



**2021**

**FINAL BUDGET PLAN**



**City of Clyde Hill, Washington**

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# City of Clyde Hill, Washington

## 2021 Annual Budget



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Police Chief

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Deputy City Clerk

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# **EXECUTIVE SUMMARY**



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**To: City Council & Citizens**  
**From: Marianne Klaas, Mayor**  
**Date: November 17, 2020**  
**Re: 2021 Budget Message**

I would like to thank the City Council, the City Staff, and the Citizen Budget Advisory Committee (Mike Foley, Bob Walerius, Alan Dashen, John Schwager, Amy Kwan, and Chuck Nelson) for their active and direct participation in the development and preparation of the City of Clyde Hill's 2021 Budget. It is through the efforts of these citizens that the City of Clyde Hill has consistently been able to provide exceptional public services and facilities to its citizens while maintaining the highest degree of fiscal responsibility.

### **Budget Background.**

The goal for the 2021 Budget process was to develop a balanced budget that maintained the current level of essential services and facilities that the citizens of Clyde Hill rightfully expect. With policy direction from the City Council, this goal has been met in this budget. Unfortunately, the budget is being balanced from the ending fund balance carryover by the previous year, but only barely.

The magnitude of the deficit is such that even taking all of the available levy capacity by the City Council does not provide a cure for the situation.

Nonetheless, our recommendation is that we utilize all of the levy capacity we have not availed ourselves of in the past. Forgoing this capacity is problematic in the long-term and will only serve to create larger and larger deficits. Utilizing this property tax capacity is warranted, is the correct course of action for Clyde Hill's financial health, and is consistent with municipal best practices.

To help manage the Budget, cost increases have again been held to a minimum and in several cases reduced. Additionally, the City's collective bargaining agreement expires at the end of 2020. There will be additional pressures on the City's finances.

COVID-19 was definitely a factor for the City in 2020 and caused major operational impacts to our manner of conducting our public business. City Hall remains closed to the public in order to support physical distancing requirements. Public meetings are being held via virtual platforms. Staff is splitting their time between working in the office and working remotely from home. We are fortunate that the negative financial impacts experienced by other cities never materialized. This is due to the residential nature of our community and the lack of commercial retail infrastructure.

Although the City of Clyde Hill is a small residential community consisting of about 3,000 people and 1,100 homes, it is still charged with providing essential services to its citizens, including administrative, police, fire, public works, building, code enforcement, streets and adjunct services that the City must accomplish within significant restrictions.

Given the residential nature of the community, the City doesn't have a diversified tax base and has limited revenue sources from which to deliver the services it is charged to provide. Approximately 30% of the City's revenue is derived from property taxes. However, for each dollar in property taxes paid in the aggregate by its citizens, the City receives about five cents. Approximately ninety-five cents of every property tax dollar goes to other jurisdictions over which the City has no control or say.

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

### **Long-Term Considerations.**

The City of Clyde Hill will need to deal with a structural issue revolving around the fact that expenditures are growing faster than revenues over the long term. A perfect example of this is that property taxes are allowed to grow only 1% per year while the local Consumer Price Index (CPI-W) tends to grow faster. Last year CPI-W grew at a rate of 1.7%. Salaries and many contracts are linked to CPI-W. The cost of construction activity and capital maintenance tends to grow even faster.

Staff has recommended that Councilmembers work with staff and the community to develop a strategy to deal with this situation long-term. The use of reserves to balance the budget is not a sustainable long-term strategy.

A Levy LID Lift is a likely part of the future for Clyde Hill, given the structural issues with municipal finances.

The City of Clyde Hill has been and will continue to be fiscally responsible in its budget polices and sound in its practices. It is because of the sound financial and fiscal decisions made that the City is able to maintain the level of essential services and facilities its citizens have come to expect.

The cyclical nature of construction activity and the local economy results in fluctuating development revenues. Since 2011, the City has seen increasingly more homes sold resulting in new and remodeled home projects. City finances have benefited from this favorable trend and school redevelopment projects. The school related revenue has allowed us to build reserves rather than expend reserves. It is critical that future development be closely monitored to assure sound budgeting in future years.

The Mayor, Council and Staff have steadfastly monitored key City economic indicators. In 2009 the Staff developed an extensive monitoring program with checkpoints throughout the year. This successful monitoring and reporting process will continue in 2021. This process provides the Mayor, City Council, and Staff the necessary information to avoid financial surprises and to implement best financial practices.

### **2021 Budget.**

The 2021 Budget anticipates a total revenue of \$5,315,345 and total expenditures of \$7,607,564. The difference between revenue and expenditures is financed from strategic reserves and existing fund balances. The City anticipates that the General Fund will have a total revenue of \$4,314,752 and total expenditures of \$4,453,600.

Total General Fund revenues are anticipated to decrease by 2.7% from the 2020 Budget. Total General Fund expenditures are expected to decrease by 0.4%. The following highlights the major revenue trends included in the 2021 Budget:

1. Development Revenue is projected to decrease by \$37,000 compared to 2020. What must be emphasized is that we will only see residential development in 2021.
2. Sales Tax is projected to increase by \$22,000 from 2020.
3. Given the operating deficit for the 2021 Budget, it is Staff's recommendation to take all of the levy capacity previously banked (~\$229,000) to mitigate the large budget deficit. The remainder of the operating deficit will be covered utilizing previously accumulated fund balances. This deficit discussion will be a policy choice made by the City Council.
4. Due to bottomed-out interest rates, it is expected that investment income will be \$123,750 less than was budgeted in 2020.

Of note is that to control costs over the past decade, multiple years of cost cutting and cost containment measures have been used to maintain expenditures. This will continue.

### **City of Clyde Hill Services.**

Within the 2021 Budget, about 75% of all operating expenditures will fund two major City functions: public safety and public works.

The Clyde Hill Police Department will continue to provide community police service to the City of Clyde Hill and contract services to the Town of Yarrow Point. The Police budget for 2021 is \$1,743,935, a decrease of 3.2%, of which the Town of Yarrow Point will pay a proportionate share of 25%. The Police budget represents about 39% of all General Fund expenditures. The staff of the City's Police Department is fully trained with a currently authorized staff of seven officers, two supervisors, and a records manager.



The City of Clyde Hill will continue to contract with the City of Bellevue for Fire Protection and Emergency Medical Service. The City will pay \$679,350 to the City of Bellevue for these services in 2021, a 2.7% decrease from 2020. This service represents 15% of the City of Clyde Hill's General Fund expenditures and includes assistance in emergency preparedness and hazardous material response.

The City of Clyde Hill's Public Works Department's budget for 2021 is \$903,250 which represents 21% of the City's General Fund expenditures. This is up 2.5% from 2020. The Public Works Department's responsibilities include the construction and maintenance of roads and storm drains, parks and right-of-way areas, development plan check review, approval and building inspection services. The Public Works Department staff has six full-time employees who are charged with the on-going maintenance of the City's infrastructure, as well as the coordination of many special and capital projects.

The remainder of the 2021 Budget is allocated to legal, accounting, audit, insurance, elections, administrative and support costs for the entire City. The City staff, throughout the year, actively supports the work of the Hearing Examiner (which in 2018 replaced the Board of Adjustment), Planning Commission, Civil Service Commission and the City Council. The City Administrator and Mayor are regularly in communication with surrounding communities and make a special effort to cooperate closely with the other Points Communities on regional issues of concern. These Administrative and Support Service Expenses are budgeted at \$1,108,119 which represents 25% of the General Fund expenditures. This is up 3.2% from 2020.

The Capital Improvements portion of the City budget includes various road, storm, sidewalk and other community projects. The 2021 Capital Budget's largest expenditure is \$350,000 for the roadway overlay program. In addition to this project, there are a few other noteworthy capital projects planned for 2021 that are included in:

- \$295,000 for various stormwater-related projects
- \$43,000 for allowable King County park-related projects
- \$75,000 for capital asset maintenance

The Projects Fund budget for 2021 incorporates a combination of Special Projects and Equipment that includes partial funding of a Facilities Master Plan (\$1,978,000), the City's Traffic Management Program (\$30,000) and redevelopment of the City's website (\$42,000).

### **Financial Outlook.**

The City's 2021 Budget continues to be revenue conservative and expenditure frugal. The Budget is balanced. There is a budgeted deficit. As mentioned previously, it will be a decision by the Council on how to cover that deficit in the short-term. However, neither the Council, Staff, nor I are complacent. As we have seen in the recent past, the

Reserve Fund continues to be the City's most reliable tool to manage short-term budget imbalances and provide a bridge to solid financial footing.

Continued strategic decisions are necessary to keep the City on firm financial footing. Other developments adjacent and integral to City Hall have prompted the need for the City to continue to work on its Facilities Master Plan. This Plan sets the long-term path for funding some expensive projects. In addition to completing this Plan, the Staff, Mayor, and Council will continue to monitor all expenditures and development revenues in 2021 to make sure there are no negative surprises.

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

The citizens of the City of Clyde Hill are urged to be informed and knowledgeable about the fiscal policies and practices of the City and about financial and economic factors that impact the City. By acting together, we, the citizens, the Citizen Budget Advisory Committee, the Mayor, the City Council, and the Staff will continue to assure the financial well-being of the City of Clyde Hill.

# **2021 STAFF FINAL BUDGET OVERVIEW**

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

### **BACKGROUND**

The goal of the 2021 Budget process was to deliver to Clyde Hill citizens a balanced budget that maintains the current level of essential services that are expected by our residents, while leaving flexibility to address any issues that arise as a result of the ongoing COVID-19 pandemic. A further requirement is that city staff deliver good value and provide responsible stewardship of the taxpayer resources entrusted to our care.

The City has been fiscally responsible and has prudently built reserves to utilize when needed. The City intends to draw upon its General Fund reserves of \$557,105 in 2021 to balance its \$276,823 operating budget deficit. The City remains in good financial condition with a projected ending fund balance of almost \$8.2 million.

Although the City of Clyde Hill is a small residential community, with about 3,000 citizens and 1,100 homes, it is still charged with providing essential governmental services to its citizens, including police, fire, public works and streets, building, code enforcement, storm water management and adjunct and related services. Fire and emergency medical services are provided via a contract with the City of Bellevue.

The highly residential nature of our city severely limits the revenue coming into the City, both in type of revenue and the amount. Ideally, cities have a more balanced tax base, with a blend of commercial businesses and residential homes. In order to account for this imbalance, Clyde Hill collects its revenue from a diverse hodgepodge of sources.

Development revenue is a major source of revenue for Clyde Hill which differentiates this city from many others. Property tax while stable doesn't provide a wide base at 30% of the General Fund's revenue. Sales tax is largely derived from construction activity taking place in the City as well as through products and services delivered to our citizens. The City has almost no commercial retail base to augment the sales tax received. A myriad of other revenue sources includes facility leases for wireless communication, utility and franchise fees, and police service and other services provided to adjoining communities. The City's ability to increase or grow this revenue from any or all of these sources is limited by statute, practicality, and fairness.

After several years of realized revenue from the redevelopment of Bellevue School System schools (Chinook Middle School and Clyde Hill Elementary School) we are now in a more normal fiscal environment that will encompass primarily residential redevelopment. There are two major sources of revenue that are derived from development activities. These are permit fees and inspection services along with sales tax that comes from materials being delivered to the construction site. These may be used to fund general government. If a property changes hands, the City receives a third type of revenue, Real Estate Excise Tax (REET). This is restricted in its use, primarily toward capital needs.

One of the problematic conditions facing local governments in Washington State is that property taxes rise more slowly than expenditures. This is particularly evident for our neighboring City of Medina, which asked their citizens for a levy lid lift, so that property taxes may be raised beyond the legally restricted 1% maximum growth rate for property tax collections. Its citizens narrowly approved the levy lid lift in November of 2019.

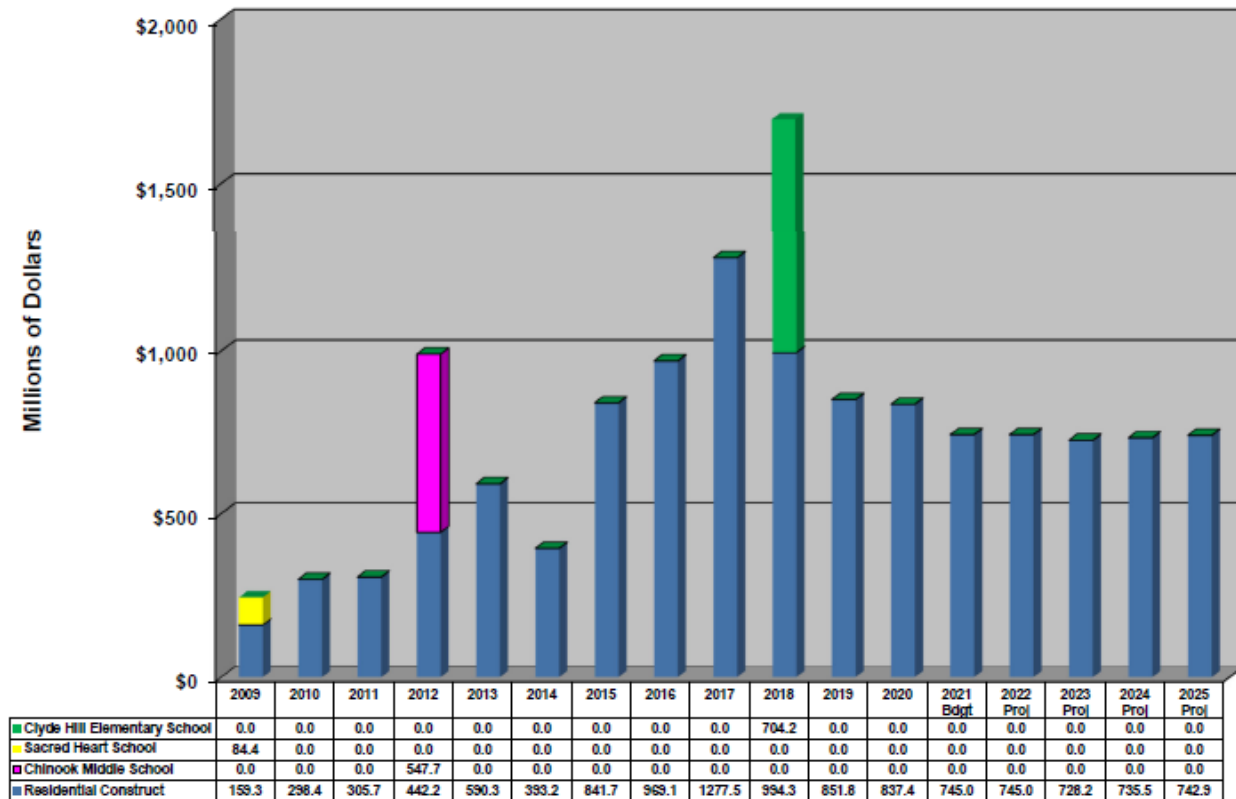
In comparison, Clyde Hill had not taken the allowed 1% growth in property taxes for 10 years and had not taken the allowed new construction component since 2016. This has put Clyde Hill in the position of running a deficit for three consecutive years. To help offset this deficit, the City Council has approved the 1% allowable property tax increase as well as the use of all available banked capacity for 2021.

Staff recommends that we devote time and energy in 2021 to further study and assess our revenues/expenditures tensions and further develop long-term strategies tailored to the needs of Clyde Hill.

**BUDGET FOCUS**

The 2021 Budget strives to maintain 2020 service levels while addressing any new issues or community needs related to the COVID-19 pandemic.

*Development Revenue - Impact of Non-Residential Construction Projects*



## Revenue Big Picture

Clyde Hill's most recent economic picture has been positive because of a high amount of residential development, mostly from new spec homes. This positive picture is expected to continue at least through 2021.

Since 2011, an increase in homes sold/purchased has resulted in new homes and remodeling projects. This activity generated a higher amount of actual development over what was conservatively predicted in 2011 through 2020. In 2012, the \$40.5M Chinook Middle School project provided the City with a one-time infusion of revenue that helped pull the City out of the recession. The redevelopment of the Clyde Hill Elementary School in 2018/19 pushed development revenues into record territory. New home construction is projected to continue its 20-year record high pace. A continued financial challenge will be to monitor and project just how long this high level of development will continue and then begins to cycle down.

A shortage of noteworthy growth in other operating revenues should continue to keep us cautious as the City increases its reliance on development revenues to balance the budget.

## Expenditure Big Picture

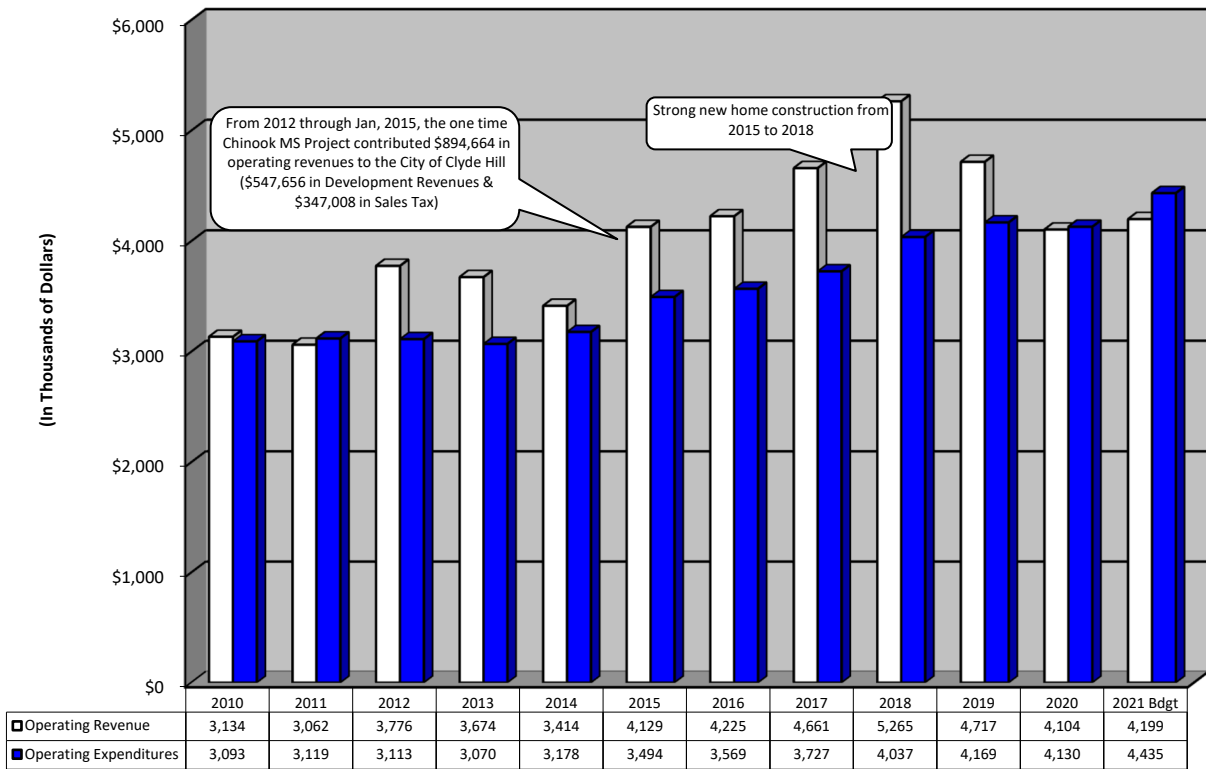
On the operating expenditure side, the picture is one of meeting the needs and expectations of our citizens in an efficient and cost-effective manner.

With Bellevue's passage of a \$140M capital program to upgrade its fire facilities, the two cities completed negotiations for another fire/EMS contract in 2018 that reduced the potential cost implications of these capital projects. Bellevue is planning on reconstructing Fire Station #5 (located next to Clyde Hill City Hall) in the next few years. Given the uncertainty of timing, this has not been included in the 2021 budget.

The fire funding formula is beneficial to Clyde Hill in that system-wide cost increases more heavily burden cities that are experiencing growth in population and calls for service, whereas our population and call volume is relatively stable. This offsets any cost increases to Clyde Hill. Our costs actually decreased by \$17,970 for 2021.

Since the last Recession, City operating expenditures have been continually managed to help survive stagnant revenues going forward. This has been achieved with the help of low inflation as well as multiple cost cutting and cost containment measures throughout the organization.

### Total Operating Revenue Compared to Total Operating Expenditures



The 2021 Operating Budget has only a few noteworthy material items. One major item would be the removal of a School Resource Officer (SRO) which was budgeted in 2020 but did not occur due to the changing demands of community policing and school closures related to COVID-19. The second item is the 1% increase in the regular property tax levy as well as fully utilizing banked capacity from the past several years of unused property tax levy increases. This change is notable because of the recent history of the council choosing not to take the automatic increase.

The 2021 Capital Budget has resources allocated to complete storm drainage improvements to a damaged truck line system on 17<sup>th</sup> Street with estimates of up to \$250,000. Also, a 2021 Street Overlay Project (26<sup>th</sup> Street NE) which was included with an estimated cost of \$89,000.

### **BUDGET PROCESS**

Traditionally we have described the Clyde Hill budget process like an overall "Business Plan." An adjacent sheet describes the elements of Clyde Hill's business plan: 1) Target Issues are reflected in a one year Operating Budget; 2) a six-year Capital Improvements Budget is developed to address the City's major equipment and infrastructure needs as well as other special projects; and 3) Future Projections of the City's finances are

developed to help define a range of future expectations that can assist in the development of both short and longer-term Financial Strategies and Financial Policies.

Continued work is necessary to keep items current and to plan based on assessing ever-changing conditions of the City's external and internal environment. We look at financial trends impacting the City that staff highlighted through our Financial Condition Monitoring System analysis. The Council annually reviews and periodically revises a set of financial policy statements to help guide the staff on the current financial themes of the Mayor and Council.

## **TARGET ISSUES**

A list of 2021 Target Issues was included as part of the City's 2021 Budget to represent the major goals to accomplish in 2021. The implementation of these target issues can be accomplished within the resources of the proposed budget.

## **HIGHLIGHTS OF THE 2021 BUDGET**

To help understand the 2021 Budget, the following are some of the "more interesting" budget items and issues.

### **General Fund Revenues**

The 2021 General Fund Revenues are projected to remain stable at \$4,199,130, a \$1,353 or 0% increase over the 2020 Budget.

The most noteworthy revenue change in 2021 comes from a 20.7% increase in property tax over 2020 actual due to the one-time addition of banked capacity and the 1% automatic increase in property tax levy revenues. This is largely offset by the absence of a School Resource Officer (SRO) and decreases in utility taxes, and investment income. Those changes from 2020's Budget are decreases of \$150,000, \$18,000 and \$124,000, respectively. There continues to be a relatively hot residential development market. The following is an overview of the major revenue trends or issues included in the 2021 Budget:

- 2021 Residential Re-development is expected to continue at a strong pace. Based on developer and resident activity, the staff conservatively estimates that 13 new homes will be constructed in 2021 at an average cost of about \$2.4M. This will result in a total residential development value of about \$38M including remodels, which is a significant amount for Clyde Hill and the same as what was expected in 2020. As previously mentioned, construction within the City impacts the budget through revenue from the cost of permits and plan check fees and also through retail sales taxes from construction.
- Utility Taxes & Franchise Fees collectively are budgeted to decrease by \$37,500 due to rate and usage changes. Each utility has its own story; most noteworthy is a downward trend in Cellular and Cable TV taxes. We believe this is due to

competitive rate setting/decreasing of cellular costs and more people cutting the cable TV cord. The City receives no utility taxes from internet services or internet service providers;

- Sales Tax is projected to decrease by \$40,758 in 2021 over actual collections. Most of the City’s sales tax comes from construction projects.
- The Budget amount includes the allowed 1.0% property tax increase to the general levy and the allowed taxable value of new construction (\$19,042). Because the Council had not increased taxes by the allowed 1% since 2012 and deferred the new construction levy since 2016, the City will take \$199,999 in banked property tax capacity in 2021 to help offset the general fund deficit.
- Investment Income is budgeted to be lower in 2021 by \$40,164 over 2020 actuals. Interest rates remain at historic lows and are projected to stay low throughout the year. The City’s investments in the Local Government Investment Pool (LGIP) mirrors the direction of the short-term fed funds rate.
- Fines & Forfeitures are projected to increase by \$7,044 over 2020 actuals. Staff anticipates more people driving in 2021 after relaxed restrictions of the pandemic later in the year, resulting in an uptick of traffic fines.

**General Fund Expenditures**

Total General Fund Costs are projected to remain relatively flat. There is an actual decrease of 1.2% or \$52,947 below the 2020 Budget. The Budget was developed using the same philosophy adopted in previous budgets – maintain current service levels and hold the line on costs when possible.

Operating costs can be viewed in three major pieces:

- People Costs (Salaries and Benefits) (64.1%)
- Fire/EMS Services (15.3%)
- Everything Else to Support the City (20.5%)

	2020 Budget	2021 Budget	Difference \$	Difference %
<b>Salary/Benefits</b>	\$2,867,400	\$2,844,425	(\$22,975)	(0.8%)
<b>Fire/EMS</b>	\$698,000	\$679,350	(\$18,650)	(2.7%)
<b>All Other Accts</b>	\$888,200	\$910,879	\$22,679	2.6%
<b>TOTAL:</b>	<b>\$4,453,600</b>	<b>\$4,434,654</b>	<b>(\$18,947)</b>	<b>(0.4%)</b>

Changes to salaries and benefits, People Costs, on an account and departmental basis are summarized on an attached sheet.

- Salaries are influenced by a collective bargaining agreement with the Police Officer’s union. An officer’s salary increase is largely determined by changes to their grade step, which can be as high as 5% from one year to the next;
- The City and Union are currently in negotiations on a new collective bargaining agreement. The current agreement expired December 31, 2020;



- Historically, salaries are pegged on the June-to-June CPI-W for the Seattle area;
- City employee wages are budgeted to reflect the CPI; also included are adjustments to keep the City competitive in its labor market.

Total City Personnel Benefits of \$923,975 increased by \$4,575 or 0.5%. Premium rates for the City's medical insurance provider will once again increase. In 2018, the City was required by its provider to change its medical plan to one that addressed the potential for a "Cadillac tax." This new policy slightly reduced the benefits and increased the cost sharing. The reduction in plan benefits also reduced the premiums.

This is the tenth year the City received a WellCity award from the Association of Washington Cities. The program was developed to help guide the staff toward healthy ways to decrease the need for future medical insurance costs. Besides having a health-aware staff, the extra bonus for the City is that it receives a 2% reduction in its medical premiums.

To help control spiraling medical costs, this is the ninth year the City Staff has assumed 10% of their medical premiums for themselves and their dependents. This helps to control about \$30k in City costs.

Clyde Hill contracts with the City of Bellevue for Fire/EMS services. These Fire/EMS Costs for the City's services contract includes a formula for dividing up the cost for these services. In 2018, Bellevue and Clyde Hill renegotiated this contract to account for Bellevue's \$140M capital project levy increase. The revised contract will mean a 2021 cost decrease for these services of \$17,970 or 2.7%.

As for All Other Operating Accounts, the staff has implemented a number of minor operating budget cuts to help address the operating deficit.

There are only a few "non-people" operating accounts that are materially noteworthy (+/- \$10k) in the 2021 Budget:

- \$22,975 reduction in personnel costs to better reflect actual costs;
- \$12,000 increase in insurance to cover additional costs from WCIA;
- \$150,000 decrease in police salary and benefits due to the removal of a SRO;
- \$15,500 decrease in police operating supplies to better reflect usage;

The following Proposed Transfers from the General Fund (\$41,300) are budgeted to go into different departments of the Projects Fund for a variety of projects:

- Transfer into the Housing Rental Department (\$16,300) to help fund ARCH;
- Transfer into the PW and Admin Equipment Replacement Program (\$25,000) to help fund the City's equipment replacement program.

## **RESERVE FUND**

There are no expenditures included in the Reserve Fund.

## **PROJECTS FUND**

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

### **Criminal Justice Department**

The Criminal Justice Department has two main revenue sources. Expenditures are budgeted to decrease by about \$12k in aggregate compared to the 2020 budget. One noteworthy account change relates to a \$18k decrease in equipment. This is due to a one-time planned vehicle purchase in 2020. Yarrow Point contributes about \$20k towards expenses in this Department.

### **Grants Department**

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

### **Equipment Replacement Department**

The City's equipment replacement program has been working well for 20 years. The main goal of the program is to account for and smooth out major equipment purchases to better manage these larger cost items. The program elements and schedule for future replacement items are detailed in a subsequent section of the budget packet. No specific purchases are planned for 2021.

### **Housing Rental Department**

The Housing Rental Department was established in 1995 to keep track of the finances related to the home next to the fire station. After using the home as a temporary City Hall, the City began to rent the home and receives credit from ARCH (A Regional Coalition of Housing) for providing lower income housing. The budget proposes to rent the 800 square foot home next year for \$950/month, less leasehold taxes paid to the State. A \$4k expenditure is budgeted to cover unforeseen repairs and maintenance.

An account in the department is used to track the City's pledge to ARCH to provide affordable housing on the Eastside. An appropriation of \$22,300 is budgeted for 2021 that would authorize funding towards affordable housing on the Eastside on a future

ARCH Trust Fund project. The need for additional affordable housing has outpaced ARCH's funding.

**Parks & Recreation Department**

Special community events are included within this Department. A large Community Celebration as well as a Parade of Pumpkins event in October are very popular with residents. The Parade of Pumpkins event is funded from this source at a cost of about \$500, while the Community Celebration is budgeted at \$20k this year. Initially, a citizen's committee solicited contributions and managed the celebration; however, staff is now responsible for organizing these events.

**Special Projects Department**

The Special Projects Department accounts for the following projects that are in the 2021 Budget:

<b>2021 Budget</b>	<b>Amount</b>
Facilities Master Plan	\$1,978,036
IT Related Projects	\$42,000
Traffic & Speed Management	\$30,000
Lid Maintenance Assistance	\$25,000
Mapping/GIS System	\$12,000
Regional Advisory Services	\$25,000
Records Management Project	\$25,000
City Hall Repairs	\$10,000
Emergency Mgtmt. – Wellness/Safety	\$2,000
Wetherill Nature Preserve	\$1,000
WRIA 8 / NPDES Permits	\$9,500
Arbor Day	\$2,000
<b>Total:</b>	<b>\$2,159,536</b>

Facilities Master Plan. In 2018 the Council budgeted for a feasibility/assessment project to analyze the buildings, opportunities, and evaluate the options to help the City determine its best approach with the redevelopment of Bellevue's Fire Station #5. The City hired TCA to perform the assessment. That analysis served as a springboard for further discussion with the City of Bellevue and the Bellevue School District. Ultimately, TCA will continue to assist the staff in completing a City Facilities Plan to address all the associated issues for further Council discussion.

IT Related Projects. As the world becomes increasingly dependent on online information and services, maintaining and updating the City's website and technology to best address the community's needs and meet expectations as well as to reduce risks of hacking and critical failures of the system is a priority for the City. The 2021 Budget

includes funding (\$42k) to enhance and update the City's Website, which has become a relied upon source for City information.

