start of the Fall, 2014 school year. In 2012, plan check fees for this school project were \$209,004, the 2012 building permit fee collected was \$321,545 and a 2012 grading fee was \$17,107. This project made 2012 Development Revenues an all time high for the City of Clyde Hill and produced a substantial 2012 budget surplus that was transferred to the City’s Reserve Fund in the 2013 budget. The main point here

though is for all stakeholders to realize that the 2012 Chinook Middle School Project was a one-time event.

The chart below shows the volatility of what has become an important revenue source for the City of Clyde Hill in the form of building permits and plan check fees. With fewer revenue options open to the city each year, balancing the annual budget without a strong local housing market becomes more difficult for a small residential community like the City of Clyde Hill.

Development Revenue - Actual Dollars compared to Constant Dollars (Back to 1992)



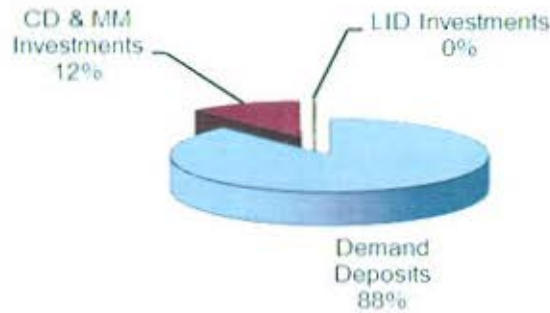
Note: 2012 included the one-time Chinook Middle School Project

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 approximately 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 2014 budget process to determine interest income. The following are the 2014 Interest Rate & Income Assumptions:

- 1) Approximately 88% of the City's available financial resources are invested with the Washington State Treasurer's Local Government Investment Pool (LGIP). The interest rate paid on deposits will lag slightly behind movement in the Fed Funds rate set by the Federal Reserve Bank. Currently, the Fed Funds rate is set at 0.00% to 0.25%, down over 150 basis points since the start of 2009. The posted on-line Chicago Board of Trade Fed Funds Futures Contracts through 2014 show only a slight increase from 2013.
- 2) The remaining available financial resources have been invested in: 1) \$250,000 Certificates of Deposit at Bank of America (approved by the Washington State Public Deposit Protection Commission). This CD will yield 35 basis points and mature in June, 2014, 2) \$500,000 Public Money Market Fund with Umpqua Bank (Bellevue Branch) with a yield of 22 basis points as of September 30, 2013. All deposits invested up to \$250,000 are FDIC insured.
- 3) To calculate our investment interest income number for 2014, the average LGIP rate during 2014 will be 0.13% and the CD will pay .35% in June, 2014. The LID rate has been fixed at 5.10% since the start in 2005. The Public Money Market Fund is accruing interest at .22% as of September 30, 2013. The rates described here are applied to the cash flow schedule shown above to determine investment income for 2014.
- 4) The Firwood Heights LID has been closed in 2012 with all participant paid completely. For the 92nd Ave LID, only 11 out of 95 participants remain with \$985 scheduled to be paid in interest to the City in October, 2014.

***Allocation of Investment Resources
(As of November 30, 2013)***

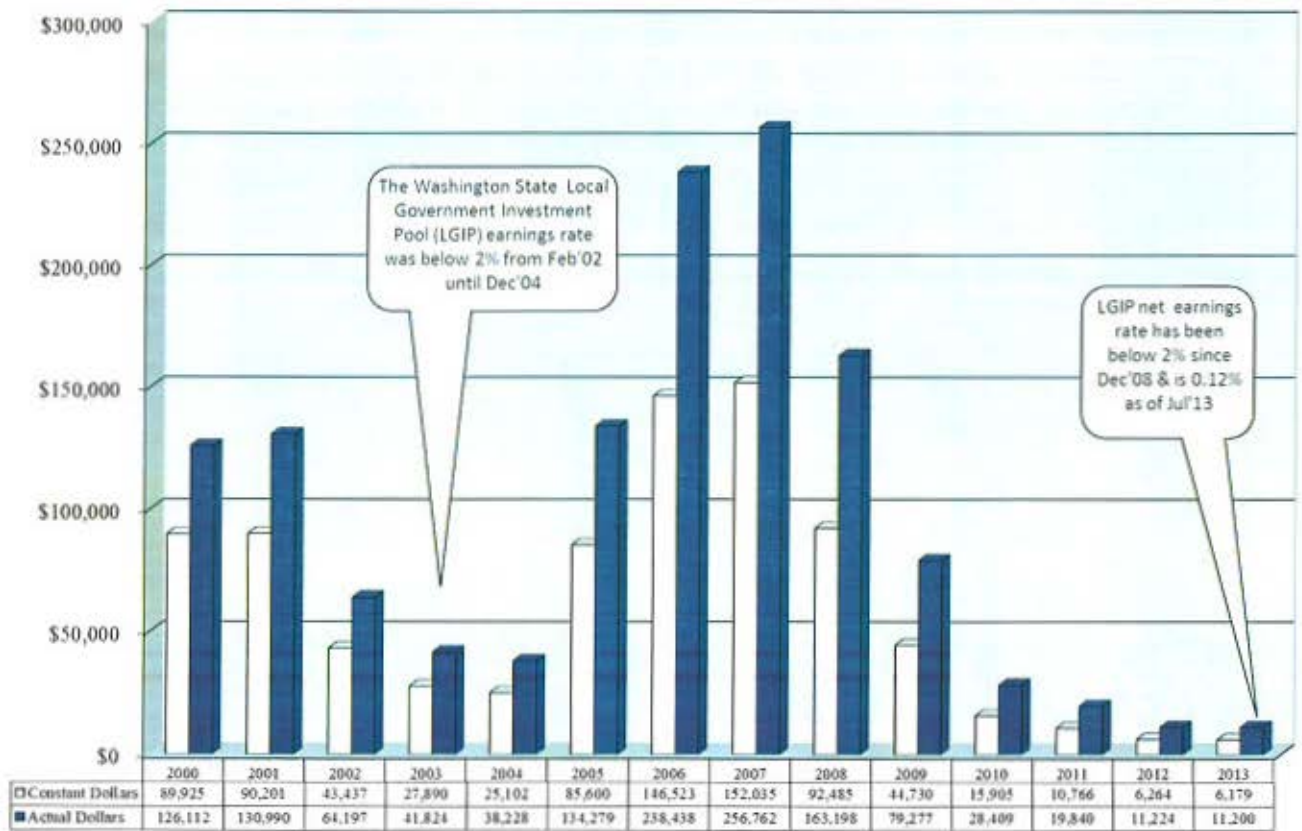


As of November 30, 2013, the City had \$6,551,889 in surplus funds available for investment.

Also worth noting, the City earns 5.1% interest on the 92nd Ave LID promissory note held by the Reserve Fund to help finance a utility underground project. The initial principal balance of \$834,100 is now down to \$9,653 as of 12/31/13 with only 11 out of the original 95 participants still having balances outstanding. This City administered financing arrangement has completed the 9th installment with 1 final annual installment to go. All 11 remaining participants are current on their accounts with the City.

The following chart for investment income shows how volatile this revenue source has been since fiscal year 2000.

Investment Interest Revenue - Actual Dollars compared to Constant Dollars



Note: 2013 is the Projected Year End

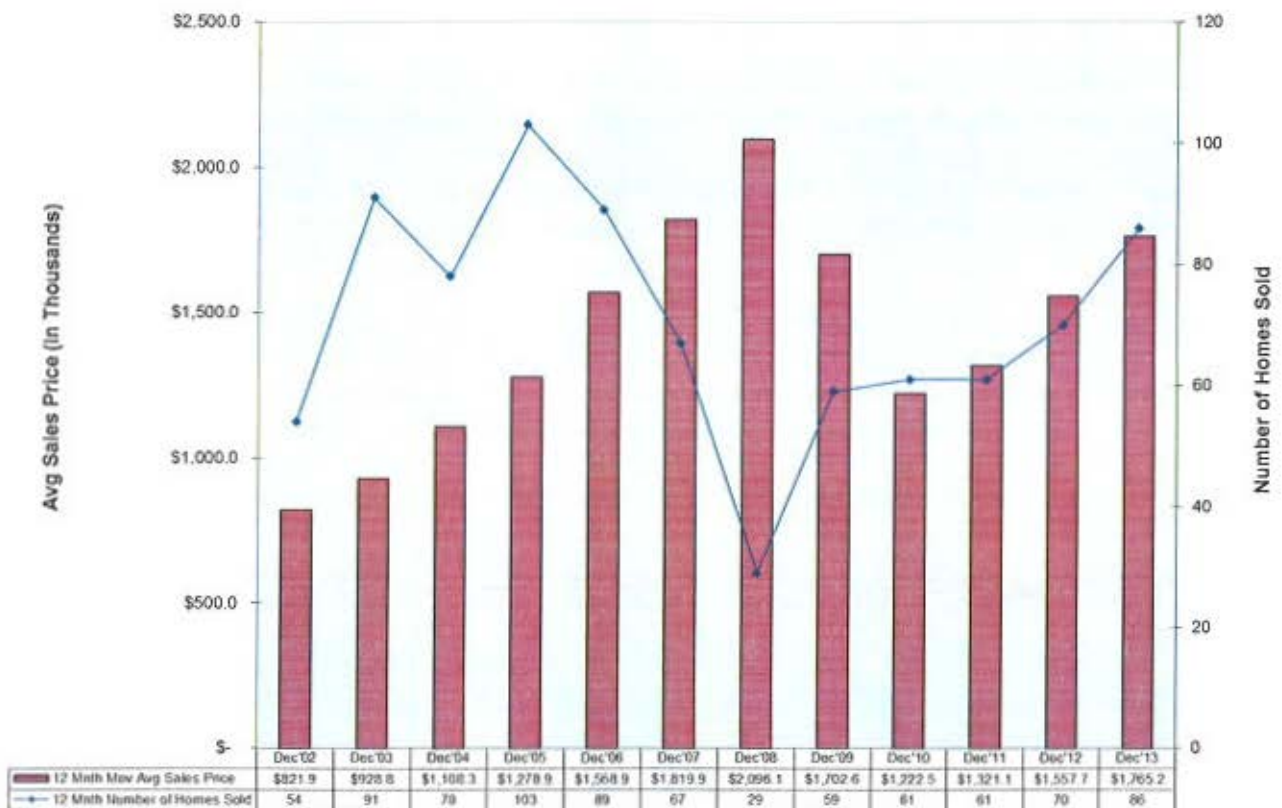
9. Homes sold in Clyde Hill pay Real Estate Excise Tax (REET) at the time the property title transfer is recorded with King County. Clyde Hill receives 0.005% times the sales price less a 1.3% collection fee paid to King County. This revenue source is restricted by law to capital improvements and is recorded in the Capital Projects Fund.

Over the past five years, home sales have rebounded substantially from the burst of the housing bubble near the start of 2008 and now Clyde Hill could be considered a healthy housing market again. From October, 2007 through March, 2009, only 33 homes were sold on average during any 12 month measuring period. The average Clyde Hill home sales price at the end of 2013 was \$1,765,210 compared to \$1,278,900 average Clyde Hill home sale price at the end of 2005. From a quick analysis of the transactions involved in 2013 home sales, it appears that the number of distressed properties in Clyde Hill are all gone now and prices were up 13.3% from December, 2012. The 2014 budget reflects this apparent strength in the Clyde Hill housing market with REET revenue budgeted at \$520,000 total, up from \$500,000 in 2013 and \$400,000 in 2012.

The existing home sale market is important to the 2014 budget in two ways: 1) new building permits, plan check fees, new construction for property tax levy and sales tax from construction activity are dependent on homeowners and developers having confidence in the liquidity of the housing market, 2) real estate excise tax is used to pay for capital projects like street overlays, storm water management projects and in starting in 2013, new sidewalk construction phase in every other year through 2021. Overall, the existing home sale market and the related REET revenue is a leading indicator for the City's other "elastic" revenue sources such as building permits, plan check fees, property tax new construction and sales tax from construction activity.

The following chart shows the moving sales price average and the number of homes sold over the previous 12 month period measured in 12 month increments.

Year Over Year Comparison of Average Sales Price to Number of Homes Sold



Sales Price is stated in Thousands of Dollars

10. The City has received four (4) grants plus one (1) award increase and time extension since 2007 from the Washington State Department of Ecology related to the National Pollution Discharge Elimination System (NPDES):

- \$75,000 Local Government Storm-water Grant; Project Period from 07/01/07 to 06/30/09.
- \$50,000 Phase II Stormwater Pass-through Grant; Project Period from 07/01/09 to 06/30/11
- \$77,520 Municipal Stormwater Capacity Grant; Project Period from 07/01/11 to 06/30/12.
- \$50,000 Municipal Stormwater Capacity Grant Dollar Amount Increase and Time Extension to 06/30/13.
- \$50,000 Biennial Municipal Stormwater Capacity Grant; Project Period from 07/01/13 to 06/30/15.

All of these grants are reimbursable cost type grants and the City is current with billing the State Department of Ecology. For the Municipal Stormwater Capacity Grant, the deadline for making reimbursable expenditures was been extended to June 30, 2013 and the award was increased by \$50,000. All four plus the increase/extension of these grants help the City of Clyde Hill stay in compliance with mandates from NPDES and more importantly, improve the water quality of stormwater flowing from the city's streets into nearby Lake Washington. All of these grants for Clyde Hill are accounted for in the Grants Department of the Projects Fund.

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 recognize in the accounts and reported in the financial statements.

Revenues are recognized when cash is received and expenditures are recognized when cash is paid. Capital assets and inventory items are recorded as expenditures in the governmental fund purchasing the asset or inventory item. A physical inventory is conducted annually of all inventory items with special attention to "small and attractive" inventory items.

"Cash basis" accounting is not considered GAAP for financial reporting purposes.

12. The 2014 General Fund budget is projected to have a \$0 operating surplus/deficit at the end of the fiscal year. This projected budget surplus/deficit of \$0 for the General Fund is added to the actual beginning fund balance of \$777,814 to allow the transfer-out of \$677,814 to help finance other City priorities.

\$556,314 will be transferred-out per the 2014 budget plan to the City's Reserve Fund to replenish this fund in the wake of temporary borrowings since the start of the

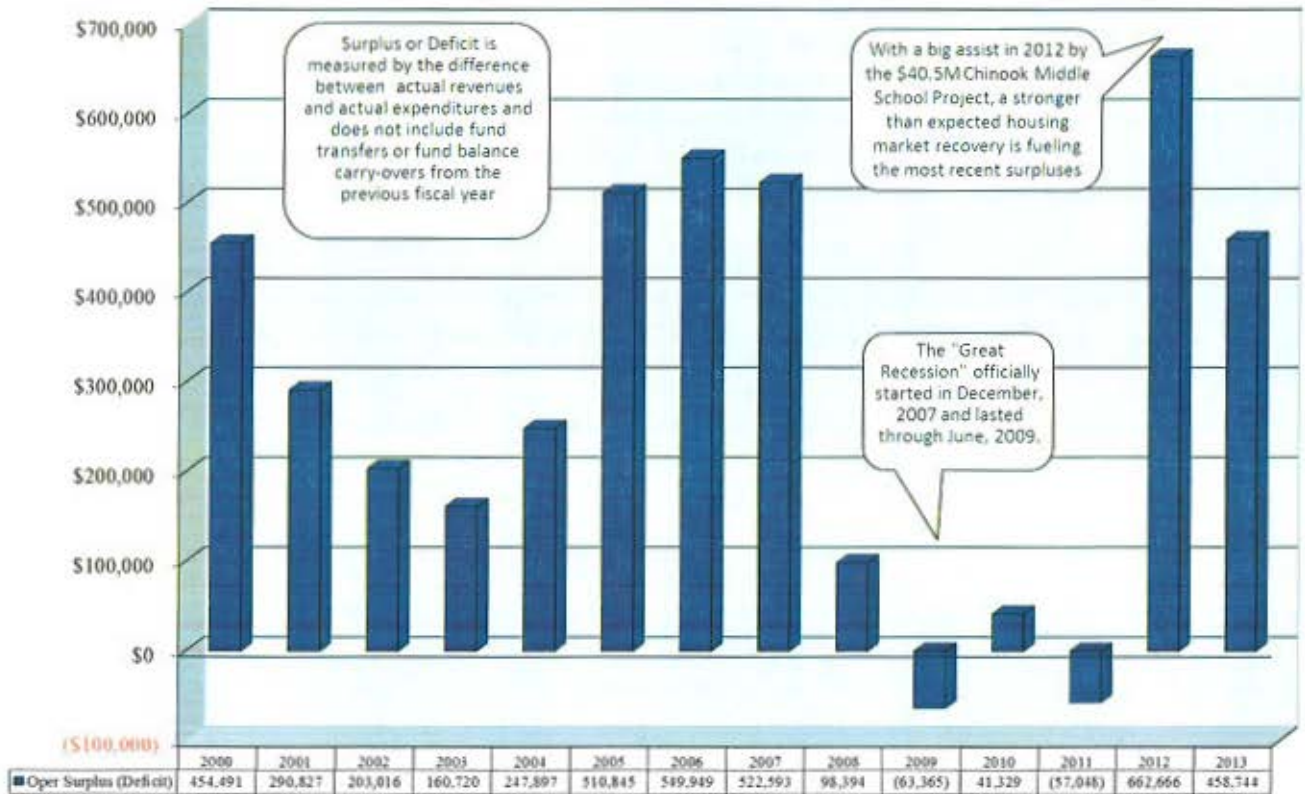
“Great Recession” beginning with the 2009 budget in order to balance the General Fund budget.

\$121,500 will be transferred-out per the 2014 budget plan for the following purposes:

- a) \$10,000 to the Housing Department in the Projects Fund to help finance the City’s \$15,000 annual contribution to low income housing projects here on the eastside of Lake Washington,
- b) \$16,500 to the Parks Department in the Projects Fund to help finance the City’s annual Celebration Event in August and the Parade of Pumpkins in October,
- c) \$50,000 to the Special Projects Department in the Projects Fund to help finance a list of important projects ranging from enhancing the City’s record storage system by utilizing “cloud” technology, strengthening the City’s ability to respond to emergency management situations, to updating the City’s stormwater maps.
- d) \$20,000 to the City’s Equipment Replacement Department in the Projects Funds to set aside money to replace computer equipment for administrative personnel when appropriate in the future, and
- e) \$15,000 to the City’s Equipment Replacement Department in the Projects Fund for the Public Works Department to replace equipment that has come to the end of its useful life.
- f) \$10,000 to the City’s Grants Department to match the State grant received for the 10 year update to the City’s Comprehensive Plan.

Per City policy, a transfer is made to or from the Reserve Fund so that the General Fund balance is \$100,000 to start the year. There are no significant changes in service levels in the 2014 General Fund budget. The chart below shows maybe the most important trend to watch for the City and that is the Surplus or Deficit for the General Fund (also known as the Operating Fund):

General Fund (Operating Fund) Surplus or Deficit

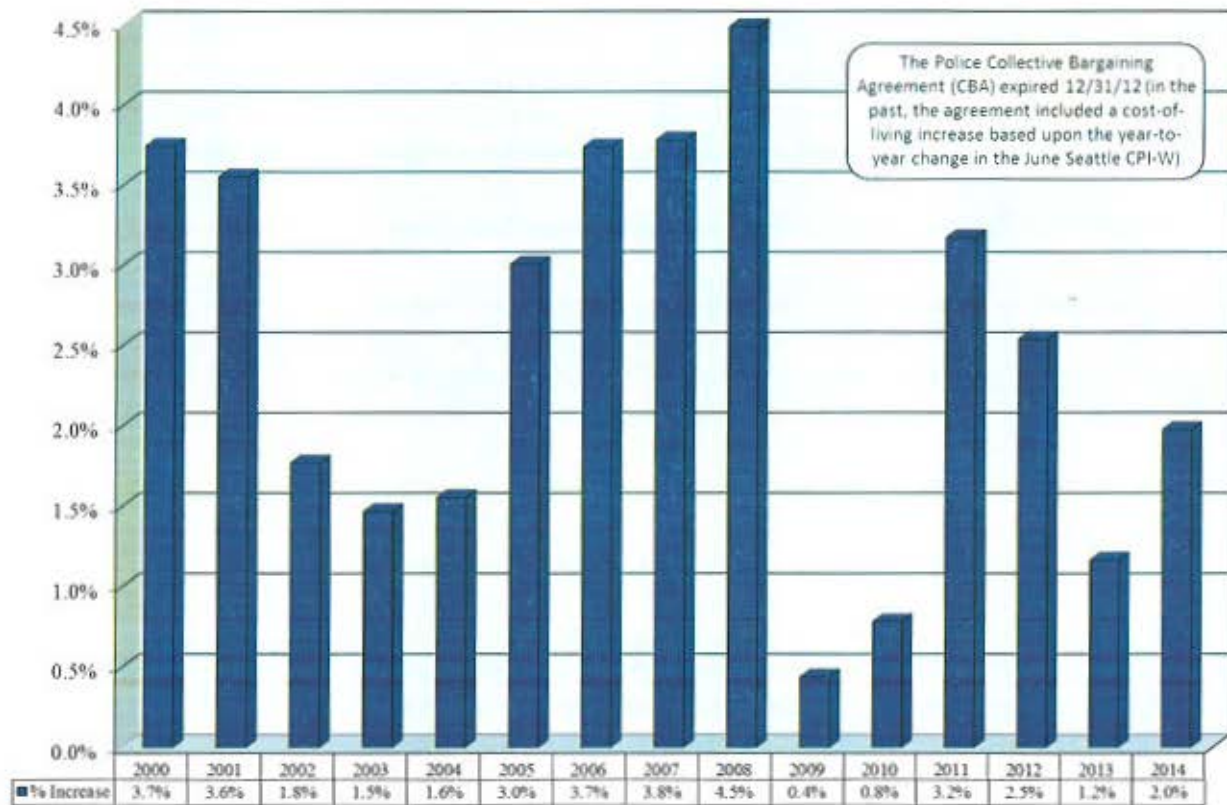


Note: 2013 is Projected Year End

- 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 June, 2013 is one element in determining wage increases, (if any). This number was 1.2% greater than for June, 2012. This number is expected to increase slightly by 2013 year end and only serves as part of the decision making process for determining employee salaries for 2014. 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 officer's contract expired on December 31, 2012 and is currently in negotiations.

The chart below shows the inflation rate since 2000 measured by the CPI-W for Seattle as provided on the MRSC web site. Budget participants are always cautioned that high inflation would generally hurt the City's future economic projections due to the majority of expenditures being for salary and benefits.

