



Agenda Bill

City Council Regular Business Meeting - 04 Nov 2019

Department

Finance

Staff Contact

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Agenda Bill Title

Continued Presentation and Discussion on the 2019-2020 Mid-Biennium Budget Review and Adjustment.

Summary

The purpose of this agenda item is for staff to continue to present an overview of the 2019-2020 Mid-Biennium Budget Review and Adjustment, including the proposed 2020 Financial Policies and introduction of the ordinances for the property tax levy, surface water management rates, and commercial parking tax. By way of background, on December 17, 2018, the City Council adopted the 2019-2020 Biennial Budget via Ordinance No. 699. On July, 15, 2019, the City Council adopted Ordinance No. 711 to amend the budget to primarily pay for goods and services authorized in the prior biennium. The mid-biennium review and adjustment addresses budgetary items that need modification and by state law, must be completed no sooner than September 1 and no later than December 31.

2020 Property Tax Levy

In accordance with the City's financial policies and state law, the 2020 budget includes a 1% increase in the property tax levy. By state law, the annual amount of the increase is limited to the lesser of 1% or the percentage increase in the Implicit Price Deflator (IPD). This year the IPD rate is greater than 1% at 1.396%, thus, the City is limited to the 1% increase. A 1% property tax levy increase is approximately \$68,500 in additional revenue for the City. A homeowner with an estimated median home value of \$421,500 will pay around \$7.50 more than previous year. The 2020 property tax levy recommendation, including new construction and refunds, is based on the following:

2020 Preliminary Assessed Valuation: \$7,753,247,388

2020 Estimated Property Tax Rate: \$1.04130 per \$1,000 of Assessed Valuation

2020 Estimated Property Tax Levy: \$8,073,471

The rounded up amount of the 2020 Property Tax Levy is \$8.2 million. The King County Department of Assessments will not levy more than the City is eligible to receive. Ordinance No. 720, Setting the 2020 Property Tax Levy, is scheduled for discussion and action on November 18, 2019. The property tax levy should be adopted by November 30, 2019 to meet the deadline for submitting the levy to King County.

2020 Surface Water Management Fees

As part of the budget process and in accordance with the City's financial policies, staff is recommending an annual increase to the Surface Water Management (SWM) service charges by 2.3% to adjust for inflation and to amend Chapter 13.10 of the municipal code. The proposed increase of 2.3% is based on the Consumer Price Index-U (CPI-U) from June 2018 to June 2019. This percent change was used to calculate the fees below:

Rate Class	Rate Description	2019 Fee	2020 Fee	Fee Basis
1	Residential	\$169.83	\$173.74	Per parcel
2	Very Light	\$169.83	\$173.74	Per parcel
3	Light	\$424.24	\$434.18	Per acre
4	Moderate	\$914.70	\$935.74	Per acre
5	Moderately Heavy	\$1,538.63	\$1,574.02	Per acre
6	Heavy	\$2,086.51	\$2,134.50	Per acre
7	Very Heavy	\$2,658.67	\$2,719.82	Per acre

Note: The discount rates will also be increased by 2.3%.

Ordinance No. 721, Increasing the Surface Water Management (SWM) Service Charges and Amending Chapter 13.10 of the Burien Municipal Code, is scheduled for discussion and action on November 18, 2019. The ordinance should be adopted by November 30, 2019 to meet the deadline for submitting the fee changes to King County.

Commercial Parking Tax Annual Adjustment

As part of the budget process and in accordance with the City's financial policies, staff is recommending an annual increase to the commercial parking tax, beginning January 1, 2020 and each year thereafter, to adjust for inflation based on the Consumer Price Index-U (CPI-U). The current rate of \$3.00 per transaction would increase to \$3.07 in 2020 based on the CPI-U adjustment of 2.3%. The tax is primarily paid by nonresidents, and the anticipated revenue increase is around \$5,000 in 2020.

Ordinance No. 722, Amending BMC 3.13.020 to Provide for the Automatic Increase in the Commercial Parking Tax, is scheduled for discussion and action on November 18, 2019.

Attachments

- [Mid-Biennium Presentation 11-04-19](#)
 - [Ord No. 720 Property Tax Levy for 2020](#)
 - [Ord No. 721 SWM fees for 2020](#)
 - [Ord No. 722 Commercial Parking Tax Adjustment](#)
 - [Ord No. 722 Commercial Parking Tax Adjustment Exhibit A](#)
 - [2020 Financial Policies Draft](#)
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2019-2020 Mid-Biennium Review and Adjustment

November 4, 2019



Introduction

Where we are:

Second public hearing	November 4
Introduction of Property Tax Levy	November 4
Introduction of the Surface Water Management Rates	November 4
Introduction of the Commercial Parking Tax Adjustment	November 4

Where we're going:

Adoption of Property Tax Levy	November 18
Adoption of Surface Water Management Rates	November 18
Adoption of the Commercial Parking Tax Adjustment	November 18
Adoption of budget, including 2020 Financial Policies	December 2

Changes to prior presentations

- Move Drug Enforcement Forfeiture Funds expenditures of \$66,000 from the State Fund to the Federal Fund for the purchase of tactical vests
- Increase Federal Drug Enforcement Forfeiture Fund expenditure authority by \$10,000 as contingency
- Increase payroll costs in Street and Surface Water Management Funds by \$10,450 each
- Adjust transfers from Surface Water Management to Parks & General Government CIP Fund

Mid-Biennium Review & Adjustment

Recap: General Fund Revenues

Revenues	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
BEGINNING FUND BALANCE	23,736,990	(173,324)	23,563,666	21,857,311	(535,329)	21,321,982
Property Tax	7,065,000	-	7,065,000	7,980,000	-	7,980,000
Sales Taxes	10,505,000	-	10,505,000	10,385,000	-	10,385,000
Business and Occupation Tax	1,575,000	-	1,575,000	1,605,000	-	1,605,000
Utility Taxes	2,480,000	-	2,480,000	2,525,000	-	2,525,000
Gambling Taxes	460,000	-	460,000	460,000	-	460,000
Licenses and Permits	1,834,000	-	1,834,000	1,875,000	-	1,875,000
Intergovernmental Revenue	2,617,972	162,350	2,780,322	2,570,000	667,850	3,237,850
Charges for Goods and Services	1,155,000	-	1,155,000	1,167,600	-	1,167,600
Miscellaneous Revenue	1,215,000	57,085	1,272,085	1,220,000	(55,000)	1,165,000
TOTAL REVENUES	28,906,972	219,435	29,126,407	29,787,600	612,850	30,400,450
Transfers In	80,000	-	80,000	80,000	-	80,000
TOTAL REVENUES & TRANSFERS IN	28,986,972	219,435	29,206,407	29,867,600	612,850	30,480,450