Traffic & Speed Management Program. This project includes \$30k for ongoing traffic engineering services from a traffic consultant as well as funding for other possible projects deemed appropriate by the Council Traffic Subcommittee in their periodic review of the City's Traffic Management Plan.

LID Maintenance Assistance. Along with the road improvements to SR-520 the Points cities/towns received three LIDs: 1) Evergreen Point; 2) 84<sup>th</sup>; and 3) 92<sup>nd</sup>. These LIDs were developed with transportation facilities, passive recreation areas and an extensive network of both regional and Points Loop Trail facilities. The State's contractor was responsible to maintain these facilities until May 2017. The State has also worked out a deal with the County to maintain the transportation facilities. Funding is included in the 2021 Budget (\$25k) to continue discussions with the State and agree on responsibilities, standards and funding for the maintenance of the remaining portions of the LIDs.

The Mapping/GIS System Project (\$12k) represents continued funding for costs associated with upgrading the City's base maps, integrate traffic count/speed data, updating the road permit map, and adding layers to the City's current mapping system. The work is done through a GIS consultant using the ESRI GIS tool. This also includes funds to continue ongoing efforts to update the City's storm and sewer maps using the Mobile 311 application.

The Regional Advisory Services account (\$25k) represents funding for costs associated with addressing regional matters of concern or interest to the Clyde Hill community. This account was established chiefly to address the SR-520 project. We have used this account to fund a WASPC Police Study with Medina, to account for a joint traffic study with the Points Communities, to purchase the assistance of a noise engineer in conjunction with the SR-520 project, and for a property appraisal.

The purpose of continuing this special project is to have a budgeted source of funding for other issues of concern that may not be known now or that surely will pop up in the future. Some potential areas of assistance could relate to legislative lobbying or follow-up joint traffic concerns. As was done in previous years, money from this account would not be used without the consent and approval of the Council.

Records Management Project. The City has allocated resources to manage the proliferation of paper within the organization. In 2019, the City received a state grant to digitize some of the most valuable records. Great progress has been made in these efforts over the past few years; however, more work is needed. Also, the records management software has other capabilities that could assist with City operations. This project was put on hold in 2020 due to the pandemic and is again funded at \$25k so the City can resume working with the records management consultants to augment and enhance the City's benefits of its records management software.

City Hall Repairs. The Clyde Hill City Hall is housed in an old structure that is in need of significant updates to improve safety, ADA access, and to bring the City Hall up to code. The budget includes \$10k for miscellaneous projects that help address these issues.

Historically the City has allocated funds for minor purchases related to the City's Safety Committee, its Wellness Committee, and its on-going Emergency Preparedness efforts. The 2021 budget includes \$2k toward these projects.

WRIA 8/NPDES Permits includes the Lake Washington Watershed Study (WRIA 8), who charges the City an annual amount to account for our contracted obligations related to the City's Endangered Species Act commitments. In addition, the Department of Ecology charges the City an annual permit fee for the right to continue to use our municipal storm water system and to fund their efforts to regulate us. The budget for these programs include \$7.5k in 2021.

The 2021 Budget also has budgeted \$1k to help maintain the nearby Wetherill Nature Preserve.

Funding for the City's Arbor Day festivities is a separate item because we receive partial reimbursement from the King Conservation District for the purchase of trees. In 2021, \$2k is budgeted to account for this highly successful event involving a celebration with about 100 5<sup>th</sup> graders, to purchase plants, prizes and supplies.

### **Capital Projects Department**

The City's Capital Improvements Plan is a combination of projects reflecting the City's road, stormwater, and sidewalk systems. In June, the Council reviews a condition rating of every road in Clyde Hill and approves a ranking of road and sidewalk improvements for the next six years. A few years ago, the City's Comprehensive Storm Water Management Study was updated and is used as a guide for future improvements to the City's storm water system.

The Capital Projects Department implements the City's Road Overlay, Storm, Sewer, and Sidewalk Programs. The major on-going funding source for these projects comes from Real Estate Excise Taxes (REET). REET revenue is generated at the time a home is sold in Clyde Hill. By law, the use of these funds can only be used for capital projects and cannot be used to balance the operating budget in the General Fund. The Capital Projects Department is cautiously managed to find the right balance between developing and maintaining the City's infrastructure with sensitivity for funding sustainability. According to Financial Policy #10, a City goal is to address the capital needs of the City while maintaining a minimum balance of \$1M in the Capital Projects Department for larger currently unanticipated needs.

The following is a brief overview of the projects that are part of the 2021 Budget.

### Road Projects:

- 2021 Road Overlay Project. The 2021 capital budget includes \$350k for street overlay. The major segment to be addressed is 26<sup>th</sup> Street NE. A few other scattered segments will also be addressed. Continued funding for minor road maintenance and patching is also funded to include crack sealing/patching.

### Stormwater Projects:

- Miscellaneous Stormwater Projects – \$295k. The City's Comprehensive Stormwater Management and Operation Study calls out a number of projects for the City to consider and an extensive operations schedule. A secondary project entails partnering with the Overlake Golf & Country Club to share in the cost of dredging several of their ponds which receive stormwater runoff from Clyde Hill.

### Parks Projects:

- Tennis Courts Resurfacing – \$43k. This project was proposed for 2021 as a grant eligible project. Funding from the City's share of the King County Parks Levy is the funding source. This was also proposed in 2020, but due to the pandemic, was rescheduled to 2021.

### Capital Asset Maintenance:

- There always seems to be a few trouble spots in the City's stormwater system or patches in the road that could use a smaller repair to correct a problem. This account (\$75k) allows for funding of any on-going and unexpected problems for these purposes.

# QUICK OVERVIEW OF THE 2021 BUDGET NUMBERS

## City of Clyde Hill, Washington

### Fiscal Year 2021

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

Prior to the December budget adoption meeting, the City Council will have met two times with the City's Budget Advisory Committee, City staff, and any interested residents wishing to participate in the budget process. The Budget Advisory Committee is made up of five to twelve residents expressing an interest and commitment to helping set the priorities for the City over the next few years. Budget Advisory Committee members bring a unique perspective to the budget process with their experiences in the business world and residing here in Clyde Hill.

The next few pages of the annual budget document will give the reader a quick overview of the numbers involved in the 2021 Budget. The following section include:

- Summary of major revenues and expenditures for all funds combined since 2017, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the City in relation to past experience;
- Summary of major revenues and expenditures for each of the City's three managerial funds, as well as other financing sources and uses, to provide an overview by fund specific to the 2021 Budget;
- Pie charts showing 2021 Budget Operating Revenue compared to 2011 Actual Operating Revenue with the dollar amounts and the percent of the total revenues; and
- Pie charts showing the 2021 Budget Operating Expenditures compared to 2011 Actual Operating Expenditures with the dollar amounts and the percent of the total expenditures.

Please contact the City's Finance Manager, Dean Rohla, directly at 425.453.7800 or [dean@clydehill.org](mailto:dean@clydehill.org) if you have any further questions regarding the City's budget numbers for the 2021 fiscal year.

# Budget Summary

## City of Clyde Hill, Washington

### Fiscal Year 2021

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

<b><u>Major Revenues</u></b>	<b><u>Actual FY 2017</u></b>	<b><u>Budgeted FY 2018</u></b>	<b><u>Budgeted FY 2019</u></b>	<b><u>Budgeted FY 2020</u></b>	<b><u>Budgeted FY 2021</u></b>
Taxes					
Ad Valorem	\$ 1,017,492	\$ 1,013,000	\$ 1,014,000	\$ 1,014,864	\$ 1,244,631
Sales & Use Taxes	673,508	676,000	936,000	610,800	642,300
Utility Taxes	449,658	457,500	442,100	418,400	400,400
Real Estate Excise Taxes (REET)	889,102	900,000	900,000	900,000	900,000
Business Licenses & Permits	371,091	373,000	371,000	392,000	372,500
Non-Business Licenses & Permits	901,139	870,000	875,000	470,000	520,000
Intergovernmental	978,235	2,008,050	917,750	846,614	661,447
Charges for Services	377,234	832,000	436,000	239,000	226,000
Fines and Forfeitures	98,046	62,500	57,500	40,000	37,500
Interest Income	80,865	125,500	165,500	150,500	26,550
Miscellaneous	247,762	272,125	259,800	265,300	283,885
Non-Revenues	-	-	-	-	-
Transfers	716,000	1,017,916	1,910,377	75,300	41,300
Debt Proceeds	-	-	-	-	-
Internal Services	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 6,800,132</b>	<b>\$ 8,607,591</b>	<b>\$ 8,285,027</b>	<b>\$ 5,422,778</b>	<b>\$ 5,356,513</b>
Cash & Restricted Balances Brought Forward (Appropriated)	\$ 8,504,897	\$ 8,525,566	\$ 9,416,654	\$ 10,310,333	\$ 10,537,711
<b>Total Resources Available</b>	<b>\$ 15,305,029</b>	<b>\$ 17,133,157</b>	<b>\$ 17,701,681</b>	<b>\$ 15,733,111</b>	<b>\$ 15,894,224</b>
<b><u>Major Expenditures</u></b>					
General Government	\$ 997,725	\$ 1,455,400	\$ 3,382,100	\$ 3,137,510	\$ 3,163,655
Public Safety	2,292,305	2,507,400	2,501,550	2,663,805	2,575,549
Transportation	2,692,242	4,864,250	2,473,750	2,143,900	1,598,325
Economic Environment	40,257	44,000	73,025	103,785	126,035
Culture and Recreation	40,941	70,000	187,000	151,000	144,000
Transfers-Out	716,000	1,017,916	1,910,377	75,300	41,300
Non-Expenditure Disbursement	-	-	-	-	-
Internal Services	-	-	-	-	-
<b>Total Appropriated Expenditures</b>	<b>\$ 6,779,470</b>	<b>\$ 9,958,966</b>	<b>\$ 10,527,802</b>	<b>\$ 8,275,300</b>	<b>\$ 7,648,864</b>



# Budget Summary by Appropriated Fund

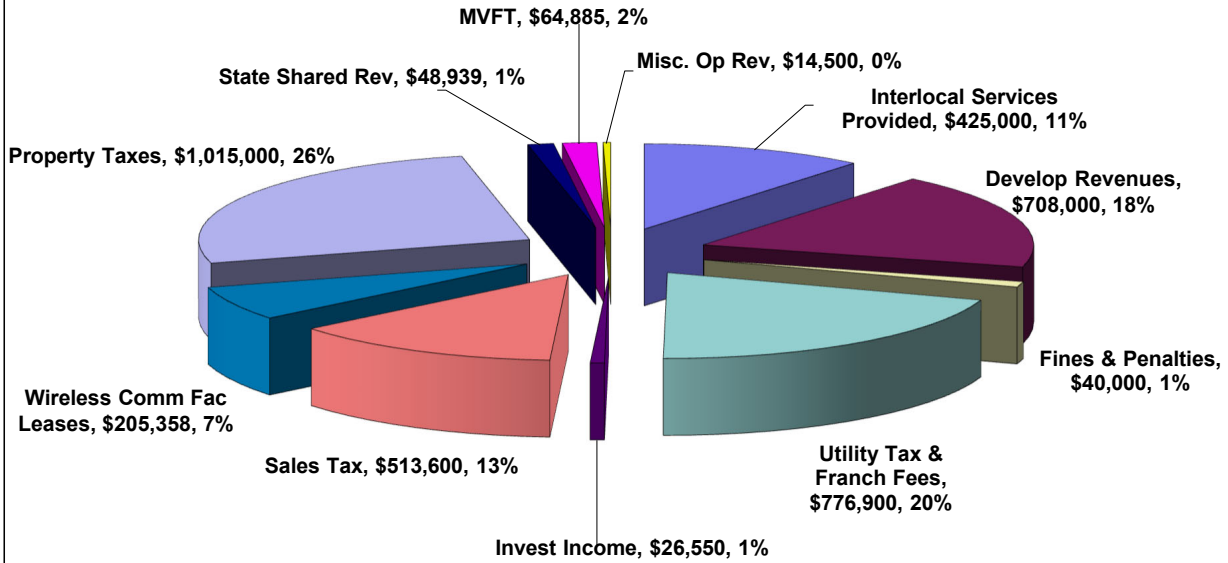
## City of Clyde Hill, Washington

### Fiscal Year 2021

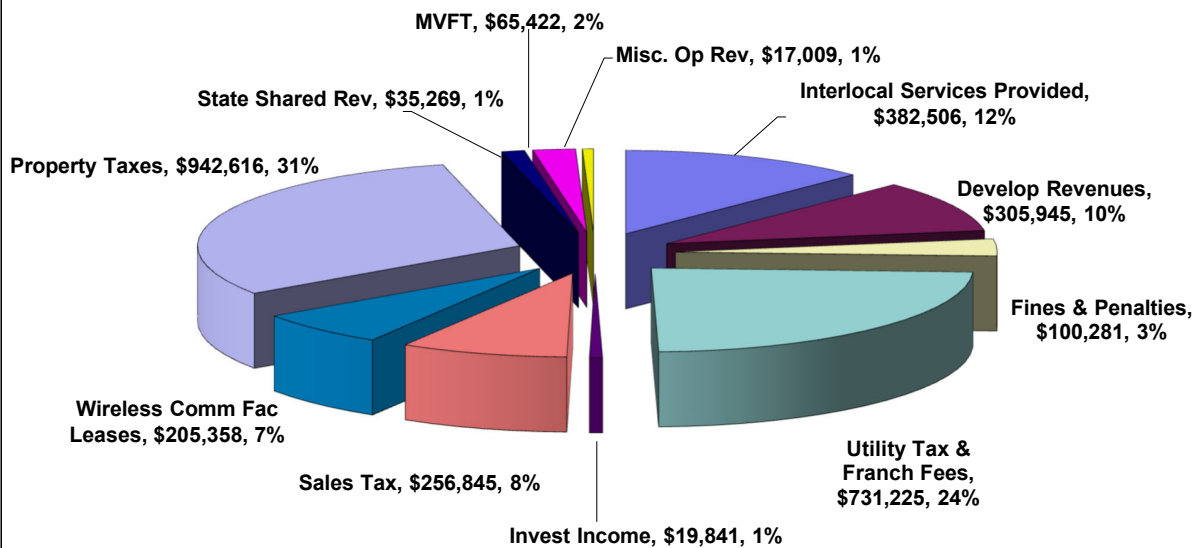
**Purpose:** to present the 2021 Budget Summary of major revenues and expenditures, as well as other financing sources and uses, by Fund as an overview of the total resources budgeted by the City.

<b><u>Major Revenues</u></b>	<b><u>General Fund</u></b>	<b><u>Reserve Fund</u></b>	<b><u>Projects Fund</u></b>
Taxes			
Ad Valorem	\$ 1,244,631	\$ -	-
Sales & Use Taxes	557,300	-	85,000
Utility Taxes	400,400	-	-
Real Estate Excise Taxes (REET)	-	-	900,000
Business Licenses & Permits	372,500	-	-
Non-Business Licenses & Permits	520,000	-	-
Intergovernmental	541,364	-	120,083
Charges for Services	225,000	-	1,000
Fines and Forfeitures	37,500	-	-
Interest Income	26,550	-	-
Miscellaneous	273,885	-	10,000
Non-Revenues			
Transfers	-	-	41,300
Debt Proceeds	-	-	-
Internal Services	-	-	-
<b>Total Revenues</b>	<b><u>\$ 4,199,130</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,157,383</u></b>
Cash & Restricted Balances			
Brought Forward (Appropriated)	\$ 557,105	\$ 3,222,070	\$ 6,758,536
<b>Total Resources Available</b>	<b><u>\$ 4,756,235</u></b>	<b><u>\$ 3,222,070</u></b>	<b><u>\$ 7,915,919</u></b>
 <b><u>Major Expenditures</u></b>			
General Government	\$ 1,105,619	\$ -	2,058,036
Public Safety	2,422,475	-	153,074
Transportation	841,325	-	757,000
Economic Environment	30,235	-	95,800
Culture and Recreation	35,000	-	109,000
Transfers-Out	41,300	-	-
Internal Services	-	-	-
<b>Total Appropriated Expenditures</b>	<b><u>\$ 4,475,954</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,172,910</u></b>

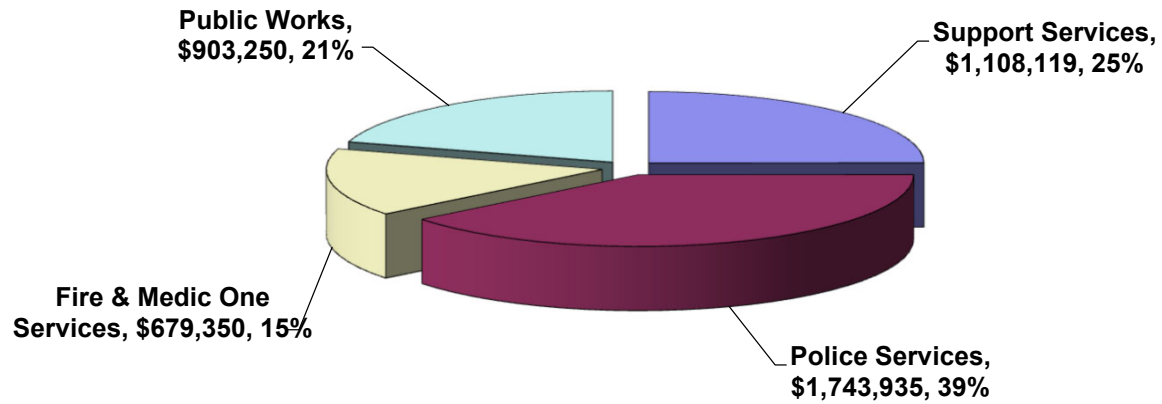
### 2021 Budget General Fund Revenues



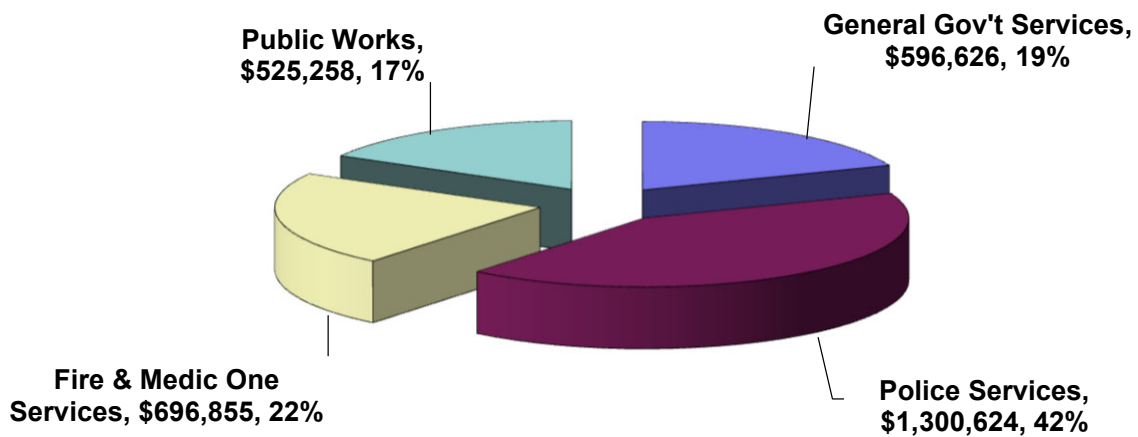
### 2011 Actual General Fund Revenues (for comparison with 2021 Budget GF Revenues)



**2021 Budget General Fund Expenditures**



**2011 Actual General Fund Expenditures  
(for comparison with 2021 Budget GF Expenditures)**



# **2021 ADOPTED BUDGET**

## 2021 **FINAL** Budget at a Glance

### City of Clyde Hill, Washington

<b>Final BUDGET 2021</b>	001 General Fund	002 Reserve Fund	100 Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	<b>4,199,130</b>	<b>0</b>	<b>1,116,083</b>	<b>5,315,213</b>
<b>EXPENDITURES</b>	<b>4,434,654</b>	<b>0</b>	<b>3,172,910</b>	<b>7,607,564</b>
Surplus or (Deficit):	<b>(235,523)</b>	<b>0</b>	<b>(2,056,828)</b>	<b>(2,292,351)</b>
Beginning Fund Balance	557,105	3,222,069	6,758,536	10,537,711
Total Transfer In	0	0	41,300	41,300
Total Transfer Out	41,300	0	0	41,300
<b>Total Surplus or (Deficit):</b>	<b>(276,823)</b>	<b>0</b>	<b>(2,015,528)</b>	<b>(2,292,351)</b>
Ending Fund Balance	<b>280,282</b>	<b>3,222,069</b>	<b>4,743,009</b>	<b>8,245,360</b>

## 2021 **FINAL** Budget-Financial Overview-"The Big Picture"

	001	002	100/300	
<b>BUDGET 2020</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	4,197,778	0	1,149,700	5,347,478
<b>EXPENDITURES</b>	4,453,600	0	3,746,400	8,200,000
Surplus or (Deficit):	(255,822)	0	(2,596,700)	(2,852,522)
Beg. Fund Balance	657,667	3,222,069	6,430,596	10,310,332
Total Transfer In	0	0	75,300	75,300
Total Transfer Out	75,300	0	0	75,300
<b>Total Surplus or (Deficit):</b>	<b>(331,122)</b>	<b>0</b>	<b>(2,521,400)</b>	<b>(2,852,522)</b>
Ending Fund Balance	326,544	3,222,069	3,909,196	7,457,809

	001	002	100/300	
<b>ACTUAL YEAR END 2020</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	4,104,483	0	1,203,053	5,307,536
<b>EXPENDITURES</b>	4,129,744	0	950,413	5,080,157
Surplus or (Deficit):	(25,261)	0	252,640	227,379
Beg. Fund Balance	657,667	3,222,069	6,430,596	10,310,332
Total Transfer In	0	0	75,300	75,300
Total Transfer Out	75,300	0	0	75,300
<b>Total Surplus or (Deficit):</b>	<b>(100,561)</b>	<b>0</b>	<b>327,940</b>	<b>227,379</b>
Ending Fund Balance	557,105	3,222,069	6,758,536	10,537,711

	001	002	100/300	
<b>BUDGET 2021</b>	General Fund	Reserve Fund	Projects Fund	<b>TOTAL CITY</b>
<b>REVENUE</b>	4,199,130	0	1,116,083	5,315,213
<b>EXPENDITURES</b>	4,434,654	0	3,172,910	7,607,564
Surplus or (Deficit):	(235,523)	0	(2,056,828)	(2,292,351)
Beg. Fund Balance	557,105	3,222,069	6,758,536	10,537,711
Total Transfer In	0	0	41,300	41,300
Total Transfer Out	41,300	0	0	41,300
<b>Total Surplus or (Deficit):</b>	<b>(276,823)</b>	<b>0</b>	<b>(2,015,528)</b>	<b>(2,292,351)</b>
Ending Fund Balance	280,282	3,222,069	4,743,009	8,245,360

## 2021 Changes in Budgeted Fund & Department Fund Balances

City of Clyde Hill, Washington

Component	General Fund	Reserve Fund	Criminal Justice Dept.	Grants Dept.	Equipment Replacement Dept.	Housing Dept.	Parks Dept.	Special Projects Dept.	Capital Projects Dept.	Total Projects Fund	Total of All 3 Funds
<b>Begin Balance - 01/01/2021</b>	\$ 557,105	\$ 3,222,070	\$ 417,397	\$ 25,329	\$ 128,741	\$ 2,393	\$ 28,935	\$ 2,185,701	\$ 3,970,044	\$ 6,758,536	\$ 10,537,712
Revenues	\$ 4,199,130	\$ -	\$ 110,083	\$ 50,000	\$ -	\$ 10,000	\$ 1,000	\$ 2,000	\$ 943,000	\$ 1,116,083	\$ 5,315,213
Expenses	\$ 4,434,654	\$ -	\$ 153,074	\$ 50,000	\$ -	\$ 26,300	\$ 21,000	\$ 2,159,536	\$ 763,000	\$ 3,172,910	\$ 7,607,564
<b>Operating Surplus/(Deficit)</b>	<b>\$ (235,523)</b>	<b>\$ -</b>	<b>\$ (42,992)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,300)</b>	<b>\$ (20,000)</b>	<b>\$ (2,157,536)</b>	<b>\$ 180,000</b>	<b>\$ (2,056,828)</b>	<b>\$ (2,292,351)</b>
Transfer-In	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 16,300	\$ -	\$ -	\$ -	\$ 41,300	\$ 41,300
Transfer-Out	\$ 41,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,300
<b>Ending Balance - 12/31/2021</b>	<b>\$ 280,282</b>	<b>\$ 3,222,070</b>	<b>\$ 374,406</b>	<b>\$ 25,329</b>	<b>\$ 153,741</b>	<b>\$ 2,393</b>	<b>\$ 8,935</b>	<b>\$ 28,165</b>	<b>\$ 4,150,044</b>	<b>\$ 4,743,009</b>	<b>\$ 8,245,361</b>
<b>Change In Fund Balance</b>	<b>\$ (276,823)</b>	<b>\$ -</b>	<b>\$ (42,992)</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ (20,000)</b>	<b>\$ (2,157,536)</b>	<b>\$ 180,000</b>	<b>\$ (2,015,528)</b>	<b>\$ (2,292,351)</b>
<b>Percent Change</b>	<b>-49.7%</b>	<b>0.0%</b>	<b>-10.3%</b>	<b>0.0%</b>	<b>19.4%</b>	<b>0.0%</b>	<b>-69.1%</b>	<b>-98.7%</b>	<b>4.5%</b>	<b>-29.8%</b>	<b>-21.8%</b>

**More Information:**

1) As allowed by the State Auditor's Office for smaller cities in the State of Washington, the City of Clyde Hill uses the cash-basis of accounting & budgeting which is a departure from generally accepted accounting principles (GAAP). 2) The term "Fund Balance" as used by the City of Clyde Hill means excess of money available for spending over appropriated expenditures.

**Explanations for changes in Fund & Department Balances over 10% and \$10,000:**

**General Fund & Reserve Fund (Managerial subfund)** - The 2021 Operating fund budget deficit was authorized by Council to draw down beginning fund balance rather than reduce service levels.

**Projects Fund (Managerial subfund of General Fund for Financial Reporting)** - consists of Special Revenue and Capital Projects funds highlighted in the following Departments:

**Criminal Justice Department** - the completion of accreditation comprise the \$43K deficit.

**Grants Department** - operating capital moved into the department to cover cash flow issues prior to grant reimbursement. Does not exceed 10%

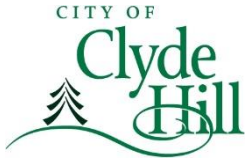
**Equipment Replacement Department** - Per Policy Statement #8, the City maintains an Equipment Replacement Schedule that is updated each budget to "Provide for the orderly and appropriate replacement of City equipment." No purchases in 2021 result in \$25K surplus.

**Housing Department** - This department demonstrates the City's commitment to assist with low income housing on the Eastside (ARCH) & maintenance of the one rental home next to the Fire Station. Does not exceed 10%.

**Parks Department** - 2021 budget of \$21,000 funds the Annual City Celebration and "Parade of Pumpkins" events. It is funded by fund balance surplus in 2020.

**Special Projects Department** - As special projects have been approved by the City Council over the past few years, money has been set aside in this Department to better track and pay for them. For 2021, 12 separate line item projects are being accounted for here with the 2 projects of note: 1) \$1,978,036 - "City Facilities Plan" and 2) \$42,000 to update the City website.

**Capital Projects Department (Capital Projects Fund for Financial Reporting)**- Does not exceed 10%. 2021's two largest components include overlays and storm drainage improvements.



**Employee Authorized Position Count**  
**City of Clyde Hill, Washington**  
**As of January 31, 2021**

**Purpose:** To account for all employee positions for prior years, the current year and the new budget year.

<u>Department</u>	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Budget 2021</u>
General Government	City Administrator Assistant City Administrator Finance Manger (1/2) Deputy City Clerk Deputy Clerk / Code Enforcement Officer (2/3)	City Administrator Assistant City Administrator Finance Manger (1/2) Deputy City Clerk Deputy Clerk / Code Enforcement Officer (2/3)	City Administrator Assistant City Administrator Finance Manger (1/2) Deputy City Clerk Deputy Clerk / Code Enforcement Officer (2/3)	City Administrator Assistant City Administrator Finance Manger (1/2) Deputy City Clerk Deputy Clerk / Code Enforcement Officer (2/3)
	FTE = 4.16	FTE = 4.16	FTE = 4.16	FTE = 4.16
Police	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers	Police Chief Lieutenant Finance Manager (1/2) Police Records Specialist 7 Patrol Officers
	FTE = 10.5	FTE = 10.5	FTE = 10.5	FTE = 10.5
Fire	Contracted with City of Bellevue	Contracted with City of Bellevue	Contracted with City of Bellevue	Contracted with City of Bellevue
Public Works Administration	Public Works Director/Engineer Deputy City Clerk / Code Enforcement Officer (1/3)	Public Works Director Deputy City Clerk / Code Enforcement Officer (1/3)	Public Works Director Deputy City Clerk / Code Enforcement Officer (1/3)	Public Works Director Deputy City Clerk / Code Enforcement Officer (1/3)
	FTE = 1.33	FTE = 1.33	FTE = 1.33	FTE = 1.33
Public Works Crew	Building Inspector / Crew Member 3 Public Works Crew Members	Building Official / Inspector 3 Public Works Crew Members	Building Official / Inspector 3 Public Works Crew Members	Building Official / Inspector 3 Public Works Crew Members
	FTE = 4.00	FTE = 4.00	FTE = 4.00	FTE = 4.00
	Student(s) employed in summer	Student(s) employed in summer		
<b><u>TOTAL FTE</u></b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>





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## **2021 CAPITAL FACILITIES PLAN**

### **CITY OF CLYDE HILL, WASHINGTON**

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

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

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

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

The final aspect of a Capital Facilities Plan addresses the appropriate mix of revenues needed to meet the various elements of the plan. Choosing the most effective array of

facilities considering limited resources and competing demands requires a great deal of policy-making and implementation coordination. Financial planning and implementation of capital facilities cannot be effectively carried out on an annual basis, since their financing requires multi-year commitments of fiscal resources. Because of this, a Capital Facilities Plan is long range in its scope.

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

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

## **ELEMENTS OF THE PLAN**

### ***Expenditure Components***

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

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

The following are descriptions of expenditure types within six basic categories: Street System, Storm Sewer System, Parks & Recreation, Criminal Justice, Public Facilities and Other Special Projects. Six year projections of projects and needs within the following categories are represented in the City's Capital Facilities Plan.

### **Street System**

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

In response to the noticeable increase in cut through traffic due to the new Hwy 520 bridge, the City has form a committee to study traffic / speed management improvements. Expenditures to support the committee's work are budgeted in the Special Projects Department of the Projects Fund starting in 2017 through present.

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

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

### **Storm Sewer System**

A. Storm Sewer Improvements - Represents costs for the implementation of the City's Comprehensive Storm System Study and the City's Stormwater Improvement Plan (SIP).

