

# 2015 Final Budget Plan



City of Clyde Hill  
Washington

# City of Clyde Hill, Washington

## 2015 Annual Budget



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City Administrator

Police Chief

Public Works Director/City Engineer

Finance Manager

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**To: Clyde Hill City Council and Citizens**

**From: George S. Martin, Mayor**

**Date: November 12, 2014**

**Re: 2015 Budget Message**

I would like to thank the City Council, the City Staff and the Citizen Budget Advisory Committee (Mike Foley, 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 2015 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 2015 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. With policy direction from the City Council this goal has been achieved.

In 2014, by keeping expenditures down while experiencing strong residential development the City was able to develop a rather simple balanced budget. For 2015, the City is not able to present a simple balanced budget. To help manage the budget, cost increases have again been held to a minimum although the expiration of a public works grant, increased legal costs and a binding arbitration hearing with the police officer's union have acted to increase 2015 expenditures beyond expected revenues. However, recognizing longer-term financial challenges, the City is able to balance the 2015 Budget largely reliant on the use of its strategic reserves.

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 8 cents. Over 92 cents of every property tax dollar goes to other jurisdictions over which the City of Clyde Hill has no control or say.

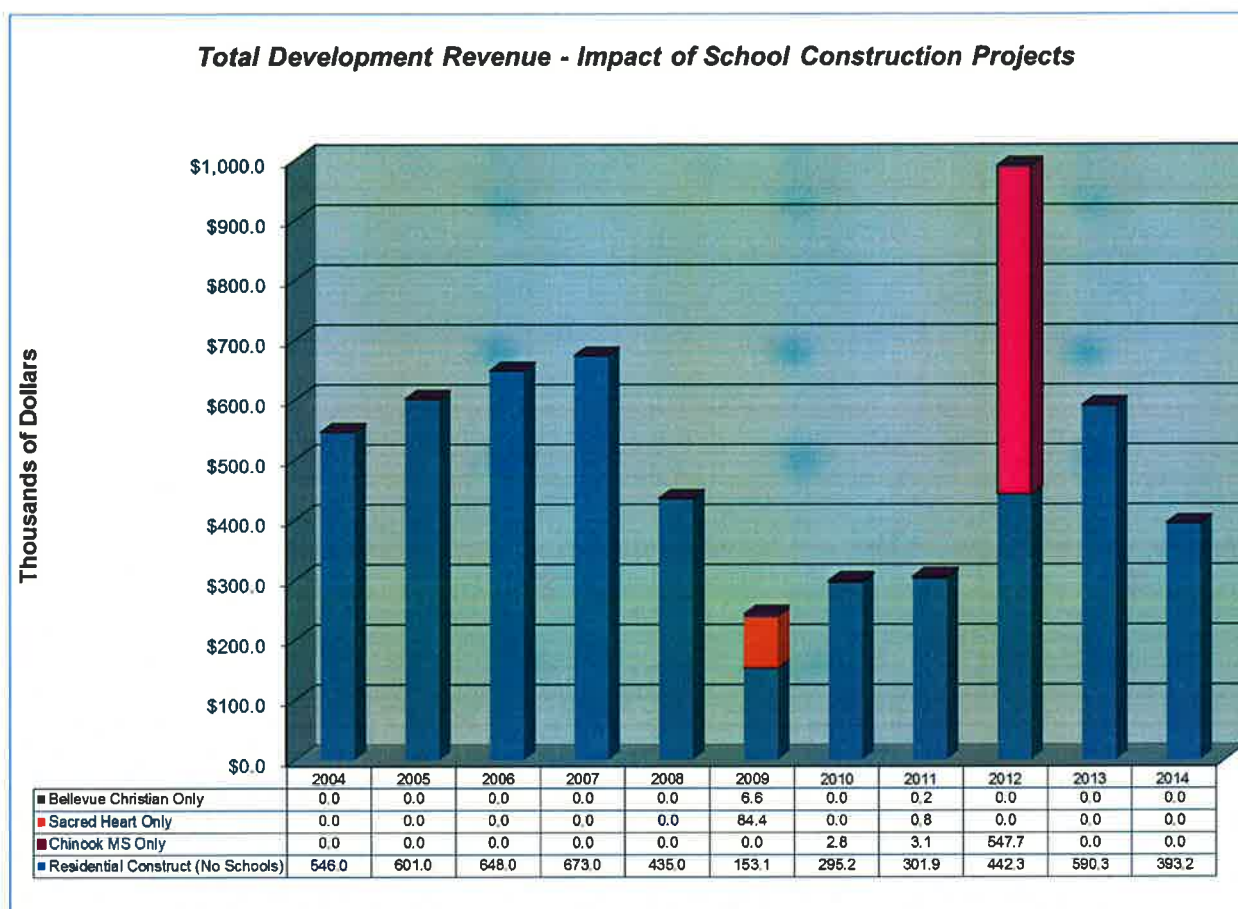
The City of Clyde Hill derives the remainder of its operating revenue from a combination of sources which include sales tax, development revenue, investment income, fines and forfeitures, wireless communication facility leases, utility and franchise taxes and police and building inspection contract services 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, when the recent recession began the City was 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 that was completed in 2014. 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 2015. This process provides the Mayor, City Council and Staff the necessary information to avoid financial surprises and to implement best financial practices.

### 2015 Budget

The 2015 Budget anticipates total City revenue of \$4,258,375 and total expenditures of \$4,456,525. The difference between revenue and expenses in the Projects Fund is financed from strategic reserves or from existing department or fund balances. In the General Fund, the City anticipates total revenue of \$3,442,050 and total expenditures of \$3,577,025.

Total operating revenues are anticipated to increase by 2.8% from the 2014 Budget. The following highlights the major revenue trends included in the 2015 Budget:

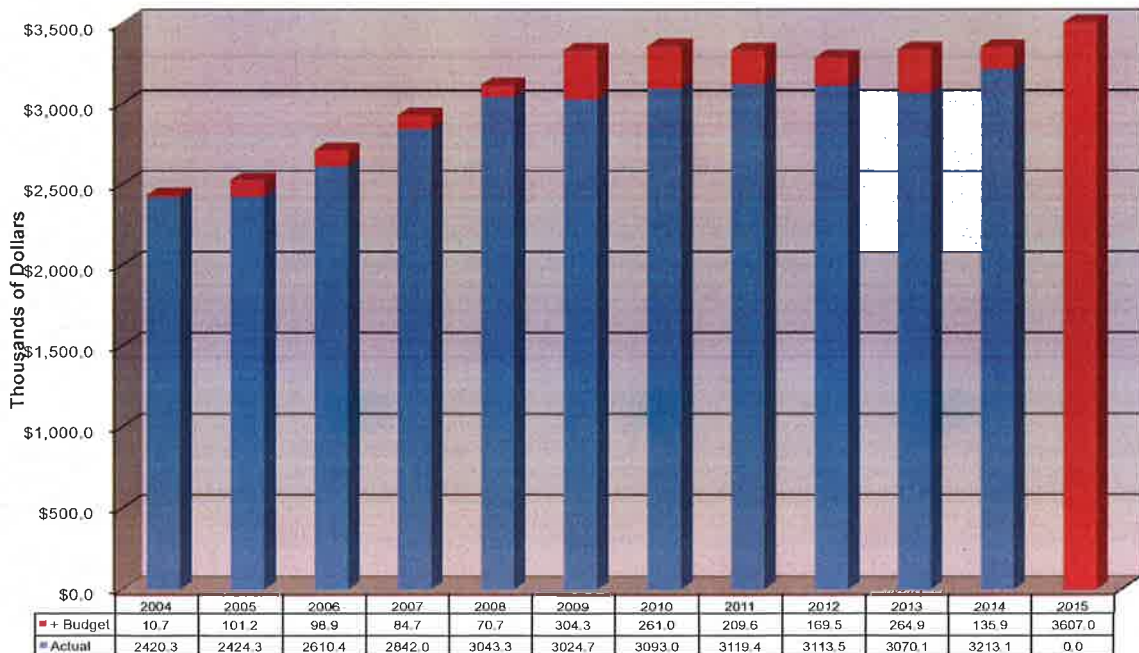
1. Development Revenue is projected to increase by \$34,500 in 2015. The total value of all residential development in 2015 is projected to be about \$22M or the same volume just

experienced in 2014. Although volume is expected to remain the same, development fees will increase for the first time in eight years, accounting for the revenue increase.

2. Sales Tax is projected to increase by \$25,000 in 2015. 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 \$150,000 to this revenue item. In 2015, a continued high amount of sales tax can be attributed to strong 2014/2015 residential development (\$190,000). However, unlike in the last two years, the 2015 Budget will not have any sales tax revenue coming from the Chinook Project.
3. For the fourth consecutive year, the City's general levy amount for Property tax will not increase. The 2015 levy includes an amount currently available for new construction (\$21,750) and an amount (\$389) 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 increase slightly by \$1,000 due to recent consolidation that eliminated two antenna sites.
5. Fine and Forfeit revenue is decreasing by **\$5,000** based on lower ticket revenues and court fines.
6. Investment Income is budgeted to be slightly lower in 2015 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 decreasing by **\$12,300** because of a reduction in the police contract w/Yarrow Point (**-\$5,550**) and the discontinuance of the building department service agreement with Medina (**-\$10,000**).

In comparison to the 2014 Budget, total operating costs are projected to increase by 6.8% (\$228.025). To control costs in the last seven years, multiple years of cost cutting and cost containment measures have been used to maintain expenditures.

**Total Operating Expenditures - Budget Amount Greater Than Actual**



### *City of Clyde Hill Services*

Within the 2015 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 2015 is \$1,588,700, 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 \$591,850 to the City of Bellevue for these services in 2015, a 2.2% increase from 2014. 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 2015 is \$639,200, 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 2015 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 \$757,275 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 24<sup>th</sup>, approximately one third of it paid for by a state grant.

The 2015 capital budget includes \$300,000 for the bidding and construction of the second of five new sidewalk projects, approximately one third of it paid for by a state grant. This year's sidewalk project on 92<sup>nd</sup> Ave (from 24<sup>th</sup> to 20<sup>th</sup>) will fill in the last remaining piece of sidewalk for an "inner loop" around the city surrounding the three schools and Sacred Heart.

The Budget also includes funding related to the completion of an update to the City's Stormwater Management Plan \$50,000 and resources (\$100,000) for a few smaller stormwater repair projects.

The remaining portion of the Projects Fund budget for 2015 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 2015 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 2014 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.

## **2015 Staff 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. The good news was that those decisions did not require emergency consideration. Even better news was that those decisions were subsequently influential in bolstering the long-term financial health of the City.

Continuing to keep expenditures down while riding on a wave of strong residential development revenue resulted in a rather simple balanced budget last year. This year the staff was not able to present a simple balanced draft budget. The expiration of a public works grant, increased legal costs and a binding arbitration hearing acted to increase 2015 expenditures beyond expected revenues. However, with a determined focus, decisions were made in October to balance the 2015 Budget based on using reserve funds and a development fee increase. Building on the work of the Mayor, Council and Budget Advisory Committee, the staff is pleased to submit a final 2015 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 2015. There were no changes made to the Budget since the preliminary budget hearing. However, the blue budget does reflect a revised 2014 year-end estimate (slightly increased the projected surplus by \$50,450), but these year-end revisions do not change the final budget in a material way.

#### **2015 Budget – Big Picture**

Clyde Hill's most recent economic picture has been cautiously positive. Since 2011, an increase in homes sold/purchased has resulted in new homes and remodeling projects. This activity resulted in a higher amount of actual development over what was predicted in 2011, 2012 and 2013. That's good news, because in Clyde Hill, development is what drives the City's local economy and allows for a balanced budget. In 2012, 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.

In 2014, the completion of the Chinook project combined with slowed down, but respectful level of local construction activity. The lack of growth in development



revenues combined with stagnant revenues throughout all other revenue sources is why the staff is cautiously positive in 2015.

On the operating expenditure side the two biggest stories within 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 substantial cost reductions over the last three years (\$119,000). In 2015, the cost for these services will increase by \$12,925 or 2.2%. However, 2015 costs are still below what the City paid in 2008.

Overall City operating expenditures have been cut and continually managed to help survive falling or stagnant revenues. This has been achieved with the help of 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 few years the City completed a few noteworthy projects: \$1m boulevard project on 84<sup>th</sup>, a great looking sidewalk project on 24<sup>th</sup> and a number of local street overlays. Also in 2013 the water department was required to pay for the repaving of 14 streets in Clyde Hill. Almost all of the above 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 our projections a few years ago. It should also be pointed out that many legacy improvements to the community, paid for by the State, are currently wrapping up in the SR 520 corridor that will provide three new community lids/parks, a regional trail system and extensive improvements to the Points Loop Trail system.

The 2015 Budget has resources allocated to complete the second of five new sidewalk projects. This year's sidewalk project on 92<sup>nd</sup> Ave (from 24<sup>th</sup> to 20<sup>th</sup>) will fill in the last remaining piece of sidewalk for an "inner loop" around the city surrounding the three schools and Sacred Heart.

To help understand the 2015 Draft Budget, the following are some of the "more interesting" budget items and issues:

#### **GENERAL FUND:**

Total **operating revenues** are projected to increase by 2.8%, or \$93,050, over the 2014 budget. When compared to the 2014 year-end projections, the budgeted 2015 revenues are about \$43,000 below that amount.

The following is an overview of the major revenue trends or issues included in the 2015 budget:



- 1) Overall Development Revenue is budgeted to increase by \$34,500. The total value of all residential development in 2015 is envisioned to be about \$22M, or the same volume just experienced in 2014. This volume compares to \$21.4M in activity (w/out Chinook) in 2012 and 31.2M in 2013. The additional revenue is generated from an increase to development fees.
  - 2) Utility Taxes & Franchise Fees collectively are expected to increase slightly by \$14,250 due to rate and usage changes...each utility has its own story, but no one story is noteworthy.
  - 3) Sales Tax is projected to increase by \$25,000 in 2015. In 2015, a continued high amount of sales tax can be attributed to strong 2014-15 residential development (\$190,000). Unlike in the last two years, the 2015 Budget will not have any sales tax revenue from the Chinook Project.
  - 4) Property tax *does not include* a general levy increase. Included in the 2015 budget is the amount currently available for new construction (\$21,633) and an amount (\$389) for prior year refunds.
  - 5) Space and Facility Leases is expected to increase slightly by \$1,000.
  - 6) Fine and Forfeit revenue is decreasing by \$5,000 based on lower ticket revenues and court fines.
  - 7) Investment Income is budgeted to be slightly lower in 2015 (\$150). The budget is stagnant due to the Fed continuing its policy of very low short-term interest rates.
  - 8) Intergovernmental revenue is decreasing by \$12,300 because of a reduction in the police contract w/Yarrow Point (-\$5,550) and the discontinuance of the building department service agreement with Medina (-\$10,000).
- Total **operating costs** are projected to increase by 6.8%, or \$228,025 over the 2014 budget. The Draft 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%)
- Fire/EMS Services (17%)
- Everything Else To Support the City (19%)

People costs (salaries and benefits) are budgeted to increase by \$179,250 or 8.4% over the 2014 budget. The Fire/EMS service contract with Bellevue is budgeted to increase by \$12,925 or 2.2%. All other accounts are budgeted to increase by \$35,850 or 5.6%.

	2014 Budget	2015 Budget	Difference \$	Difference %
Salary/Benefits	\$2,132,750	\$2,312,000	\$179,250	8.4%
Fire/EMS	\$578,925	\$591,850	\$12,925	2.2%
All Other Accts	\$637,325	\$673,175	\$35,850	5.6%
<b>TOTAL:</b>	<b>\$3,349,000</b>	<b>\$3,577,025</b>	<b>\$228,025</b>	<b>6.8%</b>

**People Costs:**

- Total City operating salaries of 1,580,500 increased by \$118,750 or 8.1%
- Total City personnel benefits of \$731,500 increased by \$60,500 or 9.0%
- This is the fourth year the City received the Well City award from the Association of Washington Cities, which allows for a 2% reduction in the City's 2015 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 resulted in substantial cost reductions over the last three years (\$119,000). In 2015, the cost for these services will increase by \$12,925 or 2.2%. However, 2015 costs are still below what the City paid in 2008.

**All Other Operating Accounts:**

In the last four years the staff cut over \$150,000 from operating accounts reflecting a 5% decrease from the already decreased 2009 budget. The staff has again taken a look at all expenditures and made additional adjustments or once again has not changed amounts when possible. Looking at all the City's operating accounts, 77% have either been decreased or remained the same in 2015.

There are only a few "non-people" operating accounts that are materially noteworthy (+/- \$5,000) in the 2015 Budget:

- \$5,750 increase to Insurance Pool expenses to account for two current lawsuits
- \$45,000 increase to Legal expenses to account for two current lawsuits and an arbitration
- **\$29,000 decrease** in contractual Building Department costs due to moving this in house
- \$5,000 increase to the City's General Parks accounts for a new landscape maintenance contract on 84<sup>th</sup> Avenue.

**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.

The following transfers are budgeted to go into different departments of the Projects Fund to account for a variety of projects:

- Transfer into the Parks/Rec. Department (\$16,500) to help fund the City's Celebration Event.
- Transfer into the Special Projects Department (\$25,000) to help fund a number of special projects detailed below in the Special Projects Department.
- Transfer into the Equipment Replacement Department (\$25,000) 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**

Expenditures within the Criminal Justice Department are budgeted to essentially remain the same with the addition of two noteworthy special projects: Replacement of the Police copier (\$12,000), speed trailer (\$7,500) and the replacement of a police vehicle (\$40,000). Yarrow Point contributes about 25% to all expenses in this Department.

#### **GRANTS DEPARTMENT**

- The Grants Department is established to account for specialized grants received by the City. Since 2010, this fund has played an important role in helping to balance the operating budget by accounting for grants the City received from the State to help meet its obligations and mandates relating to the National Pollution Discharge Elimination System (NPDES) municipal stormwater permit program.

In 2010 the City shifted its storm drain maintenance and street sweeping operating accounts to this department. As the most current State grant expires in early-2015, these operating expenses are again temporarily moved from the Grants Department to the Capital Projects Department. The staff will keep an eye out for any change to the State's desire to continue funding for these functions and will recommend changes to the budget if necessary.

- WSDOT provided the City with \$100,000 to facilitate the City's review of their plans and construction for the SR 520 improvements. The WSDOT payment is accounted for in this department. We expect these accounts to close once the SR 520 project is complete.

- A new item was added in 2014 to account for a state grant relating to the review of the City's Comprehensive Plan, as mandated by the Growth Management Act. Although most of the activity is expected to take place in 2014, this will be a 2-year process where the City's cost to hire and manage a planning consultant to coordinate the process is anticipated to be higher than the grant amount it will receive (\$10,000) from the state.

- 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.

#### **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 is one up for replacement in 2015: Public Works Truck (\$60,000).

#### **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 2015.

- 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 2015 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 2015 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 2015 Budget:

<b>2015 Draft Budget</b>	<b>Amount</b>
Safety Committee – Emergency Preparedness	\$40,000
Storage Project	\$25,000
Regional Advisory Services	\$10,000
Mapping/GIS System	\$15,000
Other Projects	\$8,100
(Arbor Day \$2.5 – Permits \$4.1 – Cable TV \$1.5)	
<b>Total:</b>	<b>\$98,100</b>

**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.

**• 2015 Road Overlay Program - \$50,000:**

The 2015 capital budget has \$50,000 included for an engineer to design the plans for the implementation the 2016 Road Overlay Program. No roads are planned for overlay in 2015.

**• Stormwater Projects:**

- Stormwater Management Plan- \$50,000: In January the Council accepted a \$50,000 grant from the State Department of Ecology relating to the City's NPDES permit. At the same time the Council declined a \$120,000 stormwater quality design grant that could have only been used for designing low impact development water quality projects that were not deemed desirable projects for the City. Included in the 2014 Budget was a \$120,000 Stormwater Quality Project expenditure for a non-defined stormwater quality project in conjunction with the denied DOE grant.

When rejecting the grant, the Council authorized the staff to use a portion of the budgeted 2014 project and hire an engineering firm to take the City's newly gathered data about its storm system, model it and report on deficiencies or opportunities to improve the system. This information will also be used as the basis for the storm system risk analysis to be used in conjunction with Financial Policy #5.

An updated Stormwater Management Plan is intended to reinforce the basis of the City's overall approach to stormwater management, its stormwater capital planning and will be used as a source of information for other modifications to current laws or policies.

- Stormwater Projects - \$100,000: A few areas in Clyde Hill have had chronic problems during heavy rains, mainly because of root intrusion. The Public Works Department will address five areas that receive the most recent attention and

maintenance resources with smaller repairs:

1. (\$13,000) - 85<sup>th</sup> & 17<sup>th</sup> – Catch basin on 84<sup>th</sup> under sidewalk
2. (\$28,000) - 2315 85<sup>th</sup> Place – Replace pipes w/root damage
3. (\$28,000) - 2037 87<sup>th</sup> Place – Replace pipes w/root damage and add Catch basin
4. (\$8,000) - Points Drive Easement, near Tully's – New screen and inlet walls at large culvert
5. (\$23,000) - 1909 89<sup>th</sup> – Install new pipe to catch basin

**• Sidewalk Construction:**

**- 92<sup>nd</sup> Ave Sidewalk Construction - \$300,000:**

The first of five new sidewalk projects was implemented in 2013 on 24<sup>th</sup> Street (92<sup>nd</sup> to 98<sup>th</sup>). The City's Transportation Improvement Plan calls for construction of these projects every other year. The 2015 Budget includes \$300,000 for the construction of the next sidewalk project 92<sup>nd</sup> Ave (20<sup>th</sup> to 24<sup>th</sup>). A portion of this project (\$110,000) will be funded by a State TIB grant.

**FINAL BUDGET THOUGHTS:**

The 2015 Budget is revenue conservative and expenditure frugal. However, the Budget is negatively impacted by legal and personnel costs associated with a union arbitration and stagnant revenues. This combination has created a budget imbalance that was required to be filled by reserves and a development fee increase.

The current year will end up being a positive one. On the revenue side, sales taxes from residential projects continue to exceed expectations. On the expenditure side the continued freezing of the 7<sup>th</sup> officer's position coupled with tight management controls played key roles in generating a projected surplus for 2014, which will be the principle contributor to help balance the 2015 Budget.

Any remaining surplus will go to bolster the Reserve Fund and the City's longer-term financial health. As we have seen in the recent past and again this year, 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. Continued strategic decisions within the budget process are necessary to keep the City on firm financial footing.

Looking forward, the City's most likely financial projection shows the next five years either just above or just below the break-even point. Any unexpected expenditure increase or revenue breakdown will tip that balance one way or the other. Regular monitoring of the City's finances will continue to be important.

In 2010, the City strengthened its plans to manage the economic volatility through an enhanced monitoring plan. The success of this approach will help the Council and staff implement and monitor the 2015 Budget to minimize any surprises and maximize the ability to react to any unplanned negative financial situations if they arise.

It was a pleasure working with this year's Budget Advisory Committee. This group of returning veterans added valuable contributions throughout the budget development process. Although the City continues to struggle each year to balance the budget while maintaining current service levels, the decisions made both in the past and again from this process have put the City's finances in a strong position. Given the hard work and support of the Committee, Mayor, Council and staff, I am confident in our collective abilities to make this year another prosperous one for the Clyde Hill Community. The 2015 Budget and associated information were developed with this philosophy in mind.

## **Quick Overview of 2015 Budget Numbers**

### **City of Clyde Hill, Washington**

#### **Fiscal Year 2015**

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.

The next few pages of the annual budget document will give the reader a quick overview of the numbers involved in the 2015 Budget. The following section includes:

- Summary of major revenues and expenditures for all funds combined since 2012, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the City in relation to past experience,
- Summary of major revenues and expenditures for each of the City's three managerial funds, as well as other financing sources and uses, to provide an overview by fund specific to the 2015 budget,
- Pie charts showing 2015 Budget Operating Revenue compared to 2005 Actual Operating Revenue with the dollar amounts and the percent of total revenues,
- Pie charts showing 2015 Budget Operating Expenditure compared to 2005 Actual Operating Expenditure with the dollar amounts and the percent of total expenditures,

Please contact the City's Finance Manager directly at 425.453.7800 or [john@clydehill.org](mailto:john@clydehill.org) if you have any further questions regarding the City's budget numbers for the 2015 fiscal year.



# Budget Summary

## City of Clyde Hill, Washington

### Fiscal Year 2015

**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.

<b><u>Major Revenues</u></b>	<b><u>Actual FY 2012</u></b>	<b><u>Actual FY 2013</u></b>	<b><u>Actual FY 2014</u></b>	<b><u>Budgeted FY 2014</u></b>	<b><u>Budgeted FY 2015</u></b>
Taxes					
Ad Valorem	960,324	950,148	981,255	987,500	1,010,300
Sales & Use Taxes	338,259	655,822	636,349	467,000	500,000
Utility Taxes	468,010	450,127	451,001	471,650	478,400
Real Estate Excise Taxes (REET)	519,447	750,336	528,388	520,000	550,000
Business Licenses & Permits	275,839	302,048	311,620	290,500	298,000
Non-Business Licenses & Permits	624,278	368,413	271,675	250,500	308,000
Intergovernmental	1,328,937	618,052	706,529	772,100	537,025
Charges for Services	366,577	222,889	122,376	152,500	254,500
Fines and Forfeitures	70,277	75,491	69,272	70,000	65,000
Interest Income	26,274	22,786	17,880	20,900	11,100
Miscellaneous	228,866	230,435	154,055	232,000	246,050
Non-Revenues	0	0	0	0	0
Transfers	364,858	522,567	677,814	677,815	101,884
Debt Proceeds	0	0	0	0	0
Internal Services	0	0	0	0	0
<b>Total Revenues</b>	<b>5,571,946</b>	<b>5,169,114</b>	<b>4,928,214</b>	<b>4,912,465</b>	<b>4,360,259</b>
Cash & Restricted Balances Brought Forward (Appropriated)	4,268,789	5,224,113	6,187,130	6,187,130	6,592,752
<b>Total Resources Available</b>	<b>9,840,735</b>	<b>10,393,227</b>	<b>11,115,344</b>	<b>11,099,595</b>	<b>10,953,011</b>
<b><u>Major Expenditures</u></b>					
General Government	706,819	703,665	825,319	883,150	855,375
Public Safety	1,980,033	1,940,020	1,948,941	2,135,000	2,295,950
Physical Environment	248,456	269,989	200,477	271,750	206,250
Transportation	1,270,383	727,987	787,764	1,295,200	1,023,950
Economic Environment	17,202	17,549	56,847	23,000	41,500
Culture and Recreation	28,920	24,320	25,431	28,500	33,500
Transfers-Out	364,808	522,567	677,814	677,815	101,884
Non-Expenditure Dispersment	0	0	0	0	0
Internal Services	0	0	0	0	0
<b>Total Appropriated Expenditures</b>	<b>4,616,621</b>	<b>4,206,097</b>	<b>4,522,593</b>	<b>5,314,415</b>	<b>4,558,409</b>

# Budget Summary

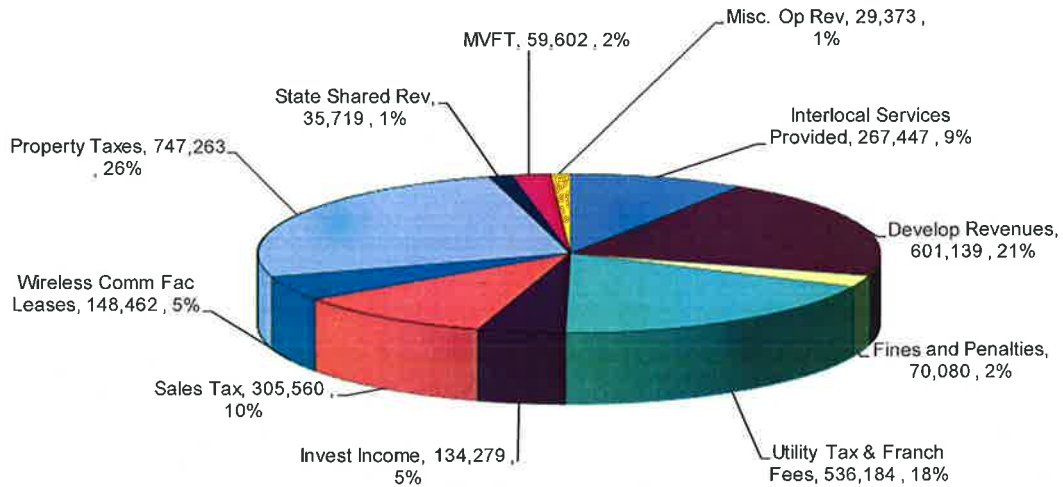
## City of Clyde Hill, Washington

### Fiscal Year 2015

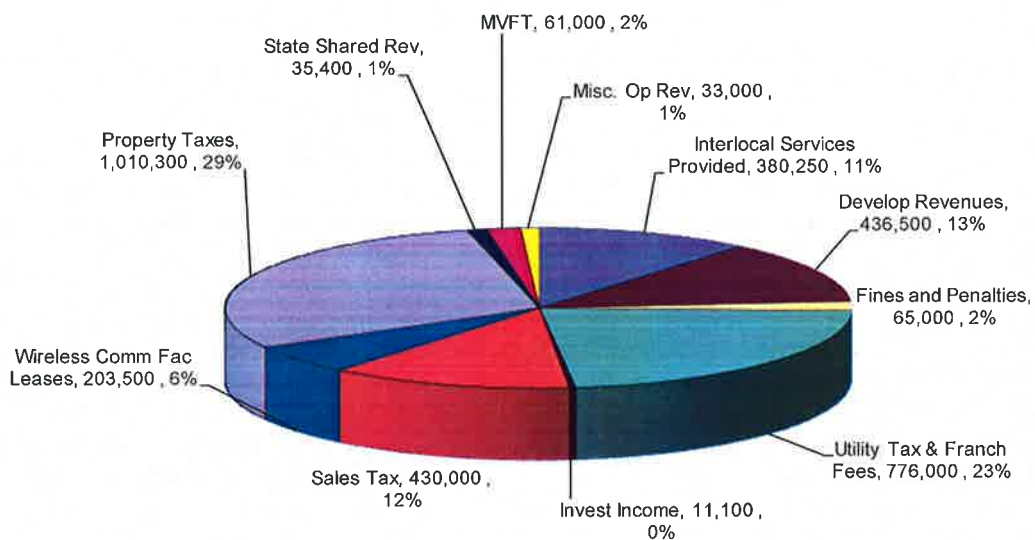
**Purpose:** to present the 2014 Budget summary of major revenues and expenditures, as well as other financing sources and uses, by Fund as an overview of the total resources budgeted by the City.