Mid-Biennium Review & Adjustment

Recap: General Fund Revenues

Revenue Changes	Ongoing / One-time	2019	2020
Increase Marijuana Excise Tax Revenues	ongoing	50,000	50,000
Increase Intergovernmental Seattle City Light	ongoing	-	310,000
House Bill 1406 Funding (Affordable Housing Investments)	ongoing	-	65,500
Grant - Port of Seattle	ongoing	51,850	51,850
Grant - Local Housing Action Plan	one-time	-	100,000
Grant - Community Development Block Grant - Microenterprise	one-time	45,000	45,000
Grant - Senior Services Shape-Up	ongoing	-	5,000
Grants - Recreation Program Support	ongoing	15,500	15,500
Grant - Recreation Equipment Funding	one-time	-	25,000
Police confiscated/forfeited property	ongoing	-	(55,000)
Insurance recovery for Town Square Park fountain repairs	one-time	57,085	-
TOTAL GENERAL FUND REVENUE CHANGES		219,435	612,850

Mid-Biennium Review & Adjustment

Recap: General Fund Expenditures

Expenditures	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
Salaries and Wages	5,935,900	13,550	5,949,450	6,164,700	176,100	6,340,800
Personnel Benefits	2,272,855	7,150	2,280,005	2,354,680	130,762	2,485,442
Supplies	329,141	15,250	344,391	302,950	1,900	304,850
Professional Services	3,927,897	459,390	4,387,287	3,722,265	979,390	4,701,655
Other Services	1,249,565	67,100	1,316,665	1,280,365	(21,700)	1,258,665
Intergovernmental Services	15,349,356	19,000	15,368,356	15,681,500	(372,000)	15,309,500
Capital Outlay	1,425,437	-	1,425,437	150,000	(75,000)	75,000
TOTAL EXPENDITURES	30,490,151	581,440	31,071,591	29,656,460	819,452	30,475,912
To Equipment Reserve Fund	150,000	-	150,000	150,000	-	150,000
To Art in Public Places Fund	26,500	-	26,500	26,500	-	26,500
To Debt Service Fund	200,000	-	200,000	200,000	-	200,000
To Parks & General Government CIP Fund	-	-	-	-	1,000,000	1,000,000
TOTAL TRANSFERS OUT	376,500	-	376,500	376,500	1,000,000	1,376,500
TOTAL EXPENDITURES & TRANSFERS OUT	30,866,651	581,440	31,448,091	30,032,960	1,819,452	31,852,412

Mid-Biennium Review & Adjustment

Recap: General Fund Expenditures

Expenditure Changes by Category	Ongoing / One-time	2019	2020
1 FTE - Rental Housing Inspection Program Coordinator	one-time	20,700	125,400
0.75 FTE - Accounting Assistant	ongoing	-	78,400
Temporary Intern revision (increase 0.5 FTE)	one-time	-	53,070
PaRCS overtime	ongoing	-	22,800
PaRCS standby	ongoing	-	42,000
Net effect of 2020 payroll adjustments	ongoing	-	(14,808)
TOTAL PAYROLL CHANGES		20,700	306,862
Computer, phone, etc. for new Rental Housing Inspection Coordinator	one-time	4,110	-
Town Square Park fountain repairs (reimbursed by insurance)	one-time	9,990	-
Supplies for Senior Center (grant-funded)	ongoing	1,150	1,900
TOTAL SUPPLIES CHANGES		15,250	1,900

Mid-Biennium Review & Adjustment

Recap: General Fund Expenditures

Expenditure Changes by Category	Ongoing / One-time	2019	2020
Climate Action Plan	one-time	-	100,000
Severe Weather Shelter & Transitional Housing	one-time	-	100,000
Encampment Clean-Up	ongoing	-	50,000
Winter Public Space Activation & Marketplace Development	ongoing	18,500	18,500
Microenterprise program (grant-funded)	one-time	45,000	45,000
Discover Burien funding (to water plants on 153rd)	ongoing	-	2,000
Small Business Development Center (toward match on state funds)	ongoing	-	2,000
Affordable housing (HB 1406)	ongoing	-	65,500
Burien Back to School Resource Fair	ongoing	-	3,000
Burien Magazine cost adjustment	ongoing	40,000	40,000
Software licensing cost increase (IT, Legal, PaRCS)	ongoing	1,170	17,440
City email security improvements	ongoing	-	10,000
Animal control services cost increase	ongoing	1,500	7,000
Return Finance consulting contingency	ongoing	-	15,000

Mid-Biennium Review & Adjustment

Recap: General Fund Expenditures

Continued from previous slide

Expenditure Changes by Category	Ongoing / One-time	2019	2020
Finance software licensing cost increase	ongoing	-	10,000
Increase in State Audit billing rate	ongoing	-	7,500
Legal services (litigation consulting, overflow legal, etc.)	ongoing	303,000	80,000
City Hall repairs and maintenance (elevator & roof overlay)	one-time	-	80,000
Create reserve fund with Library	ongoing	-	17,000
Reduce Public Works existing budget to fund reserve with Library	ongoing	-	(17,000)
Local Housing Action Plan (grant-funded)	one-time	-	100,000
Urban Center Environmental Impact Statement	one-time	-	175,000
Marketing for Parks, Recreation and Cultural Services events	ongoing	23,000	23,000
Town Square Park fountain repairs (reimbursed by insurance)	one-time	620	-
Services provided for Senior Center (grant-funded)	ongoing	14,100	15,950
Recreation programs (grant-funded)	ongoing	12,500	12,500
TOTAL PROFESSIONAL SERVICES CHANGES		459,390	979,390

Mid-Biennium Review & Adjustment

Recap: General Fund Expenditures

Expenditure Changes by Category	Ongoing / One-time	2019	2020
Food for Council meetings	ongoing	2,500	2,500
Adjust telephone/internet cost	ongoing	14,600	15,000
Controlled access to public internet at City facilities	ongoing	-	6,000
Increase Finance training costs	ongoing	-	2,300
Increase insurance cost	ongoing	-	3,000
Reduce legal services budget	ongoing	(7,500)	-
Increase Building Department costs for code cycle year	one-time	-	1,500
Move expenditures of police seizures to new fund	ongoing	-	(55,000)
Recreation Programs (grant-funded)	ongoing	3,000	3,000
Town Square Park fountain electrical (reimbursed by insurance)	one-time	25,000	-
Town Square Park fountain control panel (reimbursed by insurance)	one-time	17,837	-
Town Square Park fountain repairs (reimbursed by insurance)	one-time	11,664	-
TOTAL OTHER SERVICES CHANGES		67,100	(21,700)
Adjust jail contract	ongoing	19,000	(372,000)
TOTAL INTERGOVERNMENTAL CHANGES		19,000	(372,000)
Council Chambers upgrade (carried forward in 2019)	one-time	-	(100,000)
Purchase of a pottery wheel (grant-funded)	one-time	-	25,000
TOTAL CAPITAL OUTLAY CHANGES		-	(75,000)
TOTAL GENERAL FUND EXPENDITURE CHANGES		581,440	819,452