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

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

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

## **Parks & Recreation System**

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

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

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

## **Criminal Justice Program**

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

## **Public Facilities**

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

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

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

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

## **Equipment Replacement Schedule**

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

## ***Revenue Components***

There are a number of available revenue sources that could potentially be used to fund the expenditure items within the Capital Facilities Plan. These revenue items are summarized below. Additional funding sources such as the property tax, utility tax or

other general purpose revenues located within the General Fund could be used to fund the Capital Facilities Plan but are currently not recommended for this use.

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

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

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

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

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

The City receives a quarterly payment from the State on a per capita basis. From the booklet issued by Municipal Research & Service Center (MRSC) entitled "Budget Suggestions", the City determines what amounts to expect to receive from gas tax related revenue each year per person living in Clyde Hill. The State Office of Financial Management (OFM) officially estimates Clyde Hill's population for State revenue distributions as of April 1st each year.

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

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

necessary operating, engineering and legal expenses connected with the administration of the City's streets.

G. Connection Fees - Represents revenues derived from fees charged to those who make a connection to the City's storm water system. This is a revenue source that the City does not currently use but can be set up as part of a storm water utility package. Fees should be set to cover the cost of the City inspecting the connection.

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

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

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

The City has participated in the State Department of Ecology's National Pollutant Discharge Elimination System (NPDES) grant program since 2008. This program is designed to improve water quality from Clyde Hill going into Lake Washington.

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

L. Bonds - Represents revenues derived from the issuance of bonds. There are a few different types of bonds that are available for our use. Councilmanic general obligation bonds could be approved by the Council for a specific capital project. The statutory bond limit was increased in 1994 to allow for 1.5% of the current overall assessed value of the City. This type of bond allows up front funding for any municipal purpose and pledges

future revenues of the City to pay off the debt. General obligation bonds require a simple majority vote of the people for approval. Current law limits this obligation to 2 1/2% of the current overall assessed value of the City. General obligation bonds require current "users" or residents to pay off the debt during the term of the bond. State law also authorizes an additional 2.5% for parks and open space and another 2.5% for utility projects. Both of these types of bonds are classified as G.O. bonds and therefore require a simple majority vote of the people for approval.

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

M. Criminal Justice Revenues - Represents revenues that are to be directed toward municipal criminal justice assistance. A number of sources make up the total of this revenue source. One is a direct allocation from the state's general fund that was only offered from the 3rd quarter 1990, through the 2nd quarter of 1991. The City received approximately \$7,400 from the state. A second source of Criminal Justice funding is from a portion of the state's motor vehicle excise tax that was prorated on a per capita basis till 1-1-94. Starting in 1994, a new distribution formula was established which resulted in less revenue for Clyde Hill. Because of I-695, parts of this source of revenue were slated to disappear after the 1<sup>st</sup> quarter of 2000. The State Legislature provided a portion of the lost revenue in 2000 through 2002 and then stopped providing municipal criminal justice assistance altogether. A third source of criminal justice funding comes from King County's .1% sales tax. This money is distributed to the City on a monthly per capita basis. A fourth source of criminal justice funding is from the Town of Yarrow Point, who shares their funding with Clyde Hill as a contractual obligation for the provision of 24/7 police services.

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

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

- All revenues are to be used such that they will substantially assist the City's criminal justice system.

### *Policy Statements and Objectives*

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

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



- General revenues should be used only to fund projects or equipment that provide a general benefit to the entire community within the general governmental functions of the City.
- The City should consider the full range of financing options available to finance capital facility projects and equipment.

**2021 Capital Facilities Plan  
City of Clyde Hill, Washington**

***Total 2021 Capital Facilities Plan Summary***

<b>Beginning Plan Balance:</b>	\$3,222,422	-13.3%	\$3,272,738	1.6%	\$5,739,016	75.4%	\$6,115,737	6.6%	\$4,372,701	-28.5%	\$6,690,137	53.0%	\$6,690,137	0.0%	\$6,740,237	0.7%
	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>2023</b>	<b>%</b>	<b>2024</b>	<b>%</b>	<b>2025</b>	<b>%</b>
	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Budgeted</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>
<b>Resources</b>																
Road Systems	\$2,941,658	152.74%	\$1,448,248	-50.77%	\$989,156	-31.70%	\$900,000	-9.01%	\$930,000	3.33%	\$935,000	0.54%	\$940,000	0.53%	\$945,000	0.53%
Storm Sewer System	\$121,200	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Parks & Recreation	\$17,022	#DIV/0!	\$19,022	11.7%	\$42,293	122.3%	\$43,000	1.7%	\$43,000	0.0%	\$43,000	0.0%	\$43,000	0.0%	\$43,000	0.0%
Public Facilities	\$222,000	3358.5%	\$1,861,750	738.6%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$125,742	75.2%	\$120,580	-4.1%	\$112,999	-6.3%	\$110,000	-2.7%	\$86,000	-21.8%	\$85,200	-0.9%	\$160,100	87.9%	\$30,000	-81.26%
<b>Total Plan Resources</b>	<b>\$3,427,622</b>	<b>176.0%</b>	<b>\$3,449,599</b>	<b>0.6%</b>	<b>\$1,144,448</b>	<b>-66.8%</b>	<b>\$1,053,000</b>	<b>-8.0%</b>	<b>\$1,059,000</b>	<b>0.6%</b>	<b>\$1,063,200</b>	<b>0.4%</b>	<b>\$1,143,100</b>	<b>7.5%</b>	<b>\$1,018,000</b>	<b>-10.9%</b>
<b>Expenditures</b>																
Road System	\$2,966,035	126.7%	\$788,147	-73.4%	\$353,421	-55.2%	\$350,000	-1.0%	\$555,300	58.7%	\$884,300	59.2%	\$1,059,030	19.8%	\$509,440	-51.9%
Storm Sewer System	\$205,068	-45.6%	\$75,211	-63.3%	\$332,337	341.9%	\$370,000	11.3%	\$75,000	-79.7%	\$75,000	0.0%	\$75,000	0.0%	\$75,000	0.0%
Parks & Recreation	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$43,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Public Facilities	\$48,750	659.5%	\$112,964	131.7%	\$8,902	-92.1%	\$1,978,036	22121.3%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Equipment Replacement	\$157,453	236.7%	\$7,000	-95.6%	\$73,068	943.8%	\$55,000	-24.7%	\$89,300	62.4%	\$53,800	-39.8%	\$149,800	178.4%	\$124,500	-16.9%
<b>Total Plan Expenditures</b>	<b>\$3,377,306</b>	<b>94.3%</b>	<b>\$983,321</b>	<b>-70.9%</b>	<b>\$767,727</b>	<b>-21.9%</b>	<b>\$2,796,036</b>	<b>264.2%</b>	<b>\$719,600</b>	<b>-74.3%</b>	<b>\$1,013,100</b>	<b>40.8%</b>	<b>\$1,283,830</b>	<b>26.7%</b>	<b>\$708,940</b>	<b>-44.8%</b>
<b>Ending Plan Balance:</b>	<b>\$3,272,738</b>	<b>1.6%</b>	<b>\$5,739,016</b>	<b>75.4%</b>	<b>\$6,115,737</b>	<b>6.6%</b>	<b>\$4,372,701</b>	<b>-28.5%</b>	<b>\$4,712,101</b>	<b>7.8%</b>	<b>\$6,740,237</b>	<b>43.0%</b>	<b>\$6,549,407</b>	<b>-2.8%</b>	<b>\$7,049,297</b>	<b>7.6%</b>

**2021 Capital Facilities Plan  
City of Clyde Hill, Washington**

**Street & Sidewalk System**

<b>*Beginning Balance:</b>	\$3,044,569	-14.6%	\$2,936,324	-3.6%	\$3,521,214	19.9%	\$3,824,613	8.6%	\$4,004,613	4.7%	\$4,304,313	7.5%	\$4,280,013	-0.6%	\$4,085,983	-4.5%
<b>Street &amp; SW System</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>2023</b>	<b>%</b>	<b>2024</b>	<b>%</b>	<b>2025</b>	<b>%</b>
	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Budgeted</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>
<b>Resources</b>																
Real Estate Excise Taxes	\$670,739	50.9%	\$512,362	-23.6%	\$494,578	-3.5%	\$450,000	-9.0%	\$457,500	1.7%	\$460,000	0.5%	\$462,500	0.5%	\$465,000	0.5%
Growth Mgmt RE Excise Taxes	\$670,739	50.9%	\$512,362	-23.6%	\$494,578	-3.5%	\$450,000	-9.0%	\$457,500	1.7%	\$460,000	0.5%	\$462,500	0.5%	\$465,000	0.5%
Grant Money & Medina Reimb	\$1,600,180	#DIV/0!	\$423,523	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$15,000	#DIV/0!	\$15,000	#DIV/0!	\$15,000	0.0%	\$15,000	0.0%
Transfers In	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Street Resources</b>	<b>\$2,941,658</b>	<b>152.7%</b>	<b>\$1,448,248</b>	<b>-50.8%</b>	<b>\$989,156</b>	<b>-31.7%</b>	<b>\$900,000</b>	<b>-9.0%</b>	<b>\$930,000</b>	<b>3.3%</b>	<b>\$935,000</b>	<b>0.5%</b>	<b>\$940,000</b>	<b>0.5%</b>	<b>\$945,000</b>	<b>0.5%</b>
<b>Expenditures</b>																
Street Improvements	\$2,965,640	902.8%	\$788,147	-73.4%	\$353,421	-55.2%	\$350,000	-1.0%	\$555,300	58.7%	\$384,300	-30.8%	\$459,030	19.4%	\$509,440	11.0%
Pedestrian & Bike Paths	\$395	-100.0%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$500,000	#DIV/0!	\$600,000	20.0%	\$0	-100.0%
Transfer Out	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Street Expenditures</b>	<b>\$2,966,035</b>	<b>126.7%</b>	<b>\$788,147</b>	<b>-73.4%</b>	<b>\$353,421</b>	<b>-55.2%</b>	<b>\$350,000</b>	<b>-1.0%</b>	<b>\$555,300</b>	<b>58.7%</b>	<b>\$884,300</b>	<b>59.2%</b>	<b>\$1,059,030</b>	<b>19.8%</b>	<b>\$509,440</b>	<b>-51.9%</b>
<b>Storm Sewer System</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>2023</b>	<b>%</b>	<b>2024</b>	<b>%</b>	<b>2025</b>	<b>%</b>
	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Actual</b>	<b>Change</b>	<b>Budgeted</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>	<b>Projected</b>	<b>Change</b>
<b>Resources</b>																
Grants (KC Flood Dist or DOE)	\$121,200	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer In From Other Funds	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Storm Resources</b>	<b>\$121,200</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Expenditures</b>																
Storm Sewer Improvements	\$205,068	-45.6%	\$40,128	-80.4%	\$305,290	660.8%	\$295,000	-3.4%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Capital Asset Maintenance	\$0	#DIV/0!	\$35,082	#DIV/0!	\$27,047	-22.9%	\$75,000	177.3%	\$75,000	0.0%	\$75,000	0.0%	\$75,000	0%	\$75,000	0%
System Study & Analysis	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Storm Expenditures</b>	<b>\$205,068</b>	<b>-45.6%</b>	<b>\$75,211</b>	<b>-63.3%</b>	<b>\$332,337</b>	<b>341.9%</b>	<b>\$370,000</b>	<b>11.3%</b>	<b>\$75,000</b>	<b>-79.7%</b>	<b>\$75,000</b>	<b>0.0%</b>	<b>\$75,000</b>	<b>0.0%</b>	<b>\$75,000</b>	<b>0.0%</b>
<b>*Ending Capital Projects Department Balance:</b>	<b>\$2,936,324</b>	<b>-3.6%</b>	<b>\$3,521,214</b>	<b>19.9%</b>	<b>\$3,824,613</b>	<b>8.6%</b>	<b>\$4,004,613</b>	<b>4.7%</b>	<b>\$4,304,313</b>	<b>7.5%</b>	<b>\$4,280,013</b>	<b>-0.6%</b>	<b>\$4,085,983</b>	<b>-4.5%</b>	<b>\$4,446,543</b>	<b>8.8%</b>

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

**2021 Capital Facilities Plan  
City of Clyde Hill, Washington**

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

	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%
	Actual	Change	Actual	Change	Actual	Change	Budgeted	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>Parks &amp; Rec. System</b>																
<b>Resources</b>																
Beginning Balance:	\$0	#DIV/0!	\$17,022	#DIV/0!	\$36,044	111.7%	\$78,337	117.3%	\$78,337	0.0%	\$121,337	54.9%	\$164,337	35.4%	\$207,337	26.2%
KC Prop 2 Levy - OS/Trails/Zoo	\$17,022	#DIV/0!	\$19,022	11.7%	\$42,293	122.3%	\$43,000	1.7%	\$43,000	0.0%	\$43,000	0.0%	\$43,000	0.0%	\$43,000	0.0%
Transfer In From General Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer In From Reserve Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Resources</b>	<b>\$17,022</b>	<b>#DIV/0!</b>	<b>\$19,022</b>	<b>11.7%</b>	<b>\$42,293</b>	<b>122.3%</b>	<b>\$43,000</b>	<b>1.7%</b>	<b>\$43,000</b>	<b>0.0%</b>	<b>\$43,000</b>	<b>0.0%</b>	<b>\$43,000</b>	<b>0.0%</b>	<b>\$43,000</b>	<b>0.0%</b>
<b>Expenditures</b>																
Tennis Court Maintenance	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$43,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Land Purchases	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer Out	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Parks &amp; Recreation Expenditures</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$43,000</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Ending Parks &amp; Recreation Department Balance</b>	<b>\$17,022</b>	<b>#DIV/0!</b>	<b>\$36,044</b>	<b>111.7%</b>	<b>\$78,337</b>	<b>117.3%</b>	<b>\$78,337</b>	<b>0.0%</b>	<b>\$121,337</b>	<b>54.9%</b>	<b>\$164,337</b>	<b>35.4%</b>	<b>\$207,337</b>	<b>26.2%</b>	<b>\$250,337</b>	<b>20.7%</b>
<b>Public Facilities</b>																
<b>Resources</b>																
Beg Pub. Fac. Balance:	\$0	#DIV/0!	\$173,250	#DIV/0!	\$1,922,036	1009.4%	\$1,913,135	-0.5%	(\$64,901)	-103.4%	\$1,913,135	-3047.8%	\$1,913,135	0.0%	\$1,913,135	0.0%
Transfer From General Fund	\$222,000	3358.5%	\$1,169,800	426.9%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer From Reserve Fund	\$0	#DIV/0!	\$691,950	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Miscellaneous Sources	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Pub. Fac. Resources</b>	<b>\$222,000</b>	<b>3358.5%</b>	<b>\$1,861,750</b>	<b>738.6%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Expenditures</b>																
City Hall	\$0	#DIV/0!	\$112,964	#DIV/0!	\$8,902	-92.1%	\$353,036	3866.0%	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Public Works Shop	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$375,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Land Purchases	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$750,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Fire Station	\$48,750	659.5%	\$0	-100.0%	\$0	#DIV/0!	\$500,000	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfers Out	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
<b>Total Pub. Fac. Expenditures</b>	<b>\$48,750</b>	<b>659.5%</b>	<b>\$112,964</b>	<b>131.7%</b>	<b>\$8,902</b>	<b>-92.1%</b>	<b>\$1,978,036</b>	<b>22121.3%</b>	<b>\$0</b>	<b>-100.0%</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>Ending Public Facility Balance</b>	<b>\$173,250</b>	<b>#DIV/0!</b>	<b>\$1,922,036</b>	<b>1009.4%</b>	<b>\$1,913,135</b>	<b>-0.5%</b>	<b>(\$64,901)</b>	<b>-103.4%</b>	<b>\$1,913,135</b>	<b>-3047.8%</b>	<b>\$1,913,135</b>	<b>0.0%</b>	<b>\$1,913,135</b>	<b>0.0%</b>	<b>\$1,913,135</b>	<b>0.0%</b>

**2021 Capital Facilities Plan  
City of Clyde Hill, Washington**

**Equipment Replacement**

	2018	%	2019	%	2020	%	2021	%	2022	%	2023	%	2024	%	2025	%
	Actual	Change	Actual	Change	Actual	Change	Budgeted	Change	Projected	Change	Projected	Change	Projected	Change	Projected	Change
<b>Resources</b>																
<b>Beg Dept Balance:</b>	\$177,853	16.4%	\$146,142	-17.8%	\$259,722	77.7%	\$299,652	15.4%	\$354,652	18.4%	\$351,352	-0.9%	\$382,752	8.9%	\$393,052	2.7%
Criminal Justice Revenue	\$90,742	94.0%	\$95,580	5.3%	\$87,999	-7.9%	\$85,000	-3.4%	\$56,000	-34.1%	\$55,200	-1.4%	\$130,100	135.7%	\$0	-100.0%
Transfer From Reserve Fund	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!	\$0	#DIV/0!
Transfer From General Fund	\$35,000	40.0%	\$25,000	-28.6%	\$25,000	0.0%	\$25,000	0.0%	\$30,000	20.0%	\$30,000	0.0%	\$30,000	0.0%	\$30,000	0.0%
<b>Total Equipment Replacement Resources</b>	<b>\$125,742</b>	<b>75.2%</b>	<b>\$120,580</b>	<b>-4.1%</b>	<b>\$112,999</b>	<b>-6.3%</b>	<b>\$110,000</b>	<b>-2.7%</b>	<b>\$86,000</b>	<b>-21.8%</b>	<b>\$85,200</b>	<b>-0.9%</b>	<b>\$160,100</b>	<b>87.9%</b>	<b>\$30,000</b>	<b>-81.3%</b>
<b>Expenditures</b>																
Administration	\$7,425	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$0	#DIV/0!	\$6,300	#DIV/0!	\$0	-100.0%	\$63,700	#DIV/0!	\$0	-100.0%
Police Department	\$37,241	-20.4%	\$7,000	-81.2%	\$59,151	745.0%	\$55,000	-7.0%	\$56,700	3.1%	\$53,800	-5.1%	\$86,100	60.0%	\$56,600	-34.3%
Public Works Department	\$112,787	#DIV/0!	\$0	-100.0%	\$13,917	#DIV/0!	\$0	-100.0%	\$26,300	#DIV/0!	\$0	-100.0%	\$0	#DIV/0!	\$67,900	#DIV/0!
<b>Total Equipment Replacement Expenditures</b>	<b>\$157,453</b>	<b>236.7%</b>	<b>\$7,000</b>	<b>-95.6%</b>	<b>\$73,068</b>	<b>943.8%</b>	<b>\$55,000</b>	<b>-24.7%</b>	<b>\$89,300</b>	<b>62.4%</b>	<b>\$53,800</b>	<b>-39.8%</b>	<b>\$149,800</b>	<b>178.4%</b>	<b>\$124,500</b>	<b>-16.9%</b>
<b>Ending Equipment Replacement Balance</b>	<b>\$146,142</b>	<b>-17.8%</b>	<b>\$259,722</b>	<b>77.7%</b>	<b>\$299,652</b>	<b>15.4%</b>	<b>\$354,652</b>	<b>18.4%</b>	<b>\$351,352</b>	<b>-0.9%</b>	<b>\$382,752</b>	<b>8.9%</b>	<b>\$393,052</b>	<b>2.7%</b>	<b>\$298,552</b>	<b>-24.0%</b>

**TRENDS, FACTS & FINANCIAL  
PROJECTIONS**

# **MAJOR REVENUE ASSUMPTIONS, FACTS, & TRENDS**

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

### **BACKGROUND**

As authorized by the State Auditor's Office for a city with the population size of Clyde Hill, the City follows the "modified cash basis" of accounting method. This basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. As required by the State Auditor's Office, the City utilizes a 13<sup>th</sup> month to capture and record expenditures after the December City Council meeting that are actually paid in January of the following year, but recorded as of December 31<sup>st</sup>.

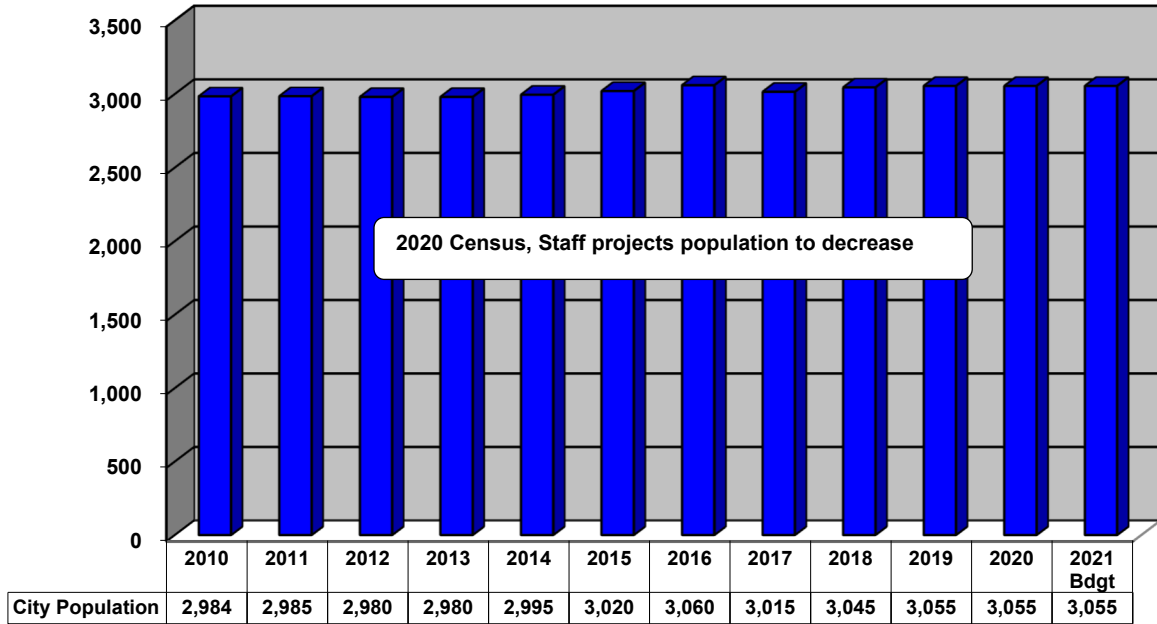
To summarize, revenues are recognized when cash is received and expenditures are recognized when cash is paid (modified to consider the 13<sup>th</sup> month in January). Capital assets and inventory items are recorded as expenditures in the governmental fund purchasing the asset or inventory item. A physical inventory is conducted annually of all inventory items with special attention to "small and attractive" inventory items.

"Modified cash basis" accounting is not considered GAAP for financial reporting purposes although 80% of all governmental entities in the State of Washington use this method of accounting with supervision and training provided by the State Auditor's Office (SAO).

### **POPULATION**

The Office of Financial Management (OFM) for Washington State estimates the population for each city in the State as of April 1<sup>st</sup>. This population estimate is used in the budget process for the following year to determine the amount that can be expected to be received in State shared revenues on a per capita basis. OFM's April 1, 2020 population estimates are based on OFM adjusted Census 2010 values. OFM estimates the population to be 3,055. Worth noting to see how accurate OFM's population estimates have been in the past, the OFM 2010 population estimate for the City of Clyde Hill was 2,845 and the 2010 census number came in at 2,984 (increase of 139 people or 4.9%). Overall, the City of Clyde Hill is "built out" with only a few vacant lots left in the City. As a result, the population trend for Clyde Hill will most likely fluctuate within a narrow band of a few hundred people from this year's estimate in the years ahead.

### City of Clyde Hill Population

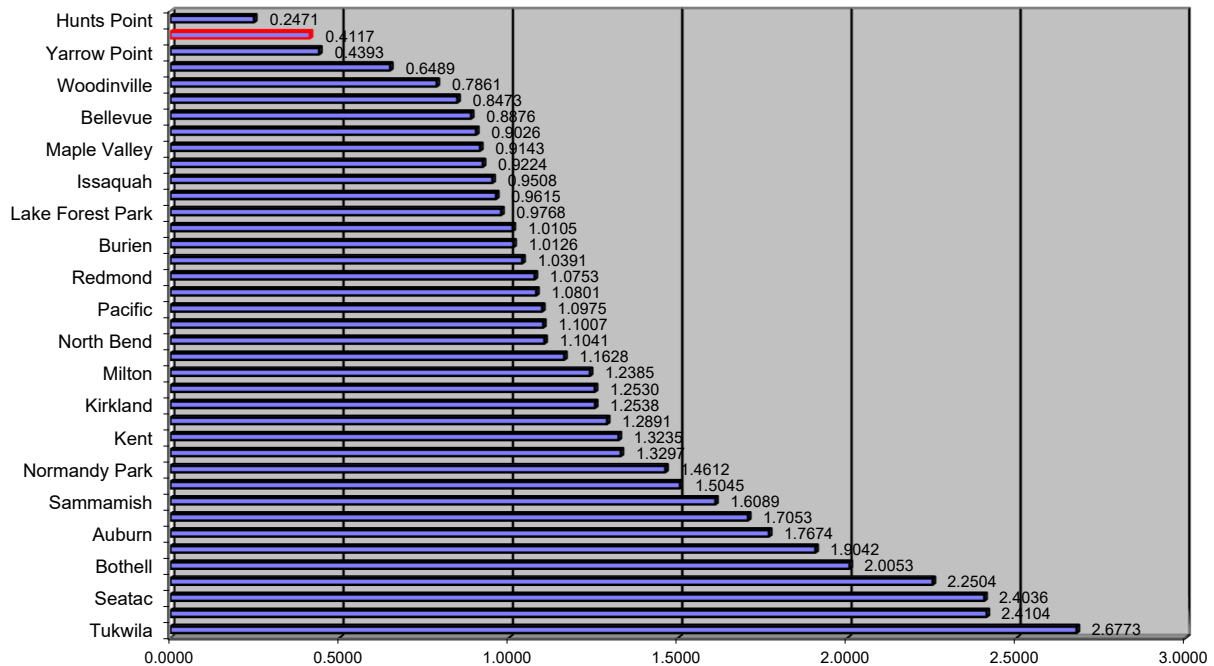


Source: Office of Financial Management

### REAL PROPERTY TAX

The King County Assessor’s Office provides information necessary for the City to levy property tax for the 2021 Budget. The City Council traditionally approves the following year’s real property tax levy along with the overall budget at their regular monthly meeting on the second Tuesday of December:

#### Comparison of 2021 Property Tax Rates for Cities & Towns in King County

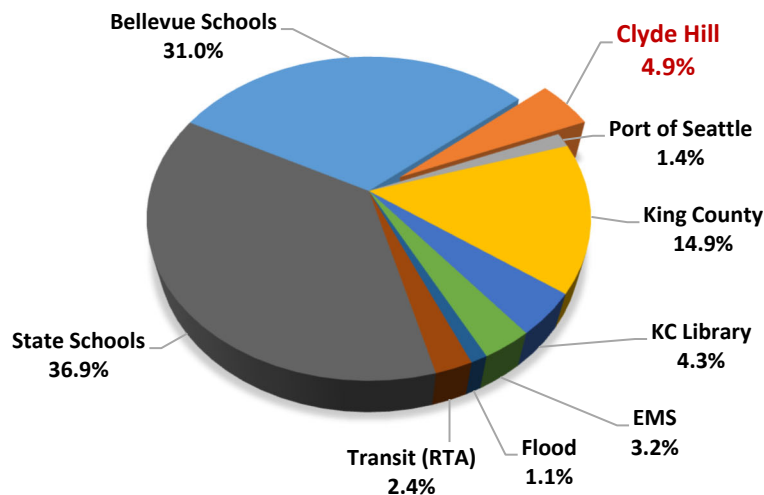




## **2021 Top Ten City of Clyde Hill Real Property Tax Highlights**

1. Clyde Hill continues to have the second lowest property tax rate out of the 39 cities and towns in King County;
2. For the first time in nine years, the City opted to take the available banked capacity as well as the allowed 1% property tax increase over the previous year's amount.
3. In 2021, the City of Clyde Hill will receive 4.9% of the total property tax dollars paid by Clyde Hill homeowners to help pay for City services (e.g. police, fire, roads, land use regulations, elections).

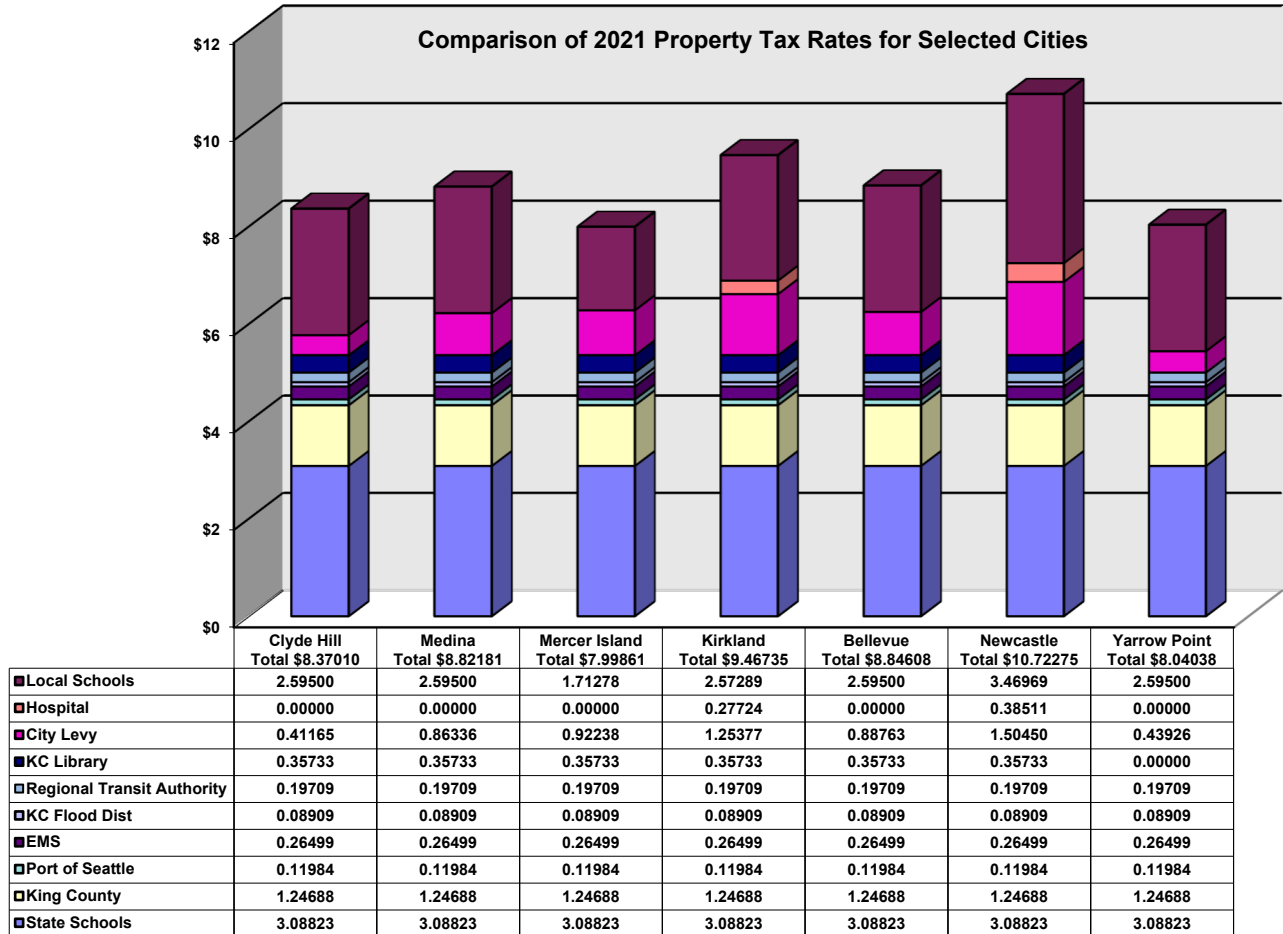
### **2021 Property Tax Distribution for Clyde Hill Taxpayers**



4. Bellevue Schools will receive 31.0% and State Schools will receive 36.9% of the average Clyde Hill homeowners' total property tax dollars paid in 2021. This means 67.9% of total property tax dollars paid by Clyde Hill homeowners goes toward schools.
5. The Central Puget Sound Regional Transit Authority (RTA) aka Sound Transit appears on Clyde Hill property tax statements for the 5<sup>th</sup> year and represents the 9<sup>th</sup> taxing jurisdiction that receives City of Clyde Hill property tax dollars.
6. A home in Clyde Hill valued at \$2.7M will owe \$532 in property tax for Sound Transit which represents 2.4% of the total property taxes paid.
7. The Port of Seattle levies 0.11984 on Clyde Hill homes. The median home value of \$2.4M in Clyde Hill will owe \$284 in property tax to the Port District.
8. There is an inverse relationship between a homeowners' assessed valuation (AV) and the property tax rate paid (i.e. AV goes down, property tax rate goes up). For 2021, the AV for the average home in Clyde Hill went down 2.7% resulting in the property tax rate paid going up by 2.8% from \$0.33586 per \$1,000 of AV to \$0.41165 per \$1,000 of AV.
9. A levy lid lift is a way for a jurisdiction to increase property taxes by more than

1% with a simple majority vote of the residents in that jurisdiction. In 2019, one nearby city, Medina, narrowly passed a levy lid lift. Medina is similar in demographics and affluence to Clyde Hill.