<u>Major Revenues</u>	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Projects Fund</u>
Taxes			
Ad Valorem	1010300	0	0
Sales & Use Taxes	430000	0	70000
Utility Taxes	478400	0	0
Real Estate Excise Taxes (REET)	0	0	550000
Business Licenses & Permits	298000	0	0
Non-Business Licenses & Permits	308000	0	0
Intergovernmental	476250	0	185775
Charges for Services	128500	0	1000
Fines and Forfeitures	65000	0	0
Interest Income	11100	0	0
Miscellaneous	236500	0	9550
Non-Revenues			
Transfers	0	35384	66500
Debt Proceeds	0	0	0
Internal Services	0	0	0
Total Revenues	<u>3,442,050</u>	<u>35,384</u>	<u>882,825</u>
Cash & Restricted Balances Brought Forward (Appropriated)	336,860	3150214	3105678
<b>Total Resources Available</b>	<u><u>3,778,910</u></u>	<u><u>3,185,598</u></u>	<u><u>3,988,503</u></u>
<b>Major Expenditures</b>			
General Government	757275	0	98100
Public Safety	2180550	0	115400
Physical Environment	201500	0	4750
Transportation	414200	0	609750
Economic Environment	7500	0	34000
Culture and Recreation	16000	0	17500
Transfers-Out	101884	0	0
Non-Expenditure Dispersment	0	0	0
Internal Services	0	0	0
<b>Total Appropriated Expenditures</b>	<u><u>3,678,909</u></u>	<u><u>0</u></u>	<u><u>879,500</u></u>

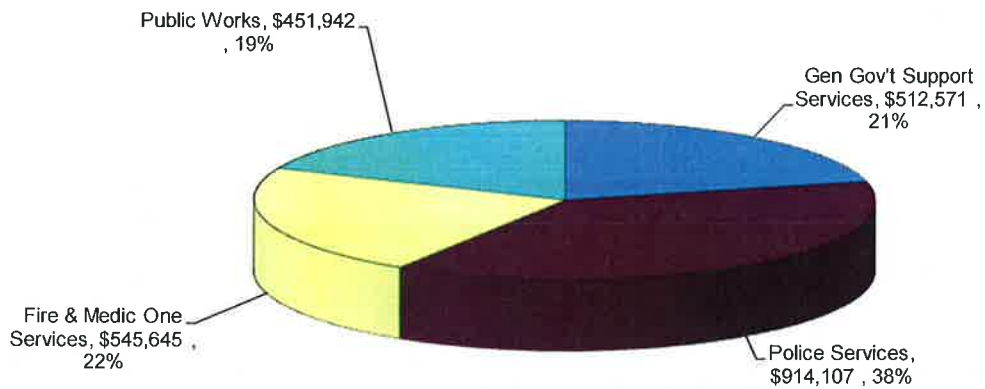
### 2005 Actual Operating Revenues



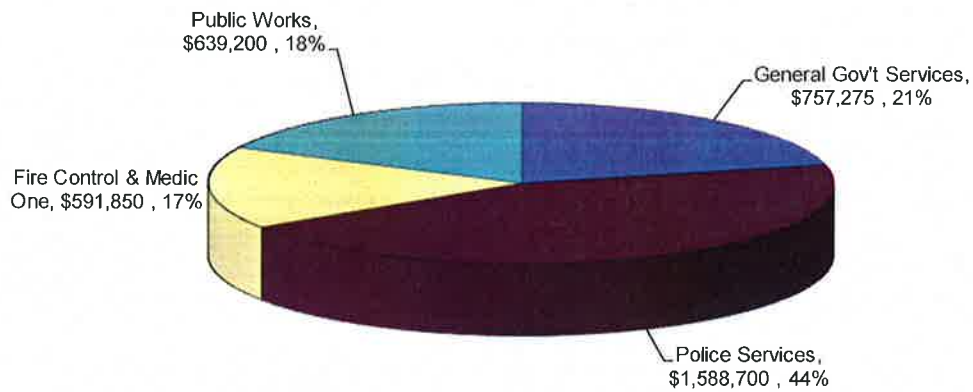
### 2015 Budget Operating Revenues



**2005 Actual Operating Expenditures**



**2015 Budget Operating Expenditures**



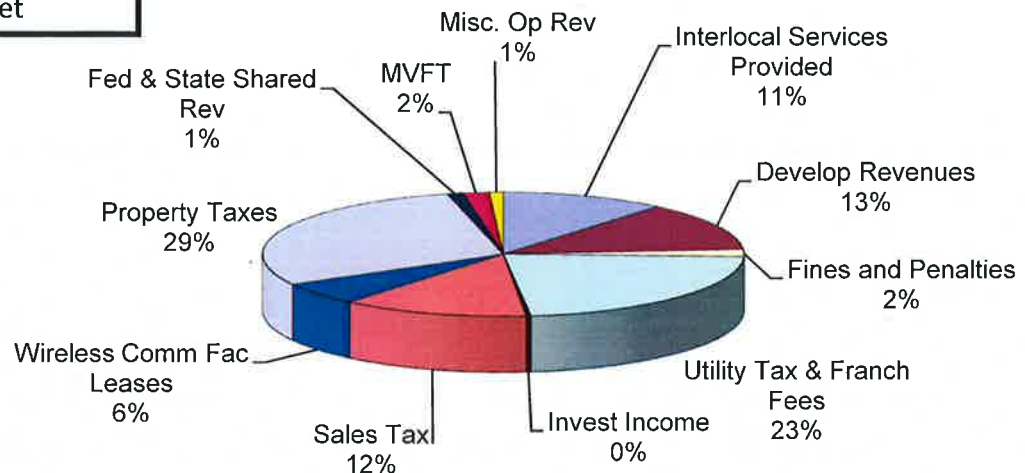


# 2015 FINAL Budget at a Glance

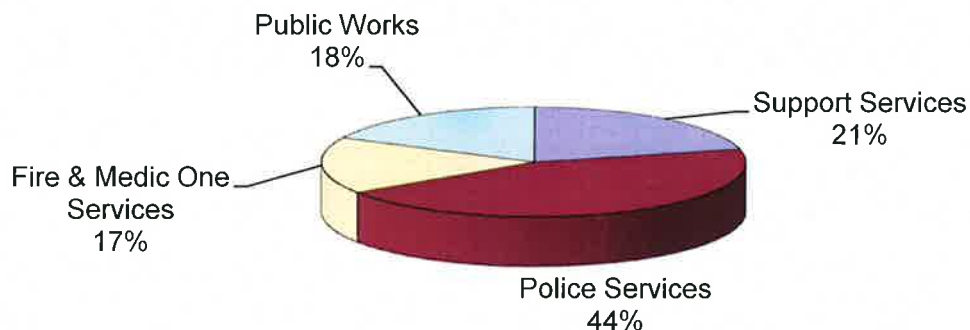
## City of Clyde Hill, Washington

	001	002	100	
<b>FINAL BUDGET 2015</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	<b>3,442,050</b>	<b>0</b>	<b>816,325</b>	<b>4,258,375</b>
<b>EXPENDITURES</b>	<b>3,577,025</b>	<b>0</b>	<b>879,500</b>	<b>4,456,525</b>
Surplus or (Deficit):	(134,975)	0	(63,175)	(198,150)
Beginning Fund Balance	336,859	3,150,214	3,105,678	6,592,751
Total Transfer In	0	35,384	66,500	101,884
Total Transfer Out	101,884	0	0	101,884
Ending Fund Balance	<b>100,000</b>	<b>3,185,598</b>	<b>3,109,003</b>	<b>6,394,601</b>

**2015 General Fund Revenue  
Final Budget**



**2015 General Fund Expenditures  
Final Budget**



## 2015 Financial Overview - "The Big Picture"

	001	002	100	
<b>Final BUDGET 2014</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	<b>3,349,000</b>	<b>9,650</b>	<b>876,000</b>	<b>4,234,650</b>
<b>EXPENDITURES</b>	<b>3,349,000</b>	<b>0</b>	<b>1,287,600</b>	<b>4,636,600</b>
Surplus or (Deficit):	0	9,650	(411,600)	(401,950)
Beg. Fund Balance	777,814	2,585,125	2,824,191	6,187,130
Total Transfer In	0	556,314	121,500	677,814
Total Transfer Out	677,814	0	0	677,814
Ending Fund Balance	100,000	3,151,089	2,534,091	5,785,180

	001	002	100	
<b>Final YEAR END 2014</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	<b>3,414,485</b>	<b>8,775</b>	<b>827,142</b>	<b>4,250,402</b>
<b>EXPENDITURES</b>	<b>3,177,626</b>	<b>0</b>	<b>667,155</b>	<b>3,844,781</b>
Surplus or (Deficit):	236,859	8,775	159,987	405,621
Beg. Fund Balance	777,814	2,585,125	2,824,191	6,187,130
Total Transfer In	0	556,314	121,500	677,814
Total Transfer Out	677,814	0	0	677,814
Ending Fund Balance	336,859	3,150,214	3,105,678	6,592,751

	001	002	100	
<b>Final BUDGET 2015</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	<b>3,442,050</b>	<b>0</b>	<b>816,325</b>	<b>4,258,375</b>
<b>EXPENDITURES</b>	<b>3,577,025</b>	<b>0</b>	<b>879,500</b>	<b>4,456,525</b>
Surplus or (Deficit):	(134,975)	0	(63,175)	(198,150)
Beg. Fund Balance	336,859	3,150,214	3,105,678	6,592,751
Total Transfer In	0	35,384	66,500	101,884
Total Transfer Out	101,884	0	0	101,884
Ending Fund Balance	100,000	3,185,598	3,109,003	6,394,601

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Fund #001</b>							
<b>GENERAL FUND</b>							
<b>BEGINNING FUND BALANCE</b>	<b>398,158</b>	<b>696,018</b>	<b>777,814</b>	<b>777,814</b>	<b>336,860</b>	<b>(56.7%)</b>	<b>(440,954)</b>
<b>REVENUES</b>							
<b>TAXES</b>							
Real and Personal Property Taxes	964,057	953,508	987,500	981,682	1,010,300	2.3%	22,800
Ad Valorem Taxes	(3,733)	(3,361)	0	(427)	0	#DIV/0!	0
<b>Total General Property Taxes</b>	<b>960,324</b>	<b>950,147</b>	<b>987,500</b>	<b>981,255</b>	<b>1,010,300</b>	<b>2.3%</b>	<b>22,800</b>
Local Retail Sales & Use Taxes	276,543	589,671	405,000	565,609	430,000	6.2%	25,000
Electric - Puget Sound Energy	136,958	128,071	134,000	128,638	134,000	0.0%	0
Gas - Puget Sound Energy	114,994	96,076	110,000	99,277	110,000	0.0%	0
Garbage/Solid Waste - Eastside Disposal	20,242	19,072	19,250	19,491	20,000	3.9%	750
Cable TV - Comcast	103,429	113,285	115,000	118,639	120,000	4.3%	5,000
Telephone - Local Access	24,635	21,125	23,000	23,188	24,000	4.3%	1,000
Telephone - Cellular	67,372	72,122	70,000	61,411	70,000	0.0%	0
<b>Total Business Taxes</b>	<b>467,630</b>	<b>449,751</b>	<b>471,250</b>	<b>450,644</b>	<b>478,000</b>	<b>1.4%</b>	<b>6,750</b>
Leasehold Excise Tax	380	375	400	357	400	0.0%	0
<b>TOTAL TAXES</b>	<b>1,704,877</b>	<b>1,989,944</b>	<b>1,864,150</b>	<b>1,997,865</b>	<b>1,918,700</b>	<b>2.9%</b>	<b>54,550</b>
<b>LICENSES AND PERMITS</b>							
Business Licenses	20,225	21,185	20,000	21,740	21,000	5.0%	1,000
Franchise Fees - Solid Waste	23,576	26,224	26,500	26,800	27,000	1.9%	500
Franchise Fees - Cable TV	59,193	62,936	64,000	65,911	66,000	3.1%	2,000
Franchise Fees - Water	96,443	112,858	100,000	113,635	100,000	0.0%	0
Franchise Fees - Sewer	76,402	78,844	80,000	83,534	84,000	5.0%	4,000
<b>Total Business Licenses and Permits</b>	<b>275,839</b>	<b>302,047</b>	<b>290,500</b>	<b>311,620</b>	<b>298,000</b>	<b>2.6%</b>	<b>7,500</b>
Building and Structures Permits	534,142	295,205	195,500	216,018	248,000	26.9%	52,500
Other Non-Business Permits	90,136	73,208	55,000	55,657	60,000	9.1%	5,000
<b>Total Non-Business Licenses and Permits</b>	<b>624,278</b>	<b>368,413</b>	<b>250,500</b>	<b>271,675</b>	<b>308,000</b>	<b>23.0%</b>	<b>57,500</b>
<b>TOTAL LICENSES AND PERMITS</b>	<b>900,117</b>	<b>670,460</b>	<b>541,000</b>	<b>583,295</b>	<b>606,000</b>	<b>12.0%</b>	<b>65,000</b>
<b>INTERGOVERNMENTAL</b>							
WA Traffic Safety Commission	2,929	3,986	2,000	2,836	2,500	25.0%	500
FEMA Grant - Reimbursement	22,017	250	0	0	0	#DIV/0!	0
Motor Vehicle Fuel Tax - City Streets	60,992	61,605	60,800	61,471	61,000	0.3%	200
Liquor Excise Tax	10,994	1,996	3,500	5,600	6,000	71.4%	2,500
Liquor Control Board Profits	29,776	26,787	26,500	26,478	26,500	0.0%	0
Yarrow Point PW Services	0	0	0	0	0	#DIV/0!	0
Jail Advisory Group (JAG) Fiscal Agent	6,197	0	0	0	0	#DIV/0!	0
Yarrow Point Police Contract	363,207	376,304	385,800	386,461	380,250	(1.4%)	(5,550)
Inspection Services	8,201	13,212	10,000	6,827	0	(100.0%)	(10,000)
<b>TOTAL INTERGOVERNMENTAL</b>	<b>504,313</b>	<b>484,140</b>	<b>488,600</b>	<b>489,673</b>	<b>476,250</b>	<b>(2.5%)</b>	<b>(12,350)</b>
<b>CHARGES FOR GOODS AND SERVICES</b>							
Personnel Services	0	0	0	0	0	#DIV/0!	0
Zoning & Subdivision Fees	7,593	8,690	5,000	8,987	5,000	0.0%	0
Plan Checking Fees	358,110	213,232	146,500	112,546	123,500	(15.7%)	(23,000)
<b>TOTAL CHARGES FOR GOODS AND SERVICES</b>	<b>365,703</b>	<b>221,922</b>	<b>151,500</b>	<b>121,533</b>	<b>128,500</b>	<b>(15.2%)</b>	<b>(23,000)</b>



ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>FINES AND FORFEITS</b>							
Fines & Forfeitures	63,028	57,977	65,000	55,892	60,000	(7.7%)	(5,000)
Miscellaneous Fines & Penalties	7,249	17,514	5,000	13,380	5,000	0.0%	0
<b>TOTAL FINES AND FORFEITS</b>	<b>70,277</b>	<b>75,491</b>	<b>70,000</b>	<b>69,272</b>	<b>65,000</b>	<b>(7.1%)</b>	<b>(5,000)</b>
<b>MISCELLANEOUS REVENUES</b>							
Investment Interest	11,105	11,267	11,150	8,980	11,000	(1.3%)	(150)
Interest on Sales Taxes	119	105	100	125	100	0.0%	0
<b>Total Interest and Earnings</b>	<b>11,224</b>	<b>11,372</b>	<b>11,250</b>	<b>9,105</b>	<b>11,100</b>	<b>(1.3%)</b>	<b>(150)</b>
Space and Facilities Leases	199,194	203,457	202,500	112,700	203,500	0.5%	1,000
Sale of Surplus Property	4,707	332	5,000	7,129	15,000	200.0%	10,000
Other Miscellaneous Revenues	15,731	17,307	15,000	23,913	18,000	20.0%	3,000
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b>230,856</b>	<b>232,468</b>	<b>233,750</b>	<b>152,847</b>	<b>247,600</b>	<b>5.9%</b>	<b>13,850</b>
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>3,776,143</b>	<b>3,674,425</b>	<b>3,349,000</b>	<b>3,414,485</b>	<b>3,442,050</b>	<b>2.8%</b>	<b>93,050</b>
<b>GENERAL FUND EXPENDITURES</b>							
<b>General Government Services</b>							
<b>Legislative</b>							
Misc - Special Meetings	225	11	500	0	500	0.0%	0
Prof Serv - Comprehensive Planning	0	82	0	0	0	#DIV/0!	0
Misc - Public Notices	703	849	1,000	846	1,000	0.0%	0
Salaries	3,600	3,600	5,000	3,750	5,000	0.0%	0
Personnel Benefits	276	276	500	287	500	0.0%	0
Election Services	7,444	6,451	6,000	14,205	6,500	8.3%	500
<b>Total Legislative</b>	<b>12,247</b>	<b>11,269</b>	<b>13,000</b>	<b>19,088</b>	<b>13,500</b>	<b>3.8%</b>	<b>500</b>
<b>Executive</b>							
Salaries	6,800	6,200	8,000	6,700	8,000	0.0%	0
Personnel Benefits	18,045	17,818	17,500	18,089	18,000	2.9%	500
Misc. - Meetings	649	555	1,000	1,017	1,000	0.0%	0
<b>Total Executive</b>	<b>25,494</b>	<b>24,573</b>	<b>26,500</b>	<b>25,806</b>	<b>27,000</b>	<b>1.9%</b>	<b>500</b>

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Finance and Record Services</b>							
Salaries	277,029	286,065	299,750	291,963	307,000	2.4%	7,250
Personnel Benefits	119,834	121,816	126,000	124,800	132,000	4.8%	6,000
Office and Operating Supplies	7,794	7,469	7,000	8,016	7,000	0.0%	0
Minor Equipment	833	490	1,000	728	1,000	0.0%	0
Communication	9,560	15,948	11,500	13,595	13,500	17.4%	2,000
Travel	6,060	6,078	6,500	6,030	6,500	0.0%	0
Insurance	53,234	52,346	51,750	51,004	57,500	11.1%	5,750
Utility Services	12,549	13,125	13,500	13,152	13,750	1.9%	250
Repairs and Maintenance	7,978	6,797	7,500	8,127	7,500	0.0%	0
Misc-Dues and Subscriptions	3,534	3,063	3,500	2,622	3,500	0.0%	0
Misc. - Printing	4,393	4,750	7,000	5,480	7,000	0.0%	0
Misc-Training and Tuition	1,151	1,465	4,500	1,617	4,500	0.0%	0
Professional Services - Audit	11,215	10,228	10,500	11,953	10,500	0.0%	0
Operating Supplies - City Hall	1,526	1,227	1,500	1,542	1,500	0.0%	0
Information Technology - Repairs & Maintenance	26,797	25,169	31,500	34,326	35,000	11.1%	3,500
<b>Total Finance and Record Services</b>	<b>543,486</b>	<b>556,036</b>	<b>583,000</b>	<b>574,955</b>	<b>607,750</b>	<b>4.2%</b>	<b>24,750</b>
Professional Service - Legal	48,037	61,946	55,000	99,797	100,000	81.8%	45,000
AWC - Association of Washington Cities	1,470	1,467	1,500	1,474	1,600	6.7%	100
PSRC - Puget Sound Regional Council	557	0	600	1,114	650	8.3%	50
Animal Control Services	3,039	0	1,000	0	1,000	0.0%	0
SCA - Sound Cities Association	1,894	1,893	2,000	1,713	2,000	0.0%	0
ARCH - A Regional Coalition For Housing	2,660	2,905	3,250	3,209	3,775	16.2%	525
<b>Total Other General Government Services</b>	<b>9,620</b>	<b>6,265</b>	<b>8,350</b>	<b>7,510</b>	<b>9,025</b>	<b>8.1%</b>	<b>675</b>
<b>TOTAL GENERAL GOV'T SERVICES</b>	<b>638,884</b>	<b>660,089</b>	<b>685,850</b>	<b>727,156</b>	<b>757,275</b>	<b>10.4%</b>	<b>71,425</b>
<b>SECURITY OF PERSONS AND PROPERTY</b>							
<b>Law Enforcement (Police Department)</b>							
Salaries	693,358	694,958	800,500	687,537	890,000	11.2%	89,500
Salaries-Overtime	42,133	27,954	25,000	46,821	25,000	0.0%	0
Personnel Benefits	340,905	339,807	371,000	358,470	411,000	10.8%	40,000
Uniforms	7,418	5,268	8,000	7,152	8,000	0.0%	0
Office and Operating Supplies	9,181	5,503	10,500	7,929	10,500	0.0%	0
Fuel Consumption	24,984	20,967	27,000	18,744	27,000	0.0%	0
Prof Serv - Legal	48,250	44,000	49,000	52,000	49,000	0.0%	0
Prof Serv - Indigent	6,525	5,200	7,500	3,643	7,500	0.0%	0
Communications	1,964	1,764	5,000	4,127	5,000	0.0%	0
Repairs and Maintenance	21,668	18,083	20,000	11,805	20,000	0.0%	0
Misc. - Dues and Subscriptions	330	370	900	315	900	0.0%	0
Misc. - Filing, Recording, Witness	29,315	30,078	38,000	22,500	38,000	0.0%	0
Misc. - Printing	1,263	408	1,000	731	1,000	0.0%	0
Misc. - Police Grant	0	0	1,000	0	1,000	0.0%	0
Intergvt - Dispatch	48,892	59,303	64,225	64,223	64,150	(0.1%)	(75)
Intergvt - Detention Charges	18,534	6,143	33,000	18,029	30,000	(9.1%)	(3,000)
Prof Services - Alcoholism	778	671	650	603	650	0.0%	0
<b>Total Law Enforcement</b>	<b>1,295,498</b>	<b>1,260,477</b>	<b>1,462,275</b>	<b>1,304,629</b>	<b>1,588,700</b>	<b>8.6%</b>	<b>126,425</b>

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Fire Control Services</b>							
Intergvt - Fire Suppression	619,001	602,647	578,925	577,921	591,850	2.2%	12,925
<b>TOTAL SECURITY OF PERSONS/PROP</b>	<b>1,914,499</b>	<b>1,863,124</b>	<b>2,041,200</b>	<b>1,882,550</b>	<b>2,180,550</b>	<b>6.8%</b>	<b>139,350</b>
<b>PHYSICAL ENVIRONMENT (PUB WORKS)</b>							
<b>ENGINEERING (PUB WORKS ADMIN)</b>							
Salaries	112,421	115,618	120,000	117,561	123,000	2.5%	3,000
Personnel Benefits	50,114	50,968	53,500	52,847	57,500	7.5%	4,000
Small Tools and Minor Equipment	(14)	10	1,000	193	1,000	0.0%	0
Prof Serv - Contractual Bldg Dept	32,637	26,719	32,000	11,015	3,000	(90.6%)	(29,000)
Misc. - Dues and Subscriptions	245	1,395	1,000	543	1,000	0.0%	0
Misc. - Training and Tuition	2,051	2,110	2,000	1,940	2,000	0.0%	0
Oper Rentals/Leases - Antenna Bldg	7,821	8,079	8,600	8,224	8,600	0.0%	0
<b>Total Engineering (P. W. Admin)</b>	<b>205,275</b>	<b>204,899</b>	<b>218,100</b>	<b>192,323</b>	<b>196,100</b>	<b>(10.1%)</b>	<b>(22,000)</b>
<b>OTHER PHYSICAL ENVIRONMENT</b>							
Intergvt - Pollution Control	3,298	3,496	3,600	3,616	5,350	48.6%	1,750
Intergvt - Eastside Transportation Project	40	40	50	40	50	0.0%	0
<b>Total Other Physical Environment</b>	<b>3,338</b>	<b>3,536</b>	<b>3,650</b>	<b>3,656</b>	<b>5,400</b>	<b>47.9%</b>	<b>1,750</b>
<b>Total Physical Environment</b>	<b>208,613</b>	<b>208,435</b>	<b>221,750</b>	<b>195,979</b>	<b>201,500</b>	<b>(9.1%)</b>	<b>(20,250)</b>
<b>TRANSPORTATION</b>							
<b>Road and Street Maintenance</b>							
Other Improvement - Roadway	8,184	428	6,000	144	6,000	0.0%	0
Other Improvement - Sidewalks	0	0	1,000	0	1,000	0.0%	0
Utility Services - Street Lights	24,743	23,246	25,000	26,578	25,000	0.0%	0
Utility Services - Signal Lights	1,139	1,586	3,000	2,742	3,000	0.0%	0
Other Improvements - Traffic Control	187	1,245	3,000	1,932	3,000	0.0%	0
Oper Supply - Snow and Ice Control	2,622	824	2,500	1,325	2,500	0.0%	0
Other Improvements - Landscaping	13,003	8,094	11,000	4,798	11,000	0.0%	0
<b>Total Road and Street Maintenance</b>	<b>49,877</b>	<b>35,423</b>	<b>51,500</b>	<b>37,519</b>	<b>51,500</b>	<b>0.0%</b>	<b>0</b>
<b>Road and Street - PW Crew &amp; Overhead</b>							
Salaries	169,012	186,073	203,500	201,215	222,500	9.3%	19,000
Personnel Benefits	92,352	91,050	102,500	93,860	112,500	9.8%	10,000
Personnel Benefits - Uniforms	1,534	1,361	1,600	1,438	1,600	0.0%	0
Office and Operating Supplies	802	1,330	4,000	872	4,000	0.0%	0
Fuel Consumed - PW Crew	8,884	7,671	9,000	7,507	9,000	0.0%	0
Small Tools and Minor Equipment	4,726	1,807	3,000	6,809	3,000	0.0%	0
Operating Rentals and Leases	0	0	600	0	600	0.0%	0
Utility Services - Public Works Building	3,287	2,480	3,500	2,712	3,500	0.0%	0
Repairs and Maintenance	7,490	2,819	6,000	4,749	6,000	0.0%	0
<b>Total Road/Street - PW Crew &amp; Overhead</b>	<b>288,088</b>	<b>294,591</b>	<b>333,700</b>	<b>319,162</b>	<b>362,700</b>	<b>8.7%</b>	<b>29,000</b>
<b>TOTAL TRANSPORTATION</b>	<b>337,966</b>	<b>330,014</b>	<b>385,200</b>	<b>356,681</b>	<b>414,200</b>	<b>7.5%</b>	<b>29,000</b>

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
Professional Service - Urban Forestry Program	1,520	1,541	4,000	7,099	7,500	87.5%	3,500
Other Improvements - General Parks	11,994	6,862	11,000	8,160	16,000	45.5%	5,000
<b>TOTAL PUBLIC WORKS</b>	<b>560,092</b>	<b>546,852</b>	<b>621,950</b>	<b>567,919</b>	<b>639,200</b>	<b>2.8%</b>	<b>17,250</b>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>3,113,476</b>	<b>3,070,065</b>	<b>3,349,000</b>	<b>3,177,625</b>	<b>3,577,025</b>	<b>6.8%</b>	<b>228,025</b>
Operating Surplus/(Deficit)	662,667	604,360	0	236,860	(134,975)	#DIV/0!	(134,975)
<b>INTERFUND TRANSFERS</b>							
<b>Total Transfer to Reserve Fund</b>	<b>292,308</b>	<b>441,068</b>	<b>556,314</b>	<b>556,314</b>	<b>123,925</b>	<b>(77.7%)</b>	<b>(432,389)</b>
Transfer to Housing Rental Dept	5,000	10,000	10,000	10,000	0	(100.0%)	(10,000)
Transfer to Grants Dept	0	0	10,000	10,000	0	(100.0%)	(10,000)
Transfer Out - Parks Department	10,000	16,500	16,500	16,500	16,500	0.0%	0
Transfer Out - Special Projects Dept	22,500	30,000	50,000	50,000	25,000	(50.0%)	(25,000)
Admin. Equipment Replacement	10,000	10,000	20,000	20,000	10,000	(50.0%)	(10,000)
PW Equipment Replacement	25,000	15,000	15,000	15,000	15,000	0.0%	0
<b>Total Transfer to Projects Fund</b>	<b>72,500</b>	<b>81,500</b>	<b>121,500</b>	<b>121,500</b>	<b>66,500</b>	<b>(45.3%)</b>	<b>(55,000)</b>
<b>TOTAL INTERFUND TRANSFERS</b>	<b>364,808</b>	<b>522,568</b>	<b>677,814</b>	<b>677,814</b>	<b>190,425</b>	<b>(71.9%)</b>	<b>(487,389)</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>3,478,284</b>	<b>3,592,633</b>	<b>4,026,814</b>	<b>3,855,439</b>	<b>3,767,450</b>	<b>(6.4%)</b>	<b>(259,364)</b>
Total Fund Surplus/ (Deficit)	297,859	81,792	(677,814)	(440,954)	(325,400)	(52.0%)	352,414
<b>ENDING FUND BALANCE</b>	<b>696,018</b>	<b>777,810</b>	<b>100,000</b>	<b>336,860</b>	<b>11,460</b>	<b>(88.5%)</b>	<b>(88,540)</b>



ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Fund #002</b>							
<b>Reserve Fund</b>							
BEGINNING FUND BALANCE	1,825,236	2,132,644	2,585,125	2,585,125	3,150,214	21.9%	565,089
<b>REVENUES</b>							
<b>Operating Revenues &amp; Transfers-In</b>							
Transfer In - General Fund	292,358	441,067	556,314	556,314	123,925	(77.7%)	(432,389)
Transfer In - Projects Fund	0	0	0	0	0	#DIV/0!	0
92nd Ave LID Principal Payments	15,050	11,414	9,650	8,775	0	(100.0%)	(9,650)
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>307,408</b>	<b>452,481</b>	<b>565,964</b>	<b>565,089</b>	<b>123,925</b>	<b>(78.1%)</b>	<b>(442,039)</b>
<b>EXPENDITURES</b>							
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>INTERFUND TRANSFERS</b>							
Transfer Out-Projects Fund-Equip Repl	0	0	0	0	0	#DIV/0!	0
Transfer Out - Projects Fund-Parks & Rec. Dept.	0	0	0	0	0	#DIV/0!	0
<b>Total Transfer to Projects Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>Total Transfer to General Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>TOTAL INTERFUND TRANSFERS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>Total Expenditures and Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>Fund Surplus/(Deficit)</b>	<b>307,408</b>	<b>452,481</b>	<b>565,964</b>	<b>565,089</b>	<b>123,925</b>	<b>(78.1%)</b>	<b>(442,039)</b>
<b>ENDING FUND BALANCE</b>	<b>2,132,644</b>	<b>2,585,125</b>	<b>3,151,089</b>	<b>3,150,214</b>	<b>3,274,139</b>	<b>3.9%</b>	<b>123,050</b>

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Fund #100</b>							
<b>Projects Fund</b>							
BEGINNING FUND BALANCE	2,045,395	2,395,453	2,824,191	2,824,191	3,105,678	10.0%	281,487
Auditing Adjustments							
<b>PROJECTS FUND SUMMARY*</b>							
TOTAL FUND REVENUES	1,415,894	960,705	876,000	827,141	816,325	(6.8%)	(59,675)
TOTAL FUND EXPENDITURES	1,138,336	613,467	1,287,600	667,154	879,500	(31.7%)	(408,100)
TOTAL TRANSFERS IN	72,500	81,500	121,500	121,500	66,500	(45.3%)	(55,000)
TOTAL TRANSFERS OUT	0	0	0	0	0	#DIV/0!	0
Fund Surplus/(Deficit)	350,058	428,738	(290,100)	281,487	3,325	(101.1%)	293,425
TOTAL ENDING FUND BALANCE	2,395,453	2,824,191	2,534,091	3,105,678	3,109,003	22.7%	574,912
Trust and Agency Liability Accounts	179,526	301,412	250,000	300,000	300,000	20.0%	50,000
Total Ending Balance with Liability Accts	2,574,979	3,125,603	2,784,091	3,405,678	3,409,003	22.4%	624,912
<b>Criminal Justice</b>							
Beginning Department Balance	343,607	362,644	364,546	364,546	396,285	8.7%	31,739
<b>Revenues</b>							
Criminal Justice Sales Tax	61,716	66,151	62,000	70,740	70,000	12.9%	8,000
State Grant	0	0	0	0	0	#DIV/0!	0
Criminal Justice - Population	1,000	1,000	1,000	1,028	1,000	0.0%	0
Criminal Justice - Special Programs	2,529	2,668	2,600	2,839	2,800	7.7%	200
DUI/Other Crim Justice Assistance	558	541	500	537	550	10.0%	50
Yarrow Point Criminal Justice	15,851	8,439	15,500	22,636	15,500	0.0%	0
Insurance Recoveries	2,919	0	0	350	0	#DIV/0!	0
Total Revenues	84,573	78,799	81,600	98,130	89,850	10.1%	8,250
Total Revenues and Transfers	84,573	78,799	81,600	98,130	89,850	10.1%	8,250
<b>Expenditures</b>							
Intergvt - Child Abuse	1,265	810	1,200	0	1,200	0.0%	0
Intergvt - Domestic Violence	1,264	268	1,500	2,839	1,600	6.7%	100
Police Equipment	0	0	6,000	329	25,500	325.0%	19,500
Police Vehicle Replacements	0	0	39,500	39,268	40,000	1.3%	500
Safety Programs	0	0	1,100	450	1,100	0.0%	0
Officer Training and Travel	0	0	10,000	5,307	10,000	0.0%	0
Civil Service Commission	0	0	2,500	1,803	3,000	20.0%	500
Law Enforcement Grant Programs	0	0	5,000	0	5,000	0.0%	0
Computer Maintenance	0	0	7,500	2,339	8,500	13.3%	1,000
EPSCA Fees	0	0	6,000	6,503	6,000	0.0%	0
MDC Operations/Services	0	0	8,000	3,367	8,000	0.0%	0
Investigative Tech Fees	0	0	5,500	4,186	5,500	0.0%	0
Intergvt - Programs & Training	10,268	10,466	0	0	0	#DIV/0!	0
Jail Land Sale Proceeds	0	0	0	0	0	#DIV/0!	0
IT Management/Development	15,529	21,730	0	0	0	#DIV/0!	0
Equipment - Criminal Justice	37,209	43,623	0	0	0	#DIV/0!	0
Total Expenditures	65,535	76,897	93,800	66,391	115,400	23.0%	21,600
Total Expenditure and Transfer	65,535	76,897	93,800	66,391	115,400	23.0%	21,600
Total Department Surplus/(Deficit)	19,038	1,902	(12,200)	31,739	(25,550)	109.4%	(13,350)
Ending Department Balance	362,644	364,546	352,346	396,285	370,735	5.2%	18,389