Mid-Biennium Review & Adjustment

General Fund Reserves

Reserve	Policy/Purpose	Estimated 2020 Target
Operating Reserve	20% of budgeted revenues	\$6.1 million
City Manager's Designated Reserve	For economic risk and unexpected costs	\$5.2 million
Capital Partnership Reserve Assigned Funds	Partnership with other agencies on shared capital facilities	\$7.5 million
Capital Equipment Assigned Funds	Purchase furnishings or equipment for new City facilities	\$1 million
Parking Reserve	Restricted for parking development costs	\$138,000

Mid-Biennium Review & Adjustment

Other Operating Funds

Other Operating Funds	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
Street Fund						
BEGINNING FUND BALANCE	1,394,350	38,245	1,432,595	1,258,435	37,295	1,295,730
Revenues	2,990,000	-	2,990,000	3,085,000	-	3,085,000
Transfers In	-	-	-	-	-	-
Expenditures	2,215,915	950	2,216,865	2,240,735	6,827	2,247,562
Transfers Out	910,000	-	910,000	1,555,000	-	1,555,000
ENDING FUND BALANCE	1,258,435	37,295	1,295,730	547,700	30,468	578,168
Surface Water Management Fund						
BEGINNING FUND BALANCE	1,326,825	236,733	1,563,558	986,935	261,233	1,248,168
Revenues	3,572,418	-	3,572,418	3,658,000	-	3,658,000
Transfers In	-	-	-	-	-	-
Expenditures	2,602,308	5,500	2,607,808	2,672,005	20,415	2,692,420
Transfers Out	1,310,000	(30,000)	1,280,000	1,310,000	670,000	1,980,000
ENDING FUND BALANCE	986,935	261,233	1,248,168	662,930	(429,182)	233,748

Mid-Biennium Review & Adjustment

Other Operating Funds

Other Operating Funds	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
Public Works Reserve Fund						
BEGINNING FUND BALANCE	1,936,720	278,049	2,214,769	2,409,720	278,049	2,687,769
Revenues	1,790,000	-	1,790,000	1,840,000	-	1,840,000
Transfers In	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-
Transfers Out	1,317,000	-	1,317,000	2,577,000	1,150,000	3,727,000
ENDING FUND BALANCE	2,409,720	278,049	2,687,769	1,672,720	(871,951)	800,769
Equipment Reserve Fund						
BEGINNING FUND BALANCE	1,226,215	142,068	1,368,283	1,273,437	142,068	1,415,505
Revenues	25,000	-	25,000	25,000	-	25,000
Transfers In	270,000	-	270,000	270,000	-	270,000
Expenditures	247,778	-	247,778	90,000	28,000	118,000
Transfers Out	-	-	-	-	-	-
ENDING FUND BALANCE	1,273,437	142,068	1,415,505	1,478,437	114,068	1,592,505

Mid-Biennium Review & Adjustment

Other Operating Funds

Other Operating Funds	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
Art in Public Places Fund						
BEGINNING FUND BALANCE	35,830	19,417	55,247	35,830	19,417	55,247
Revenues	-	-	-	-	-	-
Transfers In	26,500	-	26,500	26,500	-	26,500
Expenditures	26,500	-	26,500	26,500	-	26,500
Transfers Out	-	-	-	-	-	-
ENDING FUND BALANCE	35,830	19,417	55,247	35,830	19,417	55,247
Capital Projects Reserve Fund						
BEGINNING FUND BALANCE	439,800	(1,478)	438,322	1,254,800	(1,478)	1,253,322
Revenues	815,000	-	815,000	30,000	-	30,000
Transfers In	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-
Transfers Out	-	-	-	1,000,000	-	1,000,000
ENDING FUND BALANCE	1,254,800	(1,478)	1,253,322	284,800	(1,478)	283,322

Mid-Biennium Review & Adjustment

Other Operating Funds

Other Operating Funds	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
State Drug Enforcement Forfeiture Fund						
BEGINNING FUND BALANCE	-	-	-	-	269,750	269,750
Revenues	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Expenditures	-	-	-	-	55,000	55,000
Transfers Out	-	-	-	-	-	-
ENDING FUND BALANCE	-	-	-	-	214,750	214,750
Federal Drug Enforcement Forfeiture Fund						
BEGINNING FUND BALANCE	-	-	-	-	301,160	301,160
Revenues	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Expenditures	-	-	-	-	76,000	76,000
Transfers Out	-	-	-	-	-	-
ENDING FUND BALANCE	-	-	-	-	225,160	225,160

Mid-Biennium Review & Adjustment

Other Operating Funds

Other Operating Funds	2019 Budget			2020 Budget		
	Current Revised	Changes	Current Mid-Bi	Current Revised	Changes	Current Mid-Bi
Debt Service Fund						
BEGINNING FUND BALANCE	53,075	17,398	70,473	39,790	17,398	57,188
Revenues	358,000	-	358,000	358,000	-	358,000
Transfers In	2,237,000	-	2,237,000	2,237,000	-	2,237,000
Expenditures	2,608,285	-	2,608,285	2,590,640	-	2,590,640
Transfers Out	-	-	-	-	-	-
ENDING FUND BALANCE	39,790	17,398	57,188	44,150	17,398	61,548
Transportation Benefit District Fund						
BEGINNING FUND BALANCE	99,660	23,121	122,781	92,160	23,121	115,281
Revenues	792,500	-	792,500	792,500	-	792,500
Transfers In	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-
Transfers Out	800,000	-	800,000	800,000	-	800,000
ENDING FUND BALANCE	92,160	23,121	115,281	84,660	23,121	107,781

