

**CITY OF BURIEN  
AGENDA BILL**

<b>Agenda Subject:</b> Discussion on Mid-biennial Budget Modification, including the 2012 Property Tax Levy		<b>Meeting Date:</b> November 14, 2011
<b>Department:</b> Finance Department	<b>Attachments:</b> 1. Draft Ordinance 557 2. Draft Ordinance 558 3. Presentation 4. Budget Memo 5. CIP Summary 6. Financial Policies	<b>Fund Source:</b> N/A <b>Activity Cost:</b> N/A <b>Amount Budgeted:</b> N/A <b>Unencumbered Budget Authority:</b> N/A
<b>Contact:</b> Kim Krause, Finance Director		
<b>Telephone:</b> (206) 439-3150		
<b>Adopted Work Plan Priority:</b> Yes No X	<b>Description:</b> N/A	
<b>PURPOSE/REQUIRED ACTION:</b> The purpose of this agenda item is to discuss the Biennial Budget Modification for 2012, including the 2012 Property Tax Levy.		
<b>BACKGROUND (Include prior Council action &amp; discussion):</b> On November 29, 2010 Council adopted the 2011-12 Biennial Budget (Ordinance #547). Council has not adopted any modifications to that budget.		
By law, the Council must review and make applicable adjustments to the biennial budget, between the eighth month and the end of the first year. The mid-biennium review only addresses items that need budgetary changes. Those adjustments are included in Ordinance 558.		
Pursuant to State law, the Council establishes the Property Tax Levy annually. By law, the annual amount of increase is limited to the lesser of 1% or inflation. This year's inflation rate was 2.755%; therefore, the City is limited to a 1% increase, which is approximately \$71,135. However, the City has received notification from the King County Assessor's Office that the preliminary assessed valuation is 9.23% lower than 2011. Due to this reduction, the City can only collect the statutory limit of \$1.60, which is approximately \$467,000 less than 2011. Ordinance 557 adopts the Property Tax Levy.		
There are two policy changes included in this budget amendment. In 2004, Council approved allocating 80% of the Property Tax revenues to the General Fund and 20% to the Capital Projects Reserve Fund. The amount allocated to the Capital Projects Reserve Fund grows by 1% annually. Due to the reduction in property taxes, staff recommends changing the allocation to 90% to the General Fund and 10% to the Capital Projects Reserve Fund. The amount allocated to the Capital Projects Reserve Fund will continue to grow by 1% annually. The second policy change relates to how Fund Balance is categorized at the end of each year. This change is required by Government Accounting Standards Board Statement Number 54 and is included in the attached financial policies.		
<b>Administrative Recommendation:</b> Hold discussion on proposed 2012 budget adjustments and 2012 property tax levy. Provide direction to staff and consider placing on the November 28 <sup>th</sup> agenda for adoption.		
<b>Committee Recommendation:</b> N/A		
<b>Advisory Board Recommendation:</b> N/A		
<b>Suggested Motion:</b> None required.		
<b>Submitted by:</b> Kim Krause, Finance Director		
<b>Administration</b> _____	<b>City Manager</b> _____	
<b>Today's Date:</b> November 8, 2011	<b>File Code:</b> \\File01\records\CC\Agenda Bill 2011\111411ad-2 Mid-biennial Budget Modification and Property Tax Levy.docx	



**CITY OF BURIEN, WASHINGTON**  
**ORDINANCE NO. 557**

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**A ORDINANCE OF THE CITY OF BURIEN, WASHINGTON, LEVYING THE GENERAL TAXES FOR THE CITY OF BURIEN IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2012, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CARRY ON THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE ENSUING YEAR AS REQUIRED BY LAW.**

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WHEREAS, the City Council of the City of Burien has met and considered its budget for the 2011 and 2012 calendar years; and,

WHEREAS, the City Council held a final public hearing on November 28, 2011, to consider revenue sources and expenditures for the second year of its 2011-2012 biennial budget; and,

WHEREAS, the City of Burien's actual levy amount from the previous year was \$7,113,467; and,

WHEREAS, the population of the City of Burien is more than 10,000; and,

THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. 2012 Levy Rate. There shall be and hereby is levied on all real, personal, and utility property in the City of Burien, in King County, current taxes for the year commencing January 2012, in the amount specified below:

Regular Tax Levy of \$7,113,467

The dollar amount of the increase over the actual levy amount from the previous year shall be \$0 which is a percentage increase of 0% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

The said taxes herein provided for are levied for the purpose of payment upon the general bonded indebtedness of the City of Burien, for the construction of capital facilities and for the maintenance of the departments of the municipal government of the City of Burien for the fiscal year beginning January 1, 2012.

Section 2. Notice to King County. This ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Finance Director of the City of Burien at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for noncharter code cities.

Section 3. Effective Date. This ordinance shall be in full force five days after publication of this ordinance or a summary thereof in the official newspaper of the City, as provided by law.

Section 4. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

**ADOPTED** BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28<sup>th</sup> DAY OF NOVEMBER, 2011, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE THIS 28<sup>th</sup> DAY OF NOVEMBER, 2011.

CITY OF BURIEN  
/s/ Joan McGilton, Mayor

ATTEST/AUTHENTICATED:  
/s/ Monica Lusk, City Clerk

Approved as to form:  
/s/ Craig Knutson, City Attorney

Filed with the City Clerk:  
Passed by the City Council:  
Ordinance No. 557  
Date of Publication:

# CITY OF BURIEN, WASHINGTON

## ORDINANCE NO. 558

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### AN ORDINANCE OF THE CITY OF BURIEN, WASHINGTON, AMENDING THE 2011-2012 BIENNIAL BUDGET OF THE CITY OF BURIEN, WASHINGTON TO ADJUST REVENUES AND APPROPRIATE EXPENDITURES TO THE CITY FUNDS FOR 2011 AND 2012

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WHEREAS, the City of Burien adopted the 2011-2012 Biennial Budget by Ordinance No. 547; and

WHEREAS, on August 1, 2011, the City of Burien adopted Ordinance No. 553 providing for the issuance of a long term general obligation bonds; and

WHEREAS, the City of Burien will receive additional revenue and incur additional debt service expense associated with these bonds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The 2011-2012 Adopted Budget for the City of Burien for the period January 1, 2011 through December 31, 2012 is hereby amended as shown in Exhibit A and B.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 3. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

**ADOPTED** BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28<sup>th</sup> DAY OF NOVEMBER, 2011, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE THIS 28<sup>th</sup> DAY OF NOVEMBER, 2011.

CITY OF BURIEN

ATTEST/AUTHENTICATED:  
Monica Lusk, City Clerk

Approved as to form:  
Craig Knutson, City Attorney

Filed with the City Clerk:  
Passed by the City Council:  
Ordinance No. 558  
Date of Publication:



**Exhibit A**

The following exhibit illustrates the revised revenue and expenditure totals for all funds and brings current the totals for each fund previously reported in Ordinance No. 547:

<b>City of Burien</b>				
<b>2011-12 Revised Budget - All Funds</b>				
<b>Operating Funds - Resources</b>	<b>Beginning Fund Balance</b>	<b>Revenues</b>	<b>Transfers In</b>	<b>Total Resources</b>
General	\$ 3,418,177	\$ 41,050,599	\$ 314,000	\$ 44,782,776
Street	452,143	3,061,275	-	3,513,418
Surface Water Management	266,381	4,905,000	-	5,171,381
Public Works Reserve	408,620	1,285,000	-	1,693,620
Equipment Reserve	297,851	-	450,000	747,851
Art in Public Places	52,341	400	10,000	62,741
Capital Projects Reserve	790,882	1,872,441	-	2,663,323
Transportation Benefit District	-	577,700	-	577,700
Debt Service	13,686	566,328	4,405,700	4,985,714
LID Reserve	165,000	-	-	165,000
<b>Capital Project Funds - Resources</b>	<b>Beginning Fund Balance</b>	<b>Changes to Revenues</b>	<b>Transfers In</b>	<b>Total Resources</b>
Town Square Capital Projects	10,298	-	22,120	32,418
Parks and General Government Capital Projects	740,080	7,241,482	100,000	8,081,562
Transportation Capital Projects	3,607,015	15,736,887	1,503,855	20,847,757
Surface Water Management Capital Projects	680,308	-	1,600,000	2,280,308
<b>Total Resources</b>	<b>\$ 10,902,782</b>	<b>\$ 76,297,112</b>	<b>\$ 8,405,675</b>	<b>\$ 95,605,569</b>
<b>Operating Funds - Uses</b>	<b>Expenditures</b>	<b>Transfers Out</b>	<b>Ending Fund Balance</b>	<b>Total Uses</b>
General	\$ 41,081,873	\$ 545,000	\$ 3,155,903	\$ 44,782,776
Street	3,042,398	447,000	24,020	3,513,418
Surface Water Management	3,177,416	1,857,000	136,965	5,171,381
Public Works Reserve	-	1,612,000	81,620	1,693,620
Equipment Reserve	400,000	-	347,851	747,851
Art in Public Places	14,000	-	48,741	62,741
Capital Projects Reserve	-	1,953,120	710,203	2,663,323
Transportation Benefit District	-	577,700	-	577,700
Debt Service	4,905,768	-	79,946	4,985,714
LID Reserve	-	-	165,000	165,000
<b>Capital Project Funds - Uses</b>	<b>Expenditures</b>	<b>Transfers Out</b>	<b>Ending Fund Balance</b>	<b>Total Uses</b>
Town Square Capital Projects	32,418	-	-	32,418
Parks and General Government Capital Projects	7,840,290	10,000	231,272	8,081,562
Transportation Capital Projects	19,173,803	-	1,673,954	20,847,757
Surface Water Management Capital Projects	790,000	1,403,855	86,453	2,280,308
<b>Total Uses</b>	<b>\$ 80,457,966</b>	<b>\$ 8,405,675</b>	<b>\$ 6,741,928</b>	<b>\$ 95,605,569</b>

**Exhibit B**

The following illustrates the changes made in each fund, not the totals per fund.