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Grants</b>							
Beginning Department Balance	(6,483)	(6,960)	6,444	6,444	29,170	352.7%	22,726
<b>Revenues</b>							
NPDES Grant - Revenues	40,722	84,948	50,000	32,199	18,900	(62.2%)	(31,100)
WSDOT SR 520 - Revenues	26,626	4,308	33,900	16,107	19,025	(43.9%)	(14,875)
Growth Mgmt Grant	0	0	5,000	9,000	1,000	278.0%	13,900
<b>Total Revenues</b>	<b>67,348</b>	<b>89,256</b>	<b>88,900</b>	<b>57,306</b>	<b>38,925</b>	<b>(56.2%)</b>	<b>(49,975)</b>
Transfer In - General Fund	0	0	10,000	10,000	0	(100.0%)	(10,000)
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>(100.0%)</b>	<b>(10,000)</b>
<b>Total Revenues and Transfers</b>	<b>67,348</b>	<b>89,256</b>	<b>98,900</b>	<b>67,306</b>	<b>38,925</b>	<b>(60.6%)</b>	<b>(59,975)</b>
<b>Expenditures</b>							
NPDES - Expenditures	39,842	61,555	50,000	4,498	4,750	(100.0%)	(50,000)
WSDOT SR 520 - Expenditures	27,983	14,297	25,000	6,300	19,750	(21.0%)	(5,250)
Growth Mgmt Grant - Expenditures	0	0	35,000	33,782	15,000	(57.1%)	(20,000)
<b>Total Expenditures</b>	<b>67,825</b>	<b>75,852</b>	<b>110,000</b>	<b>44,580</b>	<b>39,500</b>	<b>(64.1%)</b>	<b>(70,500)</b>
Transfer Out - Reserve Fund	0	0	0	0	0	#DIV/0!	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>	<b>0</b>
<b>Total Expenditure and Transfer</b>	<b>67,825</b>	<b>75,852</b>	<b>110,000</b>	<b>44,580</b>	<b>39,500</b>	<b>(64.1%)</b>	<b>(70,500)</b>
Dept. Surplus/(Deficit)	(477)	13,404	(11,100)	22,726	(575)	(94.8%)	10,525
Ending Department Balance	(6,960)	6,444	(4,656)	29,170	28,595	(714.1%)	33,251
<b>Equipment Replacement</b>							
Beginning Department Balance	115,497	128,254	153,254	153,254	127,253	(17.0%)	(26,001)
<b>Revenues</b>							
Transfer In - General Fund - Administration	10,000	10,000	20,000	20,000	10,000	(50.0%)	(10,000)
Transfer In - General Fund - Public Works	25,000	15,000	15,000	15,000	15,000	0.0%	0
<b>Total Transfers</b>	<b>35,000</b>	<b>25,000</b>	<b>35,000</b>	<b>35,000</b>	<b>25,000</b>	<b>(28.6%)</b>	<b>(10,000)</b>
<b>Expenditures</b>							
Admin Equipment Replacement	0	0	61,000	61,001	0	(100.0%)	(61,000)
Equipment - Public Works	22,243	0	0	0	60,000	#DIV/0!	60,000
<b>Total Expenditures</b>	<b>22,243</b>	<b>0</b>	<b>61,000</b>	<b>61,001</b>	<b>60,000</b>	<b>(1.6%)</b>	<b>(1,000)</b>
Dept. Surplus/(Deficit)	12,757	25,000	(26,000)	(26,001)	(35,000)	34.6%	(9,000)
Ending Department Balance	128,254	153,254	127,254	127,253	92,253	(27.5%)	(35,001)



ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Housing Dept.</b>							
Beginning Department Balance	6,809	5,361	8,692	8,692	13,040	50.0%	4,348
<b>Revenues</b>							
Housing Rentals and Leases	9,234	9,339	9,500	10,314	9,550	0.5%	50
<b>Total Revenues</b>	<b>9,234</b>	<b>9,339</b>	<b>9,500</b>	<b>10,314</b>	<b>9,550</b>	<b>0.5%</b>	<b>50</b>
Transfer In - General Fund	5,000	10,000	10,000	10,000	0	(100.0%)	(10,000)
<b>Total Transfers</b>	<b>5,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	<b>(100.0%)</b>	<b>(10,000)</b>
<b>Total Revenues and Transfers</b>	<b>14,234</b>	<b>19,339</b>	<b>19,500</b>	<b>20,314</b>	<b>9,550</b>	<b>(51.0%)</b>	<b>(9,950)</b>
<b>Expenditures</b>							
Other Improvements - Rental Property	682	1,008	4,000	966	4,000	0.0%	0
ARCH Trust Fund	15,000	15,000	15,000	15,000	15,000	0.0%	0
<b>Total Expenditures</b>	<b>15,682</b>	<b>16,008</b>	<b>19,000</b>	<b>15,966</b>	<b>19,000</b>	<b>0.0%</b>	<b>0</b>
<b>Total Expenditure and Transfer</b>	<b>15,682</b>	<b>16,008</b>	<b>19,000</b>	<b>15,966</b>	<b>19,000</b>	<b>0.0%</b>	<b>0</b>
Dept. Surplus/(Deficit)	(1,448)	3,331	500	4,348	(9,450)	(1990.0%)	(9,950)
Ending Department Balance	5,361	8,692	9,192	13,040	3,590	(60.9%)	(5,602)
<b>Parks &amp; Recreation</b>							
Beginning Department Balance	6,472	420	429	429	501	16.8%	72
<b>Revenues</b>							
Celebration Event	874	967	1,000	843	1,000	0.0%	0
<b>Total Revenues</b>	<b>874</b>	<b>967</b>	<b>1,000</b>	<b>843</b>	<b>1,000</b>	<b>0.0%</b>	<b>0</b>
Transfer In - Reserve Fund	10,000	16,500	16,500	16,500	16,500	0.0%	0
<b>Total Transfers</b>	<b>10,000</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>0.0%</b>	<b>0</b>
<b>Total Revenues and Transfers</b>	<b>10,874</b>	<b>17,467</b>	<b>17,500</b>	<b>17,343</b>	<b>17,500</b>	<b>0.0%</b>	<b>0</b>
<b>Expenditures</b>							
Celebration Event	16,926	17,458	17,500	17,271	17,500	0.0%	0
<b>Total Expenditures</b>	<b>16,926</b>	<b>17,458</b>	<b>17,500</b>	<b>17,271</b>	<b>17,500</b>	<b>0.0%</b>	<b>0</b>
<b>Total Expenditures and Transfers</b>	<b>16,926</b>	<b>17,458</b>	<b>17,500</b>	<b>17,271</b>	<b>17,500</b>	<b>0.0%</b>	<b>0</b>
Total Department Surplus/(Deficit)	(6,052)	9	0	72	0	#DIV/0!	0
Ending Department Balance	420	429	429	501	501	16.8%	72



ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Special Projects</b>							
<b>Beginning Department Balance</b>	88,080	65,883	54,273	54,273	69,101	27.3%	14,828
<b>Revenues</b>							
King Conservation District - Arbor Day	994	1,966	2,000	1,990	2,000	0.0%	0
<b>Total Revenues</b>	994	1,966	2,000	1,990	2,000	0.0%	0
<b>Transfers</b>							
Transfer In - General Fund	22,500	30,000	50,000	50,000	25,000	(50.0%)	(25,000)
<b>Total Transfers</b>	22,500	30,000	50,000	50,000	25,000	(50.0%)	(25,000)
<b>Total Revenues and Transfers</b>	23,494	31,966	52,000	51,990	27,000	(48.1%)	(25,000)
<b>Expenditures</b>							
Professional Services - Regional Advisory	0	0	10,000	0	10,000	0.0%	0
Professional Services - Storage Project	3,000	2,885	25,000	8,818	25,000	0.0%	0
Safety Committee - Emergency Preparedness	194	0	40,000	0	40,000	0.0%	0
Other Improvements - Arbor Day/Urban Forestry	1,281	1,990	2,500	2,240	2,500	0.0%	0
WRIA 8/NPDES Permits	4,277	2,578	3,800	6,102	4,100	7.9%	300
IT Development- Website Management	14,800	23,623	0	0	0	#DIV/0!	0
City Hall Repair	0	0	5,000	8,038	0	(100.0%)	(5,000)
Right-Of-Way Enhancements	9,983	12,500	2,500	370	0	(100.0%)	(2,500)
Cable TV Communications	12,155	0	2,500	0	1,500	(40.0%)	(1,000)
Professional Services - Mapping/GIS	0	0	10,000	11,594	15,000	50.0%	5,000
<b>Total Expenditures</b>	45,691	43,576	101,300	37,162	98,100	(3.2%)	(3,200)
<b>Total Expenditures and Transfers</b>	45,691	43,576	101,300	37,162	98,100	(3.2%)	(3,200)
<b>Total Department Surplus/(Deficit)</b>	(22,197)	(11,610)	(49,300)	14,828	(71,100)	44.2%	(21,800)
<b>Ending Department Balance</b>	65,883	54,273	4,973	69,101	(1,999)	(140.2%)	(6,972)

ITEM	ACTUAL 2012	ACTUAL 2013	BUDGET 2014	ACTUAL 2014	Final BUDGET 2015	% Change Budget 14 to 15	\$ Change Budget 14 to 15
<b>Capital Projects</b>							
<b>Beginning Department Balance</b>	<b>1,491,415</b>	<b>1,839,852</b>	<b>2,236,554</b>	<b>2,236,554</b>	<b>2,470,329</b>	<b>10.5%</b>	<b>233,775</b>
<b>Revenues</b>							
Real Estate Excise Tax	259,723	375,168	260,000	264,194	275,000	5.8%	15,000
Growth Excise Tax	259,724	375,168	260,000	264,194	275,000	5.8%	15,000
KC Flood Control District	0	0	40,000	0	0	(100.0%)	(40,000)
Prop 2 Special Levy	11,357	17,964	13,000	17,248	15,000	15.4%	2,000
Other Miscellaneous Revenue	221,668	0	120,000	112,922	0	(100.0%)	(120,000)
TIB Grant	500,400	12,078	0	0	110,000	#DIV/0!	110,000
<b>Total Revenues</b>	<b>1,252,871</b>	<b>780,378</b>	<b>693,000</b>	<b>658,558</b>	<b>675,000</b>	<b>(2.6%)</b>	<b>(18,000)</b>
<b>Total Revenues and Transfers</b>	<b>1,252,871</b>	<b>780,378</b>	<b>693,000</b>	<b>658,558</b>	<b>675,000</b>	<b>(2.6%)</b>	<b>(18,000)</b>
<b>Expenditures</b>							
Other Improvements - Roadway	872,333	0	575,000	378,120	50,000	(91.3%)	(525,000)
Other Improvements - Storm Drainage	0	40,942	150,000	30,180	150,000	0.0%	0
Sidewalk Construction	0	342,734	160,000	16,335	300,000	87.5%	140,000
Other Improvements - Special Paths	32,102	0	0	148	0	#DIV/0!	0
Maintenance & Operations	0	0	0	0	30,000	#DIV/0!	30,000
<b>Total Expenditures</b>	<b>904,435</b>	<b>383,676</b>	<b>885,000</b>	<b>424,783</b>	<b>530,000</b>	<b>(40.1%)</b>	<b>(355,000)</b>
<b>Total Expenditures and Transfers</b>	<b>904,435</b>	<b>383,676</b>	<b>885,000</b>	<b>424,783</b>	<b>530,000</b>	<b>(40.1%)</b>	<b>(355,000)</b>
<b>Total Department Surplus/(Deficit)</b>	<b>348,437</b>	<b>396,702</b>	<b>(192,000)</b>	<b>233,775</b>	<b>145,000</b>	<b>(175.5%)</b>	<b>337,000</b>
<b>Ending Department Balance</b>	<b>1,839,852</b>	<b>2,236,554</b>	<b>2,044,554</b>	<b>2,470,329</b>	<b>2,615,329</b>	<b>27.9%</b>	<b>570,775</b>

## 2015 Changes in Fund & Department Fund Balances

City of Clyde Hill, Washington

Component	General Fund	Reserve Fund	Criminal Justice Dept.	Grants Dept.	Equipment Replacement		Housing Dept.	Parks Dept.	Special Projects		Capital Projects Dept.	Projects Fund	Total of All 3 Funds
					Dept.	Dept.			Dept.	Dept.			
Begin Balance - 01/01/2015	\$ 336,860	\$ 3,150,214	\$ 396,285	\$ 29,170	\$ 127,253	\$ 13,040	\$ 501	\$ 69,101	\$ 2,470,329	\$ 3,105,679	\$ 6,592,753		
Revenues	\$ 3,442,050	\$ -	\$ 89,850	\$ 38,925	\$ -	\$ 9,550	\$ 1,000	\$ 2,000	\$ 675,000	\$ 816,325	\$ 4,258,375		
Expenses	\$ 3,577,025	\$ -	\$ 115,400	\$ 39,500	\$ 60,000	\$ 19,000	\$ 17,500	\$ 98,100	\$ 530,000	\$ 879,500	\$ 4,456,525		
Operating Surplus/(Deficit)	\$ (134,975)	\$ -	\$ (25,550)	\$ (575)	\$ (60,000)	\$ (9,450)	\$ (16,500)	\$ (96,100)	\$ 145,000	\$ (63,175)	\$ (198,150)		
Transfer-In	\$ -	\$ 35,384	\$ -	\$ -	\$ 25,000	\$ -	\$ 16,500	\$ 25,000	\$ -	\$ 66,500	\$ 101,884		
Transfer-Out	\$ 101,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,884		
Ending Balance - 12/31/2015	\$ 100,001	\$ 3,185,598	\$ 370,735	\$ 28,595	\$ 92,253	\$ 3,590	\$ 501	\$ (1,999)	\$ 2,615,329	\$ 3,109,004	\$ 6,394,603		
Change In Fund Balance	\$ (236,859)	\$ 35,384	\$ (25,550)	\$ (575)	\$ (35,000)	\$ (9,450)	\$ -	\$ (71,100)	\$ 145,000	\$ 3,325	\$ (198,150)		
Percent Change	-236.9%	1.1%	-6.9%	-2.0%	-37.9%	-263.2%	0.0%	3556.8%	5.5%	0.1%	-3.1%		

### 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 2015 by transferring \$101,884 from the beginning fund balance to the Reserve Fund (\$35,384) & to various depts in the Projects Fund (\$66,500). This money came from 2014 General Fund surplus. The City Council continues to strengthen the Reserve Fund and provide resources of \$66,500 to the following Departments in the Projects Fund; 1) Parks (\$16.5K), 3) Special Projects (\$25K), 4) Equip Replace - Admin (\$10K) & 5) Equip Replace - PW (\$15K).

**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 2015 being: 1) \$60K for new Public Works Dept Ford 450

**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. Three continuing projects have been approved for 2015: 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" to save on the need for

# Employee Authorized Position Count

## City of Clyde Hill, Washington

### As of January 1, 2015



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

Note: there are no changes to staffing levels in the 2015 Budget.

<u>Department</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Actual 2014</u>	<u>Budget 2015</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 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
<b>Total FTE</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>

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 part of 2014).



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## **2015 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 1<sup>st</sup> 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 2015 Capital Facilities Plan financial schedule is attached for your review.

2015 Capital Facilities Plan  
City of Clyde Hill, Washington

**Total 2015 Capital Facilities Plan Summary**

Beginning Plan Balance:	\$1,968,526	22.0%	\$2,390,228	21.4%	\$2,172,228	-8.1%	\$2,172,578	0.0%	\$2,187,578	0.7%	\$2,260,488	3.3%	\$2,355,488	4.2%
<b>Resources</b>														
Road Systems	\$780,378	-37.7%	\$653,000	-16.32%	\$533,500	-18.30%	\$534,000	0.09%	\$534,500	0.09%	\$535,000	0.09%	\$535,500	0.09%
Storm Sewer System	\$0	-100.0%	\$40,000	#DIV/0!	\$0	-100.0%	\$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!
Public Facilities	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$68,623	-5.0%	\$69,500	30.4%	\$90,500	1.1%	\$82,500	-8.8%	\$82,500	0.0%	\$106,500	28.1%	\$40,000	-62.4%
<b>Total Plan Resources</b>	<b>\$849,001</b>	<b>-37.8%</b>	<b>\$782,500</b>	<b>-7.8%</b>	<b>\$624,000</b>	<b>-20.3%</b>	<b>\$616,500</b>	<b>-1.2%</b>	<b>\$617,000</b>	<b>0.1%</b>	<b>\$641,500</b>	<b>4.0%</b>	<b>\$575,500</b>	<b>-10.3%</b>

<b>Expenditures</b>														
Road System	\$342,734	-62.1%	\$735,000	114.5%	\$498,150	-32.2%	\$509,000	2.2%	\$419,090	-17.7%	\$475,000	13.3%	\$452,450	-4.7%
Storm Sewer System	\$40,942	2.8%	\$150,000	266.4%	\$0	-100.0%	\$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!
Public Facilities	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$43,623	-26.6%	\$115,500	164.8%	\$125,500	6.7%	\$92,500	-26.3%	\$125,000	35.1%	\$71,500	-42.8%	\$80,000	11.9%
<b>Total Plan Expenditures</b>	<b>\$427,299</b>	<b>-57.4%</b>	<b>\$1,000,500</b>	<b>134.1%</b>	<b>\$623,650</b>	<b>-37.7%</b>	<b>\$601,500</b>	<b>-3.6%</b>	<b>\$544,090</b>	<b>-9.5%</b>	<b>\$546,500</b>	<b>0.4%</b>	<b>\$532,450</b>	<b>-2.6%</b>
Ending Plan Balance:	\$2,390,228	21.0%	\$2,172,228	-9.1%	\$2,172,578	0.0%	\$2,187,578	0.7%	\$2,260,488	3.3%	\$2,355,488	4.2%	\$2,394,538	1.8%

**Street & Storm System**

*Beginning Balance:	\$1,839,852	23.4%	\$2,236,554	21.6%	\$2,044,554	-8.6%	\$2,079,904	1.7%	\$2,104,904	1.2%	\$2,220,314	5.5%	\$2,280,314	2.7%
<b>Street System</b>														
<b>Resources</b>														
Real Estate Excise Taxes	\$375,168	44.4%	\$260,000	-30.7%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%
Growth Mgmt RE Excise Taxes	\$375,168	44.4%	\$260,000	-30.7%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%	\$260,000	0.0%
KC Prop 2 Levy - OS/Trails/Zoo	\$17,964	58.2%	\$13,500	-27.6%	\$13,500	3.8%	\$14,000	3.7%	\$14,500	3.6%	\$15,000	3.4%	\$15,500	3.3%
Grant Money	\$12,078	#DIV/0!	\$120,000	#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!
<b>Total Street Resources</b>	<b>\$780,378</b>	<b>-37.7%</b>	<b>\$653,000</b>	<b>-16.3%</b>	<b>\$533,500</b>	<b>-18.3%</b>	<b>\$534,000</b>	<b>0.1%</b>	<b>\$534,500</b>	<b>0.1%</b>	<b>\$535,000</b>	<b>0.1%</b>	<b>\$535,500</b>	<b>0.1%</b>

2015 Capital Facilities Plan  
City of Clyde Hill, Washington

Expenditures		2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
		Actual	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
Street Improvements		\$0	-100.0%	\$575,000	#DIV/0!	\$50,000	-91.3%	\$509,000	918.0%	\$0	-100.0%	\$475,000	#DIV/0!	\$0	-100.0%
Pedestrian & Bike Paths		\$342,734	987.6%	\$160,000	-53.3%	\$448,150	180.1%	\$0	-100.0%	\$419,090	#DIV/0!	\$0	-100.0%	\$432,450	#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!
<b>Total Street Expenditures</b>		<b>\$342,734</b>	<b>-62.1%</b>	<b>\$735,000</b>	<b>114.5%</b>	<b>\$498,150</b>	<b>-32.2%</b>	<b>\$509,000</b>	<b>2.2%</b>	<b>\$419,090</b>	<b>-17.7%</b>	<b>\$475,000</b>	<b>13.3%</b>	<b>\$452,450</b>	<b>-4.7%</b>
<b>Storm Sewer System</b>															
Resources															
Flood District Grant Money		\$0	#DIV/0!	\$40,000	#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!
<b>Total Storm Resources</b>		<b>\$0</b>	<b>-100.0%</b>	<b>\$40,000</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
Expenditures															
Storm Sewer Improvements		\$40,942	2.8%	\$150,000	266.4%	\$0	-100.0%	\$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!
System Study & Analysis		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Storm Expenditures</b>		<b>\$40,942</b>	<b>2.8%</b>	<b>\$150,000</b>	<b>266.4%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>*Ending Capital Projects Department Balance:</b>		<b>\$2,236,554</b>	<b>21.5%</b>	<b>\$2,044,554</b>	<b>-8.6%</b>	<b>\$2,079,904</b>	<b>1.7%</b>	<b>\$2,104,904</b>	<b>1.2%</b>	<b>\$2,220,314</b>	<b>5.5%</b>	<b>\$2,280,314</b>	<b>2.7%</b>	<b>\$2,363,364</b>	<b>3.6%</b>

\*The Department Balance is shared with the Street & Storm Systems

**Parks/Rec. & Public Facilities Systems**

Parks & Rec. System		2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
		Actual	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
Resources															
Beginning Balance:		\$420	-93.5%	\$420	0.0%	\$420	0.0%	\$420	0.0%	\$420	0.0%	\$420	0.0%	\$420	0.0%
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!
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!
<b>Total Resources</b>		<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
Expenditures															
Playground Equipment		\$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!
Transfer Out		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Parks &amp; Recreation Expenditures</b>		<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Ending Parks &amp; Recreation Department Balance</b>		<b>\$420</b>	<b>-93.5%</b>	<b>\$420</b>	<b>0.0%</b>	<b>\$420</b>	<b>0.0%</b>	<b>\$420</b>	<b>0.0%</b>	<b>\$420</b>	<b>0.0%</b>	<b>\$420</b>	<b>0.0%</b>	<b>\$420</b>	<b>0.0%</b>



**2015 Capital Facilities Plan**  
**City of Clyde Hill, Washington**

<b>Public Facilities</b>		2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
<b>Resources</b>		Actual	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>Beg Pub. Fac. Balance:</b>		\$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!
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!
Miscellaneous Sources		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Pub. Fac. Resources</b>		<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Expenditures</b>															
City Hall		\$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!
Land Purchases		\$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!
Transfers Out		\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Pub. Fac. Expenditures</b>		<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Ending Public Facility Balance</b>		<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>

**Equipment Replacement**

		2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
<b>Resources</b>		Actual	Change	Budget	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>Beg Dept Balance:</b>		\$128,254	11.0%	\$153,254	19.5%	\$127,254	-17.0%	\$92,254	-27.5%	\$82,254	-10.8%	\$39,754	-51.7%	\$74,754	88.0%
Criminal Justice Revenue		\$43,623	17.2%	\$54,500	24.9%	\$65,500	20.2%	\$47,500	-27.5%	\$47,500	0.0%	\$71,500	50.5%	\$5,000	-93.0%
Transfer From Reserve Fund		\$0	#DIV/0!	\$35,000	#DIV/0!	\$25,000	-28.6%	\$35,000	40.0%	\$35,000	0.0%	\$35,000	0.0%	\$35,000	0.0%
Transfer From General Fund		\$25,000	-28.6%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Equipment Replacement Resources</b>		<b>\$66,823</b>	<b>-5.0%</b>	<b>\$89,500</b>	<b>30.4%</b>	<b>\$90,500</b>	<b>1.1%</b>	<b>\$92,500</b>	<b>-8.8%</b>	<b>\$82,500</b>	<b>0.0%</b>	<b>\$106,500</b>	<b>29.1%</b>	<b>\$40,000</b>	<b>-62.4%</b>
<b>Expenditures</b>															
Administration		\$0	#DIV/0!	\$61,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$65,000	#DIV/0!
Police Department		\$43,623	17.2%	\$54,500	24.9%	\$65,500	20.2%	\$47,500	-27.5%	\$47,500	0.0%	\$71,500	50.5%	\$5,000	-93.0%
Public Works Department		\$0	-100.0%	\$0	#DIV/0!	\$60,000	#DIV/0!	\$45,000	-25.0%	\$77,500	72.2%	\$0	-100.0%	\$10,000	#DIV/0!
<b>Total Equipment Replacement Expenditures</b>		<b>\$43,623</b>	<b>-26.6%</b>	<b>\$115,500</b>	<b>164.8%</b>	<b>\$125,500</b>	<b>8.7%</b>	<b>\$92,500</b>	<b>-26.3%</b>	<b>\$125,000</b>	<b>35.1%</b>	<b>\$71,500</b>	<b>-42.8%</b>	<b>\$80,000</b>	<b>11.9%</b>
<b>Ending Equipment Replacement Balance</b>		<b>\$153,254</b>	<b>19.5%</b>	<b>\$127,254</b>	<b>-17.0%</b>	<b>\$92,254</b>	<b>-27.5%</b>	<b>\$82,254</b>	<b>-10.8%</b>	<b>\$39,754</b>	<b>-51.7%</b>	<b>\$74,754</b>	<b>88.0%</b>	<b>\$34,754</b>	<b>-53.5%</b>

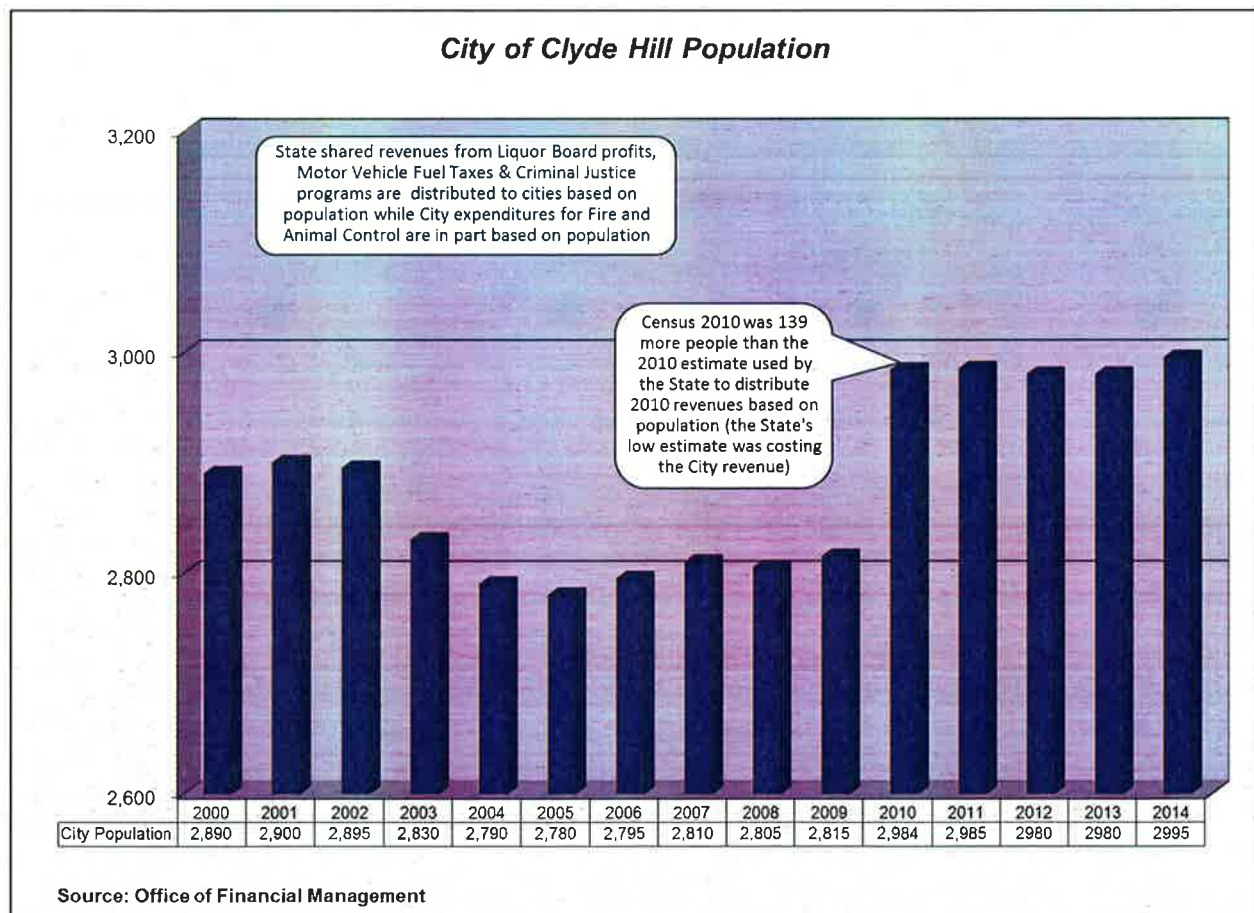




## 2015 Budget

### 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 1<sup>st</sup>. 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, 2014, 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.



2. The King County Assessor's Office provides information necessary for the City to levy property tax for the 2015 Budget. The City Council traditionally approves the following year's budget at their monthly meeting on the 2<sup>nd</sup> Tuesday of December.

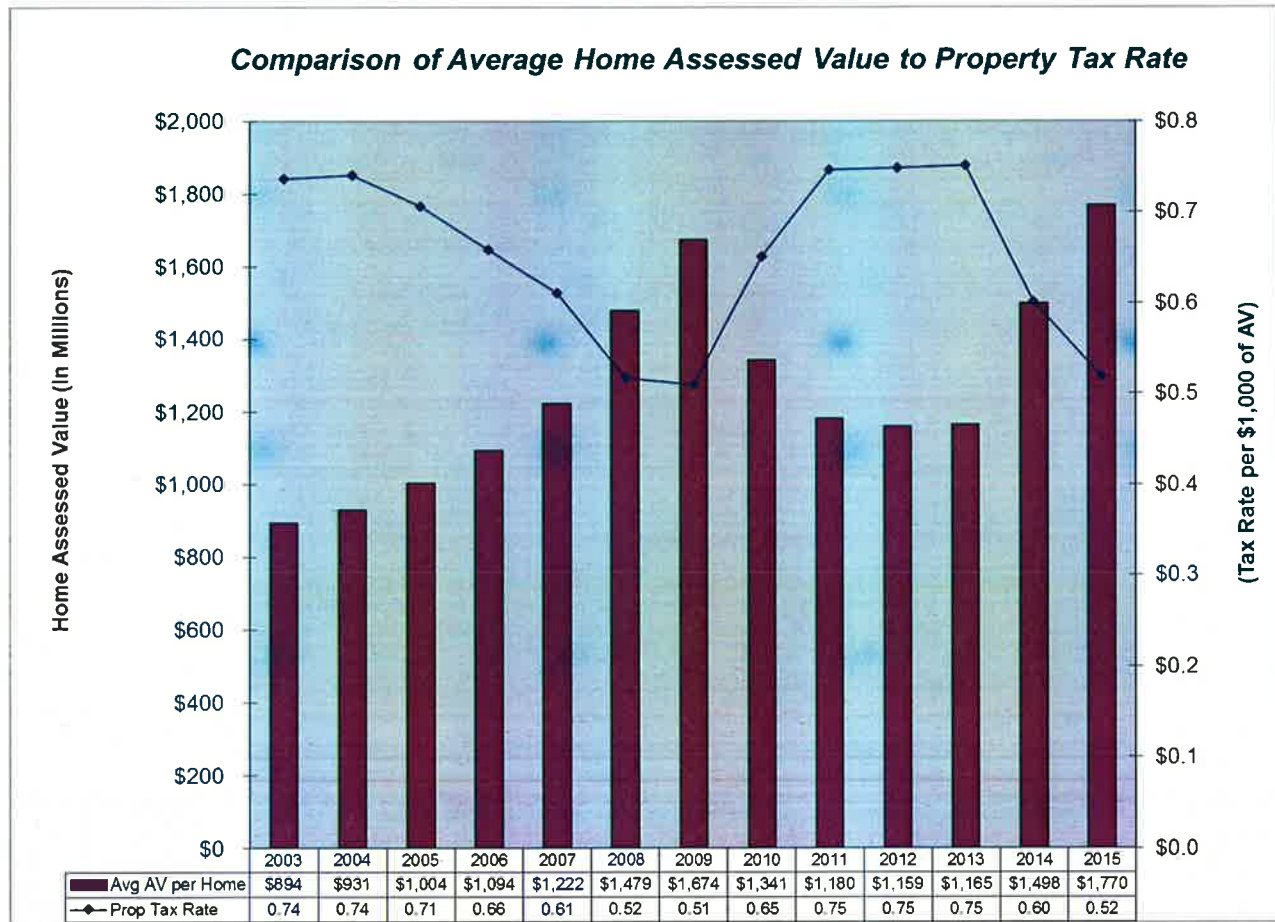
At the time the 2015 Budget was approved by the City Council on December 9, 2014, the following property tax information was available: 1) Assessed Valuation \$1,945,245,071 (up \$302,294,261 or 18.4% from the 2014 Tax Roll) and now above the 2009 all-time high by \$159,421,158 or 8.9%, 2) New Construction \$35,949,274 (Up \$1,172,189 or 3.4% from the 2014 Tax Roll) and 3) Relevy for Prior Year Refunds \$389.