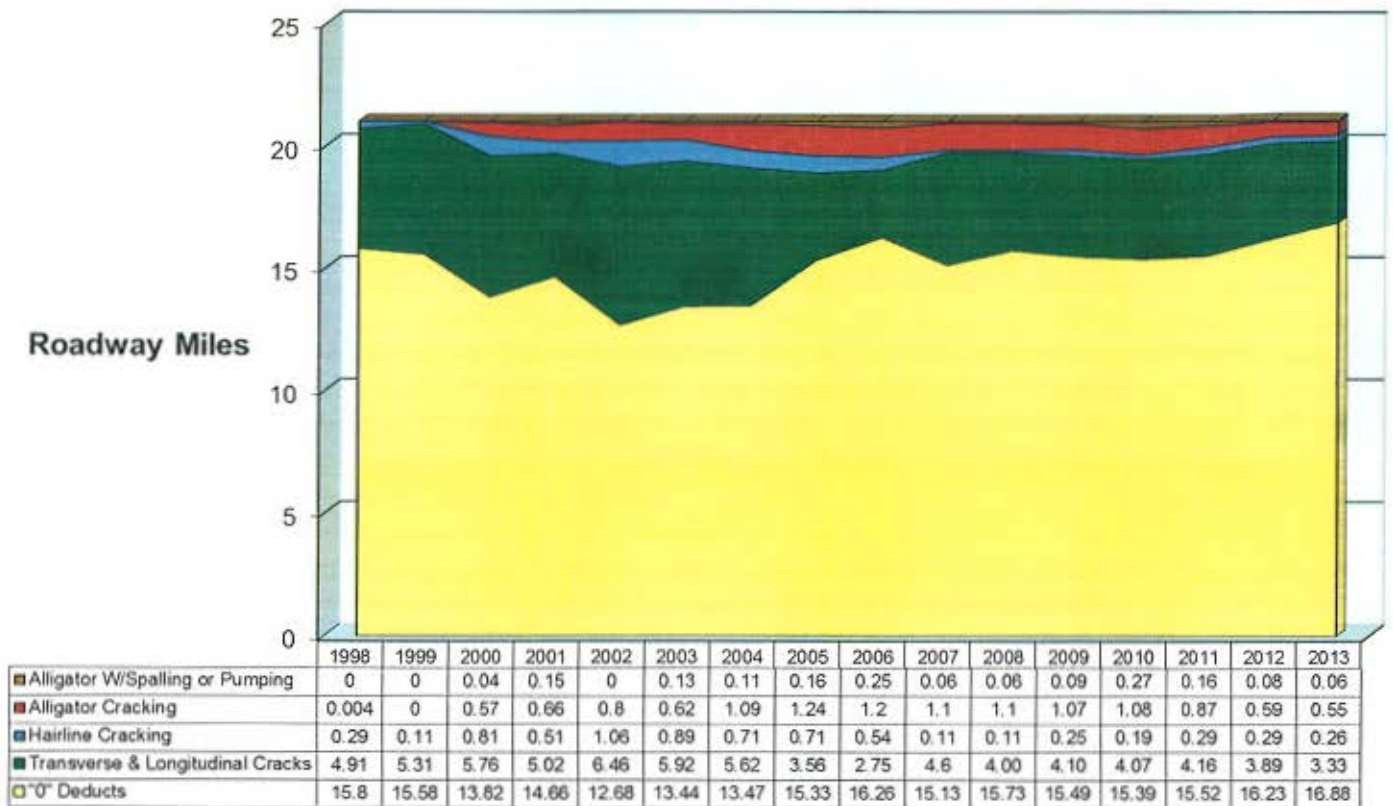
Inflation Rate (CPI-W for Seattle) Since Year 2000



Source: Municipal Research and Services Center (MRSC)

14. Capital improvements will have a minimal impact on the City's operating budget. From an example in the recent past, the City paid \$48,000 in 2006 and \$28,000 in 2010 for playground equipment to be installed on Bellevue School District property within the City's jurisdiction. 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. There are no other capital improvements planned that will have a significant impact on the City's operating budget.
15. The City adopts a Transportation Improvement Plan (TIP) each June to plan for street overlays, sidewalk projects and related storm-water management projects for the following six (6) year period. As part of the preparation for this annual transportation assessment, the City Engineer conducts a survey of the actual condition of the City's streets. The following chart shows the results from this annual survey of Clyde Hill streets since 1998 (overall, the chart indicates that City streets are in very good condition).

Annual Road Paving Condition (1998 - 2013)



The 2014 Budget calls for the following capital improvement projects:

2014 Road Overlay Program:

The 2014 capital budget includes \$575,000 for the bidding and construction of the City's 2014 Road Overlay Program. Roads within this year's program include:

- 86th Ave (24th to 28th)
- 85th Ave (25th to 26th)
- 25th St (85th to 86th)
- 26th St (85th to 86th)
- 14th (15th to 92nd)
- 86th (12th to 14th)

2015 Sidewalk Program:

There are three elements to this account that are included in the 2014 Budget:

1) Sidewalk Engineering - \$60,000:

The first of five new sidewalk projects was implemented this year on 24th Street (92nd to 98th). The 2014 Budget includes \$60,000 for the design of the next sidewalk project 92nd Ave (20th to 24th) that is planned for construction in 2015.

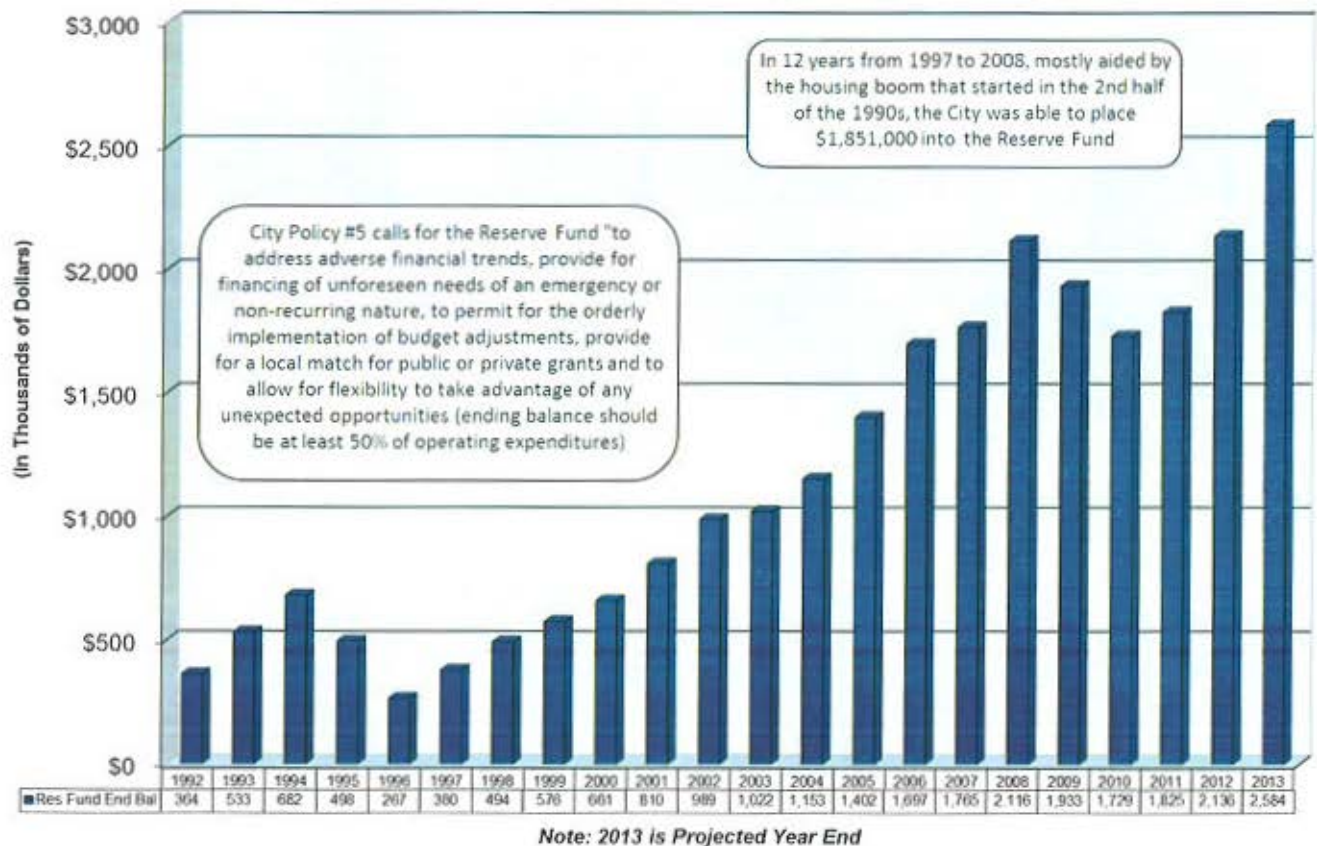
2) Sidewalk Segment - \$50,000 – 92nd (32nd about 100' south):

This is a small segment of sidewalk that would be necessary to link the new SR 520 sidewalk from the new 92nd lid to 32nd St (on the east side of the road). This sidewalk would link the current mid-block crossing (just south of Pts. Dr) with the end of the SR 520 sidewalk.

3) Mid-Block X-Walk - \$50,000 – 92nd (S. of Pts. Dr)

In conjunction with the above project, this project would locate two solar flashing signs to indicate that pedestrians are in the mid-block crosswalk. If possible, the engineer will attempt to include a small safety island in the middle of the road as well.

16. The City's Reserve Fund balance is budgeted to have \$2,584,242 at the end of 2014, up \$566,842 or 21.9% increase over the 2013 budget (primarily due to new construction, including sales tax from the one-time Chinook Middle School Project). The City Council had consistently built up the Reserve Fund to serve in part as the City's "Rainy Day" fund prior to the Great Recession starting at the end of 2007. In 2009 and 2010, the Reserve Fund had to transfer money (\$187,407 in 2009 & \$196,265 in 2010) to the General Fund to make sure the operating fund had enough money to pay for the day to day activities of running the City of Clyde Hill. No transfer from the Reserve Fund to the General Fund has been needed since 2010. The entire Reserve Fund is unrestricted money and can be used by the City Council as they see fit.

Reserve Fund Ending Balance (Since 1992)**Update on New in 2010 Budget Items**

19. Effective 04/01/10, the City of Clyde Hill began a new Business Licensing requirement by partnering with the State Department of Licensing (now run by the State Department of Revenue) for administrative and web site support. City Ordinance #903 was passed at the December 8, 2009 Council meeting with a list of exemptions such as non-profit businesses, deliveries only and casual sales (i.e. garage sales, babysitting, etc.). The business license must be renewed each year business activity is conducted inside the City limits and the fee will be \$25 annually. The 2010 budget included \$15,000 for this new revenue source while the actual 2010 year end came in at \$20,127. The big surprise during the year was the high number (10%) of Clyde Hill residents conducting some form of a business from their homes. The 2014 budget for this revenue source is \$20,000.

The primary purpose of the new business licensing requirement was to better inform businesses working in Clyde Hill that Clyde Hill is a separate jurisdiction for sales tax remittance. Due to Clyde Hill's proximity to the City of Bellevue,

many building contractors and other service providers over the years have inadvertently remitted their sales tax dollars to the neighboring City of Bellevue on their Washington State Department of Revenue tax returns.

Based on the in-house audits done from 2011 through 2013 that included over 80% of the building valuation in Clyde Hill since the start of 2011, it appears business licensing has served its purpose. Building contractors now know that they're operating in Clyde Hill and are required to remit their sales tax collected from customers to the State Department of Revenue using the Clyde Hill sales tax code of 1708.

20. Budget year 2010 was also the first full year of the City of Clyde Hill providing building inspection services to the neighboring City of Medina. The 2010 budget included \$15,000 for this new revenue source while the actual 2010 year end number came in at \$7,507 (mostly due to the weak new home construction and remodeling market in the entire Puget Sound Basin due to the recession type economic conditions). Actual 2011 inspection revenue was \$8,627; 2012 was \$8,201; 2013 was \$13,212. The 2014 budget is \$10,000. Overall, this cost sharing arrangement with the City of Medina still allows both cities to have an experienced inspector in-house rather than going with a more costly and less flexible consulting service.

Update on New in 2011 Budget Items

21. On July 1, 2010, residents in unincorporated King County and 27 contracting cities, including Clyde Hill, redesigned a new Regional Animal Services model to handle animal control, sheltering and licensing services. A number of details changed regarding animal control in Clyde Hill from a beginning amnesty period to the costs involved for licensing.

Part of the regional agreement was an incentive of reduced costs for cities serving as the licensing agent for dog and cat licenses (i.e. the more licenses issued and less calls for service, the less cost for the city). The primary impact on the 2011 budget though was a new expenditure line item of \$5,800 for "Animal Control Services." Previously, the City made no direct expenditures for this service. The 2011 actual expenditure for regional animal services was \$2,734; 2012 was \$3,039; 2013 was \$0 (more licenses issued and fewer calls for service resulted in the City receiving \$600 on the plus side. For prudence, the 2014 Budget is \$1,000.

This regional approach to animal services has experienced growing pains with a few of the larger cities in the county (i.e. Bellevue, Kirkland, Shoreline & Auburn) threatening to go off on their own making the regional approach less likely to succeed. Since last year's update, the City of Auburn has gone off on their own while the cities of Bellevue, Kirkland and Shoreline have all stayed

members of the regional approach headed up by King County. Overall, at the start of the 2014 budget year, animal control appears to be working for Clyde Hill at a reasonable cost.

22. The City of Tukwila decided it no longer wanted to serve as the Jail Advisory Group (JAG) Fiscal Agent and the City of Clyde Hill stepped up to serve this regional group. As the Fiscal Agent name implies, Clyde Hill was responsible for keeping track of the group's cash balance, billing JAG members for periodic assessments and paying the bills when due. The City earned \$5,250 annually for taking on this new responsibility starting in 2011.

In 2011, King County has reversed itself and will now accept prisoners from cities and towns in the county nullifying the need for local governments to build their own jail facility. As a result, the need for the JAG no longer exists and the group was dissolved at the end of 2012. The City of Clyde Hill served as the fiscal agent and collected the annual fee of \$5,250 in 2012 and also got to keep any leftover resources available when the JAG ends (estimated at about \$500).

Update on New in 2012 Budget Items

23. The complete reconstruction of the Chinook Middle School by the Bellevue School District had a major impact on City finances in 2012. The construction project started when school let out for the summer of 2012 and is scheduled to last for two years with kids returning to the brand new school in the fall of 2014. The final valuation for this project came in at \$40.5 million resulting in a plan check fee of \$209,004, a building permit of \$321,545 and a grading permit fee of \$17,107. The point of emphasis in the 2013 budget process was that all these amounts were a one-time event with a deposit to the City's Reserve Fund rather than taking on new expenditures being the conservative approach. This school construction project was expected to remit \$160,000 in sales tax to the City in 2013 and another \$150,000 in 2014.

The Chinook Middle School Project allowed the 2012 budget to show a General Fund surplus of \$66,650, the first surplus since 2007. Here's a quick schedule of General Fund budget surplus and deficits since 2007:

2007 - \$4,100
2008 - \$0
2009 - (\$285,800)
2010 - (\$418,700)
2011 - (\$355,200)
2012 - \$66,650
2013 - (\$73,450)
2014 - \$0

24. The 84th Ave NE roadway construction project was an extraordinary activity for the City in 2012 due to being the lead agency in the partnership agreement with the neighboring City of Medina and the significant (for Clyde Hill) grant money received from the Washington State Transportation Improvement Board (TIB - \$500,400). This legacy type project has greatly enhanced the 84th Ave NE corridor for generations to come.

Update on New in 2013 Budget Items

25. For the 2nd year in a row, the City decided to not take the allowed 1% increase in the property tax levy over the previous year. The City will increase the property tax levy for new construction and for 2012 property tax refunds. This brings the City of Clyde Hill's "bank capacity" for levy authority in the future to \$17,616.
26. Sales tax on the \$40.5 million Chinook Middle School Project is estimated to be at least \$335,000 over the life of the project. \$19,763 was received in 2012 and \$160,000 is included in the budget for 2013. The actual number for 2013 came in at \$241,228 with approximately \$83,250 remaining to be received in 2014. This was the largest single construction project in the history of Clyde Hill. Although the timing for when sales tax money has been received have been off, it will be noteworthy to see how close the overall projection \$335,000 in sales tax comes to the actuals when the project is finished in 2014.
27. To help control employee health costs, 2013 is the first year non-union employees will contribute 10% of the cost of medical premiums for themselves and any dependent children. The City has won the employee wellness program WellCity Award sponsored by the Association of Washington Cities for the past 3 years with the financial benefit of a 2% discount on medical premiums. These two cost containment measures are contributing to holding employee benefits to a modest increase in the 2013 budget (and no increase in 2014).
28. Through negotiations with the City of Bellevue for providing Fire Department Services including emergency medical and hazmat services, the City has continued to drive down the cost. The City of Clyde Hill 2013 called for a payment of \$602,650 compared to \$687,340 in 2010. This is a 12.3% reduction in cost from 3 years ago.
29. The sidewalk construction program was scheduled to begin in Clyde Hill during 2013 with 5 installments between 2013 and 2021. The cost of this capital improvement program was budgeted to be \$475,000 in 2013 and \$2,127,740 through 2021. This construction program is dependent on matching revenue from real estate excise tax (REET). The actual cost in 2013 came in at \$342,734 that was offset by a \$125,000 grant from the State Transportation Improvement Board (TIB).

New in 2014 Budget Items

30. For the third consecutive year, the City's general levy amount for Property tax will not increase. The 2014 levy includes the amount currently available for new construction and an amount re-levied for prior year refunds. The City of Clyde Hill has the second lowest city tax rate of all cities in King County. The City's "Banked Capacity" is now at \$24,990.
31. Modified Policy Statement #5 concerning the minimum size of the City's Reserve Fund. This revised policy now aligns the City's Reserve Fund to the cumulation of the City's Worst Case Financial Projections for the next five (5) years. The worst case financial projection along with the best case and most likely case are reviewed in August of each year as part of the first study session of the budget development process. The calculation to determine the minimum amount of the Reserve Fund to cover the City's worst case financial projections for the next five (5) years showed a positive \$78,166 at the start of the 2014 Budget.
32. Complete the periodic 10 year update the City's Comprehensive Plan at a 2014 budget amount of \$35,000.
33. From the Equipment Replacement Fund, purchase a new Phone System (\$6,000) and Computer System (\$55,000).
34. "Cloud" data storage project, including the hiring of a part-time project person at a 2014 budget amount of \$25,000. The plan is organize, scan, store, and index the huge volume of paper the City takes in each using "Cloud" technology. Some of what needs to be retained is rather large like plans for new homes.
35. Enhanced emergency preparedness project at a 2014 budget amount of \$40,000. \$35,000 of this amount will be for a new Variable Message Sign/AM Radio Transmitter (similar to the method used on highways where travelers are asked to tune their dials to 1610 for more information). The goal is to keep those impacted by any emergency here in the City of Clyde Hill regularly informed with up to date information.

Budget Process Overview

City of Clyde Hill, Washington

Background

The City of Clyde Hill is a residential community of approximately 2,980 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 2014.

The 2014 Total City Expenditure Budget is approximately \$4.6 million. As allowed by the State Auditor's Office for smaller sized cities, the City uses the "cash basis" method of accounting and budgeting which is a departure from generally accepted accounting principles (GAAP). The City has no debt. The City of Clyde Hill's fiscal year is the calendar year January 1st through December 31st.

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. Going in the other direction, the City of Clyde Hill provides police services to the 1,015 residents in the Town of Yarrow Point. A mutually beneficial partnership exists between the City of Medina and the City of Clyde Hill. Inter-local agreements have the City of Medina providing building official services to Clyde Hill and the City of Clyde Hill providing building inspection services to Medina. 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.

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 budget process culminates in an overall "Business Plan" each year 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 2014 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 2014 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 six year period. The City’s annually updated Transportation Improvement Plan (TIP) 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 financially related 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 60. 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 Suppression & 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 service, growth management act, Hwy 520 floating bridge replacement project planning and management of construction impacts on the city, 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 eastside housing contribution, animal control services, improved water quality in compliance with the 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 2014 Preliminary Budget was available to the public on November 1, 2013. Please see our Budget Calendar for 2014 following this narrative for the specific timing of budget events. The City newsletter, Channel 21 cable tv, e-mail alerts and the 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. This enhanced budget monitoring plan will continue in 2014 and has been slightly refined since its inception based on input from Council members and Budget Advisor Committee members. The refinements have better linked the revenue and expenditure categories being monitored and reported on to the Monthly Operating Report categories and takes into account materiality for reporting purposes. Please see page 11 in the Introductory Information chapter of this budget document for a more in-depth explanation of how this now on-going plan is intended to work. Overall, this plan is designed to avoid any surprises and give the City Council as much time as possible to deal with any unfavorable budget variances developing during the 2014 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 2012 can be viewed at the "Finance Page" on the City's web site at www.clydehill.org.