10. Local School District levies vary significantly around Clyde Hill from a low of \$1.71 per \$1,000 of AV on Mercer Island to a high of \$3.47 per \$1,000 of AV for Newcastle. Bellevue School District is \$2.60.



## **SALES TAX**

Clyde Hill receives 0.85% of the 10.10% sales tax paid for goods and services subject to sales tax within the City’s jurisdictional control. The following information was considered when developing the 2021 budget number:

- 2021 Sales Tax from the volatile construction activity component is expected to be \$275,000 or 50% of the total sales tax based on 2020 activity
- 2021 “Base” sales tax (everything except construction) forecasts at \$275,000.
- The Streamlined Sales Tax Law in Washington, which is a destination-based system, benefits Clyde Hill. The sale of products purchased and delivered to a Clyde Hill address require the local sales tax associated with the sale be credited to the city.

## **UTILITY TAXES, FRANCHISE FEES, & BUSINESS LICENSES**

Utility taxes and franchise fees are “revenue-based” taxes on the gross receipts collected by the utility service provider from residents of Clyde Hill. We use information learned from discussions with Clyde Hill utility service providers, a review of their website information, and our historical revenue trend tracking to project the utility service provider’s gross receipts. Eleven (11) different components make up the utility tax and franchise fee revenue category. Business Licenses are a \$25 fee paid to the Washington State Department of Revenue to cover the City’s cost of monitoring business activities in the City and as a way to remind businesses that Clyde Hill is a separate city when remitting their sales taxes to the State.

### **Utility Tax – Electric**

This is a “revenue-based” tax of 6% on the gross revenue earned by Puget Sound Energy (PSE) for using the City’s Right-of-Way (ROW) to provide electricity services within the City.

### **Utility Tax – Natural Gas**

This is a “revenue-based” tax of 6% on the gross revenue earned by Puget Sound Energy (PSE) for using the City’s Right-of-Way (ROW) to provide natural gas services within the City.

### **Utility Tax – Solid Waste**

This is a “revenue-based” tax of 4% on the gross revenue earned by Republic Services providing recycling, yard debris, and garbage collection services within the City.

### **Utility Tax – Cable TV**

This is a “revenue-based” tax of 9% on the gross revenue earned by Comcast Cable for providing cable TV services (not on internet) within the City. The following information was taken into consideration:

- Effective on July 1, 2009, the utility tax rate was increased from 4% to 9% to help reduce the projected deficit caused by the “Great Recession”;
- This revenue source has been declining and is believed to be due to customers “cutting the cord” and getting more entertainment via the internet.

### **Utility Tax – Local Access Telephone**

This is a “revenue-based” tax of 6% on the gross revenue earned by various telecommunication companies for use of the City’s right of way (ROW) to provide local access telephone services (e.g. CenturyLink) within the City.

### **Utility Tax – Wireless Telephone**

This is a “revenue-based” tax of 6% on the gross revenue earned by various telecommunication companies that provide wireless telephone services within the City. The following information was taken into consideration:

- This revenue source peaked in 2009 at \$79,069 and has declined approximately 69% to \$24,286 in 2020 due to lower prices (this trend is consistent with other cities).

### **Franchise Fee – Solid Waste**

This is a “revenue-based” franchise fee of 5.5% on the gross revenue earned by Republic Services for providing recycling, yard debris, and garbage collection services within the City. The following information was taken into consideration:

- Solid waste hauling contract started April 1, 2015. Garbage, recycling and compost collected weekly; compost collection reduced to bi-weekly during the winter months of December-February.

### **Franchise Fee – Cable TV**

This is a “revenue-based” tax of 5% on the gross revenue earned by Comcast Cable for providing cable TV services (not internet) within the City. The following information was taken into consideration:

- The franchise fee has been 5.0% since 1988;
- The Internet Tax Freedom Act became permanent law when President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015 on February 24, 2016.

### **Franchise Fee – Water Service**

This is a “revenue-based” tax of 9% on the gross revenue earned by the City of Bellevue Utilities Department to use the City’s Right-of-Way (ROW) while providing water services within the City.

### **Franchise Fee – Sewer Service**

This is a “revenue-based” tax of 9% on the gross revenue earned by the City of Bellevue Utilities Department to use the City’s Right-of-Way (ROW) while providing sanitary sewer services within the City.

### **Business License Fees**

Business licensing started in Clyde Hill on April 1, 2010 as a way to better inform businesses to pay their sales tax to the City of Clyde Hill when doing business in the

City. Prior to city business licenses, some businesses appeared confused about what jurisdiction to remit their collected sales taxes.

As a cost saving measure for the State, the State Department of Revenue took over facilitating this program from the Department of Licensing in early 2011. The City still maintains control over the program by approving each individual license application. The City's ordinance to enact the business licensing requirement has exemptions such as non-profits, casual sales, and babysitting. There are over 900 businesses with a license to conduct business in the City of Clyde Hill (fee is \$25 annually).

Business licensing is also designed to control parking and noise issues for residents conducting business from their homes. Surprisingly, there are over 120 businesses in Clyde Hill operating from their home.

## **DEVELOPMENT REVENUES**

With recent voter approved limits on property tax levy increases, motor vehicle license fees and motor vehicle excise taxes in Washington State, as well as development revenues in the form of building permits and plan check fees, have become an increasingly significant revenue source for the City. With fewer revenue options open to the city, balancing the annual budget without a strong local housing market becomes more difficult for a small residential community like the City of Clyde Hill.

### **Building Permits**

This revenue source represents the permit fee required to build a new home or for a remodeling project (including schools) based on the valuation of the project. The following information was considered:

- This volatile revenue category has always been forecasted by the City in a conservative way. For 2021, Clyde Hill new home development activity is forecasted to continue the robust pace experienced from 2015 forward. 2021 is expected to have 13 new homes and 45 remodeling projects permitted. New construction valuation in 2021 is projected to be ~\$37,950,000;

### **Other Non-Business Permits**

This revenue source represents the permit fees collected by the City for permitting street openings, public place use, drainage, fire sprinkler, original grade determinations, SEPA, demolitions, mechanicals, over-length vehicle permits, and other mostly construction related permits.

- A significant change in this revenue source starting in 2009 has been for Street Opening Permits. If the City's capital asset (e.g. paved street) has to be cut open to provide utility services to a homeowner, the permit fee assesses a pavement intrusion fee starting at \$750 and then \$100 per sq. ft. for cuts greater than 15 sq.

ft. or 10 lineal ft. For intrusions into pavement less than two years old, the intrusion fee is tripled;

- In general, the City's fee resolution allows the City to recover from the applicant any and all costs and expenses incurred by the City related to the application, including, outside consultants and attorney's fees; and
- This revenue source parallels the forecast for new home construction in 2021.

### **Zoning and Subdivision Fees**

This revenue category represents processing fees for variance and subdivision applications. Forecasted revenues are tied to the level of housing development activities.

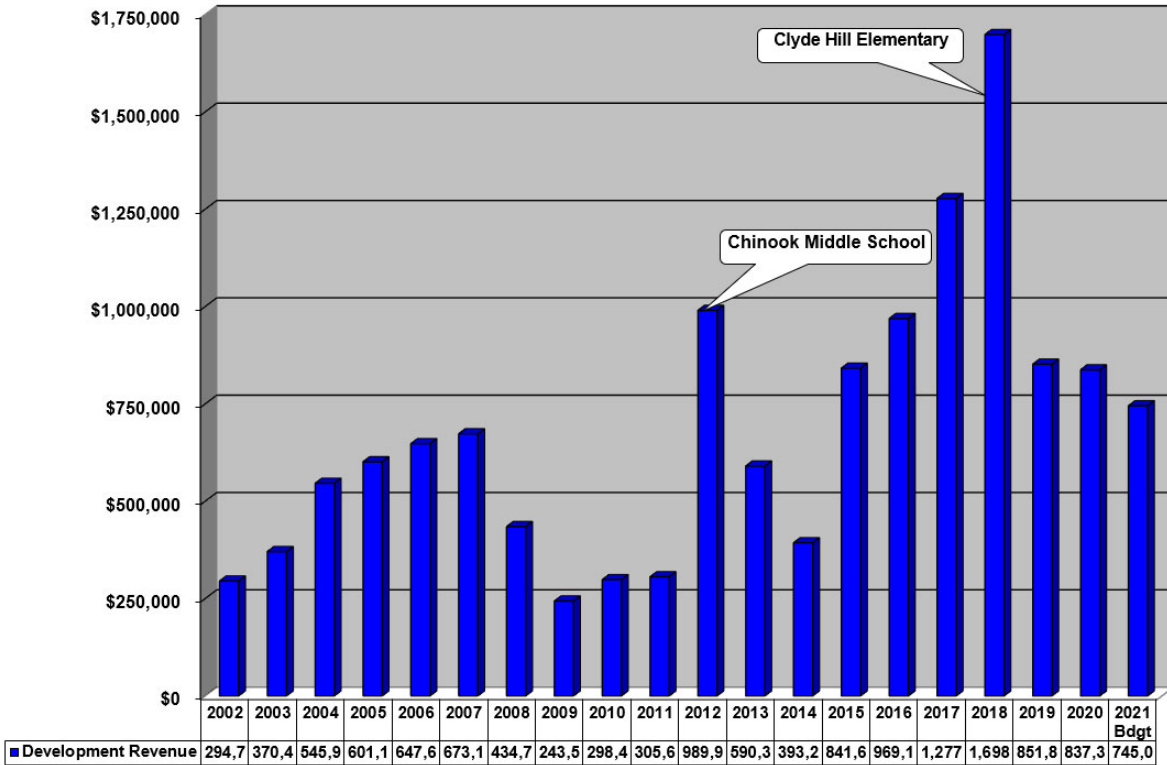
Fees for conducting Tree View Hearings and any reimbursed expenditures paid by homeowners to the City are recorded in this account as revenue (the State Auditor's Office does not allow the City to net reimbursements from homeowners against City expenditures).

### **Plan Check Fees**

This revenue category represents a fee charged for City Hall front counter assistance to apply, the plan review for code compliance, and the drainage plan review before issuing a building permit. The project valuation determined by the City's Building Official sets the fee amount. The following was considered:

- Thirteen new home projects at an average valuation of \$2,400,000 each are planned for in 2021 with another 45 remodeling projects valued at \$6,750,000 (remodeling projects represent 17.8% of the \$37,950,000 total valuation amount for new construction expected in 2021); and
- Original Grade Permits are viewed as a "bow wave" indicator for higher valuation construction projects. The City has budgeted for 14 of these in 2021 for a total value of ~\$5,600.

### Development Revenue 20-Year Trend



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

### **MOTOR VEHICLE REVENUES**

Clyde Hill receives three separate transportation distributions. The first is the Motor Vehicle Fuel Tax (MVFT), which is distributed as a percentage of the total fuel taxes collected statewide. The other two, the “increased motor vehicle fuel tax” and “Multi-Modal” distributions, were created in 2015 by ESSB 5987 and consist of direct transfers from the state transportation fund, hence allocations are not impacted by actual fuel tax collections. MVFT and increased MVFT distributions must be used for highway purposes, while multi-modal funds may be used for any transportation purpose.

The Municipal Research and Service Center (MRSC) provides us with a projection based on how much State gas tax revenue they expect to be collected and then it is distributed to cities based on population. To determine the 2021 Budget, we multiply the MRSC’s estimate by the State Office of Financial Management’s (OFM) April, 2020 population estimate: ( $\$22.58 \times 3,055 = \$68,975$ ). MVFT is based on number of gallons sold.

## **FEDERAL & STATE SHARED REVENUES**

Municipal Research and Service Center (MRSC) is a non-profit, independent organization providing excellent consultation, research, and information services to local government in Washington State at no direct cost. For State shared revenues from liquor sales, criminal justice sales tax and motor vehicle fuel tax, we look in MRSC's annual "Budget Suggestions" booklet for their estimate of per capita distributions from the State. We then multiple MRSC's estimate by our estimated population from the State Office of Financial Management (OFM) to determine revenue amounts for the 2021 Budget.

### **Liquor Excise Tax**

Much has changed on the liquor revenue scene since Initiative 1183 was approved by voters in November 2011. It privatized the distribution and retail sale of liquor, effective June 1, 2012. The markups on liquor have been replaced as a State revenue source by license fees that are paid to the state by retailers and distributors. Thirty-five percent of liquor excise tax collected at the point of sale is deposited in the "liquor excise tax fund" for distribution to cities, towns, and counties. Ten million dollars a year is diverted from this fund to the State's General Fund. Of the remaining amount, 80% is distributed to cities and towns based on population while the remaining 20% goes to counties based on population.

To determine the 2021 Budget we multiply the MRSC's estimate by the OFM's April, 2020 population estimate:  $\$5.66 \times 3,055 = \$17,295$ .

### **Liquor Control Board Profits**

This revenue source has stabilized, but has remained flat since the voters approved Initiative 1183 in November 2011 to end the State's monopoly on liquor sales. This revenue can still be used for general government purposes. We follow the MRSC "2020 Budget Suggestions" booklet for guidance. Liquor revenues are distributed to cities based on population.

- Under Initiative 1183, the State is now collecting revenue in the form of license fees from distributors and retailers but is still calling these revenues "liquor profits"; and
- The 2021 Draft Budget number was derived by following the MRSC's guidance of \$7.90 per capita multiplied by the April 2020 population estimate in Clyde Hill per the OFM equals \$24,135.

### **Criminal Justice Sales Tax**

This optional sales tax enacted by King County is a restricted revenue source for criminal justice purposes (the funds cannot be used to replace or supplant existing funding (RCW 82.14.350)). This revenue comes from 0.10% of the 10.1% sales tax charged for eligible goods and services throughout most of King County. Funds are



distributed with King County taking the first 10% off the top and the remainder allocated to cities and the county on the basis of population.

The money is recorded in the City's Criminal Justice Department of the Projects Fund. Replacement of police vehicles and the computer equipment that goes into the new vehicles are the primary, but not exclusive, expenditures of the Criminal Justice Department.

This is an "elastic" type revenue source that will go up and down with the regional economy.

### **Leasehold Excise Tax**

The City is required to remit to the State a leasehold excise tax equal to 0.1284% for any leases or rents it collects on property that is exempt from property tax. In Clyde Hill, this represents the rental house.

This revenue source comes from the State in an amount equal to 31% of the leasehold excise tax remitted to the State by the City for the rental house (State keeps 54% and County gets 15%). The Department of Revenue conducts random audits of the City for leasehold excise tax.

The wireless communication facilities located in Clyde Hill used to pay leasehold excise tax until a change in tax law interpretation by the Department of Revenue. In theory, the telecommunication companies with wireless communication facilities in Clyde Hill are assessed property tax and help pay part of the City's annual levy amount.

### **Washington Traffic Safety Commission Grant**

This revenue category represents federal grant money received indirectly through the Washington Traffic Safety Commission. Clyde Hill Officers work designated "emphasis patrols" on overtime and the City is reimbursed for their direct payroll costs. This State program is expected to continue in 2021 although Clyde Hill has not participated the last few years due to manpower issues.

### **King County Flood Control District**

This revenue category represents the City's cumulative allocation from a special levy by the King County Flood District that was approved by King County voters in 2007. The City's approved "Sub-Regional Opportunity Fund Project Application" is for the on-going "Clyde Hill Stormwater Management Project." This project will help develop standards in compliance with Federal, State, and Local requirements that new development in the City will be required to comply with. These standards will help to manage stormwater flooding problems throughout the City.

\$3,640 was received in 2009 as 10% "seed money" to start the project. Money has been allowed to accumulate over the years and spent periodically on stormwater-related projects.

The City's Public Works Department will make application to the King County Flood District to receive the City's allocation and plans to spend it on stormwater-related projects in 2021.

**King County Special Levy – Zoo / Trails / Open Space**

This revenue category represents the City's allocation from a special levy for the zoo, trails, and open space passed by King County voters in 2007 and renewed in 2013. The City's plan is to use the money from this source to supplement implementation of its sidewalk construction projects.

The first new sidewalk along the south side of NE 24<sup>th</sup> Street from 92<sup>nd</sup> Avenue NE to 98<sup>th</sup> Avenue NE was constructed in 2013. The second of five construction phases took place in the summer of 2015 along 92<sup>nd</sup> Ave NE from NE 20<sup>th</sup> Street to NE 24<sup>th</sup> Street. More sidewalk projects were implemented with the 2017 Budget. A sidewalk along 84<sup>th</sup> Ave NE between NE 12<sup>th</sup> Street and NE 24<sup>th</sup> Street was constructed.

**YARROW POINT POLICE CONTRACT**

Per contractual agreement through 2021, the Town of Yarrow Point shares 25% of the cost of providing a 24-7, fully-trained and equipped police department for the benefit of both communities:

2021 Base Service Fee		\$ 389,810
Other Direct Costs (e.g. dispatch, prosecutor)		\$ 57,730
	<b>Total</b>	<u>\$ 447,540</u>
	General Fund	<u>\$ 427,540</u>
	Criminal Justice Dept.	<u>\$ 20,000</u>

- Criminal Justice Department is part of the Projects Fund and is used to account for restricted funds; and
- Total Fee Calculation is up \$3,581 or 0.8% from 2020 to 2021 Budget.

**TRAFFIC FINES & OTHER PENALTIES**

**Traffic Fines**

This revenue category represents the City's share of revenue received monthly from Kirkland Municipal Court for processing cases filed by the Police Department. In municipal courts, parking fines are 100% local revenue. All other fines, forfeitures, and penalties assessed are subject to a 70% surcharge; the city's share is 68% of the total fine and surcharge. The remaining 32% is remitted to the State (RCW 3.62.090(1)). Note that 1.75% of the local portion must be remitted to the county for crime victim and witness programs. The City of Clyde Hill records all money received from the Kirkland municipal court that are required to be shared with the state or county in a non-revenue

account in the City's Agency Fund. This money is then remitted to the State or County at the end of each quarter.

To a certain extent, the revenue forecast depends on the number of officers who are street ready and working full-time. Otherwise, the impact of the traffic speed signs seems to be maintaining overall speed limits within Clyde Hill and has reduced speeding tickets.

Municipal Court Operations is one of the indicators included in the annual Dashboard Report as a quick and easy way to monitor this revenue source over the past few years.

### **Other Penalties**

This revenue category represents fines assessed for: 1) more than one false alarm; 2) civil penalties for building without a permit and plan review; 3) dumping into the City's stormwater system; 4) court ordered reimbursement of costs to the City; and 5) in 2015, the late fee penalty from WCF providers.

The volatility of this revenue source is evident in the brief history shown above.

### **INVESTMENT INCOME**

A projected cash flow analysis of investment income supports the development of the 2021 Budget number of \$26,250. This is a significant decrease over prior years, as interest rates remain at historic lows.

Approximately 98% of the City's available financial resources are invested with the Washington State Treasurer's Local Government Investment Pool (LGIP). The LGIP interest rate lags slightly behind movement in the Fed Funds rate set by the Federal Reserve Bank. September 2020 LGIP rate of return was .2058%. The corresponding Fed Funds rate is set at .1%.

The City has an Investment Committee that is made up of the Mayor, two City Councilmembers, the City Administrator (aka Clerk/Treasurer), and the Finance Manager. The Investment Committee is responsible for periodically reviewing investment performance, ensuring compliance with the City Investment Policy (certified by the Washington State Municipal Treasurer's Association), and to make recommendations to the City's Clerk/Treasurer of suitable investment opportunities.

### **REAL ESTATE EXCISE TAX (REET)**

Homes sold in Clyde Hill pay a graduated Real Estate Excise Tax (REET) at the time the property title transfer is recorded with King County. Clyde Hill receives 0.005% times the sales price, less a 1.3% collection fee paid to King County. This revenue source is restricted by law to capital improvements and is accounted for in the Capital Projects Department of the Projects Fund. The state's share varies between 1.10% and 3.00%.

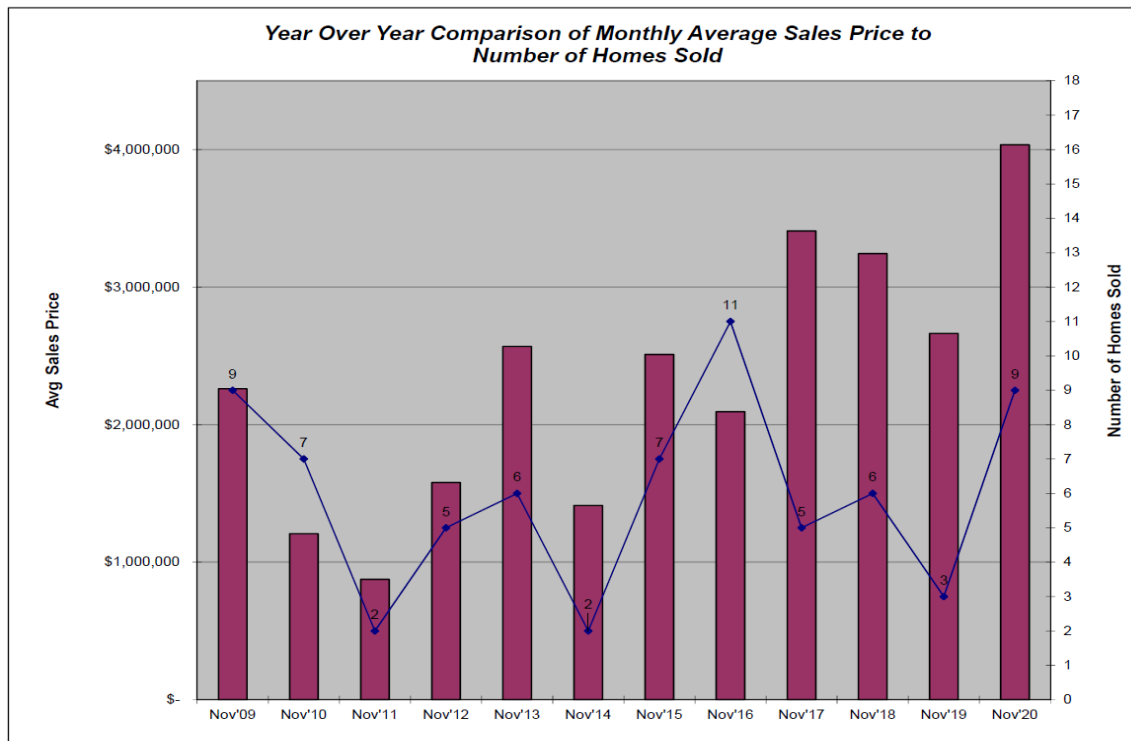
### Washington State – Graduated REET Structure

Sale Price Threshold	Tax Rate
\$500,000 or less	1.10%
Next \$500,000.01 - \$1,500,000	1.28%
Next \$1,500,000.01 - \$3,000,000	2.75%
Next \$3,000,000.01 or more	3%

### REET 1st/2nd Quarter Percent

These restricted revenue sources are excise taxes imposed on the sale of real property and dedicated to local capital projects identified in RCW 82.46.010. Sellers of real property pay a total of 1.60% to 3.50% of the sales price at the time title transfers to the buyer. REET’s 1 (.25%) & 2 (0.25%) make up 0.50% of the total. REET is recorded on the City’s books in the Capital Projects Department of the Projects Fund. REET 1 can be used for any capital improvement identified in the RCW listed above. REET 2 is more restrictive per RCW 82.46.035(5) and can only be used on capital projects specified in the City’s capital facilities plan and generally excludes parks.

The 2015 State Legislature allowed cities to use REET for “limited maintenance” of capital assets (e.g. streets) with spending thresholds and additional reporting requirements. In 2019, EHB 1219 modified the allowable uses of REET 2 to allow for capital projects related to homelessness and affordable housing projects.



In general, the condition of the home sale market and the related REET revenue is a leading indicator for the City’s other “elastic” revenue sources such as building permits, plan check fees, new construction property tax, and sales tax from construction activity.

# **PROJECTING THE CITY'S FINANCIAL FUTURE – 2021 BUDGET DEVELOPMENT PROCESS**

City of Clyde Hill, Washington

## **Background**

To assist the participants involved with developing next year's budget, we prepare a set of "worst case" revenue and expense projections through 2026, a set of "best case" revenue and expense projections and a set of "most likely" projections. Although this exercise is based totally on hypothetical economic conditions, we try to be realistic enough to be meaningful in the 2021 Budget decision-making process.

## **Projection Summary**

The intent is for the worst-case projections and best-case projections to serve as "bookends" for what most likely will happen in the financial future of the City of Clyde Hill. The City has been fortunate in the recent past with the one-time revenue generated by the \$40M Chinook Middle School Project and the \$48M Clyde Hill Elementary School Project. To recap the revenue from the first project, in 2012 the City received \$547,656 in the "Development Revenue" category and from 2012 through 2015 the City received \$347,007 in the "Sales Tax" revenue category. This revenue helped the City get out of recession and build a reserve fund foundation that has met the reserve fund financial policy. To recap the revenue from the second project, in 2018 the City received about \$704,200 in the "Development Revenue" category and between 2018 and 2019 the City received \$387,600 in the "Sales Tax" revenue Category.

In general, the best-case scenario assumes the City's revenues will continue to climb throughout the projection period due to a strong housing market and expenditures increasing slowly over the Fed's target inflation rate of 2.0% through 2026. For the worst-case revenue projections, a weak housing market returns to Clyde Hill, similar to the abnormally low level of development activity experienced in 2009 through 2011. The worst-case projections through 2026 shows the devastating effect that high inflation has on the City's expenditures in the form of salaries/benefits, contracted services (e.g. municipal court, elections, legal, jail, and audit) and other day to day operating costs.

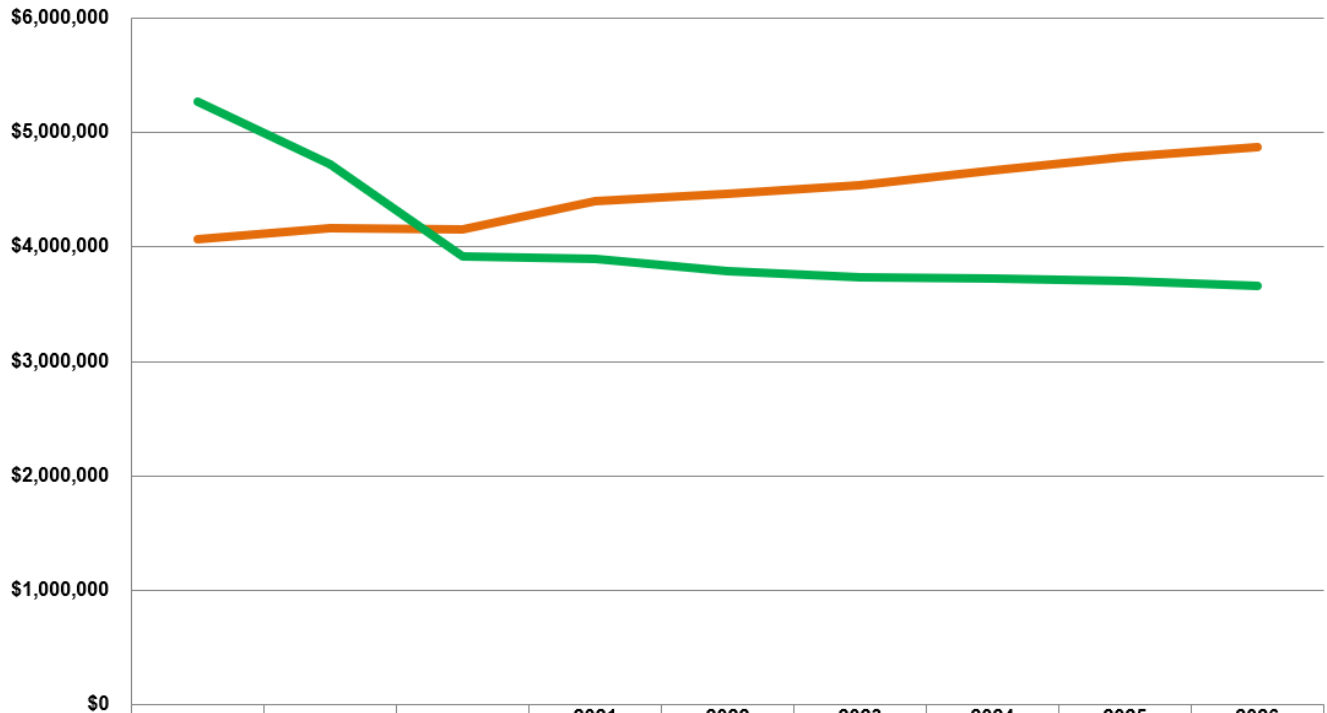
## **Charts**

Revenue, expenditure and fund balance charts have been included to show both the "worst-case" and "best-case" scenarios together with the most likely scenario. The primary focus is on the City's General Fund (Operating Account). The fund balance for each of the City's three funds (General, Reserve and Projects) are charted through 2026 to show the bottom-line impact on resources available for budgeting purposes.