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 2015 by the allowed 1% increase over the previous year's levy amount (\$8,187), but levy property tax for the allowed new construction (\$21,627) and relevy for prior year's refunds (\$389).

The City's "banked capacity" representing allowed property tax increases not taken in previous years will increase from \$24,990 to the 2015 Tax Roll amount of \$33,177.

The approved 2015 levy amount of \$1,010,286 results in a property tax rate of \$0.51936 per \$1,000 of assessed valuation (2<sup>nd</sup> 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 and 2015 Tax Rolls, the City's property tax rate went down significantly also from 0.75173 in 2013 to an estimated 0.51936 in 2015 (rate down 30.1% from 2013 to 2015).

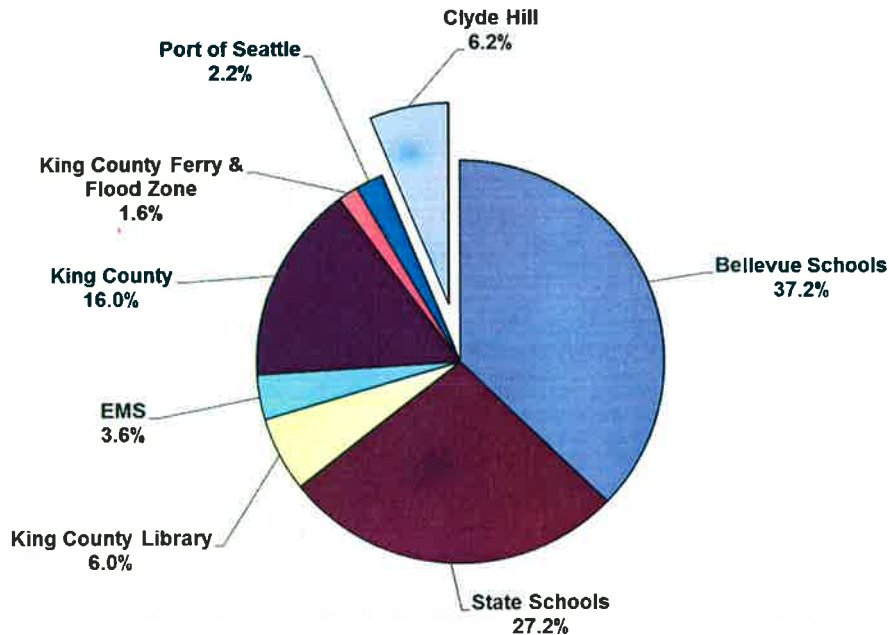
Also worth noting, due to the 1% limit on property tax levy increases in Washington State, the trend for property taxes as a percent of total General Fund revenues will continue to decrease in the years ahead and most likely will not keep pace with inflation.



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 6.2% 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. Please note King County's new ferry district & flood zone district started in 2008.

**2015 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 percent of sales tax receipts from residential construction in 2013 of 74.7% and in 2014 of 68.1% reflects the strong housing construction market in Clyde Hill over the past two years. This trend is expected to continue in 2015 at a more moderate pace.

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 has generated

\$343,903 in sales tax over the two year construction period (i.e. \$19,710 in 2012, \$221,517 in 2013 and \$102,675 in 2014). All budget participants were reminded repeatedly of the one-time nature of the sales tax revenue from the Chinook Middle School Project.

The following bar chart includes sales tax receipts from the Chinook Middle School Project to show 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:

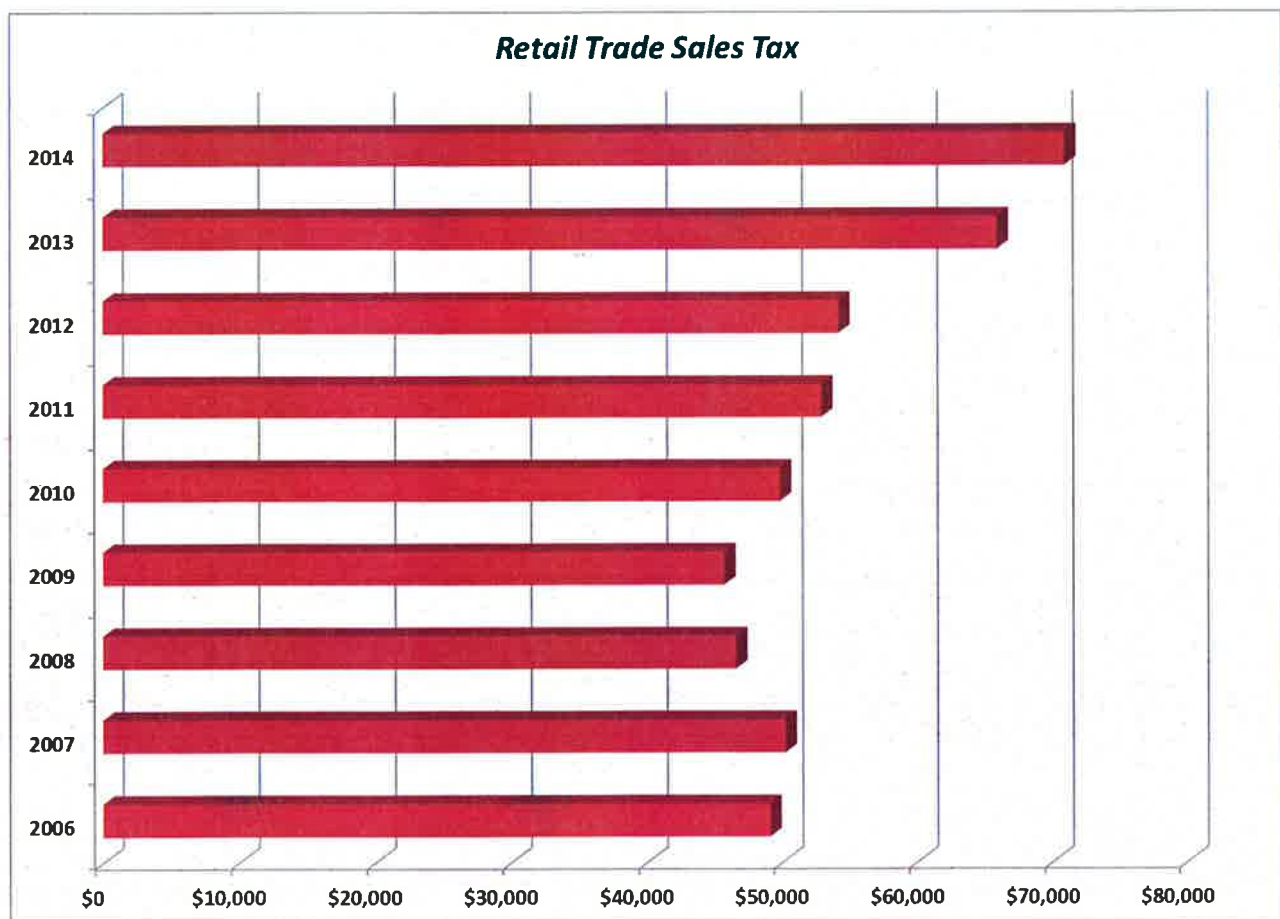


For planning purposes, we knew the robust housing development in Clyde Hill would not last forever. In our annual evaluation of the City's financial condition at the start of each budget development process, sales tax is listed as an "elastic type" revenue source subject to quick changes mirroring the general economic conditions of the Puget Sound region. The City Council has thoughtfully built up the City's Reserve Fund balance starting in the 2<sup>nd</sup> 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 / NAICS 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 2015 gross receipts for the eight (8) different components making up the utility tax and franchise fee revenue category:

**Electricity:**

- Our contact person inside the Rate Department at Puget Sound Energy (PSE) told us on 10/02/14 that the utility has “no formal rate requests” currently with the Washington Utilities and Transportation Commission (WUTC).
- PSE has 7 different “rate riders” that allow for temporary increases or decreases in the amount paid by customers (e.g. 1) property tax, 2) low income, 3) residential/farm, 4) conservation, 5) revenue decoupling, 6) merger rate, and 7) “Green” Purchase Rider).
- Our PSE contact person said we could expect a 3% increase in 2015 revenues from rate riders based on his educated guess and past history.

**Natural Gas:**

- Our contact person inside the Rate Department at Puget Sound Energy (PSE) told us that the utility has a 2.5% increase request effective November 1, 2014 currently with the Washington Utilities and Transportation Commission (WUTC) to cover the increased cost of natural gas.
- PSE has 6 different “rate riders” that allow for temporary increases or decreases in the amount paid by customers for natural gas service that are similar to the electricity rate riders.
- Our PSE contact person said we could expect a 5% increase in 2015 revenues from both the 2.5% rate request increase with WUTC and another 2.5% increase due to rate riders going up.

**Solid Waste:**

- Annual rate increases are tied to 70% of the Seattle area CPI-W rate for October (expected to be about 2.0% at the end of October, 2014, resulting in a 1.4% rate increase effective April 1, 2015).
- 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 October 12, 2014 to selected services and installations (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 different types of cable tv services to choose from.

**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 a monthly remittance of under \$100 and now remittances are over \$900 per month (VoIP service most likely off-sets some City tax revenues by residents giving up their land lines with CenturyLink for VoIP).
- So far in 2014, there are 13 telecommunication companies remitting some amount of utility tax to the City of Clyde Hill while Century Link and Comcast represent 90.7% of the total remittances.

**Wireless telephone:**

- The utility tax rate for this revenue category has been 6% from its inception in 1995.
- Contrary to what people might think with the proliferation of wireless devices, this revenue category has not grown much in the last few years and appears to not be growing at neighboring cities either.
- Noteworthy trends include: 1) AT&T’s decline of 29.7% since September, 2009 to September, 2014 presumably due to the lost monopoly for providing service to the iPhone, & 2) T-Mobile’s 35.0% decline over the same period presumably due to iPhone competition and outdated technology.
- Revenue rankings through September, 2014: 1) AT&T Mobility 43.9%, 2) Verizon Wireless 30.7%, 3) Sprint 11.1%, 4) T-Mobile 10.6%, & 5) Miscellaneous Carriers (8 total so far in 2014) 3.7%.

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



- Our contact person inside the Budget Office at Bellevue Utilities told us on 09/26/14 that they expect their City Council to approve a 5.2% rate increase for water effective January 1, 2015.
- 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 the White River Lake Tapps water source from Puget Sound Energy to enhance their supply of potable water for their service area.

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

- Our contact person inside the Budget Office at Bellevue Utilities told us on 09/26/14 that they expect their City Council to approve a 6.5% rate increase for sewer service effective January 1, 2015.
- Metro's regional wastewater treatment program represents 60% of the costs for Bellevue Utilities to provide wastewater sewer service to individual City of Clyde Hill customers.
- Metro's Wastewater Treatment Division's 2014 Ratepayer Report is available at <http://www.kingcounty.gov/environment/wtd/About/Finances/RatePayerReport.aspx>
- Sewer bills for households are tied to water consumption and that is the big unknown for 2015.

**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.

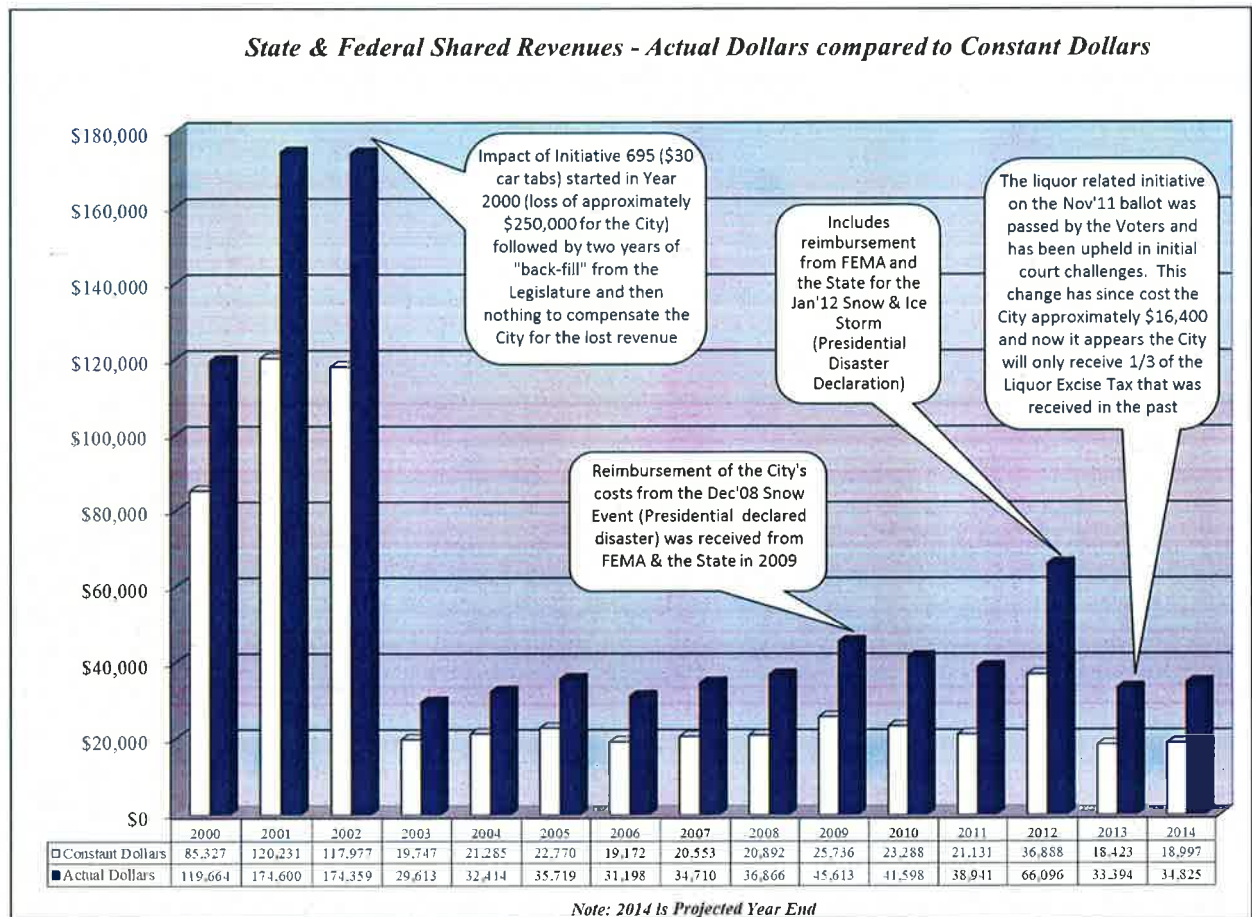
6. Municipal Research and Service Center (MRSC) is a non-profit, independent organization providing excellent consultation, research, and information services to local government in Washington State at no direct cost. For State shared revenues from liquor sales, criminal justice sales tax and motor vehicle 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 2015 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 2015 Draft Budget number for liquor excise tax revenue of only \$6,000 was taken from the guidance provided by the Municipal Research and Services Center's "2015 Budget Suggestions" based on the City's population of 2,995. The trend for liquor excise tax revenue appears to be approx. 1/3 of the pre-initiative amount.



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.

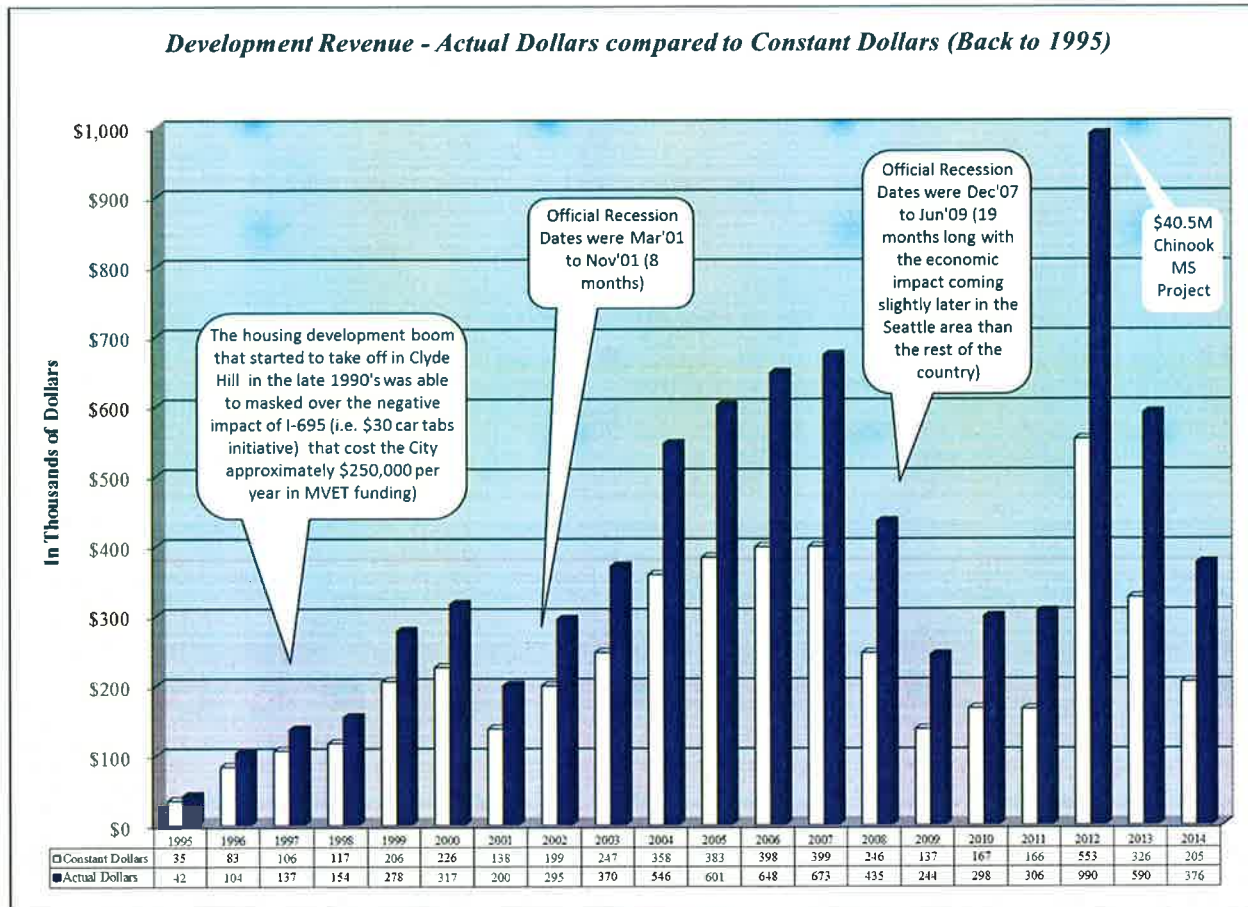
It’s interesting to note that the dire predictions from the opponents of I-695 as to the adverse impacts from the loss of revenue appeared to have been realized by most local governments, including the City of Clyde Hill when the recession started in late 2007. In hindsight, the housing bubble that gradually 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 in November, 1999.

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 2015, 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. 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 due to the one time nature of this significant event for the City.

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.



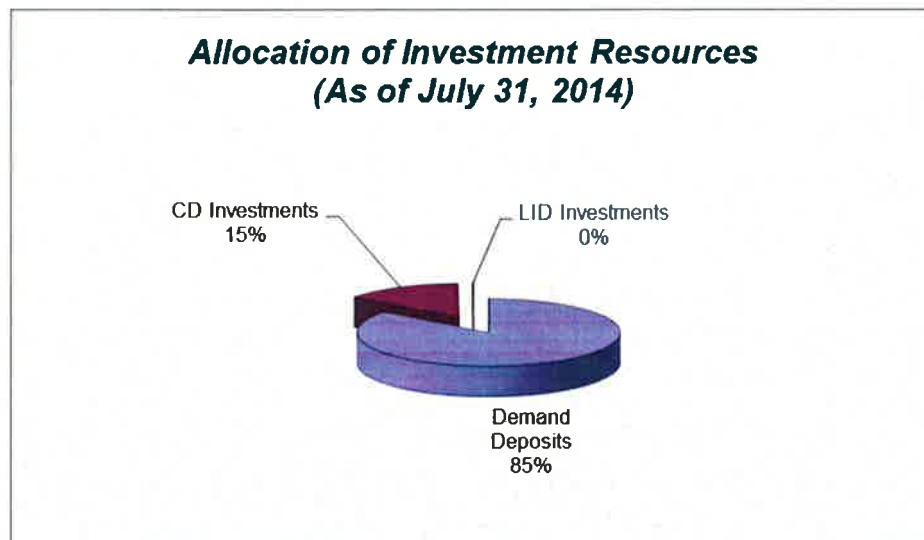
8. The City has an Investment Committee made up of 2 Council Members, the Mayor, the City Administrator and the Finance Manager. The Committee meets approximately 3 times per year to recommend investments and monitor performance. The City Administrator, acting as the City's Clerk/Treasurer is responsible for conducting investment activity with assistance from the Finance Manager.

A Citywide "Cash Flow Spreadsheet" is prepared as part of the 2015 budget process to determine interest income. The following are the 2015 Interest Rate & Income Assumptions:

- 1) Approximately 85% 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 2015 show only a slight increase from 2014.

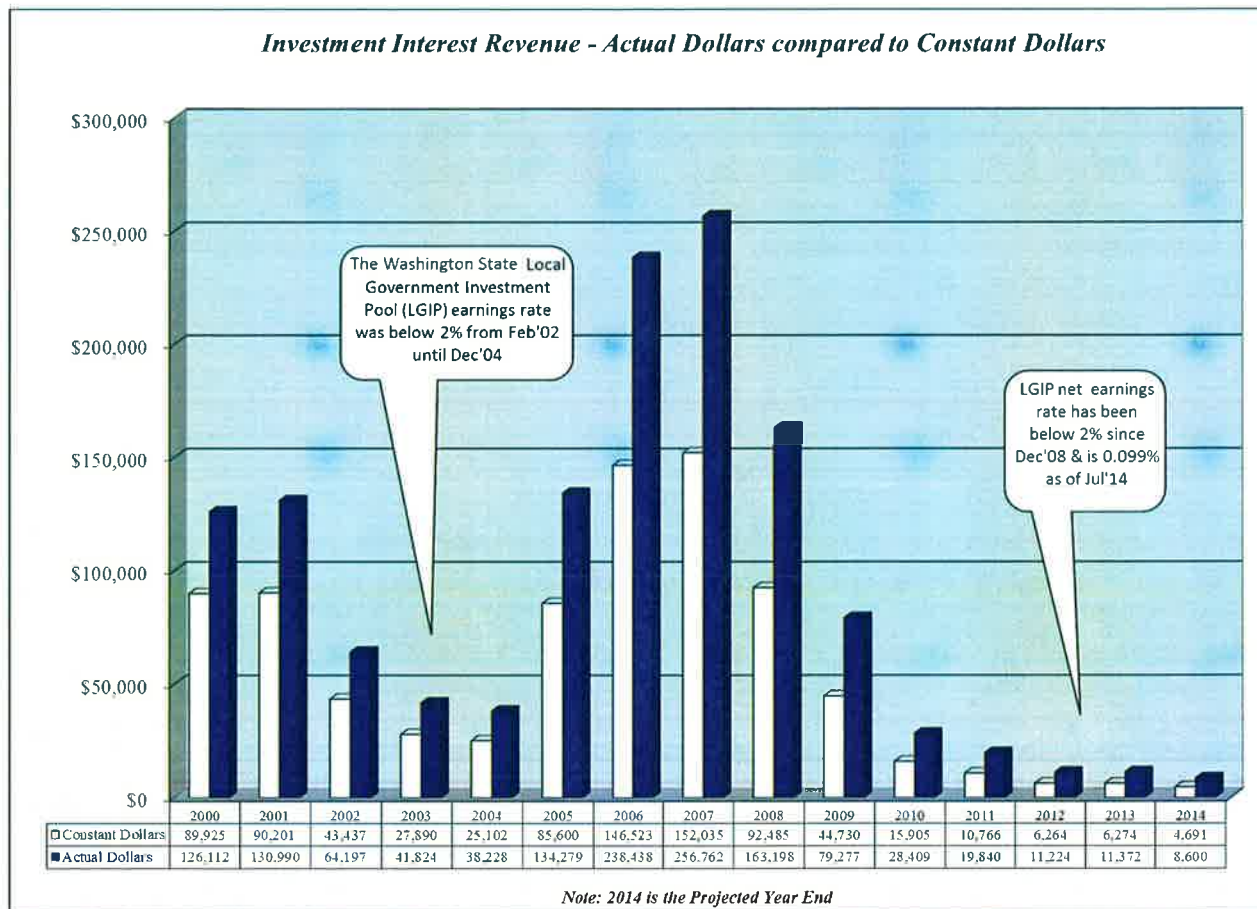
- 2) The remaining available financial resources have been invested in: 1) \$250,000 Certificates of Deposit at Bank of America & \$249,225 CD at WSECU (both approved by the Washington State Public Deposit Protection Commission). CDs will yield on average 23.5 basis points and mature in June, 2015, 2) \$500,000 Public Money Market Fund with Umpqua Bank (Bellevue Branch) with a yield of 22 basis points as of September 30, 2014. All deposits invested up to \$250,000 are FDIC insured.
- 3) To calculate our investment interest income number for 2015, the average LGIP rate during 2015 will be 0.13% and the CD will pay .235% in June, 2015. The LID will be paid off in 2014. The Public Money Market Fund is accruing interest at .22% as of September 30, 2014. The rates described here are applied to the cash flow schedule shown above to determine investment income in 2015.
- 4) The Firwood Heights LID has been closed since 2012 with all participant paid completely. The 92nd Ave LID will be paid off in 2014 with all 95 participants paid in full. No income will be received from LIDs in 2015.



As of November 30, 2014, the City had \$6,940,088 in surplus funds available for investment.

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





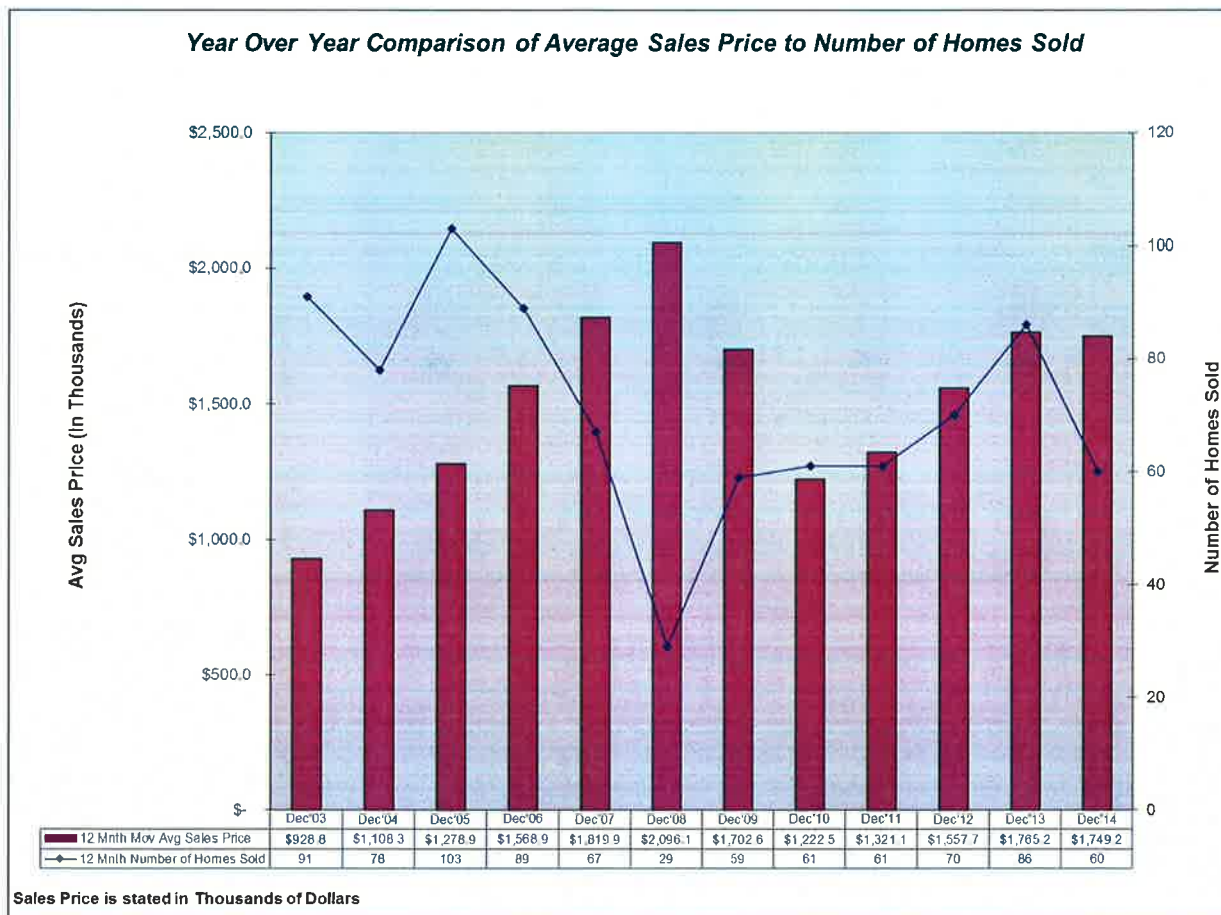
9. Homes sold in Clyde Hill pay Real Estate Excise Tax (REET) at the time the property title transfer is recorded with King County. Clyde Hill receives 0.005% times the sales price less a 1.3% collection fee paid to King County. This revenue source is restricted by law to capital improvements and is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

Over the past few 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 2014 was \$1,749,151 compared to \$1,108,271 average Clyde Hill home sale price at the end of 2004. From a quick analysis of the transactions involved in 2014 home sales, it appears that the number of distressed properties in Clyde Hill are all gone now. The average price at the end of 2013 for homes sold in Clyde Hill over the previous 12 month period was \$1,765,210 compared to the average at the end of 2014 of \$1,749,151 for a difference of (\$16,059) or (0.009%). The 2015 budget reflects this apparent strength in the Clyde Hill housing market with REET revenue budgeted at \$550,000 total, up from \$520,000 in 2014 and \$500,000 in 2013.



The existing home sale market is important to the 2015 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, stormwater management projects and started in 2013, the phase-in of new sidewalk construction 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.



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 01/31/15.

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 January 31, 2015 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 "modified 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. As required by the State Auditor's Office, the City utilizes a 13<sup>th</sup> month to capture and record expenditures after the December City Council meeting that are actually paid in January of the following year, but recorded as of December 31<sup>st</sup>.

To summarize, 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.

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

12. The 2015 General Fund budget is projected to have a \$134,975 operating deficit at the end of the fiscal year. This projected budget deficit of \$134,975 for the General Fund is added to the actual beginning fund balance of \$336,859 to allow the transfer-out of \$101,884 to help finance other City priorities.

\$35,384 will be transferred-out per the 2015 budget plan to the City's Reserve Fund.

