



**CITY OF BLACK DIAMOND**  
**December 10, 2015 Special Meeting Agenda**  
25510 Lawson St., Black Diamond, Washington

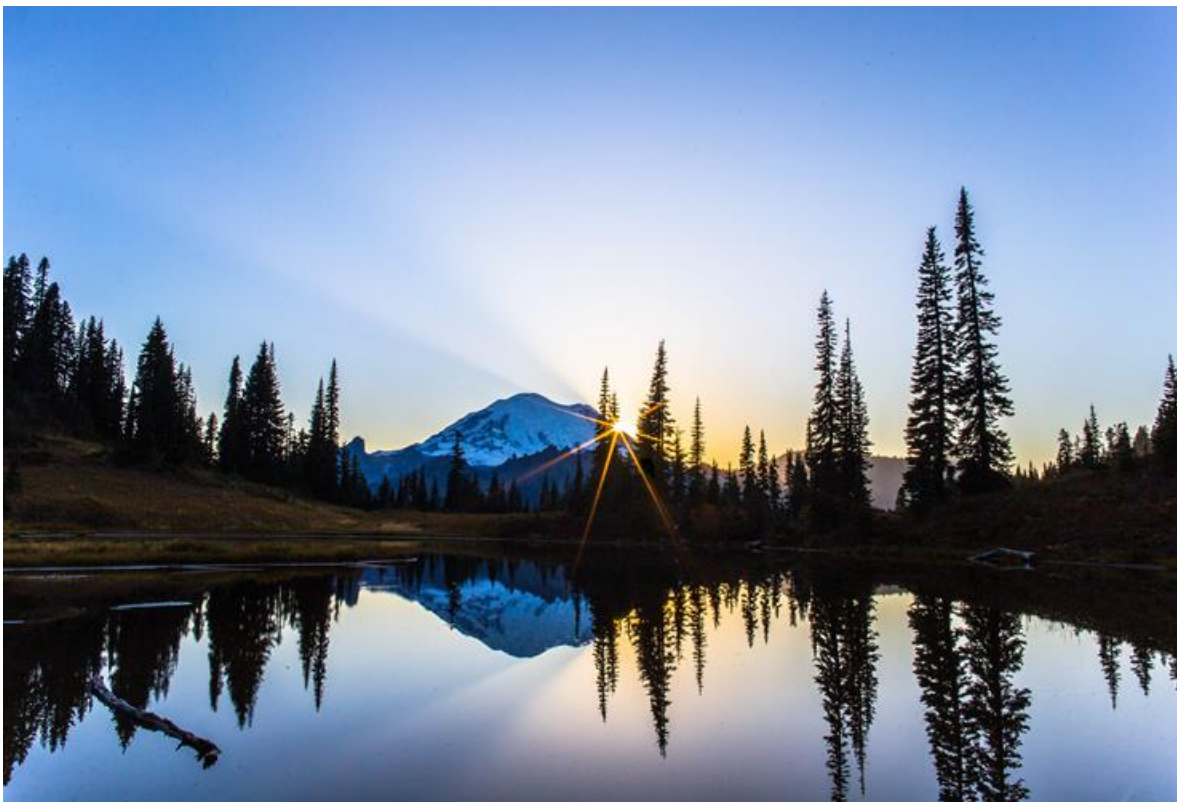
**6:00 P.M. – CALL TO ORDER, FLAG SALUTE, ROLL CALL**

**1) Work Session – 2016 Budget - Ms. Miller**

**ADJOURNMENT:**

# **City of Black Diamond Final Budget**

# 2016



*(many photos in this document are courtesy of [Craig Goodwin](#))*

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*From the Mayor's Desk*

October 29, 2015

City Council and Black Diamond Residents,

It is my pleasure to present to you the 2016 budget for the City of Black Diamond. Following a series of meetings with staff I am happy to report the 2016 Budget is in balance for all funds. The General Fund ending balance will be increasing by \$109,035 to a total of \$754,115. This is 18% of the General Fund operating expenditures and exceeds the recommendation of 10%. Fortunately, the economy is slowly improving with a sales tax increase of about 6% due to building within the City and the expected increases in 2016 for the construction of the new elementary school. In addition, the water, sewer and stormwater budgets are also in balance for 2016, with a rate study expected in the spring of 2016.

Since first taking office as your Mayor, on Dec. 2, 2014, I have remained focused on improving the quality of life for Black Diamond residents. This includes working to help new and existing businesses along with streamlining governmental processes. The continued challenge facing the City, like many other cities, is to maintain current service levels while at the same time balancing costs, which are increasing at a faster pace than our resources.

The restructure of our Fee Schedule was a major accomplishment this year with participation from City Staff, City Council and our City Attorney. Our revenues now more closely match our expenditures. We are also in the process of setting up a new payment structure for Utility Bills, Permits, Business Licenses and other City payments through Invoice Cloud, which will streamline Credit Card payments and will save the City time and money. New Accounting processes were established to better track Accounts Receivables and Stormwater Utility billings, with a much needed education segment to inform customers.

The Police Dept. faced some challenges with Commander Goral out on medical leave most of the year and finally passing away from his cancer on August 16, 2015. We are currently in the process of replacing that position. The Boots and Badges Charity Basketball Game for Cops with Cancer was a big success bringing in over \$36,000 for Commander Goral and his family. The Department transitioned all officers to cell phone for use as hot spots; camera, video and audio. Sgt. Lynch attended the National DARE conference and successfully completed the 10 week course for the 5<sup>th</sup> graders at Black Diamond Elementary School.

We received a Grant approving the \$1.4 mil. Roberts Drive and bridge improvements, including a pedestrian walkway. We will also be doing some street overlays, repairs and sign replacement. We have applied for a TIB Grant for the Jones Lake overlay.

Our new Community Development Director is focusing on the Comprehensive Plan update which should be ready for adoption by the 2<sup>nd</sup> Qtr. of 2016. Her goals are to develop strategies to streamline the permitting process and create a business friendly building and permitting process. We have seen an increase in the issuance of building permits by almost 20% and need to make sure we have the staff available to serve this additional capacity. Enumclaw School District passed a bond issue to replace Black Diamond Elementary School, which will occur in 2016.

The City Clerk is responsible for the implementation of the City's new Wellness Program for 2016, which could earn the City an insurance discount in future years. She is also responsible for streamlining the Business License application review and issuance process. We are improving the quality of communication with the public by again including the quarterly newsletter in our utility billing as well as being posted to the City website.

The Master Planned Development Review Team (MDRT) has been working on current and up-coming projects with YarrowBay the developer and applicant. They have approved Clearing and Grading of the stockpile area in PP1A and anticipate approving Clearing and Grading of PP2C, which a permit is expected to be issued before the

end of the year. The Villages offsite Watermain, that is routed through the Palmer Coking Coal site, has been approved and the permit issued. The applicant has turned in an additional application for the Offsite Watermain for Roberts Drive. They have also been working with King County Wastewater Treatment Division for the connection to the sewer system and the design of an additional lift station.

I appreciate the hard work and dedication of City Staff in providing the City and Council with a balanced budget. As the economy continues to improve, I am confident that we will eventually adopt a budget that will allow the city a sustainable financial future. I am proud that the City has maintained a responsible level of service and makes this city a better place to live, work, play and do business.

Sincerely,

*Carol Benson*

Carol Benson  
Mayor

**History of Black Diamond, Washington**

Black Diamond incorporated in 1959, but has had a much longer history as a historic town in Washington. Black Diamond was first established as a community in the late 1880s for the mining of coal. At the turn of the century the town was a major exporter of coal in the region. The Pacific Coast Coal Company in Black Diamond became the largest coal mining operations on the West Coast. Some historic buildings retain their original locations. In 2010, Black Diamond's historic Railroad Avenue was updated and refurbished making a great improvement to the Historic Museum and Black Diamond Bakery area.

Black Diamond offers a warm and friendly rural, small town atmosphere with spectacular mountain views. The city is nestled in the foothills within miles of the beautiful Green River Gorge and Flaming Geyser Park.

The City is on the verge of growth. At 4,200 citizens, population projections may reach above 20,000 in the next 20 years. Over the past several years, major annexations have increased the population and acreage of Black Diamond. The annexation of the Lake Sawyer area in 1998 doubled the number of citizens. Recent annexations in the city's urban growth area have increased the city's size by approximately 1,600 acres.

**Form of Government**

Black Diamond is a "Code City" as described under Title 35A in the Revised Code of Washington. The City operates under a strong mayor form of government with five elected council members serving staggered four-year terms. The Mayor serves as the chief administrative officer of the city. The Council acts as the legislative body. When the City reaches a population of 5,000 state law requires expansion to a seven-member council. The City is served by Congressional District 8 and Legislative District 5.