<b>City of Burien</b>				
<b>Changes to the 2011-2012 Budget -- All Funds</b>				
<b>Operating Funds - Resources</b>	<b>Changes to Beginning Fund Balance</b>	<b>Changes to Revenues</b>	<b>Changes to Transfers In</b>	<b>Changes to Total Resources</b>
General	\$ 879,017	\$ (335,292)	\$ -	\$ 543,725
Street	(871,440)	(78,725)	-	(950,165)
Surface Water Management	97,858	32,000	-	129,858
Public Works Reserve	297,929	(250,000)	-	47,929
Equipment Reserve	22,112	-	(100,000)	(77,888)
Art in Public Places	(228)	-	-	(228)
Capital Projects Reserve	(385,622)	(553,338)	-	(938,960)
Transportation Benefit District	-	-	-	-
Debt Service	(53,434)	238,000	782,000	966,566
LID Reserve	-	-	-	-
<b>Capital Project Funds - Resources</b>	<b>Changes to Beginning Fund Balance</b>	<b>Changes to Revenues</b>	<b>Changes to Transfers In</b>	<b>Changes to Total Resources</b>
Town Square Capital Projects	10,298	-	22,120	32,418
Parks and General Government Capital Projects	(434,550)	325,482	100,000	(9,068)
Transportation Capital Projects	(1,872,638)	2,650,671	(187,145)	590,888
Surface Water Management Capital Projects	(1,167,466)	-	200,000	(967,466)
<b>Total Resources</b>	<b>\$ (3,478,164)</b>	<b>\$ 2,028,798</b>	<b>\$ 816,975</b>	<b>\$ (632,391)</b>
<b>Operating Funds - Uses</b>	<b>Changes to Expenditures</b>	<b>Changes to Transfers Out</b>	<b>Changes to Ending Fund Balance</b>	<b>Changes to Total Uses</b>
General	\$ 889,263	\$ -	\$ (345,538)	\$ 543,725
Street	(345,980)	(468,000)	(136,185)	(950,165)
Surface Water Management	(42,184)	200,000	(27,958)	129,858
Public Works Reserve	-	-	47,929	47,929
Equipment Reserve	-	-	(77,888)	(77,888)
Art In Public Places	-	-	(228)	(228)
Capital Projects Reserve	-	1,022,120	(1,961,080)	(938,960)
Transportation Benefit District	-	-	-	-
Debt Service	948,750	-	17,816	966,566
LID Reserve	-	-	-	-
<b>Capital Project Funds - Uses</b>	<b>Changes to Expenditures</b>	<b>Changes to Transfers Out</b>	<b>Changes to Ending Fund Balance</b>	<b>Changes to Total Uses</b>
Town Square Capital Projects	32,418	-	-	32,418
Parks and General Government Capital Projects	(117,710)	-	108,642	(9,068)
Transportation Capital Projects	(1,063,268)	-	1,654,156	590,888
Surface Water Management Capital Projects	(355,000)	62,855	(675,321)	(967,466)
<b>Total Uses</b>	<b>\$ (53,711)</b>	<b>\$ 816,975</b>	<b>\$ (1,395,655)</b>	<b>\$ (632,391)</b>

## Exhibit C

Ordinance No. 558 amends the 2011-2012 Adopted Budget in the following funds:

### **GENERAL FUND 001**

Beginning Fund Balance: An increase of \$879,017 was recognized when the books were closed for 2010.

Revenues: A net decrease of \$335,292. Due to a 9.23% decrease in the City's assessed valuation, property taxes are projected to be \$467,000 less than budgeted for 2012. This budget amendment reflects a policy change to allocate 90% of Property Taxes to the General Fund and 10% to the Capital Projects Reserve Fund. The net result is an \$86,000 increase in the General Fund. Other adjustments include an \$84,323 increase in Sales Taxes due to higher than anticipated Criminal Justice receipts. Utility Taxes have been adjusted downward by \$1,418,415. Of this amount, \$421,275 is Solid Waste Franchise Fees transferred to the Street Fund to maintain operations. The balance of \$997,140 is the result of less than anticipated receipts. As reported to Council earlier, the City is in the process of conducting a utility tax audit. Seattle City Light Intergovernmental revenues are also being audited, as those projections are \$300,000 less than anticipated in the adopted budget. Gambling Excise Tax reflects a \$50,000 increase and Permit revenue reflects a \$500,000 increase, primarily due to a couple of large construction projects and the new pet licensing program. Liquor Tax and Profits reflects an increase of \$180,000, primarily due to underestimating after annexation in 2010. Recreation Revenues have been increased by \$80,000 to reflect the current year activity. Revenues for the Red Light Camera Program, \$402,800 (after adjustments), are being transferred from the Street Fund to the General Fund as all of the ancillary expenses related to the program are recorded in the General Fund.

Expenditures: A net increase of \$889,263. This includes a reduction in employee salaries and benefits (\$211,287) and the King County Sheriff's Contract (\$200,000) for the 2010 reconciliation. Offsetting this decrease, the Red Light Camera expenditures have been adjusted and transferred from the Street Fund to the General Fund (\$428,800). There is a corresponding increase in revenues. Other expenditure adjustments include additional funds for litigation attorney fees (\$125,000); South Correctional Entity (SCORE) jail startup expenses (\$216,750); miscellaneous annexation costs (\$100,000); an increase in District Court costs due to the change made in the split of court revenues in 2010 and 2011 (\$356,000); and other miscellaneous services such as the newsletter, voter registration, utilities and miscellaneous professional services (\$74,000).

Ending Fund Balance: A decrease of \$345,538 reflects the net changes of the adjustments noted above.

### **STREET FUND 101**

Beginning Fund Balance: The beginning Fund Balance was \$871,440 lower than projected during the 2011-12 budget process.

Revenues: A net decrease of \$78,725. This decrease is attributed to moving the Red Light Camera revenue to the General Fund (\$500,000) because all of the ancillary expenses related to the program are recorded in the General Fund. In addition, \$421,275 in Solid Waste Franchise Fees were moved from the General Fund to the Street Fund to maintain operations.

Expenditures: A net decrease of \$345,980. This decrease is the result of reducing expenditures for salaries and benefits (\$45,980); moving the Red Light Camera program from the Street Fund to the General Fund (\$360,000); reducing non-county street maintenance (\$85,000); neighborhood traffic control/calming expenses (\$20,000); miscellaneous professional services (\$45,000) and janitorial services (\$24,000). These reductions are offset by increases in fuel and small tools/equipment (\$68,000); repairs and maintenance (\$60,000); operating rentals and leases (\$28,000); King County services (\$25,000); and capital equipment needed for the new crews (\$53,000).

Transfers Out: A decrease of \$468,000. This decrease is the result of eliminating the transfer to the Equipment Reserve Fund (\$100,000); eliminating the contribution to the Transportation CIP Fund (\$50,000); and eliminating the 2012 transfer to the Debt Service Fund (\$318,000).

Ending Fund Balance: A decrease of \$136,185 reflects the net changes of the adjustments noted above.

#### **SURFACE WATER MANAGEMENT FUND 104**

Beginning Fund Balance: An increase of \$97,858 was recognized when the books were closed for 2010.

Revenues: An increase of \$32,000. This is an inflationary increase for SWM Fees.

Expenditures: A decrease of \$42,184. This decrease is attributed to reducing expenditures for salaries and benefits (30,684), professional services (\$120,500) and janitorial services (\$24,000). These reductions are offset by increases in fuel (\$58,000) and King County services (\$75,000).

Transfers Out: An increase of \$200,000 to the Surface Water Management CIP Fund.

Ending Fund Balance: A decrease of \$27,958 reflects the net changes of the adjustments noted above.

#### **PUBLIC WORKS RESERVE FUND 106**

Beginning Fund Balance: An increase of \$297,929 was recognized when the books were closed for 2010.

Revenues: A decrease of \$250,000. This decrease is attributed to real estate excise tax revenue being lower than anticipated when the budget was prepared.

Transfers Out: A net increase of \$0. Although the net change is \$0, there are two adjustments included. The transfer to the Debt Service Fund was increased by \$300,000 to fund half of the 2012 debt service for 2010 overlay bond issue. This transfer is offset by eliminating the transfer to the Transportation CIP Fund (\$300,000).

Ending Fund Balance: An increase of \$47,929 reflects the net changes of the adjustments noted above.