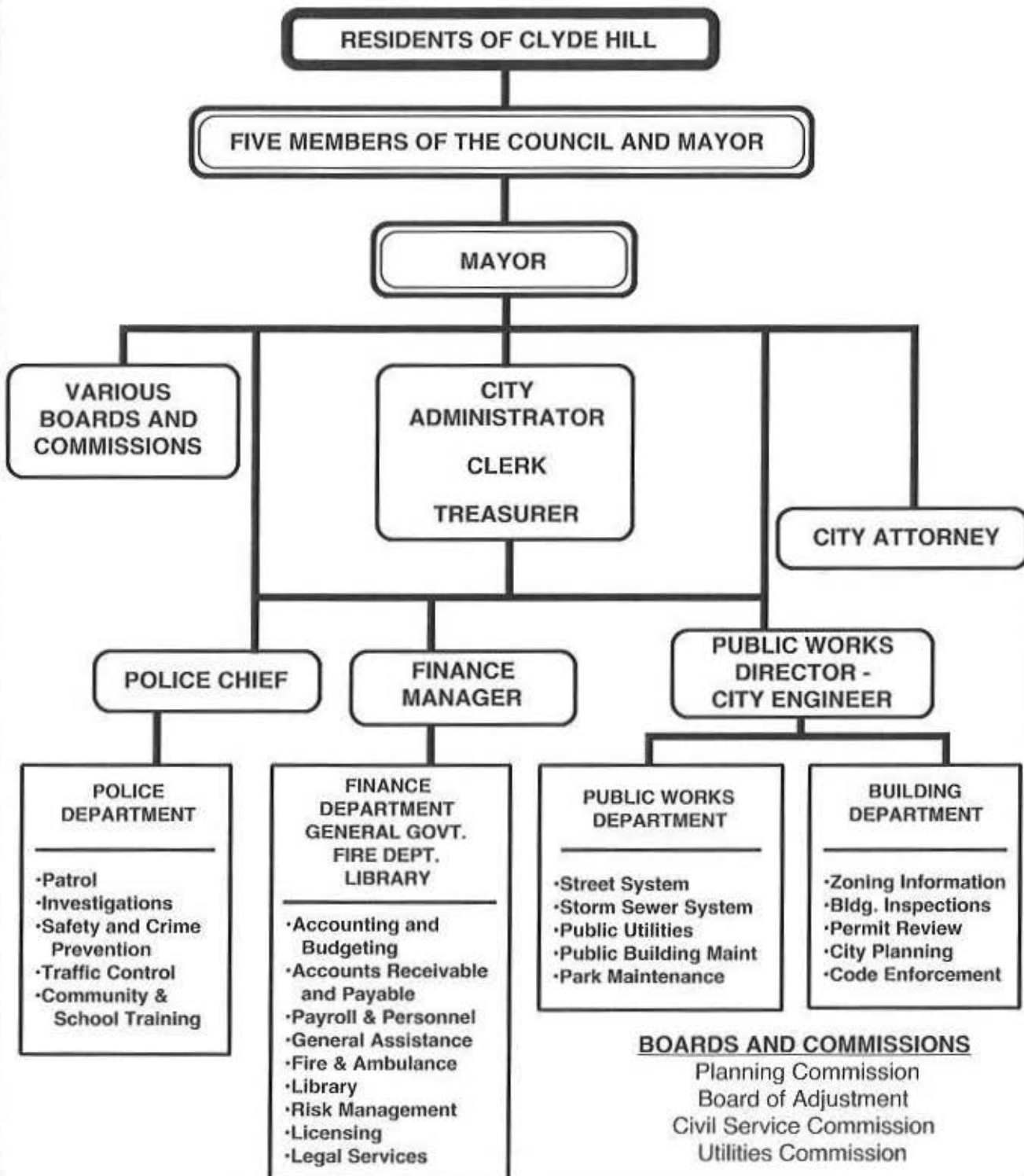
Believe it or not, your city government staff actually looks forward to the audit each year as a way to strengthen our practices and provide us with assurances that our fiscal house is in order. The City of Clyde Hill has a written internal control plan that we share with the auditor's office each year 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 out \$10,228 in 2013 for our annual audit services.

2014 Budget Calendar

City of Clyde Hill, Washington

<i>Statutory Dates</i>	<i>Proposed Dates</i>	<i>Steps in the 2014 Budget Development Process</i>
N/A	Tuesday, 7/9/2012	Review Budget Calendar & Confirm Budget Advisory Committee at Regular City Council Meeting
2nd Monday in September (9/9/13)	Friday, 8/16/2013	Department Heads are asked to prepare detailed estimates of revenue & expenditure estimates for the 2014 fiscal year Budget.
N/A	Tuesday, 8/27/2013 with Packets Out 08/23/13	BUDGET STUDY SESSION #1 - Goal is to facilitate 2014 budget discussions with a good understanding of the City's current financial condition & projected best case/worst case financial future. Possible 2014 budget discussion items will be identified at this meeting also (Public is Welcome!).
4th Monday in September (9/23/13)	Friday, 8/30/2013	The Department Heads submit their budget requests to the City Administrator and Finance Manager.
On or before the 1st business day in October	Available on Monday, 9/30/2013	City Administrator (Clerk/Treasurer) provides the Mayor with the 2014 "Draft Budget" for presentation to the City Council at the 2014 Budget Study Session #2.
No later than the 1st Monday in October	Monday, 10/07/2013	Projected 2013 Year End Revenue Data & 2014 "Draft Budget" are shared with the City Council & the Budget Advisory Committee.
Before vote on property tax levy	Tuesday, 10/22/2013 with Packets Out 10/08/13	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. (Public is Welcome!).
At least 60 days before the ensuing fiscal year (11/2/13)	Available on Friday, 11/1/2013	The Mayor files the 2014 Preliminary Budget & Budget Message with the City Council, Budget Advisory Committee and the City Clerk (City Administrator).
No later than 1st two weeks in November	Saturdays (11/2/2013 & 11/9/2013)	The City Clerk (City Administrator) publishes notice that preliminary budget has been filed and publishes notice of public hearing on final budget once a week for two consecutive weeks.
November 30 for all cities and towns	Tuesday, 11/19/2013	Setting property tax levy as part of the proposed 2014 Preliminary Budget.
On or before 1st Monday of December	Tuesday, 11/19/2013 with Packets Out 11/12/13	BUDGET STUDY SESSION #3 (Final Hearing on Proposed 2014 Budget) - 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	Tuesday, 11/19/2013 & Ordinance on Tuesday, 12/10/2013	SET THE 2014 PROPERTY TAX LEVY * The 2014 property tax levy decision without certified numbers from the King County Assessor's Office is made at the Budget Study Session #3 meeting on 11/19/13. The ordinance to establish the 2014 Property Tax Levy with certified numbers is passed at the City Council's regular December monthly meeting.
Following the public hearing & prior to the ensuing fiscal year.	Tuesday, 12/10/2013	ADOPTION OF THE 2014 FINAL BUDGET at the regular December City Council monthly meeting.
N/A	After Adoption	Copies of 2014 Budget are available to the public and filed with the Washington State Auditor's Office, the Municipal Research & Service Center (MRSC), and the City's Web Site.

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

**SERVICE
MEASURES**

**COMPARATIVE
STATISTICS**

**Serve as Input
to Determine**

**FISCAL
INDICATORS**

**ECONOMIC
INDICATORS**

BUSINESS PLAN

**TARGET
ISSUES**

2014

**FUTURE
PROJECTIONS**

2014 - 19
Long-Range Scenarios

**2014
OPERATING
BUDGET**

General
Fund

**CAPITAL
IMPROVEMENT
PLAN**

2014 - 19

Description of the City's Accounting System

As of September 30, 2013

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 up to \$250,000. 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.

Investments by type at September 30, 2013, are as follows:

Type of Investment	Balance
Local Government Investment Pool	\$4,956,638
Certificates of Deposit	250,000
Public Money Market Fund	500,000
92 nd Ave LID Long Term Financing	19,311
TOTAL	\$5,725,949

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. An inventory is maintained, including "small and attractive" items, and a physical inventory accounting is conducted annually.

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.

The City's liability for vacation pay is calculated and reported on Schedule 9 of the Annual Report that is audited by the State Auditor's Office. As of 12/31/2013, the City's liability for compensated absences was \$94,643.

Customer Deposits

The City accepts security deposits and bonds from customers to ensure performance and return of 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 September 30, 2013. The City has provided the long term financing for the one Local Improvement District (LID) with an outstanding balance that was 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 162 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 \$750,000, 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.

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.

Final Budget Numbers

City of Clyde Hill, Washington

Fiscal Year 2014

The culmination of the annual budget process that begins in August of each year is at the City Council's December regular meeting with the adoption of the next year's budget. The adopted budget gives city staff the authority to make expenditures up to the appropriated amounts for each of the City's three (3) managerial funds.

Prior to the December budget adoption meeting, the City Council will have met three (3) times with the City's Budget Advisory Committee, City Staff and any interested residents wishing to participate in the budget process. The Budget Advisory Committee is made up of between 5 to 12 residents expressing an interest and commitment to helping set the priorities for the City over the next few years. Budget Advisory Committee members bring a unique perspective to the budget process with their experiences in the business world and raising a family here in Clyde Hill.

This section of the annual budget document is dedicated to the numbers involved in the 2014 Budget. The following section includes:

- Summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the City,
- 2014 Final Budget at a Glance with pie charts showing the percent breakdown of revenue sources important to Clyde Hill and expenditures by major components,
- 2014 Financial Overview – “The Big Picture” to give readers a quick look all in one place at the numbers from the 2013 Budget, 2013 Year End Actual and 2014 Budget,
- 2014 Line Item Budget gives all the detailed numbers a reader could want starting with 3 years of Actual, 2013 Budget and 2013 Year End Actual, the 2014 Budget and information on the differences between the 2013 and 2014 Budgets.
- 2014 changes in fund balances along with 2014 changes in department balances for the 7 different departments that make up the City's Projects Fund.
- Employee Authorized Position Count showing the position title and numbers since 2009,
- 2014 Capital Facilities Plan describing in detail the revenues and expenditures involving capital expenditures with projected numbers through 2019 to pay for them.

Please contact the City's Finance Manager directly at 425.453.7800 or john@clydehill.org if you have any further questions regarding the City's budget numbers for the 2014 fiscal year.

Budget Summary

City of Clyde Hill, Washington

Fiscal Year 2014

Purpose: to present a summary of major revenues and expenditures, as well as other financing sources and uses, as an overview of the total resources budgeted by the City.

<u>Major Revenues</u>	<u>Actual FY 2011</u>	<u>Actual FY 2012</u>	<u>Actual FY 2013</u>	<u>Budgeted FY 2013</u>	<u>Budgeted FY 2014</u>
Taxes					
Ad Valorem	942,616	960,324	950,148	960,200	987,500
Sales & Use Taxes	316,282	338,259	655,822	465,000	467,000
Utility Taxes	472,250	468,010	450,127	477,350	471,650
Real Estate Excise Taxes (REET)	392,490	519,447	750,336	500,000	520,000
Business Licenses & Permits	258,975	275,839	302,048	282,500	290,500
Non-Business Licenses & Permits	181,672	624,278	368,413	205,000	250,500
Intergovernmental	597,612	1,328,937	618,052	815,100	772,100
Charges for Services	124,813	366,577	222,889	128,500	152,500
Fines and Forfeitures	100,281	70,277	75,491	82,500	70,000
Interest Income	40,913	26,274	22,786	20,631	20,900
Miscellaneous	231,764	228,866	230,435	240,600	232,000
Non-Revenues		0	0	0	0
Transfers	124,829	364,858	522,567	522,567	677,815
Debt Proceeds	0	0	0	0	0
Internal Services	0	0	0	0	0
Total Revenues	3,784,497	5,571,946	5,169,114	4,699,948	4,912,465
Cash & Restricted Balances Brought Forward (Appropriated)	4,209,244	4,268,789	5,224,113	5,224,113	6,187,125
Total Resources Available	7,993,741	9,840,735	10,393,227	9,924,061	11,099,590
<u>Major Expenditures</u>					
General Government	626,677	706,819	703,665	745,300	883,150
Public Safety	2,062,698	1,980,033	1,940,020	2,173,300	2,135,000
Physical Environment	251,190	248,456	269,989	304,800	271,750
Transportation	619,739	1,270,383	727,987	983,800	1,295,200
Economic Environment	17,760	17,202	17,549	21,500	23,000
Culture and Recreation	22,059	28,920	24,320	24,500	28,500
Transfers-Out	124,827	364,808	522,567	522,567	677,815
Non-Expenditure Dispersment	0	0	0	0	0
Internal Services	0	0	0	0	0
Total Appropriated Expenditures	3,724,950	4,616,621	4,206,097	4,775,767	5,314,415

Budget Summary

City of Clyde Hill, Washington

Fiscal Year 2014

Purpose: to present the 2014 Budget summary of major revenues and expenditures, as well as other financing sources and uses, by Fund as an overview of the total resources budgeted by the City.

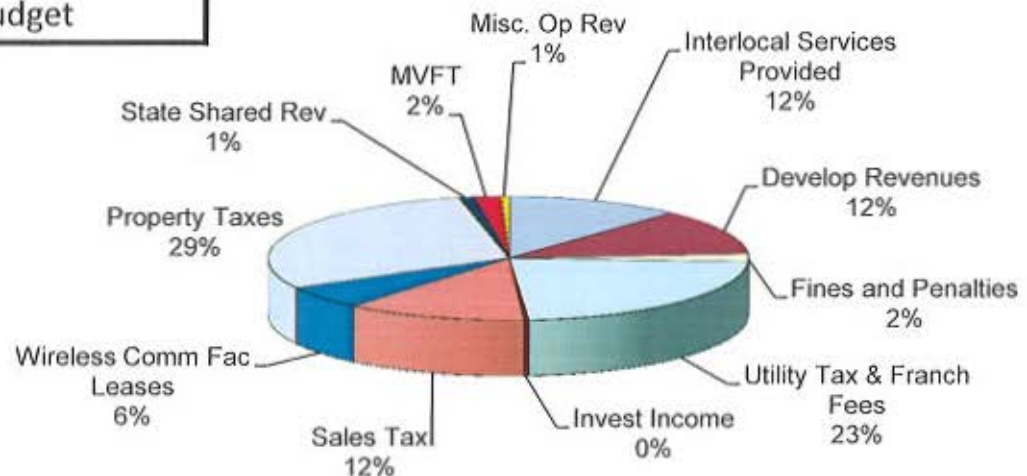
<u>Major Revenues</u>	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Projects Fund</u>
Taxes			
Ad Valorem	987500	0	0
Sales & Use Taxes	405000	0	62000
Utility Taxes	471650	0	0
Real Estate Excise Taxes (REET)	0	0	520000
Business Licenses & Permits	290500	0	0
Non-Business Licenses & Permits	250500	0	0
Intergovernmental	488600	0	283500
Charges for Services	151500	0	1000
Fines and Forfeitures	70000	0	0
Interest Income	11250	9650	0
Miscellaneous	222500	0	9500
Non-Revenues			
Transfers	0	556314	121500
Debt Proceeds	0	0	0
Internal Services	0	0	0
Total Revenues	3,349,000	565,964	997,500
Cash & Restricted Balances Brought Forward (Appropriated)	777,814	2585120	2824191
Total Resources Available	4,126,814	3,151,084	3,821,691
<u>Major Expenditures</u>			
General Government	685850	0	197300
Public Safety	2041200	0	93800
Physical Environment	221750	0	50000
Transportation	385200	0	910000
Economic Environment	4000	0	19000
Culture and Recreation	11000	0	17500
Transfers-Out	677815	0	0
Non-Expenditure Disbursement	0	0	0
Internal Services	0	0	0
Total Appropriated Expenditures	4,026,815	0	1,287,600

2014 FINAL Budget at a Glance

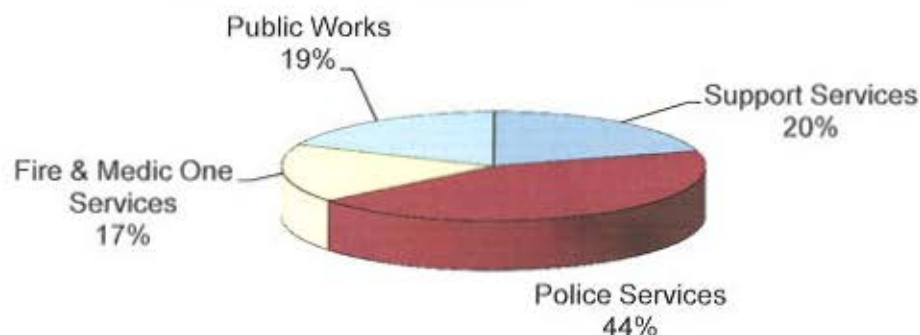
City of Clyde Hill, Washington

	001	002	100	
FINAL BUDGET 2014	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,349,000	9,650	876,000	4,234,650
EXPENDITURES	3,349,000	0	1,287,600	4,636,600
Surplus or (Deficit):	0	9,650	(411,600)	(401,950)
Beginning Fund Balance	777,815	2,585,120	2,824,190	6,187,125
Total Transfer In	0	556,315	121,500	677,815
Total Transfer Out	677,815	0	0	677,815
Ending Fund Balance	100,000	3,151,085	2,534,090	5,785,175

2014 General Fund Revenue Final Budget



2014 General Fund Expenditures Final Budget



2014 Financial Overview - "The Big Picture"

	001	002	100	
BUDGET 2013	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,261,050	10,531	905,800	4,177,381
EXPENDITURES	3,334,500	0	918,700	4,253,200
Surplus or (Deficit):	(73,450)	10,531	(12,900)	(75,819)
Beg. Fund Balance	696,016	2,132,644	2,395,453	5,224,113
Total Transfer In	0	441,066	81,500	522,566
Total Transfer Out	522,566	0	0	522,566
Ending Fund Balance	100,000	2,584,241	2,464,053	5,148,294

	001	002	100	
Actual Year End 2013	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,674,427	11,414	960,706	4,646,547
EXPENDITURES	3,070,064	0	613,466	3,683,530
Surplus or (Deficit):	604,363	11,414	347,240	963,017
Beg. Fund Balance	696,016	2,132,644	2,395,453	5,224,113
Total Transfer In	0	441,067	81,500	522,567
Total Transfer Out	522,567	0	0	522,567
Ending Fund Balance	777,812	2,585,125	2,824,193	6,187,130

	001	002	100	
Final BUDGET 2014	General Fund	Reserve Fund	Projects Fund	TOTAL CITY
REVENUE	3,349,000	9,650	876,000	4,234,650
EXPENDITURES	3,349,000	0	1,287,600	4,636,600
Surplus or (Deficit):	0	9,650	(411,600)	(401,950)
Beg. Fund Balance	777,815	2,585,120	2,824,190	6,187,125
Total Transfer In	0	556,312	121,500	677,812
Total Transfer Out	677,812	0	0	677,812
Ending Fund Balance	100,003	3,151,082	2,534,090	5,785,175

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Fund #001							
GENERAL FUND							
BEGINNING FUND BALANCE	560,031	398,158	696,016	696,016	777,812	11.8%	81,796
REVENUES							
TAXES							
Real and Personal Property Taxes	943,292	964,057	960,200	953,508	987,500	2.8%	27,300
Ad Valorem Taxes	(676)	(3,733)	0	(3,361)	0		0
Total General Property Taxes	942,616	960,324	960,200	950,147	987,500	2.8%	27,300
Local Retail Sales & Use Taxes	256,845	276,543	405,000	589,671	405,000	0.0%	0
Electric - Puget Sound Energy	137,270	136,958	142,500	128,071	134,000	(6.0%)	(8,500)
Gas - Puget Sound Energy	119,039	114,994	110,000	96,076	110,000	0.0%	0
Garbage/Solid Waste - Eastside Disposal	17,725	20,242	19,000	19,072	19,250	1.3%	250
Cable TV - Comcast	103,213	103,429	105,500	113,285	115,000	9.0%	9,500
Telephone - Local Access	25,098	24,635	25,000	21,125	23,000	(8.0%)	(2,000)
Telephone - Cellular	69,530	67,372	75,000	72,122	70,000	(6.7%)	(5,000)
Total Business Taxes	471,875	467,630	477,000	449,751	471,250	(1.2%)	(5,750)
Leasehold Excise Tax	375	380	350	375	400	14.3%	50
TOTAL TAXES	1,671,711	1,704,877	1,842,550	1,989,944	1,864,150	1.2%	21,600
LICENSES AND PERMITS							
Business Licenses	21,450	20,225	20,000	21,185	20,000	0.0%	0
Franchise Fees - Solid Waste	24,372	23,576	26,250	26,224	26,500	1.0%	250
Franchise Fees - Cable TV	57,341	59,193	61,250	62,936	64,000	4.5%	2,750
Franchise Fees - Water	82,271	96,443	97,500	112,858	100,000	2.6%	2,500
Franchise Fees - Sewer	73,541	76,402	77,500	78,844	80,000	3.2%	2,500
Total Business Licenses and Permits	258,975	275,839	282,500	302,047	290,500	2.8%	8,000
Building and Structures Permits	142,671	534,142	160,000	295,205	195,500	22.2%	35,500
Other Non-Business Permits	39,001	90,136	45,000	73,208	55,000	22.2%	10,000
Total Non-Business Licenses and Permits	181,672	624,278	205,000	368,413	250,500	22.2%	45,500
TOTAL LICENSES AND PERMITS	440,647	900,117	487,500	670,460	541,000	11.0%	53,500
INTERGOVERNMENTAL							
WA Traffic Safety Commission	3,197	2,929	2,500	3,986	2,000	(20.0%)	(500)
FEMA Grant - Reimbursement	100	22,017	0	250	0		0
Motor Vehicle Fuel Tax - City Streets	62,125	60,992	61,500	61,605	60,800	(1.1%)	(700)
Liquor Excise Tax	14,470	10,994	2,500	1,996	3,500	40.0%	1,000
Liquor Control Board Profits	20,799	29,776	26,700	26,787	26,500	(0.7%)	(200)
Yarrow Point PW Services	244	436	0	0	0		0
Jail Advisory Group (JAG) Fiscal Agent	5,250	5,761	0	0	0	#DIV/0!	0
Yarrow Point Police Contract	368,385	363,207	376,400	376,304	385,800	2.5%	9,400
Inspection Services	8,627	8,201	10,000	13,212	10,000	0.0%	0
TOTAL INTERGOVERNMENTAL	483,197	504,313	479,600	484,140	488,600	1.9%	9,000
CHARGES FOR GOODS AND SERVICES							
Personnel Services	280	0	0	0	0		0
Zoning & Subdivision Fees	1,093	7,593	2,500	8,690	5,000	100.0%	2,500
Plan Checking Fees	122,900	358,110	125,000	213,232	146,500	17.2%	21,500
TOTAL CHARGES FOR GOODS AND SERVICES	124,273	365,703	127,500	221,922	151,500	18.8%	24,000

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	\$ Change Budget 12 to 13
FINES AND FORFEITS							
Fines & Forfeitures	93,444	63,028	80,000	57,977	65,000	(18.8%)	(15,000)
Miscellaneous Fines & Penalties	6,837	7,249	2,500	17,514	5,000	100.0%	2,500
TOTAL FINES AND FORFEITS	100,281	70,277	82,500	75,491	70,000	(15.2%)	(12,500)
MISCELLANEOUS REVENUES							
Investment Interest	19,641	11,105	10,000	11,267	11,250	12.5%	1,250
Interest on Sales Taxes	200	119	100	105	0	(100.0%)	(100)
Total Interest and Earnings	19,841	11,224	10,100	11,372	11,250	11.4%	1,150
Space and Facilities Leases	205,358	199,194	212,300	203,457	202,500	(4.6%)	(9,800)
Sale of Surplus Property	4,240	4,707	4,000	334	5,000	25.0%	1,000
Other Miscellaneous Revenues	12,769	15,731	15,000	17,307	15,000	0.0%	0
TOTAL MISCELLANEOUS REVENUES	242,208	230,856	241,400	232,470	233,750	(3.2%)	(7,650)
TOTAL GENERAL FUND REVENUES	3,062,317	3,776,143	3,261,050	3,674,427	3,349,000	2.7%	87,950
INTERFUND TRANSFERS							
Transfer In - Reserve Fund	0	0	0	0	0	#DIV/0!	0
TOTAL REVENUES AND TRANSFERS	3,062,317	3,776,143	3,261,050	3,674,427	3,349,000	2.7%	87,950