**Budget Process**

Budgeting is an essential element of the financial planning, control and evaluation process of government. The planning process involves determining the types and levels of services to be provided by the various departments, programs and functions.

The City of Black Diamond budgets annually on the calendar year beginning January 1 and ending December 31. Budget adjustments are limited by state law (35A.33.120). Allocations are made based on a fund structure, limiting uses outside of each fund. Funds are segregated to carry on specific objectives. Funds are budgeted on a cash basis in accordance with the Revised Code of Washington, RCW 35.33. Appropriations in the budget constitute maximum expenditure authorizations during the year and cannot be legally exceeded until subsequently amended by the City Council.

**How Black Diamond Serves the Community**

The City of Black Diamond strives to provide a safe and enjoyable environment for residents, businesses and visitors alike. Foremost, safety is a priority in Black Diamond. Our City's police, and Mountain View Fire and Rescue (formerly Fire District 44) fire and emergency service employees are both dedicated and top notch. City employees provide other important services such as road maintenance, community development, code enforcement, a municipal court and water utility services, stormwater management and wastewater utility billing. Utility and maintenance workers also maintain our local parks and the cemetery.

**Black Diamond Elected Officials**

**Back Row: Ron Taylor, Craig Goodwin, Tamie Deady - Mayor Pro-tem**  
**Front Row: Erica Morgan, Mayor Carol Benson, Janie Edelman**

Mayor  
Carol Benson  
Appointed Position  
Expires 12/31/2015

Position 3  
Janie Edelman  
Two Year Term  
Expires 12/31/2015

Position 1  
Tamie Deady  
Mayor Pro-tem  
Four Year Term  
Expires 12/31/2015

Position 4  
Craig Goodwin  
Expires 11/24/2015

Position 2  
Erika Morgan  
Four Year Term  
Expires 12/31/17

Position 5  
Ron Taylor  
Four Year Term  
Expires 12/31/2015

**City Council Committees**

In addition to serving on the City Council, Council members also serve on Council committees for the City of Black Diamond based on their interests. They may also choose to serve on any number of intergovernmental committees. The committees meet on an as-needed basis to hear issues in each topic area. Council members provide recommendations to the full Council. Such recommendations are advisory only and any actions are made by the full Council in open public meetings. Committee appointments are made the 1st Council meeting in January.

**Budget, Finance and Administration Committee**

Chair – Council Member Edelman

Council Member Deady

The Budget, Finance and Administration Committee in conjunction with City Staff may consider matters related to the financial issues of the City including the annual and capital budgets, revenues and expenditures, sales of bonds, general fiscal and financial conditions, voucher approval, rates and fees, audit and operations of the City including but not limited to, facilities and properties, computerization, periodic budget and financial reports and policy matters related to personnel in coordination with the Finance and Administration Departments.

**Cemetery/Parks Committee**

Chair – Council Member Morgan

Council Member Goodwin

The Parks and Cemetery Committee in conjunction with City Staff may consider matters related to planning and implementation of park and recreational facilities, the capital improvement program, local trails and the cemetery.

**Planning and Community Service Committee**

Chair – Council Member Edelman

Council Member Morgan

The Planning and Community Services Committee in conjunction with City staff may consider matters of a non-quasi-judicial nature related to community growth and development including but not limited to planning of the physical, economic, aesthetic and social development of the City, comprehensive plan, zoning code and housing, annexation policies and code enforcement. This committee may also consider matters not included in other committee's scopes of authority.

**Public Safety Committee**

Chair – Council Member Deady

Council Member Taylor

The Public Safety Committee in conjunction with City Staff may consider issues related to the public health, safety and welfare of the citizens of Black Diamond including but not limited to law enforcement, fire safety, court, hazardous materials, animal control, special events and emergency services.

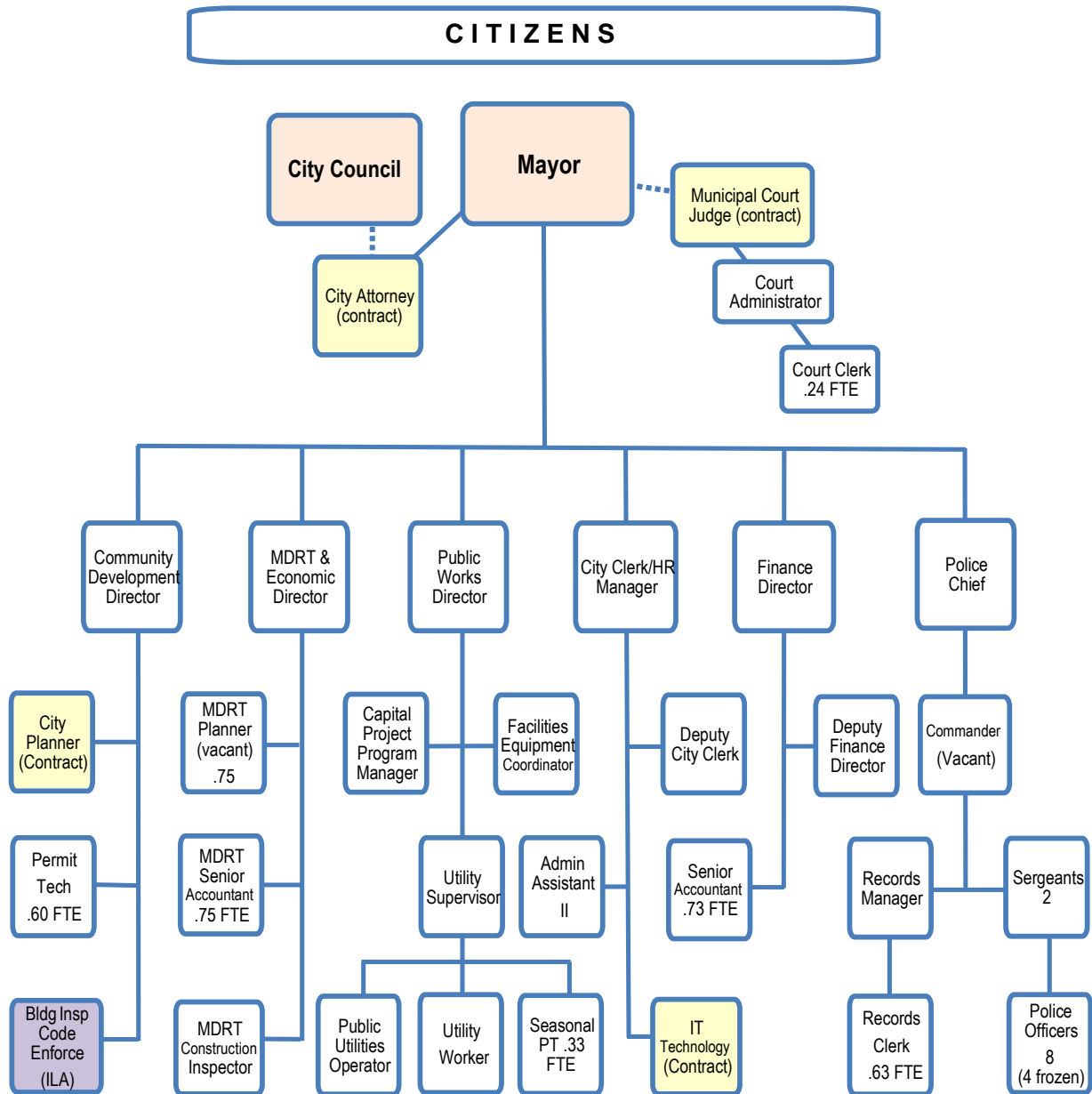
**Public Works Committee**

Chair - Council Member Taylor

Council Member Goodwin

The Public Works Committee in conjunction with City Staff may consider matters related to water, sewer, solid waste, recycling, utility franchises, stormwater management, transportation, capital improvement program, transit, streets, street lighting, signalization and local street improvement.

City of Black Diamond 2016 Organization Chart



This Chart represents budgeted positions for 2016.

Each position is filled by 1 FTE, unless otherwise noted.