#### **EQUIPMENT RESERVE FUND 107**

Beginning Fund Balance: An increase of \$22,112 was recognized when the books were closed for 2010.

Transfers In: A decrease of \$100,000 is due to the elimination of the Street Fund transfer.

Ending Fund Balance: A decrease of \$77,888 reflects the net changes of the adjustments noted above.

#### **CAPITAL PROJECTS RESERVE FUND 115**

Beginning Fund Balance: The Beginning Fund Balance was \$385,622 lower than anticipated when the 2011-12 Adopted Budget was prepared.

Revenue: A decrease of \$553,338 is due to a 9.23% decrease in assessed valuation. This budget amendment reflects a policy change to allocate 90% of Property Taxes to the General Fund and 10% to the Capital Projects Reserve Fund. The decrease of \$553,338 is the result of lowering the allocation to the Capital Projects Reserve Fund from 20% to 10%.

Transfers Out: An increase of \$1,022,120 is the result of transferring an additional \$800,000 to the Debt Service Fund to fund the debt service for the bonds issued in 2011; an additional \$22,120 to the Town Square CIP Fund for expenses to close out the project; an additional \$100,000 to the Parks and General Government CIP Fund for some additional office space in City Hall; and an additional \$100,000 to the Transportation CIP Fund for the Sylvester Road Bridge project.

Ending Fund Balance: A decrease of \$1,961,080 reflects the net changes of the adjustments noted above.

#### **ART IN PUBLIC PLACES FUND 113**

Beginning Fund Balance: A decrease of \$228 was recognized when the books were closed for 2010.

Ending Fund Balance: A decrease of \$228 reflects the net changes of the adjustment noted above.

## **DEBT SERVICE FUND 201**

Beginning Fund Balance: A decrease of \$53,434 was recognized when the books were closed for 2010.

Revenues: An increase of \$238,000 reflects the subsidy from the federal government for the interest expense on 2010 overlay bond issue (Build Across America Bond Program). In the original budget, the subsidy was netted against the debt service expenditures. There is a corresponding increase in the expenditure budget.

Transfers In: An increase of \$782,000. This is the net result of eliminating the transfer from the Street Fund (\$318,000); increasing the transfer from the Public Works Reserve Fund (\$300,000); and increasing the transfer from the Capital Projects Reserve Fund (\$800,000) to fund the debt service for the bonds issued in 2011 and cover the reduction in the beginning fund balance.

Expenditures: An increase of \$948,750 reflects the addition of the debt service for the 2011 bond issue (\$710,750) and an increase in the interest expense budget (\$238,000) for the amount subsidized by the federal government for the 2010 overlay bonds. This amount is offset by an increase in the revenue budget.

Ending Fund Balance: An increase of \$17,816 reflects the net changes of the adjustments noted above.

## **TOWN SQUARE CAPITAL PROJECT FUND 314**

Beginning Fund Balance: An increase of \$10,298 was recognized when the books were closed for 2010.

Transfers In: An increase of \$22,120 from the Capital Projects Reserve Fund for project closeout expenditures.

Expenditures: An increase of \$32,418 for costs incurred to close out the project.

## **PARKS & GENERAL GOVERNMENT CAPITAL PROJECT FUND 317**

Beginning Fund Balance: A decrease of \$434,550 was recognized when the books were closed for 2010.

Revenue: An increase of \$325,482 reflects the addition of CDBG funding for the Community Center Roof Replacement project (\$154,000) and additional funding from the Army Corps of Engineers and other grants for the Seahurst Park project (\$302,007). These increases are offset by the elimination of County grant funding for miscellaneous parks projects (\$120,000); a reduction in Parks Levy funding (\$10,000) and a slight reduction in CDBG funding for Puget Sound Park (\$525).

Transfers In: An increase of \$100,000 reflects a transfer from the Capital Projects Reserve Fund to add some additional office space in City Hall.

Expenditures: A decrease of \$117,710. This decrease reflects a reduction in costs for the Seahurst Park project (\$208,061) and a reduction in miscellaneous park facility restoration projects (\$170,000). These reductions are offset by the addition of the Burien Community Center Roof Replacement Project (\$160,351) and remodeling to add offices in City Hall (\$100,000).

Ending Fund Balance: An increase of \$108,642 reflects the net changes of the adjustments noted above.

## **TRANSPORTATION CAPITAL PROJECT FUND 318**

Beginning Fund Balance: The Beginning Fund Balance was \$1,872,638 lower than projected during the 2011-12 budget process.

Revenue: An increase of \$2,650,671. This increase is the result of recognizing the 2011 bond proceeds (\$6,864,953) to fund the 1<sup>st</sup> Avenue South Phase I Project and settlement costs. Funding for the 1<sup>st</sup> Avenue South Phase II project has been adjusted to reflect current construction estimates: increase in State TIB funding (\$702,700) and a decrease in utility conversion costs (\$3,343,589). Grant funding for the S/SW 136<sup>th</sup> Street Sidewalk Improvements (\$1,006,500) and 8<sup>th</sup> Avenue South Safe Routes to Schools (\$425,000) is not available and has been eliminated. Funding for the King County Intelligent Traffic System was adjusted downward by

\$324,465 to reflect the actual agreement with King County. Other miscellaneous grant revenues and impact fees were increased by \$182,572.

Transfers In: A decrease of \$187,145. Transfers from the Street Fund (\$50,000) and Public Works Reserve Fund (\$300,000) were eliminated. Those reductions were offset by the addition of a transfer from the Capital Projects Reserve Fund for the Sylvester Road Bridge project (\$100,000) and an increase in the transfer from the Surface Water Management Capital Project Fund for various projects (\$62,855).

Expenditures: A decrease of \$1,063,268. Included in this adjustment is reduced funding for 1<sup>st</sup> Avenue South Phase II (\$1,682,774) to reflect current construction estimates and reduced funding for Intelligent Traffic System to reflect the actual agreement with King County (\$296,220). Offsetting these reductions is the addition of two new projects approved by Council earlier in the year: 1<sup>st</sup> Avenue South Phase I completion (\$1,212,267) and the Sylvester Road Bridge (\$100,000). Funds have been added to the following project budgets: Hazel Valley Elementary Sidewalk (\$261,045), Street Overlay (\$2,277,913), Transportation Master Plan (\$25,000); Ambaum Pedestrian Safety (\$64,572) and NERA (\$500). Three projects have been reclassified as unfunded: 4<sup>th</sup> Avenue SW/SW 148<sup>th</sup> Street Intersection (\$1,252,071), 8<sup>th</sup> Avenue Safe Routes to Schools (\$625,000), and S/SW 136<sup>th</sup> Sidewalk Improvement Project (\$1,148,500).

Ending Fund Balance: An increase of \$1,654,156 reflects the net changes of the adjustments noted above.

### **SURFACE WATER MANAGEMENT CAPITAL PROJECT FUND 319**

Beginning Fund Balance: The Beginning Fund Balance was \$1,167,466 lower than projected during the 2011-12 budget process.

Transfers In: An increase of \$200,000 reflects additional funding from the Surface Water Management Fund.

Expenditures: A decrease of \$355,000 is attributed to the shifting of the 8<sup>th</sup> to 9<sup>th</sup> Avenue SW project to the Hazel Valley Sidewalk project (Transportation Capital Project Fund); the elimination of the 22<sup>nd</sup> Avenue Drainage Systems Improvement Projects (\$200,000); and a reduction in funding for Residential Drainage Improvements (\$170,000). These reductions are offset by an increase of \$15,000 for the Drainage Master Plan.

Transfers Out: An increase of \$62,855 to the Transportation Capital Project Fund.

Ending Fund Balance: A reduction of \$675,321 reflects the net changes of the adjustments noted above.

# Mid-Biennial Budget Review

Finance Department

November 14, 2011

# Mid-Biennial Review

- Required by Law to review the Biennial Budget during the last 4 months of the 1<sup>st</sup> year in the Biennium
- Ord. #547 adopted the 2-year appropriations
- Mid-Biennial review only includes items that need budgetary changes

# Decision Making

- Tonight
  - Open 1<sup>st</sup> Public Hearing – required by law
  - Review 2011-12 Existing Budget and Proposed Amendments
  - Discuss Decision Points for 2012
    - Policy Change to Reallocate 90% of Property Taxes to General Fund/10% to Capital Projects Reserve Fund
      - Policy adopted in 2004 allocated 80% of Property Taxes to General Fund and 20% to Capital Projects Reserve Fund
        - » Maintain 1% annual increase of amount allocated to Capital Projects Reserve Fund
    - Property Tax Levy
    - Capital Improvement Program Updates

# Next Meeting

- Open and Close 2<sup>nd</sup> Public Hearing
- Adopt 2012 Property Tax Levy
- Adopt 2011-12 Amended Biennial Budget
- Adopt 11/14/11 Financial Policy Revisions

# 2012 Property Tax Levy

- Due to a 9.23% projected decrease in assessed valuation, the City can only levy the statutory limit of \$1.60
- Draft Ordinance #557