Mid-Biennium Review & Adjustment

Parks and General Government CIP Fund

PARKS & GENERAL GOVERNMENT CAPITAL PROJECTS		2019	2020
PG0002	Parks Facilities Restoration	209,545	-
PG0005	Seahurst Park Slide	149,003	-
PG0006	Moshier Park Field and Restroom Improvements [1]	-	8,390,000
PG0007	Lake Burien School Memorial Park Improvements	7,480	529,883
PG0010	Eagle Landing Park Stair Reconfiguration	690,907	-
PG0011	Lakeview Park Playground/Path Improvements	48,491	-
PG0014	Burien Community Center Restroom Renovation	183,248	-
NEW	Burien Community Center HVAC Replacement	-	426,991
NEW	Hilltop Park Master Plan	-	130,000
	Staff Coordination of Projects	10,000	10,000
		<u>1,298,674</u>	<u>9,486,874</u>

[1] Conditional on grant funding

Mid-Biennium Review & Adjustment

Parks and General Government CIP Fund

Parks and General Government CIP Fund	2019 Budget			2020 Budget		
	Adopted Budget	Changes	Current Mid-Bi	Adopted	Changes	Current Mid-Bi
BEGINNING FUND BALANCE	738,366	591,354	1,329,720	328,367	250,828	579,195
Revenues	431,765	116,384	548,149	1,585,000	4,056,874	5,641,874
Transfers In	-	-	-	1,000,000	2,300,000	3,300,000
Total Revenues & Transfers In	431,765	116,384	548,149	2,585,000	6,356,874	8,941,874
Expenditures	841,764	456,910	1,298,674	2,595,000	6,891,874	9,486,874
Transfers Out	-	-	-	-	-	-
Total Expenditures & Transfers Out	841,764	456,910	1,298,674	2,595,000	6,891,874	9,486,874
ENDING FUND BALANCE	328,367	250,828	579,195	318,367	(284,172)	34,195

Mid-Biennium Review & Adjustment

Transportation CIP Fund

TRANSPORTATION CAPITAL PROJECTS		2019	2020
TR0002	Pavement Management Program	850,000	850,000
TR0005	Citywide ADA Barrier Mitigation	123,329	50,000
TR0008	4th-6th Ave SW / SW 148th St Intersection	164,777	-
TR0009	Signal Controller / Interconnect Upgrades	120,639	50,000
TR0010	NERA Infrastructure - Pilot Program	49,188	-
TR0014	5th Ave S Traffic Calming	1,446,869	-
TR0015	S 156th St / 4th Ave S Pedestrian HAWK	326,946	-
TR0017	Peter Western Bridge Replacement	7,699,698	-
TR0018	4th Ave SW Sidewalks (SW 156th-160th St)	791,812	-
TR0019	S 144th Way Improvements	3,787,591	-
TR0020	4th Ave SW Bike Lanes Striping	50,000	-
TR0021	1st Ave S - Phase 3 [1]	2,134,941	15,305,000
TR0022	S 128th St Corridor Study	17,423	-
TR0023	S 136th St Sidewalk Improvements	763,800	250,000
	Staff Coordination of Projects	84,000	87,000
		<u>18,411,013</u>	<u>16,592,000</u>

[1] Conditional on grant funding

Mid-Biennium Review & Adjustment

Transportation CIP Fund

Transportation CIP Fund	2019 Budget			2020 Budget		
	Adopted Budget	Changes	Current Mid-Bi	Adopted	Changes	Current Mid-Bi
BEGINNING FUND BALANCE	601,212	6,281,493	6,882,705	194,212	475,297	669,509
Revenues	150,000	10,822,817	10,972,817	6,450,000	5,250,000	11,700,000
Transfers In	1,225,000	-	1,225,000	3,405,000	850,000	4,255,000
Total Revenues & Transfers In	1,375,000	10,822,817	12,197,817	9,855,000	6,100,000	15,955,000
Expenditures	1,782,000	16,629,013	18,411,013	5,292,000	11,300,000	16,592,000
Transfers Out	-	-	-	-	-	-
Total Expenditures & Transfers Out	1,782,000	16,629,013	18,411,013	5,292,000	11,300,000	16,592,000
ENDING FUND BALANCE	194,212	475,297	669,509	4,757,212	(4,724,703)	32,509

Mid-Biennium Review & Adjustment

Surface Water Management CIP Fund

SURFACE WATER MANAGEMENT CAPITAL PROJECTS		2019	2020
SW0001	Residential Drainage Improvements Program	100,000	300,000
SW0006	SW 165th St Drainage Improvements	1,609	-
SW0008	King County Courthouse Stormwater Project	80,000	-
SW0009	20th Ave S Drainage Improvements	135,950	20,000
SW0010	Cove Point Outfall Repair	195,830	-
SW0011	Hermes Outlet Improvements	619,961	-
SW0012	Storm Drainage Master Plan	141,012	-
SW0013	Miller Creek Enhancements	50,000	3,500,000
SW0014	Eagle Landing Park Storm Drainage Improvements	998,834	-
NEW	S 140th / Des Moines Memorial Dr Trunkline	700,000	-
	Staff Coordination of Projects	50,000	50,000
		<u>3,073,196</u>	<u>3,870,000</u>

Mid-Biennium Review & Adjustment

Surface Water Management CIP Fund

Surface Water Management CIP Fund	2019 Budget			2020 Budget		
	Adopted Budget	Changes	Current Mid-Bi	Adopted	Changes	Current Mid-Bi
BEGINNING FUND BALANCE	2,393,684	1,040,539	3,434,223	903,684	697,616	1,601,300
Revenues	-	395,273	395,273	2,985,000	(985,000)	2,000,000
Transfers In	1,200,000	(30,000)	1,170,000	1,200,000	(330,000)	870,000
Total Revenues & Transfers In	1,200,000	365,273	1,565,273	4,185,000	(1,315,000)	2,870,000
Expenditures	2,365,000	708,196	3,073,196	4,400,000	(530,000)	3,870,000
Transfers Out	325,000	-	325,000	600,000	-	600,000
Total Expenditures & Transfers Out	2,690,000	708,196	3,398,196	5,000,000	(530,000)	4,470,000
ENDING FUND BALANCE	903,684	697,616	1,601,300	88,684	(87,384)	1,300

Mid-Biennium Review & Adjustment

Financial Policies Proposed Changes

- Two new Drug Enforcement Forfeiture Funds (State and Federal)
- Recognition of the Transportation Benefit District Fund

Potential Impact of Initiative 976

If approved by voters in November, Initiative 976 will eliminate the City's ability to levy vehicle fees to fund transportation improvements.