GENERAL FUND EXPENDITURES

General Government Services							
Legislative							
Misc - Special Meetings	0	225	500	11	500	0.0%	0
Prof Serv - Comprehensive Planning	0	0	2,500	82	0	(100.0%)	(2,500)
Misc - Public Notices	520	703	1,000	849	1,000	0.0%	0
Salaries	3,850	3,600	5,000	3,600	5,000	0.0%	0
Personnel Benefits	295	276	500	276	500	0.0%	0
Election Services	5,132	7,444	6,000	6,451	6,000	0.0%	0
Total Legislative	9,797	12,248	15,500	11,269	13,000	(16.1%)	(2,500)
Executive							
Salaries	7,100	6,800	8,000	6,200	8,000	0.0%	0
Personnel Benefits	16,878	18,045	16,750	17,818	17,500	4.5%	750
Misc - Meetings	967	649	1,000	555	1,000	0.0%	0
Total Executive	24,945	25,494	25,750	24,573	26,500	2.9%	750

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Finance and Record Services							
Salaries	277,042	277,029	293,750	286,065	299,750	2.0%	6,000
Personnel Benefits	112,115	119,834	119,500	121,816	126,000	5.4%	6,500
Office and Operating Supplies	5,391	7,794	7,000	7,469	7,000	0.0%	0
Minor Equipment	811	833	1,000	490	1,000	0.0%	0
Communication	7,421	9,560	8,000	15,948	11,500	43.8%	3,500
Travel	6,336	6,060	6,500	6,078	6,500	0.0%	0
Insurance	55,612	53,234	51,000	52,346	51,750	1.5%	750
Utility Services	12,913	12,549	13,500	13,125	13,500	0.0%	0
Repairs and Maintenance	5,180	7,978	7,500	6,797	7,500	0.0%	0
Misc-Dues and Subscriptions	3,351	3,534	3,500	3,063	3,500	0.0%	0
Misc. - Printing	4,572	4,393	7,000	4,750	7,000	0.0%	0
Misc-Training and Tuition	2,361	1,151	4,500	1,465	4,500	0.0%	0
Professional Services - Audit	11,140	11,215	10,500	10,228	10,500	0.0%	0
Operating Supplies - City Hall	1,645	1,526	1,500	1,227	1,500	0.0%	0
Information Technology - Repairs & Maintenance	14,381	26,797	23,000	25,169	31,500	37.0%	8,500
Total Finance and Record Services	520,271	543,487	557,750	556,036	583,000	4.5%	25,250
Professional Service - Legal	32,490	48,037	50,000	61,946	55,000	10.0%	5,000
Personnel Recruiting	0	0	0	0	0	#DIV/0!	0
AWC - Association of Washington Cities	1,401	1,470	1,500	1,467	1,500	0.0%	0
PSRC - Puget Sound Regional Council	557	557	600	0	600	0.0%	0
Animal Control Services	2,734	3,039	1,000	0	1,000	0.0%	0
SCA - Suburban Cities Association	1,771	1,894	2,000	1,893	2,000	0.0%	0
ARCH - A Regional Coalition For Housing	2,660	2,660	2,900	2,905	3,250	12.1%	350
Total Other General Government Services	9,123	9,620	8,000	6,265	8,350	4.4%	350
TOTAL GENERAL GOV'T SERVICES	596,626	638,886	657,000	660,089	685,850	4.4%	28,850
SECURITY OF PERSONS AND PROPERTY							
Law Enforcement (Police Department)							
Office and Oper Supplies - Civil Service Commission	0	0	0	0	0		0
Salaries	664,893	693,358	797,500	694,958	800,500	0.4%	3,000
Salaries-Overtime	27,226	42,133	23,500	27,954	25,000	6.4%	1,500
Personnel Benefits	313,410	340,905	367,000	339,807	371,000	1.1%	4,000
Uniforms	4,390	7,418	7,000	5,268	8,000	14.3%	1,000
Office and Operating Supplies	4,917	9,181	10,500	5,503	10,500	0.0%	0
Fuel Consumption	24,801	24,984	27,000	20,967	27,000	0.0%	0
Prof Serv - Legal	52,000	48,250	49,000	44,000	49,000	0.0%	0
Prof Serv - Indigent	7,260	6,525	7,500	5,200	7,500	0.0%	0
Communications	2,054	1,964	2,000	1,764	5,000	150.0%	3,000
Travel	0	0	0	0	0		0
Repairs and Maintenance	24,907	21,667	20,000	18,083	20,000	0.0%	0
Misc. - Dues and Subscriptions	320	330	900	370	900	0.0%	0
Misc. - Filing, Recording, Witness	46,120	29,315	55,000	30,078	38,000	(30.9%)	(17,000)
Misc. - Printing	645	1,263	1,000	408	1,000	0.0%	0
Misc. - Police Grant	0	0	1,000	0	1,000	0.0%	0
Intergvt - Dispatch	85,997	48,892	59,300	59,303	64,225	8.3%	4,925
Intergvt - Detention Charges	40,968	18,534	50,000	6,143	33,000	(34.0%)	(17,000)
Prof Services - Alcoholism	716	778	650	671	650	0.0%	0
Total Law Enforcement	1,300,624	1,295,497	1,478,850	1,260,477	1,462,275	(1.1%)	(16,575)

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Fire Control Services							
Intergvt - Fire Suppression	696,855	619,001	602,650	602,647	578,925	(3.9%)	(23,725)
TOTAL SECURITY OF PERSONS/PROP	1,997,479	1,914,498	2,081,500	1,863,124	2,041,200	(1.9%)	(40,300)

PHYSICAL ENVIRONMENT (PUB WORKS)

ENGINEERING (PUB WORKS ADMIN)							
Salaries	102,715	112,422	117,750	115,618	120,000	1.9%	2,250
Personnel Benefits	45,491	50,114	50,500	50,968	53,500	5.9%	3,000
Small Tools and Minor Equipment	96	(14)	1,000	10	1,000	0.0%	0
Prof Serv - Contractual Bldg Dept	22,397	32,637	35,000	26,719	32,000	(8.6%)	(3,000)
Misc. - Dues and Subscriptions	340	245	1,000	1,395	1,000	0.0%	0
Misc. - Training and Tuition	1,687	2,051	2,000	2,110	2,000	0.0%	0
Oper Rentals/Leases - Antenna Bldg	7,694	7,821	8,250	8,079	8,600	4.2%	350
Total Engineering (P. W. Admin)	180,420	205,276	215,500	204,899	218,100	1.2%	2,600

OTHER PHYSICAL ENVIRONMENT

Intergvt - Pollution Control	3,457	3,298	3,500	3,496	3,600	2.9%	100
Intergvt - Eastside Transportation Project	40	40	50	40	50	0.0%	0
Total Other Physical Environment	3,497	3,338	3,550	3,536	3,650	2.8%	100
Total Physical Environment	183,917	208,614	219,050	208,435	221,750	1.2%	2,700

TRANSPORTATION

Road and Street Maintenance

Other Improvement - Roadway	6,050	8,184	6,000	428	6,000	0.0%	0
Other Improvement - Storm Drain	0	0	0	0	0		0
Other Improvement - Sidewalks	734	0	1,000	0	1,000	0.0%	0
Utility Services - Street Lights	24,456	24,743	24,500	23,246	25,000	2.0%	500
Utility Services - Signal Lights	1,400	1,139	3,000	1,586	3,000	0.0%	0
Other Improvements - Traffic Control	2,495	187	3,000	1,245	3,000	0.0%	0
Oper Supply - Snow and Ice Control	1,144	2,622	2,000	824	2,500	25.0%	500
Prof Serv - Street Cleaning	0	0	0	0	0		0
Other Improvements - Landscaping	5,370	13,003	11,000	8,094	11,000	0.0%	0
Total Road and Street Maintenance	41,649	49,878	50,500	35,423	51,500	2.0%	1,000

Road and Street - PW Crew & Overhead

Salaries	179,521	169,012	194,750	186,073	203,500	4.5%	8,750
Personnel Benefits	89,793	92,352	94,500	91,050	102,500	8.5%	8,000
Personnel Benefits - Uniforms	1,501	1,534	1,600	1,361	1,600	0.0%	0
Office and Operating Supplies	2,517	802	4,000	1,330	4,000	0.0%	0
Fuel Consumed - PW Crew	8,238	8,884	9,000	7,671	9,000	0.0%	0
Small Tools and Minor Equipment	2,297	4,726	3,000	1,807	3,000	0.0%	0
Operating Rentals and Leases	20	0	600	0	600	0.0%	0
Utility Services - Public Works Building	3,497	3,287	3,500	2,480	3,500	0.0%	0
Repairs and Maintenance	4,315	7,490	6,000	2,819	6,000	0.0%	0
Total Road/Street - PW Crew & Overhead	291,699	288,087	316,950	294,591	333,700	5.3%	16,750

TOTAL TRANSPORTATION	333,348	337,965	367,450	330,014	385,200	4.8%	17,750
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Professional Service - Urban Forestry Program	1,410	1,520	2,500	1,540	4,000	60.0%	1,500
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ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Other Improvements - General Parks	6,583	11,994	7,000	6,862	11,000	57.1%	4,000
TOTAL PUBLIC WORKS	525,258	560,093	596,000	546,851	621,950	4.4%	25,950
TOTAL GENERAL FUND EXPENDITURES	3,119,363	3,113,477	3,334,500	3,070,064	3,349,000	0.4%	14,500
Operating Surplus/(Deficit)	(57,046)	662,666	(73,450)	604,363	0	(100.0%)	73,450
INTERFUND TRANSFERS							
Total Transfer to Reserve Fund	94,827	292,308	441,066	441,067	556,312	26.1%	115,246
Transfer to Housing Rental Dept	0	5,000	10,000	10,000	10,000	0.0%	0
Transfer Out - Parks Department	0	10,000	16,500	16,500	16,500	0.0%	0
Transfer Out - Special Projects Dept	10,000	22,500	30,000	30,000	50,000	66.7%	20,000
Transfer Out - Grants Dept	0	0	0	0	10,000	#DIV/0!	10,000
Admin. Equipment Replacement	0	10,000	10,000	10,000	20,000	100.0%	10,000
PW Equipment Replacement	0	25,000	15,000	15,000	15,000	0.0%	0
Total Transfer to Projects Fund	10,000	72,500	81,500	81,500	121,500	49.1%	40,000
TOTAL INTERFUND TRANSFERS	104,827	364,808	522,566	522,567	677,812	29.7%	155,246
TOTAL EXPENDITURES & TRANSFERS	3,224,190	3,478,285	3,857,066	3,592,631	4,026,812	4.4%	169,746
Total Fund Surplus/ (Deficit)	(161,873)	297,858	(596,016)	81,796	(677,812)	13.7%	(81,796)
ENDING FUND BALANCE	398,158	696,016	100,000	777,812	100,000	0.0%	0

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	\$ Change Budget 12 to 13
Fund #002							
Reserve Fund							
BEGINNING FUND BALANCE	1,729,335	1,825,234	2,132,644	2,132,644	2,585,125	21.2%	452,481
REVENUES							
Operating Revenues & Transfers-In							
Transfer In - General Fund	94,827	292,358	441,066	441,067	556,312	26.1%	115,246
Transfer In - Projects Fund	0	0	0	0	0		0
92nd Ave LID Principal Payments	21,072	15,050	10,531	11,414	9,650	(8.4%)	(881)
TOTAL REVENUES AND TRANSFERS	115,899	307,408	451,597	452,481	565,962	25.3%	114,365
EXPENDITURES							
Total Expenditures	0	0	0	0	0		0
INTERFUND TRANSFERS							
Transfer Out-Projects Fund-Equip Repl	10,000	0	0	0	0		0
Transfer Out - Projects Fund-Parks & Rec. Dept.	10,000	0	0	0	0		0
Total Transfer to Projects Fund	20,000	0	0	0	0	#DIV/0!	0
Total Transfer to General Fund	0	0	0	0	0	#DIV/0!	0
TOTAL INTERFUND TRANSFERS	20,000	0	0	0	0	#DIV/0!	0
Total Expenditures and Transfers	20,000	0	0	0	0	#DIV/0!	0
Fund Surplus/(Deficit)	95,899	307,408	451,597	452,481	565,962	25.3%	114,365
ENDING FUND BALANCE	1,825,234	2,132,642	2,584,241	2,585,125	3,151,087	21.9%	566,846

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
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Fund #100
Projects Fund

BEGINNING FUND BALANCE	1,919,880	2,045,394	2,395,453	2,395,453	2,824,191	17.9%	428,738
Auditing Adjustments							

PROJECTS FUND SUMMARY*							
TOTAL FUND REVENUES	576,279	1,415,895	905,800	960,705	876,000	(3.3%)	(29,800)
TOTAL FUND EXPENDITURES	480,765	1,138,336	918,700	613,467	1,287,600	40.2%	368,900
TOTAL TRANSFERS IN	30,000	72,500	81,500	81,500	121,500	49.1%	40,000
TOTAL TRANSFERS OUT	0	0	0	0	0	#DIV/0!	0
Fund Surplus/(Deficit)	125,514	350,059	68,600	428,738	(290,100)	#DIV/0!	(358,700)

TOTAL ENDING FUND BALANCE	2,045,394	2,395,453	2,464,053	2,824,191	2,534,091	2.8%	70,038
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Trust and Agency Liability Accounts	0	0	0	0	0	#DIV/0!	0
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Total Ending Balance with Liability Accts	2,045,394	2,395,453	2,464,053	2,824,191	2,534,091	2.8%	70,038
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Criminal Justice

Beginning Department Balance	329,181	343,607	362,645	362,645	364,547	0.5%	1,902
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Revenues

Criminal Justice Sales Tax	59,437	61,716	60,000	66,151	62,000	3.3%	2,000
State Grant	3,800	0	0	0	0		0
Criminal Justice - Population	1,000	1,000	1,000	1,000	1,000	0.0%	0
Criminal Justice - Special Programs	2,471	2,529	2,250	2,668	2,600	15.6%	350
DUI/Other Crim Justice Assistance	623	558	500	541	500	0.0%	0
Yarrow Point Criminal Justice	12,315	15,851	15,500	8,439	15,500	0.0%	0
Jail Land Sale Proceeds	0	2,919	0	0	0		0
Total Revenues	79,646	84,573	79,250	78,799	81,600	3.0%	2,350

Total Revenues and Transfers	79,646	84,573	79,250	78,799	81,600	3.0%	2,350
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Expenditures

Intergvt - Child Abuse	1,236	1,265	0	810	0		0
Intergvt - Domestic Violence	1,236	1,264	0	268	0		0
Intergvt - Programs & Training	10,966	10,268	21,300	10,466	38,800	82.2%	17,500
Jail Land Sale Proceeds	285	0	0	0	0		0
IT Management/Development	13,162	15,529	26,000	21,730	15,500	(40.4%)	(10,500)
Equipment - Criminal Justice	38,335	37,209	44,500	43,623	39,500	(11.2%)	(5,000)
Total Expenditures	65,220	65,535	91,800	76,897	93,800	2.2%	2,000

Total Expenditure and Transfer	65,220	65,535	91,800	76,897	93,800	2.2%	2,000
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Total Department Surplus/(Deficit)	14,426	19,038	(12,550)	1,902	(12,200)	(2.8%)	350
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Ending Department Balance	343,607	362,645	350,095	364,547	352,347	0.6%	2,252
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ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
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Grants

Beginning Department Balance	(20,688)	(6,483)	(6,960)	(6,960)	6,444	(192.6%)	13,404
Revenues							
Growth Management Grant	0	0	0	0	5,000	#DIV/0!	0
NPDES Grant - Revenues	50,000	40,722	85,750	84,948	50,000	(41.7%)	(35,750)
WSDOT SR 520 - Revenues	30,069	26,626	43,300	4,308	33,900	(21.7%)	(9,400)
Total Revenues	80,069	67,348	129,050	89,256	88,900	(31.1%)	(40,150)
Transfer In - General Fund	0	0	0	0	10,000	#DIV/0!	0
Total Transfers	0	0	0	0	10,000	#DIV/0!	0
Total Revenues and Transfers	80,069	67,348	129,050	89,256	98,900	(23.4%)	(30,150)
Expenditures							
Growth Management Grant	0	0	0	0	35,000	#DIV/0!	0
NPDES - Expenditures	32,830	39,842	85,750	61,555	50,000	(59.2%)	(50,750)
WSDOT SR 520 - Expenditures	33,034	27,983	41,350	14,297	25,000	(39.5%)	(16,350)
Total Expenditures	65,864	67,825	127,100	75,852	110,000	(13.5%)	(17,100)
Dept. Surplus/(Deficit)	14,205	(477)	1,950	13,404	(11,100)	(0)	(13,050)
Ending Department Balance	(6,483)	(6,960)	(5,010)	6,444	(4,656)	(7.1%)	354

Equipment Replacement

Beginning Department Balance	118,098	115,497	128,254	128,254	153,254	19.5%	25,000
Revenues							
Transfer In - General Fund - Administration	10,000	10,000	10,000	10,000	20,000	100.0%	10,000
Transfer In - General Fund - Public Works	0	25,000	15,000	15,000	15,000	0.0%	0
Total Transfers	10,000	35,000	25,000	25,000	35,000	40.0%	10,000
Expenditures							
Admin Equipment Replacement	12,601	0	0	0	61,000		61,000
Equipment - Public Works	0	22,243	0	0	0	#DIV/0!	0
Total Expenditures	12,601	22,243	0	0	61,000	#DIV/0!	61,000
Dept. Surplus/(Deficit)	(2,601)	12,757	25,000	25,000	(26,000)	(204.0%)	(51,000)
Ending Department Balance	115,497	128,254	153,254	153,254	127,254	(17.0%)	(26,000)

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	\$ Change Budget 12 to 13
Housing Dept.							
Beginning Department Balance	14,042	6,809	5,361	5,361	8,692	62.1%	3,331
Revenues							
Housing Rentals and Leases	9,117	9,234	9,300	9,339	9,500	2.2%	200
Total Revenues	9,117	9,234	9,300	9,339	9,500	2.2%	200
Transfer In - General Fund	0	5,000	10,000	10,000	10,000	0.0%	0
Total Transfers	0	5,000	10,000	10,000	10,000	0.0%	0
Total Revenues and Transfers	9,117	14,234	19,300	19,339	19,500	1.0%	200
Expenditures							
Other Improvements - Rental Property	1,350	682	4,000	1,008	4,000	0.0%	0
ARCH Trust Fund	15,000	15,000	15,000	15,000	15,000	0.0%	0
Total Expenditures	16,350	15,682	19,000	16,008	19,000	0.0%	0
Total Expenditure and Transfer	16,350	15,682	19,000	16,008	19,000	0.0%	0
Dept. Surplus/(Deficit)	(7,233)	(1,448)	300	3,331	500	66.7%	200
Ending Department Balance	6,809	5,361	5,661	8,692	9,192	62.4%	3,531

Parks & Recreation

Beginning Department Balance	11,128	6,472	420	420	429	2.1%	9
Revenues							
Celebration Event	820	874	1,000	967	1,000	0.0%	0
Total Revenues	820	874	1,000	967	1,000	0.0%	0
Transfer In - General Fund	10,000	10,000	16,500	16,500	16,500	0.0%	0
Total Transfers	10,000	10,000	16,500	16,500	16,500	0.0%	0
Total Revenues and Transfers	10,820	10,874	17,500	17,467	17,500	0.0%	0
Expenditures							
Celebration Event	15,476	16,926	17,500	17,458	17,500	0.0%	0
Total Expenditures	15,476	16,926	17,500	17,458	17,500	0.0%	0
Total Expenditures and Transfers	15,476	16,926	17,500	17,458	17,500	0.0%	0
Total Department Surplus/(Deficit)	(4,656)	(6,052)	0	9	0	#DIV/0!	0
Ending Department Balance	6,472	420	420	429	429	2.1%	9

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Special Projects							
Beginning Department Balance	92,993	88,080	65,884	65,884	54,274	(17.6%)	(11,610)
Revenues							
King Conservation District - Arbor Day	2,538	994	2,000	1,966	2,000	0.0%	0
Total Revenues	2,538	994	2,000	1,966	2,000	0.0%	0
Transfers							
Transfer In - General Fund	10,000	22,500	30,000	30,000	50,000	66.7%	20,000
Total Transfers	10,000	22,500	30,000	30,000	50,000	66.7%	20,000
Total Revenues and Transfers	12,538	23,494	32,000	31,966	52,000	62.5%	20,000
Expenditures							
Professional Services - Regional Advisory	0	0	10,000	0	10,000	0.0%	0
Professional Services - Storage Project	0	3,000	2,000	2,885	25,000	1150.0%	23,000
Safety Committee - Emergency Preparedness	11,773	194	5,000	0	40,000	700.0%	35,000
Other Improvements - Arbor Day/Urban Forestry	2,633	1,281	2,500	1,990	2,500	0.0%	0
WRIA 8/NPDES Permits	3,045	4,277	3,800	2,578	3,800	0.0%	0
IT Development- Website Management	0	14,800	50,000	23,623	0	(100.0%)	(50,000)
Right-Of-Way Enhancements	0	9,983	12,500	12,500	2,500	(80.0%)	(10,000)
Cable TV Communications	0	12,155	2,500	0	2,500	0.0%	0
Equipment - City Hall AV System	0	0	0	0	5,000	#DIV/0!	5,000
Professional Services - Mapping/GIS	0	0	0	0	10,000	#DIV/0!	10,000
Total Expenditures	17,451	45,690	88,300	43,576	101,300	14.7%	13,000
Total Expenditures and Transfers	17,451	45,690	88,300	43,576	101,300	14.7%	13,000
Total Department Surplus/(Deficit)	(4,913)	(22,196)	(56,300)	(11,610)	(49,300)	(12.4%)	7,000
Ending Department Balance	88,080	65,884	9,584	54,274	4,974	(48.1%)	(4,610)