# 2012 Budget Highlights

- Use 8% of General Fund Fund Balance over 2 year period (\$262,000)
- 2% Cost of Living adjustment eliminated – savings of \$110,000
- 2 General Fund positions eliminated – savings of \$187,000
- 1 new Maintenance Worker II position added in Public Works – \$68,000 (SWM Fund)
  - Reduced from 4 new positions in Adopted Budget

# 2011-12 GENERAL FUND REVENUE SUMMARY

	2011 Adopted Budget	2011 Budget Revisions	2011 Revised Budget	2012 Adopted Budget	2012 Budget Revisions	2012 Revised Budget
<b>General Fund Revenue</b>						
Property Tax	5,800,000	-	5,800,000	5,893,000	86,000	5,979,000
Sales Taxes	5,844,714	110,000	5,954,714	5,996,677	(25,677)	5,971,000
Business & Occupation Tax	548,910	-	548,910	563,182	-	563,182
Utility Taxes	3,520,535	(650,000)	2,870,535	3,714,164	(768,415)	2,945,749
Gambling Excise Tax	575,000	50,000	625,000	575,000	-	575,000
<b>Total Taxes</b>	<b>16,289,159</b>	<b>(490,000)</b>	<b>15,799,159</b>	<b>16,742,023</b>	<b>(708,092)</b>	<b>16,033,931</b>
Franchise Fees	565,326	-	565,326	580,024	-	580,024
Permits	451,248	300,000	751,248	463,167	200,000	663,167
<b>Total Licenses &amp; Permits</b>	<b>1,016,574</b>	<b>300,000</b>	<b>1,316,574</b>	<b>1,043,191</b>	<b>200,000</b>	<b>1,243,191</b>
Federal Grants	-	-	-	-	-	-
State Grants	50,000	-	50,000	50,000	-	50,000
State - Criminal Justice	255,000	-	255,000	262,000	-	262,000
DUI Programs	10,000	-	10,000	10,000	-	10,000
Liquor Tax and Profits	454,000	110,000	564,000	465,804	70,000	535,804
Intergovernmental Services	301,500	-	301,500	201,500	-	201,500
Intergovernmental - Seattle City Light	831,000	(150,000)	681,000	831,000	(150,000)	681,000
<b>Total Intergovernmental</b>	<b>1,901,500</b>	<b>(40,000)</b>	<b>1,861,500</b>	<b>1,820,304</b>	<b>(80,000)</b>	<b>1,740,304</b>
Planning & Building Fees	350,000	-	350,000	359,100	-	359,100
Parks & Recreation Charges	629,300	-	629,300	638,740	80,000	718,740
<b>Total Charges for Services</b>	<b>979,300</b>	<b>-</b>	<b>979,300</b>	<b>997,840</b>	<b>80,000</b>	<b>1,077,840</b>
Fines and Forfeitures	230,000	232,800	462,800	240,000	170,000	410,000
Miscellaneous	63,000	-	63,000	63,000	-	63,000
<b>Total Fines &amp; Miscellaneous</b>	<b>293,000</b>	<b>232,800</b>	<b>525,800</b>	<b>303,000</b>	<b>170,000</b>	<b>473,000</b>
<b>Total Revenues</b>	<b>20,479,533</b>	<b>2,800</b>	<b>20,482,333</b>	<b>20,906,358</b>	<b>(338,092)</b>	<b>20,568,266</b>
<b>Total Transfers In</b>	<b>155,000</b>	<b>-</b>	<b>155,000</b>	<b>159,000</b>	<b>-</b>	<b>159,000</b>
<b>Total Revenues &amp; Transfers</b>	<b>20,634,533</b>	<b>2,800</b>	<b>20,637,333</b>	<b>21,065,358</b>	<b>(338,092)</b>	<b>20,727,266</b>

# 2011-12 GENERAL FUND EXPENDITURE SUMMARY – BY DEPARTMENT

Expenditures by Department	2011		2011		2012		2012	
	Adopted Budget	Budget Revisions	Revised Budget	Adopted Budget	Budget Revisions	Revised Budget		
City Council	199,100	-	199,100	201,400	8,000	209,400		
City Manager	1,361,948	19,000	1,380,948	1,398,201	(48,940)	1,349,261		
Human Resources	166,695	-	166,695	172,966	(2,595)	170,371		
Finance & Administrative Services	2,652,405	591,800	3,244,205	2,410,024	503,030	2,913,054		
Legal	1,176,287	-	1,176,287	910,166	120,500	1,030,666		
Police	9,786,700	(200,000)	9,586,700	10,134,700	-	10,134,700		
Public Works	556,599	25,000	581,599	567,387	(54,065)	513,322		
Community Development	1,505,856	6,500	1,512,356	1,469,905	(65,415)	1,404,490		
Parks, Recreation & Cultural Services	2,768,821	10,000	2,778,821	2,753,450	(23,552)	2,729,898		
<b>Subtotal Department Expenditures</b>	<b>20,174,411</b>	<b>452,300</b>	<b>20,626,711</b>	<b>20,018,199</b>	<b>436,963</b>	<b>20,455,162</b>		
<b>Total Transfers Out</b>	<b>188,000</b>	<b>-</b>	<b>188,000</b>	<b>357,000</b>	<b>-</b>	<b>357,000</b>		
<b>Total Expenditures &amp; Transfers</b>	<b>20,362,411</b>	<b>452,300</b>	<b>20,814,711</b>	<b>20,375,199</b>	<b>436,963</b>	<b>20,812,162</b>		

## 2011-12 GENERAL FUND EXPENDITURE SUMMARY – BY LINE ITEM

Expenditure	2011		2011		2012		2012		2012	
	Adopted Budget	Budget Revisions	Revised Budget	Adopted Budget	Budget Revisions	Revised Budget	Adopted Budget	Budget Revisions	Revised Budget	
Salaries	3,868,809	35,000	3,903,809	3,919,230	(195,425)	3,723,805				
Benefits	1,319,662	-	1,319,662	1,398,910	(50,862)	1,348,048				
<b>Total Salaries &amp; Benefits</b>	<b>5,188,471</b>	<b>35,000</b>	<b>5,223,471</b>	<b>5,318,140</b>	<b>(246,287)</b>	<b>5,071,853</b>				
<b>Total Supplies</b>	<b>167,315</b>	-	<b>167,315</b>	<b>167,890</b>	-	<b>167,890</b>				
Professional Contract Services	3,060,465	508,300	3,568,765	2,582,965	436,500	3,019,465				
Communications	106,339	-	106,339	107,364	-	107,364				
Travel/Meals/Mileage	38,700	-	38,700	38,900	-	38,900				
Advertising	23,000	-	23,000	23,500	-	23,500				
Operating Rents & Leases	63,450	-	63,450	63,450	-	63,450				
Insurance	182,537	-	182,537	190,000	-	190,000				
Utility Services	206,000	-	206,000	206,000	15,000	221,000				
Repairs & Maintenance	62,200	-	62,200	62,200	-	62,200				
Dues & Memberships	117,110	-	117,110	119,110	8,000	127,110				
Printing & Binding	78,016	-	78,016	78,091	-	78,091				
Registration & Training	51,100	-	51,100	51,100	-	51,100				
Subscriptions & Publications	38,507	-	38,507	39,107	-	39,107				
Other Miscellaneous	61,082	-	61,082	63,182	-	63,182				
<b>Total Other Services &amp; Charges</b>	<b>4,088,506</b>	<b>508,300</b>	<b>4,596,806</b>	<b>3,624,969</b>	<b>459,500</b>	<b>4,084,469</b>				
<b>Total Intergovernmental Services</b>	<b>10,657,500</b>	<b>(91,000)</b>	<b>10,566,500</b>	<b>10,892,700</b>	<b>223,750</b>	<b>11,116,450</b>				
<b>Total Capital Outlay</b>	<b>72,619</b>	-	<b>72,619</b>	<b>14,500</b>	-	<b>14,500</b>				
<b>Total Expenditures</b>	<b>20,174,411</b>	<b>452,300</b>	<b>20,626,711</b>	<b>20,018,199</b>	<b>436,963</b>	<b>20,455,162</b>				
<b>Total Transfers Out</b>	<b>188,000</b>	-	<b>188,000</b>	<b>357,000</b>	-	<b>357,000</b>				
<b>Total Expenditures &amp; Transfers</b>	<b>20,362,411</b>	<b>452,300</b>	<b>20,814,711</b>	<b>20,375,199</b>	<b>436,963</b>	<b>20,812,162</b>				