Vehicle Fee Revenue
\$785,000

Debt Service
\$400,000

Pavement Management Program
\$400,000

2020 Property Tax



Budget includes 1% increase in accordance with City's Financial Policies and State Law



State law limits amount of increase to the lesser of 1% or the percentage increase in the implicit price deflator (IPD)



IPD Rate for 2020 is 1.396%

2020 Property Tax



Estimated property tax rate is \$1.04 per \$1,000 of assessed valuation



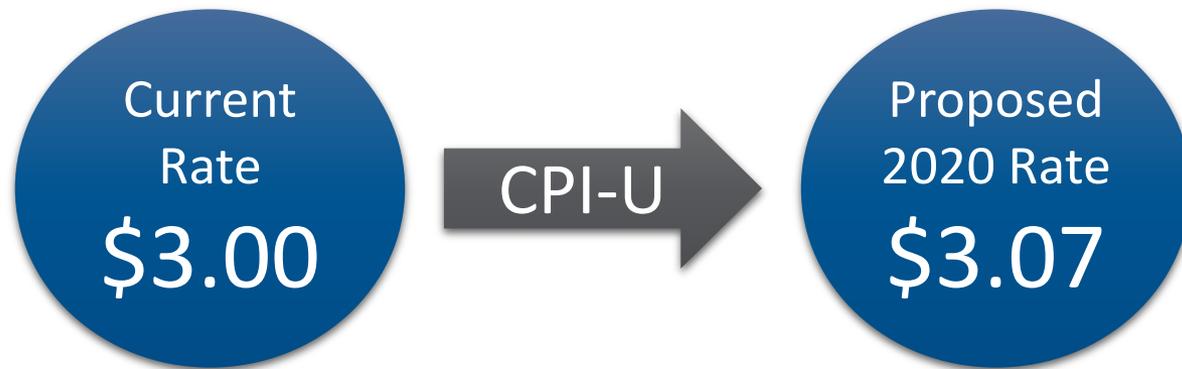
Estimated median home value of \$421,500 will pay around \$7.50 more than previous year

Surface Water Management Rates

Rate Class	Description	2019 Fee	2020 Fee
1	Residential	\$169.83 per parcel	\$173.74 per parcel
2	Very Light	\$169.83 per parcel	\$173.74 per parcel
3	Light	\$424.42 per acre	\$434.18 per acre
4	Moderate	\$914.70 per acre	\$935.74 per acre
5	Moderately Heavy	\$1,538.63 per acre	\$1,574.02 per acre
6	Heavy	\$2,086.51 per acre	\$2,134.50 per acre
7	Very Heavy	\$2,658.67 per acre	\$2,719.82 per acre

Commercial Parking Tax

Recommending an annual increase by adjusting for inflation



Increase revenue by approximately \$5,000 in 2020 to \$235,000

Questions?

Eric Christensen, Finance Director
EricC@burienwa.gov



CITY OF BURIEN, WASHINGTON

ORDINANCE NO. 720

AN 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, 2020, 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. PROVIDING FOR SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Burien has met and considered its budget for the 2019 and 2020 calendar years; and,

WHEREAS, the City Council held a final public hearing on November 4th, 2019, to consider revenue sources, including a property tax increase of up to 1%, and expenditures for the 2019- 2020 biennial budget; and,

WHEREAS, the City of Burien's actual levy amount from the previous year was \$7,937,044; and,

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

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

Section 1. 2020 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 2020, in the amount specified below:

Regular Tax Levy of \$8,200,000

The dollar amount of the increase over the actual levy amount from the previous year shall be \$68,463, which is a percentage increase of 0.86% 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, 2020.

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 THIS ____ DAY OF NOVEMBER 2019, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE THIS ____ DAY OF NOVEMBER 2019.

CITY OF BURIEN

Jimmy Matta, Mayor

ATTEST/AUTHENTICATED:

Megan Gregor, City Clerk

Approved as to form:

Lisa Marshall, City Attorney

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

CITY OF BURIEN, WASHINGTON

ORDINANCE NO. 721

AN ORDINANCE OF THE CITY OF BURIEN, WASHINGTON, AMENDING CHAPTER 13.10 OF THE BURIEN MUNICIPAL CODE INCREASE SURFACE WATER MANAGEMENT SERVICE CHARGES , PROVIDING FOR SEVERABILITY AND ESTBLISHING AN EFFECTIVE DATE

WHEREAS, City Council policy is to increase the Surface Water Management fees annually based on the change in the June to June Seattle-Tacoma-Bellevue Consumer Price Index – All Urban Consumers (CPI-U)

WHEREAS, the index is calculated by measuring the percent change from the most recent June index to the prior June index; and

WHEREAS, the percent change in the Consumer Price Index – All Urban Consumers for June 2019 is 2.3%; and

WHEREAS, the rates below have been amended to account for the 2019 CPI-U of 2.3%;

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

Section 1. Section 13.10.350 of the Burien Municipal Code, Rate structure, is hereby amended to read as follows:

13.10.350 Rate structure.

(1) The service charges shall be based on the relative contribution of increased surface and surface water runoff from a given parcel to the surface and surface water management system. The percentage of impervious surfaces on the parcel, the total parcel acreage and any mitigating factors as provided in this chapter will be used to indicate the relative contribution of increased surface and surface water runoff from the parcel to the surface and surface water management system. The relative contribution of increased surface and surface water runoff from each parcel will determine that parcel's share of the service charge revenue needs. The service charge revenue needs of the program are based upon all or any part, as determined by the council, of the cost of surface and surface water management services or to pay or secure the payment of all or any portion of any issue of general obligation or revenue bonds issued for that purpose.

(2) The department shall determine the service charge for each parcel within the service area by the following methodology:

(a) Residential and very lightly developed nonresidential parcels shall receive a flat rate service charge for the reasons set forth in this chapter.

(b) Light to very heavily developed parcels shall be classified into the appropriate rate category by their percentage of impervious surface coverage. Land use codes or data collected from parcel investigations, or both, will be used to determine each parcel's percentage of impervious surface coverage.

After a parcel has been assigned to the appropriate rate category, the service charge for the parcel will be calculated by multiplying the total acreage of the parcel times the rate for that category.

(3) There are hereby imposed upon all developed properties in the service area annual service charges as follows:

Surface Water Management Service Charges

Class	Impervious Surface %	Rate
Residential	N/A	\$169.83 \$173.74/parcel/year
Very Light	0 to 10%	\$169.83 \$173.74/parcel/year
Light	greater than 10% to 20%	\$424.42 \$434.18/acre/year
Moderate	greater than 20% to 45%	\$914.70 \$935.74/acre/year
Moderately Heavy	greater than 45% to 65%	\$1,538.63 \$1,574.02/acre/year
Heavy	greater than 65% to 85%	\$2,086.51 \$2,134.50/acre/year
Very Heavy	greater than 85% to 100%	\$2,658.67 \$2,719.82/acre/year
City Roads	N/A	Exempt
State Highways	N/A	Exempt

The minimum service charge in any class shall be ~~\$169.83~~\$173.74 per parcel per year. Mobile home parks' maximum annual service charges in any class shall be ~~\$169.83~~\$173.74 times the number of mobile home spaces.