\$66,500 will be transferred-out per the 2015 budget plan for the following purposes:

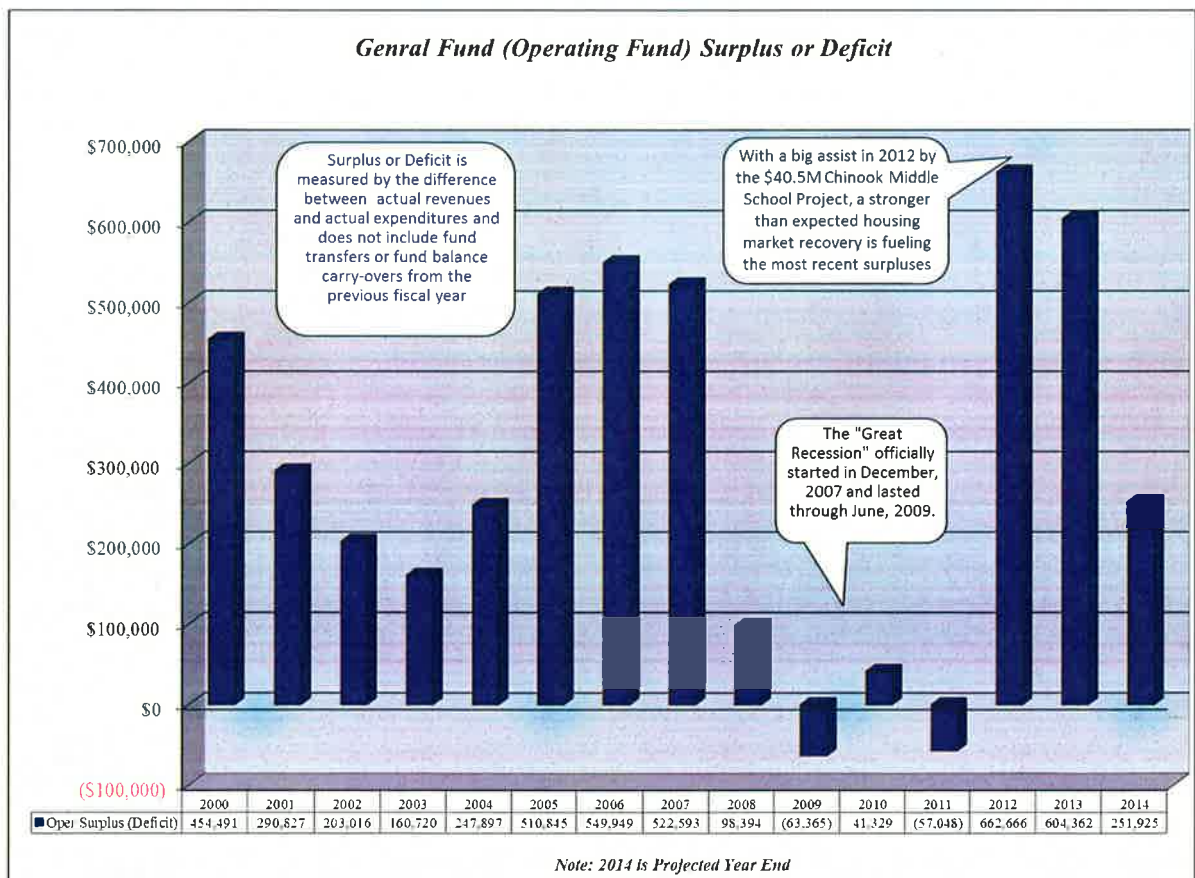
a) \$16,500 to the Parks Department in the Projects Fund to help finance the City's annual Celebration Event in August and the Parade of Pumpkins in October,

b) \$25,000 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) \$10,000 to the City's Equipment Replacement Department in the Projects Fund 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.

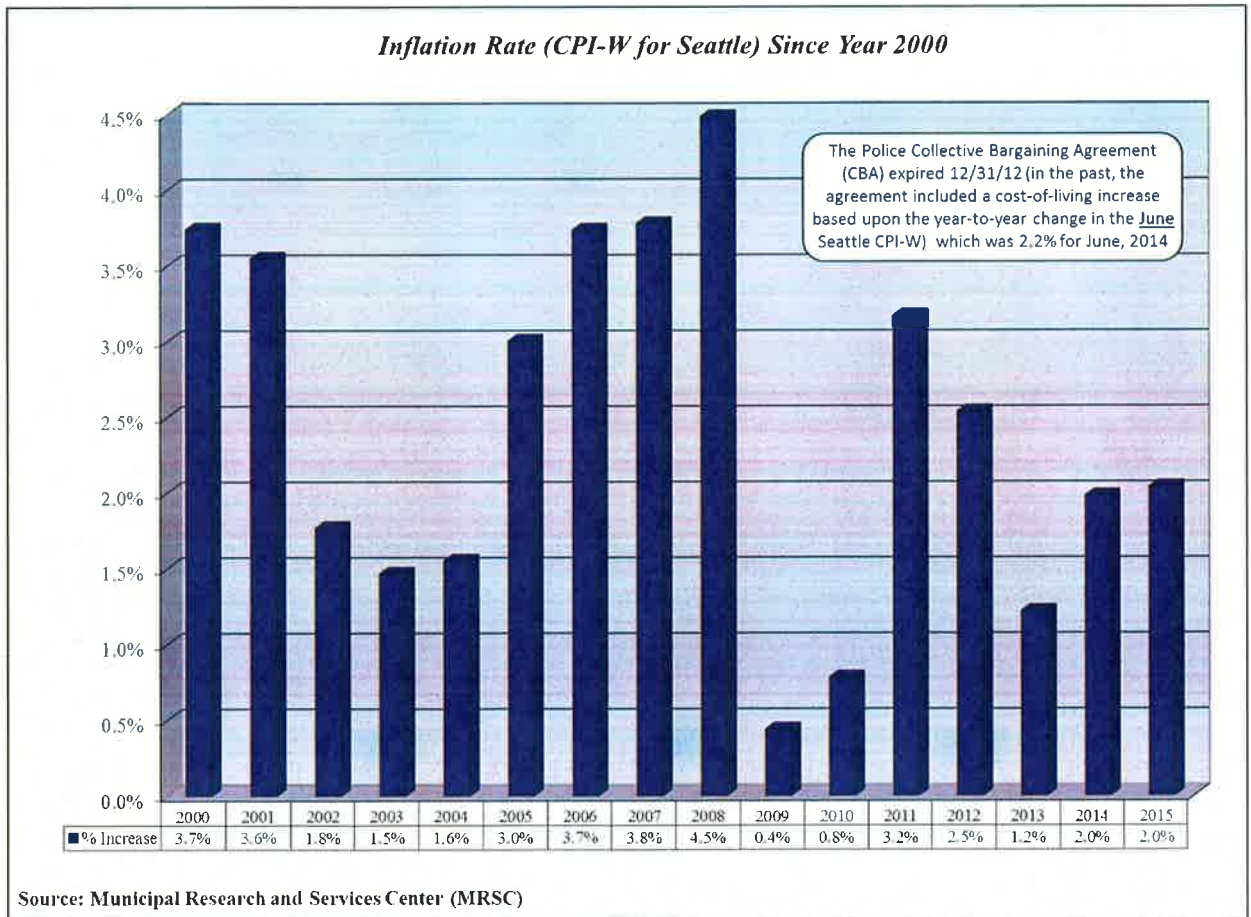
Per City policy, a transfer is made to or from the Reserve Fund so that the General Fund balance is \$100,000 to start the year. There are no significant changes in service levels in the 2015 General Fund budget.



The chart above 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).

13. The cost of living for non-union employees as measured by the Seattle Consumer Price Index for Urban Wage and Clerical Workers (CPI-W) for June, 2014 is one element in determining wage increases, (if any). This number was 2.2% greater than for June, 2013. This number is expected to decrease slightly by 2014 year end and only serves as part of the decision making process for determining employee salaries for 2015. 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. A 2.0% inflation rate is projected for 2015.

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.



14. Capital improvements will have a minimal impact on the City's operating budget. The 2015 budget calls for a new sidewalk to be constructed from NE 20<sup>th</sup> Street to NE 24<sup>th</sup> Street along the east side of 92<sup>nd</sup> Avenue NE. This \$300,000 project will be done in coordination with the City of Bellevue Utilities Department's water main project in this area. The operating budget pays for the City Engineer's time to coordinate with the City of Bellevue, administer the bidding process with private contractors and monitor the project for successful completion.

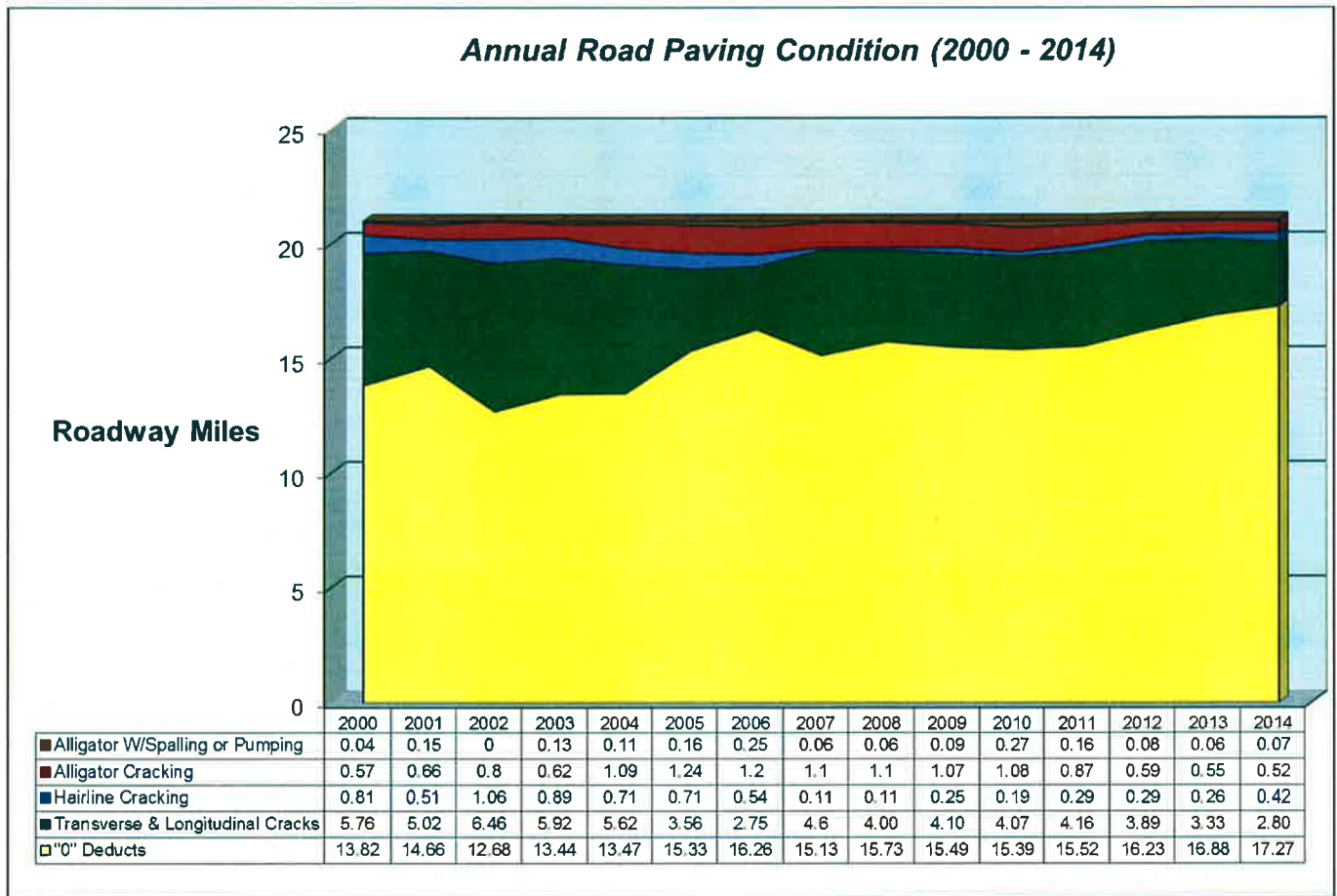
The 2015 Budget allocates \$50,000 for the line item "Other Improvement-Roadway." This money will be spent hiring an outside professional engineering firm to draw up plans to be bid by road overlay contractors in 2016. The City Engineer's and City Administrator's time to contract with an outside engineering firm to draw up the plans for bidding and then administering the bid process in late 2015 or early 2016 is paid out of the operating budget.

The 2015 Budget also has a \$150,000 line item for stormwater projects. There are five individual stormwater projects ranging in estimates from \$8,000 to \$28,000. Based on the particular circumstances for each project, the City will consider the options available to complete these planned capital improvements. Some, but most likely not all of the five stormwater projects might be done using the City's Public Works Department staff, some could be completed using the City's Small Works Roster authority and if any of the projects were uniquely complicated, there could be a formal plans and bidding process. Again, the money to facilitate any of these three options for completing stormwater projects would come from the City's operating budget, but would be considered a minimal impact.

Through 2016, the State Legislature has given authority to cities to use Real Estate Excise Tax (REET) money to pay for maintenance and repairs on previously constructed capital improvements. Normally, REET money is restricted by law to only constructing of capital improvements, but due to the recession, the State Legislatures is trying to help city operating budgets. Clyde Hill's 2015 Budget calls for \$30,000 of maintenance and operations expenditures to be recorded in the Capital Projects Fund that is primarily used to account for capital improvements and funded with REET money.

15. The City adopts a Transportation Improvement Plan (TIP) each June to plan for street overlays, sidewalk projects and related stormwater 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 2000 (overall, the chart indicates that City streets are in very good condition).





The 2015 Budget calls for the following capital improvement projects:

**2015 Road Overlay Program:**

The 2015 capital budget has \$50,000 included for an engineer to design the plans for the implementation the 2016 Road Overlay Program. No roads are planned for overlay in 2015.

**2015 Sidewalk Program:**

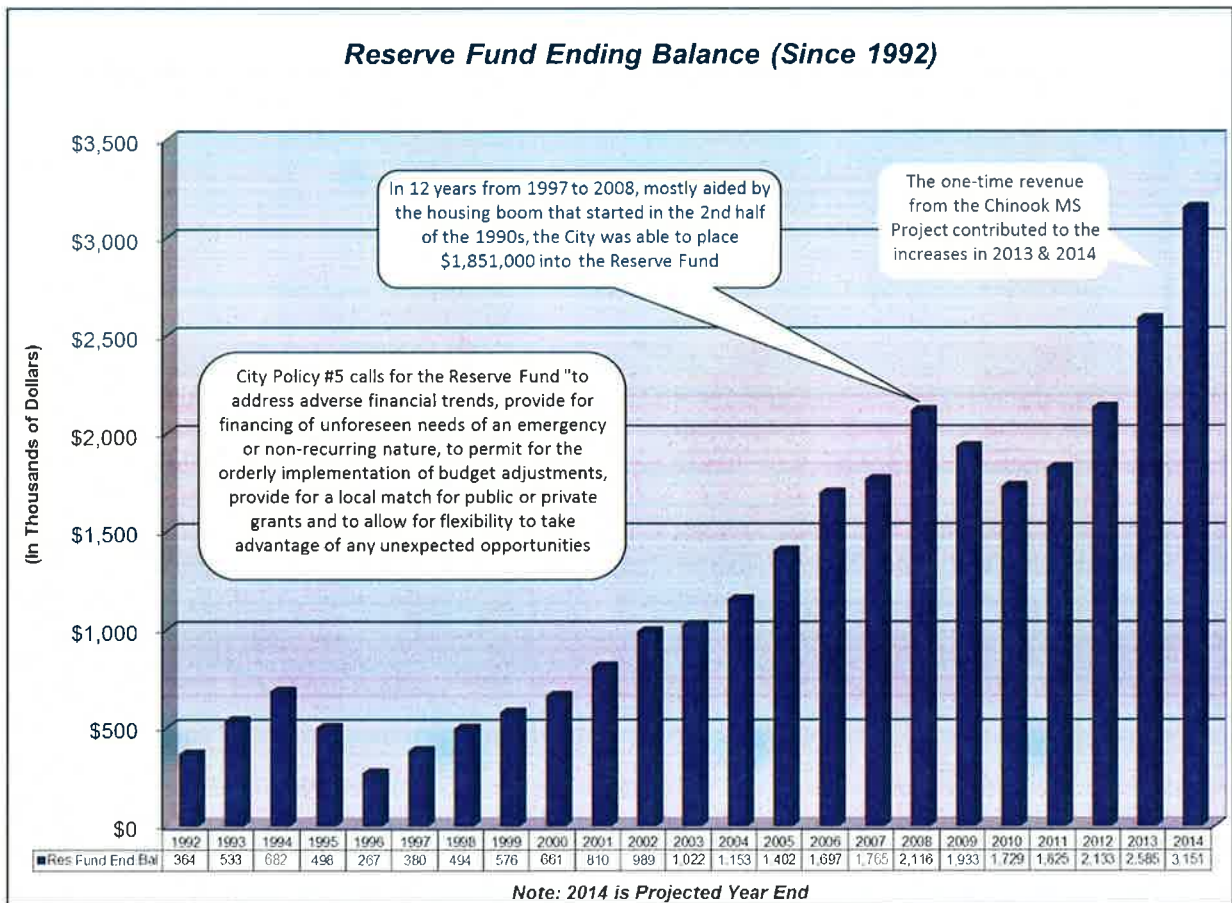
The first of five new sidewalk projects was implemented in 2013 on 24<sup>th</sup> Street (92<sup>nd</sup> to 98<sup>th</sup>). The City's Transportation Improvement Plan calls for construction of these projects every other year. The 2015 Budget includes \$300,000 for the construction of the next sidewalk project 92<sup>nd</sup> Ave (20<sup>th</sup> to 24<sup>th</sup>). A portion of this project (\$110,000) will be funded by a State TIB grant.

**2015 Stormwater Program:**

Two elements:



- a) \$50,000 budget for Stormwater System Risk Analysis
  - b) \$100,000 budget to solve chronic problems during heavy rains, mainly caused by root intrusion. Here's the list:
    1. (\$13,000) - 85<sup>th</sup> & 17<sup>th</sup> – Catch basin on 84<sup>th</sup> under sidewalk
    2. (\$28,000) - 2315 85<sup>th</sup> Place – Replace pipes w/root damage
    3. (\$28,000) - 2037 87<sup>th</sup> Place – Replace pipes w/root damage and add Catch basin
    4. (\$8,000) - Points Drive Easement, near Tully's – New screen and inlet walls at large culvert
    5. (\$23,000) - 1909 89<sup>th</sup> – Install new pipe to catch basin
16. The City's Reserve Fund balance is budgeted to have \$3,185,598 at the end of 2015, up \$35,384 or 1.1% increase over the 2014 budget. 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.



## **Projecting the City's Financial Future 2015 Budget Development Process**

### ***Background***

To assist the participants involved with developing next year's budget, we prepare a set of "worst case" revenue and expense projections through 2020, a set of "best case" revenue and expense projections and a set of "most likely" projections. Although this exercise is based totally on hypothetical economic conditions, we try to be realistic enough to be meaningful in the 2015 budget decision making process.

### ***Projection Summary***

The intent is for the worst case projections and best case projections to serve as "bookends" for what most likely will happen in the financial future of the City of Clyde Hill. With school starting this fall, the one-time revenue source from the \$40.5M Chinook Middle School Project will come to an end. To recap the revenue from this project, in 2012 the City received \$547,656 in the "development revenue" category and from November, 2012 through June, 2014, the City received \$309,245 in the "sales tax" revenue category. This revenue helped to substantially increase the City's Reserve Fund in 2013-2014.

The best case scenario assumes the City's revenues will return to the financially strong period experienced between 2003 and 2007. The best case expenditure projections are for prices to increase at a relatively moderate level, including personnel salary and benefits. For the worst case revenue projections, the assumption is for a "double dip" in the housing market returning to the abnormally low level of development activity as experienced in 2009 and 2010. The worst case expenditure projections through 2020 are for relatively higher inflation levels impacting salaries & benefits, contracted services (i.e. municipal court, elections, urban forestry, legal, jail and audit), and other day to day operating costs.

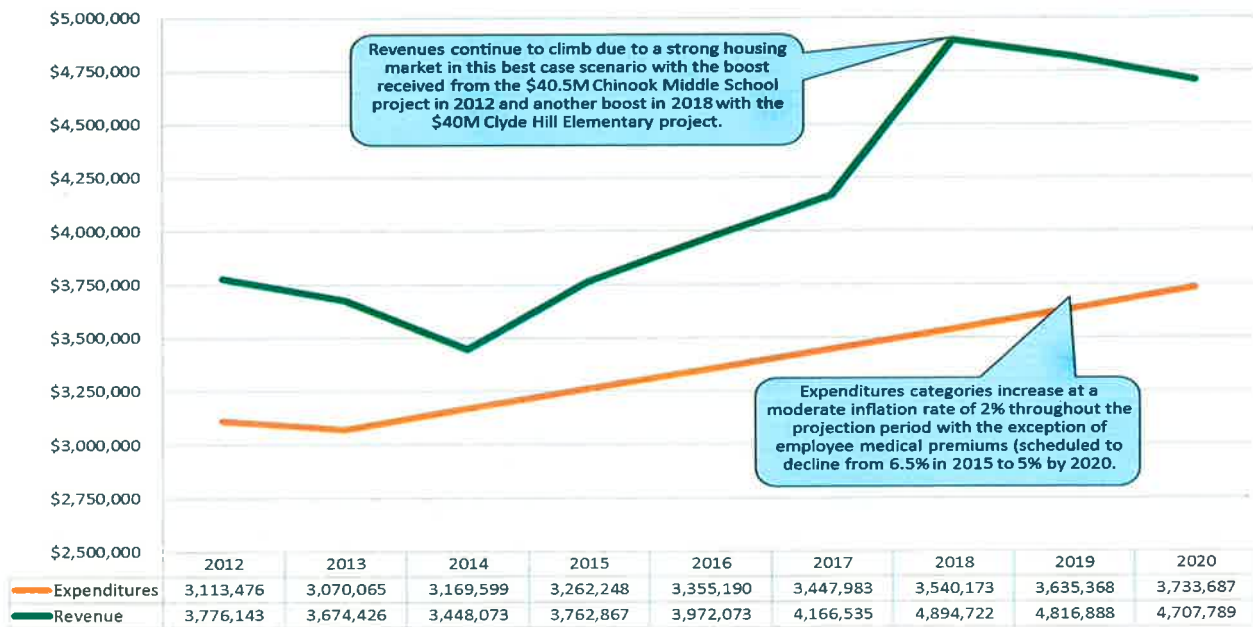
### ***Charts***

Revenue, expenditure and fund balance charts were shown at the August 19<sup>th</sup> Budget Study Session and are available upon request. To save money with the Budget Book publication, only the total revenue and expenditure charts are included to show the worst case, the best case scenarios and the most likely scenario. The fund balance for each of the City's three fund types (i.e. General Fund, Reserve Fund & Projects Fund) are charted through 2020 to show the bottom line impact on resources available for budgeting purposes. Please see the following charts.

### ***Concluding Remarks***

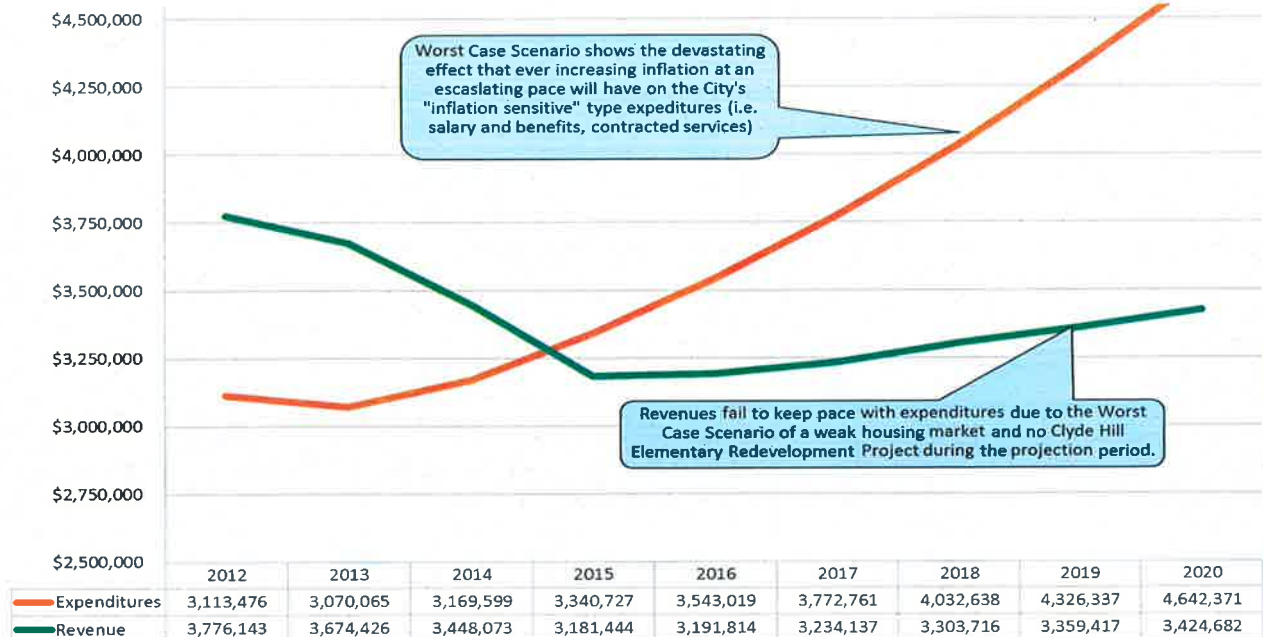
In general, the housing market appears to be the pivot point for the City's General Fund to finish the fiscal year with a surplus or deficit. The housing market spins off other revenue sources for the City beyond direct building permits and plan check fees. Sales taxes from new construction, new construction added to the property tax roll and real estate excises taxes for Capital Projects are all crucial to maintaining a strong financial condition for the City into the future.

### Best Case Scenario - Total Operating Revenues & Expenditures



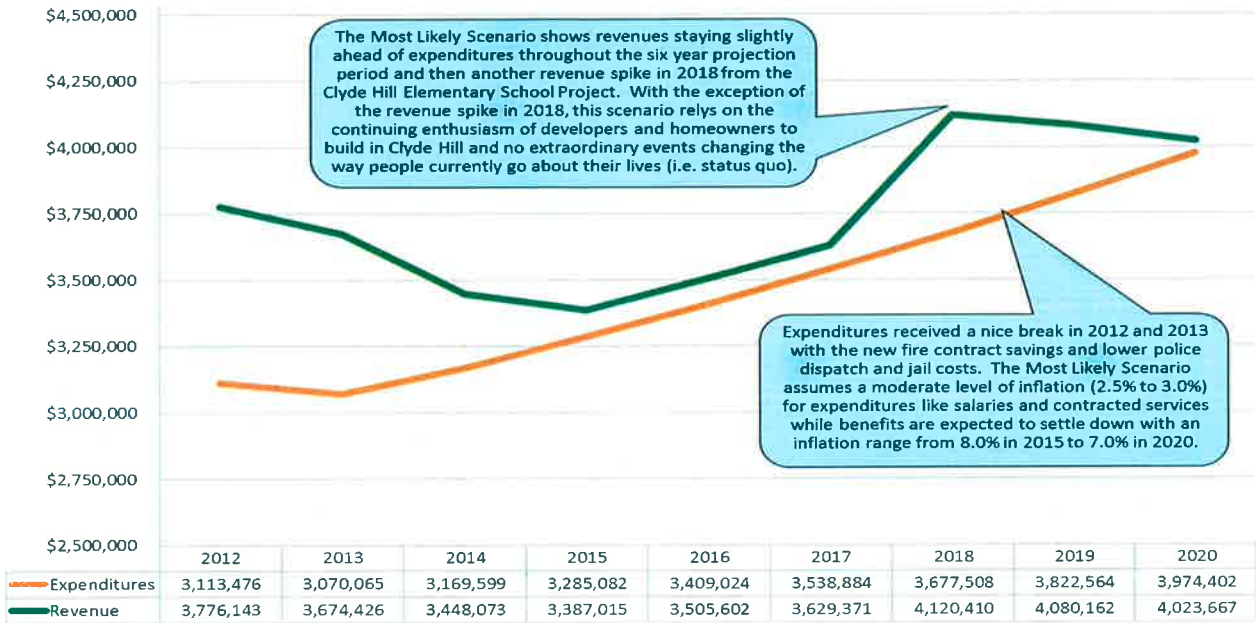
**Note:** The spikes in 2012 and 2018 are due to Bellevue School District projects in Clyde Hill with an operating surplus every year throughout the projection period regardless of school projects. The Reserve Fund would be \$7.8M at the end of 2020.

### Worst Case Scenario - Total Operating Revenues & Expenditures



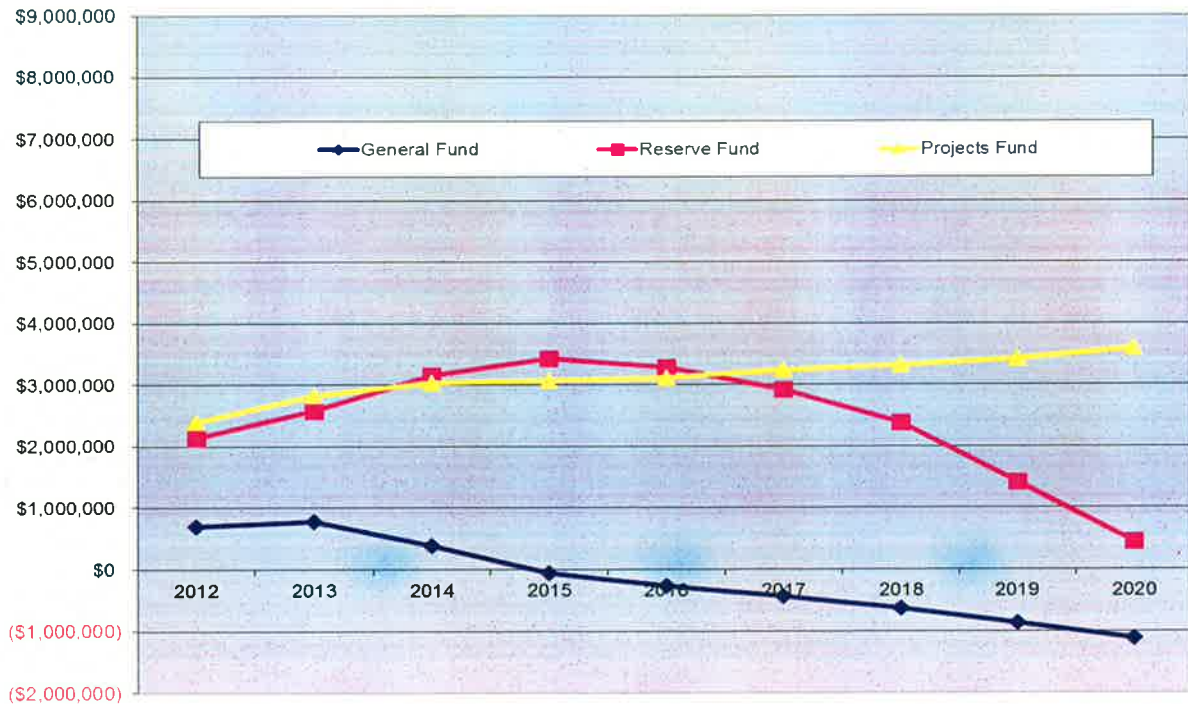
**Note:** General Fund Operating Deficits would continue at an increasing amount throughout the projection period. The Reserve Fund would be depleted by early 2020 and the General Fund would end 2020 with a \$671K deficit.