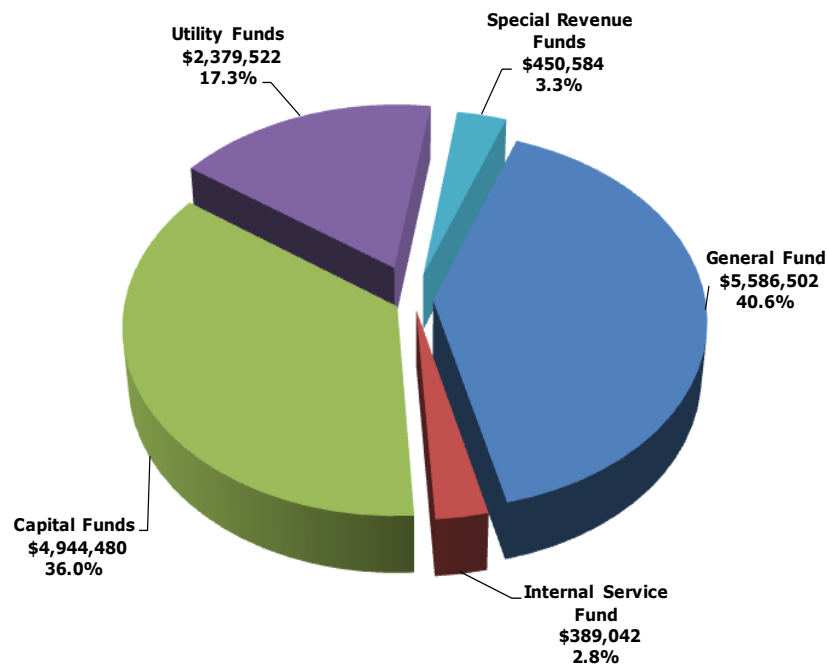
Black Diamond is served by Mountain View Fire and Rescue.



2016 Employee Allocations by Funding Source							
Positions	Full Time Equivalent (FTE)	Funding Agreement	General Fund	Street Fund	Water Fund	Sewer Fund	Storm water Fund
<b>Administration</b>							
Administrative Assistant 2	1.00		0.10		0.30	0.30	0.30
<b>Total Administration</b>	<b>1.00</b>		<b>0.10</b>	<b>0.00</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>
<b>City Clerk</b>							
City Clerk/HR Manager	1.00	1.00					
Deputy City Clerk	1.00		0.50	0.04	0.15	0.15	0.16
<b>Total City Clerk</b>	<b>2.00</b>	<b>1.00</b>	<b>0.50</b>	<b>0.04</b>	<b>0.15</b>	<b>0.15</b>	<b>0.16</b>
<b>Finance Department</b>							
Finance Director	1.00		0.70		0.10	0.10	0.10
Deputy Finance Director	1.00		0.72		0.09	0.10	0.09
Senior Accountant	0.73		0.44	0.03	0.09	0.09	0.08
<b>Total Finance</b>	<b>2.73</b>		<b>1.86</b>	<b>0.03</b>	<b>0.28</b>	<b>0.29</b>	<b>0.27</b>
<b>Police Department</b>							
Police Chief	1.00		1.00				
Police Commander (vacant)	1.00		1.00				
Sergeant	2.00		2.00				
Police Officers	4.00		4.00				
Police Records Coordinator	1.00		1.00				
Police Clerk	0.63		0.63				
<b>Total Police Department</b>	<b>9.63</b>		<b>9.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Municipal Court</b>							
Court Administrator	1.00		1.00				
Court Clerk	0.24		0.24				
<b>Total Court</b>	<b>1.24</b>		<b>1.24</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Community Development</b>							
Community Development Director	1.00		1.00				
Permit Technician	0.60		0.60				
<b>Total Community Development</b>	<b>1.60</b>		<b>1.60</b>				
<b>Master Dev Review Team (MDRT)</b>							
MDRT & Economic Dev Director	1.00	1.00					
Utilities Construction Supervisor	1.00	1.00					
Senior Planner (vacant)	0.75	0.75					
Senior Accountant	0.75	0.75					
<b>Total MDRT Review Team</b>	<b>3.50</b>	<b>3.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Facilities Department</b>							
Facilities Equipment Coordinator	1.00		0.80	0.05	0.05	0.05	0.05
<b>Total Facilities</b>	<b>1.00</b>		<b>0.80</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Public Works</b>							
Public Works Director	1.00		0.06	0.26	0.23	0.23	0.22
Capital Project/Program Manager	1.00			0.25	0.25	0.25	0.25
Utilities Supervisor	1.00		0.05	0.23	0.24	0.24	0.24
Utility Worker	1.00		0.10	0.15	0.25	0.25	0.25
Utilities Operator	1.00		0.10	0.15	0.25	0.25	0.25
Seasonal Maintenance	0.33		0.16	0.06	0.06		0.05
<b>Total Public Works</b>	<b>5.33</b>		<b>0.47</b>	<b>1.10</b>	<b>1.28</b>	<b>1.22</b>	<b>1.26</b>
<b>Total Budget Positions (FTE's)</b>	<b>28.03</b>	<b>4.50</b>	<b>16.20</b>	<b>1.22</b>	<b>2.06</b>	<b>2.01</b>	<b>2.04</b>

	<b>All Funds Budget Summary</b>	<b>Beginning Fund Balance</b>	<b>2016 Revenue</b>	<b>Total Sources</b>	<b>2016 Expenditures</b>	<b>Ending Fund Balance</b>	<b>Total Uses</b>
1	General Fund 001	1,072,660	4,513,842	5,586,502	4,672,387	914,115	5,586,502
2	Special Revenue Funds						
3	101 Street Fund	111,645	217,334	328,979	215,291	113,688	328,979
4	107 Fire Impact Fees	43,575	18,030	61,605		61,605	61,605
5	108 Trans. Benefit District Fund		60,000	60,000	60,000		60,000
6	Utility Funds			-			-
7	401 Water Fund	161,635	798,248	959,883	790,943	168,940	959,883
8	407 Sewer Fund	117,641	846,260	963,901	874,239	89,662	963,901
9	410 Stormwater Fund	105,818	349,920	455,738	370,796	84,942	455,738
10	Capital Funds			-			-
11	310 Gen. Government CIP Fund	170,819	156,424	327,243	327,243		327,243
12	311 REET 1 Gen Govt	133,341	95,150	228,491	128,000	100,491	228,491
13	320 Street CIP Fund	225,967	1,817,244	2,043,211	2,043,211		2,043,211
14	321 REET 2 Street Projects	116,024	95,120	211,144	110,000	101,144	211,144
15	402 Water Supply and Facility Fund	70,000	560,150	630,150	560,000	70,150	630,150
16	404 Water Capital Fund	287,700	429,001	716,701	560,771	155,930	716,701
17	408 Sewer Capital Fund	711,000	26,540	737,540	153,000	584,540	737,540
18	410 Stormwater Capital Fund		50,000	50,000	50,000		50,000
19	Internal Service Fund 510			-			-
20	1 - Fire Equipment Reserve Fund	48,876	30,050	78,926	78,926		78,926
21	2 - Street Equipment Reserve Fund	253,096	47,200	300,296	76,000	224,296	300,296
22	3 - Police Equipment Reserve Fund	9,800	20	9,820	9,820		9,820
23	<b>Total All Funds</b>	<b>3,639,597</b>	<b>10,110,533</b>	<b>13,750,130</b>	<b>11,080,627</b>	<b>2,669,503</b>	<b>13,750,130</b>

**Total Budget  
\$13,750,130**





# General Fund

The General Fund is the primary fund of the City. It is similar to a firm's general ledger account, and records all assets and liabilities of the entity that are not assigned to a special purpose fund. It provides the resources necessary to sustain the day-to-day activities and thus pays for administrative and operating expenses.