# 2011-12 OPERATING FUNDS REVENUE SUMMARY

OTHER OPERATING FUND REVENUES	2011	2011	2011	2012	2012	2012
Street Fund	Adopted Budget	Budget Revisions	Revised Budget	Adopted Budget	Budget Revisions	Revised Budget
Motor Vehicle Fuel Tax	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,075,000	\$ -	\$ 1,075,000
Business Licenses	275,000	-	275,000	290,000	-	290,000
Red Light Enforcement	250,000	(250,000)	-	250,000	(250,000)	-
Franchise Taxes	-	205,000	205,000	-	216,275	216,275
<b>Total Street Fund</b>	<b>\$ 1,525,000</b>	<b>\$ (45,000)</b>	<b>\$ 1,480,000</b>	<b>\$ 1,615,000</b>	<b>\$ (33,725)</b>	<b>\$ 1,581,275</b>
<b>Surface Water Management Fund</b>						
SWM Drainage Fees	\$ 2,415,000	\$ -	\$ 2,415,000	\$ 2,450,000	\$ 32,000	\$ 2,482,000
Miscellaneous	4,000	-	4,000	4,000	-	4,000
<b>Total SWM Fund</b>	<b>\$ 2,419,000</b>	<b>\$ -</b>	<b>\$ 2,419,000</b>	<b>\$ 2,454,000</b>	<b>\$ 32,000</b>	<b>\$ 2,486,000</b>
<b>Public Works Reserve Fund</b>						
Real Estate Excise Tax	\$ 700,000	\$ (100,000)	\$ 600,000	\$ 800,000	\$ (150,000)	\$ 650,000
Other Revenues	17,000	-	17,000	18,000	-	18,000
<b>Total PWR Fund</b>	<b>\$ 717,000</b>	<b>\$ (100,000)</b>	<b>\$ 617,000</b>	<b>\$ 818,000</b>	<b>\$ (150,000)</b>	<b>\$ 668,000</b>
<b>Equipment Reserve Fund</b>						
Transfers In	\$ 270,000	\$ (50,000)	\$ 220,000	\$ 280,000	\$ (50,000)	\$ 230,000
<b>Total ERR Fund</b>	<b>\$ 270,000</b>	<b>\$ (50,000)</b>	<b>\$ 220,000</b>	<b>\$ 280,000</b>	<b>\$ (50,000)</b>	<b>\$ 230,000</b>
<b>Art in Public Places Fund</b>						
Other Revenues	\$ 200	\$ -	\$ 200	\$ 200	\$ -	\$ 200
Transfers In	5,000	-	5,000	5,000	-	5,000
<b>Total APP Fund</b>	<b>\$ 5,200</b>	<b>\$ -</b>	<b>\$ 5,200</b>	<b>\$ 5,200</b>	<b>\$ -</b>	<b>\$ 5,200</b>
<b>Capital Projects Reserve</b>						
Property Taxes	\$ 1,205,661	\$ -	\$ 1,205,661	\$ 1,217,718	\$ (553,338)	\$ 664,380
Other Revenues	1,200	-	1,200	1,200	-	1,200
<b>Total CPR Fund</b>	<b>\$ 1,206,861</b>	<b>\$ -</b>	<b>\$ 1,206,861</b>	<b>\$ 1,218,918</b>	<b>\$ (553,338)</b>	<b>\$ 665,580</b>
<b>Transportation Benefit District Fund</b>						
Property Taxes	\$ 275,000	\$ -	\$ 275,000	\$ 300,000	\$ -	\$ 300,000
Other Revenues	1,200	-	1,200	1,500	-	1,500
<b>Total TBD Fund</b>	<b>\$ 276,200</b>	<b>\$ -</b>	<b>\$ 276,200</b>	<b>\$ 301,500</b>	<b>\$ -</b>	<b>\$ 301,500</b>
<b>Debt Service Fund</b>						
Other Revenues	\$ 164,164	\$ 119,000	\$ 283,164	\$ 164,164	\$ 119,000	\$ 283,164
Transfers In	1,694,200	300,000	1,994,200	1,929,500	482,000	2,411,500
<b>Total Debt Service Fund</b>	<b>\$ 1,858,364</b>	<b>\$ 419,000</b>	<b>\$ 2,277,364</b>	<b>\$ 2,093,664</b>	<b>\$ 601,000</b>	<b>\$ 2,694,664</b>

# 2011-12 OPERATING FUNDS EXPENDITURE SUMMARY

OTHER OPERATING FUND EXPENDITURES		2011		2011		2012		2012		2012	
		Adopted	Budget	Revised	Adopted	Budget	Revisions	Adopted	Budget	Revisions	Revised
Street Fund		Budget	Revisions	Budget	Budget	Revisions		Budget	Revisions		Budget
Public Works		\$ 1,702,467	\$ (193,000)	\$ 1,509,467	\$ 1,685,911	\$ (152,980)	\$	\$ 1,685,911	\$ (152,980)	\$	\$ 1,532,931
Transfers Out		467,500	(100,000)	367,500	447,500	(368,000)		447,500	(368,000)		79,500
<b>Total Street Fund</b>		<b>\$ 2,169,967</b>	<b>\$ (293,000)</b>	<b>\$ 1,876,967</b>	<b>\$ 2,133,411</b>	<b>\$ (520,980)</b>	<b>\$</b>	<b>\$ 2,133,411</b>	<b>\$ (520,980)</b>	<b>\$</b>	<b>\$ 1,612,431</b>
<b>Surface Water Management Fund</b>											
Public Works		\$ 1,565,431	\$ (49,500)	\$ 1,515,931	\$ 1,654,169	\$ 7,316	\$	\$ 1,654,169	\$ 7,316	\$	\$ 1,661,485
Transfers Out		827,500	200,000	1,027,500	829,500	-		829,500	-		829,500
<b>Total SWM Fund</b>		<b>\$ 2,392,931</b>	<b>\$ 150,500</b>	<b>\$ 2,543,431</b>	<b>\$ 2,483,669</b>	<b>\$ 7,316</b>	<b>\$</b>	<b>\$ 2,483,669</b>	<b>\$ 7,316</b>	<b>\$</b>	<b>\$ 2,490,985</b>
<b>Public Works Reserve Fund</b>											
Transfers Out		\$ 809,000	\$ 100,000	\$ 909,000	\$ 803,000	\$ (100,000)	\$	\$ 803,000	\$ (100,000)	\$	\$ 703,000
<b>Total PWR Fund</b>		<b>\$ 809,000</b>	<b>\$ 100,000</b>	<b>\$ 909,000</b>	<b>\$ 803,000</b>	<b>\$ (100,000)</b>	<b>\$</b>	<b>\$ 803,000</b>	<b>\$ (100,000)</b>	<b>\$</b>	<b>\$ 703,000</b>
<b>Equipment Reserve Fund</b>											
Finance Department		\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -	\$	\$ 200,000	\$ -	\$	\$ 200,000
<b>Total ERR Fund</b>		<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 200,000</b>
<b>Art in Public Places Fund</b>											
Parks Department		\$ 6,000	\$ -	\$ 6,000	\$ 8,000	\$ -	\$	\$ 8,000	\$ -	\$	\$ 8,000
<b>Total APP Fund</b>		<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 8,000</b>
<b>Capital Projects Reserve</b>											
Transfers Out		\$ 451,000	\$ 272,120	\$ 723,120	\$ 480,000	\$ 750,000	\$	\$ 480,000	\$ 750,000	\$	\$ 1,230,000
<b>Total CPR Fund</b>		<b>\$ 451,000</b>	<b>\$ 272,120</b>	<b>\$ 723,120</b>	<b>\$ 480,000</b>	<b>\$ 750,000</b>	<b>\$</b>	<b>\$ 480,000</b>	<b>\$ 750,000</b>	<b>\$</b>	<b>\$ 1,230,000</b>
<b>Transportation Benefit District Fund</b>											
Transfers Out		\$ 276,200	\$ -	\$ 276,200	\$ 301,500	\$ -	\$	\$ 301,500	\$ -	\$	\$ 301,500
<b>Total TBD Fund</b>		<b>\$ 276,200</b>	<b>\$ -</b>	<b>\$ 276,200</b>	<b>\$ 301,500</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 301,500</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ 301,500</b>
<b>Debt Service Fund</b>											
Finance Department		\$ 1,919,922	\$ 280,500	\$ 2,200,422	\$ 2,037,096	\$ 668,250	\$	\$ 2,037,096	\$ 668,250	\$	\$ 2,705,346
<b>Total Debt Service Fund</b>		<b>\$ 1,919,922</b>	<b>\$ 280,500</b>	<b>\$ 2,200,422</b>	<b>\$ 2,037,096</b>	<b>\$ 668,250</b>	<b>\$</b>	<b>\$ 2,037,096</b>	<b>\$ 668,250</b>	<b>\$</b>	<b>\$ 2,705,346</b>

# 2011-12 General Fund Revenue Amendments

Description	Amendment
Revise Property Tax split to 90% General Fund and 10% Capital Projects Reserve Fund	\$86,000
Increase Sales Tax Revenues to reflect current year activity	\$84,323
Decrease Utility Tax Revenues to reflect actual results	(\$997,140)
Transfer Solid Waste Franchise Fees to Street Fund	(\$421,275)
Increase Gambling Taxes to reflect current year activity	\$50,000
Increase Permit revenue to reflect current year activity	\$500,000
Increase Liquor Tax and Profits to reflect current year activity	\$180,000
Decrease Seattle City Light revenues to reflect actual results	(\$300,000)
Increase Park & Recreation charges to reflect current year activity	\$80,000
Transfer Red Light Camera Fines from Street Fund	\$402,800
<b>Total General Fund Revenue Adjustments</b>	<b>(\$335,292)</b>