(4) The city council will review the surface water management service charges annually to ensure the long-term fiscal viability of the program and to guarantee that debt covenants are met. The program will use equitable and efficient methods to determine service charges. [Ord. 489 § 2, 2008]

Section 2. Section 13.10.360 of the Burien Municipal Code, Rate adjustments and appeals, is hereby amended to read as follows:

13.10.360 Rate adjustments and appeals.

(1) Any person billed for service charges may file a request for rate adjustment with the department within three years of the date from which the bill was sent. However, filing of such a request does not extend the period for payment of the charge.

(2) Requests for rate adjustment may be granted or approved by the director only when one of the following conditions exists:

(a) The parcel is owned and is the personal residence of a person or persons determined by the county assessor as qualified for a low income senior citizen property tax exemption authorized under RCW [84.36.381](#). Parcels qualifying under this subsection (2)(a) shall be exempt from all charges imposed in this chapter;

(b) The acreage of the parcel charged is in error;

(c) The parcel is nonresidential and the actual impervious surface coverage of the parcel charged places it in a different rate category than the rate category assigned by the department;

(d) The parcel is nonresidential and the parcel meets the definition of open space in this chapter. Parcels qualifying under this subsection (2)(d) will be charged only for the area of impervious surface and at the rate which the parcel is classified under using the total parcel acreage;

(e) The parcel is served by one or more flow control or water quality treatment facilities required under this chapter, or can be demonstrated by the property owner to provide flow control or water quality treatment of surface and storm water to the standards in this chapter, and any such facility is maintained at the expense of the parcel owner to the standards required by the department. Nonresidential parcels except in the light category qualifying under this subsection shall be charged at the rate of one lower rate category than as classified by its percentage of impervious surface coverage. Nonresidential parcels in the light rate category qualifying under this subsection shall be charged at the rate of ~~\$169.83~~\$173.74 per parcel per year. Residential parcels and parcels in the very light category qualifying under this subsection shall be charged ~~\$84.91~~\$86.86 per parcel per year; or

(f) The service charge bill was otherwise not calculated in accordance with this chapter.

(3) The property owner shall have the burden of proving that the rate adjustment sought should be granted.

(4) At the director's discretion, before a rate adjustment will be granted, the property owner may be required to grant permission for city staff to inspect the property to determine if the applicable requirements in subsection (2) of this section have been met. If the property owner refuses to grant access for an inspection, the director may not grant the rate adjustment.

(5) Decisions on requests for rate adjustments shall be made by the director based on information submitted by the applicant and the results of the inspection, if applicable. The applicant shall be notified in writing of the director's decision. If an adjustment is granted which reduces the charge for the current year or two prior years, the applicant shall be refunded the amount overpaid in the current and two prior years.

(6) If the director finds that a service charge bill has been undercharged, then either an amended bill shall be issued which reflects the increase in the service charge or the undercharged amount will be added to the next year's bill. This amended bill shall be due and payable under this chapter. The director may include in the bill the amount undercharged for two previous billing years in addition to the current bill.

(7) Decisions of the director on requests for rate adjustments shall be final unless, within 20 days of the date the decision was mailed, the applicant submits in writing to the director a notice of appeal setting forth a brief statement of the grounds for appeal and requesting a hearing before the hearing examiner. The examiner's decision shall be a final decision pursuant to Chapter [2.15](#) BMC. [Ord. 489 § 2, 2008]

Section 3. 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 4. Effective Date. This Ordinance shall take effect January 1, 2020.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, AT A REGULAR MEETING THEREOF THIS _____ DAY OF NOVEMBER 2019, AND SIGNED IN AUTHENTICATION OF ITS PASSAGE THIS _____ DAY OF NOVEMBER 2019.

CITY OF BURIEN

Jimmy Matta, Mayor

ATTEST/AUTHENTICATED:

Megan Gregor, City Clerk

Approved as to form:

Lisa Marshall, City Attorney

Filed with the City Clerk:

Passed by the City Council:

Ordinance No.:

Date of Publication:

CITY OF BURIEN, WASHINGTON

ORDINANCE NO. 722

AN ORDINANCE OF THE CITY OF BURIEN, WASHINGTON, AMENDING BMC 3.13.020 TO PROVIDE FOR THE AUTOMATIC INCREASE IN THE COMMERCIAL PARKING TAX IN ACCORDANCE WITH THE JUNE TO JUNE SEATTLE-TACOMA-BELLEVUE CONSUMER PRICE INDEX – ALL URBAN CONSUMERS, CPI-U, PROVIDING FOR SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Burien levies a commercial parking tax in the amount of \$3.00 per commercial parking transaction, including “short-term metered parking,” irrespective of the length of time that a vehicle is parked in connection with each transaction; and

WHEREAS the City of Burien desires to amend BMC 3.13.020 to provide for the automatic increase in the commercial parking tax in accordance with the June to June Seattle-Tacoma-Bellevue Consumer Price Index – All Urban Consumers, CPI-U, rounded up to the nearest cent; and

WHEREAS, the City will provide written notice to affected businesses in Burien of any increase to the commercial parking tax by November 30th, 2019 for the 2020 adjustment, and in subsequent years, by November 1st of the year preceding the adjustment;

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

Section 1. Amendment. BMC Chapter 3.13 is amended as set forth in Exhibit A attached hereto and fully incorporated by this reference.

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 publication.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF BURIEN, WASHINGTON, AT A REGULAR BUSINESS MEETING THEREOF THIS _____ DAY OF NOVEMBER, 2019.

CITY OF BURIEN

Jimmy Matta, Mayor

ATTEST/AUTHENTICATED:

Megan Gregor, City Clerk

Approved as to form:

Lisa Marshall, City Attorney

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

Ordinance No. 722

Exhibit A

Chapter 3.13 COMMERCIAL PARKING TAX

Sections:

- 3.13.010 Definitions.**
- 3.13.020 Imposed.**
- 3.13.030 Tax in addition to other license fees or taxes.**
- 3.13.040 Use of tax proceeds.**
- 3.13.050 Taxes collected by business operators.**
- 3.13.060 Exempt vehicles.**
- 3.13.070 Violation – Penalty.**
- 3.13.080 Appeal procedure.**
- 3.13.090 Referendum procedure.**

3.13.010 Definitions.

For the purposes of this chapter, the following definitions shall apply:

(1) “Commercial parking business” means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged, and includes parking service operations of municipal corporations of the state of Washington and other governmental entities, where a fee is charged for parking services or for use of parking spaces.