### Most Likely Scenario - Total Operating Revenues & Expenditures



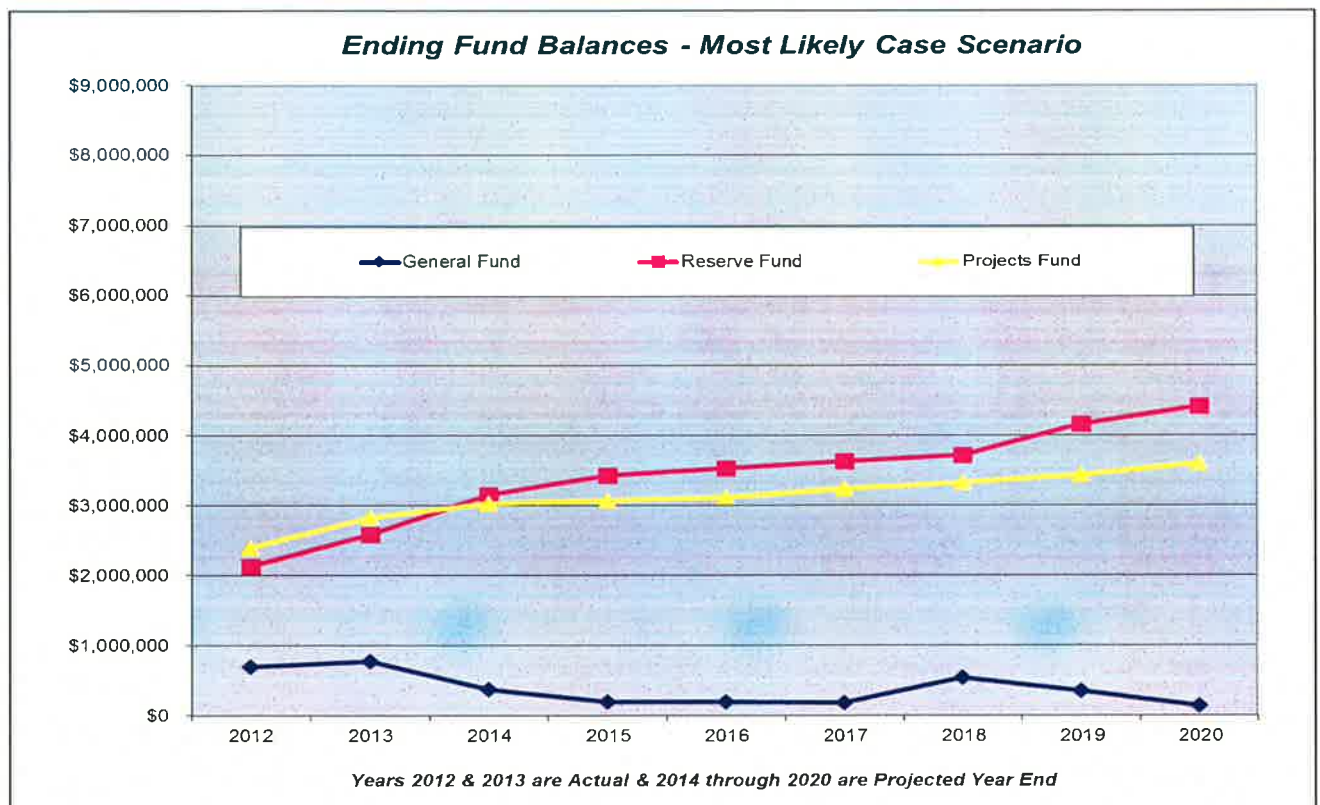
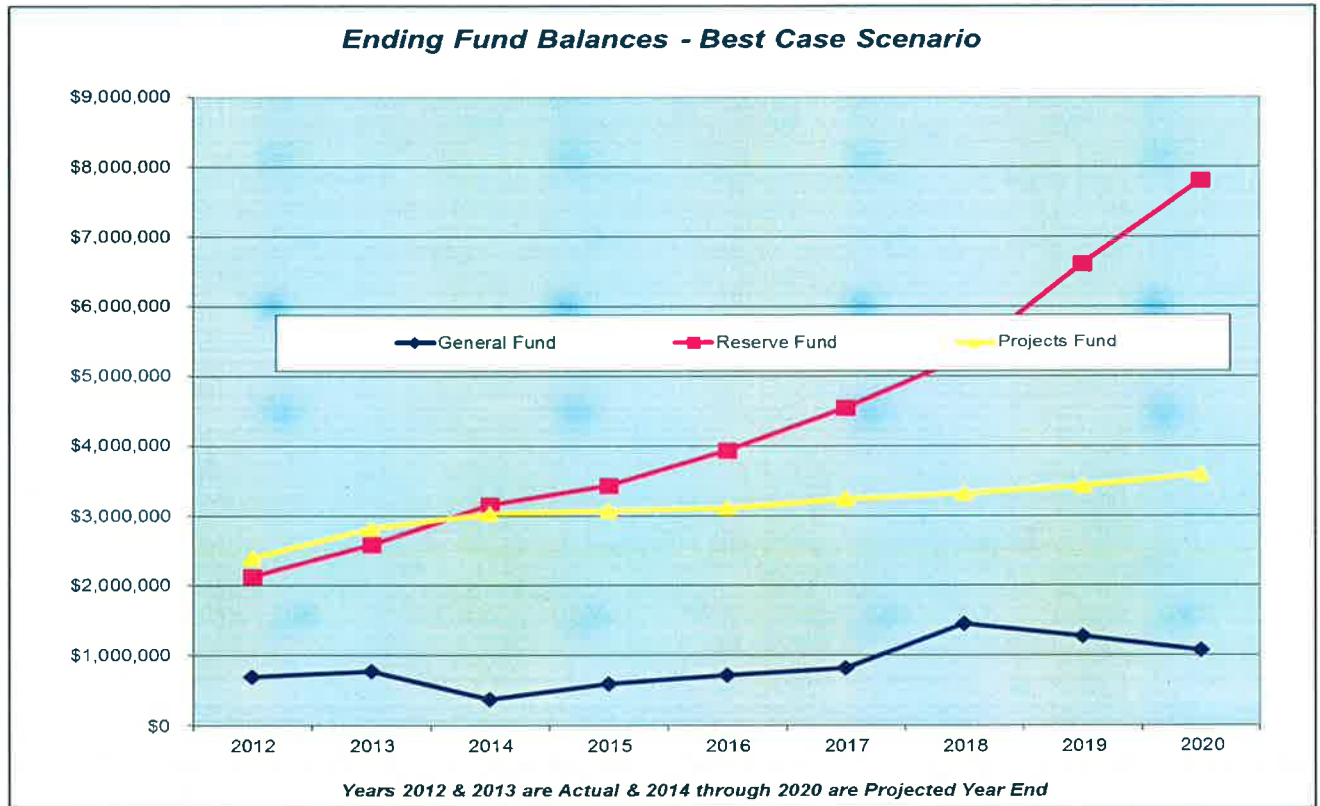
**Note:** This scenario shows the General Fund operating in a narrow band between surplus or deficit each year and then the Clyde Hill Elementary School Project revenue spike in 2018. Reserve Fund ends 2020 at \$4.4M.

### Ending Fund Balances - Worst Case Scenario



Years 2012 & 2013 are Actual & 2014 through 2020 are Projected Year End









## **Budget Process Overview**

### **City of Clyde Hill, Washington**

#### ***Background***

The City of Clyde Hill is a residential community of approximately 2,995 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 2015.

The 2015 Total City Expenditure Budget is approximately \$4.5 million. As allowed by the State Auditor's Office for smaller sized cities, the City uses the "modified 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 1<sup>st</sup> through December 31<sup>st</sup>.

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. Worth noting also is the City of Clyde Hill is one of 11 members of the award winning Coalition of Small Police Agencies for 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 2015 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.

Please see page 56 for more details on the City's General Fund revenue and expenditure projections with charts through 2020.

The 2015 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 Illustration" on page 78. 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. 26<sup>th</sup> St View Park, renovated Tennis Courts, path along 84<sup>th</sup> 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 2015 Preliminary Budget was available to the public on November 1, 2014. Please see our Budget Calendar for 2015 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 2<sup>nd</sup> 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 96 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 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 2013 can be viewed at the “Finance Page” on the City’s web site at [www.clydehill.org](http://www.clydehill.org) .

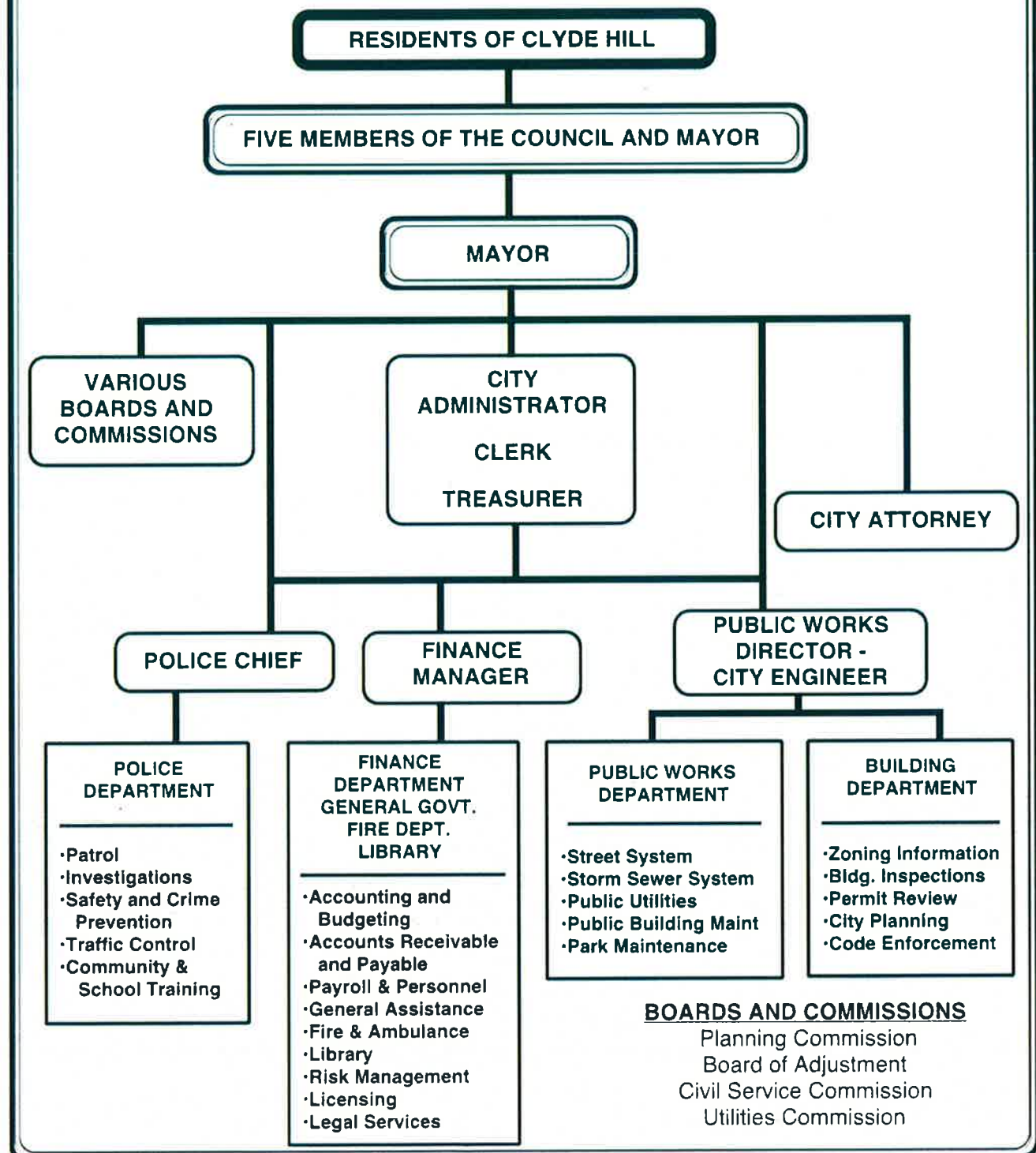
Believe it or not, your city government staff actually looks forward to the audit each year as a way to strengthen our practices and provide us with assurances that our fiscal house is in order. The City of Clyde Hill has a written internal control plan that we share with the auditor’s office each year 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 \$11,953 in 2014 for our audit services.

## 2015 Budget Calendar

City of Clyde Hill, Washington

<i>Statutory Dates</i>	<i>Proposed Dates</i>	<i>Steps in the 2015 Budget Development Process</i>
N/A	Tuesday, 7/8/2014	Review Budget Calendar & Confirm Budget Advisory Committee at Regular City Council Meeting
2nd Monday in September (9/8/14)	Friday, 8/15/2014	Dept Heads are asked to prepare detailed estimates of revenue & expenditure estimates for the 2015 fiscal year Budget along with tentative 2015 Goals & 2014 Accomplishments.
N/A	Tuesday, 8/19/2014 with Packets Out 08/15/14	<b>BUDGET STUDY SESSION #1</b> - Goal is to facilitate 2015 budget discussions with a good understanding of the City's current financial condition & projected best case / worst case / most likely case financial future. Possible 2015 budget discussion items will be identified at this meeting also (Public is Welcome!).
4th Monday in September (9/22/14)	Friday, 8/29/2014	The Department Heads submit their budget requests to the City Administrator and Finance Manager along with their tentative 2015 Goals and 2014 Accomplishments.
On or before the 1st business day in October	Available on Tuesday, 9/30/2014	City Administrator (Clerk/Treasurer) provides the Mayor with the 2015 "Draft Budget" for presentation to the City Council at the 2015 Budget Study Session #2.
No later than the 1st Monday in October	Monday, 10/6/2014	Projected 2014 Year End Revenue Data & 2015 "Draft Budget" are shared with the City Council & the Budget Advisory Committee.
Before vote on property tax levy	Tuesday, 10/28/2014 with Packets Out 10/17/14	<b>BUDGET STUDY SESSION #2</b> - 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, 10/31/2013	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 (11/8/2014 & 11/15/2014)	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, 11/18/2014	Setting property tax levy as part of the proposed 2015 Preliminary Budget.
On or before 1st Monday of December	Tuesday, 11/18/2014 with Packets Out 11/12/14	<b>BUDGET STUDY SESSION #3 (Final Hearing on Proposed 2015 Budget)</b> - 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, 11/18/2014 & Ordinance on Tuesday, 12/9/2014	<b>SET THE 2015 PROPERTY TAX LEVY</b> * 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 11/14/14. The ordinance to establish the 2015 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, 12/9/2014	<b>ADOPTION OF THE 2015 FINAL BUDGET &amp; 2015 Property Tax Levy Ordinance</b> at the regular December City Council monthly meeting.
N/A	After Adoption	Copies of 2015 Budget are available to the public & filed with the Washington State Auditor's Office, the Municipal Research & Service Center, 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

## BUSINESS PLAN

### TARGET ISSUES

2015

### FUTURE PROJECTIONS

2015 - 20

Long-Range Scenarios

### 2015 OPERATING BUDGET

General  
Fund

### CAPITAL IMPROVEMENT PLAN

2015 - 20

## SERVICE MEASURES

## COMPARATIVE STATISTICS

Serve as Input  
to Determine

## FISCAL INDICATORS

## ECONOMIC INDICATORS



# TARGET ISSUES

## CITY OF CLYDE HILL

**DRAFT - 2015 - DRAFT**

### CRITICAL TARGET ISSUES



Monitor & participate in construction completion activities of the SR 520 Bridge Replacement & HOV Project:

- Actively participate in process
- Communicate Clyde Hill issues w/WSDOT, ECC & other cities
- Use consulting engineer for design & construction assistance
- Get reimbursed from WSDOT for engineer



Design & Construct 2015 Sidewalk Project

- Complete design & bid for summer construction



Review City's Comprehensive Plan

- Coordinate w/Planning Commission as the key reviewers
- Manage consultant to help coordinate effort
- Complete Project by mandated State deadline

### TOP PRIORITY ITEMS

#### External Issues:



Work w/adjacent cities and WSDOT for an acceptable channelization agreement for 84th Ave and 28th St



Work with Republic Services to extend Clyde Hill's solid waste hauling contract



Manage current WCF facilities & requests for new sites or upgrades w/in City guidelines

#### Internal Capital/Equipment Issues:



Design 2016 Road Overlay Project

- Bid project in early 2016
- Coordinate design w/neighborhood



Update the City's annual pavement Rating Condition Survey for use with developing the annual TIP



Complete an update of the City's Comprehensive Stormwater Management Plan



Purchase equipment to provide the City with a good source of communication & information for the community in emergencies



Coordinate construction of mid-block X-ing improvements to 92nd Ave (just S. of Pts Dr)

#### Internal Issues:



Continue City's eligibility as a Tree City USA



Continue to assist community with tree/view issues & the Council in revising the City's View Regulations



Implement City's Investment Policy & coordinate investment schedule.



Complete a successful fiscal audit of the City's finances and operations.



Implement NPDES grant and coordinate City program for compliance.



Maintain service & quality level for Building Dept. & investigate any clarifying procedures.



Intensify efforts to organize City records by implementing a storage/records project



Continue to keep the City in compliance with WCIA's Compact of Membership.



Coordinate activities for a successful Community Celebration and Pumpkin Display Event.

## **2015 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 18<sup>th</sup> 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 2015 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 2015 Financial Plan is outlined below for your review, comment and confirmation.

#### ***Considerations for Discussion and Decision***

Attached to this memo is a copy of the City's Financial Policies. Annually the Council looks at these policies to make sure they are in alignment with current thinking. The most recent changes occurred within the last few years when the Council approved a 10<sup>th</sup> policy statement relating to the City's Capital Projects Department balance and last year when Policy Statement #5, relating to the City's Reserve Fund was aligned with the City's Worst Case Financial Projections.

The City's 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 modified to reflect a changing longer-term sentiment. The financial policy statements are designed to establish guiding principles for the long-term fiscal stability of the City.

Last year the staff streamlined the purpose, objectives and history portion of the Policy Statement document to fit a single page. During the 2014 budget process the group had healthy discussions about modifying Policy Statement #5. Revised policy language was agreed on and adopted by the Council to address the consensus of the discussion. In addition, the group asked the staff to develop further policy statements or refinements that would guide other larger City risks to align them with related reserve funding.

The staff was not able to complete the needed analysis in order to further refine the reserve financial policy. A key element to the picture is the completion of the City's Stormwater Management Plan. The Council approved the development of this plan in 2014 but its completion will not occur until later in 2015. The results of this plan will provide updated information on the City's liability or risk regarding one of its most important capital assets.

Because we need this important component, the staff suggests further postponement of the policy refinement discussions until the 2016 budget meetings. There are no other suggested modifications to the financial policies for 2015. However, these policies should be reviewed by the group to make sure they reflect the current thinking of the Mayor and Council.

The enactment computation of Policy #5 is attached to provide an updated idea of its 2014 implementation.

## **2015 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 a draft of Clyde Hill's 2015 Financial Strategy.

On October 28<sup>th</sup> and November 18<sup>th</sup> 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 2015 Final Budget. An additional meeting in August was held to provide financial and economic background information on trends and projections through 2020. The philosophies adopted at these meetings help to comprise the short-term element of the City's financial plan:

### **Balance the 2015 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 7<sup>th</sup> police officer (about \$90,000 for salary and benefits) but freeze that position until the Council authorizes a change. The City Council is scheduled to discuss lifting the freeze at its January 2015 meeting.
- 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 2015 at a \$22 million level.
- Increase development fees (10%) for the first time since 2008 to account for increases to the City's cost of providing that service.

- 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 2014 General Fund balance to the Reserve Fund after using the bulk of this amount to balance the 2015 Budget and 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.

**Capital Projects:**

1. Implement a Sidewalk, Storm Drain repair and 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.

**GROUP'S DECISIONS:**

Review the City's Financial Policies and confirm their adequacy. Review and agree on a 2015 Financial Strategy for formal confirmation at the December City Council meeting.

## **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 2015 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 2<sup>nd</sup> 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 2015 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. 2015 is an update year to the City's Comprehensive Plan for the period 2015 - 2035. The City was awarded a \$10,000 grant from the State in 2014 to accomplish this task. Please see updated Comprehensive City Plan at the City's web site [www.clydehill.org](http://www.clydehill.org) in the documents section.

**Concluding Remarks:** Each of these three on-going, periodically updated plans is taken into account while developing the 2015 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.



## **Financial Policy Statements**

### **City of Clyde Hill, Washington**

**As of December, 2014**

#### **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, 2014**

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 \$1,945,238,643 (2.5% of the current assessed value equals \$48,630,966).**
- 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](mailto:john@clydehill.org) & 425.453.7800)

## **Monitoring the City's Financial Condition 2015 Budget Development Process**

### ***Brief Explanation***

Financial Policy Statement #2 for the City states, "Continue to review financial trends relating to the City's finances and operations." As one of our first steps in the budget process, city staff updates the trend monitoring information for review by all the participants involved with developing the next year's budget. Using the City's past performance to monitor the City's current financial condition is an important tool to understand economic trends impacting the City's finances.

### ***Definition***

For our purposes, "financial condition" means the ability of the City to generate enough operating revenues to provide services at the level and quality that residents of Clyde Hill expect, without incurring deficits.

### ***Materials for Review***

The following documents have been assembled for your review:

- Document Index – Financial Condition Monitoring Charts (provides a cross reference number to the specific chart listed on the index for a quick review).
- Sixty three (63) documents showing historical data in chart or table form through the projected 2014 YE number to study current trends (docs 6 – 63 not published in budget book to save money – included at 08/14/2014 Budget Meeting & available upon request).
- Two "big picture" spreadsheets with pie charts showing fund balances for the City's three funds and seven departments of the Projects Fund can be found in the beginning of this packet. One spreadsheet shows the fund balances projected to 2014 year end and the other spreadsheet shows the fund balances planned for in the 2014 Budget.

### ***Projected Year End Surplus***

Although down from the previous two years, fiscal year 2014 appears to be on track for the 3rd year in a row to have a substantial operating surplus since the negative impact of "Great Recession." The Chinook Middle School Project has played a significant role in the City's recovery over the past 3 years. However, with the opening of the beautiful new school this fall, this one-time revenue source will disappear after this fiscal year. Also, new home construction appears to have begun to taper off from the pent up demand caused by the "Great Recession." City staff continues to diligently hold down expenses at every opportunity.

Please let City Administrator Mitch Wasserman or the City's Finance Manager, John Gagan know if you have any questions, suggestions or concerns involving this information.



## **Document Index – Financial Condition Monitoring 2015 Budget Development Process**

### **Snapshot of Current Financial Picture**

1. 2014 Ending Fund & Department Balances – 2014 Projected Year End
2. 2014 Ending Fund & Department Balances – 2014 Budget
3. 2014 Budget Variances with Explanation – 2014 Budget vs 2014 Projected Year End
4. 2004 Actual Operating Revenues vs 2014 Projected YE Operating Revenues
5. 2004 Actual Operating Expenditures vs 2014 Projected YE Operating Expenditures

### **General Indicators**

6. City Population
7. Number of Housing Units
8. Inflation Rate (CPI-W for Seattle) Since 1992
9. Authorized Full –Time Employees (FTEs) with Per Capita
10. Total City Assessed Valuation Since 1992 (In Millions)
11. Average Assessed Valuation per Housing Unit with Rate of Change
12. Comparison of 2014 Property Tax Rates for Cities & Towns in King County
13. 2014 Property Tax Distribution
14. Comparison of Average Home Assessed Value to Property Tax Rate
15. Comparison of 2014 Property Tax Rates for Selected Cities
16. Number of New Home Construction Permits & Total Valuation

### **Revenue Indicators**

17. Total Operating Revenues – Actual Dollars compared to Constant Dollars
18. Total Oper Rev – Actual Dollars compared to Constant Dollars (back to 1992)
19. Property Tax Revenues – Actual Dollars compared to Constant Dollars
20. Sales Tax Revenues - Actual Dollars compared to Constant Dollars
21. Utility Taxes & Franchise Fees – Actual Dollars compared to Constant Dollars
22. Rate History for Utility Taxes & Franchise Fees Rate History
23. Development Revenue – Actual Dollars compared to Constant Dollars
24. Dev Revenues - Actual Dollars compared to Constant Dollars (Back to 1992)
25. Motor Vehicle Related Revenue – Actual Dollars compared to Constant Dollars
26. State & Federal Shared Revenues – Actual Dollars compared to Constant Dollars
27. Yarrow Point Police Contract Revenue - Actual Dollars compared to Constant Dollars
28. Fines and Forfeiture Revenue – Actual Dollars compared to Constant Dollars
29. Investment Interest Revenue – Actual Dollars compared to Constant Dollars
30. Current Investment Resources Available (as of 07/31/14)
31. Wireless Comm Facility Revenues - Actual Dollars compared to Constant Dollars
32. Other Operating Revenue - Actual Dollars compared to Constant Dollars

**Document Index – Financial Condition Monitoring (cont.)**  
**2015 Budget Development Process**

- 33. Elastic Revenue - Actual Dollars compared to Constant Dollars (Back to 1992)
- 34. Elastic Revenue as a % of Total Operating Revenue (Back to 1992)
- 35. Real Estate Excise Tax Revenue – Actual Dollars compared to Constant Dollar
- 36. Year Over Year Comparison of Average Sales Price to Number of Homes Sold (7/14)
- 37. Criminal Justice Sales Tax Revenue – Actual Dollars compared to Constant Dollars

**Expenditure Indicators**

- 38. Total Operating Expenditures – Actual Dollars compared to Constant Dollars
- 39. Total Operating Expenditures – Actual Dollars compared to Constant Dollars (1992)
- 40. General Government Services Expenditures - Act Dollars compared to Constant Dollars
- 41. Law Enforcement Expenditures - Actual Dollars compared to Constant Dollars
- 42. Public Works/Building Dept Expenditures - Act Dollars compared to Constant Dollars
- 43. Total Salaries & Benefits – Actual Dollars compared to Constant Dollars
- 44. Total Salaries & Benefits as a % of Operating Expenditures
- 45. Personnel Benefits as a % of Salaries
- 46. Personnel Benefits as a % of Total Operating Expenditures
- 47. Contracted Services– Actual Dollars compared to Constant Dollars
- 48. Dispatch Expenditures– Actual Dollars compared to Constant Dollars
- 49. Fire Protection & Medic One Expenditures – Actual Dollars to Constant Dollars
- 50. Legal Expenditures – Actual Dollars compared to Constant Dollars
- 51. Insurance Expenditures – Actual Dollars compared to Constant Dollars
- 52. Operating Supplies & Services– Actual Dollars compared to Constant Dollars
- 53. Utilities– Actual Dollars compared to Constant Dollars
- 54. Repairs & Maintenance– Actual Dollars compared to Constant Dollars
- 55. Minor Equipment– Actual Dollars compared to Constant Dollars
- 56. Other Operating Expenditures– Actual Dollars compared to Constant Dollars
- 57. Clyde Hill Roadway & Total Capital Expenditures Over Time
- 58. Total City Expenditures - Actual Dollars compared to Constant Dollars

**Overall “Resources Available” Indicators**

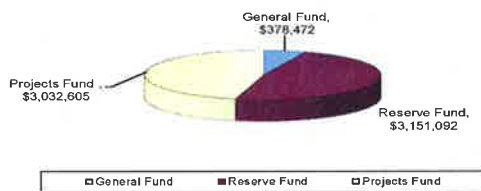
- 59. General Fund (Operating Fund) Surplus or Deficit
- 60. Total City Fund Balances
- 61. Reserve Fund Ending Balance (Since 1992)
- 62. Total Operating Revenues compared to Total Operating Expenditures
- 63. Total City Revenues compared to Total City Expenditures

**Ending Fund & Department Balances**  
2014 Projected Year End  
City of Clyde Hill, Washington

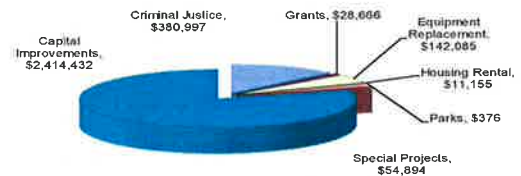


Component	Departments in the Projects Fund										Total of All 3 Funds
	General Fund	Reserve Fund	Criminal Justice	Grants	Equipment Replacement	Housing Rental	Parks	Special Projects	Capital Improvements	Projects Fund	
Actual Beginning Balance - 01/01/14	\$777,814	\$2,585,125	\$364,547	\$6,444	\$153,254	\$8,692	\$429	\$54,273	\$2,236,552	\$2,824,191	\$6,187,130
Revenues	\$3,448,070	\$9,653	\$88,212	\$51,187	\$0	\$9,429	\$967	\$1,990	\$625,635	\$777,420	\$4,235,143
Expenses	\$3,169,598	\$0	\$71,762	\$38,965	\$46,169	\$16,966	\$17,520	\$51,369	\$447,755	\$690,506	\$3,860,104
Operating Surplus/(Deficit)	\$278,472	\$9,653	\$16,450	\$12,222	(\$46,169)	(\$7,537)	(\$16,553)	(\$49,379)	\$177,880	\$86,914	\$375,039
Transfer-In	\$0	\$556,314	\$0	\$10,000	\$35,000	\$10,000	\$16,500	\$50,000	\$0	\$121,500	\$677,814
Transfer-Out	\$677,814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$677,814
Projected Ending Balance - 12/31/14	\$378,472	\$3,151,092	\$380,997	\$28,666	\$142,085	\$11,155	\$376	\$54,894	\$2,414,432	\$3,032,605	\$6,562,169

**2014 Projected Year End Fund Balances**



**2014 Projected YE Dept. Fund Balances**



**Ending Fund & Department Balances**  
2014 Budget  
City of Clyde Hill, Washington



Component	Departments in the Projects Fund										Total of All 3 Funds
	General Fund	Reserve Fund	Criminal Justice	Grants	Equipment Replacement	Housing Rental	Parks	Special Projects	Capital Improvements	Projects Fund	
Actual Beginning Balance - 01/01/14	\$777,814	\$2,585,125	\$364,547	\$6,444	\$153,254	\$8,692	\$429	\$54,273	\$2,236,552	\$2,824,191	\$6,187,130
Revenues	\$3,349,000	\$9,650	\$81,600	\$88,900	\$0	\$9,500	\$1,000	\$2,000	\$693,000	\$876,000	\$4,234,650
Expenses	\$3,349,000	\$0	\$93,800	\$110,000	\$61,000	\$19,000	\$17,500	\$101,300	\$885,000	\$1,287,600	\$4,636,600
Operating Surplus/(Deficit)	\$0	\$9,650	(\$12,200)	(\$21,100)	(\$61,000)	(\$9,500)	(\$16,500)	(\$99,300)	(\$192,000)	(\$411,600)	(\$401,950)
Transfer-In	\$0	\$556,314	\$0	\$10,000	\$35,000	\$10,000	\$16,500	\$50,000	\$0	\$121,500	\$677,814
Transfer-Out	\$677,814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$677,814
Budgeted Ending Balance - 12/31/14	\$100,000	\$3,151,089	\$352,347	(\$4,656)	\$127,254	\$9,192	\$429	\$4,973	\$2,044,552	\$2,534,091	\$5,785,180

**2014 Budgeted Year End Fund Balances**



**2014 Budgeted YE Dept. Fund Balances**



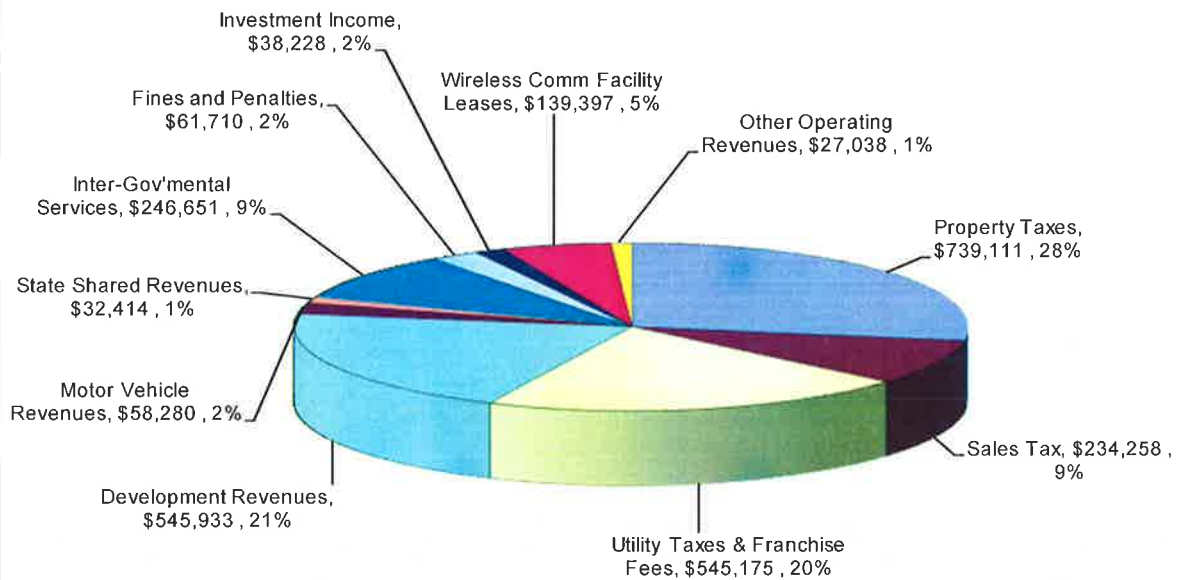
## 2014 Budget Variances with Explanation – 2014 Budget vs 2014 Projected Year End As of 1st Budget Study Session on August 19, 2014

Budget Variances with a Detailed Explanation for the General Fund 2014 Budget vs Projected Year End As of August 19, 2014											
Component	General Fund	Reserve Fund	Departments in the Projects Fund							Projects Fund	Total of All 3 Funds
			Criminal Justice	Grants	Equipment Replacement	Housing Rental	Parks	Special Projects	Capital Improvements		
2014 Budgeted Operating Surplus/(Deficit)	\$0	\$9,650	(\$12,200)	(\$11,100)	(\$61,000)	(\$9,500)	(\$16,500)	(\$49,300)	(\$192,000)	(\$351,600)	(\$341,950)
2014 Projected Year End Operating Surplus/(Deficit)	\$278,473	\$9,653	\$16,450	\$22,222	(\$46,169)	(\$7,537)	(\$16,553)	\$622	\$177,881	\$146,916	\$435,042
Difference	\$278,473	\$3	\$28,650	\$33,322	\$14,831	\$1,963	(\$53)	\$49,922	\$369,881	\$498,516	\$776,992