# 2011-12 General Fund Expenditure Amendments

Description	Amendment
Reduce Salaries and Benefits	(\$211,287)
Increase Red Light Camera Professional Services	\$428,800
Increase SCORE Jail Startup Expenses	\$216,750
Increase District Court Costs	\$356,000
Increase Litigation Attorney Fees	\$125,000
Add Miscellaneous Expenses for Annexation	\$100,000
Increase Miscellaneous Services (voter registration, newsletter, utilities, memberships)	\$74,000
Decrease King County Sheriff's Contract	(\$200,000)
<b>Total General Fund Expenditure Adjustments</b>	<b>\$889,263</b>

# Other Funds Changes

Fund	Description	Impact on Resources	Impact on Uses
Street Fund	Red Light Camera	(\$500,000)	(\$360,000)
Street Fund	Transfer Solid Waste Franchise Fees from General Fund	\$421,275	-
Street Fund	Decrease in Salaries and Benefits		(\$45,980)
Street Fund	Increase Services and Supplies		\$60,000
Street Fund	Decrease Transfers Out		(\$468,000)
<b>Street Fund</b>	<b>Total Adjustments</b>	<b>(\$78,725)</b>	<b>(\$813,980)</b>
SWM Fund	Inflationary Adjustment for SWM Fees	\$32,000	
SWM Fund	Decrease in Salaries and Benefits		(\$30,684)
SWM Fund	Decrease Services and Supplies		(\$11,500)
SWM Fund	Increase Transfers Out		\$200,000
<b>SWM Fund</b>	<b>Total Adjustments</b>	<b>\$32,000</b>	<b>\$157,816</b>

# Other Funds Changes

Fund	Description	Impact on Resources	Impact on Uses
Public Works Reserve	Decrease Real Estate Excise Tax Revenues	(\$250,000)	
Equipment Reserve Fund	Reduce Transfers In	(\$100,000)	-
Capital Projects Reserve Fund	Reduce Property Tax Revenues due to revision of split with General Fund	(\$553,338)	
Capital Projects Reserve Fund	Increase Transfers Out		\$1,022,120
Debt Service Fund	Add Federal Government Subsidy for Interest Expense (2010 Overlay Bonds)	\$238,000	
Debt Service Fund	Increase Transfers In to Fund New Debt Service	\$782,000	
Debt Service Fund	Increase Debt Service Expense for Interest Expense Subsidized by Federal Government and 2011 Bond Issue		\$948,750

# CIP UPDATES

- **New Projects:**
  - Town Square - \$32,418 to close out project
  - Burien Community Center Roof Replacement - \$160,351, primarily CDBG funding
  - City Hall Remodeling to add Office Space - \$100,000
  - Completion of 1<sup>st</sup> Avenue South Phase I - \$1,212,267
  - Contingency Funds for Sylvester Road Bridge - \$100,000
- **Seahurst Park and 1<sup>st</sup> Avenue South Phase II – Revised Funding to reflect current construction estimates**
- **Projects Moved to Unfunded:**
  - 4<sup>th</sup> Avenue SW/SW 148<sup>th</sup> Street Intersection - \$1,252,071
  - 8<sup>th</sup> Avenue Safe Routes to Schools Project - \$625,000
  - S/SW 136<sup>th</sup> Street Sidewalk Improvements - \$1,148,500

# Conclusion

- Next meeting November 28, 2011
  - 2<sup>nd</sup> Public Hearing
  - Adopt 2012 Property Tax Levy
  - Adopt 2011-12 Amended Biennial Budget
- Questions?



## ***City of Burien 2011-2012 Mid-Biennial Budget Update***

November 14, 2011

Honorable Mayor, Members of the City Council, and Residents of Burien:

This brief memo is designed to provide a high-level summary of some of the changes incorporated into the 2011-12 Mid-Biennium Budget Review and Update.

The preliminary assessed valuation for 2012 shows a 9.23% decrease. This has a significant impact on General Fund revenues as the City cannot maintain this revenue source and stay under the \$1.60 statutory limit for property taxes. Our 2012 property taxes will be about \$467,000 less than 2011. To maintain our services, we are recommending a policy change in the property tax allocation. In 2004, Council approved allocating 80% of the property taxes to the General Fund and 20% to the Capital Projects Reserve Fund. This budget amendment reduces the allocation to the Capital Projects Reserve Fund to 10%, while maintaining the existing policy of increasing those funds by 1% annually.

We have made significant reductions in our estimates for Utility Taxes as they did not grow as expected. As previously reported to Council, we have contracted with a consultant to audit those revenues. That audit is still in the early stages.

The original 2011-12 Adopted Budget included a 2% COLA for employees as a placeholder. We are not moving forward with any COLA for 2012, resulting in a savings of approximately \$110,000. Two positions have been eliminated for a savings of \$187,000. We are adding one maintenance person in Public Works, which is less than the four positions approved in the Adopted Budget. In addition, we are recommending a change to our health insurance benefits that will save an additional \$69,000. This reduction is not reflected in the proposed amendments, as it has not been presented for Council approval.

Overall, our General Fund is healthy. Although this budget proposes using \$262,000 of fund balance (approximately 8%) over the two-year biennium, the ending fund balance is in excess of \$3 million, well above our minimum balance of 10 percent.

As you know, the Governor's budget proposal could also have significant impacts on our revenue sources. We will address that issue if the legislature shows support for those proposals.

The details of the existing budget and proposed changes are included in the attached documents.

Sincerely,

Mike Martin  
City Manager



2012 - 2017 Capital Improvement Program

TOWN SQUARE

Total Project Expenditures

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	Future	2012-2017 Six-Year CIP
Town Square Open Space	32,418	-	32,418	-	-	-	-	-	-	-	-
<b>Total Projects</b>	<b>\$ 32,418</b>	<b>\$ -</b>	<b>\$ 32,418</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Total Project Funding

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	Future	2012-2017 Six-Year CIP
Town Square CIP	10,298	10,298	-	-	-	-	-	-	-	-	-
Capital Projects Reserve	22,120	-	22,120	-	-	-	-	-	-	-	-
<b>Total Project Funding Sources</b>	<b>\$ 32,418</b>	<b>\$ 10,298</b>	<b>\$ 22,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**2012 - 2017 Capital Improvement Program  
PARKS & GENERAL GOVERNMENT**

**Total Project Expenditures**

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-Year CIP
Burien Comm. Center - Roof Replacement	\$ 1,685,009	\$ 1,524,658	\$ 6,351	\$ 154,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,000
City Facilities Upgrade	100,000	-	100,000	-	-	-	-	-	-	-
Parks, Recreation, Open Space (PROS) Plan	75,000	-	75,000	-	-	-	-	-	-	-
Parks Facilities	726,448	-	-	150,000	120,000	456,448	-	-	-	726,448
Puget Sound Park Improvements	150,000	-	-	150,000	-	-	-	-	-	150,000
Seahurst Park - North Shoreline*	9,977,527	872,588	1,612,957	5,491,982	2,000,000	-	-	-	-	7,491,982
Strategic Information Systems	359,560	9,560	-	100,000	50,000	50,000	50,000	50,000	50,000	350,000
<b>Total Projects - Funded</b>	<b>\$ 11,073,544</b>	<b>\$ 2,406,806</b>	<b>\$ 1,794,308</b>	<b>\$ 6,045,982</b>	<b>\$ 170,000</b>	<b>\$ 506,448</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 6,872,430</b>
<b>Total Projects - Unfunded*</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>

**Total Project Funding**

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-Year CIP
Parks CIP Fund Balance	\$ 1,519,601	\$ 577,144	\$ 75,000	\$ 557,457	\$ 110,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 867,457
Capital Projects Reserve	100,000	-	100,000	-	-	-	-	-	-	-
King County Parks Levy	456,448	176,448	70,000	70,000	70,000	70,000	-	-	-	210,000
Banked Property Tax	1,000,000	1,000,000	-	-	-	-	-	-	-	-
<b>Subtotal Local Funds</b>	<b>\$ 3,076,049</b>	<b>\$ 1,753,592</b>	<b>\$ 245,000</b>	<b>\$ 627,457</b>	<b>\$ 180,000</b>	<b>\$ 120,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 1,077,457</b>
Grant	7,724,020	836,013	1,612,957	5,215,050	60,000	-	-	-	-	5,275,050
CDBG	273,475	-	-	273,475	-	-	-	-	-	273,475
<i>Unfunded</i>	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000
<b>TOTAL ALL PROJECTS (less unfunded)</b>	<b>\$ 11,073,544</b>	<b>\$ 2,589,605</b>	<b>\$ 1,857,957</b>	<b>\$ 6,115,982</b>	<b>\$ 240,000</b>	<b>\$ 120,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 6,625,982</b>