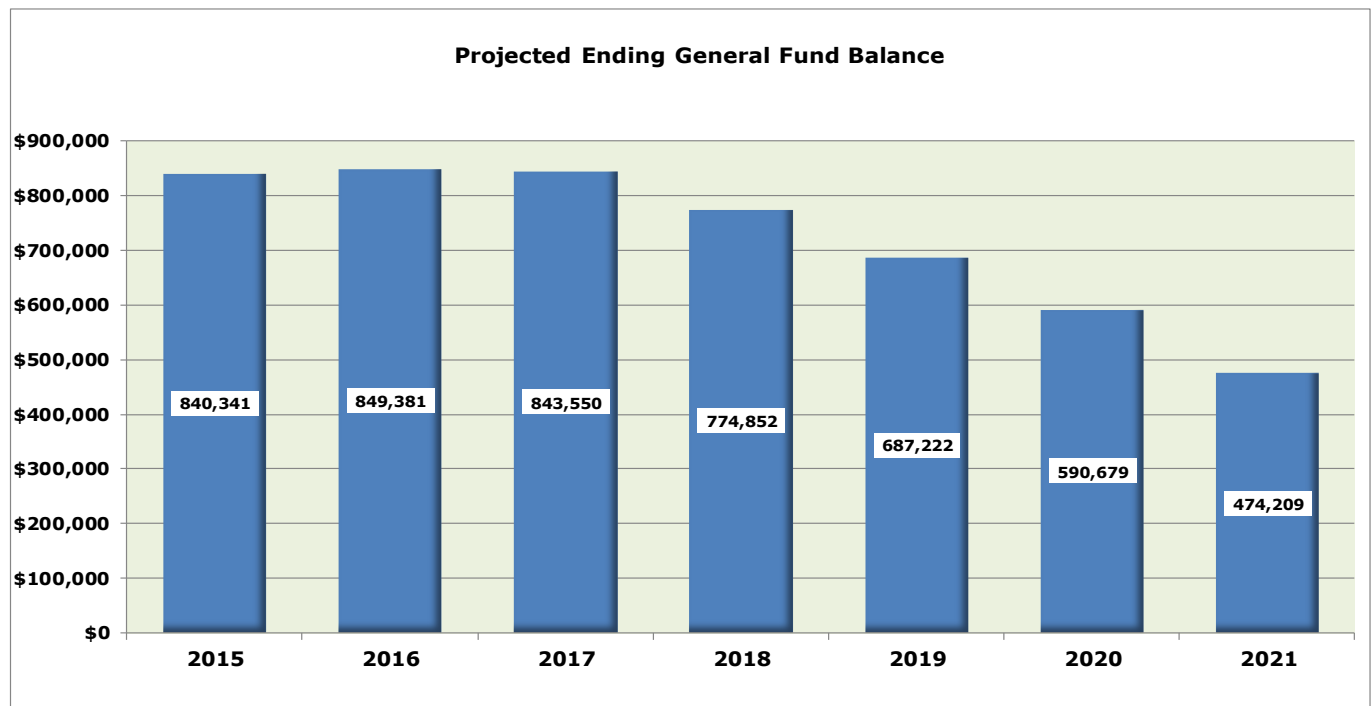
Jones Lake at Dusk

## General Fund 2016 Final Budget

	2013 Actual	2014 Actual	2015 Budget	Estimate Year End 2015	2016 Budget	Budget \$ Change inc/(dec)	Budget % Change inc/(dec)
<b>REVENUE</b>							
1 Property Tax	1,400,391	1,438,112	1,436,203	1,436,000	1,465,908	29,705	2.1%
2 Sales Tax	290,796	302,927	280,000	310,750	326,250	46,250	16.5%
3 Utility & Gambling Tax	546,510	582,921	581,400	570,040	563,500	(17,900)	-3.1%
4 Business & Other Licenses & Fees	23,070	21,995	23,500	22,110	22,000	(1,500)	-6.4%
5 Cable Franchise Fees	61,563	62,438	61,000	64,000	66,000	5,000	8.2%
6 Land Use and Permitting Fees	80,068	112,715	86,970	135,000	181,310	94,340	108.5%
7 Liquor Tax & Profits	40,278	44,887	35,700	41,200	54,750	19,050	53.4%
8 State Sales Tax Assistance	61,645	72,195	60,000	70,000	78,460	18,460	30.8%
9 KC EMS Levy, Recycle Grants & misc	70,630	70,648	70,125	71,293	71,991	1,866	2.7%
10 Charges for Services, Passport	88,393	92,298	114,430	113,611	101,400	(13,030)	-11.4%
11 Parks Parking Fees	16,313	22,274	21,000	25,000	25,000	4,000	19.0%
12 Gym Revenue				6,100	9,940	9,940	
13 Cemetery Fees & Charges	9,128	10,371	12,700	10,100	12,600	(100)	-0.8%
14 Police Grants, Crim Justice & Misc	162,180	153,933	131,850	154,882	152,215	20,365	15.4%
15 Court Fines and Fees	104,826	114,777	125,000	108,175	109,521	(15,479)	-12.4%
16 Miscellaneous Revenue	8,676	7,108	1,975	8,000	2,500	525	26.6%
17 <b>Subtotal Operating Revenue</b>	<b>2,964,467</b>	<b>3,109,599</b>	<b>3,041,853</b>	<b>3,146,261</b>	<b>3,243,345</b>	<b>201,492</b>	<b>11.9%</b>
18 <b>Insurance Recovery-Legal Svs</b>				25,000	-	-	
19 <b>Funding Agreement-MDRT</b>	1,412,069	1,310,097	1,045,069	830,688	822,497	(222,572)	-21.3%
20 <b>Total General Fund Op Revenue</b>	<b>4,376,536</b>	<b>4,419,696</b>	<b>4,086,922</b>	<b>4,001,949</b>	<b>4,065,842</b>	<b>(21,080)</b>	<b>-0.5%</b>
21 Developer Reimb-SEPA Legal	51,420	4,263	10,000	200	10,000	-	0.0%
22 Developer Reimb-MDRT Consultants	270,325	342,972	470,000	470,000	438,000	(32,000)	-6.8%
23 Developer Reimb-Makers Consulting	79,400	92,233		-			
24 <b>Grand Total Revenue</b>	<b>4,777,681</b>	<b>4,859,164</b>	<b>4,566,922</b>	<b>4,472,149</b>	<b>4,513,842</b>	<b>(53,080)</b>	<b>-1.2%</b>
25 Beg Cash & Inv Bal General Govt	397,817	644,198	601,492	842,526	912,660	311,168	51.7%
26 Beg Cash & Investment By Dev	261,219	299,129	278,000	190,103	160,000	(118,000)	-42.4%
27 <b>Total Sources</b>	<b>5,436,717</b>	<b>5,802,491</b>	<b>5,446,414</b>	<b>5,504,778</b>	<b>5,586,502</b>	<b>140,088</b>	<b>2.6%</b>
<b>EXPENDITURES</b>							
28 Legislative-Council	3,876	11,782	14,702	14,000	15,711	1,009	6.9%
29 Executive-Mayor	13,924	14,507	14,950	14,500	15,118	168	1.1%
30 Administration	105,545	117,435	-	-	-	-	
31 City Clerk/Human Resources	238,595	220,118	220,309	225,000	227,588	7,279	3.3%
32 Finance	243,879	268,152	173,477	190,000	181,014	7,537	4.3%
33 Information Services	143,454	45,659	49,700	53,700	31,175	(18,525)	-37.3%
34 Legal Service	66,564	110,594	75,400	60,000	55,000	(20,400)	-27.1%
35 Legal Services-Investigation/Other		122,263		-	-	-	
36 Legal-Pros Atty & Pub Defender	24,000	61,000	61,250	37,000	61,250	-	0.0%
37 Municipal Court	151,901	139,944	160,200	160,000	168,769	8,561	5.3%
38 Police Department	1,553,562	1,652,792	1,639,816	1,600,000	1,700,472	60,656	3.7%
39 Fire Department	448,264	454,496	483,526	464,000	505,375	21,849	4.5%
40 Natural Resources	148,077	76,382		-	-	-	
41 Recycle/Air Qual/Mntl Hlth/Animal Cont	27,595	27,344	28,800	25,800	32,166	3,366	11.7%
42 Master Development Review Team	451,226	442,931	714,381	500,000	657,325	(57,056)	-8.0%
43 Hearing Examiner-SEPA	2,791	709	10,000	5,000	5,000	(5,000)	-50.0%
44 Comm Deve-Permitting	168,143	121,283	122,992	128,706	201,688	78,696	64.0%
45 Comm Deve-Planning		91,177	79,080	118,294	119,636	40,556	51.3%
46 Facilities-Staff & Misc	98,239	89,780	82,322	88,000	47,876	(34,446)	-41.8%
47 Facilities Bldg Mtc-Staff & Equip	112,222	110,373	75,236	90,000	73,200	(2,036)	-2.7%
48 Emergency Management	3,714	184	2,500	-	5,000	2,500	100.0%
49 Parks	33,674	37,228	44,432	42,000	51,206	6,774	15.2%
50 Parks Museum	7,710	7,394	8,090	6,870	7,551	(539)	-6.7%
51 Parks Community Center	2,967	3,169	2,696	13,815	-	(2,696)	-100.0%
52 Parks Gym	2,043	2,502	2,147	9,000	11,316	9,169	427.1%
53 Cemetery	15,768	17,680	15,285	16,000	18,598	3,313	21.7%
54 Cntrl Svs Reimb-Paper, Post, Print Cks	29,221	31,276	30,035	30,000	32,353	2,318	7.7%
55 Insurance and Unanticipated Costs				15,000			
56 <b>Total General Fund Op Exp</b>	<b>4,096,954</b>	<b>4,278,154</b>	<b>4,111,334</b>	<b>3,906,685</b>	<b>4,224,387</b>	<b>113,053</b>	<b>2.7%</b>
57 Developer Exp-GFC-Prior Year Planning	106,705	55,168		55,233			
58 Developer MDRT-Consultants	245,220	426,603	470,000	470,000	438,000	(32,000)	-6.8%
59 Developer Legal SEPA Reimb	44,511	9,937	10,000	200	10,000	-	0.0%
60 <b>Total Expenditures</b>	<b>4,493,390</b>	<b>4,769,862</b>	<b>4,591,334</b>	<b>4,432,118</b>	<b>4,672,387</b>	<b>81,053</b>	<b>1.8%</b>
61 Ending Cash & Inv Bal Gen Govt	644,198	842,526	645,080	912,660	754,115	109,035	16.9%
62 Ending Cash & Inv Bal Developer	299,129	190,103	210,000	160,000	160,000	(50,000)	-23.8%
63 <b>Total Uses</b>	<b>5,436,716</b>	<b>5,802,491</b>	<b>5,446,414</b>	<b>5,504,778</b>	<b>5,586,502</b>	<b>140,088</b>	<b>2.6%</b>