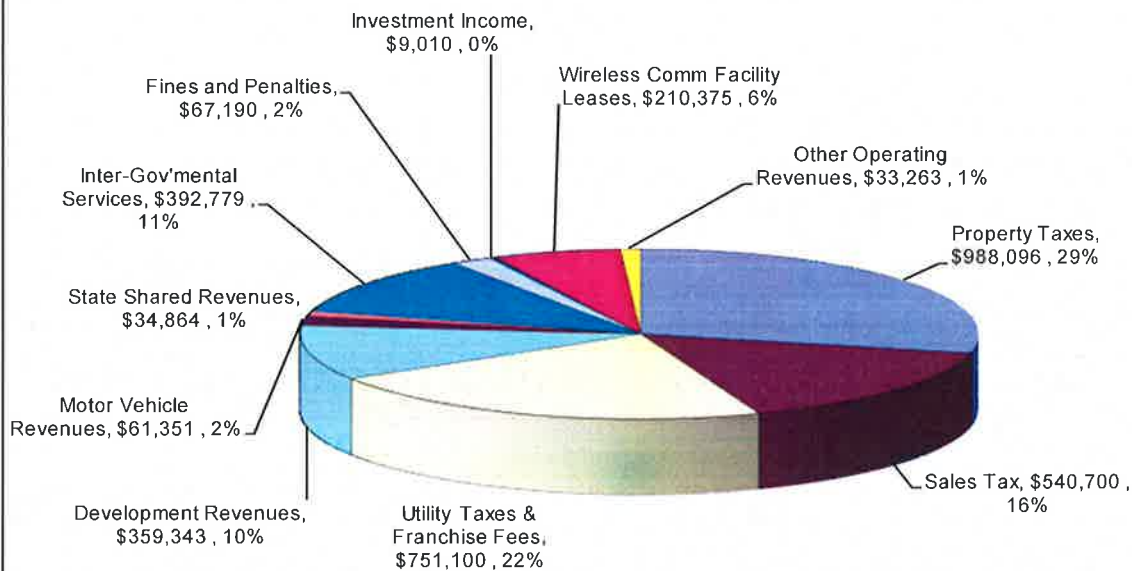
  

<b>Explanation of General Fund Budget Variance:</b>											
General Fund	\$99,070	<u>Total General Fund Revenue Budget Over-Run</u>									
	\$135,700	Sales Tax Revenue Budget Over-Run									
		Our sales tax software is not working properly to analyze the sales tax received so far in 2014. The 2014 budget assumed \$187,513 would come from residential construction, \$107,487 would come from the Chinook Project and \$110,000 would come from the base. Most likely, Chinook and residential construction are higher than anticipated									
	(\$42,657)	Development Revenues Budget Under-Run									
		New home construction is expected to slow down significantly in the 2nd half of 2014 with only 3 good potential projects to start before year end.									
	\$93,043	<u>Subtotal of Revenue Explanations</u>									
General Fund	\$179,402	<u>Total General Fund Expenditure Budget Under-Run</u>									
	\$103,934	Police Salaries/Overtime/Benefits: 1) two officers leave end of Sept, 2) provisional officer Step 1, 3) overtime is increased, & 4) 7th Officer unfilled									
	\$7,725	Muni Court Filing Fees Budget Under-Run									
	\$17,913	Detention Charges Budget Under-Run									
	\$13,565	Other Police related Budget Under-Runs									
	\$8,340	General Gov't Services Budget Under-Run for Salary & Benefits									
	\$8,890	Public Works Budget Under-Run for Salary & Benefits									
	\$8,043	Road and Street Maintenance									
	\$168,410	<u>Subtotal of Expenditure Explanations</u>									
	\$278,472	<u>Total General Fund Difference - Budget vs Projected Year End</u>									

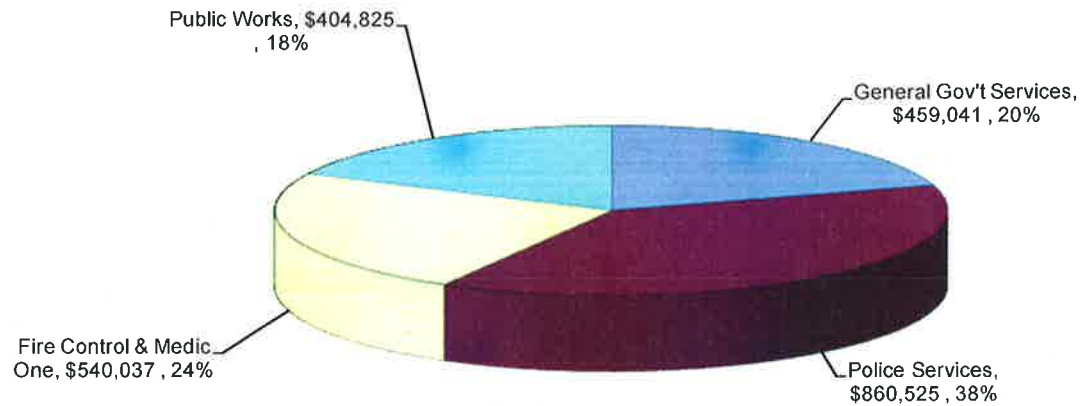
### 2004 Actual Operating Revenues



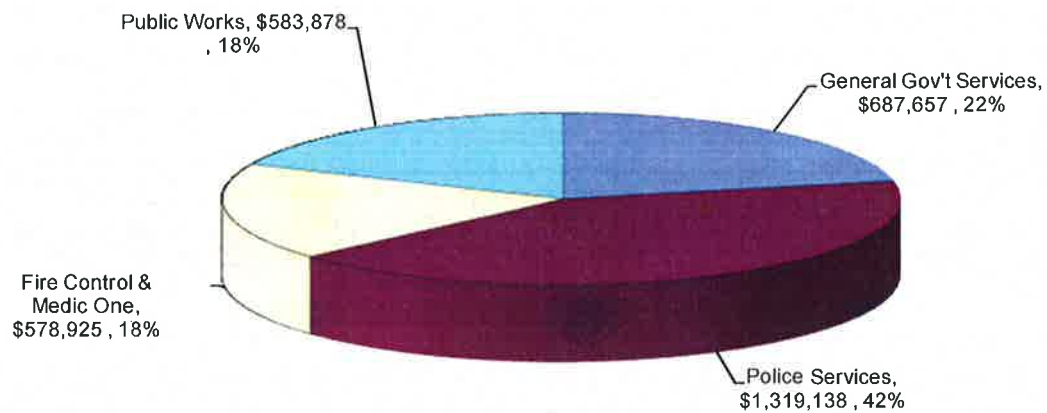
### 2014 Projected Year End Operating Revenues



**2004 Actual Operating Expenditures**



**2014 Projected Year End Operating Expenditures**





## **2015 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 action plan requirement when problems are identified.

Three (3) levels of financial control for City revenues and expenditures are a part of implementing the 2015 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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 1<sup>st</sup> quarter, it will be placed on a “Watch List” and will be highlighted to the Council as a potential problem.

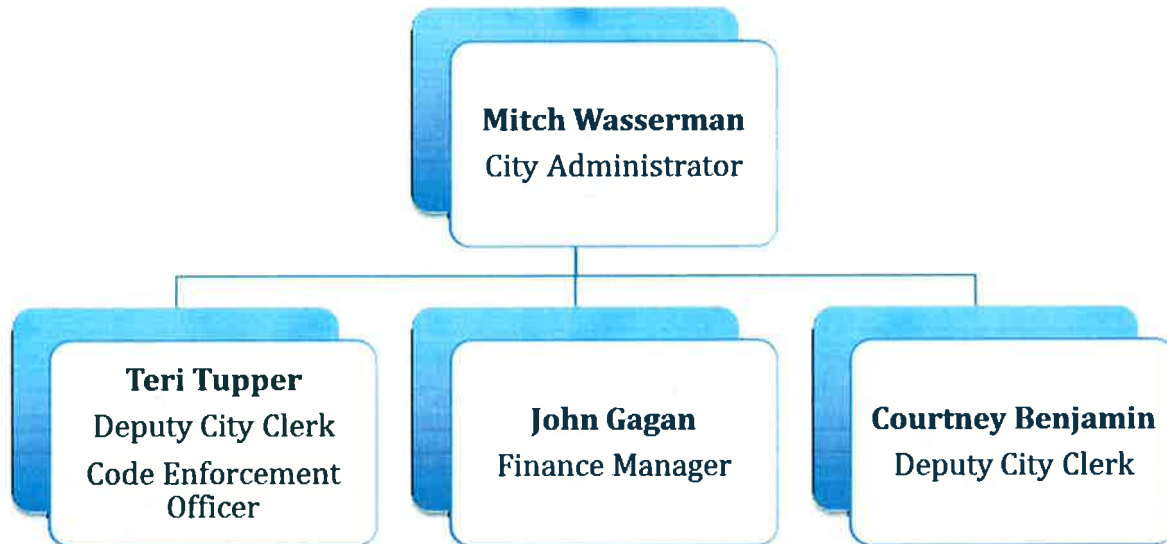
• **Level 3 - 15% Over Budget – “Red Flag List” – Treatment Plan**: If any expenditure grouping is 15% over budget after the 1<sup>st</sup> quarter, it will be placed on a “Red Flag List.” When any expenditure grouping is placed on the Red Flag List, a specific treatment plan will be developed by the 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



## **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 and Board of Adjustment,
- 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,
- Implement and monitor the City's Investment Policy,
- 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 and continue to keep the City in compliance the "Compact of Membership,"
- Work with AWC In-house Retro Program staff serving as the 3<sup>rd</sup> Party Administrator to minimize the cost of Labor & Industry (L&I) worker's compensation insurance claims,
- Participate in emergency preparedness exercises,
- Negotiate franchise agreements with utility service providers within the City (i.e. Republic Services, Comcast, Bellevue Utilities, Puget Sound Energy and CenturyLink).
- 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 5<sup>th</sup> 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 2015),
- Provide information and facilitate "view" related issues with homeowners,

- Coordinate activities for a successful Community Celebration Event in August and the Pumpkin Display Event at Halloween,
- 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 stormwater 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 (AWC), and Eastside Transportation Project Planning).

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

### ***2015 Goals and Objectives***

1. Maintain generally accepted strong financial management practices and objectively measure to ensure this goal is being achieved (see performance measures labeled "Strong Financial Management Practices"),
2. Provide public services in an effective and efficient manner and continually look for performance measures to ensure this goal is being achieved (see performance measures labeled "Effective and Efficient Public Service Delivery"),
3. Monitor and participate in construction completion 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 (included as "Critical Target Issues" on page 55),
4. Review and update City's Comprehensive Plan: a) engage Planning Commission as the key reviewers, b) hire consultant to help coordinate effort & c) complete project by mandated State deadline (included as "Critical Target Issues" on page 55),
5. Work with adjacent cities and Washington State Department of Transportation (WSDOT) for an acceptable channelization agreement for 84<sup>th</sup> Ave NE and NE 28<sup>th</sup> Street as part of the State Route Hwy 520 Trans-Lake Washington Bridge Replacement & HOV Project (included as "Top Priority Items" on page 55),
6. Work with Republic Services to extend Clyde Hill's solid waste hauling contract (included as "Top Priority Items" on page 55),
7. Manage current Wireless Communication Facilities (WCF) and requests for new sites within City guidelines (included as "Top Priority Items" on page 55),
8. Purchase equipment to provide the City with a good source of communication and information for the community in emergencies (included as "Top Priority Items" on page 55),



9. 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,
10. Maintain & refine content on the City's web site as a good source of communication and information for resident,
11. Coordinate activity for the continuing implementation process of a performance measurement program for the entire organization,
12. Continue City's eligibility as a Tree City USA (included as "Top Priority Items" on page 55),
13. Carry out the City's Investment Program per the Investment Policy & support the Investment Committee for oversight purposes , (included as "Top Priority Items" on page 55),
14. Revise and continue to communicate the Enhanced Budget Monitoring Program started in 2009 in response to the "Great Recession,"
15. Complete a successful fiscal audit of the City's finances & operations (included as "Top Priority Items" on page 55 and see performance measures labeled "Strong Financial Management Practices"),
16. 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 (included as "Top Priority Items" on page 55),
17. Coordinate activities for a successful Community Celebration and Parade of Pumpkin Display Event (included as "Top Priority Items" on page 55),
18. Complete or implement the list of special projects budgeted for in the Special Projects Department of the Projects Fund (i.e. 1) enhanced emergency management, 2) utilize "cloud" technology to more efficiently storage of City records ((included as "Top Priority Items" on page 55) and 3) stormwater infrastructure mapping),
19. Monitor building contractors for compliance with the business licensing requirement and proper sales tax remittance (see performance measures labeled "Strong Financial Management Practices"),
20. Continue to earn the AWC sponsored Well City Award (i.e. Wellness Program) and continue to receive the 2% discount on medical premiums,
21. Continue to assist community with tree/view issues per the City's view regulations (included as "Top Priority Items" on page 55),


***Performance Measurement***






As one of the initial steps in preparing the annual budget, the budget participants review the City's most recent performance measurement data in the form of the City of Clyde Hill Dashboard Report. The most recent report reviewed in August, 2014 contains data from 2013. This report is presented at the first budget study session to kick-off the budget development process with the following objectives in mind:





1. Provide transparency and accountability to all stakeholders interested in evaluating the performance of the City of Clyde Hill in a quick to read and quantifiable report.
2. Assist participants in the annual budget development process with a tool to help them identify potential problems and allocate the limited financial and human resources available to accomplish the intended outcomes for the City.
3. Continually improve this reporting method with a wide ranging yet manageable group of performance measures that has minimal impact on productive staff time in terms of data gathering.

Performance data for the General Government Department is presented in the "Quick Glance Report Card Summary" format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session for review in August, 2014, but this detail data is not being presented here in the 2015 Budget Book as a cost saving measure (detailed supporting data is available upon request).




### **Strong Financial Management Practices**



#	<i><u>Dashboard Indicator</u></i>	<i><u>Current Rating</u></i>	<i><u>Comment</u></i>
1	Maximize Sales Tax Revenue		100% of the General Contractors building new homes in Clyde Hill since 2007 have checked to ensure their new construction related sales taxes are coded to the City of Clyde Hill and not inadvertently to Bellevue (sales tax from the Chinook MS Project has been specifically verified to be coded for Clyde Hill).

#	Dashboard Indicator	Current Rating	Comment
2	Bank Reconciliations		Bank Statements are reconciled to the City's books each month in a timely manner & independently reviewed by the City Administrator (strong internal control practice).
3	Independent Annual Audit		The field work has been completed but the 2013 audit has not been released yet by the State Auditor's Office (the auditors have indicated that no audit findings are expected). Through 2012, for the 22 <sup>nd</sup> consecutive year, the City received an unqualified (i.e. no findings) audit opinion – very few cities can make this claim.
4	Financially Informed Citizenry		The annual Budget Book has earned the Distinguished Budget Award from the Government Finance Officers Association (GFOA) every year since 2006 (available on the City's web site).
5	Municipal Court Operations		The good news is that the unpaid total amount due Clyde Hill from court participants is down slightly in 2013. The bad news is that directly related court operation expenditures incurred by the City in the form of case filing fees, prosecutor, and required indigent defense have exceeded revenues received from the municipal court in 4 out of the past 5 years.
6	AWC WellCity Award Recipient		Achieving this award for the 4th consecutive year shows the City's culture has embraced wellness activities. Additional benefits include a 2% discount on medical premiums to WellCity award recipients and a significant decrease in the number of employee sick days is evident in the City's tracking data.

#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
7	Reliable Financial Projections - Revenue		This performance measure was slightly outside the target range last year due to stronger than expected Development Revenues (i.e. the number of new homes was stronger than projected, especially in the 2 <sup>nd</sup> half of the year).
8	Reliable Financial Projections - Expenditures		The variance between the actual year end expenditure total for the General Fund and the projected year end amount has been under the 2.5% target for the past 5 consecutive years. The accuracy of year end expenditure projections are measured as a way to reassure budget participants that they're working with reliable numbers.
9	Local Improvement District (LID) Administration		In-house LID administration has saved homeowners approximately \$100,000 to help underground their utility services. The Firwood Heights LID is now closed out and the 92 <sup>nd</sup> Ave LID is down to only 11 participants with outstanding balances out of 95.
10	Financial Condition of Reserve Account		This performance measure indicates that the City's Reserve Fund has fully recovered from helping out the General Fund to maintain essential services in the aftermath of the 2008-2009 "Great Recession." The ratio of the Reserve Fund balance to General Fund total expenditures continues to comply with the City Council's long standing policy guidelines.

**Effective and Efficient Public Service Delivery**

#	Dashboard Indicator	Current Rating	Comment
11	Cost of Property & Liability Insurance Per Worker Hour		Per the Washington Cities Insurance Authority, Clyde Hill ranked 6th out of 14 comparable cities & towns for the cost of insurance per worker hour over the period from 2009 to 2013. Clyde Hill's number was \$0.28 per worker hour compared to Kenmore's \$1.24 and Medina's \$19.18. Clyde Hill reported 32,227 worker hours for 2013.
12	City Vehicle Accidents		Having experienced 5 accidents in 2008 and 2 more in 2009, the City focused on decreasing/eliminating this hazard. The added focus worked with no vehicle accidents recorded in 2010 or 2011, but 2012 and 2013 had 1 each and 2014 has had 2 vehicle accidents through July.
13	Worker Compensation Claims		The City has plummeted to 77 <sup>th</sup> out of 92 AWC Retro Program participating members for the most recent year measured of 2012. The City of Clyde Hill had a loss ratio of 179% in 2012 compared to 2% in 2011 and 0% from 2009 to 2010. The loss ratio measures the L&I premiums paid-in to the actual claims cost paid-out. There were 3 police related claims in 2012 and 1 public works crew member claim. No claims appear to have been filed for 2013 although we have notice of 2 claims filed in 2014.

#	Dashboard Indicator	Current Rating	Comment
14	Informed Citizenry – Web Site Usage, Electronic Newsletter Subscribers & Facebook		The number of new visitors and returning visitors to the City's website indicate that people are finding useful information. The new electronic newsletter continues to show promise of an additional way to get timely information out to residents. Measuring the City's social media site, Facebook "likes" are up for the 2 <sup>nd</sup> year in a row.
15	City Hall Front Counter Transactions – Passports, Concealed Pistol Licenses & Copies		The "friendly, always ready" word of mouth reputation for Clyde Hill is evident by the strong and increasing numbers for this workflow performance measure. The added miscellaneous revenue is nice, but the City wants to track these transactions to better manage the limited resources available.

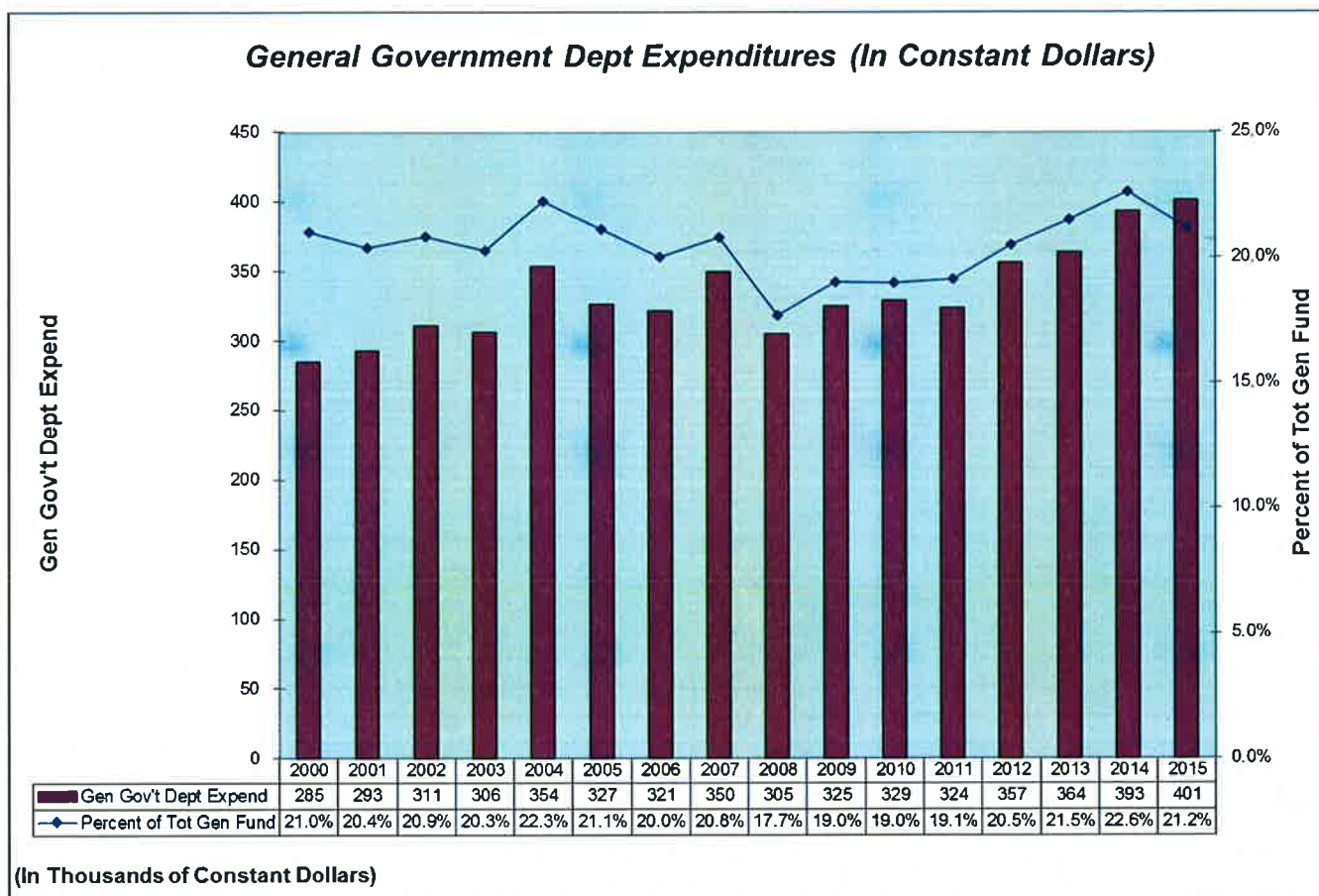
### ***General Fund Expenditure Data***

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 2<sup>nd</sup> 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 2015 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, and 3) 2012 saw a significant decrease in General Fund expenditures for fire department services and police dispatch.

The 2015 budget is conservative with expenditures estimated at higher amounts to make sure resources are available for day to day operations. Expenditure line items with an over 10% increase from the 2014 budget are 1) Communication (17.4%), Insurance (11.1%), Information Technology – Repair and Maintenance (11.1%), Legal (81.8%) and ARCH – A Regional Coalition For Housing (16.2%).





Please see the “Final Budget Numbers” chapter starting on page 75 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 2,995 residents in Clyde Hill, the 1,015 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

***2015 Goals and Objectives***


1. Facilitate new police contract settlement (included as “Critical Target Issues” on page 55),
2. Maintain crime data and traffic safety data near or below the previous year’s level (see performance measures labeled “Community Safety and Security”),
3. Continue to provide timely police response times of under 6 minutes for more than 80% of calls (see performance measures labeled “Community Safety and Security”),
4. Monitor City of Bellevue fire and EMS incident response times to ensure residents are receiving good service for this contracted service (see performance measures labeled “Community Safety and Security”),
5. Monitor the data provided by the City of Bellevue Fire Department for the better than national average statistic on the percentage of patients responded to that were in cardiac arrest and/or ventricular fibrillation who were resuscitated and subsequently released from the hospital (i.e. survival rate for heart related EMS incidents) (see performance measures labeled “Community Safety and Security”),
6. Be ready to potentially recruit a new officer in 2015 to fill the vacant 7<sup>th</sup> officer position (included as “Top Priority Items” on page 55),
7. Replace one of the five police patrol vehicles following the approved “Vehicle Replacement Schedule,”
8. Update the radar speed trailer for traffic calming and public relation purposes,
9. Replace the worn out copier machine per the Equipment Replacement Schedule,
10. Continue to actively participate in the Coalition of Small Police Agencies in King County (“Strength through Cooperation”),






11. Continue to provide police services at a reasonable per capita cost based on prior year experience,
12. Continue to provide pass-through resources to help mitigate eastside domestic violence and child abuse,
13. Continue participation in the City’s Performance Measurement Program by submitting crime statistics to the National Incident Based Reporting System (NIBRS) via the Washington Association of Sheriffs and Police Chiefs (WASPC) for inclusion in their annual report,
14. Provide data to the Washington Association of Sheriffs and Police Chiefs (WASPC),
15. Work with the Finance Manager to strengthen internal control over citations issued by officers for better accountability and transparency,
16. Facilitate the annual “Shred It” event as a way to prevent identity theft,
17. Participate in eastside DUI emphasis patrols throughout the year.

***Performance Measurement***



Performance data for the Police Department is presented in the “Quick Glance Report Card Summary” format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session for review in August, 2014, but this detail data is not being presented here in the 2015 Budget Book as a cost saving measure (detailed supporting data is available upon request).

**Community Safety and Security**

#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
16	Property Crime Prevention Effectiveness		Clyde Hill had 10.1 property crimes (i.e. burglary, larceny, MV theft, and arson) per 1,000 in population reported in 2013. This number is trending down during the past two years and has averaged 11.3 property crimes per 1,000 in population over the past 5 years. For comparison, this property crime prevention indicator number of 11.3 over the past 5 years is only 37.8% of Bellevue’s number and only 66.9% of Medina’s number over the same time frame. Clyde Hill ranks 3 <sup>rd</sup> out of 12 comparable Eastside cities and town for this indicator over the past 5 years as reported by the Washington Association of Sheriffs and Police Chiefs (WASPC).

#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
17	Violent Crime Prevention Effectiveness		The “Crime In Washington 2013 Annual Report” published by the Washington Association of Sheriffs and Police Chiefs, indicates that there are not an excessive amount of violent crimes in Clyde Hill and that the data compares favorably with neighboring residential type communities.
18	Auto Theft Prevention Effectiveness		Clyde Hill did not have any reported auto thefts in 2012 or 2013 while Yarrow Point has not had an auto theft reported since 2009. Residents in unincorporated King County are 5 times more likely to have their motor vehicle stolen than a Clyde Hill resident. Noteworthy, Seattle had 3,671 in 2012 and 4,287 in 2013 auto thefts reported while Bellevue had 169 in 2012 and 249 in 2013.
19	Traffic Safety Effectiveness		WSDOT Collision data from 2008 thru 2012 shows that Clyde Hill is a relatively safe place to drive when compared to neighboring Eastside cities, especially when compared to Bellevue, Redmond & Kirkland.
20	Pedestrian Safety Effectiveness		WSDOT Collision data from 2008 thru 2012 shows that Clyde Hill maintains a relatively safe place to walk when compared to neighboring Eastside cities, although pedestrian accidents have happened.
21	Timely Emergency Police Call Response		Using data from NORCOM, average response time since 2009 is almost 1 minute less than the published number for the City of Mercer Island. For comparison, 85% of Clyde Hill police calls have been responded to in less than 6 minutes over the past 5 years compared to 73% for the City of Mercer Island over the same 5 year period.



#	Dashboard Indicator	Current Rating	Comment
22	Timely Fire & EMS Incident Response		Over the past 5 years, the data shows Bellevue Fire responding to 82% of all incidents in less than 6 minutes (average time is 4.6 minutes) with times for EMS being slightly better than for the total number of incidents. Benchmarked with the City of Mercer Island, the response times by Bellevue Fire for the City of Clyde Hill, appear to be very good.
23	Emergency Medical Aid Effectiveness		This measure reflects the percentage of patients in cardiac arrest and ventricular fibrillation who were resuscitated and subsequently released from the hospital. Using statistics for the Bellevue Fire Department's service area that includes Clyde Hill, the survival rate surpasses the King County average. King County's annual survival rate is said to be the highest of any county in the U.S.

**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.

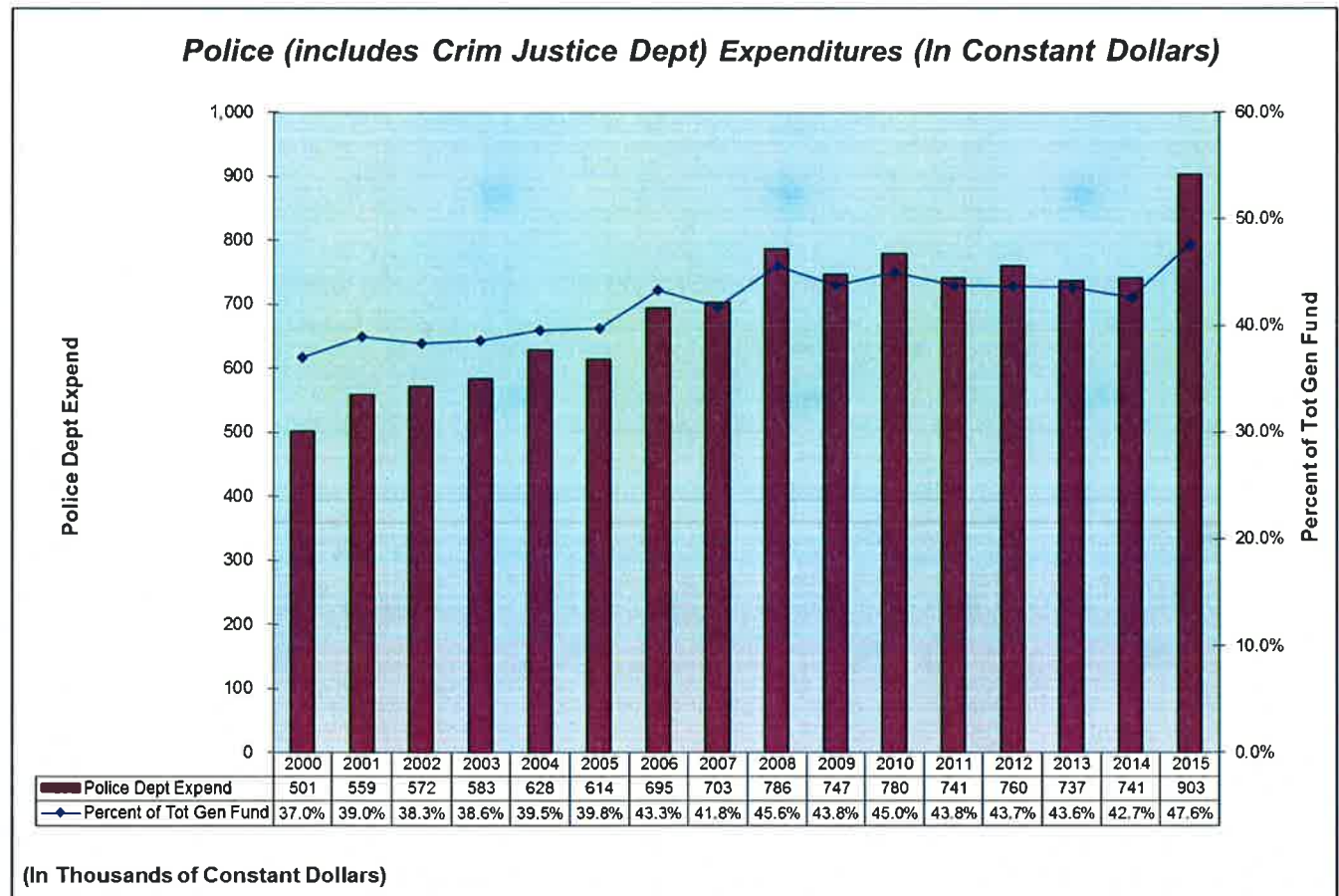
There is no way of getting around the fact that expenditures for police services are going up. To hold down the growth of general fund police service expenditures in 2009 and continued through 2015, a new initiative was done to shift approximately \$8,000 of certain categories of day to day expenditures from the General Fund to the Criminal Justice Department in the Projects Fund.

This following chart shows the growth in terms of constant dollars and as a percent of total general fund expenditures over the past decade plus. The chart below shows 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 officers as part of a 3 year contract settlement. The jump in 2015 budget expenditures over 2014 actual expenditures is due to the following: 1)



salaries are up 11.2% over the 2014 budget by 11.2% due to the anticipated retro pay to police officers when their contract is settled, 2) benefits are up 10.8% over 2014 budget for the same reason, 3) police equipment is up by \$19,500 due to need for a new copier and speed trailer update, 4) Civil Service Commission expenditures are up 20.0% due to the anticipated filling of the vacant 7<sup>th</sup> officer position and computer maintenance went up 13.3%. In general, the 2015 budget increased significantly in anticipation of settling the police union contract that expired 12/31/2012.