2012 - 2017 Capital Improvement Program  
TRANSPORTATION

Total Project Expenditures

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-Year CIP
1st Ave S, Phase 1 (SW 146th St. to SW 163rd Place)*	\$ 31,091,374	\$ 29,879,107	\$ 1,212,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1st Ave S, Phase 2 (SW 140th St. to SW 146th St.)	9,202,295	1,385,069	7,817,226	-	-	-	-	-	-	-
4th Ave SW/SW 148th St. Intersection-Funded	388,038	10,038	-	-	378,000	-	-	-	-	378,000
4th Ave SW/SW 148th St. Intersection-Unfunded*	911,962	-	-	-	911,962	-	-	-	-	911,962
16th Ave SW Intelligent Traffic System Project	204,000	220	203,780	-	-	-	-	-	-	-
Arbaum Blvd SW Pedestrian Safety	91,000	26,428	64,572	-	-	-	-	-	-	-
Citywide Traffic Intersections	300,000	-	-	-	300,000	-	-	-	-	300,000
Hazel Valley Safe Sidewalk Improvements	1,006,500	8,955	115,000	882,545	-	-	-	-	-	882,545
NERA Transportation Improvements*	13,000,867	367	500	-	-	-	-	-	13,000,000	13,000,000
S. 136th St. Sidewalk Improvements*	1,300,000	91,847	-	-	1,208,153	-	-	-	-	1,208,153
SR 518/Des Moines Memorial Dr. Interchange*	15,000,000	-	-	-	-	-	-	15,000,000	-	15,000,000
Street Overlay Program	12,712,000	1,709,087	8,570,913	32,000	-	600,000	600,000	600,000	600,000	2,432,000
Sylvester Bridge Replacement	100,000	-	100,000	-	-	-	-	-	-	-
Transportation Master Plan	175,000	-	175,000	-	-	-	-	-	-	-
Total Projects - Funded	\$ 55,362,921	\$ 33,111,118	\$ 18,259,258	\$ 914,545	\$ 678,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 3,992,545
Total Projects - Unfunded*	\$ 30,120,115	\$ -	\$ -	\$ -	\$ 2,120,115	\$ -	\$ -	\$ 15,000,000	\$ 13,000,000	\$ 30,120,115

Total Project Funding

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-Year CIP
Transportation CIP	\$ 9,711,103	\$ 6,390,358	\$ 888,745	\$ 32,000	\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 2,432,000
Capital Projects Reserve	100,000	-	100,000	-	-	-	-	-	-	-
Impact/Mitigation Fees	503,000	125,000	378,000	-	-	-	-	-	-	-
Private/Utilities	12,386,722	10,030,311	2,356,411	-	-	-	-	-	-	-
Grants/CDBG	10,867,558	3,730,035	6,434,878	402,645	300,000	-	-	-	-	702,645
Bonds - Street Overlay & 1st Ave S	15,464,953	8,600,000	6,864,953	-	-	-	-	-	-	-
PWTF Loan and Interest	2,000,000	2,000,000	-	-	-	-	-	-	-	-
SWM CIP	4,329,585	2,925,730	1,000,000	403,855	-	-	-	-	-	403,855
Unfunded	30,120,115	-	-	-	2,120,115	-	-	15,000,000	13,000,000	30,120,115
Total Project Funding Sources less unfunded	\$ 55,362,921	\$ 33,801,434	\$ 18,022,987	\$ 838,500	\$ 300,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 3,538,500

**2012 - 2017 Capital Improvement Program  
SURFACE WATER MANAGEMENT**

**Total Project Expenditures**

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-year CIP
SW 158th St @ 4th SW Culvert/Headwall Repair	\$ 120,000	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000
Drainage Master Plan	140,000	-	140,000	-	-	-	-	-	-	-
Hermes Depression Pump Station Reconstruction	200,000	-	30,000	170,000	-	-	-	-	-	170,000
NPDES Monitoring Program	101,986	1,986	-	100,000	-	-	-	-	-	100,000
NERA Drainage Improvements - Funded	1,001,139	1,139	-	-	1,000,000	-	-	-	-	1,000,000
NERA Drainage Improvements - Unfunded*	4,730,000	-	-	-	4,730,000	-	-	-	-	4,730,000
Residential Drainage Imp. Program (RDIP)	1,419,382	84,256	30,000	200,000	200,000	210,000	220,500	231,525	243,101	1,305,126
<b>Total Projects - Funded</b>	<b>\$ 2,982,507</b>	<b>\$ 87,381</b>	<b>\$ 200,000</b>	<b>\$ 590,000</b>	<b>\$ 1,200,000</b>	<b>\$ 210,000</b>	<b>\$ 220,500</b>	<b>\$ 231,525</b>	<b>\$ 243,101</b>	<b>\$ 2,695,126</b>
<b>Total Projects - Unfunded*</b>	<b>\$ 4,730,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,730,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,730,000</b>

**Total Project Funding**

	Total Project Cost	Prior Years	2011	2012	2013	2014	2015	2016	2017	2012-2017 Six-year CIP
Surface Water Mgmt CIP	\$ 1,982,507	\$ 87,381	\$ 200,000	\$ 590,000	\$ 200,000	\$ 210,000	\$ 220,500	\$ 231,525	\$ 243,101	\$ 1,695,126
Grants	1,000,000	-	-	-	1,000,000	-	-	-	-	1,000,000
Unfunded	4,730,000	-	-	-	4,730,000	-	-	-	-	4,730,000
<b>Total Projects (less unfunded)</b>	<b>\$ 2,982,507</b>	<b>\$ 87,381</b>	<b>\$ 200,000</b>	<b>\$ 590,000</b>	<b>\$ 1,200,000</b>	<b>\$ 210,000</b>	<b>\$ 220,500</b>	<b>\$ 231,525</b>	<b>\$ 243,101</b>	<b>\$ 2,695,126</b>

## **CITY OF BURIEN FINANCIAL POLICIES**

The City's Financial Policies are intended to serve as a Council-approved set of values and expectations for Council Members, City staff, citizens and other interested parties who may do business with the City. The use of the term "City" refers to all City officials and staff who are responsible for the activities to carry out these policies. The policies describe expectations for financial planning, budgeting, accounting, reporting and other management practices. They have been prepared to assure prudent financial management and responsible stewardship of the City's financial and physical resources.

### **A. City Funds**

The City shall utilize "governmental fund accounting" as the organizational structure for its financial activities. The following funds have been established for budgeting, accounting and reporting.

#### OPERATING FUNDS

1. The *General Fund* is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund.
2. The *Street Fund* is required by state law to account for dedicated state-shared gas tax revenue, The City's business license fee revenue is also deposited in this fund. Monies in the Street Fund are used for street maintenance and transportation capital projects.
3. The *Surface Water Management Fund* accounts for the maintenance and capital improvements to the City's storm and surface water drainage system. Revenues come from fees collected from residential and commercial property owners.

#### RESERVE FUNDS

1. The *Equipment Replacement Reserve Fund* provides monies for the orderly replacement of City assets with a value over \$1,000 and with an estimated service life of three or more years. All monies come from the City's Operating Funds (General, Street, and Surface Water Management).
2. The *Public Works Reserve Fund* is utilized to accumulate monies for future Capital Improvement Program projects. Funding sources include the Real Estate Excise Tax (REET), Park Mitigation Fees, and transfers from the General Fund.
3. The *Capital Project Reserve* was established to accumulate monies from the City's annual property tax levy for future Capital Improvement Program projects.

4. The *Art in Public Places Fund* accounts for contributions, donations and commissions on sales of art displayed in public places along with 1% of construction contracts for City owned buildings, transit centers and parks.
5. The *Local Improvement District (LID) Guaranty Fund* is required by State law to maintain a balance of not less than 10% of the City's outstanding LID assessments. All monies in the Fund come from the Street Fund; any monies in excess of the needs of the LID Guaranty Fund are returned to the Street Fund.

#### DEBT SERVICE FUND

1. The City maintains a single *Debt Service Fund* to account for the resources necessary to pay principal and interest when due on the City's outstanding General Obligation Bonds, Local Improvement District Bonds, and Public Works Trust Fund Loans.

#### CAPITAL IMPROVEMENT PROGRAM FUNDS

Four Capital Improvement Program Funds have been established to account for the revenues and expenditures associated with the following Capital Improvement Program project areas:

1. Parks and General Government;
2. Town Square;
3. Transportation; and
4. Surface Water Management.

#### **B. Resource Planning**

1. To assure stability and continuity in City services, the City will prepare and update on a biennial basis a six-year Financial Forecast for all City Funds. This biennial planning process will enable citizens, staff, advisory committees, and the City Council to discuss current and future programs, service levels, and capital facility needs.
2. The relationship between the Operating and Capital Budgets will be incorporated into the Financial Forecasts and Budgets. Maintenance and operating costs associated with new Capital Improvement Program projects shall be disclosed in the Capital Budget when projects are being considered and included in the Operating Budget when the projects are complete.
3. The City Manager shall develop on a biennial basis a Financial Planning calendar that will provide for the timely update of the six-year Financial Forecasts for all City Funds along with the biennial process to develop, review, and adopt the City's Operating and Capital Budgets.
4. The City's Operating and Capital Budgets will implement City Council adopted goals and policies, long-range plans, and service choices for the community.

5. The City will use "prudent revenue and expenditure assumptions" in the development of the six-year Financial Forecasts, Operating and Capital Budgets. Revenue and expenditure estimates shall be conservative to generally produce variances from budget estimates in the 3% to 5% range for overall fund revenues and 3% to 5% range for overall fund expenditures.
6. One-time resources shall be identified and shall be used to support one-time expenditures. Ongoing expenditure programs shall only be supported by ongoing resources.
7. Where estimated expenditures and fund balances exceed estimated resources for any Financial Forecast, potential options to bring the six-year Financial Forecasts into balance shall be included as an integral part of the Budget process.