ITEM	ACTUAL 2011	ACTUAL 2012	FINAL BUDGET 2013	ACTUAL YEAR END 2013	FINAL BUDGET 2014	% Change Budget 12 to 13	S Change Budget 12 to 13
Capital Projects							
Beginning Department Balance	1,375,132	1,491,418	1,839,850	1,839,850	2,236,552	21.6%	396,702
Revenues							
Real Estate Excise Tax	196,245	259,723	250,000	375,168	260,000	4.0%	10,000
Growth Excise Tax	196,245	259,724	250,000	375,168	260,000	4.0%	10,000
KC Flood Control District	0	0	47,600	0	40,000		(7,600)
Prop 2 Special Levy	11,599	11,357	12,600	17,964	13,000	3.2%	400
Other Miscellaneous Revenue	0	221,668	0	0	0	#DIV/0!	0
TIB Grant	0	500,400	125,000	12,078	120,000	(4.0%)	(5,000)
Total Revenues	404,089	1,252,872	685,200	780,378	693,000	1.1%	7,800
Total Revenues and Transfers	404,089	1,252,872	685,200	780,378	693,000	1.1%	7,800
Expenditures							
Other Improvements - Roadway	280,305	872,333	50,000	0	575,000	1050.0%	525,000
Other Improvements - Storm Drainage	0	0	50,000	40,942	150,000		100,000
Sidewalk Construction	0	0	475,000	342,734	160,000		(315,000)
Other Improvements - Special Paths	7,498	32,102	0	0	0	#DIV/0!	0
Total Expenditures	287,803	904,435	575,000	383,676	885,000	53.9%	310,000
Total Expenditures and Transfers	287,803	904,435	575,000	383,676	885,000	53.9%	310,000
Total Department Surplus/(Deficit)	116,286	348,437	110,200	396,702	(192,000)	(274.2%)	(302,200)
Ending Department Balance	1,491,418	1,839,855	1,950,050	2,236,552	2,044,552	4.8%	94,502

2014 Changes in Fund & Department Fund Balances

City of Clyde Hill, Washington

Component	General Fund	Reserve Fund	Criminal Justice Dept.	Grants Dept.	Equipment Replacement Dept.	Housing Dept.	Parks Dept.	Special Projects Dept.	Capital Projects Dept.	Projects Fund	Total of All 3 Funds
Begin Balance - 01/01/2014	\$ 777,814	\$ 2,585,120	\$ 364,547	\$ 6,444	\$ 153,254	\$ 8,692	\$ 429	\$ 54,273	\$ 2,236,552	\$ 2,824,191	\$ 6,187,125
Revenues	\$ 3,349,000	\$ 9,650	\$ 81,600	\$ 88,900	\$ -	\$ 9,500	\$ 1,000	\$ 2,000	\$ 693,000	\$ 876,000	\$ 4,234,650
Expenses	\$ 3,349,000	\$ -	\$ 93,800	\$ 110,000	\$ 61,000	\$ 19,000	\$ 17,500	\$ 101,300	\$ 885,000	\$ 1,287,600	\$ 4,636,600
Operating Surplus/(Deficit)	\$ -	\$ 9,650	\$ (12,200)	\$ (21,100)	\$ (61,000)	\$ (9,500)	\$ (16,500)	\$ (99,300)	\$ (192,000)	\$ (411,600)	\$ (401,950)
Transfer-In	\$ -	\$ 556,314	\$ -	\$ 10,000	\$ 35,000	\$ 10,000	\$ 16,500	\$ 50,000	\$ -	\$ 121,500	\$ 677,814
Transfer-Out	\$ 677,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677,814
Ending Balance - 12/31/2014	\$ 100,000	\$ 3,151,084	\$ 352,347	\$ (4,656)	\$ 127,254	\$ 9,192	\$ 429	\$ 4,973	\$ 2,044,552	\$ 2,534,091	\$ 5,785,175
Change in Fund Balance	\$ (677,814)	\$ 565,964	\$ (12,200)	\$ (11,100)	\$ (26,000)	\$ 500	\$ -	\$ (49,300)	\$ (192,000)	\$ (290,100)	\$ (401,950)
Percent Change	-677.8%	18.0%	-3.5%	238.4%	-20.4%	5.4%	0.0%	-991.4%	-9.4%	-11.4%	-6.9%

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 term "Fund Balance" as used by the City of Clyde Hill means the excess of money available for spending over appropriated expenditures.

Explanations for changes in Fund & Department Balances over 10%:

General Fund - The City Council's budgeting practice is to finish the year with a \$100,000 working fund balance in the general fund for the start of next fiscal year. This is accomplished in 2014 by transferring \$677,814 from the beginning fund balance to the Reserve Fund (\$556,314) & to various depts in the Projects Fund (\$121,500). This money came from the continuing strong development market during 2013. The City Council continues to strengthen the Reserve Fund and provide resources of \$121,500 to the following Departments in the Projects Fund: 1) Grants (\$10K), 2) Housing (\$10K), 2) Parks (\$16.5K), 3) Special Projects (\$50K), 4) Equip Replace - Admin (\$20K) & 5) Equip Replace - PW (\$15K).

Reserve Fund - The General Fund finished 2013 better than expected with the excess being transferred to the Reserve Fund. Financial Policy #5 regarding the Reserve Fund was revised as part of the 2014 Budget Process to link the size of the Reserve Fund to the City's projected worst case scenario over the next 5 years.

Grants Department - The City has 3 reimbursement type grants in 2014: 1) \$50K from the State Department of Ecology (DOE) for for the National Pollution Discharge Elimination System (NPDES) permit, & 2) remaining amount of \$33,900 from the Washington State Department of Transportation (WSDOT) to help the City monitor construction activity on Hwy 520 (new floating bridge project), & 3) \$5K to update the City's Comprehensive Plan. The high percentage change in fund balance has more to do with the timing of when the money is spent and when reimbursed. Overall, revenues will match expenditures in this department of the Projects Fund.

Equipment Replacement Department - Per Policy Statement #8, the City maintains an Equipment Replacement Schedule that is updated each budget to "Provide for the orderly and appropriate replacement of City equipment." The fund balance has been built up the past few years with planned expenditures for 2014 being: 1) \$55K for new computers, & 2) \$6K for a new phone system.

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. Two new projects of note that has been approved for 2014: 1) \$40K for enhanced emergency management in the form of a new Variable Message Sign/AM Radio Transmitter (similar to the method used on highways where travelers are asked to tune their radios to 1610 for more information), & 2) \$25K for hiring a PT person to scan and upload data to the "Cloud."

Employee Authorized Position Count

City of Clyde Hill, Washington

As of January 1, 2014



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

Note: there are no changes to staffing levels in the 2013 Budget.

<u>Department</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Budget 2014</u>
General Gov't	City Administrator	City Administrator	City Administrator	City Administrator
	Finance Manager (1/2)	Finance Manager (1/2)	Finance Manager (1/2)	Finance Manager (1/2)
	Deputy City Clerk	Deputy City Clerk	Deputy City Clerk	Deputy City Clerk
	Dep. City Clerk/Code Enforce (2/3)	Dep. City Clerk/Code Enforce (2/3)	Dep. City Clerk/Code Enforce (2/3)	Dep. City Clerk/Code Enforce (2/3)
	FTE = 3.16	FTE = 3.16	FTE = 3.16	FTE = 3.16
Police	Police Chief	Police Chief	Police Chief	Police Chief
	Lieutenant	Lieutenant	Lieutenant	Lieutenant
	Finance Manager (1/2)	Finance Manager (1/2)	Finance Manager (1/2)	Finance Manager (1/2)
	Police Records Specialist	Police Records Specialist	Police Records Specialist	Police Records Specialist
	7 Patrol Officers	7 Patrol Officers	7 Patrol Officers	7 Patrol Officers
	FTE = 10.5	FTE = 10.5	FTE = 10.5	FTE = 10.5
Fire	Contracted with City of Bellevue	Contracted with City of Bellevue	Contracted with City of Bellevue	Contracted with City of Bellevue
Public Works Admin	Public Works Director/Engineer	Public Works Director/Engineer	Public Works Director/Engineer	Public Works Director/Engineer
	Dep. City Clerk/Code Enforce (1/3)	Dep. City Clerk/Code Enforce (1/3)	Dep. City Clerk/Code Enforce (1/3)	Dep. City Clerk/Code Enforce (1/3)
	FTE = 1.33	FTE = 1.33	FTE = 1.33	FTE = 1.33
Public Works Crew *	Building Inspector/Crew Member	Building Inspector/Crew Member	Building Inspector/Crew Member	Building Inspector/Crew Member
	2 Public Works Crew Members	2 Public Works Crew Members	2 Public Works Crew Members	2 Public Works Crew Members
	FTE = 3.00	FTE = 3.00	FTE = 3.00	FTE = 3.00
	* Student employed in the summer	* Student employed in the summer	* Student employed in the summer	* Student employed in the summer
Total FTE	18	18	18	18

There are at least 28 residents in Clyde Hill serving on the City Council and various boards, commissions & committees in a voluntary capacity.

The Police Department utilizes the services of volunteer Reserve Police Officers when available (1 active during 2013).



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2014 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 2014", the City is expected to receive \$20.40 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 2013 at 2,980 residents. FYI, Cities and Counties are each allocated revenues from ¼ cent of the three cent gas tax increases that took 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 7, 2013 assessed value = \$1,642,552,168 * 1.5% = \$24,638,283). 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% = \$41,063,804). 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 \$65,000. A fourth source of criminal justice funding is from the Town of Yarrow Point, who shares their funding with Clyde Hill as a contractual obligation for the provision of 24/7 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 2014 Capital Facilities Plan financial schedule is attached for your review.

2014 Capital Facilities Plan
City of Clyde Hill, Washington

Total 2014 Capital Facilities Plan Summary

Beginning Plan Balance:		\$1,613,387	18.47%	\$1,375,460	22.44%	\$2,389,360	20.93%	\$2,517,360	5.36%	\$2,576,110	2.33%	\$2,527,910	-1.87%	\$2,628,820	3.99%	\$2,671,020	1.61%
Resources																	
Road Systems	\$1,252,871	213.22%	\$782,600	-37.54%	\$653,000	-16.56%	\$533,500	-18.30%	\$534,000	0.09%	\$534,500	0.09%	\$535,000	0.09%	\$535,500	0.09%	
Storm Sewer System	\$40,722	-68.07%	\$84,950	108.61%	\$50,000	-41.14%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	
Parks & Recreation	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$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!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	
Equipment Replacement	\$72,209	33.72%	\$69,350	-3.98%	\$35,000	-49.53%	\$70,000	100.00%	\$75,000	7.14%	\$76,000	1.33%	\$77,000	1.32%	\$78,000	1.30%	
Total Plan Resources	\$1,365,802	129.85%	\$936,900	-31.40%	\$738,000	-21.23%	\$603,500	-18.22%	\$609,000	0.91%	\$610,500	0.25%	\$612,000	0.25%	\$613,500	0.25%	
Expenditures																	
Road System	\$904,435	196.54%	\$420,000	-53.56%	\$499,000	18.81%	\$448,150	-10.19%	\$578,000	28.97%	\$419,090	-27.49%	\$470,000	12.15%	\$452,450	-3.73%	
Storm Sewer System	\$39,842	-68.76%	\$58,650	47.21%	\$50,000	-14.75%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	
Parks & Recreation	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$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!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	
Equipment Replacement	\$59,452	-7.11%	\$44,350	-25.40%	\$61,000	37.54%	\$96,600	58.38%	\$79,200	-18.01%	\$90,500	14.27%	\$99,800	10.28%	\$54,400	-45.49%	
Total Plan Expenditures	\$1,003,729	97.38%	\$523,000	-47.89%	\$610,000	16.63%	\$544,750	-10.70%	\$657,200	20.64%	\$509,590	-22.46%	\$569,800	11.82%	\$506,850	-11.05%	
Ending Plan Balance:		\$1,975,460	36.45%	\$2,389,360	20.65%	\$2,517,360	5.36%	\$2,576,110	2.33%	\$2,527,910	-1.87%	\$2,628,820	3.99%	\$2,671,020	1.61%	\$2,777,670	3.99%

Street & Storm System

* Beginning Balance:	\$1,491,418	19.87%	\$1,840,734	23.42%	\$2,229,634	21.13%	\$2,383,634	6.91%	\$2,468,964	3.56%	\$2,424,994	-1.78%	\$2,540,394	4.76%	\$2,605,394	2.56%		
Street System																		
Resources																		
Real Estate Excise Taxes	\$259,723	29.86%	\$322,500	24.17%	\$260,000	-19.38%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%
Growth Mgmt RE Excise Taxes	\$259,723	29.86%	\$322,500	24.17%	\$260,000	-19.38%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%	\$260,000	0.00%
KC Prop 2 Levy - OS/Traffic/Zoo	\$11,357	-9.87%	\$12,600	10.94%	\$13,000	3.17%	\$13,500	3.85%	\$14,000	3.70%	\$14,500	3.57%	\$15,000	3.45%	\$15,500	3.33%	\$15,500	3.33%
Grant Money	\$722,068	#DIV/0!	\$125,000	#DIV/0!	\$120,000	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfers In	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Street Resources	\$1,252,871	203.65%	\$782,600	-37.54%	\$653,000	-16.56%	\$533,500	-18.30%	\$534,000	0.09%	\$534,500	0.09%	\$535,000	0.09%	\$535,500	0.09%	\$535,500	0.09%

2014 Capital Facilities Plan
City of Clyde Hill, Washington

Expenditures																
Street Improvements	\$872,333	195.71%	\$90,000	-89.68%	\$499,000	454.44%	\$0	-100.00%	\$578,000	#DIV/0!	\$0	-100.00%	\$470,000	#DIV/0!	\$0	-100.00%
Pedestrian & Bike Paths	\$32,102	221.02%	\$330,000	927.97%	\$0	-100.00%	\$448,150	#DIV/0!	\$0	-100.00%	\$419,090	#DIV/0!	\$0	-100.00%	\$452,450	#DIV/0!
Transfers Out	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Street Expenditures	\$904,435	196.54%	\$420,000	-53.56%	\$499,000	18.81%	\$448,150	-10.19%	\$578,000	28.97%	\$419,090	-27.49%	\$470,000	12.15%	\$452,450	-3.73%

Storm Sewer System																								
2012		%	2013		%	2014		%	2015		%	2016		%	2017		%	2018		%	2019		%	
Actual		Change	Projected		Change	Budget		Change	Projected		Change	Projected		Change	Projected		Change	Projected		Change	Projected		Change	
Resources																								
Grant Money		\$40,722	#DIV/0!	\$84,950		#DIV/0!	\$50,000		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Transfer In From Other Funds		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Total Storm Resources		\$40,722	-68.07%	\$84,950		108.61%	\$50,000		-41.14%	\$0		-100.00%	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!

Expenditures																
Storm Sewer Improvements	\$39,842	-68.76%	\$58,650	47.21%	\$50,000	-14.75%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Overlake Pond Maintenance	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$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!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Storm Expenditures	\$39,842	-68.76%	\$58,650	47.21%	\$50,000	-14.75%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!

*Ending Capital Projects Department Balance:	\$1,840,734	36.17%	\$2,229,634	21.13%	\$2,383,634	6.91%	\$2,468,984	3.58%	\$2,424,984	-1.78%	\$2,540,394	4.76%	\$2,605,394	2.56%	\$2,688,444	3.19%
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*The Department Balance is shared with the Street & Storm System

Parks/Rec. & Public Facilities Systems

Parks & Rec. System																								
2012		%	2013		%	2014		%	2015		%	2016		%	2017		%	2018		%	2019		%	
Actual		Change	Projected		Change	Budget		Change	Projected		Change	Projected		Change	Projected		Change	Projected		Change	Projected		Change	
Resources																								
Beginning Balance:		\$6,472	#DIV/0!	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%
Transfer In From General Fund		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$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!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Total Resources		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Expenditures																								
Playground Equipment		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Land Purchases		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Transfer Out		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Total Parks & Recreation Expenditures		\$0	#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!	\$0		#DIV/0!
Ending Parks & Recreation Department Balance		\$6,472	#DIV/0!	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%	\$6,472		0.00%

2014 Capital Facilities Plan
City of Clyde Hill, Washington

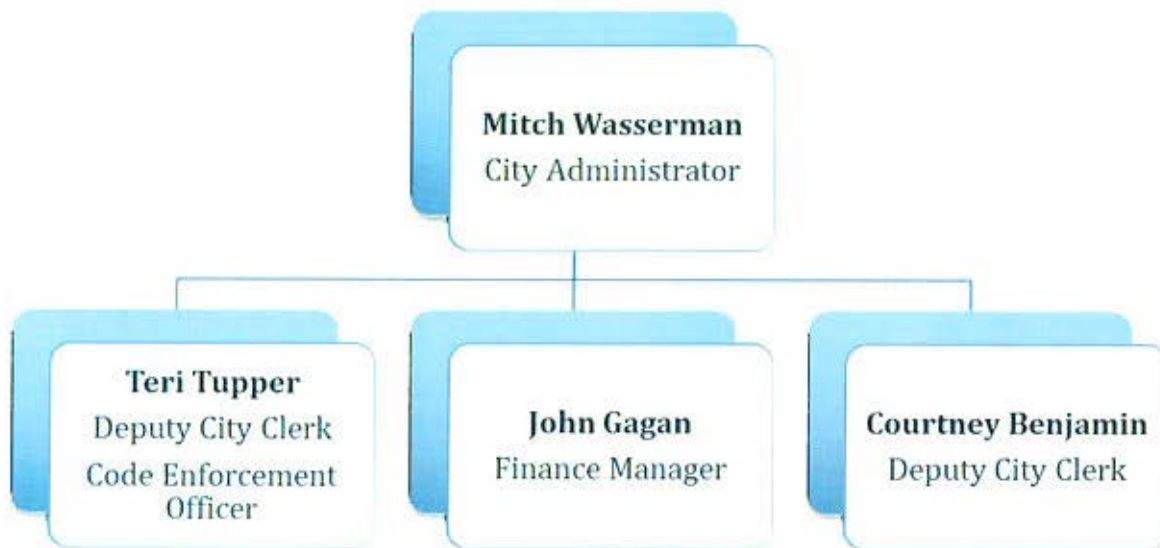
	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
Public Facilities	Actual	Change	Projected	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
Resources																
Beg Pub. Fac. Balance:	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer From General Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer From Reserve Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Miscellaneous Sources	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Pub. Fac. Resources	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Expenditures																
City Hall	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Public Works Shop	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Land Purchases	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
LID Assistance	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfers Out	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Pub. Fac. Expenditures	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Ending Public Facility Balance	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!

Equipment Replacement

	2012	%	2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
Resources	Actual	Change	Projected	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
Beg Dept Balance:	\$115,497	-1.79%	\$128,254	11.05%	\$153,254	19.49%	\$127,254	-16.97%	\$100,654	-20.90%	\$96,454	-4.17%	\$81,954	-15.03%	\$59,154	-27.82%
Criminal Justice Revenue	\$37,209	-15.43%	\$44,350	19.19%	\$0	-100.00%	\$35,000	#DIV/0!	\$40,000	14.29%	\$41,000	2.50%	\$42,000	2.44%	\$43,000	2.38%
Transfer From Reserve Fund	\$0	-100.00%	\$0	#DIV/0!	\$35,000	#DIV/0!	\$35,000	0.00%	\$35,000	0.00%	\$35,000	0.00%	\$35,000	0.00%	\$35,000	0.00%
Transfer From General Fund	\$35,000	#DIV/0!	\$25,000	-28.57%	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Total Equipment Replacement Resources	\$72,209	33.72%	\$69,350	-3.96%	\$35,000	-49.53%	\$70,000	100.00%	\$75,000	7.14%	\$76,000	1.33%	\$77,000	1.32%	\$78,000	1.30%
Expenditures																
Administration	\$0	-100.00%	\$0	#DIV/0!	\$61,000	#DIV/0!	\$0	-100.00%	\$0	#DIV/0!	\$0	#DIV/0!	\$57,800	#DIV/0!	\$11,400	-80.28%
Police Department	\$37,209	-15.43%	\$44,350	19.19%	\$0	-100.00%	\$35,000	#DIV/0!	\$40,000	14.29%	\$41,000	2.50%	\$42,000	2.44%	\$43,000	2.38%
Public Works Department	\$22,243	#DIV/0!	\$0	-100.00%	\$0	#DIV/0!	\$61,600	#DIV/0!	\$39,200	-36.36%	\$49,500	26.28%	\$0	-100.00%	\$0	#DIV/0!
Total Equipment Replacement Expenditures	\$59,452	-7.11%	\$44,350	-25.40%	\$61,000	37.54%	\$96,600	58.36%	\$79,200	-18.01%	\$90,500	14.27%	\$99,800	10.28%	\$54,400	-45.49%
Ending Equipment Replacement Balance	\$128,254	19.20%	\$153,254	19.49%	\$127,254	-16.97%	\$100,654	-20.90%	\$96,454	-4.17%	\$81,954	-15.03%	\$59,154	-27.82%	\$82,754	38.90%

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 and Board of Adjustment 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, electronic newsletter, web site, facebook and Channel 21 TV,
- Administer the day to day accounting function (including payroll), prepare monthly and annual financial reports, provide human resource services and shepherd the budget process to adopt the next year's budget plan for the City,

- Partner with other local jurisdictions to negotiate with the Washington State Department of Transportation (WSDOT) involving the new \$4.65B Highway 520 Floating Bridge Replacement and HOV Project across Lake Washington for the best interests of Clyde Hill,
- Administer the new in 2010 Business Licensing requirement for businesses operating in Clyde Hill or conducting a business from their personal residence,
- Assist the State Auditor's Office (SAO) 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,
- Work with AWC In-house Retro Program staff serving as the 3rd Party Administrator to minimize the cost of Labor & Industry (L&I) worker's compensation insurance claims,
- Participate in emergency preparedness exercises,
- Continue to professionally manage the City's low income rental home and actively participate in the ARCH program (A Regional Coalition for Housing),
- Provide "friendly, always ready" City Hall front counter type services such as passport application intake, public records requests, pet licenses, concealed weapon permits, business licensing and notary service,
- Plan the City's future by compliance with the State's growth management act (Comprehensive Plan Update every 10 years is scheduled for 2014),
- Assist homeowners with the free City sponsored urban forestry program and celebrate Arbor Day each year with the 5th graders from Clyde Hill Elementary School by planting a tree in their honor,
- Provide in-house Local Improvement District (LID) planning, accounting and on-going administration,
- Negotiate and administer wireless communication facility leases with multiple telecommunication companies (i.e. 7 separate facility leases involving 4 different telecommunication companies in 2014),

- Coordinate and pay for the City's regional responsibilities such as contributions for affordable housing on the eastside, National Pollution Discharge Elimination System (NPDES for storm water quality), Water Resource Inventory Area (WRIA 8) for salmon recovery in compliance with the endangered species act, Puget Sound air quality, Puget Sound Regional Council (regional planning), Sound Cities Association (formerly 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.