## General Fund Ending Fund Balance Forecast

	2014	2015	2016	2017	2018	2019	2020	2021	
General Fund Revenue	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Fcst
1 Property Tax	1,438,112	1,436,203	1,465,908	1,480,567	1,480,567	1,495,373	1,495,373	1,510,326	1%
2 Sales Tax	302,927	280,000	285,600	291,312	291,312	297,138	294,225	300,110	2%
3 Utility Taxes	582,921	581,400	563,500	574,770	574,770	586,265	580,518	592,128	2%
4 Other Revenue **	785,639	744,319	928,337	946,904	965,842	985,159	985,159	1,004,862	2%
5 Funding Agreement	1,310,097	1,045,000	822,497	908,414	939,490	954,976	970,772	970,775	2%
7 <b>Total Operating Revenue</b>	<b>4,419,696</b>	<b>4,086,922</b>	<b>4,065,842</b>	<b>4,201,967</b>	<b>4,251,981</b>	<b>4,318,911</b>	<b>4,326,046</b>	<b>4,378,201</b>	
General Fund Expenditures	P/S 3%	P/S 2%	P/S 2%	P/S 2%	P/S 2%	P/S 2%	P/S 2%	P/S 2%	Fcst
9 Public Safety (P/S)	2,317,709	2,357,300	2,450,866	2,499,883	2,549,881	2,600,879	2,600,879	2,652,896	2%
10 Comm Deve-Gen Govt	289,551	212,072	326,324	332,850	339,507	346,298	346,298	353,224	2%
11 Comm Deve-MDRT	442,931	714,381	657,325	743,242	789,804	805,600	821,712	821,712	2%
12 Support Services-Clk, HR, Fin, CS	519,546	423,821	440,955	449,774	458,770	467,945	467,945	477,304	2%
13 Mtc Bldgs. Grds, Equip	331,836	298,708	263,088	268,350	273,717	279,191	279,191	284,775	2%
14 Legal Services	232,857	75,400	55,000	56,100	57,222	58,366	58,366	59,534	2%
15 Legislative & Administration	143,724	29,652	30,829	31,446	30,330	30,330	30,936	30,936	2%
16 <b>Total Operating Spending</b>	<b>4,278,154</b>	<b>4,111,334</b>	<b>4,224,387</b>	<b>4,381,645</b>	<b>4,499,231</b>	<b>4,588,608</b>	<b>4,605,327</b>	<b>4,680,381</b>	
17									
18	2014	2015	2016	2017	2018	2019	2020	2021	
19 Change in Reserves	141,542	(24,412)	(158,545)	(179,678)	(247,250)	(269,697)	(279,281)	(302,180)	
20 Add Addtl Rev & Savings-YE 4%		86,886	167,585	173,847	178,552	182,068	182,737	185,710	
21 <b>Ending Reserves</b>	<b>842,526</b>	<b>840,341</b>	<b>849,381</b>	<b>843,550</b>	<b>774,852</b>	<b>687,222</b>	<b>590,679</b>	<b>474,209</b>	
22 <b>End Reserve % of GF Operating</b>	<b>19.69%</b>	<b>20.44%</b>	<b>20.11%</b>	<b>19.25%</b>	<b>17.22%</b>	<b>14.98%</b>	<b>12.83%</b>	<b>10.13%</b>	



\*\* Other Revenue includes Cable Franchise Fees, Business Licenses, Permits & Land Use Fees, Police Criminal Justice Sales Tax & other Police Fees & Grants, Liquor Tax & Profits, State Tax Assistance, Lake Sawyer Parking Fees, Cemetery Fees, Court Fines,

23 Model assumes no growth, no new revenue and continued Funding Revenue at the 2015 level. Assumes 2% Revenue Growth, except prop tax at 1%.

24 Expenditures are assumed to grow at 2%.

25 Model assumes that due to modest budgeting, year end fund balance will end with an over collection of rev and exp under budget by a total of 4% of 26 expenditures.

27 If growth occurs, the model will change significantly. If the Funding Agreement has further reductions, the expenditures would need to be reduced by an equal amount.

Which GF Revenues Pay for What Expenses?					Public Safety	General Govt	YB/MDRT
General Fund							
	2015 Budget	2016 Budget	Chg \$ 2015 to 2016	Change %			
<b>REVENUE</b>							
<b>Public Safety Revenue Support</b>							
1 Property Taxes	1,436,423	1,465,908	29,485	2.1%	1,465,908		
2 Utility & Gambling Taxes	581,400	563,500	(17,900)	-3.1%	563,500		
3 Criminal Justice Sales Tax	97,100	111,200	14,100	14.5%	111,200		
4 Liquor Tax		18,600	18,600		18,600		
5 Liquor Profits	35,700	36,150	450	1.3%	36,150		
6 Court Fines and Fees	125,000	109,521	(15,479)	-12.4%	109,521		
7 Fire EMS Taxes	54,200	56,000	1,800	3.3%	56,000		
8 Police Grants & Chg for Svc & Misc.	34,750	41,015	6,265	18.0%	41,015		
9 <b>Subtotal Public Safety Revenue</b>	<b>2,364,573</b>	<b>2,401,894</b>	<b>37,321</b>	<b>1.6%</b>	<b>2,401,894</b>		
<b>General Govt Revenue Support</b>							
11 Sales Tax	280,000	326,250	46,250	16.5%		326,250	
12 Land Use and Permitting Fees	86,970	181,310	94,340	108.5%		181,310	
13 State Assistance	60,000	78,400	18,400	30.7%		78,400	
14 Recycle Grants & Misc. Grants	15,925	15,991	66	0.4%		15,991	
15 Cable Franchise Fee	61,000	66,000	5,000	8.2%		66,000	
16 Parks & Cemetery Fees	33,700	47,540	13,840	41.1%		47,540	
17 Passport Fees	20,300	21,900	1,600	7.9%		21,900	
18 Alloc SftWre Mtc-CC Fees-TR/AP post-prt	24,130	20,500	(3,630)	-15.0%		20,500	
19 Alloc Code Update Code, Clk, Perm. Mtc	70,000	55,000	(15,000)	-21.4%		55,000	
20 Other Misc Revenue	25,255	28,560	3,305	13.1%		28,560	
21 <b>Subtot General Govt Revenue</b>	<b>677,280</b>	<b>841,451</b>	<b>164,171</b>	<b>24.2%</b>		<b>841,451</b>	
22 <b>Subtotal Operating Revenue</b>	<b>3,041,853</b>	<b>3,243,345</b>	<b>201,492</b>	<b>6.6%</b>			
23 YarrowBay Funding Agmt - Prelim	1,045,069	822,497	(222,572)	-21.3%		165,172	657,325
24 <b>Total General Fund Oper Rev</b>	<b>4,086,922</b>	<b>4,065,842</b>	<b>(21,080)</b>	<b>-0.5%</b>	<b>2,401,894</b>	<b>1,006,623</b>	<b>657,325</b>
<b>EXPENDITURES</b>							
<b>Public Safety Expenditures</b>							
27 Police Department	1,639,816	1,700,472	60,656	3.7%	1,700,472		
28 Fire Department	483,526	505,375	21,849	4.5%	505,375		
29 Municipal Court	160,208	168,769	8,561	5.3%	168,769		
30 Court Public Defender	37,250	37,250	-	0.0%	37,250		
31 Court Prosecution	24,000	24,000	-	0.0%	24,000		
32 Animal Control	10,000	10,000	-	0.0%	10,000		
33 Emergency Management	2,500	5,000	2,500	100.0%	5,000		
34 <b>Subtotal P Safety Expenditures</b>	<b>2,357,300</b>	<b>2,450,866</b>	<b>93,566</b>	<b>4.0%</b>	<b>2,450,866</b>		
35 Executive	14,950	15,118	168	1.1%		15,118	
36 Legislative	14,702	15,711	1,009	6.9%		15,711	
37 Administration/ Natural Resources	0	0	-			0	
38 City Clerk	220,309	227,588	7,279	3.3%		227,588	
39 Finance	173,477	181,014	7,537	4.3%		181,014	
40 Information Services	49,700	31,175	(18,525)	-37.3%		31,175	
41 Legal	75,400	55,000	(20,400)	-27.1%		55,000	
42 Recycling Gr./Air Q/M. Health	18,800	22,166	3,366	17.9%		22,166	
43 Master Development Review Team	714,381	657,325	(57,056)	-8.0%			657,325
44 Community Development	202,072	321,324	119,252	59.0%		321,324	
45 Hearing Examiner (+ SEPA Appeal)	10,000	5,000	(5,000)	-50.0%		5,000	
47 Facilities - Staff and Miscellaneous	82,322	47,876	(34,446)	-41.8%		47,876	
48 Facilities Bldg Mtc Rnt-Land-Copiers	75,236	73,200	(2,036)	-2.7%		73,200	
49 Parks	57,365	70,073	12,708	22.2%		70,073	
50 Cemetery	15,285	18,598	3,313	21.7%		18,598	
51 Central Services & Emp Recognition	30,035	32,353	2,318	7.7%		32,353	
52 <b>Subtotal General Government</b>	<b>1,754,034</b>	<b>1,773,521</b>	<b>19,487</b>	<b>1.1%</b>		<b>1,116,196</b>	<b>657,325</b>
53 <b>Total GF Operating Expenditures</b>	<b>4,111,334</b>	<b>4,224,387</b>	<b>113,053</b>	<b>2.7%</b>	<b>2,450,866</b>	<b>1,116,196</b>	<b>657,325</b>
54 <b>Surplus/(Deficit)</b>	<b>(24,412)</b>	<b>(158,545)</b>	<b>(134,133)</b>		<b>(48,972)</b>	<b>(109,573)</b>	