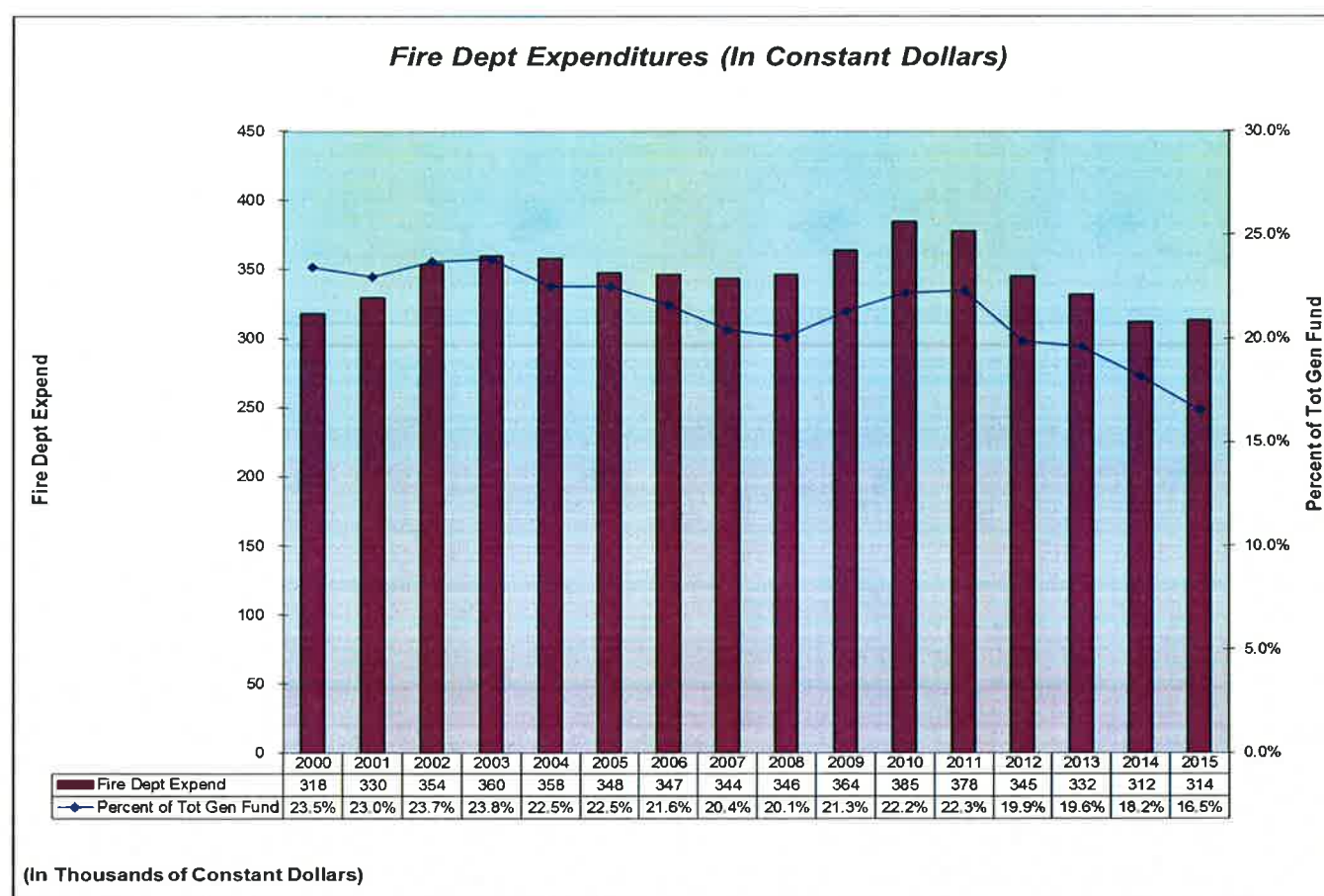
### ***General Fund Fire Department Expenditure Data (Contract with the City of Bellevue)***

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 2015 Budget.

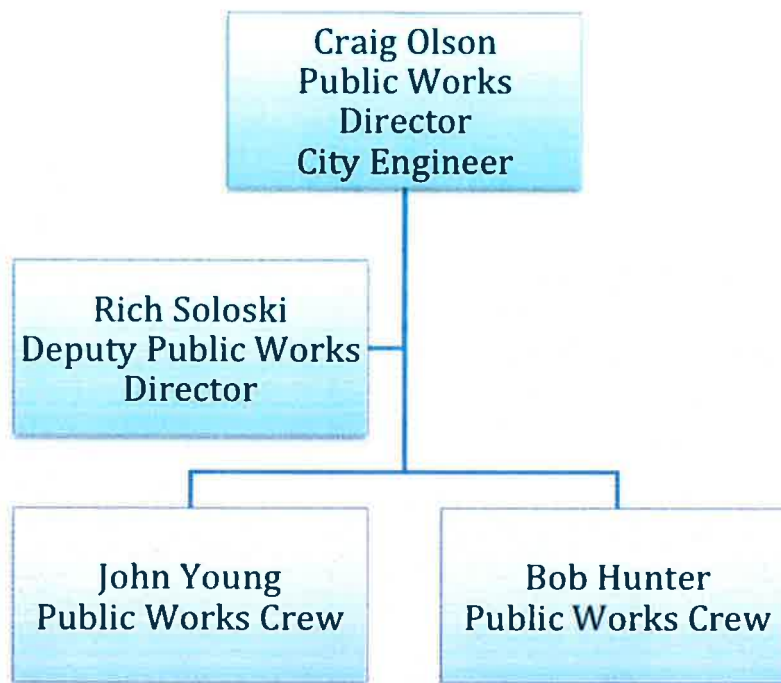
The fire contract with the City of Bellevue and Clyde Hill along with a number of other small neighboring communities was renegotiated for the 2012 budget using a new formula for how costs are distributed between the cities and towns receiving services. As a result, the 2015 costs for this service to 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 is only 16.5% in the 2015 budget.



## **Public Works & Building Department**

The Public Works & Building Department includes the Public Works Director/City Engineer Craig Olson, Building Official and Building Inspector 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. As of mid-2014, the Building Official and Building Inspector duties are no longer 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 and maintenance).

- Sidewalks, Pathways & City Entrances (includes Points Loop Trail, path along 84<sup>th</sup> 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 26<sup>th</sup> St View Park, the City Park & Tennis Courts, 24<sup>th</sup> St. circle parking lot & picnic area, & arbor day trees with informative plaques throughout the city).

***2015 Goals and Objectives***


1. Update the City's annual pavement Rating Condition Survey for use with developing the annual Transportation Improvement Plan (TIP) (included as "Top Priority Items" on page 55 and see performance measure below labeled "Reliable Public Infrastructure and Utilities"),
2. Monitor resident complaints regarding solid waste, yard waste and / or recycling service provided by Republic Services and work with the provider to resolve any systemic issues (see performance measure labeled "Reliable Public Infrastructure and Utilities"),
3. Continue to provide timely inspections for new home construction and remodeling projects (see performance measure labeled "Effective and Efficient Public Service Delivery"),
4. Manage the bid process and work with the selected contractors to implement the 2015 sidewalk construction projects (included as "Critical Target Issues" on page 55),
5. Design and coordinate with the neighborhood for the 2016 Road Overlay Project with the bid opening tentatively scheduled for early 2016 (included as "Top Priority Items" on page 55),
6. Manage the National Pollution Discharge Elimination System (NPDES) grant and update the City Stormwater Management System for compliance (included as "Top Priority Items" on page 55),
7. Design and construct the new mid-block pedestrian crossing improvements to 92<sup>nd</sup> Ave NE (just south of Points Drive NE) in conjunction with the new SR 520 Highway Project,
8. Work with adjacent cities and WSDOT for an acceptable channelization agreement for 84<sup>th</sup> Ave NE and NE 28<sup>th</sup> Street (included as "Top Priority Items" on page 55),
9. Maintain service and quality of the permitting process by the Building Department and implement / integrate any new building code changes into the municipal code (included as "Top Priority Items" on page 55),

10. Provide on-going maintenance on the City's streets, sidewalks and storm water system at a reasonable cost based on prior years experiences,
11. 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,
12. Perform on-going updating of the street sign inventory records and replace outdated/damaged signs as needed.
13. 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.
14. Develop and update the on-going inventory and implement the removal of vegetation interfering with sight distance at City intersections.
15. Respond to requests for pothole repairs and traffic signal repair in a timely manner,
16. Continue participation in the City's Performance Measurement Program,


***Performance Measurement***

Performance data for the Public Works and Building Department is presented in the "Quick Glance Report Card Summary" format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session for review in August, 2014, but this detail data is not being presented here in the 2015 Budget Book as a cost saving measure (detailed supporting data is available upon request).


**Reliable Public Infrastructure & Utilities**

#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
24	Street Pavement Condition		Annual survey of city streets shows street conditions reached a low point of 93.1% rated "fair or better" in 2006 while improved to 97.1% in 2013 (both percentages are considered very good for streets).



#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
25	Solid Waste Service		The City of Clyde Hill's "Recycling Success" Percent ("Diversion Rate") is described as "phenomenal" by Republic Services based on their experience as a provider of this service around the nation. Also, when viewed in the context of the thousands of potential set-outs by Clyde Hill customers, the number of "misses" appears to be very good (less than one tenth of one percent).

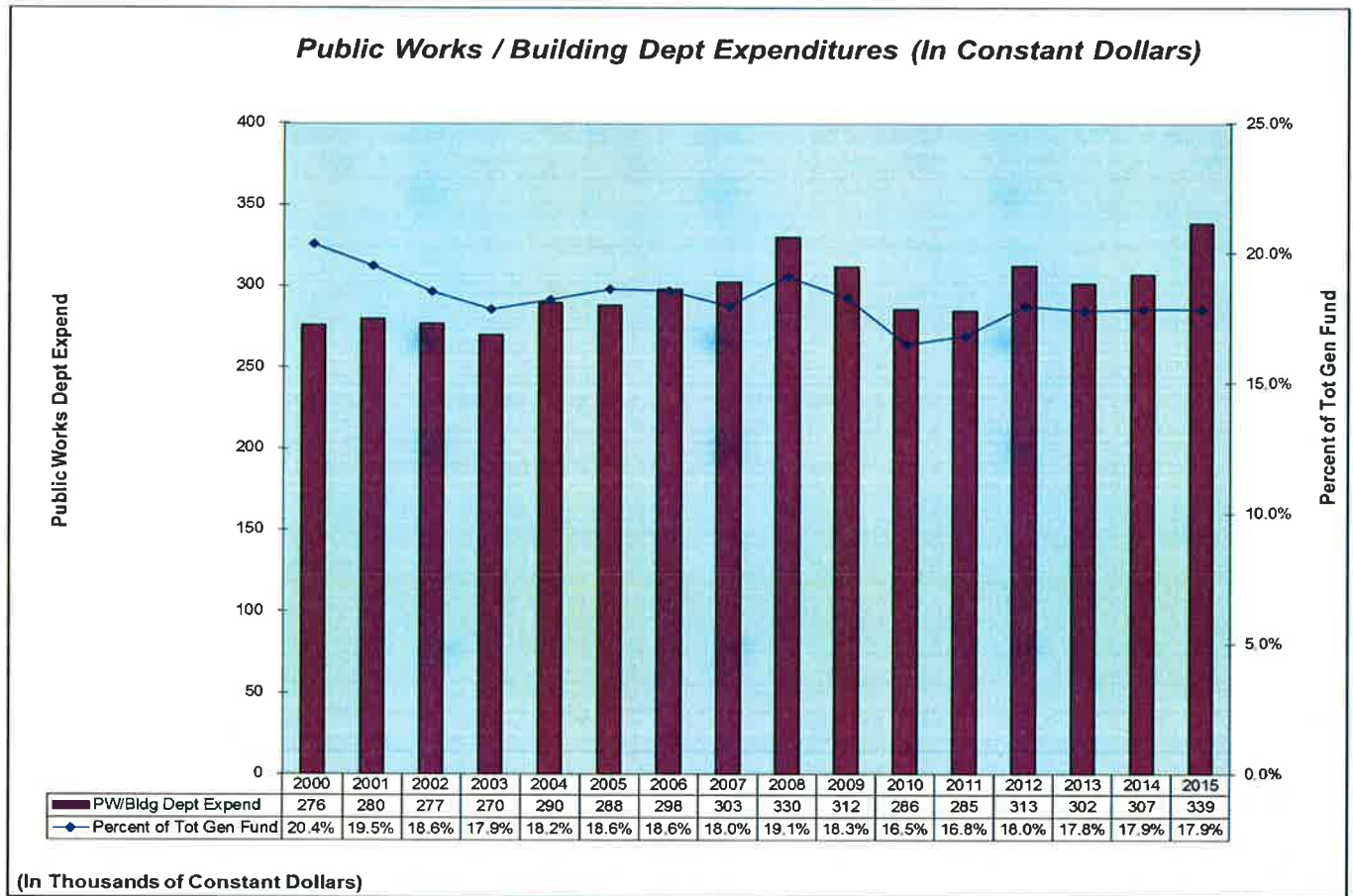
### Effective and Efficient Public Service Delivery

#	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
26	Building Inspection Services		Inspection requests have been performed promptly within 24 hours for both Medina and Clyde Hill since the cooperative agreement started in mid-2009. We'll continue to monitor this service closely to measure the impact of bringing the Building Official's duties in-house while responsibility for inspections in Medina are scaled back to "as needed" only.

### *General Fund Expenditure Data*

This chart above 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. 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.

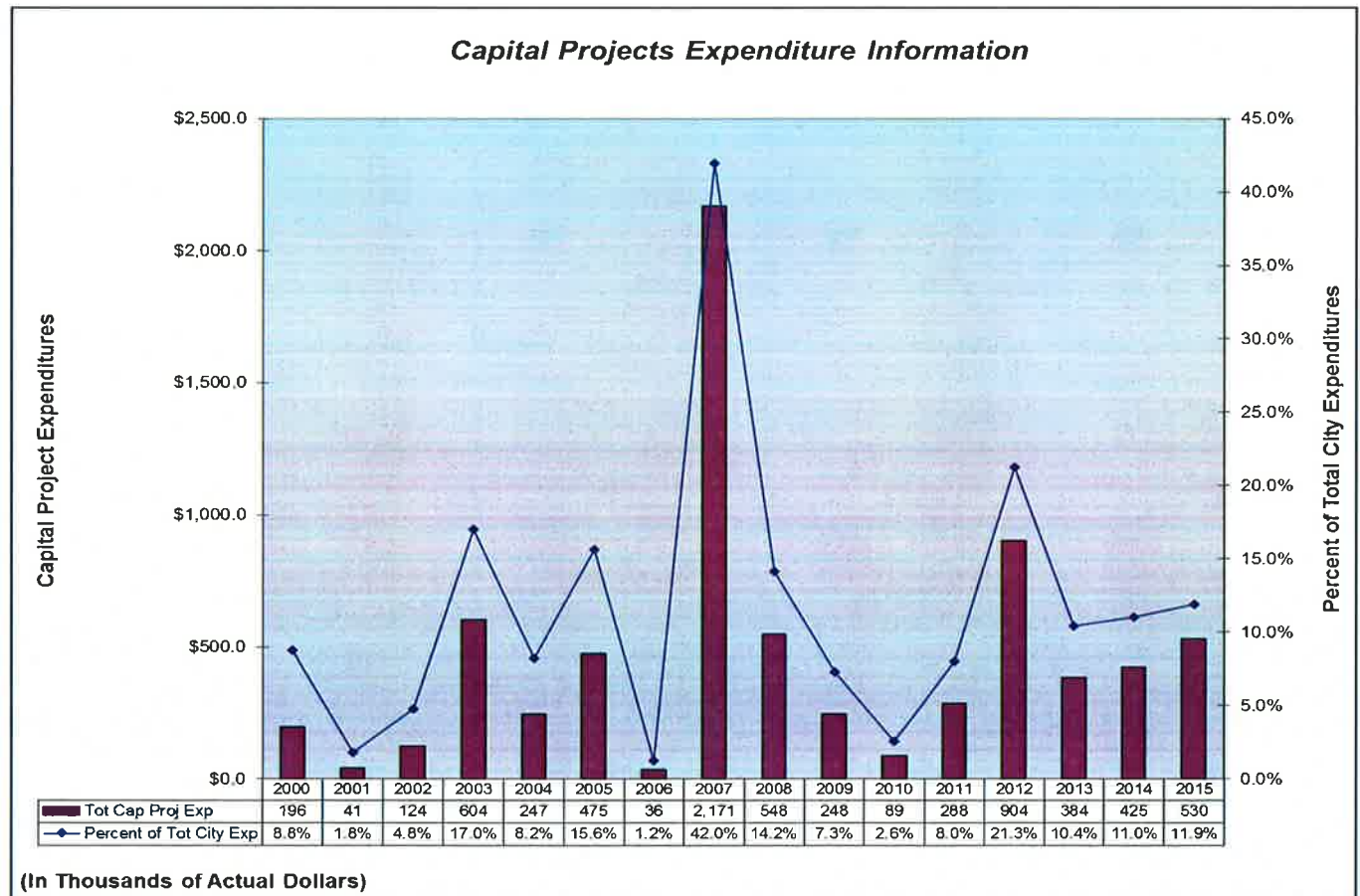
Please see the section titled "Capital Projects Department" starting on page 19 of the Introductory Information chapter of this budget book document for a detailed explanation of what capital projects will be done in 2015. The second phase of the five phase new sidewalk project planned to run along the east side of 92<sup>nd</sup> Ave NE between NE 20<sup>th</sup> Street and NE 24<sup>th</sup> Street will help protect school kids and other walkers along one of the busier streets in Clyde Hill 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 in Clyde Hill would result in \$14,805 being deposited to the City's bank account on the 10<sup>th</sup> 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.



Please see the 2015 Budget Detail (with prior, current & budget year numbers) starting on page 76 for more detailed budget line item expenditure information on the City's Capital Projects.



## **Description of the City's Accounting System**

**As of October, 2014**

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. As authorized by the State Auditor's Office for smaller cities in Washington State, the City uses the "modified cash basis" method of accounting for both financial reporting and budgeting. Revenues are recognized when cash is received and expenditures are recognized when cash is paid. As required by the State Auditor's Office, the City records expenditures at year end in the "13<sup>th</sup> month." This means the expenditure was incurred in the reporting year, but the invoice was not received and paid until up to 20 days after the end of the fiscal year. The modified cash basis of accounting is not considered GAAP for financial reporting purposes.

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, 2014, are as follows:

<b>Type of Investment</b>	<b>Balance</b>
Local Government Investment Pool	\$5,648,804
Certificates of Deposit	499,225
Public Money Market Fund	501,716
92 <sup>nd</sup> Ave LID Long Term Financing	9,653
<b>TOTAL</b>	<b>\$6,659,398</b>

***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, 2014. 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. 2014 will be the 10<sup>th</sup> and final installment for this one remaining LID. All eleven (11) remaining participants with balances outstanding are current with their payments through September 30, 2014. There were ninety five (95) participants to start.

### ***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.

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

## **“Your City”**

### **City of Clyde Hill, Washington**

**January, 2015**

#### **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 2,995 residents, 1,099 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 (2020), Jody Bellar (2018), Kim Muromoto (2017), Lynn Janata Tremblay (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 (2020), Bob Valluzzo (2015), Cathy McLamb (2015), Rob Reifsnnyder (2016) and one vacant position. The City's Building Official Rich Soloski 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 (2020), Mike Foley (2016), Jody Albright (2016), Patti Hopper (2015), Jack Lauderbaugh (2020). 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 53). 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 City's Building Official and Building Inspector. John Young and Bob Hunter focus on roadway and

stormwater maintenance along with maintaining the City's parks and landscaping areas. Up to three (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 & work on special projects.

### ***DEPUTY CLERKS***

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

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 City Administrator, City Council, Planning Commission and serves as the 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 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**

The City 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 Utilities Department, 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, yard waste 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 2015 (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](http://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.

# King County iMap



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Date: 4/3/2015

King County

1 in : 6,019 feet



## **More City Information**

### **City of Clyde Hill, Washington**

**January, 2015**

#### **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](http://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, 2014 was 2,995. 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 2,123 active registered voters in the City of Clyde Hill as of November, 2014 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:**

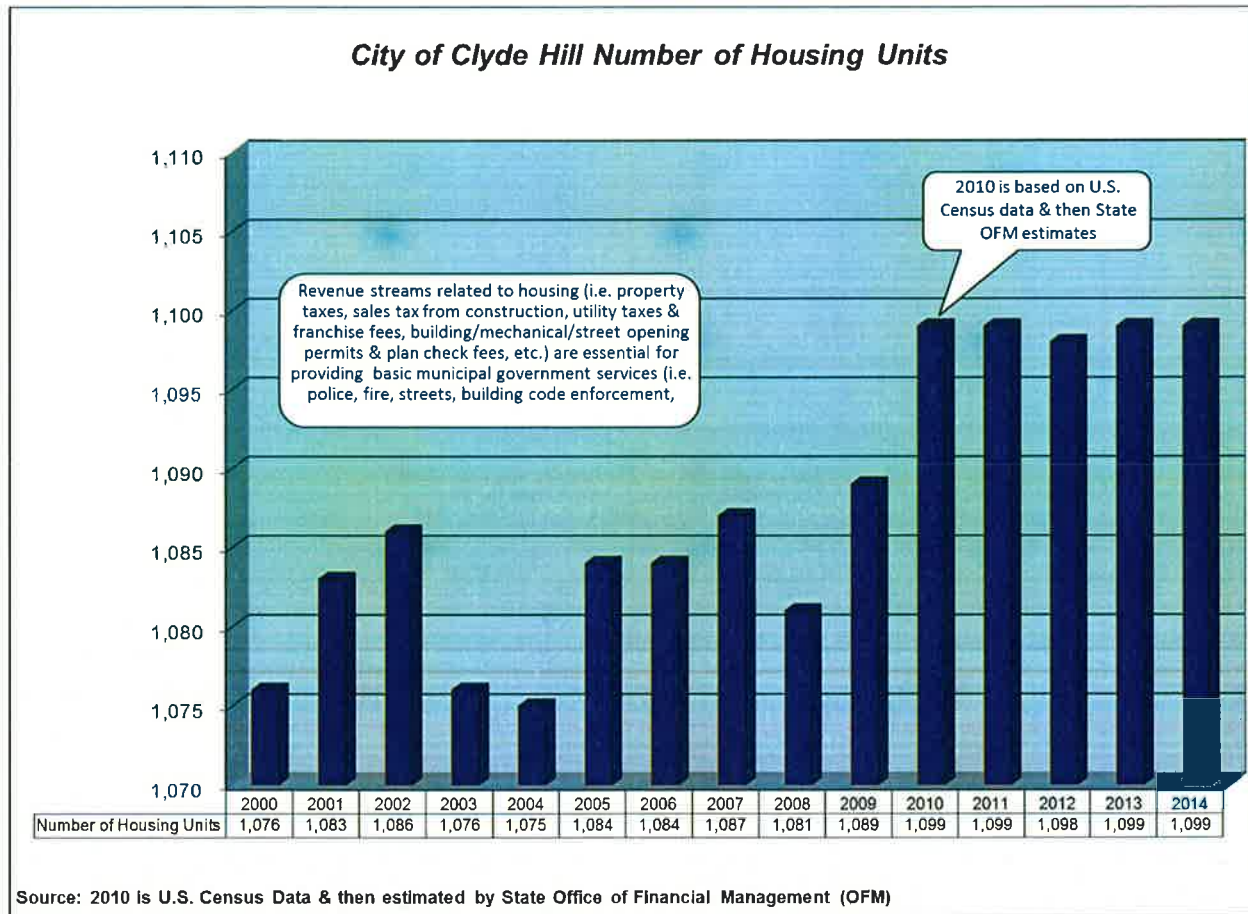
**Clyde Hill:** \$193,599

**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

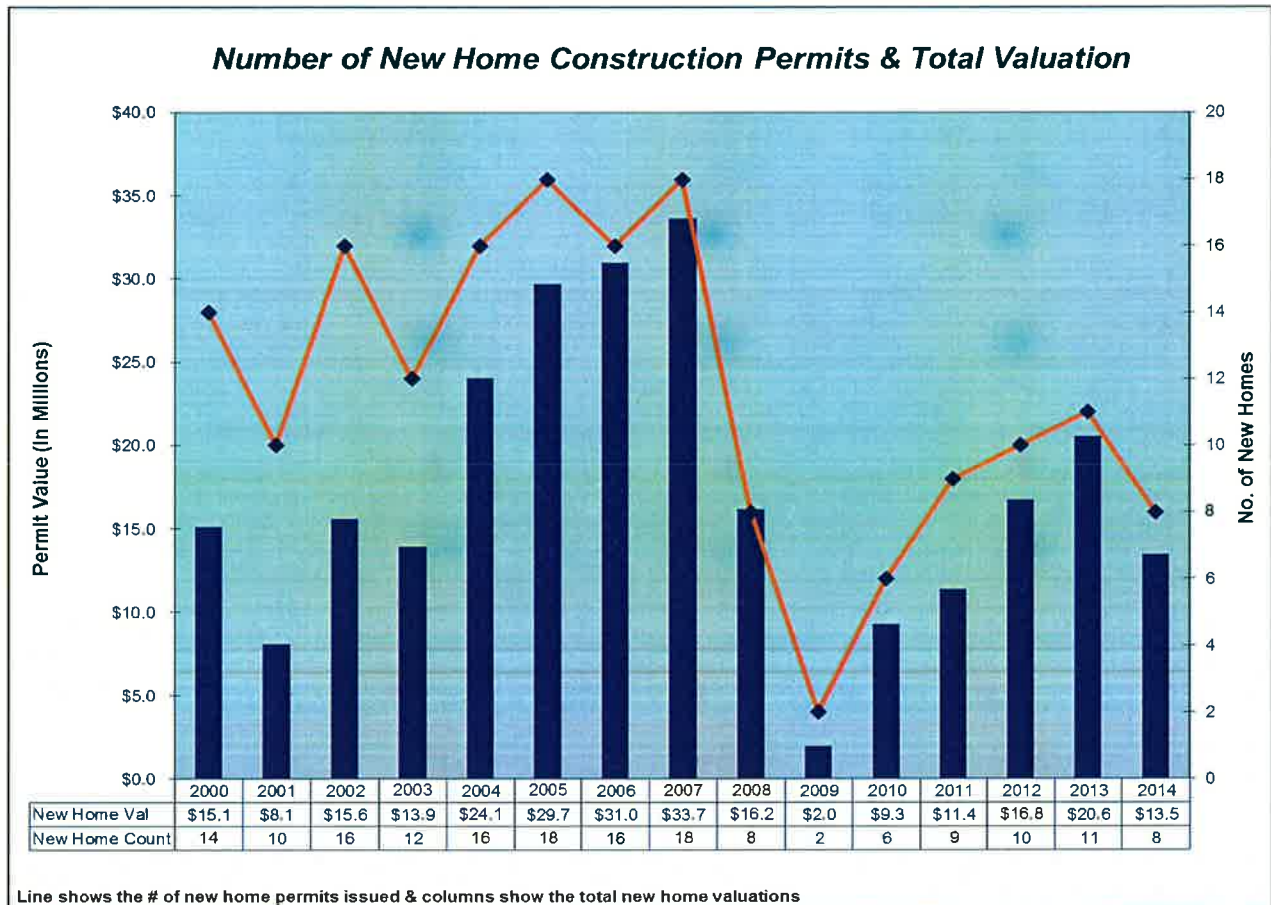


The City of Clyde Hill is pretty much “built-out” with only a few vacant parcels of land left in the City. From 2004 through August, 2008, the City of Clyde Hill experienced a robust housing development environment. Older homes were being purchased by developers and homeowners to “tear down” and be replaced 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 1<sup>st</sup> time).

Since the housing bubble burst in 2008, new home and remodeling activity has gradually come back in Clyde Hill with between 8 to 12 new homes being built annually since 2011 with an average valuation in 2014 at \$1.7M. The conservatively prepared 2015 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 \$1.8M.



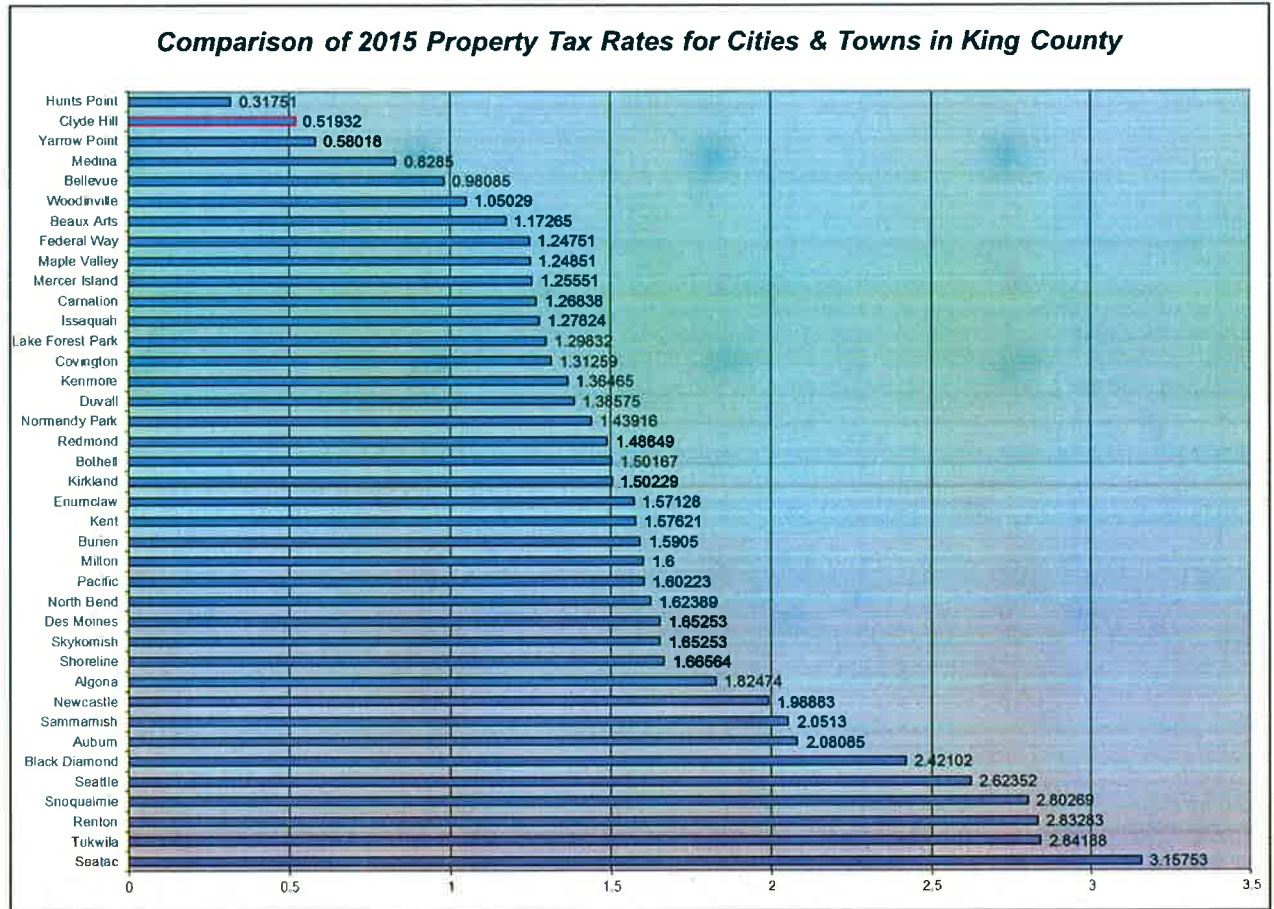
### Property Tax Information

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 2015 are up on average 18.4% 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 6.2 cents of each property tax dollar paid by Clyde Hill taxpayers in 2015 to fund basic local government services like police, fire, and roads, 4) the City Council has decided for the 4th year in a row not to take the allowed 1% levy increase and will bank the \$8,187 savings for future use when needed (the total “banked capacity” for the City is currently at \$33,177), 5) with assessed values increasing substantially again in 2015 for most homeowners, the City’s property tax rate paid by Clyde Hill taxpayers has gone up down again in 2015 to 0.51932 per \$1,000 of assessed



valuation from 0.60161 in 2014 per \$1,000 of assessed valuation. For comparison, Clyde Hill property tax rates were 0.75173 in 2013 and 0.74824 in 2012.

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 2<sup>nd</sup> lowest property tax rate out of the 39 cities and towns in King County, Washington.





## **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 System 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 2<sup>nd</sup> 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 1<sup>st</sup> through December 31<sup>st</sup>. The fiscal year for the State of Washington and all of the State Agencies runs from July 1<sup>st</sup> through June 30<sup>th</sup>. The fiscal year for the Federal Government starts October 1<sup>st</sup> and runs through September 30<sup>th</sup>.

**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, 2014**

*Jeffrey R. Enos*

Executive Director