2014 Goals and Objectives

1. Monitor and participate in the design and construction activities of the SR 520 Bridge Replacement & HOV Project: a) actively participate in process, b) communicate Clyde Hill issues with Washington State Department of Transportation (WSDOT), Eastside Corridor Constructors (ECC), and other cities.
2. Review and update City's Comprehensive Plan: a) engage Planning Commission as the key reviewers, & b) hire consultant to help coordinate effort,
3. Work with adjacent cities and Washington State Department of Transportation (WSDOT) for an acceptable channelization agreement for 84th Ave NE and NE 28th Street as part of the State Route Hwy 520 Trans-Lake Washington Bridge Replacement & HOV Project,
4. Work with the City of Bellevue to extend Clyde Hill's solid waste hauling contract.
5. Manage current Wireless Communication Facilities (WCF) and requests for new sites within City guidelines,
6. Purchase equipment to provide the City with a good source of communication and information for the community in emergencies,
7. 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,
8. Maintain & refine content on the City's web site as a good source of communication and information for resident (**performance measurement #5**),
9. Coordinate activity for the continuing implementation process of a performance measurement program for the entire organization,

10. Continue City's eligibility as a Tree City USA,
11. Carry out the City's Investment Program per the Investment Policy & support the Investment Committee for oversight purposes,
12. Revise and continue to communicate the Enhanced Budget Monitoring Program started in 2009 during 2014,
13. Complete a successful fiscal audit of the City's finances & operations and meet the 2014 targets for the eight performance measurements established for the Finance function (**8 performance measurements - #'s 6, 7, 8, 9, 10, 11, 12 & 13**),
14. Continue to keep the City in compliance with the Washington Cities Insurance Authority's (WCIA) Compact of Membership requirements and provide: 1) cost effective risk management services, 2) safe working conditions and 3) avoid City vehicle accidents (**4 separate performance measures - #'s 1, 2, 3 & 4**).
15. Coordinate activities for a successful Community Celebration and Parade of Pumpkin Display Event,
16. Complete or implement the list of special projects budgeted for in the Special Projects Department of the Projects Fund (two new projects initiated for 2014: 1) enhanced emergency management, 2) utilize "cloud" technology to more efficiently store City records),
17. Monitor building contractors for compliance with the business licensing requirement and proper sales tax remittance,
18. Do the work necessary to earn the 2013 Well City Award and receive the 2% discount on medical premiums in 2014,
19. Continue to assist community with tree/view issues per the City's view regulations.

2013 Accomplishments

1. Continued to monitor and participate in the design and construction activities of the SR 520 Bridge Replacement and HOV Project,
2. Continued to rent the City's low income rental house with a new tenant during the year who works for a local public service agency,
3. Augmented programming with readily available public programming and repeat showing previously developed shows for the City's cable tv station (Channel 21),

- including shows by the Mayor (“A chat with the Mayor,” a bicycle safety video, a police video on solicitors, a video on the City’s Urban Forestry Program, a preview video for the City’s “Movie Night” and community celebration event the next day,
4. Kept the City’s web site up to date and interesting (number of visits is way up again in 2013),
 5. Continued to refine and expand data collection efforts for the new Performance Measurement Program (3rd “Dashboard” report was issued in June, 2013),
 6. Won an award from King Conservation District as a Tree City USA for the 21st consecutive year,
 7. Continued to assist the community with tree/view issues per the City’s View Regulations with “free service” visits by the City’s paid Arborist,
 8. Organized three (3) meetings of the City’s Investment Committee (Mayor, 2 Council-members, City Administrator, & Finance Manager) to review investment performance, review investing with Credit Unions as a new option and monitored compliance with the City’s policy,
 9. Received the Government Finance Officers Association’s Distinguished Budget Presentation Award for the 8th year in a row,
 10. Completed another successful fiscal audit of the City’s finances and operations with no audit findings,
 11. Continued the transition of the monthly mailed Newsletter into a quarterly mailed Newsletter and a more regular e-mailed Newsletter,
 12. Maintained compliance with the Washington Cities Insurance Authority’s (WCIA) Compact for membership and provide: 1) cost effective risk management services, 2) safe working conditions and 3) avoid City vehicle accidents (4 separate performance measures).
 13. Supported another successful and fun City Celebration Event in late August and the Parade of Pumpkins Event at Halloween,
 14. Processed 459 (up from 223 in 2010) passport applications with a “friendly, always ready” customer service attitude earning the City an additional \$11,475 in general fund revenue,
 15. Continued to produce the Enhanced Budget Monitoring Program with quarterly reports identifying both “Watch List” and “Red Flag” categories for revenues and

expenditures. Although 2013 was another uncertain year for the City's General Fund, Council-members, the Mayor, City Administrator, Department Heads and any interested parties were well aware of any unfavorable conditions throughout the year ("Red Flag" items required a written action plan to remedy the condition before year end).

16. Did the work necessary in 2012 to earn the 2013 Well City Award and will receive the 2% discount on medical premiums in 2014 (**performance measurement #13**),

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>Measurement Benefit</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Target 2014</u>
1) Insurance costs incurred per worker hour.	Effective & Efficient Public Service Delivery - Risk Mgmt	\$0.14	\$0.07	\$0.07	No Data Yet	\$0.10
2) City vehicle accidents (including police, if any) per 100,000 miles driven.	Effective & Efficient Public Service Delivery - Risk Mgmt	0.000	0.000	0.000	0.000	0.000
3) Number of worker compensation claims filed per year.	Effective & Efficient Public Service Delivery - Risk Mgmt	0	1	2	0	0
4) AWC sponsored Retro (L&I) Program Loss Ratio Percentage (lower rank is better)	Effective & Efficient Public Service Delivery - Risk Mgmt	1st out of 89 Members	1st out of 92 Members	17 th out of 93 Members	No Data Yet	1st out of any number of Members

<u>Description</u>	<u>Measurement Benefits</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Target 2014</u>
5) Total visits to the City's web site during the year.	Public Communication & Community Involvement - Informed Citizenry	New Visitor 9,901 & Returning Visitor 5,619	New Visitor 10,935 & Returning Visitor 9,032	New Visitor 11,583 & Returning Visitor 8,507	New Visitor 13,407 & Returning Visitor 6,228	New Visitor 13,500 & Returning Visitor 7,000
6) Receive unqualified audit opinion with no audit findings	Effective & Efficient Public Service Delivery - Financial Management	Yes	Yes	Yes	Yes	Yes
7) Ratio of City's Reserve Fund to Actual YE Operating Expenditures.	Effective & Efficient Public Service Delivery - Financial Condition	55.9%	58.5%	68.5%	84.2%	50.0%
8) Percent of variance from Pre-Draft Budget YE Gen Fund Revenue projection (thru July) to the actual YE final number	Effective & Efficient Public Service Delivery - Financial Management	2.3%	1.9%	3.2%	2.0%	2.5%
9) Percent of variance from Pre- Draft Budget YE Gen Fund Expenditure projection (thru July) to the actual YE final number	Effective & Efficient Public Service Delivery - Financial Management	1.9%	1.1%	1.6%	2.3%	2.5%

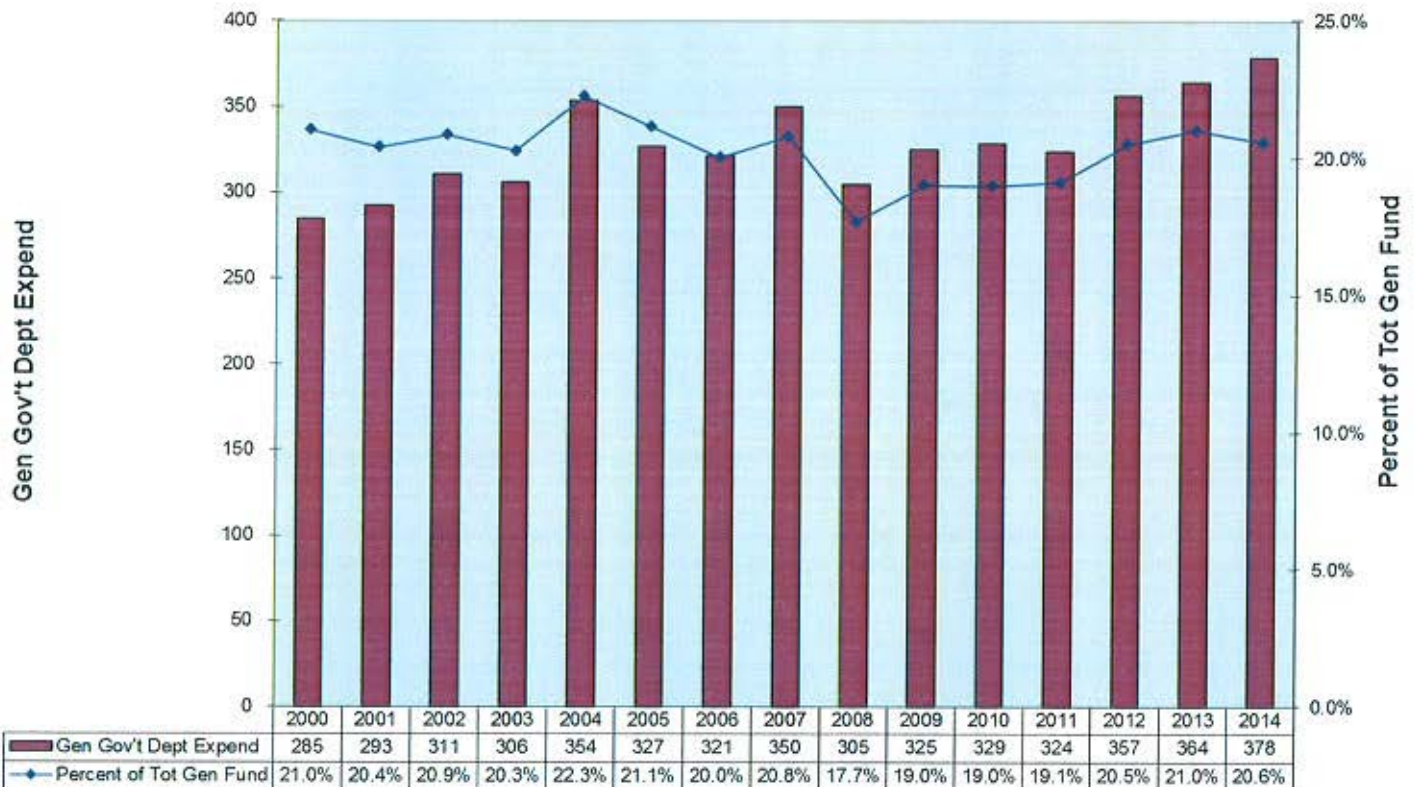
<u>Description</u>	<u>Measurement Benefits</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Target 2014</u>
10) Earn the GFOA Distinguished Budget Award	Public Communication & Community Involvement - Informed Citizenry	Yes	Yes	Yes	Yes	Yes
11) Number of months bank reconciliations are done on time & independently reviewed by the City Administrator	Effective & Efficient Public Service Delivery - Financial Management	12	12	12	12	12
12) Receive the Association of Washington Cities (AWC) Well City Award & 2% Discount on Med Premiums	Effective & Efficient Public Service Delivery - Financial Management	Yes	Yes	Yes	Yes	Yes
13) Contact Verify with Custom New Home General Contractors to Maximize Sales Tax Revenue	Effective & Efficient Public Service Delivery - Financial Management	8 New Custom Homes & 100% Contacted & Verified	10 New Custom Homes & 100% Contacted & Verified	9 New Custom Homes & 100% Contacted & Verified	11 New Custom Homes & 100% Contacted & Verified	9 New Custom Homes & 100% Contacted & Verified

General Fund Expenditure Data

This following chart shows General Government Department expenditure growth in terms of constant dollars (no inflation) 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 down between year 2000 and the 2013 Budget.

Spikes in the chart below are due to: 1) in 2004, the City had a one-time extraordinary legal expenditure, 2) in 2007, the City had a one-time payment to the Mayor to correct how benefits were being calculated, & 3) 2012 saw a significant decrease in General Fund expenditures for fire department services and police dispatch. 2014 budget is conservative with expenditures estimated at higher amounts to make sure resources are available for day to day operations.

General Government Dept Expenditures (In Constant Dollars)

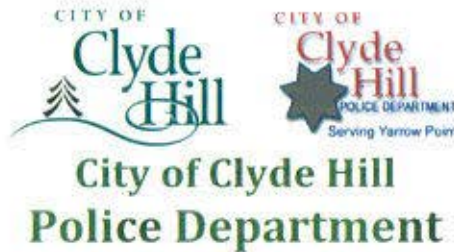


(In Thousands of Constant Dollars)

Please see the “Final Budget Numbers” chapter starting on page 71 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 Cori Baker, and Officers, John Lallas, Eric Anderson, Nathan Cobrea, Michael Cox, Dawn Simpson, Craig Teschlog and one vacant position (plus ½ the cost of the Finance Manager is charged to this department).



The Police Department also provides services to the 1,015 residents in the adjacent Town of Yarrow Point. Per the inter-local agreement scheduled to run through 2019, 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 public entities for criminal justice services: North East King County Regional Public Safety Communication Agency (NORCOM – new in 2009) for dispatch service, City of Kirkland for municipal court, Cities of Kirkland, Issaquah, and Renton for short term jail services, and King County for long term jail services.

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

Note: 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 2,980 residents in Clyde Hill, the 1,005 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 (transitioned to new regional entity called “NORCOM” in 2009)
- Patrol vehicles (5) for the officers plus a take home vehicle for the Chief
- Detention facilities (aka “jail”)
- Uniforms, weapons, ammunition, training, fuel, vehicle repairs and all the other miscellaneous expenditures you would expect to run a Police Department

2014 Goals and Objectives

1. Be ready to potentially recruit a new officer in 2014 based on an anticipated departure.
2. Replace one of the five police patrol vehicles following the approved “Vehicle Replacement Schedule,”
3. Continue to actively participate in the Coalition of Small Police Agencies in King County (“Strength through Cooperation”).
4. Provide In-house First Aid and CPR training to fellow police officers and all other staff members,
5. Continue to provide police services at a reasonable per capita cost based on prior years experience and maintain crime data near or below the previous year’s level **(seven performance measurements #'s 14 thru 20),**

6. Continue to provide pass-through resources to help mitigate eastside domestic violence and child abuse,
7. Continue participation in the City's Performance Measurement Program.
8. Work with the Finance Manager to strengthen internal control over citations issued by officers for better accountability and transparency.

2013 Accomplishments

1. By closely monitoring call volume with NORCOM (regional dispatch service), the 2013 actual expenditure amount was \$59,303 compared to \$76,135 in 2008, a 22.1% decrease in a General Fund expenditure (note: 2008 was the last full year before the new NORCOM entity began operations as the dispatch service on the eastside),
2. Continued data collection efforts for the Performance Measurement Program (3rd "Dashboard Report" was published in August, 2013 to start the annual budget process by better understanding current conditions),
3. Hired and trained a new police records clerk who serves as the office manager for the Police Department,
4. Passed through \$810 received from the State to an Agency fighting child abuse and \$268 to agencies fighting domestic violence,
5. Participated in eastside DUI emphasis patrols throughout the year and received \$3,986 in reimbursed overtime expenses from the Washington Traffic Safety Commission,
6. Submitted crime statistics reporting to the National Incident Based Reporting System (NIBRS) for reporting known crimes to the Washington Association of Sheriffs and Police Chiefs (WASPC) for inclusion in their annual report,
7. Facilitated the annual "Shred It" event as a way to prevent identity theft.

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: (Please note that the source of crime stats in Washington State is the Washington Association of Sheriffs and Police Chiefs. They have been delayed this year in getting crime stats on their web

site due to the conversion to the new reporting system called “National Incident Based Reporting System” (NIBRS).

<u>Description</u>	<u>Benefits</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Target 2014</u>
14) Total police operation expenditures charged to the police department per capita during the year.	Effective & Efficient Public Service Delivery - Financial Management	\$471	\$489	\$458	\$449	\$522 (Budget)
15) Police Officer's Response Time – from Dispatch to Arrival on Scene & % of Emergency Calls Responded to in Less Than 6 Mins	Community Safety & Security – Timely Emergency Police Call Response	3.9 min & 87%	4.7 min & 84%	4.0 min & 81%	Not Avail Yet	6.0 min & 80%
16) Violent Crime Rate per 1,000 pop & rank of 4 year average with 12 neighboring cities and King County.	Community Safety & Security - Crime Prevention Effectiveness	0.7 crimes per 1,000 pop & ranked 5th	0.0 crimes per 1,000 pop & ranked 8th	0.7 crimes per 1,000 pop & ranked 6th	Not Avail Yet	1.5 crimes per 1,000 pop & ranked 6th
17) Property Crime Rate per 1,000 pop & rank of 4 year average with 12 neighboring cities and King County.	Community Safety & Security - Crime Prevention Effectiveness	11.6 crimes per 1,000 pop & ranked 3rd	12.4 crimes per 1,000 pop & ranked 3rd	10.4 crimes per 1,000 pop & ranked 3rd	Not Avail Yet	12.0 crimes per 1,000 pop & ranked 6th
18) Auto Theft Crime Rate per 1,000 pop & rank of 4 year average with 12 neighboring cities and King County.	Community Safety & Security - Crime Prevention Effectiveness	0.4 crimes per 1,000 pop & ranked 4th	0.3 crimes per 1,000 pop & ranked 4th	0.0 crimes per 1,000 pop & ranked 2nd	Not Avail Yet	0.6 crimes per 1,000 pop & ranked 6th
19) Auto Collision Rate per 1,000 pop & rank of 4 year average with 12 neighboring cities and King County.	Community Safety & Security – Traffic Safety Effectiveness	9.38 collisions per 1,000 pop & ranked 4th	11.04 collisions per 1,000 pop & ranked 4th	Not Avail Yet	Not Avail Yet	15.00 crimes per 1,000 pop & ranked 6th

<u>Description</u>	<u>Benefits</u>	<u>Actual 2010</u>	<u>Actual 2011</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Target 2014</u>
20) Pedestrian Involved Collisions & rank of 3 year average with 12 neighboring cities and King County.	Community Safety & Security – Traffic Safety Effectiveness	1 collision & ranked 4 th	1 collision & ranked 6 th	Not Available Yet	Not Available Yet	0 collisions & ranked 1st

- Source of Information for #15 is North East King County Regional Public Safety Communication Agency (NORCOM).
- Source of Information for #16 - #18 is the Washington Association of Sheriffs and Police Chiefs (WASPC).
- Source of Information for #19 – #20 is the Washington State Department of Transportation (WSDOT)
- Neighboring communities for ranking include Cities of Bellevue, Issaquah, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Sammamish, Snoqualmie, Woodinville, Town of Yarrow Point and unincorporated King County.

Caution: Crime statistics above can be heavily influenced by the population disparity between the City of Clyde Hill and some of the larger neighboring communities. However, these are still worthwhile performance measures and would point out a problem for correction if one existed.

General Fund Police Department Expenditure Data

The Police Department day to day operating costs are primarily included in the City's General Fund. The Criminal Justice Department is part of the City's Projects Fund (aka Special Revenue 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.

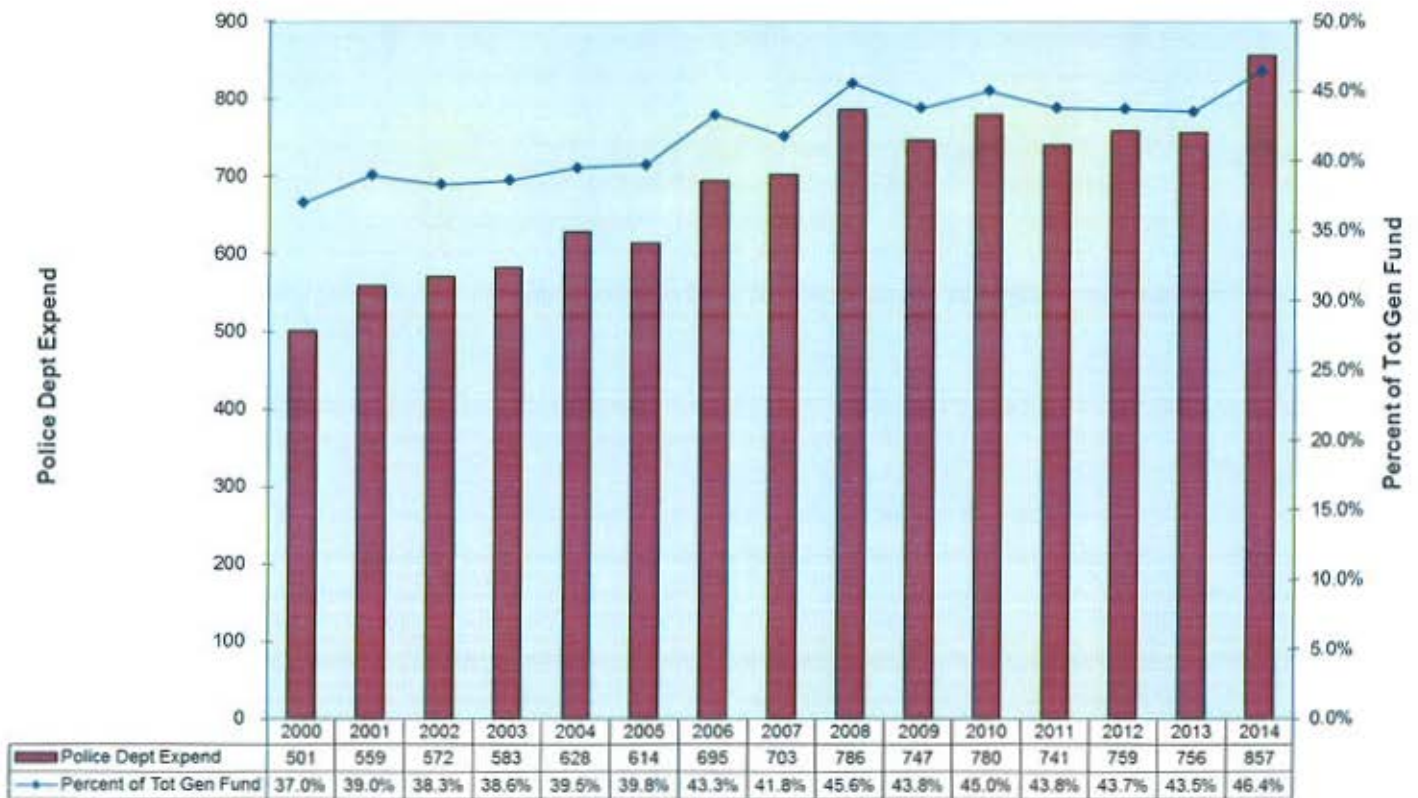
There is no way of getting around the fact that expenditures for police services are going up. To hold down the growth of general fund police service expenditures in 2009 and continued through 2014, a new initiative was done to shift approximately \$8,000 of certain categories of day to day expenditures from the General Fund to the Criminal Justice Department in the Projects Fund.

Performance Measure #14 above includes expenditures in both the General Fund and the Criminal Justice Department of the Projects Fund. For a more in-depth description of the Criminal Justice Department, please see page 17 in the Introductory Chapter of this budget document.