## General Fund Expenditures

	General Fund Expenses by Type	2014 Actual	2015 Budget	2016 Budget	Net Change
	<b>Public Safety</b>				
1	Police	1,652,792	1,639,816	1,700,472	60,656
2	Fire	454,496	483,526	505,375	21,849
3	Municipal Court	139,944	160,208	168,769	8,561
4	Court Public Defender	37,000	37,250	37,250	
5	Prosecuting Attorney	24,000	24,000	24,000	
6	Animal Control	9,293	10,000	10,000	
7	Emergency Management	184	2,500	5,000	2,500
8	<b>Total Public Safety</b>	<b>2,317,709</b>	<b>2,357,300</b>	<b>2,450,866</b>	<b>93,566</b>
	<b>Development of Community</b>				
9	Com Development/Permitting	121,283	122,992	201,688	78,696
10	Com Development/Planning	91,177	79,080	119,636	40,556
11	Com Development-Hearing Examiner	709	10,000	5,000	(5,000)
12	Natural Resources	76,382			
13	Master Development Review Team	788,042	714,381	657,325	(57,056)
14	<b>Total Dev of Community</b>	<b>1,077,593</b>	<b>926,453</b>	<b>983,649</b>	<b>57,196</b>
	<b>Mtc of Bldg, Grounds &amp; Equipment</b>				
15	Building & Grounds Maintenance	200,153	157,558	121,076	(36,482)
16	Parks Maintenance	50,293	57,365	70,073	12,708
17	Cemetery Maintenance	17,680	15,285	18,598	3,313
18	Recycle/Air Qual/Mental Health	18,051	18,800	22,166	3,366
19	Information Technology & Tech Mtc.	45,659	49,700	31,175	(18,525)
20	<b>Total Mtc of Bld, Grounds &amp; Equip</b>	<b>331,836</b>	<b>298,708</b>	<b>263,088</b>	<b>(35,620)</b>
	<b>Legislative &amp; Administration</b>				
21	Legislative - City Council	11,782	14,702	15,711	1,009
22	Executive - Mayor	14,507	14,950	15,118	168
23	City Administrator	117,435			
24	<b>Total Legislative &amp; Administration</b>	<b>143,724</b>	<b>29,652</b>	<b>30,829</b>	<b>1,177</b>
	<b>Support Services</b>				
25	City Clerk/Human Resources	220,118	220,309	227,588	7,279
26	Finance	268,152	173,477	181,014	7,537
27	Central Services	31,276	30,035	32,353	2,318
28	<b>Total Support Services</b>	<b>519,546</b>	<b>423,821</b>	<b>440,955</b>	<b>17,134</b>
	<b>Legal Services</b>				
29	General Legal Services	41,442	50,000	30,000	(20,000)
30	Public Disclosure Legal Review	7,344	4,000	5,000	1,000
31	Labor Contract & Employee Legal	61,808	17,400	10,000	(7,400)
32	Legal Svs-Investigation	97,602			
33	Misc specific Canibus, Res Cov. Etc.	24,661	4,000	10,000	6,000
34	<b>Total Legal Services</b>	<b>232,857</b>	<b>75,400</b>	<b>55,000</b>	<b>(20,400)</b>
35	<b>Total General Fund</b>	<b>4,623,265</b>	<b>4,111,334</b>	<b>4,224,387</b>	<b>113,053</b>



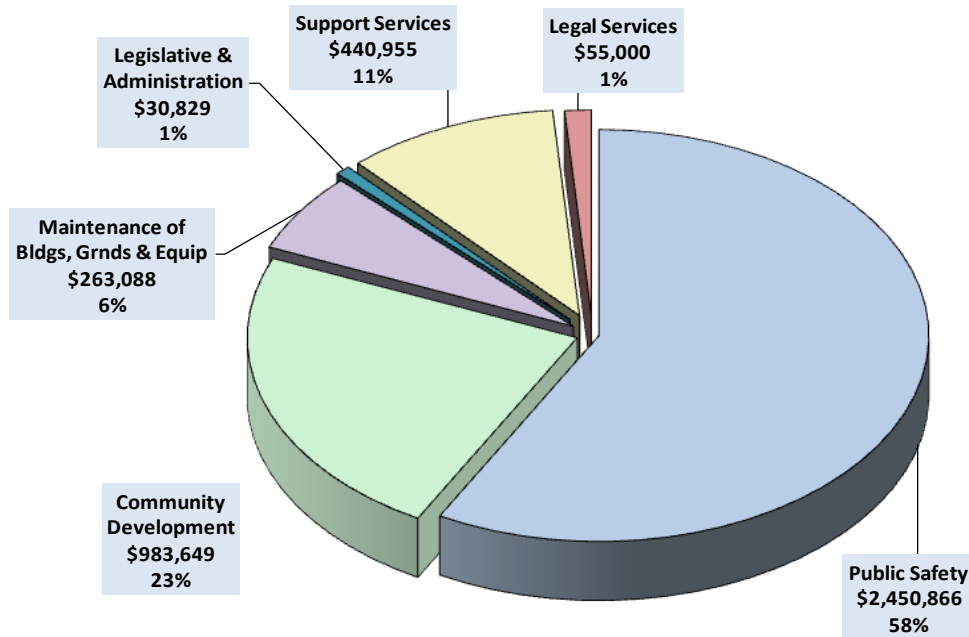
## City of Black Diamond 2016 Summary General Fund

## Functional Comparisons for 2014 - 2016

	2014 Actual	2015 Budget	2016 Budget	2015/2016 Changes
1 Public Safety	2,317,709	2,357,300	2,450,866	93,566
2 Development of Community	732,482	926,453	983,649	57,196
3 Maint of Bldgs, Grounds, Equip	331,836	298,708	263,088	(35,620)
4 Legislative & Administration	143,724	29,652	30,829	1,177
5 Support Services	519,546	423,821	440,955	17,134
6 Legal Services	232,857	75,400	55,000	(20,400)
7 <b>Total General Fund-Operations</b>	<b>4,278,154</b>	<b>4,111,334</b>	<b>4,224,387</b>	<b>113,053</b>