## **Concluding Remarks**

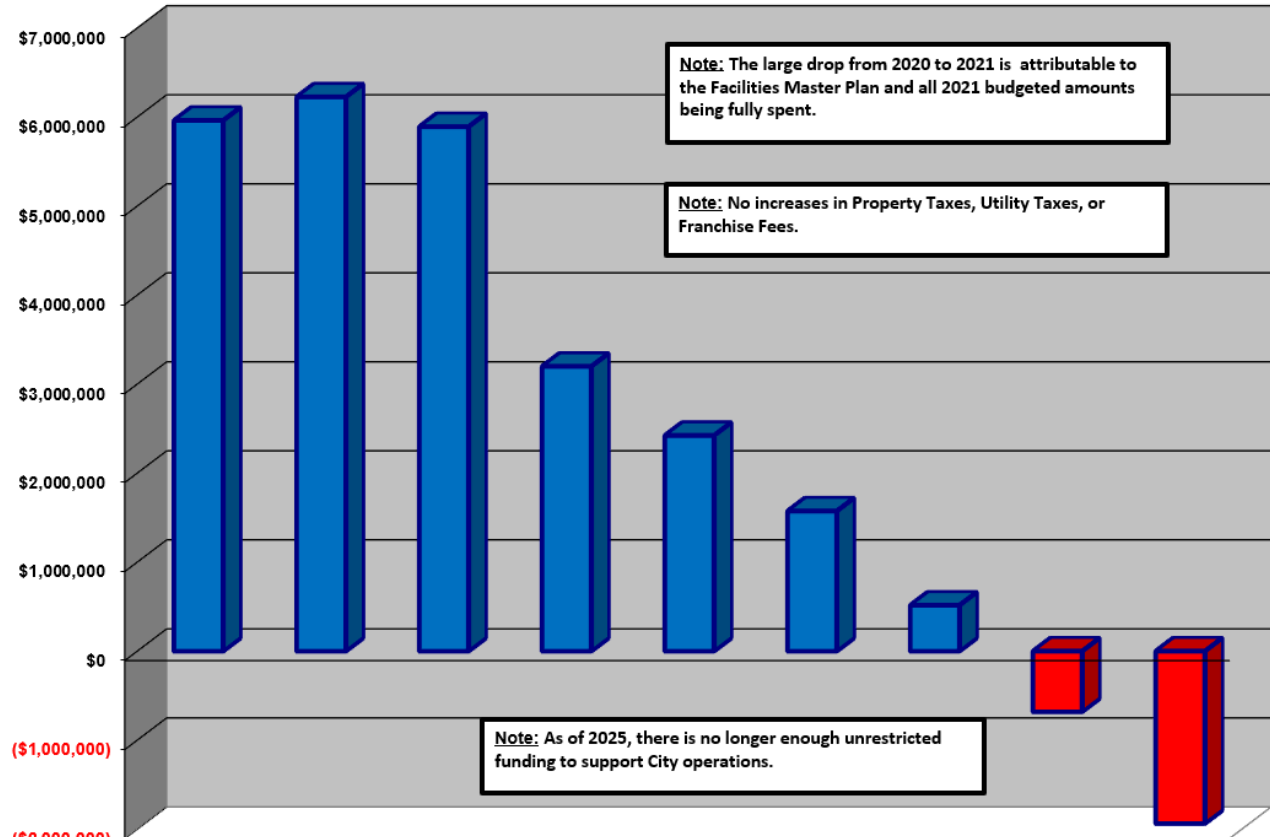
In general, the housing market appears to be the pivot point for the City's General Fund to finish each fiscal year with a surplus or deficit.

### Worst Case Scenario - Total Operating Revenues & Expenditures: 2018-2026



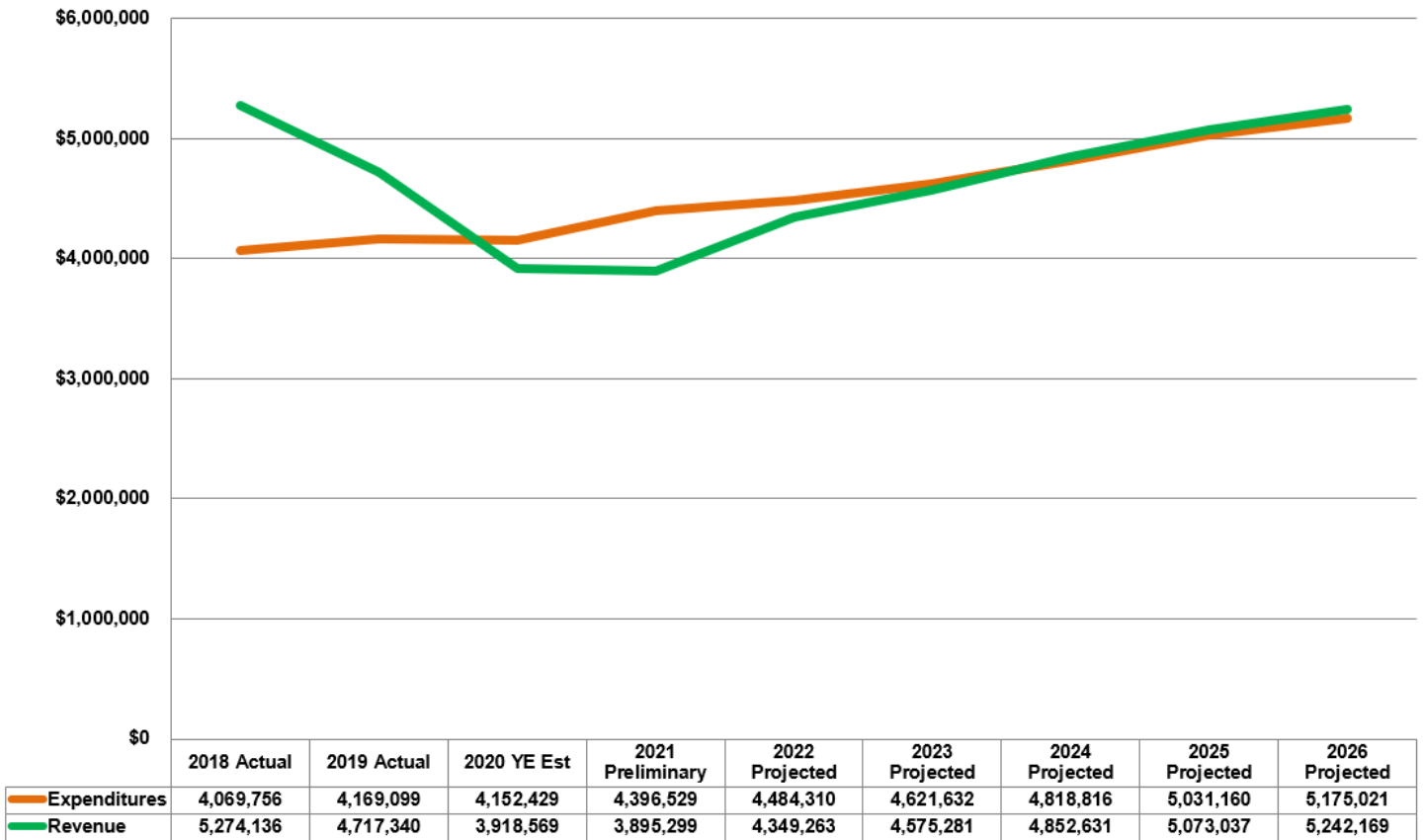
	2018 Actual	2019 Actual	2020 YE Est	2021 Preliminary	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Expenditures	4,069,756	4,169,099	4,152,429	4,396,529	4,469,865	4,535,270	4,666,325	4,783,039	4,867,201
Revenue	5,274,136	4,717,340	3,918,569	3,895,299	3,789,261	3,736,722	3,722,810	3,705,789	3,661,352

### Unrestricted Ending Fund Balances - Worst Case Scenario: 2018-2026

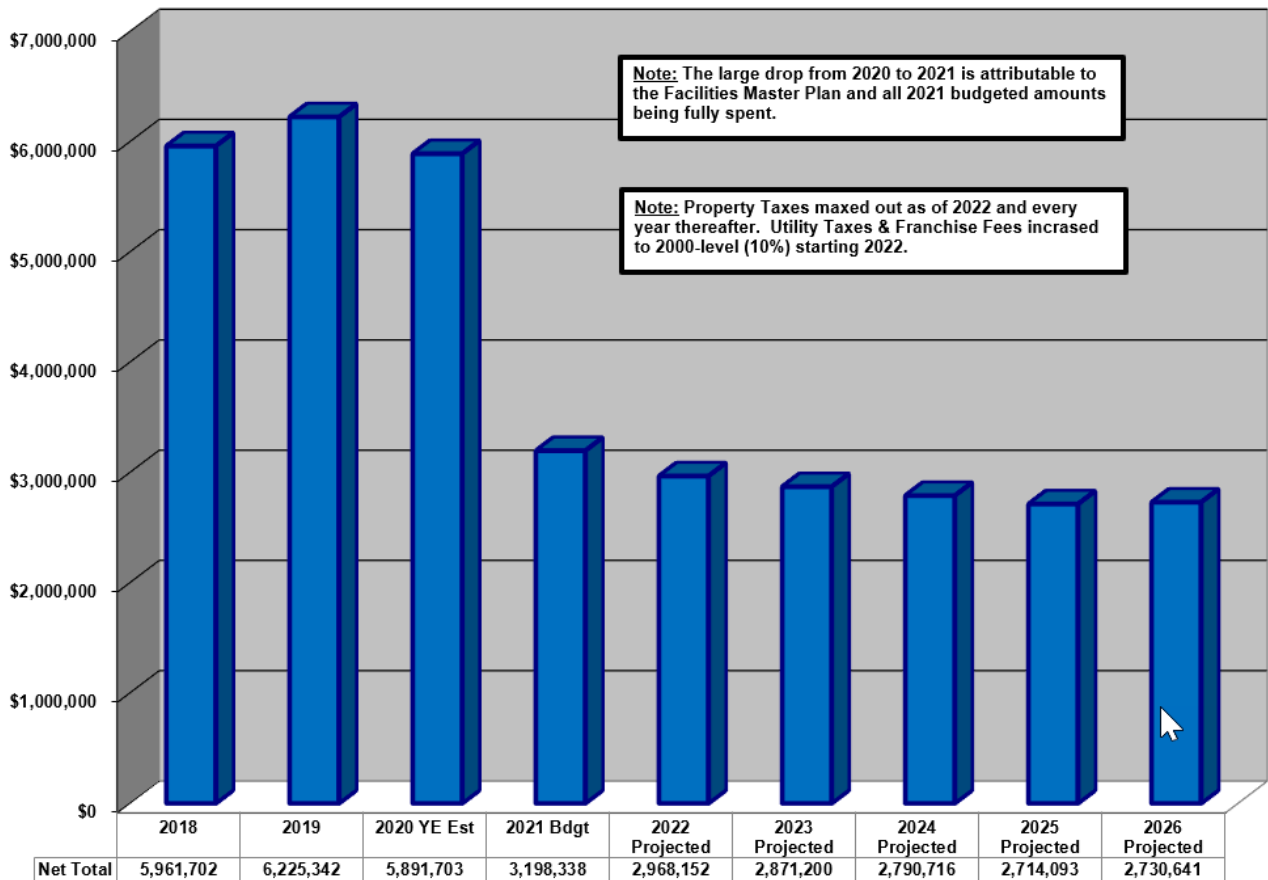


	2018	2019	2020 YE Est	2021 Bdgt	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Net Total	5,961,702	6,225,342	5,891,703	3,198,338	2,422,595	1,573,447	515,633	(680,118)	(1,936,568)

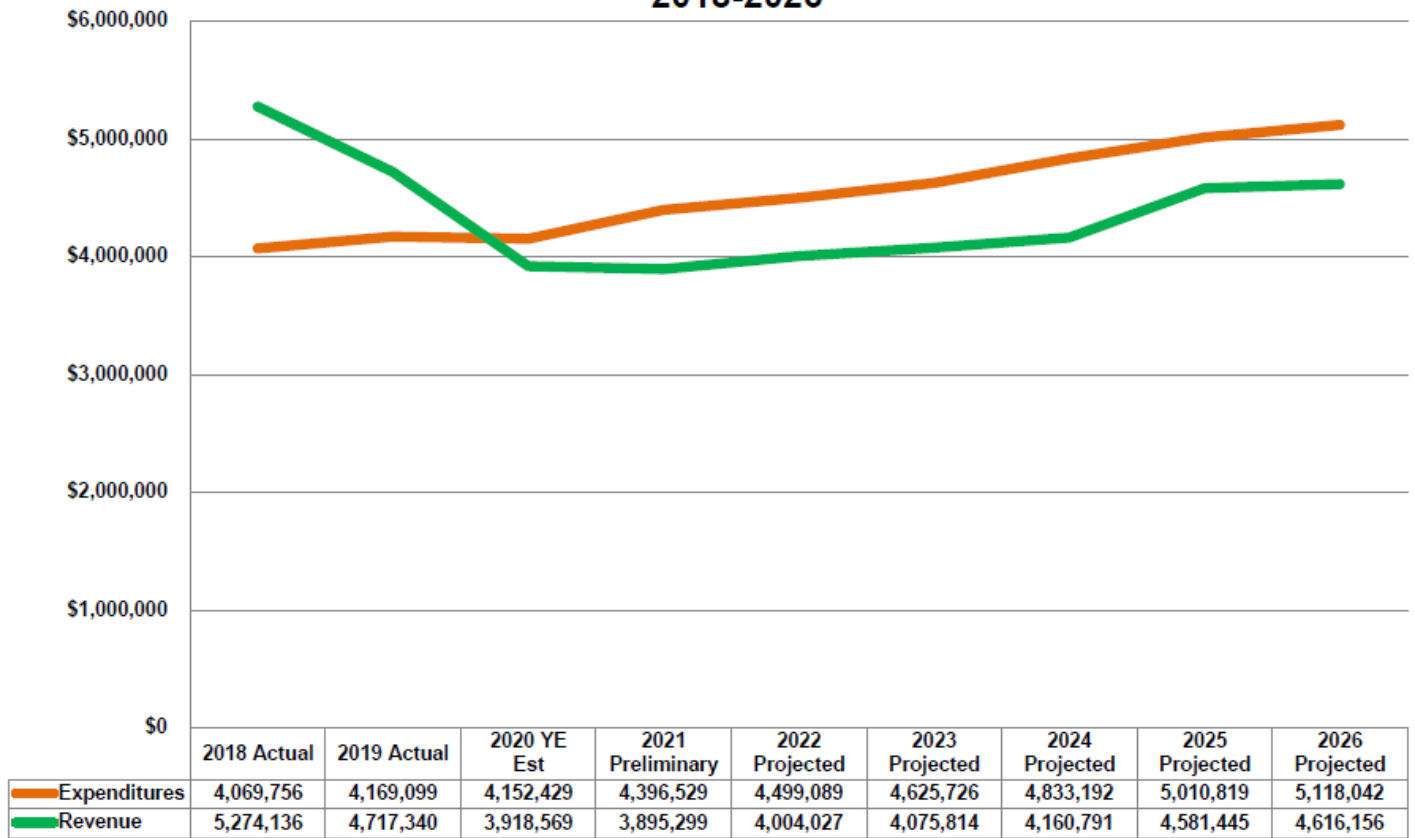
### Best Case Scenario - Total Operating Revenues & Expenditures: 2018-2026



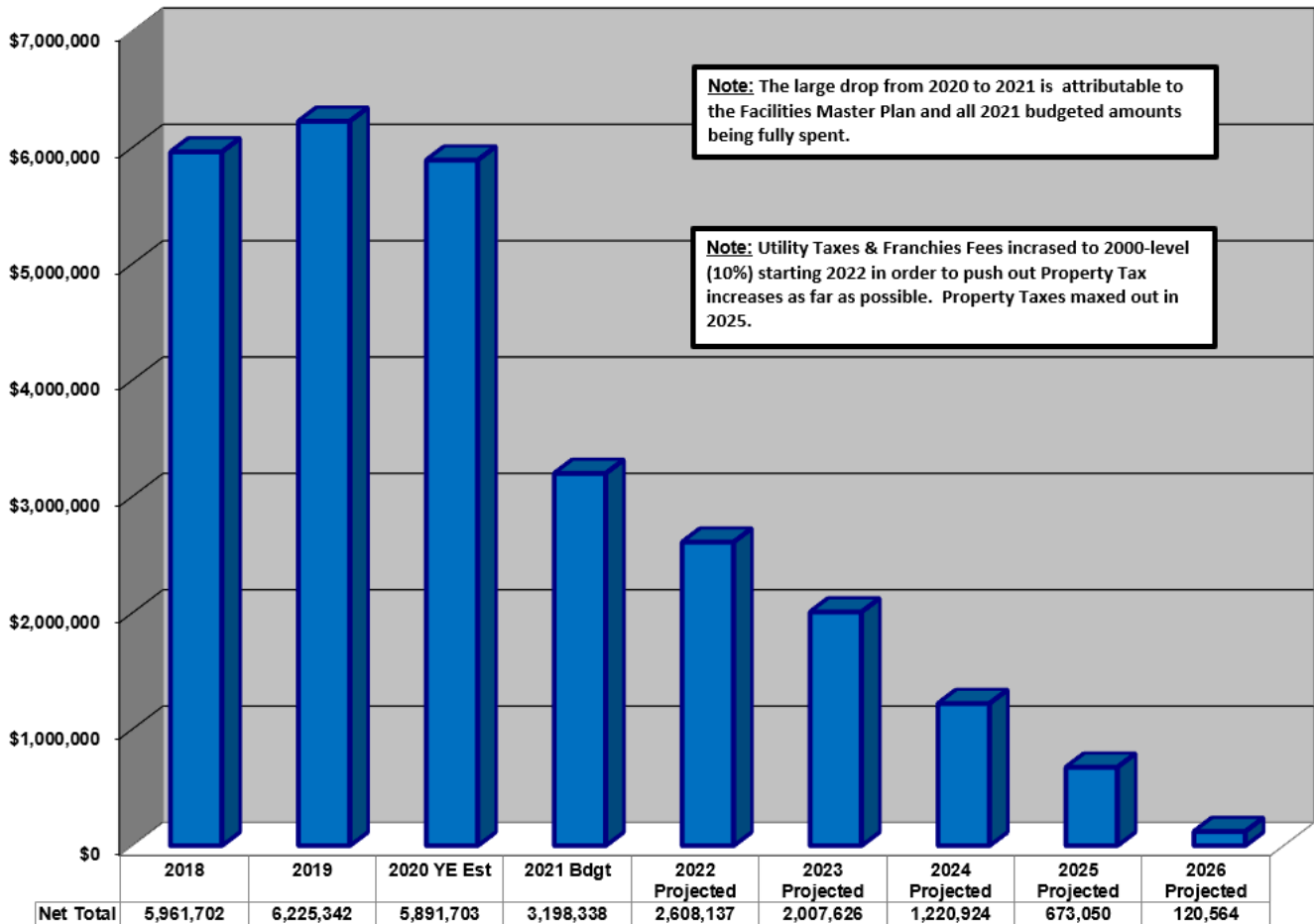
### Unrestricted Ending Fund Balances - Best Case Scenario: 2018-2026



## Most Likely Scenario - Total Operating Revenues & Expenditures: 2018-2026



## Unrestricted Ending Fund Balances - Most Likely Case Scenario: 2018-2026





**GOALS, POLICIES, CURRENT  
CONDITION & MONITORING**

# **BUDGET PROCESS OVERVIEW**

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

### **Background**

The City of Clyde Hill is a residential community of approximately 3,045 residents. It is located on the eastside of Lake Washington directly across the lake from the City of Seattle and is bordered by the cities and towns of Bellevue, Kirkland, Medina, Yarrow Point and Hunts Point. The City of Clyde Hill incorporated on March 31, 1953, and operates under the laws of the State of Washington applicable to a Mayor – Council form of government. The City of Clyde Hill is a general-purpose government and provides a partial range of municipal services, which include a ten-member Police Department and a five-member Public Works Department. In addition, the City provides building and land use management services, street and storm sewer service, parks and recreation, and general government services such as elections, arbor advice, pet licenses, public records, emergency preparedness, legislative, and the like. The City budget includes 20 authorized employees for 2021.

The 2021 Total City Expenditure Budget is approximately \$7.5M. As allowed by the State Auditor’s Office for smaller sized cities, the City uses the “modified cash basis” method of accounting and budgeting, which is a departure from Generally Accepted Accounting Principles (GAAP). The City has no debt. The City of Clyde Hill’s fiscal year is the calendar year January 1<sup>st</sup> through December 31<sup>st</sup>.

The City of Clyde Hill contracts with its neighboring cities and towns to share the costs of providing certain municipal services to residents. The City of Bellevue provides fire, water and sanitary sewer. The City of Kirkland provides municipal court services. Jail services are provided by King County and an assortment of eastside and south King County cities. Going in the other direction, the City of Clyde Hill provides police services to the 1,025 residents in the Town of Yarrow Point.

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

The City of Clyde Hill’s budget process culminates in an overall “Business Plan” each year for the City. The ingredients that go into the budget process start with the City’s budget philosophies, on-going “core” goals of the City, and a review of trends affecting the City’s financial condition. These ingredients are updated and reaffirmed at the start of each budget development process. The resulting business plan includes “target issues” to accomplish during the 2021 budget year. The business plan also includes future projections of revenues, expenditures and fund balances using both a “best-case scenario” and “worst-case scenario” to provide “bookends” of the most likely scenarios to be faced by the City over the next five years.

The 2021 operating budget is the short-term plan to guide the City through the next fiscal year while the Capital Facilities Plan is designed to guide the City for more

expensive capital improvement projects over the next six-year period. The City's annually updated Transportation Improvement Plan (TIP) is used to update the Capital Facilities Plan each year.

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

### **City Services Provided**

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

- Law Enforcement including Jail Services & Municipal Court Services
- Fire Suppression and EMS Services
- Street Operations (e.g. signs, signals, lighting, street cleaning, snow clearing)
- Roadway Improvements
- Storm Drainage
- Special Paths (e.g. Points Loop Trail, sidewalk construction and repair, maintaining City entrance areas);
- Building Code Enforcement, Permit Services and Inspections
- Planning Commission
- Park Facilities
- General Government (e.g. Mayor & City Council, election services, finance, audit, communications, legal, insurance, emergency preparedness, pet licenses)
- City Hall Repair & Maintenance
- Regional Responsibilities and Partnerships

### **Timing**

The Budget process typically begins in September of each year culminating with the adoption of a budget at the December City Council Meeting. Public meetings are held during this process to review the City's financial condition, set priorities, and allocate resources to meet the needs of the City. In accordance with State Statutes, the 2021 Preliminary Budget was available to the public on November 1, 2020. The City newsletter, e-mail alerts and the City's website [www.clydehill.org](http://www.clydehill.org) are the best ways to be made aware of upcoming Budget process events. Notices of all public meetings are published in the Seattle Times newspaper. Although rare in occurrence, amendments of the Budget can be done by Ordinance passed by the City Council at any time during the budget year.

## **Responsibilities**

The City Council is responsible to set policies for the City and enact a budget. The Mayor, working with the City Administrator, is responsible for preparing a preliminary budget and a "Budget Message." The Mayor and City Administrator are responsible for day-to-day operation of the City, including the supervision of all appointed officials and employees. They carry out the policies set by the Council and ensure compliance with local, state and federal laws.

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

## **Legal Requirements**

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

## **Budget Monitoring**

Each month, the City's Finance Manager "closes the books" and prepares financial statements for review by the City Administrator, Mayor, Councilmembers and the Budget Advisory Committee. Cash and investments are reconciled to the respective bank statements and all of the accounts are reviewed for proper classification and completeness. A "highlights" memorandum from the Finance Manager is attached to the financial statements for distribution identifying any significant favorable or unfavorable variances with the budget. This information is posted to the City's website as part of the packet sent out prior to the City Council Meeting each month and staff is available for questions at any time. In addition, Department heads are given their specific expenditure and budget information each month to monitor their budget responsibilities.

Due to the extraordinary economic turbulence experienced during the second half of 2008 while the 2009 budget was being developed, an enhanced budget monitoring plan was formulated. This enhanced budget monitoring plan has been slightly refined since its inception based on input from Councilmembers and Budget Advisor Committee members and will continue in 2021. The refinements involved a better link to the revenue and expenditure categories being monitored and reported on the Monthly Operating Report and takes into account materiality for reporting purposes. Overall, this plan is designed to avoid surprises and give the City Council as much time as possible to deal with unfavorable budget variances developing during the fiscal year, if any.

### **Annual Audit Report**

The Washington State Auditor's Office independently audits the City of Clyde Hill annually. The City has been recognized for its accountability and strong fiscal practices by the State Auditor's Office. Our last published audit reports for fiscal year 2019 are available on the "Finance Page" of the City's web site at [www.clydehill.org](http://www.clydehill.org) or at [www.sao.wa.gov](http://www.sao.wa.gov).

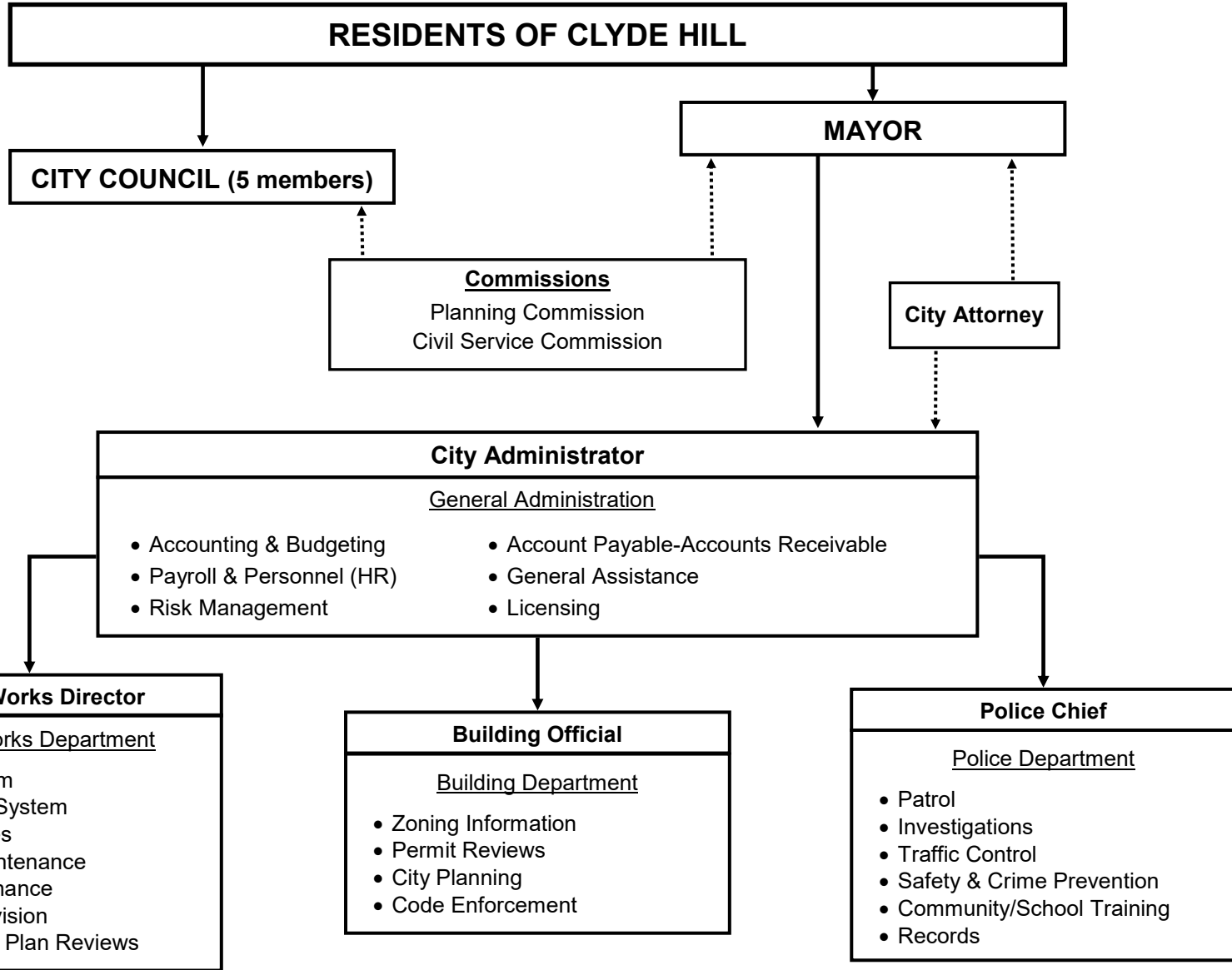
Clyde Hill looks forward to the audit each year as a way to strengthen its practices and provide it with assurances that its fiscal house is in order. The City has a written internal control plan that it shares with the State Auditor's Office each year and looks for opportunities to strengthen the plan. To offer an insight on one of the important costs of a smaller municipal government, the City of Clyde Hill budgeted \$16,000 in 2021 for its audit related services.

# DRAFT 2021 Budget Calendar

## City of Clyde Hill, Washington

<i>Statutory Dates</i>	<i>Proposed Dates</i>	<i>Steps in the 2021 Budget Development Process</i>
N/A	Tuesday, 7/14/2020	Review Budget Calendar & Confirm Budget Advisory Committee at Regular City Council Meeting
2nd Monday in September (9/14/20)	Tuesday, 7/21/2020	The Police and Public Works Department Heads are asked to prepare detailed estimates of revenue & expenditure estimates for the 2021 fiscal year Budget along with preliminary 2021 Goals & 2020 Accomplishments.
4th Monday in September (9/28/20)	Tuesday, 8/18/2020	The Police and Public Works Department Heads submit their budget requests to the City Administrator and Finance Manager along with their preliminary 2021 Goals and 2020 Accomplishments.
On or before the 1st business day in October	Tuesday, 9/8/2020	City Administrator (Clerk/Treasurer) provides the Mayor with the 2021 "Draft Budget" for presentation to the City Council at the 2021 Budget Study Session #1.
No later than the 1st Monday in October	Tuesday, 9/15/2020	Estimated 2020 Year End Revenue / Expenditure Data & 2021 projected "Draft Budget" are shared with the City Council & the Budget Advisory Committee.
On or before 1st Monday of December	Tuesday, 9/22/2020 with Packets Out 9/15/20	<b>BUDGET STUDY SESSION #1 (Preliminary Hearing on the Proposed 2021 Budget)</b> - The legislative body must schedule a preliminary hearing on the budget prior to the final budget hearing. Goal is to facilitate 2021 budget discussions with: 1) good understanding of the City's current financial condition; 2) review of the City's 2020 Dashboard Report; 3) projected best-/worst-/most-likely-case financial future; and 4) discussion of and feedback on the 2021 Draft Budget.
At least 60 days before the ensuing fiscal year (11/2/20)	Available on Thursday, 10/29/2020	The Mayor files the 2021 Preliminary Budget & Budget Message with the City Council, Budget Advisory Committee and the City Clerk (City Administrator).
No later than 1st two weeks in November	Saturdays (10/31/2020, 11/7/2020)	The City Clerk (City Administrator) publishes notice that the final budget proposal has been filed and publishes notice of public hearing on the final budget once a week for two consecutive weeks.
Prior to November 30 for <b>all</b> cities and towns	Thursday, 11/12/2020 w/packets out 10/29/20	<b>BUDGET STUDY SESSION #2 (Revenue Hearing &amp; Possible Final Hearing on Proposed 2021 Budget)</b> - Traditionally, this has been the meeting to decide on the property tax levy and confirm the City's overall financial strategy for the upcoming year.
11/30/2020	Tuesday, 11/24/2020	Based on the decision made by the City Council at the 11/12/2020 meeting regarding the 2021 property tax levy, the City Administrator (Clerk / Treasurer) will complete the paperwork necessary to formally notify the County Assessor of the City's intention for the 2021 property tax levy.
Following the public hearing & prior to the ensuing fiscal year.	Tuesday, 12/8/2020	<b>ADOPTION OF THE 2021 FINAL BUDGET &amp; THE 2021 PROPERTY TAX LEVY ORDINANCE</b> at the regular December City Council monthly meeting.
N/A	After Adoption	Copies of 2021 Budget are filed with the Washington State Auditor's Office, the Municipal Research & Service Center and made available on the City's Web Site.