This following chart shows the growth in terms of constant dollars as a percent of total general fund expenditures over the past decade plus for total police expenditures recorded in both the General Fund and the Criminal Justice Department of the Projects Fund (the spike in 2008 was due to retro pay to the police as part of a 3 year contract settlement).

The apparent increase in 2014 is due to 2013 being actual expenditures and 2014 being budget expenditures. The 2014 budget police related expenditures are only \$18,575 or 1.2% more than the 2013 budget for police.

Police (includes Crim Justice Dept) Expenditures (In Constant Dollars)



(In Thousands of Constant Dollars)

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

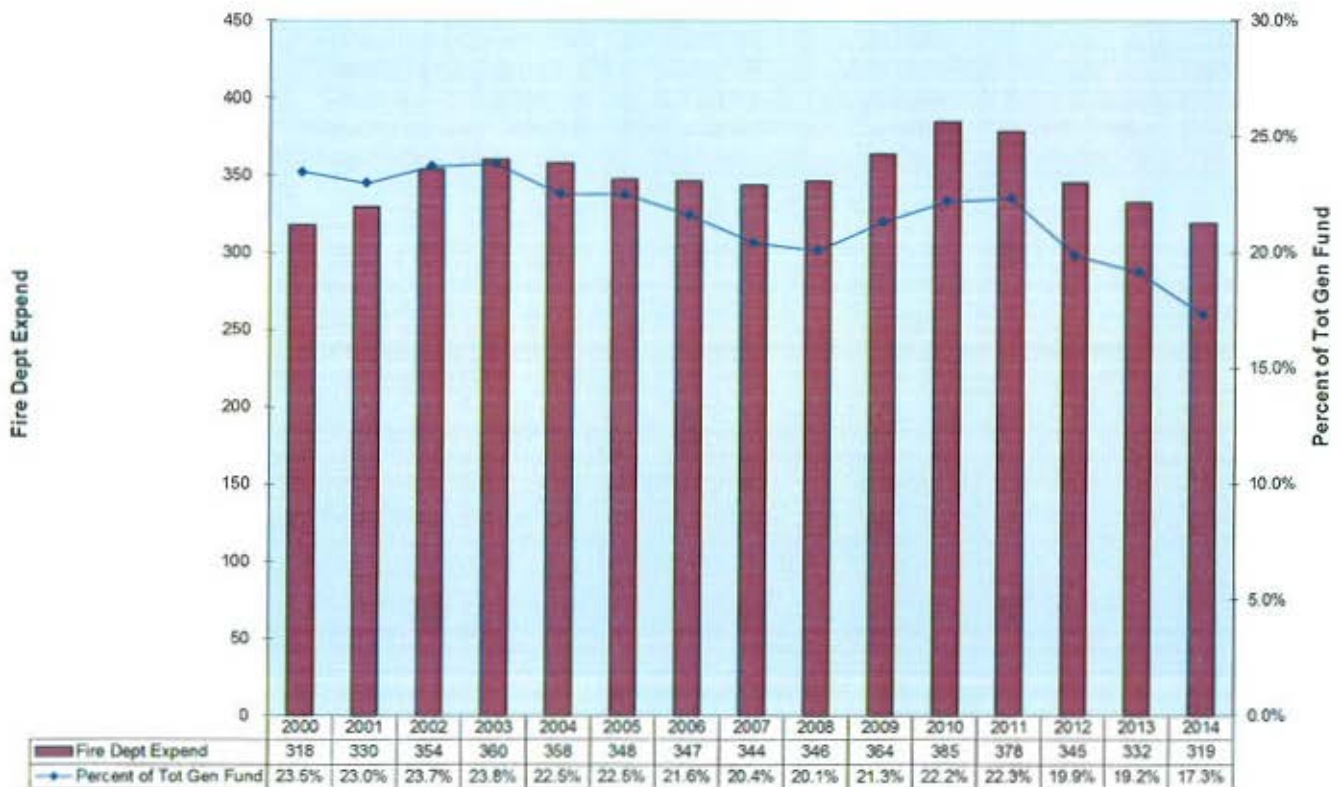
The City of Clyde Hill contracts with the City of Bellevue for Fire Department Services including emergency medical and hazardous materials response. Emergency preparedness type activities are primarily a City of Clyde Hill Police Department responsibility. The Fire Department services are accounted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

The following chart shows Fire Department expenditure growth in terms of constant 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 5.1% from year 2000 Actual to the 2013 Budget.

The fire contract with the City of Bellevue and Clyde Hill along with a number of other small neighboring communities was renegotiated for the 2012 budget using a new formula for how costs are distributed between the cities and towns receiving services. As a result, the 2014 costs for this service to Clyde Hill will decrease by another \$23,725 or 3.9% from an already reduced 2013 amount (in actual dollars).

Overall, 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 and actually decline in 2011, 2012, 2013 and 2014. The percent of total Fire Department expenditures to the total General Fund expenditures was 23.8% as recently as 2003 while this same measurement will be 17.3% in 2014.

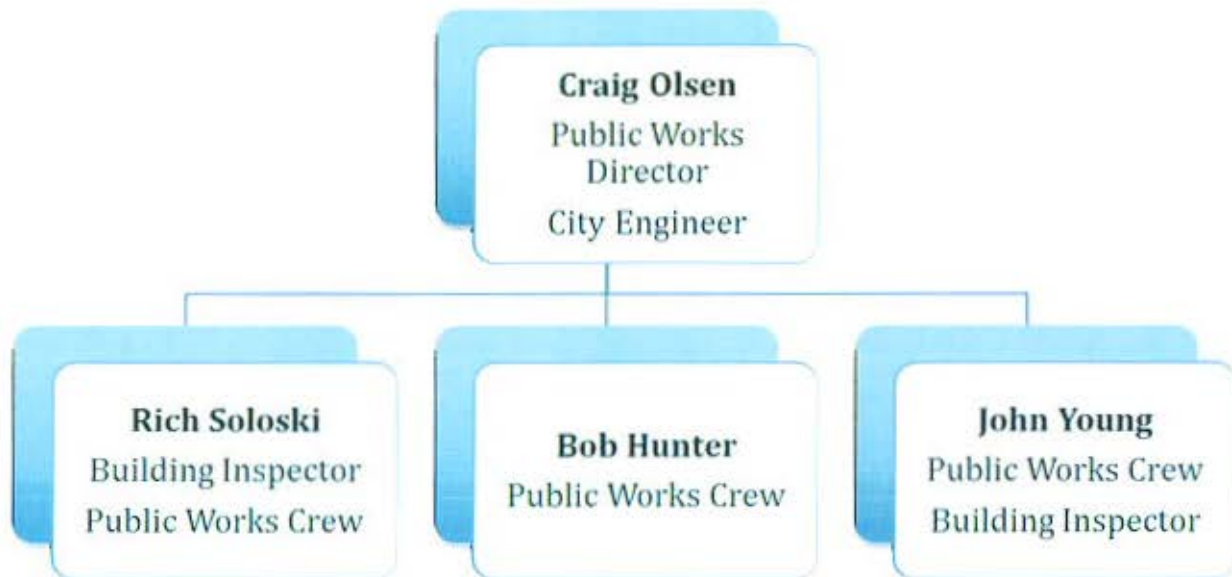
Fire Dept Expenditures (In Constant Dollars)



(In Thousands of Constant Dollars)

Public Works & Building Department

The Public Works & Building Department includes the Public Works Director/City Engineer Craig Olson, Building Inspector/PW Crew Lead Member Rich Soloski, 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 and homeowners. The Building Official and Building Inspector duties are now shared via an inter-local agreement with the City of Medina. Annually, the City hires a local student or two to work with the Public Works Crew in the summer months to help out with park and right of way maintenance projects.



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

- Street Operations (includes the installation and maintenance of signs, signals, lighting, street sweeping, right-of-way vegetation maintenance, on-call snow plowing & ice control, 24X7 disaster response (i.e. federally declared disasters 1) Dec'06 Windstorm, 2) Dec'08 Snow Event & 3) Jan'12 Severe Winter Storm).
- 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).

- Sidewalks, Pathways & City Entrances (includes Points Loop Trail, path along 84th Ave, sidewalk construction & repair, mowing, trimming, weeding and 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, tree/view mitigation assistance, code enforcement, no cost professional landscape and arbor advice to help avoid future view issues).
- 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).

2014 Goals and Objectives

1. Update the City's annual pavement Rating Condition Survey for use with developing the annual Transportation Improvement Plan (TIP) (**performance measurement #22**),
2. Manage the bid process and work with the selected contractors to implement the 2014 road overlay projects (**performance measurement #21**),
3. Design and coordinate with the neighborhood for the 2015 Sidewalk Project with the bid opening tentatively scheduled for early 2015,
4. Manage the National Pollution Discharge Elimination System (NPDES) grant and update the City program for compliance,
5. Design and construct the new mid-block pedestrian crossing improvements to 92nd Ave NE (just south of Points Drive NE) in conjunction with the new SR 520 Highway Project,
6. Maintain service and quality of the permitting process by the Building Department and implement / integrate any new building code changes into the municipal code,
7. Provide on-going maintenance on the City's streets, sidewalks and storm water system at a reasonable cost based on prior years experiences (**performance measurement #23**),
8. Continue to upgrade mapping capabilities for the City's Building Dept and a continuing 2014 emphasis on GIS mapping of the City's Storm Water Management System,

9. Participate in the implementation of the new Building Department permitting system software,
10. Perform on-going updating of the street sign inventory records and replace outdated/damaged signs as needed.
11. Deploy traffic counting equipment and continue to gather traffic data in to show impacts on traffic pattern changes resulting from the Highway 520 Bridge Replacement and HOV Project.
12. Develop and update the on-going inventory and implement the removal of vegetation interfering with sight distance at City intersections.
13. Respond to requests for pothole repairs and traffic signal repair in a timely manner,
14. Continue participation in the City's Performance Measurement Program,

2013 Accomplishments

1. Battled repeated snow and ice conditions to keep roads safe for motorists and available for emergency vehicles during the first three months 2013,
2. Provided street sweeping services and catch basin cleaning throughout the year,
3. Obtained \$125,000 grant from the Washington State Transportation Improvement Board (TIB) for the NE 24th Street Sidewalk Project,
4. Managed the 2013 bid process and worked with the selected contractor and neighboring homeowners to successfully build the new beautiful sidewalk along NE 24th Street (from observations, the sidewalk is used by school kids and walkers every day),
5. Managed the National Pollution Discharge Elimination System (NPDES) grant and implemented the City program for compliance,
6. Public Works crewmembers re-striped worn crosswalks, stop bars, and replaced raised pavement markers,
7. Updated the annual pavement Rating Condition Survey and had the updated TIP approved by the City Council at their June meeting,
8. Developed a few new informational handouts to clarify procedures and requirements in the Building Department,

9. Implemented an increased amount of maintenance on the City's storm water system,
10. Replaced old and damaged street signs in the City's Right of Way (ROW),
11. Continued to provide vending and janitorial services for City Hall as a cost reduction measure,
12. Started data collection efforts for the new Performance Measurement Program.

Performance Measurement

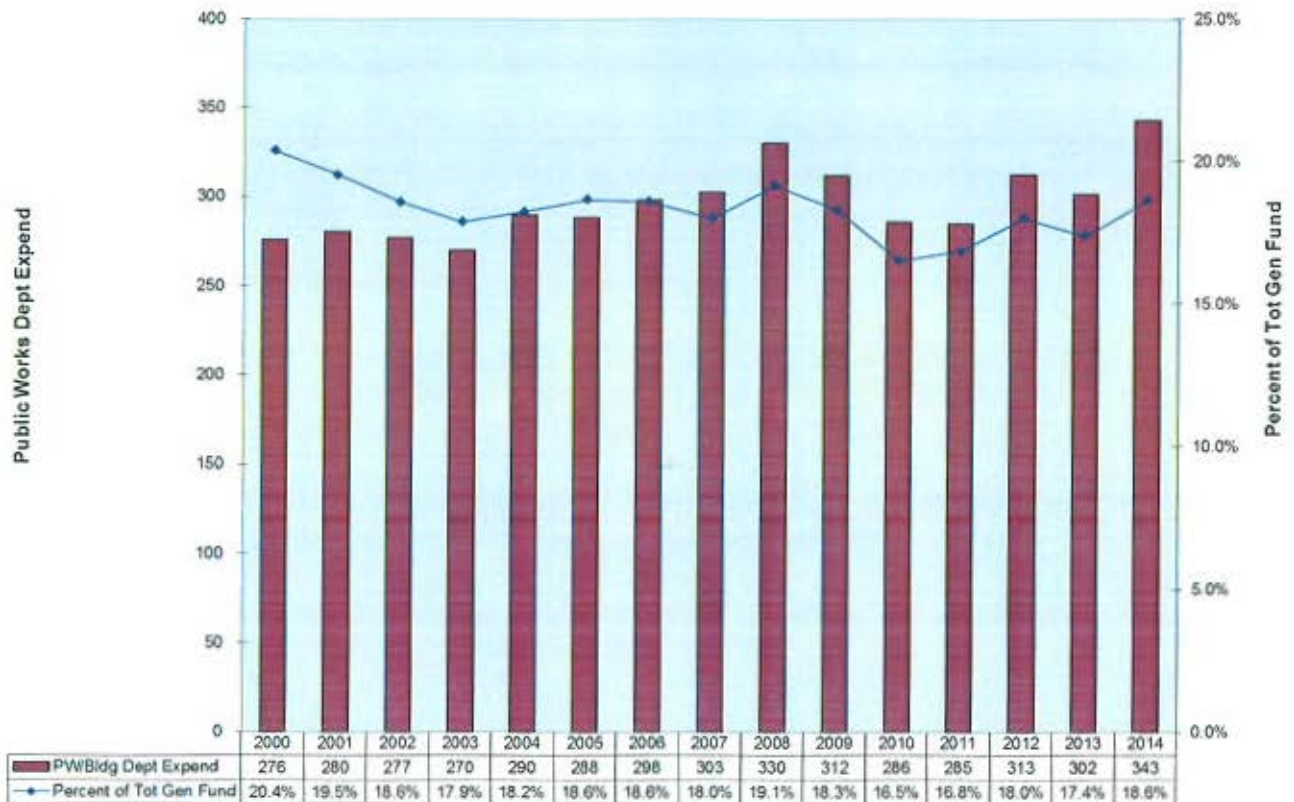
The City is still in the initial stages to develop and implement a performance measurement program. The overall goal is to achieve a dynamic measuring system to highlight areas for concern in order for management to focus on improvement efforts. The following are the current core measures for the Public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

<i>Description</i>	<i>Benefits</i>	<i>Actual 2010</i>	<i>Actual 2011</i>	<i>Actual 2012</i>	<i>Actual 2013</i>	<i>Target 2014</i>
21) Road & Sidewalk Capital Expenditures per lane mile & per capita during the fiscal year.	Effective & Efficient Public Service Delivery - Financial Management	\$4,229 per lane mile & \$30 per capita	\$13,704 per lane mile & \$96 per capita	\$43,068 per lane mile & \$304 per capita	\$18,270 per lane mile & \$129 per capita	\$42,143 per lane mile & \$297 per capita
22) Paved lane miles assessed as being in fair or better condition as a percentage of paved lane miles assessed during the year.	Reliable Public Infrastructure - Infrastructure Condition: General Government	93.6%	95.1%	96.8%	97.1%	90%
23) Transportation operating and maintenance expenditures per capita during the year.	Effective & Efficient Public Service Delivery - Financial Management	\$106	\$112	\$113	\$111	\$129

General Fund Expenditure Data

This following chart shows the Public Works / Building Department expenditure growth in terms of constant dollars (i.e. no inflation) and as a percent of total general fund expenditures over the past decade. Surprisingly, the department's percent of general fund expenditures for the 2012 budget is down 2.7% from 2000 Actual.

Public Works / Building Dept Expenditures (In Constant Dollars)



(In Thousands of Constant Dollars)

The spike in 2008 was primarily due to extra work done on storm drains along the City's right of ways (ROW).

Capital Projects

Capital Projects are primarily managed by the Public Works / 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 staff and the Public Works crewmembers 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 engineer 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 19 of the Introductory Information chapter of this budget document for a detailed explanation of what capital projects will be done in 2014. Completed in 2013 on time and within the budget, the new sidewalk along the south side of NE 24th Street looks great and should help protect school kids and other walkers for years to come.

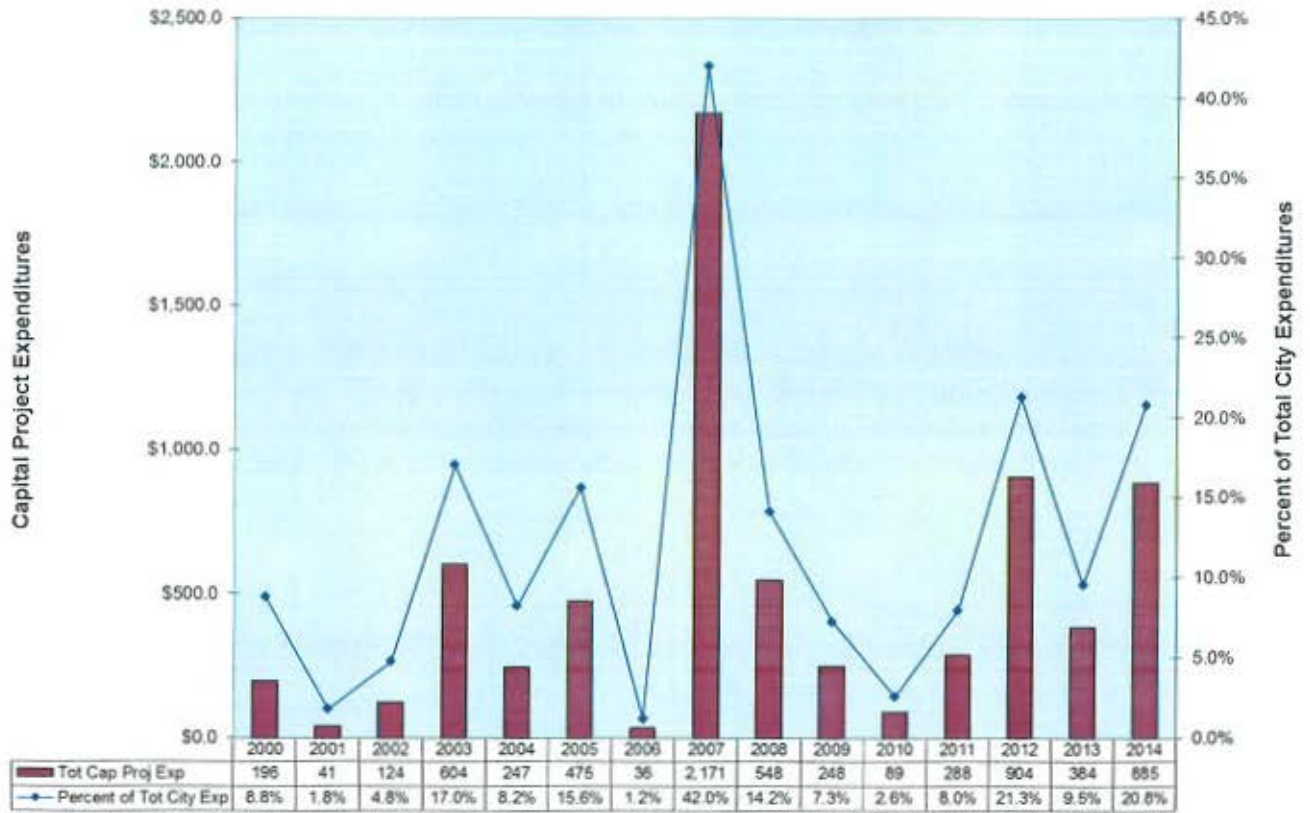
Capital Projects Expenditure Data

This following chart shows Capital Project expenditures in terms of actual (not constant) dollars and as a percent of total City expenditures since the year 2000. 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 are funded with Real Estate Excise Tax (REET) that the City receives from King County when the title to real property is transferred from Grantor to the Grantee. The City of Clyde Hill receives 0.005% of the sales price minus 1.3% for a collection fee retained by King County. For example, a \$3,000,000 home sale is Clyde Hill would result in \$14,805 being deposited to the City's bank account on the 10th day of the following month after the real property title is transferred.

One guiding principle the City Council has been following is the "matching" of REET revenues to capital expenditures. The chart below illustrates this relationship best in 2010 when the housing market in Clyde Hill was close to frozen due to the national economic recession conditions being experienced. Capital expenditures were scaled back to match the lower amount of REET revenues being received.

Capital Projects Expenditure Information



(In Thousands of Actual Dollars)

Please see the Final Budget Numbers chapter starting on page 81 for more detailed budget line item expenditure information on the City's Capital Projects.

“Your City”

City of Clyde Hill, Washington

January, 2014

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 2,980 residents, 1,097 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. provides 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 (2015). Serving on the City Council are: Chris Baker, (2017), Marianne Klaas (2017); Bruce Dodds (2017); Randy Jack (2015), and Barre Seibert (2015).

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: Jesse Reingold - Chairman (2016), Eileen Stempel (2014), Jody Bellar (2018), Kim Muromoto (2017), John Kruger – Vice Chairman (2016). 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 (2014), Bob Valluzzo (2015), Bruce Eastes (2013), Cathy McLamb (2015), and Mike Lang (2015). 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 (2014), Mike Foley (2016), Jody Albright (2016), Patti Hopper (2015), Jack Lauderbaugh (2014). 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.

CITY STAFF

The organization of the City is shown on the organization chart (page 60). The City government currently is authorized to have 18 full time employees, with seven (7) authorized police patrol officer positions. 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. Richard Soloski is the Public Works Crew/Building Inspector. John Young and Bob Hunter specialize in the parks and

landscaping elements of the department. Up to two (3) local students are utilized on a seasonal basis in the summer months to help the Public Works Crew keep up with the growing season and work on special projects.

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 1,015 residents of the Town of Yarrow Point also. Starting July 1, 2009, dispatch

services have been provided by contract through a new entity called “Northeast King County Regional Public Safety Communication Agency” (NORCOM). Jail services are provided by the Cities of Yakima, Kirkland, Issaquah, Renton 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 Eric Anderson, Nathan Cobrea, Michael Cox, John Lallas, Dawn Simpson and Craig Teschlog. There is one vacant position that has not been filled since January, 2009 due to the fiscal uncertainty near the start of the recession type financial conditions caused by the burst of the housing bubble.

Cori Baker is the Records Specialist for the Police Department. Cori 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 building official is an employee of Medina and the building inspector is an employee of Clyde Hill.