(2) “Commercial parking lot” means any covered or uncovered area with parking stalls or spaces used by a commercial parking business for the purpose of parking motor vehicles or allowing motor vehicles to be parked.

(3) “Commercial parking transaction” means any transaction or arrangement whereby a vehicle is parked and a fee is charged for parking or allowing the vehicle to be parked. It shall constitute a parking transaction each time a fee is charged for parking or allowing a vehicle to be parked, irrespective of the length of time the vehicle is parked, including “short-stay metered parking,” as defined herein; provided, that “local employee parking,” as defined herein, shall not constitute a commercial parking transaction. A commercial parking transaction shall include instances where a fee is charged for the parking of a vehicle and that fee is included as a specific item in the fee or charge. A commercial parking transaction shall also include instances where a vehicle is parked or allowed to be parked for a certain period of time, and a fee is charged in connection with other services. A commercial parking transaction shall also include instances where a guest of a hotel, motel or other lodging establishment is allowed to park or leave his/her vehicle at the hotel, motel or other lodging establishment after the guest has concluded his/her

Ordinance No. 722

Exhibit A

business at the hotel, motel or other lodging establishment and/or has checked out of the hotel, motel or other lodging establishment, so that the guest's vehicle is parked at the hotel, motel or other lodging establishment during days when the guest is not staying at the hotel, motel or other lodging establishment, regardless of whether a parking fee is included as a specific item listed or identified on the bill or charge for services by the hotel, motel or other lodging establishment. A commercial parking transaction shall also include instances where a vehicle is parked or allowed to be parked and where a fee would be charged for the parking unless validated by a business because a customer makes a purchase or otherwise transacts business for which a fee is paid. Each vehicle that is parked shall constitute a separate commercial parking transaction for which the tax shall be collected, even if the fees charged and/or arrangements made for vehicle parking includes more than one vehicle.

(4) "Local employee parking" refers to parking spaces provided or reserved for use by an employee who works within the city, where the employee parks his/her vehicle in connection with his/her employment, without regard to whether arrangements or payment for the parking is made by the employee or by his/her employer.

(5) "Short-stay metered parking" refers to the parking of vehicles in spaces where payment for parking is made through parking meters and where the duration of the metered parking does not exceed three consecutive hours.

3.13.020 Imposed.

A. Pursuant to RCW 82.80.030, there is levied a commercial parking tax to be imposed on the privilege of parking in commercial parking facilities within the city. The tax shall be imposed at the rate of \$3.00 per commercial parking transaction, including "short-term metered parking," irrespective of the length of time that a vehicle is parked in connection with each transaction.

B. Beginning January 1, 2020, and each year thereafter, the tax imposed in subsection (A) of this section shall be adjusted based on the June to June Seattle-Tacoma-Bellevue Consumer Price Index – All Urban Consumers, CPI-U. The adjustment shall be calculated to the nearest cent. Notification of CPI-U based adjustments will be sent out to affected businesses by November 30th, 2019 for the 2020 adjustment, and in subsequent years, by November 1st of the year preceding the adjustment.

3.13.030 Tax in addition to other license fees or taxes.

The tax levied hereunder shall be in addition to any license fee or tax imposed or levied under any law, statute or ordinance whether imposed or levied by the city, state or other governmental entity or political subdivision.

3.13.040 Use of tax proceeds.

Ordinance No. 722

Exhibit A

All revenues, assessments and other charges generated and collected as commercial parking taxes shall be placed into the street fund, and shall be used by the city for transportation purposes, in accordance with RCW 82.80.070, and for administering the tax, including activities of the city in keeping and tracking records, financial reports and other documents, reviewing filings and compiling reports by commercial parking businesses, and other activities involved in collection and enforcement of the tax.

3.13.050 Taxes collected by business operators.

Taxes imposed herein shall be collected by the operators of the commercial parking businesses. The operators of the commercial parking businesses shall remit to the city the commercial parking taxes collected on or before the last day of the month following the month during which the taxes were collected. The city shall be authorized to review and inspect financial records involving activities of businesses which are taxable by this tax at least quarterly.

3.13.060 Exempt vehicles.

The tax shall not be levied on exempt vehicles. Exempt vehicles shall include vehicles with handicap decals, government vehicles which are exempt from tax and tax exempt car-pool vehicles.

3.13.070 Violation – Penalty.

It is unlawful for any person, firm or corporation engaged in a commercial parking business to fail or refuse to collect and remit the taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, whether direct or indirect. Any such violation shall constitute a misdemeanor and shall be punishable by a fine not to exceed \$1,000 or by imprisonment for a term not exceeding 90 days.

3.13.080 Appeal procedure.

Any person aggrieved by the amount of tax determined to be due the city pursuant to the provisions of this chapter may appeal to the city manager, or designee, from such determination by filing a written notice of appeal with the city clerk. The city manager, or designee, shall, as soon as practical, fix a time and place for the hearing for such appeal.

3.13.090 Referendum procedure.

The provisions of the ordinance codified in this chapter are subject to the referendum procedure as follows:

(1) A referendum petition seeking to repeal the ordinance shall be filed with the city clerk, who shall be designated the person to receive petitions of all types, within seven days of the passage by the city council of the ordinance or publication thereof, whichever is later.

Ordinance No. 722

Exhibit A

(2) Within 10 days, the city clerk shall confer with the petitioner concerning the form and style of the petition, issue an identification number for the petition, and cause to be written a ballot title for the measure.

(3) The ballot title shall be posed as a question, so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or fee being imposed, and a negative answer to the question and a negative vote on the measure results in the tax or fee not being imposed. The petitioner shall be notified of the identification number and ballot title within this 10-day period.

(4) After notification of the identification number and ballot title, the petitioner shall have 30 days in which to secure on petition forms the signatures of not less than 15 percent of the registered voters of the city and to file the signed petitions with the city clerk.

(5) Each petition form shall contain the ballot title and the full text of the measure to be referred. The city clerk shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted, the city clerk shall cause the referendum measure to be submitted to the city voters at a general or special election held on one of the dates provided in RCW 29.13.010, as determined by the city council, which election shall not take place later than 120 days after the signed petition has been filed with the city clerk.