## 2016 General Fund Budget by Function

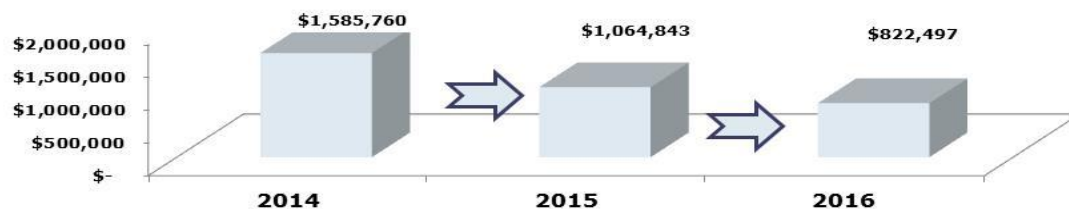
**\$4,224,387**



# Funding Agreement

	<b>MDRT</b>	<b>2015 Funded FTE</b>	<b>2014 Adjusted Budget</b>	<b>2015 Estimate</b>	<b>2015 Request w/no 2015 reduction</b>	<b>2015 Target Core @2.65 months</b>	<b>2015 Budget- MDRT &amp; Core Funding w/Limited wind-down</b>	<b>2016 Final Budget</b>
1	MDRT & Economic Development Director	1.00	143,563	141,768	146,509	146,509	146,509	148,362
2	Comm Dev Director-FT -Jan-June 2014		58,270	146,879				
3	Comm Dev/Nat Res Dir.-50% -July-Dec 2014		37,308	(73,439)	75,842	75,842	75,842	67,520
4	Construction Support	1.00	123,745	126,637	143,681	143,681	143,681	135,800
5	Add MDRT Sr Planner-75% position	0.75	71,160	120,100	95,226	95,226	95,226	97,800
6	MDRT Senior Accountant/Adm Asst	0.75	73,736	75,419	75,419	75,419	75,419	77,974
7	City Clerk/Resources Manager	1.00	148,117	146,816	146,816	146,816	146,816	153,256
8	<b>Subtotal MDRT Staff</b>	<b>4.50</b>	<b>655,899</b>	<b>537,364</b>	<b>683,493</b>	<b>683,493</b>	<b>683,493</b>	<b>680,712</b>
9	MDRT-Expenses		33,659	44,663	32,500	32,500	32,500	38,673
10	MDRT-Alloc PW Dir, Finance				30,000	30,000	30,000	20,000
11	MDRT One Vehicle/Computers		30,000	50,000	50,000	50,000	50,000	0
12	FF&E- MDRT		61,129	90,000	81,505	81,505	81,505	71,195
13	FF&E - City Clerk/HR							11,917
14	<b>Total MDRT</b>	<b>4.50</b>	<b>780,687</b>	<b>722,027</b>	<b>877,498</b>	<b>877,498</b>	<b>877,498</b>	<b>822,497</b>
	<b>Balance of Core Agreement (254)</b>							
15	Public Works Director		74,620	0	74,620		19,774	
16	Natural Res Parks Dir-Jan-June 2014		74,616	0				
17	Comm Dev/Hr Director-50% July-Dec 2014		37,308	73,440	73,540		19,488	
18	Information Svs-Contracted		92,176	56,000	49,000		12,985	
19	Finance Director		123,725	119,477	119,477		31,661	
20	Deputy Finance Director		111,990	109,674	109,674		29,064	
21	Permit Center Supervisor 2014 Budget		103,041					
22	Re-allocate vacant Permit Center Supervisor		(94,977)	0				
23	Core Planner -Contract thru 3/19/14		52,200	70,000	80,168		21,246	
24	Add Permit Center Tech-Feb-Dec 2014		37,636	41,978	41,978		11,123	
25	Facilities Equipment Coordinator		80,418	81,195	93,605		24,805	
26	Subtotal Core Balance @ 2.65 months		692,753		642,062	170,146	170,146	0
27	Core 2015 FF&E-limited wind-down @ 2.65 Months		112,320		64,899	17,199	17,199	
28	<b>Total Core balance @ 2.65 months</b>		<b>805,073</b>	<b>0</b>	<b>706,961</b>	<b>187,345</b>	<b>187,345</b>	<b>0</b>
29	<b>Total Funding Agree Op Costs-Funding Revenue</b>		<b>1,585,760</b>	<b>722,027</b>	<b>1,584,459</b>	<b>1,064,843</b>	<b>1,064,843</b>	<b>822,497</b>
30	MDRT Legal & Consultant Reimb		485,000	485,000	470,000	470,000	470,000	438,000
31	<b>Grand Total Funding Agreement</b>		<b>2,070,760</b>	<b>1,207,027</b>	<b>2,054,459</b>	<b>1,534,843</b>	<b>1,534,843</b>	<b>1,260,497</b>

Funding Agreement Operating Budget Reduction 2014 - 2016



Since 2014, the Funding Agreement has been reduced by \$763,263, or 49.1%.

## General Fund Revenues

The General Fund budget refers to the expenditures and revenues associated with the delivery of City services in Black Diamond that are funded with property, sales, and utility taxes, charges & fees, and state shared revenues. Services provided under the general fund include police and fire, municipal court, parks maintenance, building permits, development review, and administrative functions in the City. The General Fund includes close to one half of Black Diamond's total budget.

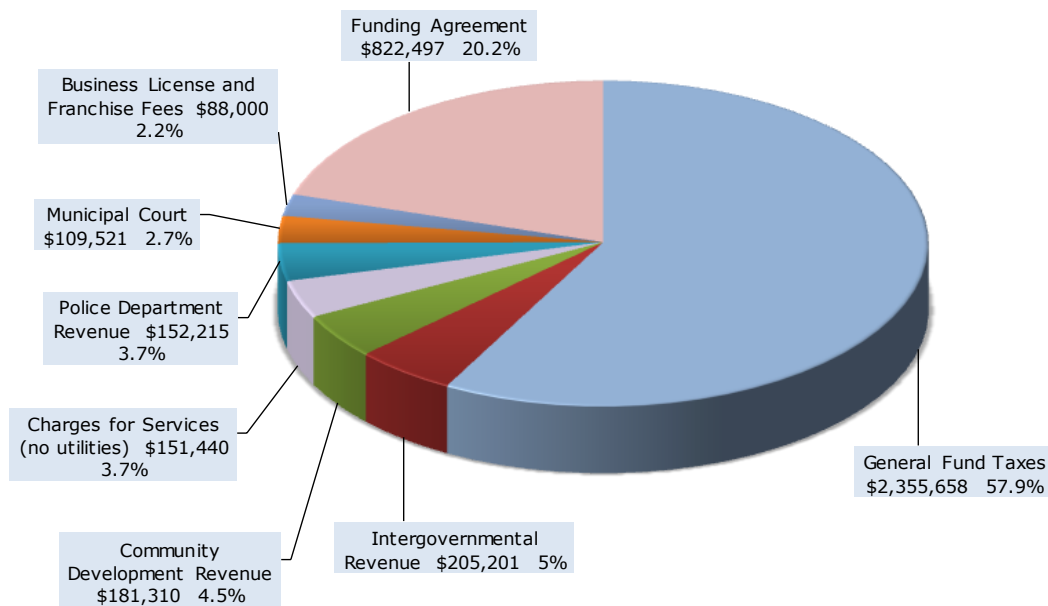
Top Twenty General Fund Revenue Sources		Final Budget 2016
1	General Property Taxes	1,465,908
2	Sales Taxes	326,250
3	Electrical Utility Tax	211,000
4	Police: Local Criminal Justice Funds	110,600
5	Municipal Court Fines and Fees	109,521
6	Building Permits	105,500
7	Telephone Tax	90,000
8	Sales Tax Assistance from State	78,460
9	Cable TV Utility Tax	76,000
10	Plan Check and Land Use Fees	75,810
11	Cable Franchise Fees	66,000
12	Stormwater Utility Tax	64,000
13	KC EMS VLS Contract	56,000
14	Liquor Board Tax & Profits	54,750
15	Sewer Utility Tax	44,900
16	Water Utility Tax	40,900
17	Parks: Parking & Gym Fees	34,940
18	Solid Waste Utility Tax	32,800
19	Traffic School & Vessel Reg. Boat Safety	27,515
20	Business Licenses	22,000