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: Republic Services (formerly Allied Waste Services of Bellevue - garbage and recycling service), Comcast (cable television service, internet & VoIP), Puget Sound Energy (electricity & natural gas service), and Century Link (local telephone access service). The City will lease seven (7) wireless communication facilities to four (4) different telecommunication companies in 2014 (the future is uncertain for this revenue source for the City due to changes in technology and cost cutting mergers of companies).

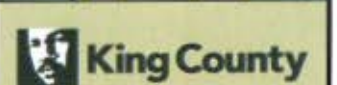
General Information

- 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 deicer sprayer and 1 with a sander when necessary) along with 1 backhoe and a 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.
- The City's web site is www.clydehill.org.
- The City is a member of the Washington Cities Insurance Association (WCIA).
- The City is a member of the Puget Sound Regional Council
- The City is a member of the Sound Cities Association (formerly Suburban Cities)
- The City is a member of the Association of Washington Cities (AWC).
- The City is a member of the Regional Animal Services of King County to provide pet shelter and field services to 25 cities and unincorporated King County.
- The City is a member of the Government Finance Officers Association (GFOA)
- The City has been a Tree City USA Award Winner since 1993.
- The City's wellness program has won the AWC WellCity Award the past 3 years.

iMAP



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Miscellaneous Information and Statistics

City of Clyde Hill, Washington

January, 2014

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. Legally, a city in Washington can be described primarily by its class. There are five classes of cities in Washington:

- First class cities (3.6% of cities in the state)
- Second class cities (3.2%)
- Towns (24.6%)
- Unclassified cities (one city)
- Code cities (68.3%)

Code cities were created by the state legislature in order to grant the greatest degree of local control to municipalities possible under the state constitution and general law. This classification has been adopted by the majority of municipalities in Washington, including Renton, Bellevue, Olympia, Longview, Pullman, and University Place.

Code cities (shorthand for optional municipal code cities, as encoded by Title 35A RCW) are authorized to perform any function not specifically denied them in the state constitution or by state law. They may perform any function granted to any other city classification under Title 35 RCW.

The City of Clyde Hill operates under the Mayor - Council form of government. Most cities in Washington have this form of government, which calls for an elected mayor and an elected city council, including Seattle, Spokane, Kent, Everett, Bremerton, and Bellingham. The main alternative in Washington State is the Council – Manager form of government. Cities with an elected council and appointed city manager include Yakima, Vancouver, Tacoma, Bellevue, and Kennewick.

The Mayor and the City's five council members serve staggered 4 year terms.

Population

The Washington State Office of Financial Management's estimate of Clyde Hill's population as of April 1, 2013 was 2,980. This is an important number for the City due to multiple State shared revenues being based on the annual population estimate. The 2010 Census "trued-up" this number and serves as the basis for population estimates for the next 10 years.

From empirical evidence only, it appears that younger families have been moving back into Clyde Hill more frequently in the past few years. This observation appears to be somewhat true with 94 more people counted in the 2010 census over the 2000 census. There are 2,181 active registered voters in the City of Clyde Hill as of November, 2013 per King County Election Services (most recent data available).

Land Area

Land area of the City of Clyde Hill is approximately one square mile. In addition to the scenic water views, Seattle and Bellevue city views, and Olympic and Cascade mountain views, one distinguishing characteristic for Clyde Hill is the rural nature feel of the community while still being less than five minutes from shopping at Bellevue Square.

Household Income

Median household income in Clyde Hill in 2009:

Clyde Hill: \$193,599

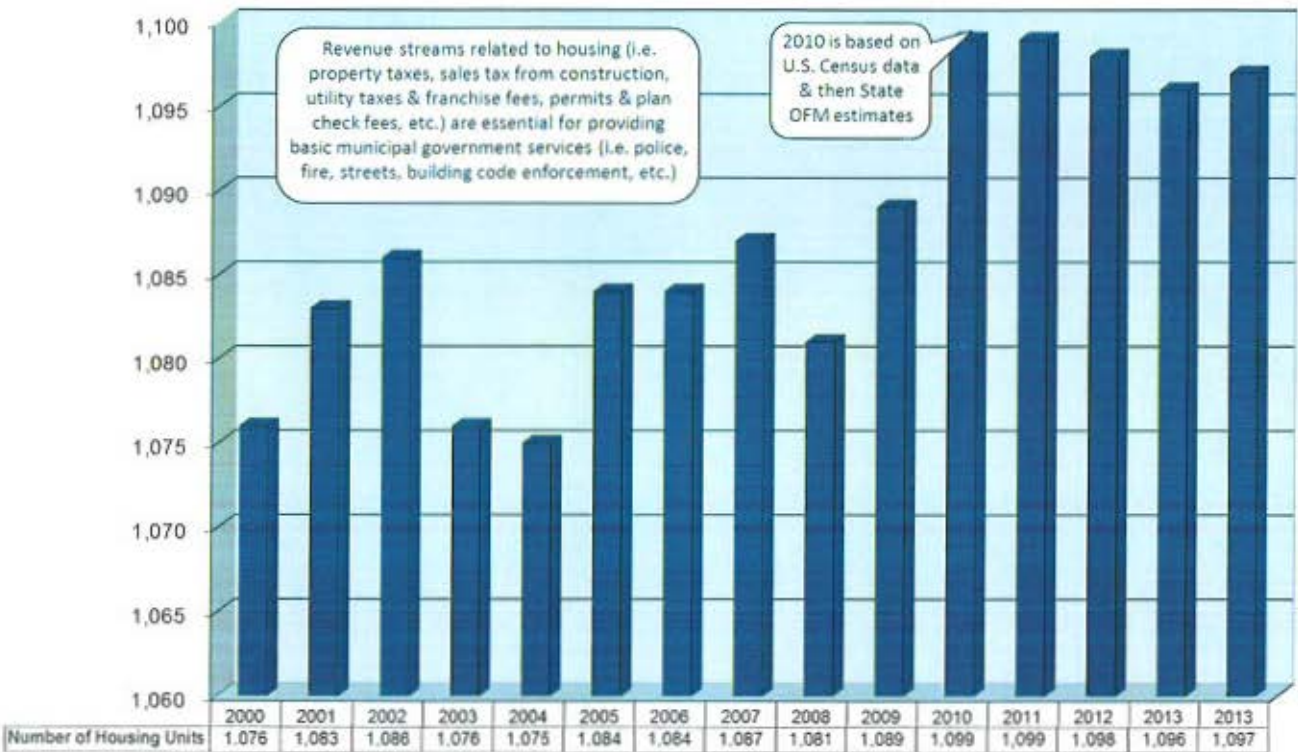
State: \$56,548

For comparison, median household income in 1999 per the last Census in 2000 was \$132,468.

Source: U.S. Census Data

Housing Information

City of Clyde Hill Number of Housing Units



Source: 2010 is U.S. Census Data & then estimated by State Office of Financial Management (OFM)

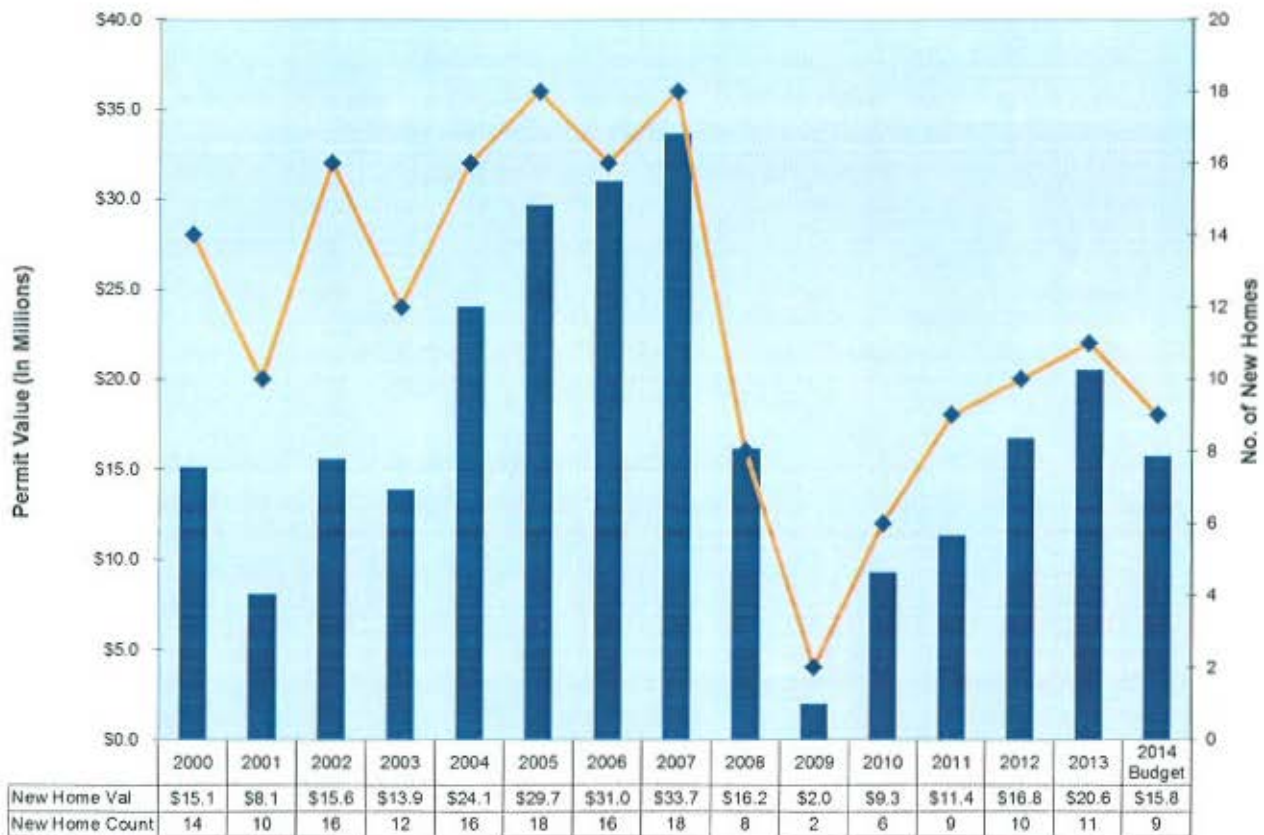
The City of Clyde Hill is pretty much “built-out” with only a few vacant parcels of land left in the City. From 2004 through August, 2008, the City of Clyde Hill experienced a robust housing development environment. Older homes were being purchased by developers and homeowners to “tear down” and be replaced 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. There were 2 new home construction permits issued in 2009 (1 was re-issued on a project that failed to be completed the 1st time).

Since the housing bubble burst in 2008, new home and remodeling activity has gradually come back in Clyde Hill with between 8 to 11 new homes being built annually since 2010

with an average valuation in 2013 at \$1.9M. The conservatively prepared 2014 budget for Development Revenues (i.e. building permits & plan check fees) is based on 9 new homes being built in Clyde Hill during the year at an average valuation of \$1.75M.

Number of New Home Construction Permits & Total Valuation



Line shows the # of new home permits issued & columns show the total new home valuations

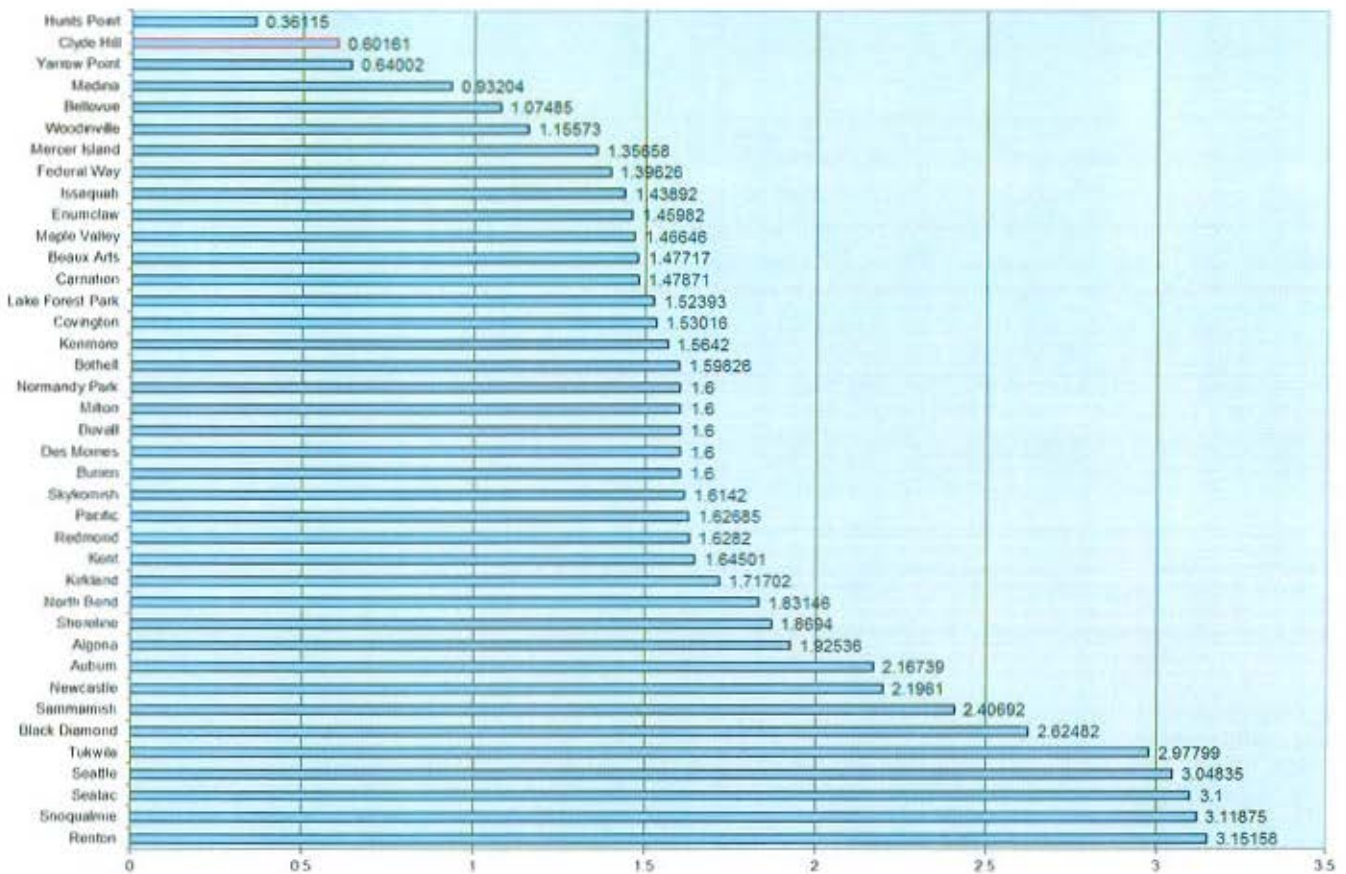
Property Tax Information

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 2014 are up on average 28.7% over the previous year, 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 will receive only 6.6 cents of each property tax dollar paid by Clyde Hill taxpayers in 2014 to fund basic local government services like police, fire, and roads, 4) the City Council has decided for the 3rd year in a row not to take the allowed 1% levy increase and will bank the \$7,374 savings for future use when needed (the total “banked

capacity” for the City is currently at \$24,990), 5) with assessed values increasing substantially in 2014 for most homeowners, the City’s property tax rate paid by Clyde Hill taxpayers has gone up down in 2014 to 0.60161 per \$1,000 of assessed valuation from 0.75173 in 2013 per \$1,000 of assessed valuation. For comparison, Clyde Hill property tax rates were 0.74824 in 2012 and 0.74669 in 2011.

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 2014 Property Tax Rates for Cities & Towns in King County



Budget Glossary

The following are generally accepted definitions of some of the more common terms or acronyms you may encounter when reviewing the City of Clyde Hill budget documents. Included also is more specific information about how the particular budget term or acronym relates to the City of Clyde Hill.

ADOPTED BUDGET: A plan of financial operation, legally adopted by the City Council, providing an approved level of expenditures and a means of financing them for a given fiscal period.

For the City of Clyde Hill, the next year's budget is usually adopted at the regular December City Council meeting proceeding the budget year. Two separate City Ordinances and a motion are voted on at the December meeting: 1) Ordinance to adopt the next year's property tax levy, 2) Ordinance to adopt the next year's Budget and Capital Facilities Plan for the fiscal year beginning on January 1 of the following year, & 3) motion to adopt the City's Financial Plan that includes a set of long-term Financial Policies and a short-term Strategic Plan. Clyde Hill operates under an annual budget whereas neighboring bigger cities like Bellevue, Kirkland and Redmond all use a biennial budget.

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.

For the City of Clyde Hill, an appropriation is commonly called the "budget amount" and is the total expenditure amount by fund listed in the adopted budget. Clyde Hill staff understand this total expenditure amount by fund as the total amount they can legally spend in a fiscal period unless the City Council approves a budget amendment. To maintain close control so that the staff does not over spend the appropriation: 1) Department heads are expected to stay within their particular line item budgets, 2) monthly financial statements are prepared with a comparison of actual expenditures to budget, & 3) Quarterly Budget Monitoring Report is prepared to identify potential problems and develop a "treatment plan" to fix the problem by year end.

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

For the City of Clyde Hill, the King County Assessor's Office sets the assessed value amount for each home in Clyde Hill and the City has no control over the process. Visit the King County Assessor's Office web site at <http://www.kingcounty.gov/Assessor.aspx> for more information.

BALANCED BUDGET: Per State Law, the City must balance its budget with expenditures equaling available resources.

For the City of Clyde Hill, this means the City may use beginning fund balance, transfers from the reserve fund and anticipated revenues to pay for budgeted expenditures.

BARS: The acronym “BARS” stands for Budgeting, Accounting, and Reporting Systems that is prescribed by the State of Washington and administered through the State Auditor’s Office (SAO).

The City of Clyde Hill’s accounting and budgeting systems are designed to be in compliance with the BARS manual. The BARS manual has been a “living document” for at least the past few years requiring close monitoring of changes to maintain compliance.

BASIS OF BUDGETING: This refers to the method of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: generally accepted accounting principles (GAAP), cash, or modified accrual. Bigger cities like Bellevue account for all funds on a modified accrual basis. This means that: 1) expenditures are recognized when goods are received or services are executed, and 2) revenues are recognized when they are measurable and available; provided that payments for expenditures are made, and revenues are collected, within a 60-day period thereafter.

As authorized by the State Auditor’s Office (SAO) for small cities in the State of Washington, the City of Clyde Hill uses the cash basis for both accounting and budgeting. This means that expenditures are not recognized in the accounting system until the goods or services are paid for and they’re not paid for until received. Revenues are not recognized in the City’s accounting system until they are deposited into the bank.

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 EXPENDITURES: The City is a “cash basis” accounting entity. This means that all capital expenditures are expensed when paid for and not recorded as assets. The City does keep track of tangible personal property over \$250 and small and attractive items for insurance and security purposes.

The City of Clyde Hill would always look to the Budgeting, Reporting and Accounting System (BARS) manual maintained by the State Auditor’s Office for guidance on defining what is commonly called a “capital expenditure.” The BARS manual directs the reader, “See Capital Outlays.” Capital Outlays is defined in the BARS manual as, “Expenditures which result in the acquisition of or addition to capital assets.” Capital Assets are defined in the BARS manual as, “Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are in operations and that have initial useful lives extending beyond a single reporting year.

For practical purposes, a \$5,000 threshold is used by the City of Clyde Hill in defining a capital asset.

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.

In Washington State, a capital improvement project must be identified in the City’s Capital Facilities Plan in order to be eligible for payment with revenue coming from the 2nd quarter percent of the Real Estate Excise Tax (REET) charged on real estate transactions.

CAPITAL PROJECTS FUND: A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities. The City of Clyde Hill includes this in the Projects Fund as the Capital Projects Department.

CONSTANT OR REAL DOLLARS: The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past. For the City of Clyde Hill, the inflation rate is indexed to 1990.

CPI-W: The Bureau of Labor Statistics (BLS) publishes the *Consumer Price Index for Urban Wage Earners and Clerical Workers* (CPI-W) on a monthly basis. The City of Clyde Hill uses this measure of inflation in the budget documents and the police contract. Also of note is that the CPI-W is used to annually adjust benefits paid to Social Security beneficiaries and Supplemental Security Income recipients.

DEFICIT: The City of Clyde Hill uses this term to describe the excess of expenditures over revenues during a single fiscal accounting period.

DEVELOPMENT ACTIVITY: Clyde Hill uses this term to describe any new home or remodeling construction activities. This term would also include school construction activity although we try to separate school construction from residential construction when forecasting revenue from this source. Revenue from this source comes to the City of Clyde Hill primarily in the form of building permits, plan check fees, zoning fees, sales tax, new construction property taxes and miscellaneous permits (i.e. original grade determination, demolition, SEPA, grading, fire sprinkler, street opening, etc.)

DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM: A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents. The City of Clyde has participated in this program and has won this award every year since 2006.

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.

The City of Clyde Hill does require a purchase order from employees for non-routine transactions over \$250 but does not formally account for encumbrances in the accounting and reporting system.

ENDING FUND BALANCE: For the City of Clyde Hill, this represents the actual cash balance remaining at the end of the fiscal year available for appropriation in future years.

EXPENDITURES: Payment for goods and services. Under the modified accrual basis used by the City of Bellevue, expenditures are recognized when goods are received or services are rendered; provided that payments for expenditures are made within a 60-day period thereafter. For the City of Clyde Hill, expenditures are not recognized in the accounting system until the goods or services are paid for and they're not paid for until received.

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. The fiscal year for the City of Clyde Hill is the calendar year from January 1st through December 31st. The fiscal year for the State of Washington and all of the State Agencies runs from July 1st through June 30th. The fiscal year for the Federal Government starts October 1st and runs through September 30th.

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. The City of Clyde Hill has three funds: 1) General Fund, 2) Reserve Fund, and 3) Projects Fund.

GENERAL FUND: The General Fund represents the “operating fund” for the City of Clyde Hill. This Fund keeps track of all operating revenues and expenses within the following departments: 1) General Government Support (Legislative, Executive, Financial & Administrative & Legal), 2) Law Enforcement, 3) Fire and 4) 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.

The City of Clyde Hill has a written “Financial Internal Control System” that is updated annually and shared with the Washington State Auditor’s Office during their annual audit. The components of this system include: 1) Control Environment, 2) Risk Assessment, 3) specific Control Activities, 4) Flow of Information and Communication, & 5) Monitoring. The most recently updated “Financial Internal Control System” for the City of Clyde Hill follows this glossary for your review.

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. This fund could also be called the “Rainy Day” fund.

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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**City of Clyde Hill
Washington**

For the Fiscal Year Beginning

January 1, 2013

Jeffrey R. Egan

Executive Director