20192020 Financial Policies

City of Burien

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 parking and solid waste utility tax collections and solid waste franchise fees are also deposited into 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.
4. The *State Drug Enforcement Forfeiture Fund* accounts for State seizure funds received by the City. The use of these funds is restricted to purchases that will enhance the ability of the City's police to investigate drug related crimes and incidents.
5. The *Federal Drug Enforcement Forfeiture Fund* accounts for Federal seizure funds received by the City. The use of these funds is restricted to purchases that will enhance the ability of the City's police to investigate drug related crimes and incidents.
6. The *Transportation Benefit District Fund* accounts for revenue collected from the vehicle license fee. The use of the fee is restricted for the construction, maintenance, or operational costs of transportation improvements. This may include debt service payments related to the funding of transportation improvements.

RESERVE FUNDS

1. The *Equipment Replacement Reserve Fund* provides monies for the orderly replacement of City assets with a value over \$5,000 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 for debt service or 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* was established to provide funds for acquiring and maintaining public art. It is funded by an annual transfer from the General Fund of an amount equal to \$0.50 per capita based on the most recent population estimate.
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

Three 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. Transportation; and
3. 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 Operating and Reserve 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 Operating and Reserve 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. To the extent financially feasible, the City Manager shall develop a proposed budget that implements the adopted Strategic Plan. The City Council shall use the adopted Strategic Plan and other applicable policies and plans to inform and guide their review and adoption of the biennial budget.
5. The City will use "prudent revenue and expenditure assumptions" in the development of the six-year financial forecasts, and 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

Budgeted fund balances shall be established at a minimum of 20% of budgeted recurring revenues 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.

The General Fund includes a \$7.5 million dollar Capital Partnership Reserve. This reserve is in the General Fund and will be leveraged to partner with other agencies on shared capital facilities. An additional \$1 million is set aside for a Capital Equipment Reserve to purchase furnishings and/or equipment for new City facilities. The funds are available for appropriation if the first criteria is met and one or more of the following criteria is also met.

1. Partnership with a public or private entity.
2. The project or the need is identified in an adopted plan or the adopted budget.
3. The estimated cost of the project is a minimum of \$1 million and Burien's share is at least \$500,000.
4. The project can be accomplished better and/or faster with a partnership.

D. Resource Allocation

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

1. Not less than \$6.50 per capita will be for Human Services programs. The per capita amount shall increase each biennium by the same cost of living adjustment according to section F.2. of the Financial Policies.
2. A minimum of 40% and a maximum of 50% of Business and Occupation Tax Revenues are dedicated to expanded Economic Development programs and activities.

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, that increase the total number of authorized employee positions, or that increase any salary range within the pay classification system in the budget by more than 5% must be approved by the City Council.
7. City checks for the payment of claims may be issued prior to the City Council's review and approval of such claims, provided that the City Manager and/or Finance Director have put in place the provisions of RCW 42.24.180 which include the following:
 - a. The Auditing Officer and individuals designated to sign checks shall have in place an official bond for the faithful discharge of his or her duties in an amount equal to or exceeding \$50,000;
 - b. The City Manager shall adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal controls;

- c. The City Council shall provide for its review of the documentation supporting claims paid and for City Council approval of all checks issued for payment of claims at a Council meeting within one month of issuance of the checks; and
- d. The City Council shall require that if, upon its review, it disapproves some claims, the Finance Director and individuals designated to sign checks shall jointly establish the disapproved claims as receivables of the City and pursue collection diligently until the amounts disapproved are collected or until the City Council is satisfied and approves the claims.

F. Revenue Policies

- 1. To minimize the impact of cyclical economic downturns on 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 Seattle-Tacoma-Bellevue Consumer Price Index - All Urban Consumers for all items 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 City 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. As a general guideline, 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 January 1, 2020, 100% of the Property Tax Levy shall be allocated to the General Fund.

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 plan for replacement of the City's physical assets, the City shall maintain a current inventory of all of the City assets, their condition, and estimated replacement costs. The City shall maintain an Equipment Replacement Reserve Fund consisting of 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. 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.
4. The Adopted Capital Facilities Element of the Burien Comprehensive Plan provides guidance regarding the development of the City's Capital Improvement Program.
5. For each Fund included in the Capital Improvement Program (Parks and General Government, 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.
6. 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.
7. To help improve competitiveness for capital project construction grants and loans, the City should identify and budget resources for project design and matching funds. Potential sources may include water and sewer district franchise fees or utility taxes, and new or updated impact fees for streets and parks to be imposed on new development.

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;

- c. Achieve the best available rate of return;
 - d. Manage the investment yields of bond proceeds to avoid the potential for payment of rebates; and
 - e. Ensure that investment instruments acquired with bond proceeds are purchased at fair market value.
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 to eliminate service duplication within the organization and with other local government jurisdictions. 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. The City Manager has the authority to revise the organizational structure to improve performance and address opportunities, within the adopted budget.
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 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; however, no adjustments shall be made if it is determined the City does not have the ability to pay. The criteria for reviewing employee salaries and benefits will also include internal comparability for similar jobs. If relevant private sector comparisons are available, they will be considered. Annual cost of living adjustments will be based on 100% of the change in the Seattle-Tacoma-Bellevue Urban Wage Earners and Clerical Workers Consumer Price Index for all items the twelve-month period ending June 30, or other applicable index or measure, rounded to the nearest one-tenth percent.
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. The City Manager may approve the carryover of unspent funds from the first year to the second year if it is determined that a program and/or project was not complete at the end of the year and funds are available.

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. The City Manager shall provide a report of such contracts signed as part of the quarterly financial report.
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

L. Debt Collection

1. The Finance Director shall establish and maintain policies and procedures relating to the collection of debt.
2. The Finance Director shall establish policies and procedures governing the assignment or other referral of delinquent accounts or debt to a collection agency that has entered into a contract with the City for that purpose.
3. In certain cases, amounts which are due any City department, from an individual or a corporate debtor may remain unpaid for long periods of time. After the Finance Director and the City Manager have determined that there is no cost effective means of collecting the debt, the debt may be cancelled, written off, or reduced.
4. Amounts due to the City which are \$1,000 or less, after reasonable efforts for collection and or settlement have been made, may be written off upon approval of the City Attorney and the Finance Director. Any debts that are approved for discharge shall be reported as part of the quarterly financial reports.
5. Amounts due to the City between \$1,001 and \$5,000, after reasonable efforts for collection and or settlement have been made, may be written off by the City Manager upon the recommendation of the City Attorney and the Finance Director. Any debts that are approved for discharge shall be reported as part of the quarterly financial reports.

6. Amounts due to the City greater than \$5,000, after reasonable efforts for collection and or settlement have been made, will be presented to the City Council for approval to be written off.