# City of Clyde Hill Organization Chart





# CLYDE HILL'S BUDGET PROCESS

## PHILOSOPHIES:

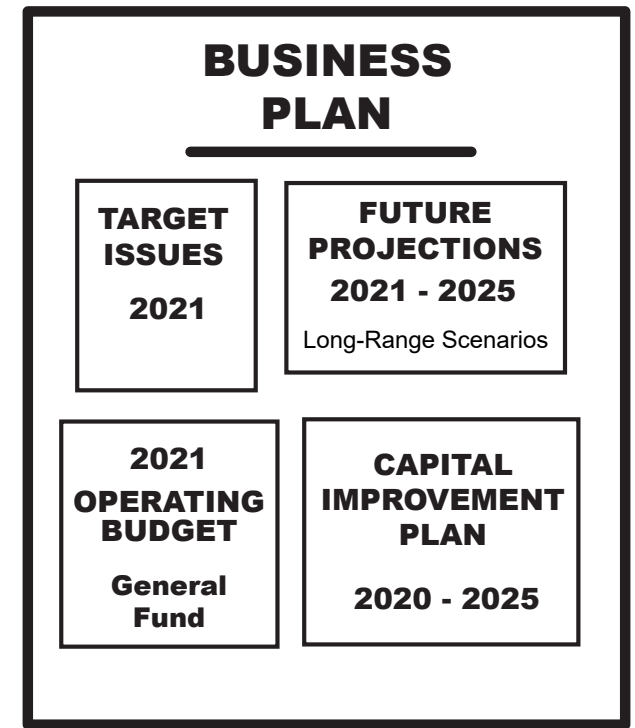
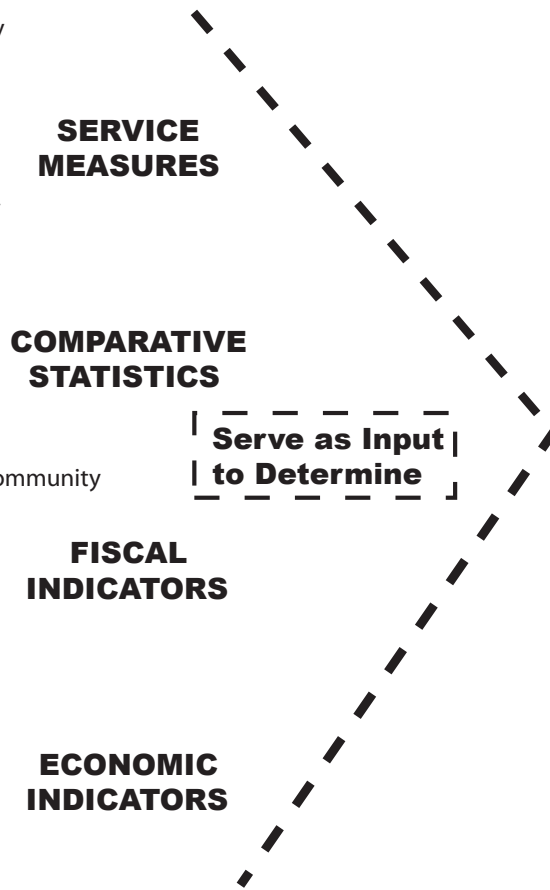
- SERVICE DELIVERY  
Strive to meet the long-term total community needs of the City
- CHARACTER  
Strive to maintain a quality residential character
- ETHICAL  
Maintain high ethical and professional standards
- RESPONSIVE  
Effectively and quickly respond to the needs of the community
- FINANCIALLY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

## GOALS:

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

## TRENDS AFFECTING THE CITY:

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







# TARGET ISSUES

## CITY OF CLYDE HILL

### -2021-

## CRITICAL TARGET ISSUES

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- Facilities Master Plan
  - Build parking/safety enhancements at PW Building
  - Collaborate w/Bellevue re: water tower/tank
  - Collaborate w/Bellevue re: Fire Station #5
- Complete a successful fiscal audit (no findings) of City's finances/operations
- Develop 2022 Budget
- Maintain City's compliance with WCIA's Compact
- Remain compliant w/NPDES regulations
- Negotiate new Police Union Contract
- Respond to COVID-19 Pandemic

## TARGET ISSUES

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- Update City's annual Pavement Rating Condition Survey
- Maintain City's eligibility as a Tree City USA
- Undertake Annual Vegetation Maintenance Program
- Successfully coordinate City Celebration, Pumpkin Festival & Arbor Day
- Perform 2021 street overlay
- Complete designs for 2022 overlays
- Complete all miscellaneous stormwater projects
- Surplus excess equipment, if applicable
- Deploy striping services in 2021
- Update the City's Transportation Improvement Plan
- Issue quarterly financial reports
- Receive Police Accreditation
- Receive 2021 GFOA Budget Book Award
- Update Building Valuation Matrix
- Purchase/outfit new Police SUV
- Oversee Bellevue Water Main Replacement
- Update Employee Handbook
- Update Title 17
- Update City Website
- Develop Vegetation Policies
- Update Emergency Management Operations Manuals
- Develop 2022 Legislative Agenda
- Negotiate acceptable SR-520 Lid Maintenance Contract
- Discuss implementation of biennial budget

# 2021 FINANCIAL GOALS & OBJECTIVES

City of Clyde Hill, Washington

## Background

The combined impact of challenging economic times, State budget-balancing and the occasional State Initiative requires us to remain vigilant in keeping an eye out for the City's financial health. An important objective of the annual budget process is to review and confirm a financial plan that includes short- and long-term financial guidelines for the City.

A set of Financial Policy Statements establishes the guiding principles for the longer-term fiscal stability of the City. The Financial Strategy is the City's action plan that confirms the shorter-term policies and considerations. These strategies make up the 2021 Budget and include other activities to help the City's longer-term financial health. The combined documents make up the City's annual Financial Plan. The 2021 Financial Plan is outlined below for your review, comment, and confirmation.

## Considerations for Discussion and Decision

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

The City's Financial Policy Statements help guide the overall financial vision of the City and are reviewed each year to make sure they represent the current philosophy of the Mayor and the Council. These policies were first developed in the early 1990's and have been modified to reflect a changing longer-term sentiment. The Financial Policy Statements are designed to establish guiding principles for the long-term fiscal stability of the City.

During the budget process the group was provided with a few opportunities to review the City's Financial Policies and pursue any modifications. The subsequent discussions concluded with no suggested change to the existing policies.

There are no other proposed changes recommended to the City's Financial Policy Statements for 2021.

## 2021 Financial Strategy

The City's Financial Strategy confirms the shorter-term policies and considerations of the current budget year and also includes other financial activities that help the City's longer-term financial health. Below is a draft of Clyde Hill's 2021 Financial Strategy.

On September 22<sup>nd</sup> and November 17<sup>th</sup>, the Council and the citizen's Budget Advisory Committee reviewed a draft and a preliminary budget, along with other financial

information in order to decide on a 2021 Final Budget. The philosophies adopted at these meetings help to comprise the short-term element of the City's financial plan.

Balance the 2021 Operating Budget Using the Following Guidelines:

- Maintain expenditures at amounts that will not negatively impact or remove existing city services;
- Continue to budget at existing staffing levels;
- Maintain cuts to total operating expenditures that took place during the recession;
- Project operating revenues using a realistic approach;
- Project development revenues to account for continued short-term, high-demand construction projects in 2021 at a ~\$38 million level;
- Include the allowable 1% general levy amount and the amount for new construction in the 2021 property tax request;
- Use about \$2.0M to fund the City's Facilities Master Plan;
- Use the remaining 2020 General Fund balance to offset the operating deficit in the General Fund in 2021; and
- Evaluate implementation of the Budget and the City's fiscal health through the continuation of the City's enhanced, monthly budget monitoring/reporting practices.

Continued Emphasis on Monitoring Revenues & Expenditures:

- Closely monitor home sales and development activity throughout the year to see if the volume and value of the budgeted estimates are being met;
- Monitor and report to Council on real estate sales and excise tax trends; and
- Continue to implement an enhanced Budget Monitoring Plan to evaluate and report on the City's Budget and fiscal health throughout the year.

Audit Sales Tax & License Payments:

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

Capital Projects:

- Implement a Sidewalk, Storm Drain Repair and Road Overlay Program.

Continue Emphasis on Long-Term Financial Planning:

- Review financial trend information and 6-year projections on an annual basis before the development of the 2022 Budget; and

- At time of Council discussion of the City's Transportation Improvement Plan (TIP), provide an associated funding analysis.

Increase Community Awareness of City Services & Financial Challenges:

- Use the Newsletter, website, annual budget book, social media, the City's partnership with the local magazine Points Living and cable TV channel to make the community aware of the services they receive from the City, the status of the City's actual performance in providing services (dashboard report) and any financial challenges the City faces to continue these services at current levels.

# **SUMMARY OF ALL CITY LONG-RANGE PLANNING PROCESSES**

**City of Clyde Hill, Washington**

## **Transportation Improvement Plan (TIP)**

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

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

The City accounts for the TIP in the Capital Projects Department of the Projects Fund. The primary sources of revenue are from the Real Estate Excise Tax (REET), special property tax levies by King County, and grants from State agencies.

## **Capital Facilities Plan**

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

In Washington, the Growth Management Act (GMA) requires that all cities and towns collecting the second 0.25% of the REET have an annually updated Capital Facilities Plan.

## **Comprehensive City Plan**

The City's Comprehensive Plan is the document used to help guide a number of land use and zoning decisions for the community. This document is reviewed and updated every 10 years. The City's Comprehensive Plan for the period 2015 – 2035 was last updated in 2015. The City was awarded a \$10,000 grant from the State in 2014 to accomplish this task.

## **Concluding Remarks**

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



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## **FINANCIAL POLICY STATEMENTS FOR THE CITY OF CLYDE HILL December 2013 (Affirmed December 2018)**

### **PURPOSE:**

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

### **OBJECTIVES:**

To achieve the above purpose, the following are objectives for the City's fiscal performance:

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

### **Historical Lessons Learned:**

To achieve the above objectives, in 1992 the City conducted an analysis of its present financial condition, focusing on historical trends, areas of concern and financial solutions or ideas. Since that time the City continues to maintain the tools used in tracking important financial/economic trends and projecting out potential financial scenarios in both good and bad times. With a current understanding of the forces and obstacles impacting the City's finances, all involved in the budget development can better appreciate potential problems with revenue sources, management practices, infrastructure conditions and future funding needs. This information enables the City to plan for and develop informed long-term strategies for the City's continued financial solvency.

## **FINANCIAL POLICY STATEMENTS:**

### **Policy Statement #1:**

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

#### **Implementation #1:**

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

### **Policy Statement #2:**

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

#### **Implementation #2:**

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

### **Policy Statement #3:**

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

#### **Implementation #3:**

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

### **Policy Statement #4:**

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

#### **Implementation #4:**

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

### **Policy Statement #5:**

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

Implementation #5:

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

**Policy Statement #6:**

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

Implementation #6:

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

**Policy Statement #7:**

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

Implementation #7:

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

**Policy Statement #8:**

**Provide for the orderly and appropriate replacement of City equipment.**

Implementation #8:

Continue to implement an Equipment Replacement Program in the Projects Fund and annually appropriate funds to that department to provide for the stable, timely and appropriate replacement of equipment. The replacement of equipment will be based on an adopted equipment schedule that will annually be updated and presented to the Council during the budget process.

**Policy Statement #9:**

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

Implementation #9:

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



**Policy Statement #10:**

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

**Implementation #10:**

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

# CURRENT DEBT OBLIGATIONS

## City of Clyde Hill, Washington

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

- The City of Clyde Hill has no current debt obligations;
- Current unwritten policy can be described as “pay as you go” and “do not accumulate debt to burden future generations of Clyde Hill taxpayers;”
- Washington imposes legal debt limits for all governmental entities;
- Limits on the City of Clyde Hill to issue debt are as follows:
  - 2.5% of Assessed Value for general purposes is allocated between:
    - Up to 1.5% debt without a vote (councilmanic); and
    - 1.0% general-purpose debt with a vote.
  - 2.5% Assessed Value for open space, park, and capital facilities with a vote.
- The City of Clyde Hill does not operate any utilities;
- The City of Clyde Hill does not intend to issue debt in the foreseeable future; and
- Conditions that should be considered in conjunction with any future issuance of debt:
  - Unforeseen needs of an emergency or non-recurring nature (e.g. devastating earthquake);
  - Orderly implementation of budget adjustments;
  - Local match for public or private grants; and
  - Unexpected opportunities.

Note: The City of Clyde Hill Assessed Valuation for the 2021 Tax Roll is \$3,023,964,150 (2.5% of the current assessed value equals \$75,599,104).

Please contact the Finance Manager, Dean Rohla, at [dean@clydehill.org](mailto:dean@clydehill.org) or 425.453.7800 with any questions or concerns regarding current debt obligations.

# **MONITORING THE CITY'S FINANCIAL CONDITION**

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

### **2021 Budget Development Process**

#### **Brief Explanation**

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

#### **Definition**

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

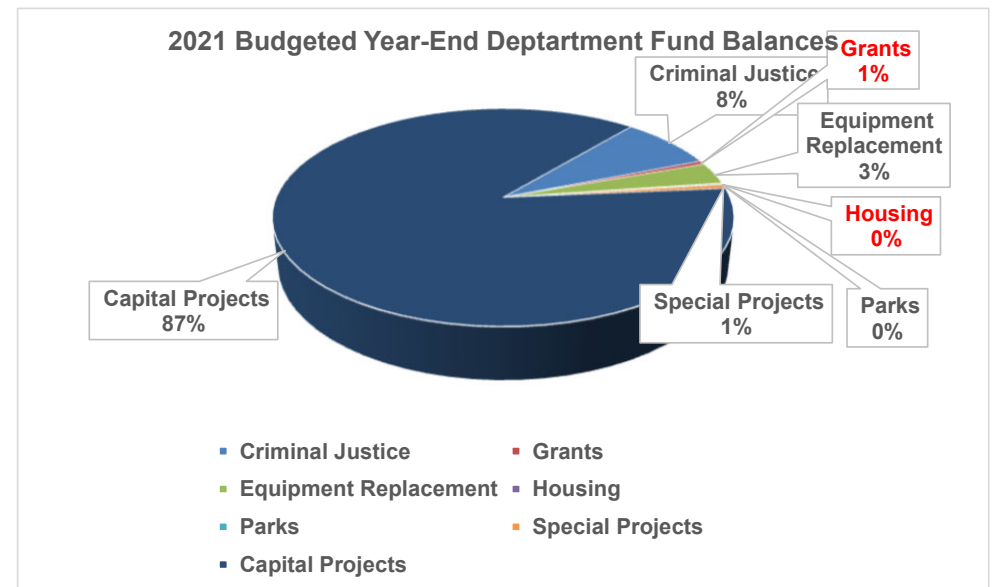
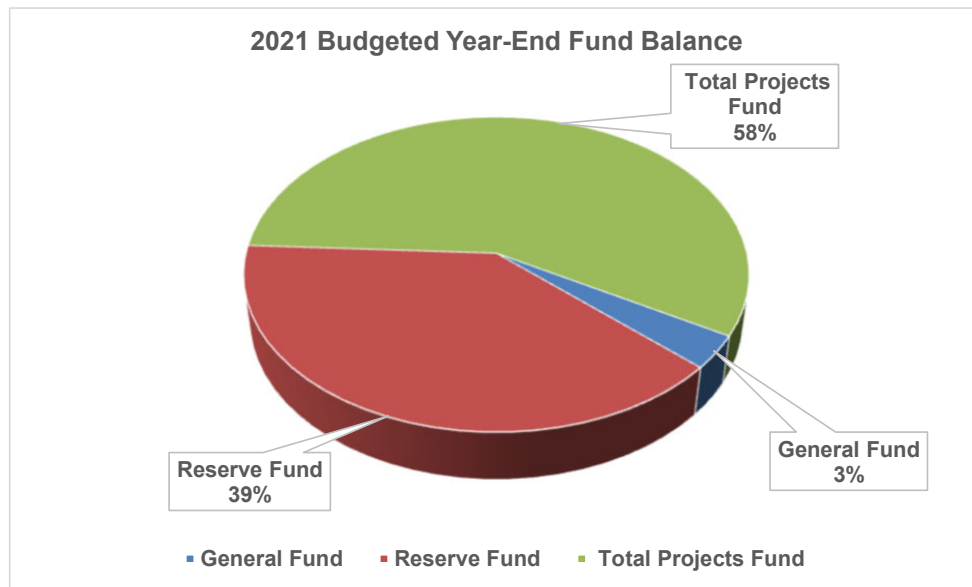
#### **Concluding Remarks**

- The City's General Fund has finished fiscal year 2020 with a deficit of \$100,561;
- The City's General Fund is expected to finish fiscal year 2021 with a deficit of \$276,823 (updated February 2021);
- Each of the City's financial condition indicators has their own somewhat unique story to tell and the associated charts are designed to help relay that information to the 2021 budget development participants; and
- City staff continues to diligently hold down expenses at every opportunity.

# 2021 Budget Fund Balances

City of Clyde Hill, Washington

Component	General Fund	Reserve Fund	Criminal Justice	Grants	Equipment Replacement	Housing	Parks	Special Projects	Capital Projects	Total Projects Fund	Total of All 3 Funds
<b>Begin Balance - 01/01/2021</b>	\$ 557,105	\$ 3,222,070	\$ 417,397	\$ 25,329	\$ 128,741	\$ 2,393	\$ 28,935	\$ 2,185,701	\$ 3,970,044	\$ 6,758,536	\$ 10,537,712
Revenues	\$ 4,199,130	\$ -	\$ 110,083	\$ 50,000	\$ -	\$ 10,000	\$ 1,000	\$ 2,000	\$ 943,000	\$ 1,116,083	\$ 5,315,213
Expenses	\$ 4,434,654	\$ -	\$ 153,074	\$ 50,000	\$ -	\$ 26,300	\$ 21,000	\$ 2,159,536	\$ 763,000	\$ 3,172,910	\$ 7,607,564
<b>Operating Surplus/(Deficit)</b>	<b>\$ (235,523)</b>	<b>\$ -</b>	<b>\$ (42,992)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (16,300)</b>	<b>\$ (20,000)</b>	<b>\$ (2,157,536)</b>	<b>\$ 180,000</b>	<b>\$ (2,056,828)</b>	<b>\$ (2,292,351)</b>
Transfer-In	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 16,300	\$ -	\$ -	\$ -	\$ 41,300	\$ 41,300
Transfer-Out	\$ 41,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,300
<b>Ending Balance - 12/31/2021</b>	<b>\$ 280,282</b>	<b>\$ 3,222,070</b>	<b>\$ 374,406</b>	<b>\$ 25,329</b>	<b>\$ 153,741</b>	<b>\$ 2,393</b>	<b>\$ 8,935</b>	<b>\$ 28,165</b>	<b>\$ 4,150,044</b>	<b>\$ 4,743,009</b>	<b>\$ 8,245,361</b>



# 2021 ENHANCED BUDGET MONITORING PLAN

## City of Clyde Hill, Washington

### Background

The following additional internal control was introduced in 2009. These monitoring activities act to strengthen the City's internal control system and help manage any budget-related surprises. The goal of the plan is to avoid surprises through targeted monitoring with a specific written plan requirement when problems are identified.

Three (3) levels of financial control for City revenues and expenditures are a part of implementing the 2021 Budget.

### Revenues

- Level 1 – Continue to Monitor: Monitor all revenue sources each month by comparing actual to budget year to date expectations. Staff will share these comparisons with the City Council on the Monthly Operating Report. Both the quarterly and the monthly reports will highlight all major operating revenues and will group any other revenues with a budget of less than \$15,000.
- Level 2 – Falls Behind by 5% – Watch List: If any revenue source or grouping falls behind budget year to date expectations by 5% after the first quarter, it will be placed on a "Watch List" and will be highlighted to the Council as a potential problem.
- Level 3 – Falls Behind by 15% – Red Flag List – Treatment Plan: If any revenue source or grouping falls behind the budget year to date expectations by 15% after the first quarter, it will be placed on a "Red Flag List." When any revenue source or grouping is placed on the Red Flag List, a specific treatment plan will be developed by the staff to address a potential revenue shortfall. Guidelines for the treatment plan could include: 1) expenditure cuts to offset the loss of revenue; 2) designation of a specific surplus revenue source to act as an offset to the identified revenue shortfall; and/or 3) an amendment to modify the Budget.

### Expenditures

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

- Level 1 – Identify & Hold Back Certain Expenditures: The staff will identify the more flexible operating expenditures that could be held back into the second half of the year. This will enable the staff to use these expenditures as possible candidates to offset a Level 3 revenue shortfall.

- Level 2 – 10% Over Budget – Watch List: If any expenditure grouping is 10% over budget after the first quarter, it will be placed on a “Watch List” and will be highlighted to the Council as a potential problem.
- Level 3 – 15% Over Budget – Red Flag List – Treatment Plan: If any expenditure grouping is 15% over budget after the first quarter, it will be placed on a “Red Flag List.” When any expenditure grouping is placed on the Red Flag List, a specific treatment plan will be developed by the staff to address the increased cost. Guidelines for the treatment plan could include: 1) plans on how to reduce costs going forward; 2) place a freeze on an expenditure account(s) if possible; 3) designate or freeze other expenditure account(s) to provide overall savings to offset the unfavorable condition; 4) designation of a specific surplus revenue source to act as an offset to the identified expenditure grouping problem; and/or 5) an amendment to modify the Budget

**DEPARTMENT INFORMATION &  
PERFORMANCE MEASURES**

# DEPARTMENTAL INFORMATION

## City of Clyde Hill, Washington

### Relationship Between Functional Units & Funds

City of Clyde Hill, Washington  
Fiscal Year 2021

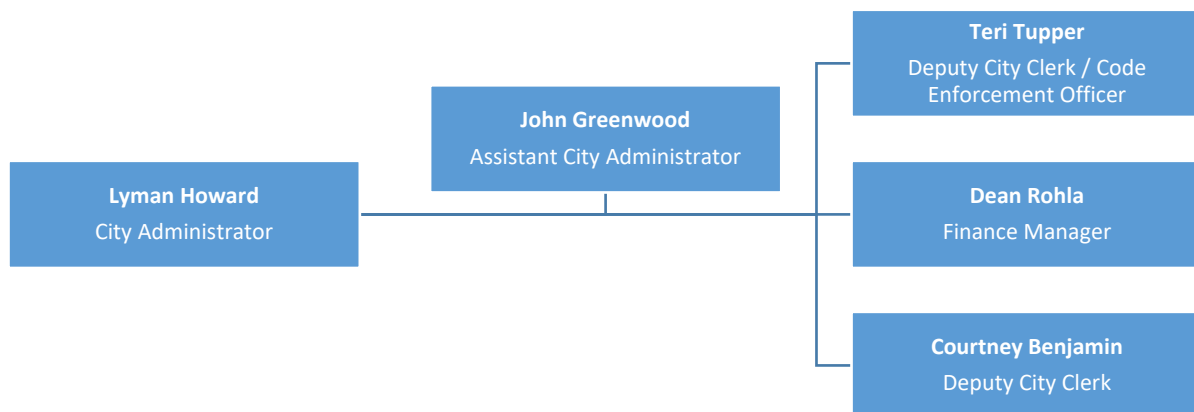
**Note:** To better monitor restricted revenues, the City utilizes the Projects Fund made up of seven departments (e.g. activities). This matrix is designed to show which of the City's three functional units has at least some responsibility for the seven departments in the Projects Fund. All salary, benefits, and operating expenditures for the three functional units are recorded in the General Fund.

#### Departments in the Project Fund (e.g. Combined Special Revenue Fund)

Functional Unit	General Fund	Reserve Fund	Criminal Justice	Grants	Equipment Replacement	Housing Rental	Parks	Special Projects	Capital Improvement
General Government Department	X	X	X	X	X	X	X	X	X
Police Department	X		X						
Public Works/Building Department	X			X	X	X	X	X	X

### GENERAL GOVERNMENT DEPARTMENT

The General Government Department is part of the General Fund and includes the City Administrator, Assistant City Administrator, Finance Manager (.5 FTE), two Deputy City Clerks, one of which also acts as Code Enforcement Officer for the City (1.66 FTEs). Expenditures to support the Mayor, City Council, Planning Commission and Hearing Examiner are also recorded in this department.



The General Government Department shares in managing the departments that make up the City's appropriated Projects Fund (i.e. this is a Combined Special Revenue Fund used to simplify budgeting and track restricted type revenues). The Departments include: 1) Criminal Justice Department (shared responsibility with the Police



Department); 2) Grants Department (shared responsibility with the Public Works / Building Department); 3) Equipment Replacement Department (shared responsibility with the Public Works / Building Department); 4) Housing Department (shared responsibility with the Public Works / Building Department); 5) Parks & Recreation Department (shared responsibility with the Public Works / Building Department); 6) Special Projects Department (shared responsibility with the Public Works / Building Department); and 7) Capital Projects Department (shared responsibility with the Public Works / Building Department). All salary, benefits and operating expenditures for the General Government Department are paid from the City's General Fund.

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

- Support the Mayor, City Council, Planning Commission and Hearing Examiner;
- Provide election services through King County;
- Assist communications with all City stakeholders through one-on-one contacts, City newsletters, Weekly Administrator Reports, website postings, Facebook postings, social media interaction on NextDoor and Channel 21 TV;
- Administer the day-to-day accounting functions and payroll, prepare monthly, quarterly, and annual financial reports, provide human resources recordkeeping services and shepherd the budget process to adopt the next year's budget;
- Implement and monitor the City's Investment Policy;
- Partner with other local jurisdictions to negotiate with the Washington State Department of Transportation (WSDOT) involving the new SR-520 Floating Bridge Replacement and HOV Project across Lake Washington for the best interests of Clyde Hill;
- Administer the Business Licensing requirement for businesses operating in Clyde Hill or residents conducting a business from their home;
- Assist the State Auditor's Office (SAO) to conduct an independent and comprehensive audit of the City;
- Work with the contracted City Attorney to provide legal service as needed;
- Work with the Washington Cities Insurance Authority (WCIA) to provide insurance and risk management services and continue to keep the City in compliance the "Compact of Membership;"
- Work with the Association of Washington Cities (AWC) In-house Retro Program staff serving as the Third-Party Administrator to minimize the cost of Labor & Industry (L&I) worker's compensation insurance claims;
- Manage emergency preparedness;
- Negotiate franchise agreements with utility service providers within the City (e.g. Republic Services, Bellevue Utilities, Puget Sound Energy, Comcast);
- Continue to professionally manage the City's low-income rental home and actively participate in the ARCH program (A Regional Coalition for Housing);
- Provide City Hall services such as public records requests, pet licenses, and concealed weapon permits;

- Plan the City’s future by compliance with the State’s Growth Management Act (GMA; Comprehensive Plan Update every 10 years last updated in 2015);
- Assist homeowners with the free City sponsored urban forestry program and Arbor Day celebration each year with Clyde Hill Elementary 5<sup>th</sup> graders by planting a tree in their honor;
- Provide in-house Local Improvement District (LID) planning, accounting and on-going administration (no open projects currently);
- Negotiate and administer wireless communication facility leases with multiple telecommunication companies (e.g. six separate facility leases involving three different telecommunication companies);
- Provide information and facilitate “view” related issues with homeowners;
- Coordinate activities for a successful Community Celebration Event in August and the Parade of Pumpkins Display Event in October; and
- Coordinate and pay for the City’s regional responsibilities such as contributions for affordable housing, National Pollution Discharge Elimination System (NPDES for stormwater quality), Water Resource Inventory Area (WRIA 8) for salmon recovery in compliance with the Endangered Species Act, Puget Sound air quality, Puget Sound Regional Council, Sound Cities Association, AWC and Eastside Transportation Project Planning.

Overall, this group provides management, information, and coordination in the day-to-day operations of the City’s general government activities.

## **2021 Targets & Projections**

### **Target Issues**

- Maintain generally accepted strong financial management practices and objectively measure to ensure this goal is being achieved (see performance measures labeled “Strong Financial Management Practices”);
- Acquire the GFOA 2021 Budget Presentation Award;
- Provide public services in an effective and efficient manner and continually look for performance measures to ensure this goal is being achieved (see performance measures labeled “Effective and Efficient Public Service Delivery”);
- Monitor and participate in construction completion activities of the SR 520 Bridge Replacement & HOV Project: a) actively participate in process; and b) communicate Clyde Hill issues with Washington State Department of Transportation (WSDOT), Eastside Corridor Constructors (ECC) and other cities;
- Work with adjacent cities and WSDOT for an acceptable maintenance agreement for the park like LIDS over Hwy 520 at 84<sup>th</sup> Avenue NE and 92<sup>nd</sup> Avenue NE;
- Complete a successful fiscal audit of the City’s finances & operations (see performance measures labeled “Strong Financial Management Practices”);
- Maintain the City’s eligibility as a Tree City USA;
- Continuously issue the Weekly Administrator’s Report and the bi-monthly City Newsletter;
- Develop 2022 Budget;

- Issue quarterly financial reports;
- Continue to assist the community with tree / view issues while implementing revised view regulations;
- Carry out the City's Investment Program per the Investment Policy and support the Investment Committee for oversight purposes;
- Manage the City's Social Media Policy;
- Manage the City's e-Records Management System;
- Continue to keep the City in compliance with the Washington Cities Insurance Authority's (WCIA) Compact of Membership requirements and provide: 1) cost effective risk management services; 2) safe working conditions; and 3) avoid City vehicle accidents;
- Complete initial Phase of the Facilities Master Plan;
- Coordinate activities for a successful Community Celebration, Arbor Day and Parade of Pumpkin Display Event;
- Negotiate a new CBA with the Police union;
- Acquire emergency management training for all staff and officials;
- Participate in process to surplus excess equipment; and
- Enhance the City's website.