### C. Fund Balance and Reserve Levels

- ~~1. Budgeted ending Fund Balances shall be established at a minimum of 5% of recurring revenue for the Street Fund and for the Surface Water Management Fund.~~
- ~~2. General Fund Budget shall maintain a minimum Fund Balance of 10% of budgeted General Fund recurring revenue.~~

Budgeted fund balances shall be established at a minimum of 10% of budgeted recurring revenue for the General Fund and 5% of budgeted recurring revenues for the Street and Surface Water Management Funds.

The City hereby establishes and will maintain reservations of Fund Balance, as defined in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Policy shall only apply to the City's governmental funds. Fund Balance shall be composed of the following five categories:

1. Non-Spendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the principal of an endowment fund).
2. Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Restrictions may only be changed or lifted with the consent of the resource providers.
3. Committed Fund Balance – Amounts that can be used only for the specific purposes determined by formal action of the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.
4. Assigned Fund Balance – Amounts the City intends to use for a specific purpose.
5. Unassigned Fund Balance – The residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are the portion

of fund balance that is not obligated or specifically designated and is available for any purpose.

The Finance Director shall have the authority to assign amounts of fund balance to a specific purpose; however, before expenditure, amounts must be appropriated by the City Council.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts shall be reduced first, followed by assigned amounts and then unassigned amounts.

#### **D. Resource Allocation**

The City Council has established the following allocations for designated revenues:

1. Not less than 1% of annual General Fund expenditures will be for Human Services programs.

#### **E. Accounting, Budget, and Financial Practice Policies**

1. The City will maintain an accounting and financial reporting system that fully meets professional standards, state accounting requirements, and standards used by debt rating agencies.
2. Financial procedures shall be developed to assure appropriate controls are in place to protect City assets and to provide for the development of timely financial reporting.
3. Procurement policies and procedures shall be developed and periodically updated as needed to meet legal requirements and assure effective and competitive purchasing practices.
4. The City will strive to maintain at least an “A1” bond rating from Moody’s Investor Services.
5. The Finance Director shall provide to the City Council not less than quarterly a Financial Status Report for all City Funds. This Report will include comparisons of actual revenue and expenditure performance to the respective Budget estimates. Where revenue collections are, or are anticipated to be significantly less than Budget estimates, and/or, where expenditures are, or are anticipated to be significantly greater than Budget estimates, the Finance Director shall include recommendations for possible adjustments or actions.

6. In accordance with state law, the City Manager is authorized to transfer budgeted amounts within any fund; however, any revisions that alter the total expenditure authority (appropriation) of a fund or change the number of authorized employee positions, the pay classification system, hours, or other conditions of employment, must be approved by the City Council.
7. Staff shall provide for a periodic evaluation of the City's Fund and fee structure to provide for service delivery and/or cost recovery enhancements.

## **F. Revenue Policies**

1. To minimize the impact of cyclical economic downturns on City General Fund revenues and services, the City will attempt to diversify its economic base.
2. Where the City has authority to establish and change fees and charges, all such fees and charges shall be adjusted annually for inflation, based on the change in the Implicit Price Deflator (IPD) for State and Local Government Consumption Expenditures and Gross Investment for the twelve month period ending June 30, or other applicable index or measure.
3. The City will establish cost recovery policies for fee supported services which consider the relative public/private benefits received from the services being provided and/or the desirability of providing access to services for specialized populations. These policies will determine the percentage of full service costs to be recovered through fees. The level of cost recovery may be adjusted to ensure that rates are current, equitable, and competitive and cover that percentage of the total cost deemed appropriate. Staff shall submit periodic financial reports to the Council on the progress in meeting the policies.
4. Grant revenue will be included in the City's Financial Forecasts and Budgets when it is probable the City will receive the grant award.
5. Property taxes levied for general government operations will be at least 1% more than levied in the prior year plus the amount received as a result of new construction. Effective with the 2012 Property Tax Levy, 90% of the Property Taxes will be allocated to the General Fund and 10% will be allocated to the Capital Projects Reserve Fund. Property taxes set aside in the Capital Projects Reserve Fund will grow at 1% per year beginning in ~~2006~~2013.

## **G. Capital Improvement Program Policies**

1. The City will plan for capital improvements over a multi-year period. The Capital Improvement Program will directly relate to the City's long-range plans and policies. When capital improvements are being planned, maintenance & operating costs will be estimated and identified within the City's Financial Forecasts. When the capital projects

are complete, monies will be included in the City's Operating Budget to provide for maintenance and operating costs.

2. To maintain the City's physical assets, a current inventory will be maintained of all of the City assets, and their condition, maintenance and estimated replacement costs. The City shall maintain an Equipment Replacement Reserve Fund through cash reserves set aside each year to provide for the timely and orderly replacement of assets. The Equipment Replacement Reserve Fund shall be included in the update of the City's Financial Forecasts.
3. The City will maintain an "Art in Public Places Fund" for the purpose of providing funds for capital improvement projects funded wholly or in part by the City of Burien for construction or remodeling of government owned public buildings, transit centers and parks.
4. A capital project is defined as a project of a nonrecurring nature with a cost of \$25,000 or more and estimated service life of at least 10 years including major renovations of existing facilities. Routine maintenance of existing facilities, however, should not be included in capital requests.
5. The Adopted Capital Facilities Element of the Burien Comprehensive Plan provides guidance regarding the development of the City's Capital Improvement Program.
6. For each Fund of the Capital Improvement Program (Parks and General Government, Town Square, Transportation, and Surface Water Management), funding sources will be identified so that it will be clear what local funds, grant funds, and other revenue sources are supporting each program.
7. The City will use Community Development Block Grant capital funds for eligible capital projects that are included in the City's adopted Capital Improvement Program. The funds will only be spent on eligible projects that benefit low and moderate income individuals as defined in the Community Development Block Grant regulations.

## **H. Debt Policies**

1. When evaluating the use of councilmanic debt and the associated debt service obligations, a financial feasibility analysis will be performed including the City's ability to make debt service payments, taking into account revenue fluctuations associated with periodic economic cycles.
2. Voted and councilmanic debt will be used prudently in a manner to avoid any adverse impact on the City's credit rating.
3. The City will establish appropriate procedures to assure compliance with its bond covenants and all other applicable federal, state, and local laws, policies or regulations.

4. Debt may be used on a limited basis for specific short-term cash flow needs. Debt will not be used to fund long-term revenue shortages. For major capital projects with long-term useful lives (normally 20 years or more) and where costs exceed short-term cash flows, debt may be used provided there is sufficient discretionary revenue within the Financial Forecasts Plan to service the debt without disrupting the City's existing service delivery programs.

## **I. Investment Policies**

1. The City will follow state law and the following criteria in priority order when investing City monies:
  - a. Preserve capital through prudent financial investments;
  - b. Maintain sufficient liquidity so that monies are available when needed; and
  - c. Achieve the best available rate of return.
2. The City will provide the appropriate accounting and reporting for any private donations or monies held in trust by the City.

## **J. Financial Management and Organizational Review Policies**

1. The City Manager will periodically review the City's organizational structure to assure that it is responsive to current conditions; and service duplication within the organization and with other local government jurisdictions is eliminated. Periodic performance audits may be used to assess organizational costs and effectiveness. Periodic budget reviews shall be made to examine departmental and/or program line-item costs.
2. The City Manager will periodically evaluate the City's administrative and direct service delivery systems to determine whether a service should be provided by the City, by agreement with a qualified and or competitively priced private or public contractor, or eliminated due to changes in community needs and expectations.
3. The City Council will adopt, through the biennial Budget, service levels, a work program, and performance standards that reflect City revenues, community expectations and legal requirements. The City is committed to examining how it provides services so that service levels and performance standards are met or exceeded at the least cost to the public.
4. The City's compensation structure (salaries and benefits) will be reviewed at least every three years. The City's compensation structure shall be competitive with that of comparable public sector employers in the relevant recruiting or market area. The criteria for reviewing employee salaries and benefits will also include internal comparability for similar jobs and the City's ability to pay. If relevant private sector comparisons are available, they will be considered.

5. The City will, within available resources, maintain the productivity of staff through a supportive working environment, which includes appropriate equipment, supplies, materials, and professional staff development.
6. The City will evaluate its use of intergovernmental service contracts to prevent duplication of services and to assure an effective and efficient service delivery system to the community.
7. The City adopts biennial budgets at the start of every odd-numbered year. The biennial budget provides a two-year expenditure appropriation with side-by-side one-year budget displays. To avoid overspending the two-year appropriation too quickly, departments are held to single-year budgets and are generally not able to commit funds from the second year of the biennium before it begins.

#### **K. Contract Approval Authority**

The approval authority for execution of City contracts is as follows:

1. The City Manager will have authority to sign contracts up to \$25,000.
2. The City Manager will have authority to sign contracts over \$25,000 for equipment, goods, and services that are included in the Adopted Budget.
3. Contracts that exceed Adopted Budget spending authority must be placed on the Council agenda for discussion and approval.
4. Contracts over \$25,000 for initiatives not included in the Adopted Budget must be placed on the Council agenda for discussion and approval.
5. All capital projects in which there is a material change in scope must be placed on the Council agenda for discussion and approval.