### Projections

As one of the initial steps in preparing the annual budget, the budget participants review the City's most recent performance measurement data in the form of the City of Clyde Hill Dashboard Report. The most recent report reviewed in July 2020 contains data from 2019. This report is presented at the first budget study session to kick-off the budget development process with the following objectives in mind:

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

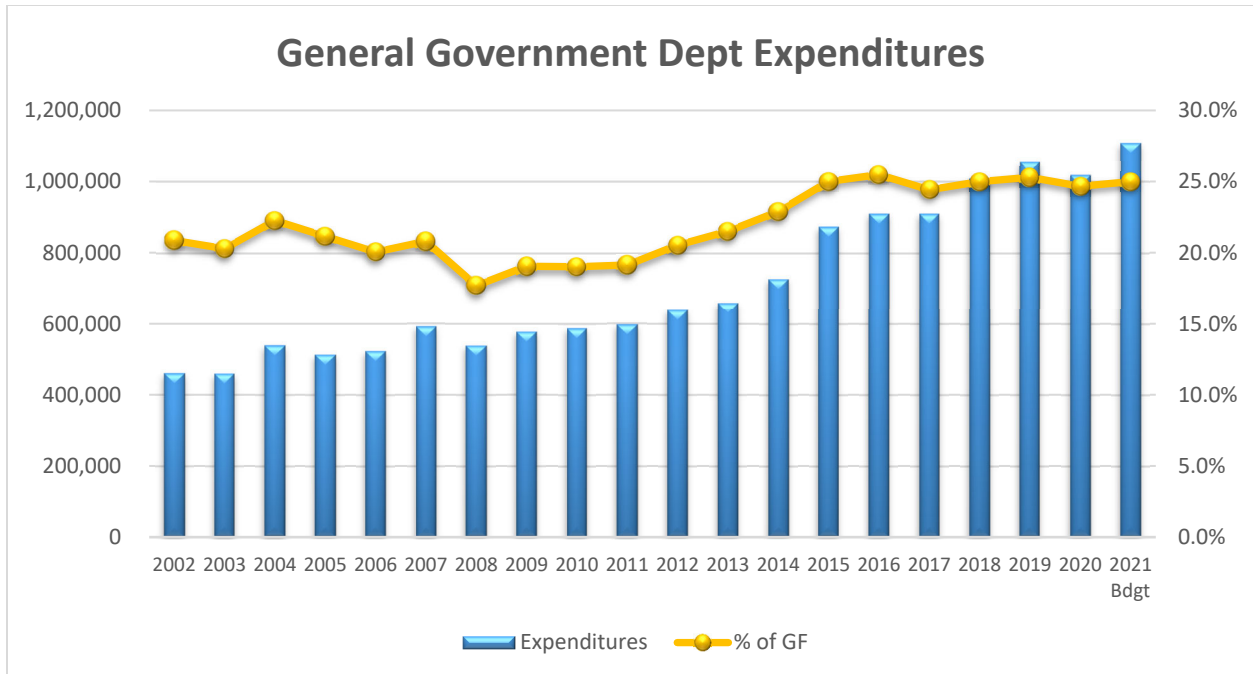
Below is financial management performance information from the Dashboard Report. Performance data for the General Government Department is presented in the "Quick Glance Report Card Summary" format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session for review (detailed supporting data is available upon request).

**Strong Financial Management Practices**

<b><u>#</u></b>	<b><u>Dashboard Indicator</u></b>	<b><u>Current Rating</u></b>	<b><u>Comment</u></b>
9	Maximize Sales Tax Revenue	Good Stable	The number of homes built was lower than in previous years but their value on average is increasing
10	Bank Reconciliations	Good Stable	Bank Statements continue to be reconciled to the City's books each month in a timely manner & independently reviewed.
11	Independent Annual Audit	Good TBD	The City's 2020 Audit is not scheduled to begin until September – there have been no findings for well over a decade.
12	Compliance with State Auditor's Guidelines	Good Improving	The City continues to have no debt, increases its change in cash position consistently, and maintain compliance.
13	Financially Informed Citizenry	Good Stable	The City has consistently received the GFOA Budget Presentation Award.
14	AWC WellCity Award Recipient	Good Improving	The City has consistently received the AWC WellCity Award and sick days used is trending downward.
15	Municipal Court Operations	Good Improving	Caseloads are trending downwards; expenses remain flat; Clyde Hill still has significantly more infractions than Medina.
16	Reliable Financial Projections - Revenue	Average Degrading	Due to a high degree of variance in presumed revenue in 2018 (BCS), the rolling 5-year average has degraded.
17	Reliable Financial Projections - Expenditures	Good Stable	Despite a moderate degree of variance in presumed expenditures in 2018, the rolling 5-year average is stable.
18	Financial Condition of Reserve Account	Good Degrading	Despite still being in good health, due to using some of the reserve funds in 2019, the ratio of expenses-to-reserve has degraded noticeably

## General Fund Expenditure Data

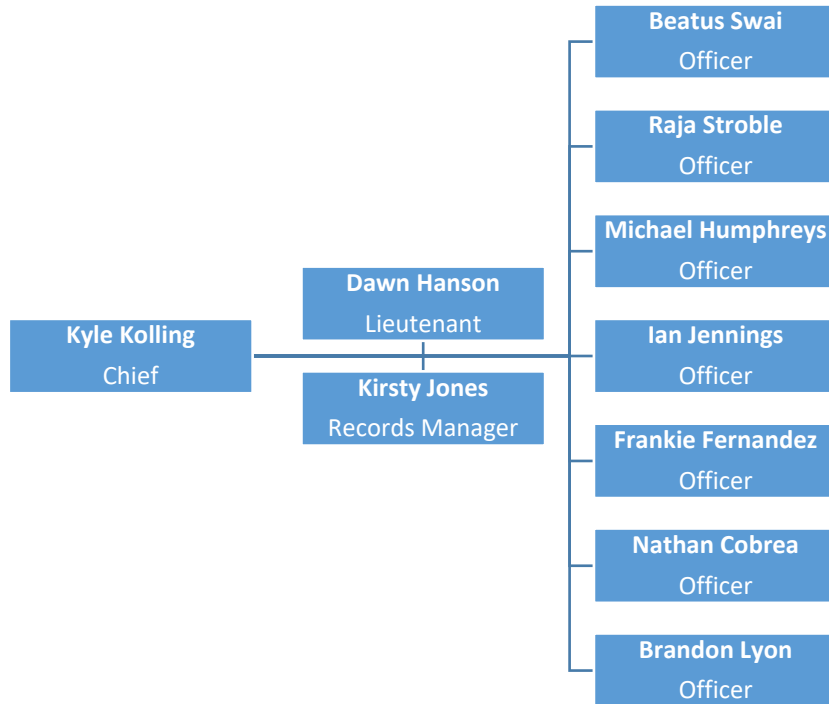
This following chart shows General Government Department expenditure growth and as a percent of total general fund expenditures over the last 20 years.



## POLICE DEPARTMENT

The Police Department is primarily a part of the General Fund and includes the Chief of Police, one lieutenant, a records manager and seven officers, plus half the cost of the Finance Manager is charged to this department.

The Criminal Justice Department in the Projects Fund is used to account for restricted criminal justice sales tax revenue, some state-shared revenues and reimbursements from the police services contract with the Town of Yarrow Point. All police salary, benefits, and most operating costs are paid from the City's General Fund.



The Police Department provides a fully trained and equipped 10-member police service on a 24-7 basis. The department is responsible for the 3,000 residents in Clyde Hill, the 1,000 residents in the Town of Yarrow Point and the approximately 2,500 students and staff attending the two public and two private schools in Clyde Hill.

The current collective bargaining agreement with the Clyde Hill police officers runs through December 31, 2020.

Per the inter-local agreement with the Town of Yarrow Point, 25% of the operating and capital costs for the Police Department are reimbursed to Clyde Hill by Yarrow Point.

Clyde Hill contracts with the following public entities for criminal justice services: North East King County Regional Public Safety Communication Agency (NORCOM) for dispatch service, City of Kirkland for municipal court, and a number of entities for jail services.

Fire, Emergency Medical, and Hazardous Materials are contracted for with the City of Bellevue. The Clyde Hill Police Chief monitors this service and is the primary contact.

Necessary criminal justice type expenditures charged to this department include:

- Civil Service Commission (hiring process and any discipline issues);
- Prosecutor for municipal court cases;
- Filing fees for municipal court cases;
- Indigent defense for municipal court cases;

- Dispatch (NORCOM);
- Five patrol vehicles for the officers and lieutenant, plus one take-home vehicle for the Chief;
- Detention facilities (aka “jail”);
- Uniforms, weapons, ammunition, training, fuel, vehicle repairs and all the other miscellaneous expenditures you would expect to run a Police Department; and
- Emergency preparedness supplies and training.

## **2021 Targets & Projections**

### **Target Issues**

- Maintain crime data and traffic safety data near or below the previous year’s level (see performance measures labeled “Community Safety and Security”);
- Continue to provide timely police response times of under six minutes for more than 80% of calls (see performance measures labeled “Community Safety and Security”);
- Monitor City of Bellevue Fire and EMS incident response times to ensure residents are receiving good service for this contracted service (see performance measures labeled “Community Safety and Security”);
- Monitor the data provided by the City of Bellevue Fire Department for the better than national average statistic on the percentage of patients responded to that were in cardiac arrest and/or ventricular fibrillation who were resuscitated and subsequently released from the hospital (see performance measures labeled “Community Safety and Security”);
- Become an accredited police agency;
- Complete the Police Security Project by installing the last of the new security locks and installing City Hall CCTV;
- Cooperate with a timely response to any auditor inquiries as part of the Annual Audit conducted by the State Auditor’s Office (SAO);
- Contribute information and advice when called upon by the City’s Traffic Management Committee;
- Purchase a new Police SUV;
- Recruit officer positions when vacancies occur;
- Continue to actively participate in the Coalition of Small Police Agencies in King County (“Strength through Cooperation”);
- Continue to provide pass-through resources to help mitigate eastside domestic violence and child abuse;
- Continue participation in the City’s Performance Measurement Program by submitting crime statistics to the National Incident Based Reporting System (NIBRS) via the Washington Association of Sheriffs and Police Chiefs (WASPC) for inclusion in their annual report;
- Facilitate the annual “Shred It” event at the Annual Celebration Event in August each year as a way to prevent identity theft;
- Increase social media presence via Facebook; and
- Continuously issue the Sentinel email blast to residents.

## Projections

Below is financial management performance information from the Dashboard Report. Performance data for the Police Department is presented in the “Quick Glance Report Card Summary” format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session for review (detailed supporting data is available upon request).

## Community Safety and Security

<b><u>#</u></b>	<b><u>Dashboard Indicator</u></b>	<b><u>Current Rating</u></b>	<b><u>Comment</u></b>
1	Property Crime Prevention Effectiveness	Good Degrading	Clyde Hill experienced a notable degradation, but its rolling 5-year average is still lower than other comparison cities
2	Violent Crime Prevention Effectiveness	Good Stable	Clyde Hill’s rolling 5-year average remains stable and is still lower than other comparison cities
3	Auto Theft Prevention Effectiveness	Good Stable	Clyde Hill rolling 5-year average remained stable and is still the lowest of all comparison cities
4	Traffic Safety Effectiveness	Good Stable	Clyde Hill’s rolling 5-year average remains stable and is still lower than other comparison cities
5	Pedestrian Safety Effectiveness	Average Stable	Clyde Hill’s 5-year rolling average remains stable and is on par with other comparison cities
6	Timely Emergency Police Call Response	Good Degrading	Clyde Hill experienced a notable degradation, but its 5-year rolling average is still good
7	Timely Fire & EMS Incident Response	Good TBD	2019 data not received from Bellevue; last year’s data showed rising negative trends but still good overall stats
8	Emergency Medical Aid Effectiveness	Good Improving	King County’s save-rate for EMS has increased even more over the past year and is just shy of 60%

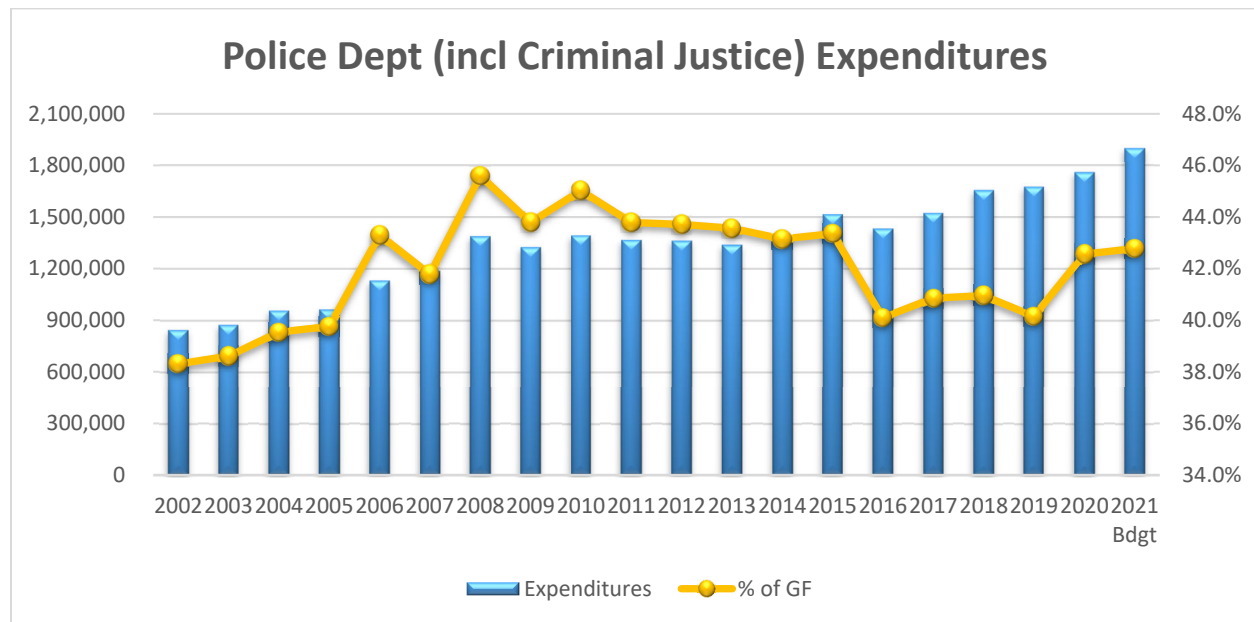


Caution: Crime statistics above can be heavily influenced by the population disparity between the City of Clyde Hill and some of the larger neighboring communities. However, the City feels that these are still worthwhile performance measures and would point out a problem for correction if one existed.

**General Fund Police Department Expenditure Data**

The Police Department day-to-day operating costs are primarily included in the City’s General Fund. The Criminal Justice Department is part of the City’s Projects Fund (aka Special Revenue Fund) and has been used in the past to account for capital assets (e.g. police vehicles) and special police programs. The Criminal Justice Department in the Projects Fund has a restricted revenue source of its share of the 0.1% of sales tax collected in King County.

This following chart shows expenditure growth recorded in both the General Fund and the Criminal Justice Department of the Projects Fund and as a percent of total general fund expenditures over the last 20 years.

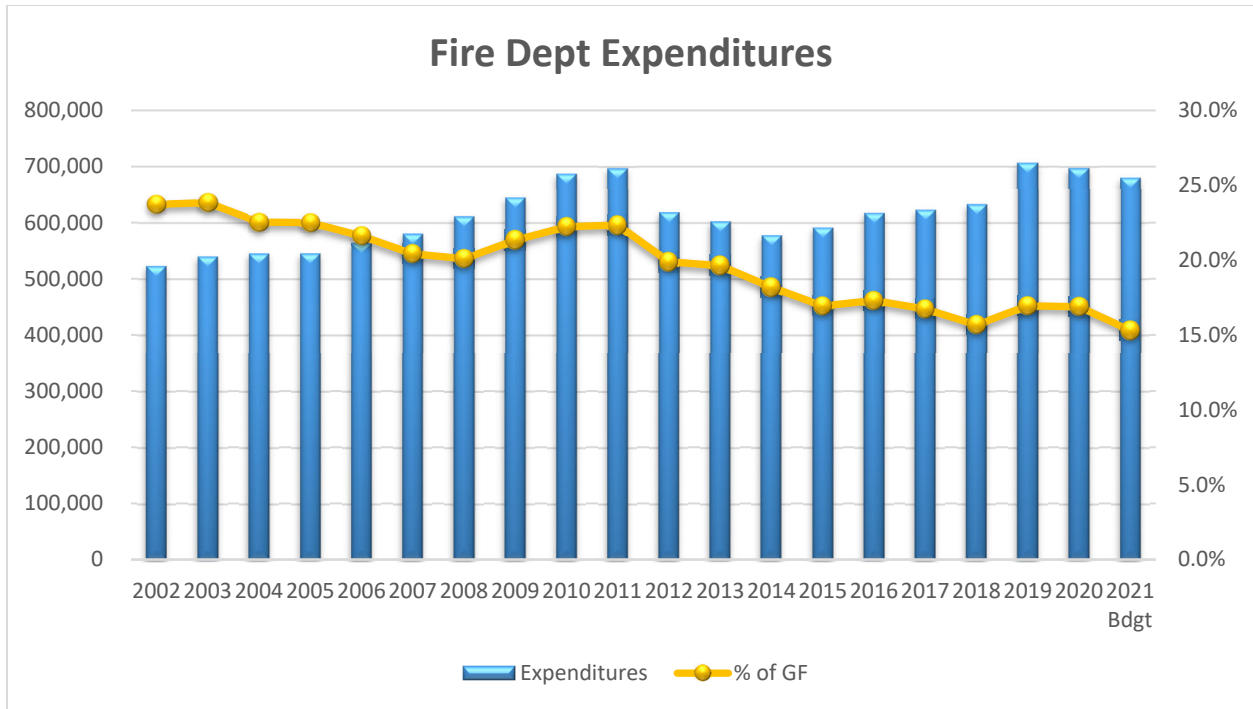


**General Fund Fire Department Expenditure Data**

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

The following chart shows Fire Department expenditure growth and as a percent of total general fund expenditures over the past 20 years. The fire contract with the City of Bellevue, Clyde Hill and a number of other small neighboring communities was renegotiated for the 2012 budget using a new formula for how costs are distributed

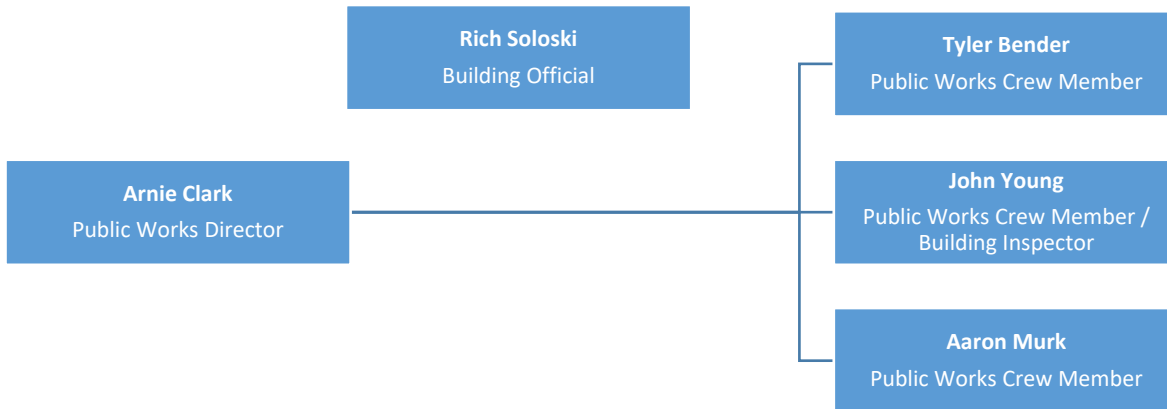
between the cities and towns receiving services. As a result, the subsequent annual costs for this service to Clyde Hill decreased substantially from the peak in 2010 but has recently jumped again due to renegotiations again in 2017 as well as new labor rates negotiated by the firefighter union and the City of Bellevue in 2018.



## PUBLIC WORKS & BUILDING DEPARTMENT

The Public Works & Building Department is part of the City’s General Fund and includes the Public Works Director, a Building Official, a Building Inspector/Public Works Crew Member, as well as two full time Public Works Crew Members. One-third of the salary and benefits for Deputy City Clerk/Code Enforcement Officer, is charged to this department for building department intake services at the City Hall front counter and providing code information to builders and homeowners. As of mid-2014, the Building Official and Building Inspector duties are no longer shared via an inter-local agreement with the City of Medina.

The Public Works Department shares responsibility for administering expenditures made from the Housing and Capital Projects Department in the Projects Fund. All salary, benefits, and operating expenditures for the Public Works and Buildings Department are made from the City’s General Fund.



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

- Street Operations (includes the installation and maintenance of signs, signals, lighting, street sweeping, right-of-way vegetation maintenance, on-call snow plowing and ice control, and 24-7 disaster response);
- Roadway Improvements (includes road overlays, patches, street striping, crack sealing, and curb painting);
- Storm Drainage (includes system cleaning and maintenance, including catch basin and storm drain repairs and maintenance);
- Sidewalks, Pathways & City Entrances (includes Points Loop Trail, path along 84<sup>th</sup> Ave, sidewalk construction and repair, mowing, trimming, weeding, and maintaining the attractive city entrance areas);
- Building Code Services (includes one-on-one code information, plan reviews, building permits, other permits, inspections, Planning Commission, Hearing Examiner, tree/view mitigation assistance, code enforcement and no cost professional landscape and arbor advice to help avoid future view issues); and
- Park Facilities (includes the 26<sup>th</sup> St View Park, the City Park & Tennis Courts, 24<sup>th</sup> St parking lot and picnic area and Arbor Day trees with informative plaques throughout the City).

## **2021 Targets & Projections**

### **Target Issues**

- Update the City’s annual Pavement Rating Condition Survey for use with developing the annual Transportation Improvement Plan (TIP) (see performance measure labeled “Reliable Public Infrastructure and Utilities”);
- Update the Building Valuation Matrix;
- Manage the Vegetation Maintenance Program;
- Update the Transportation Improvement Program (TIP);
- Monitor resident complaints regarding solid waste, yard waste and/or recycling service provided by Republic Services and work with the provider to resolve any systemic issues (see performance measure labeled “Reliable Public Infrastructure and Utilities”);

- Continue to provide timely inspections for new home construction and remodeling projects (see performance measure labeled “Effective and Efficient Public Service Delivery”);
- Successfully implement the City’s Comprehensive Stormwater Management Plan;
- Manage the City’s Traffic Program;
- Manage 2021 street overlay and complete designs for 2022 street overlays;
- Manage the National Pollution Discharge Elimination System (NPDES) grant and remain compliant with regulations;
- Respond in a timely manner to audit requests during the Annual Audit process;
- Design and construct emergency repairs to storm infrastructure in 2021; and
- Continue participation in the City’s Performance Measurement Program.

Projections

Below is financial management performance information from the Dashboard Report. Performance data for the Public Works and Building Department is presented in the “Quick Glance Report Card Summary” format used in the City of Clyde Hill Dashboard Report. The budget participants received the supporting data at the budget study session (detailed supporting data is available upon request).

**Effective and Efficient Public Service Delivery**

<b><u>#</u></b>	<b><u>Dashboard Indicator</u></b>	<b><u>Current Rating</u></b>	<b><u>Comment</u></b>
19	City Vehicle Accidents	Good Improving	There were no accidents in 2019.
20	Worker Compensation Claims	Average Improving	In 2019 there was only a single workers compensation claim filed.
21	Building Inspection Services	Good Stable	About the same number of inspections were performed last year and all were done the next day when called
22	Informed Citizenry – Website Usage	Average Stable	About the same number of new and returning visitors to the City’s website as last year

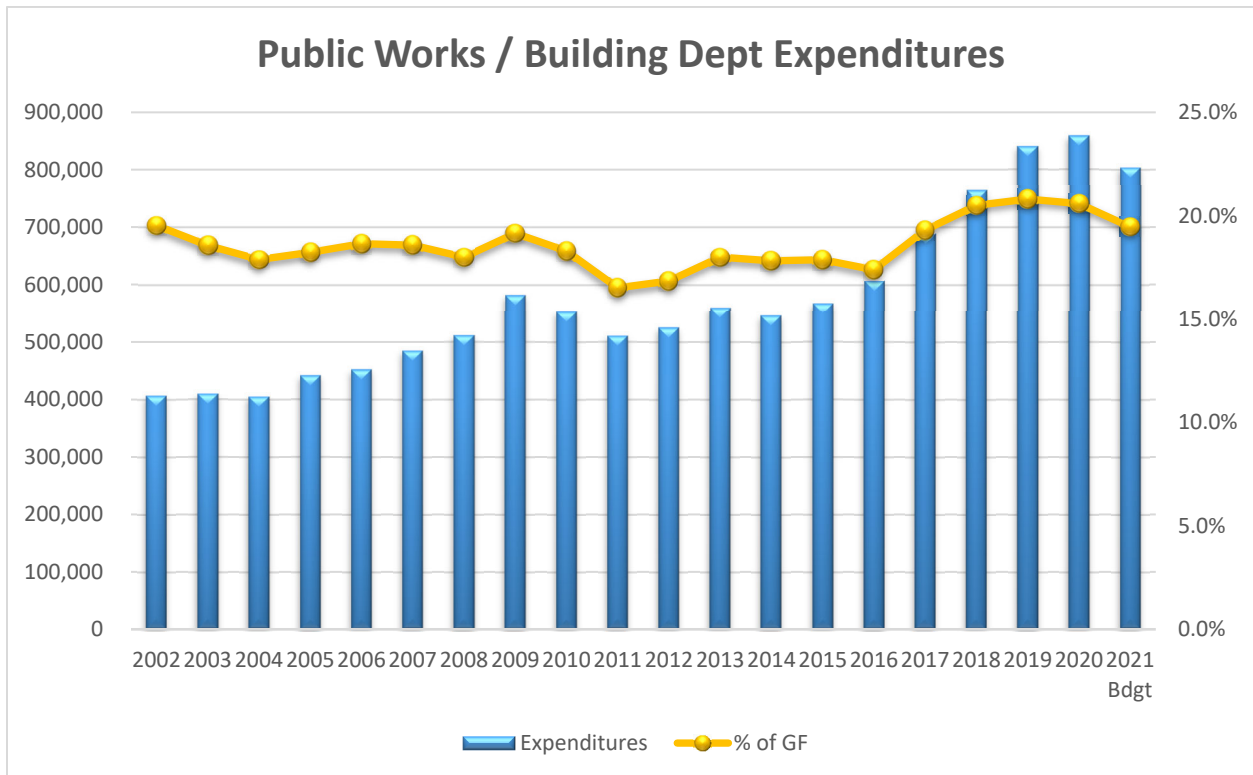
23	City Hall Front Counter Transactions – Concealed Pistol Licenses & Copies	Average Degrading	About the same number of transactions as last year but fewer over the past five years on average
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**Reliable Public Infrastructure & Utilities**

<u>#</u>	<u>Dashboard Indicator</u>	<u>Current Rating</u>	<u>Comment</u>
24	Street Pavement Condition	Good Stable	The average rating of the City’s streets remains stable and high.

**General Fund Expenditure Data**

This chart below shows the Public Works / Building Department expenditure growth and as a percent of total general fund expenditures over the past 20 years. The spike in 2008 was primarily due to extra work done on storm drains along the City’s right-of-ways. Stormwater maintenance is the primary reason for the increase in 2015 over the previous year and the new, third Public Work Crew Member is the primary reason for the 2016 increase.



## **Capital Projects**

Capital Projects are primarily managed by the Public Works / Building Department. Most capital projects are street overlays, sidewalks and the storm sewer system. Normally, the City contracts with an engineering consultant to help design, engineering and bid projects that are awarded to local qualified contractors. The engineering consultant is charged to the capital project and not the operating budget.

As of the 2018 Budget, there have been no significant nonrecurring capital investments that will affect the current or future operating budgets nor impact the services that the City provides to residents. Also, there are no anticipated savings or revenues expected to result from significant nonrecurring capital investments.

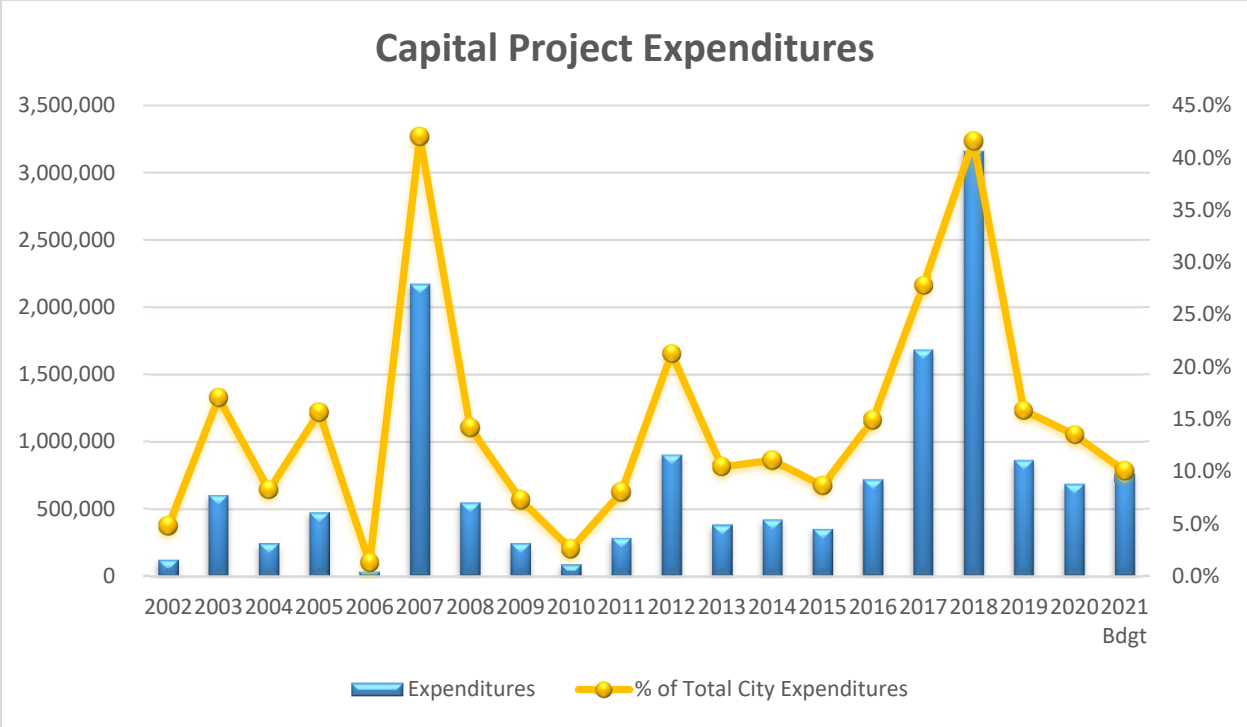
Capital improvements will have a minimal impact on the City's operating budget. The Capital Projects Department uses restricted Real Estate Excise Tax (REET) money which is non-operating budget money, to hire an outside professional engineering firm to draw up plans to be bid by road overlay and /or sidewalk contractors in 2020. The Public Works Director's and City Administrator's time to contract with an outside engineering firm to draw up the plans for bidding and then administering the bid process is paid out of the operating budget. The Public Works Director's time to monitor construction projects is paid for in General Fund.

## **Capital Projects Expenditure Data**

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

Capital Projects are funded with Real Estate Excise Tax (REET) that the City receives from King County when the title to real property is transferred from Grantor to the Grantee. The City of Clyde Hill receives 0.005% of the sales price minus 1.3% for a collection fee retained by King County. For example, a \$3,000,000 home sale in Clyde Hill would result in \$14,805 being deposited to the City's bank account on the 10<sup>th</sup> day of the following month after the real property title is transferred.

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



The expenditure spike in 2012 was the 84<sup>th</sup> Ave NE roadway project in partnership with the City of Medina (Clyde Hill served as lead agency and cannot net expenditures with the revenues received from Medina, per the State Auditor’s Office). The huge spike in 2018 involves the completion of the 84<sup>th</sup> Ave NE Project from NE 24<sup>th</sup> Street to the recently completed SR-520 bridge project including new signal lights at the corner of NE 24<sup>th</sup> and 84<sup>th</sup> Ave. Clyde Hill is again the lead agency for this project with costs being share with the City of Medina.

# **MISCELLANEOUS INFORMATION & STATISTICS**





**“YOUR CITY”**  
**City of Clyde Hill, Washington**  
**February, 2021**

**GENERAL INFORMATION**

In response to the community’s desire to control land use development such as lot size and commercial zoning, Clyde Hill was officially incorporated as a Town on March 31, 1953 with 971 people and 271 homes. Clyde Hill now finds itself almost fully developed with approximately 3,000 residents living in approximately 1,100 homes. On November 10, 1998 the Clyde Hill Council voted to become a non-charter Code City.

All the property in Clyde Hill is zoned for single-family, governmental, or school use with the exception of two commercially-zoned lots: a gas station near SR-520 and coffee shop on Points Drive. Four schools are located within Clyde Hill: two public schools – Clyde Hill Elementary and Chinook Middle School; and two private schools – Bellevue Christian School and Sacred Heart School. There are approximately 2,500 students and staff in attendance at the City’s four school locations.

The minimum lot size in the City is 20,000 square feet, although many smaller lots exist which pre-date the incorporation of the City. With a top elevation close to 375 feet, the City encompasses an area of about one square mile. There are approximately 21 miles of public roadways.

**GOVERNMENT**

**Mayor and City Council**

Clyde Hill is a Non-Charter Code City governed by a Mayor-Council form of government. The Mayor and five Councilmembers are elected at-large to staggered, four-year terms. The City Council meets on the 2<sup>nd</sup> Tuesday of each month at 7:00 PM at City Hall.

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

### Planning Commission

The Planning Commission is appointed for four-year terms. The Commission consists of five members serving in an advisory capacity to the City Council on matters involving zoning, land use, and long-range planning. The Commission also serves in a quasi-judicial capacity for the City as it relates to view/sunlight complaints. The Planning Commission meets as needed on the 4<sup>th</sup> Thursday of each month at 7:00 PM at City Hall.

### Civil Service Commission

The Civil Service Commission is appointed for three-year terms and consists of five members. The Commission has jurisdiction over full-time Police Department personnel in matters relating to qualifications and hiring and disciplinary appeals. A Secretary/Chief Examiner provides support and assistance to the Commission and is responsible for the administration of all testing.

## **CITY STAFF**

The organization of the City is shown on the attached organization chart. The City government currently has 20 full time employees. The following provides a more detailed insight into the activities and the specific people working for the City.

### City Administrator

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

In 2016, the position of Assistant City Administrator was created by the City Council to assist the City Administrator in the aforementioned responsibilities. The Assistant City Administrators also serves as the SEPA Official and Public Records Official.

### Public Works Department

The Public Works Department is responsible for all the street, stormwater, parks, landscaping, engineering, and right-of-way related activities in the City. The Public Works Department coordinates all the utility work in the City as well as with adjoining municipalities for joint improvement projects and is responsible for the installation, maintenance, and revision of all street signs, signals, and other traffic devices. The Public Works Department personnel are available to respond to emergency conditions such as a severe storm or the control of ice and snow on the City's roadways.

The Public Works Director oversees the daily operation of the Clyde Hill Public Works Department. It is the responsibility of the Director to ensure that all work is completed in a proper, timely, and cost-effective manner.

### Building Department

The Building Department's responsibilities include the review of building permit plans, plats and subdivisions, the inspection of construction activity related to all public and private projects, and the enforcement of all building related federal, state, and city codes as well as stop-work orders.

### Deputy Clerks

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

The first Deputy Clerk specializes in answering zoning questions, processes applications for building permits, variances, demolitions, mechanical, public use permits, and street permits. This position is the City's Code Enforcement Officer, works closely with the Public Works and Building Departments, supports the Hearing Examiner, and is the editor for the City's Newsletter and website.

The second Deputy Clerk also works in a variety of capacities at City Hall, including answering questions on current issues, processing accounts payable, provides support to the Administrator, City Council, Planning Commission, and is the special projects coordinator for several community events. This position also works closely with the Finance Department.

### Finance Department

The Finance Department provides the City with a full range of financial and accounting services. These services include the coordination and preparation of the City's annual Budget and Capital Improvements Plan, on-going financial reporting and analysis, investment services, accounts payable, and accounts receivable.

Annually, the City Council adopts an operating budget for the City. This process begins in June with final budget adoption in December. The City Council reviews all revenues and expenditures for the City at their monthly meetings. An Investment Committee comprising the Mayor, two Councilmembers, the Treasurer, and the Finance Manager make all investment decisions for the City.

On an annual basis the State Auditor's Office audits the City's financial books and its compliance with various other requirements.

The City Administrator holds the combined position of the Clerk/Treasurer, which is appointed by the Mayor.

### Police Department

The Clyde Hill Police Department consists of a Chief of Police, a Lieutenant, an authorized force of seven full-time officers, and a Records Manager. The Clyde Hill Police Department provides police services by contract to the residents of Yarrow Point. Dispatch services are provided by contract through the North East King County Regional Public Safety Communication Agency (NORCOM).

The Clyde Hill Police Department responds to approximately 4,600 calls for service each year. The City's crime index, a measure of the crime rate per thousand citizens, is second lowest in the State (the first being Yarrow Point).

The Police Department is committed to working closely with the citizens of Clyde Hill and Yarrow Point and is anxious to respond to the needs and desires of the community. The Department also believes in working closely with the community by fostering a relationship of trust, respect, and understanding.

The Department uses general patrolling in an effort to detect and deter crime. In conjunction with that effort, a heavy emphasis on traffic enforcement is provided, which improves the safety of the community and heightens police visibility.

The Records Manager doubles as an Office Manager in the Department, answering phone calls, responding to questions, processing record requests, and generally supports operations of the Department.

### **CONTRACTED OR FRANCHISED SERVICES**

The City contracts with the City of Bellevue to operate Fire Station #5, located on NE 24<sup>th</sup> Street right next to the City Hall. Water and sewer services are also provided through the City of Bellevue, who acts as a regional utility. Clyde Hill has established a Municipal Court through the City of Kirkland and contracts with King County to provide animal control services.

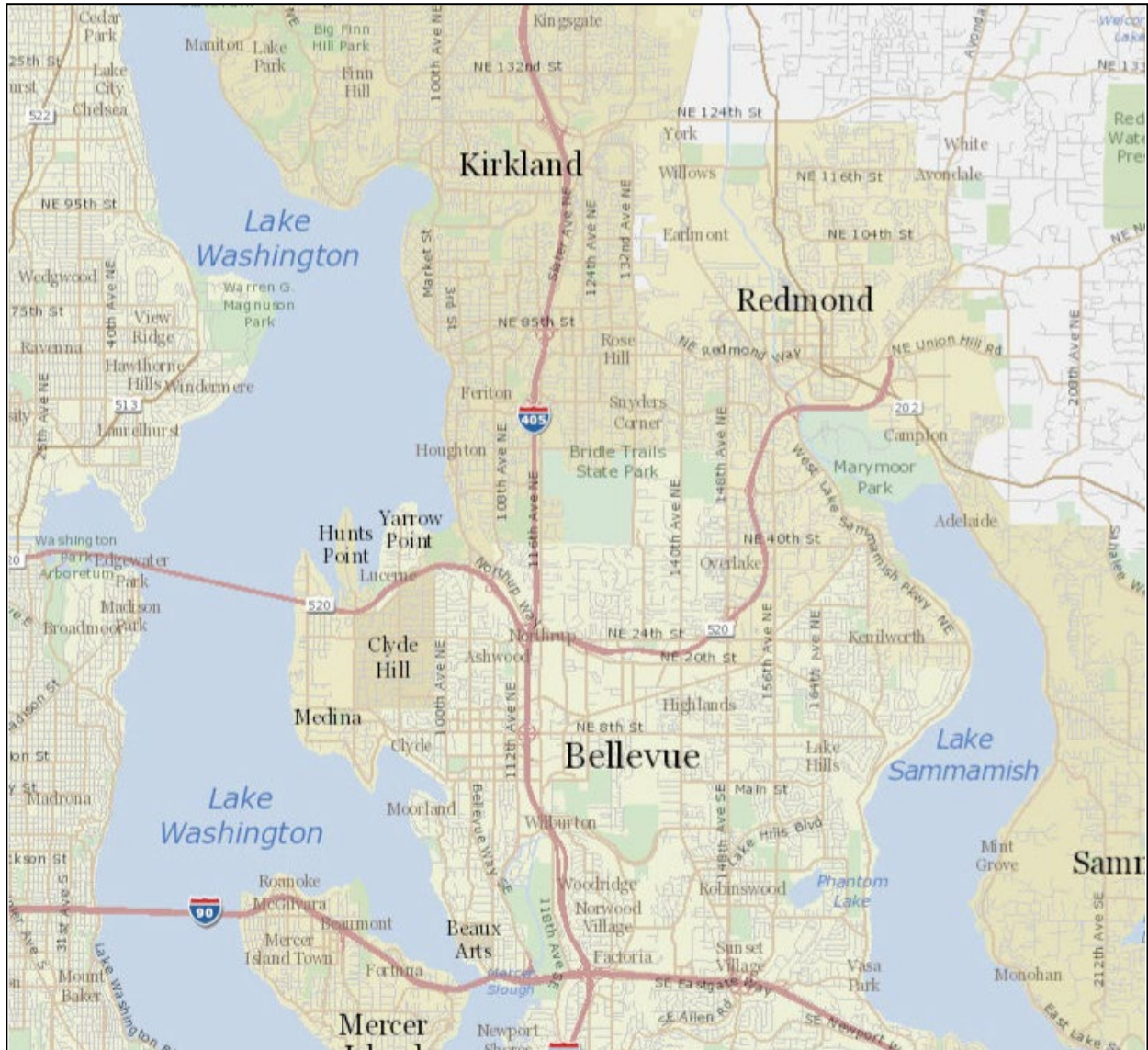
The City has granted agreements to a number of other utilities to provide services to City residents including, but not limited to, Republic Services (garbage, yard waste and recycling service), Comcast (cable, telephone, and internet service), Puget Sound Energy (electrical and natural gas service), and Century Link (telephone and internet service).

Other contracted services specific to positions include, but are not limited to, the City Attorney, the Hearing Examiner, the City Arborist, the Civil Service Commission Secretary, the City Prosecutor, the Public Defender, and the IT Manager.

The City has agreements with a number of other utilities to provide services to City residents: Republic Services (garbage, yard waste, and recycling service); Comcast (cable television service, internet, and VoIP); Puget Sound Energy (electricity and natural gas service); and Century Link (local telephone access service). The City leased six wireless communication facilities to three telecommunication companies in 2020 (the future is uncertain for this revenue source for the City due to changes in technology and cost cutting mergers of companies).

## **GENERAL INFORMATION**

- There are 21 miles of public roads maintained by the City of Clyde Hill;
- There are 16 miles of storm sewers maintained by the City;
- The total area of Clyde Hill is approximately one square mile;
- There are 906 catch basins & 72 man holes maintained by the City;
- Elevation in Clyde Hill is 375 feet above sea level (great for water, city, and mountain views, but more likely to receive snow instead of rain in the winter);
- Clyde Hill Sales Tax Code is 1708;
- The City has six Police vehicles (all SUV type vehicles with four-wheel drive);
- The City has four Public Works vehicles (three are equipped with snow plows; one has a deicer sprayer and one has a sander) along with a backhoe and a flatbed trailer;
- SR-520 passes through the north part of the City of Clyde Hill with approximately a dozen homes north of the highway;
- The City's web site is [www.clydehill.org](http://www.clydehill.org);
- The City is a member of the Washington Cities Insurance Association (WCIA);
- The City is a member of the Puget Sound Regional Council (PSRC);
- The City is a member of the Sound Cities Association (SCA);
- The City is a member of the Association of Washington Cities (AWC);
- The City is a member of the Regional Animal Services of King County (RASKC);
- The City is a member of the Government Finance Officers Association (GFOA);
- The City has been a Tree City USA Award Winner since 1993; and
- The City's wellness program has won the AWC WellCity Award the past nine years.



The City of Clyde Hill is bordered by the Cities of Kirkland, Bellevue, Medina and the Towns of Hunts Point and Yarrow Point. Clyde Hill is five minutes from downtown Bellevue and 15 minutes from the University of Washington across the SR-520 floating bridge. Seattle is just to the west of Clyde Hill on the other side of Lake Washington.

### **HISTORICAL DATES**

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

## **FORM OF GOVERNMENT**

The City of Clyde Hill is classified as a Non-Charter Code City. Legally, a city in Washington can be described primarily by its class. There are five classes of cities in Washington:

- First class cities
- Second class cities
- Towns
- Unclassified cities
- Code cities

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

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

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

The Mayor and the City's five councilmembers serve staggered four-year terms.

## **POPULATION**

The Washington State Office of Financial Management's estimate of Clyde Hill's population as of April 1, 2020 was 3,055. This is an important number for the City due to multiple State shared revenues being based on the annual population estimate. The 2010 Census "trued-up" this number and serves as the basis for population estimates for the next 10 years. Updated 2020 census data is expected to be released in the next year.

From empirical evidence only, it appears that younger families have been moving back into Clyde Hill more frequently in the past few years. This observation appears to be somewhat true with 94 more people counted in the 2010 census over the 2000 census. There are 2,321 active registered voters in the City of Clyde Hill as of February 2021 per King County Election Services.

## **LAND AREA**

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

## **HOUSEHOLD INCOME**

### **Median household income in Clyde Hill in 2010:**

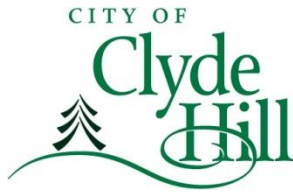
**Clyde Hill:** \$193,599

**State:** \$56,548

For comparison, median household income in 1999 per the last Census in 2000 was \$132,468. Updated 2020 census data is expected to be released in the next year.

**Source:** U.S. Census Data, 2010





9605 NE 24<sup>th</sup> Street • Clyde Hill, Washington 98004  
425-453-7800 • Fax: 425-462-1936 • [www.clydehill.org](http://www.clydehill.org)

## INVESTMENT POLICY

### City of Clyde Hill, Washington January, 2006

#### 1.0 **Policy**

It is the policy of the City of Clyde Hill to invest public funds in a manner consistent with the greatest safety and protection for the City's investments. This investing of funds will, while protecting the safety of the City's investment, produce the highest investment return for meeting the cash flow requirements of the City and conform to all Washington State statutes, City ordinances and policies governing the investment of public funds.

#### 2.0 **Scope**

This investment policy applies to all financial assets of the City of Clyde Hill. These funds are accounted for in the City's Annual Report, and include:

##### 2.1 **Funds**

2.1.1 General Fund (Number 001)

2.1.2 Reserve Fund (Number 002)

2.1.3 Projects Fund (Number 100)

2.1.4 Any new Funds created by the Council, unless specifically exempted by the City Council.

#### 3.0 **Prudence**

The standard of prudence to be applied by the Investment Officer in managing the City's overall portfolio shall be the "Prudent Person Rule" which states:

*"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."*

The Investment Officer and other Investment Committee Members, acting in accordance with this Investment Policy and exercising due diligence, shall not be personally responsible for any investment losses sustained by the City, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **3.1 Public Trust**

All participants in the investment process will seek to act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public scrutiny and evaluation. In addition, the overall investment program shall be designed and administered with a degree of professionalism worthy of the public trust. Investment officials shall also refrain from any transaction that might knowingly impair public confidence in the City's ability to govern effectively.

## **4.0 Objective**

The funds of the City of Clyde Hill will be invested in accordance with the Constitution of the State of Washington, applicable statutes (Revised Code of Washington (RCW), City ordinances, resolutions, and Council direction. The objectives below are listed in order of importance.

### **4.1 Safety**

Safety of principal is the primary objective of the City's investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To achieve this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

### **4.2 Liquidity**

The City of Clyde Hill's investment portfolio will remain sufficiently liquid to enable the City to meet all operating and capital requirements, which might reasonably be anticipated.

### **4.3 Return on Investment**

The City's investment portfolio shall be designed with the goal of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

The Investment Portfolio shall be designed to meet the above investment objectives. The City's investment strategy shall lean toward conservative and passive investments.

## **5.0 Delegation of Authority**

### **5.1 Investment Policy and Implementation**

The City Council will periodically review the overall Investment Policy as it relates to the City's financial objectives and make any necessary modifications to the Policy. The Council will appoint the members of the Investment Committee and will periodically direct the Investment Committee as to the investment policies to be implemented.

## **5.2 Investment Committee**

The membership of the City's Investment Committee shall include the Treasurer, Finance Manager, Mayor, and two members of the City Council. The Committee shall meet at least 3 times per year to review the City's current investments and provide the Treasurer with guidance on any further investment decisions. The Committee shall meet to determine general strategies and monitor results. The Investment Committee shall include in its deliberations such topics as: economic outlook; portfolio diversification and maturity structure; potential risks to the City's funds; authorized depositories, brokers and dealers; and the target rate of return on the investment portfolio.

## **5.3 Investment Officer**

The City of Clyde Hill's Treasurer is designated as the Investment Officer of the City and is responsible for implementing investment decisions and activities with the guidance of the City's Investment Committee.

The Treasurer shall establish and maintain written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for the implementation of the investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy, and the procedures established by the Treasurer. The Treasurer will be responsible for all transactions undertaken and will institute a system of controls to manage the actions of treasury employees. This system of controls will include protections such as dual signatures to transfer funds.

## **6.0 Ethics and Conflicts of Interest**

Officials and employees involved in the investment process shall refrain from personal business activity which could conflict with proper execution of the investment program, or which could impair their ability to make unbiased investment decisions. Employees and investment officials shall disclose to the City Council any material financial interests in financial institutions that conduct business for the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

## **7.0 Qualified Institutions**

The Treasurer will maintain a list of financial institutions and security dealers authorized to provide banking and investment services to the City.

### **7.1 Financial Institutions**

The selection of the City's bank(s) will be made from the list of Qualified

Public Depositories approved by the Washington Public Deposit Protection Commission as authorized to provide investment services (RCW. 39.58.080).

Banks having a deposit relationship with the City shall provide the Treasurer with appropriate financial statements upon request.

## **7.2 Security Dealers**

The security dealers and financial institutions may include “primary” or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (See “Uniform Net Capital Rule” in Glossary) and investment departments of local banks, any of which have been subjected to the following evaluation by the Investment Committee:

- 7.2.1** Financial condition, strength and capability to fulfill commitments
- 7.2.2** Overall reputation with other dealers and investors
- 7.2.3** Regulatory status of the dealer
- 7.2.4** Background and expertise of the individual representative.

Individuals representing firms doing business with the City shall receive a copy of the Policy, and shall certify, in the format prescribed by the Government Finance Officers Association (GFOA), that they have read it and understand the provisions therein. A copy of such certification, along with financial statements (both current and annual audited), shall be kept on file and reviewed annually.

## **8.0 Authorized and Suitable Investments**

As contemplated in the Revised Code of Washington Section 35.39.032, the Treasurer of the City is authorized on behalf of the City and in accordance with the investment decisions of the Investment Committee to invest all money in the City Treasury which, in the judgment of the Treasurer, are in excess of current City needs. These excess funds can be invested in the following instruments:

- 8.1** Investment deposits, including certificates of deposit, with qualified public depositories as defined in RCW Chapter 39.58. No more than \$500,000 will be invested with any one institution.
- 8.2** Certificates, notes, bonds, or any other obligations of the United States, including Treasury bills and Treasury bonds. (RCW Section 43.84.080, 36.29.020)
- 8.3** The State of Washington Local Government Investment Pool. (RCW Chapter 43.250)
- 8.4** Federal Agency Securities are limited to Federal Home Loan Banks. (RCW Section 39.59.020 and Section 43.84.080)

## **9.0 Safekeeping and Custody**

All securities transactions entered into by the City of Clyde Hill shall be conducted on a delivery-versus-payment (DVP) basis. Securities purchased by the City of Clyde Hill will be delivered against payment and in a custodial

safekeeping account. The City Treasurer will designate a third party custodian and safekeeping receipts will evidence all transactions.

**10.0 Diversification**

It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific insurer or issuer, or a specific class of securities.

<b>10.1 <u>Diversification by Instrument</u></b>	<b>Max. % of Portfolio</b>
<b>10.1.2</b> Certificates of Deposit (Section 8.1)	40%
<b>10.1.2</b> U.S. Treasury Obligations (Section 8.2)	100%
<b>10.1.3</b> Local Government Investment Pool (Section 8.3)	100%
<b>10.1.4</b> Federal Agency Securities (Section 8.4)	20%

It is the Policy of the City to keep only minimal balances within its operating and payroll checking accounts to cover any outstanding checks and pay for monthly bank fees with the earnings credit received on the bank balance maintained. Periodically, the City has provided long term financing to LIDs within the City limits. For purposes of determining the "Max % of Portfolio", the City's operating, payroll & petty cash accounts and outstanding balances of LIDs will be considered as part of this calculation.

**11.0 Maximum Maturities**

To the extent possible, the City of Clyde Hill will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in Certificates of Deposit or U.S. Treasury securities having a maturity date of more than 24 months from the date of purchase. To provide limited investment flexibility and to take advantage of market conditions when appropriate, the City may invest in Federal Agency Securities having a maturity date of no more than two years from the date of purchase.

**12.0 Internal Control**

The Treasurer shall establish an annual process of independent review by the State auditor or an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

**13.0 Performance Guidelines**

The City shall use the average rate of return of the Local Government Investment Pool of the State of Washington as a benchmark to measure the performance of the City's investment portfolio. This performance standard shall take into account the City's investment risk constraints and cash flow needs.

**14.0 Reporting**

The Treasurer is charged with the responsibility of monthly and quarterly reporting on the investment portfolio.

**14.1 Monthly Reports**

As part of the monthly Financial Statements, the Treasurer will provide

information to the Council regarding the current status of the investment portfolio, including investment activity, location, type of investment, maturities, yields and evidence of the actual investments acceptable to the Council.

**14.2 Performance Reports**

The Treasurer shall submit to the Investment Committee at each meeting an investment report that summarizes the investment strategies employed since the last report, description of the portfolio in terms of investment securities, yields, maturities, risk characteristics and other features. The report shall explain the total investment activity, as well as compare the return on investment with both the target rate of return projections and budgetary expectations.

**15.0 Investment Policy Adoption**

The City's Investment Policy shall be adopted by Resolution of the City Council. The Treasurer shall review the Policy periodically. The Council must approve any modifications made to the Policy.



**ORDINANCE NO. 978**

AN ORDINANCE OF THE CITY OF CLYDE HILL, WASHINGTON, ADOPTING THE FINAL BUDGET OF THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2021; SETTING FORTH THE TOTALS OF ESTIMATED REVENUES AND APPROPRIATIONS FOR EACH SEPARATE FUND AND AGGREGATE TOTALS FOR ALL FUNDS COMBINED; STATING THE AVAILABILITY OF THE 2021 CAPITAL FACILITIES PLAN WITH THE CITY CLERK; ADOPTING THE 2021 CAPITAL FACILITIES PLAN; AND AUTHORIZING SUMMARY PUBLICATION BY TITLE ONLY AND PROVIDING FOR AN EFFECTIVE DATE OF JANUARY 1, 2021.

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**WHEREAS**, on or before the first business day in the third month prior to the beginning of the fiscal year of 2021 the City Clerk submitted to the Mayor the estimates of revenue and expenditures for the next fiscal year as required by law; and

**WHEREAS**, the Mayor reviewed the estimates and made such revisions and/or additions as deemed advisable, and prior to sixty (60) days before January 1, 2021, filed the said revised preliminary budget with the City Clerk together with his budget message and his recommendation for the final budget; and

**WHEREAS**, the City Clerk provided sufficient copies of such preliminary budget and budget message to meet the reasonable demands of taxpayers therefore and published and posted notice of filing for the availability of said preliminary budget, together with the date of a public hearing for the purpose of fixing the final budget, all as required by law; and

**WHEREAS**, the 2021 fiscal year budget will be passed before the final General Fund No. 001 balance for fiscal year 2020 is known; and

**WHEREAS**, the City Council scheduled hearings on the preliminary budget for the purpose of providing information regarding estimates and programs; and

**WHEREAS**, the City Council gave notice and held a Public Hearing on November 17, 2020, which was on or before the first Monday of the month next preceding the beginning of the ensuing fiscal year, for the purpose of fixing a final budget at which hearing all taxpayers were heard who appeared for or against any part of said budget; and

**WHEREAS**, following the conclusion of said hearing the City Council made such adoptions and changes as it deemed necessary and proper, **NOW, THEREFORE**,

**THE CITY COUNCIL OF THE CITY OF CLYDE HILL, WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. The final budget for the fiscal year 2021, a copy of which has been and now is on file with the office of the City Clerk, is hereby incorporated herein by this reference as if set forth in full, and said final budget shall be and the same is hereby adopted in full.

Section 2. Exhibit A, which is attached hereto and incorporated herein by this reference as though set forth in full, sets forth the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined.

Section 3. A complete copy of the final budget for 2021, as adopted, together with a copy of this adopting ordinance shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 4. The 2021 Capital Facilities Plan, a copy of which has been and now is on file with the office of the City Clerk, is hereby incorporated herein by this reference as if set forth in full and adopted in full.

Section 5. This ordinance shall take effect January 1, 2021, which is at least five (5) days



after publication of the summary of this ordinance, consisting of its title.

**PASSED** by the Council of the City of Clyde Hill this 8<sup>th</sup> day of December 2020.

**APPROVED** by the Mayor of the City of Clyde Hill this 8<sup>th</sup> day of December 2020.

MAYOR:

  
\_\_\_\_\_  
MARIANNE KLAAS

ATTEST/AUTHENTICATED:

  
\_\_\_\_\_  
CITY CLERK, DEAN ROHLA

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY:

  
\_\_\_\_\_  
GREG RUBSTELLO

FILED WITH THE CITY CLERK: 12/8/20  
PUBLISHED: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
ORDINANCE NO. 978

**SUMMARY OF ORDINANCE NO. 978**

of the City of Clyde Hill, Washington

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On December 8, 2020, the City Council of the City of Clyde Hill, Washington, approved Ordinance No. 978, the main points of which are summarized by its title as follows:

AN ORDINANCE OF THE CITY OF CLYDE HILL, WASHINGTON, ADOPTING THE FINAL BUDGET OF THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2021; SETTING FORTH THE TOTALS OF ESTIMATED REVENUES AND APPROPRIATIONS FOR EACH SEPARATE FUND AND AGGRREGATE TOTALS FOR ALL FUNDS COMBINED; STATING THE AVAILABLITY OF THE 2021 CAPITAL FACILITIES PLAN WITH THE CITY CLERK; ADOPTING THE 2021 CAPITAL FACILITIES PLAN; AND AUTHORIZING SUMMARY PUBLICATION BY TITLE ONLY AND PROVIDING FOR AN EFFECTIVE DATE OF JANUARY 1, 2021.

The full text of this ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of December 8, 2020.



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DEPUTY CITY CLERK, DEAN ROHLA

## EXHIBIT A for approval 12/08/2020

2021 Budget	General Fund - 001	Reserve Fund - 002	Projects Fund - 100	TOTAL CITY
<b>Projected</b> Beginning Fund Balance 1/1/2021	\$ 456,590	\$ 3,222,069	\$ 6,743,064	\$ 10,421,723
Revenues	4,199,130	-	1,116,083	5,315,213
Total Transfer In	-	-	41,300	41,300
<b>TOTAL RESOURCES</b>	<b>\$ 4,655,720</b>	<b>\$ 3,222,069</b>	<b>\$ 7,900,446</b>	<b>\$ 15,778,236</b>
Expenditures	\$ 4,434,654	\$ -	\$ 3,172,910	\$ 7,607,564
Total Transfer Out	41,300	-	-	41,300
<b>TOTAL USES</b>	<b>\$ 4,475,954</b>	<b>\$ -</b>	<b>\$ 3,172,910</b>	<b>\$ 7,648,864</b>
<b>Projected Ending Fund Balance 12/31/2021</b>	<b>\$ 179,767</b>	<b>\$ 3,222,069</b>	<b>\$ 4,727,536</b>	<b>\$ 8,129,372</b>

## **BUDGET GLOSSARY**

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

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

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

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

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

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

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

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

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

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

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

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

As authorized by the State Auditor’s Office (SAO) for small cities in the State of Washington, the City of Clyde Hill uses the modified cash basis for both accounting and budgeting. This means that expenditures are not recognized in the accounting system until the goods or services are paid for and they’re not paid for until received. Modified cash basis means that the State Auditor’s Office requires the City to have a 20-day “Open Period” to pay any invoices received during the first twenty days of January for services received the previous year. Revenues are not recognized in the City’s accounting system until they are deposited into the bank.

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

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

**BUDGET DOCUMENT:** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of two parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of

financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to the past years actual revenues, expenditures and other data used in making the estimates. In addition to the budget document, an appropriation ordinance or resolution and revenue and borrowing measures will be necessary to put the budget into effect.

**BUDGET MESSAGE:** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**FISCAL YEAR:** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. The fiscal year for the City of Clyde Hill is the calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>. The fiscal year for the State of Washington and all of the State Agencies runs from July 1<sup>st</sup> through June 30<sup>th</sup>. The fiscal year for the Federal Government starts October 1<sup>st</sup> and runs through September 30<sup>th</sup>.

**FUND:** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City of Clyde Hill has three funds: 1) General Fund, 2) Reserve Fund, and 3) Projects Fund.

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

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

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

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



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

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

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

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

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

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

**ORDINANCE:** A statute or regulation enacted by City Council.

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

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

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

**RCW:** Revised Code of Washington

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

**RESERVE FUND:** The Reserve Fund represents the “discretionary or emergency fund” for the City. This fund could also be called the “Rainy Day” fund.

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

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

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

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

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

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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**City of Clyde Hill  
Washington**

For the Fiscal Year Beginning

**January 1, 2020**

*Christopher P. Morill*

Executive Director