General Fund Revenue	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bgt Chg inc(dec)	Budget Chg %
General Fund Taxes	2,237,697	2,323,960	2,297,603	1,271,080	2,355,658	58,055	2.5%
Intergovernmental Revenue	172,552	187,728	165,825	136,785	205,201	39,376	23.7%
Community Development Revenue	80,068	112,715	87,470	105,608	181,310	93,840	107.3%
Charges for Services (no utilities)	122,511	132,051	150,105	128,650	151,440	1,335	0.9%
Police Department Revenue	162,180	153,934	131,850	100,700	152,215	20,365	15.4%
Municipal Court	104,826	114,777	125,000	63,465	109,521	(15,479)	-12.4%
Business License and Franchise Fees	84,633	84,433	84,000	71,689	88,000	4,000	4.8%
Funding Agreement	1,412,069	1,328,939	1,045,069	472,659	822,497	(222,572)	-21.3%
<b>Total General Fund Operating Revenue</b>	<b>4,376,536</b>	<b>4,438,538</b>	<b>4,086,922</b>	<b>2,350,636</b>	<b>4,065,842</b>	<b>(21,080)</b>	<b>-0.5%</b>
MPD and Funding Agreement	401,145	420,626	480,000	313,633	448,000	(32,000)	-6.7%
<b>Total General Fund Revenue</b>	<b>4,777,681</b>	<b>4,859,164</b>	<b>4,566,922</b>	<b>2,664,269</b>	<b>4,513,842</b>	<b>(53,080)</b>	<b>-1.2%</b>

## Total 2016 General Fund Operating Revenue

\$4,065,842

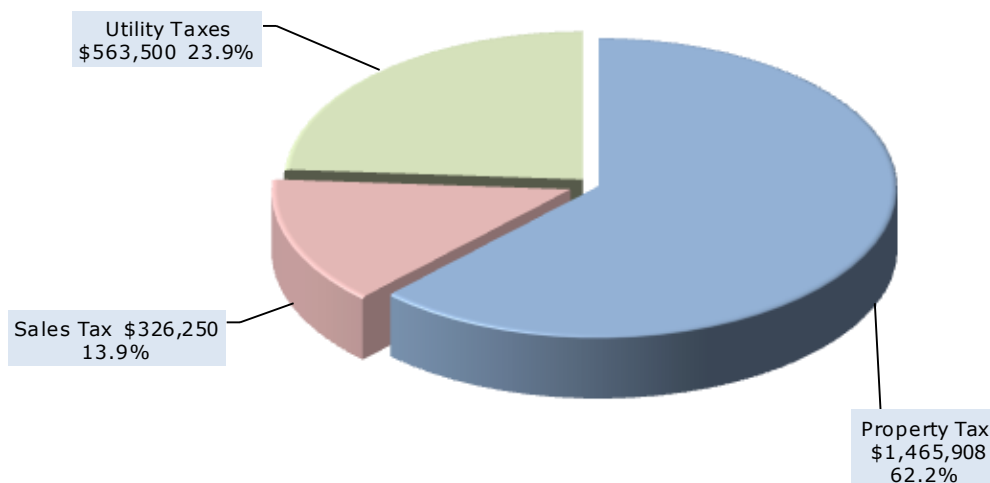


## General Fund Taxes

Locally levied taxes represent Black Diamond's largest portion of revenues of \$2,355,658 or 57.9% of the City's General Fund operating revenue. Taxes include real and personal property tax, local sales tax, utility taxes on utility services (water, wastewater, stormwater, electric, gas, cable and telephone) and gambling taxes. A 2.5% increase of \$58,055 is estimated in 2016. The sales tax estimation increase of 16.5% is due to trend as increased development and remodeling is picking up. Property taxes have increased slightly, and estimates for electrical and utility taxes have been reduced to be more in line with trend.

General Fund TAXES	Actual 2014	Budget 2015	Est Actual 2015	Budget 2016	15 to 16 Budget Difference	% Budget Change
General Property Taxes	1,438,113	1,436,203	1,436,000	1,465,908	29,705	2.1%
Sales Taxes	302,927	280,000	310,750	326,250	46,250	16.5%
Electrical Utility Tax	220,845	225,000	211,000	211,000	(14,000)	-6.2%
Telephone Tax	106,162	105,000	100,000	90,000	(15,000)	-14.3%
Cable TV Utility Tax	72,109	70,500	74,000	76,000	5,500	7.8%
Stormwater Utility Tax	63,798	60,000	64,000	64,000	4,000	6.7%
Sewer Utility Tax	43,683	44,900	44,250	44,900	-	0.0%
Water Utility Tax	39,520	39,000	40,200	40,900	1,900	4.9%
Solid Waste Utility Tax	32,834	32,500	32,800	32,800	300	0.9%
Pull Tabs and Punch Board Tax	3,604	4,000	3,600	3,600	(400)	-10.0%
Gas Utility Tax	366	500	300	300	(200)	-40.0%
<b>Total General Fund Taxes</b>	<b>2,323,960</b>	<b>2,297,603</b>	<b>2,316,900</b>	<b>2,355,658</b>	<b>58,055</b>	<b>2.5%</b>

### 2016 General Fund Tax Revenue \$2,355,658

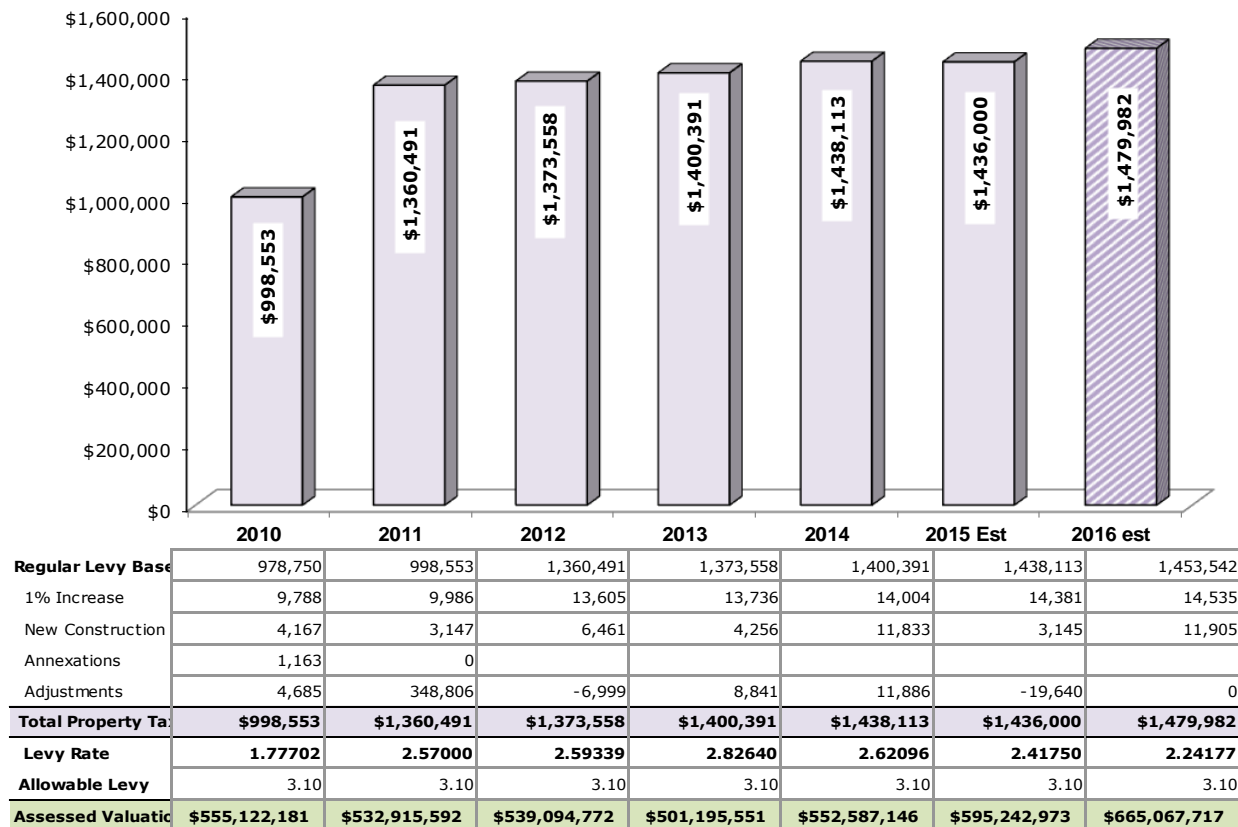


**Property taxes** make up 62.2% of the General Fund's tax revenue and estimated to generate \$1,465,908 in revenue for the City in 2016. All revenues from property taxes go directly to the General Fund to support public safety for police, fire protection and emergency services. The City of Black Diamond depends heavily on property tax collections, as the City has a small commercial base.

In Washington cities such as Black Diamond, property tax increases are limited to a 1% total dollar annual increase per year unless voters approve a lid-lift or larger percent increases. King County sets assessed valuation on property and calculates levy rates.

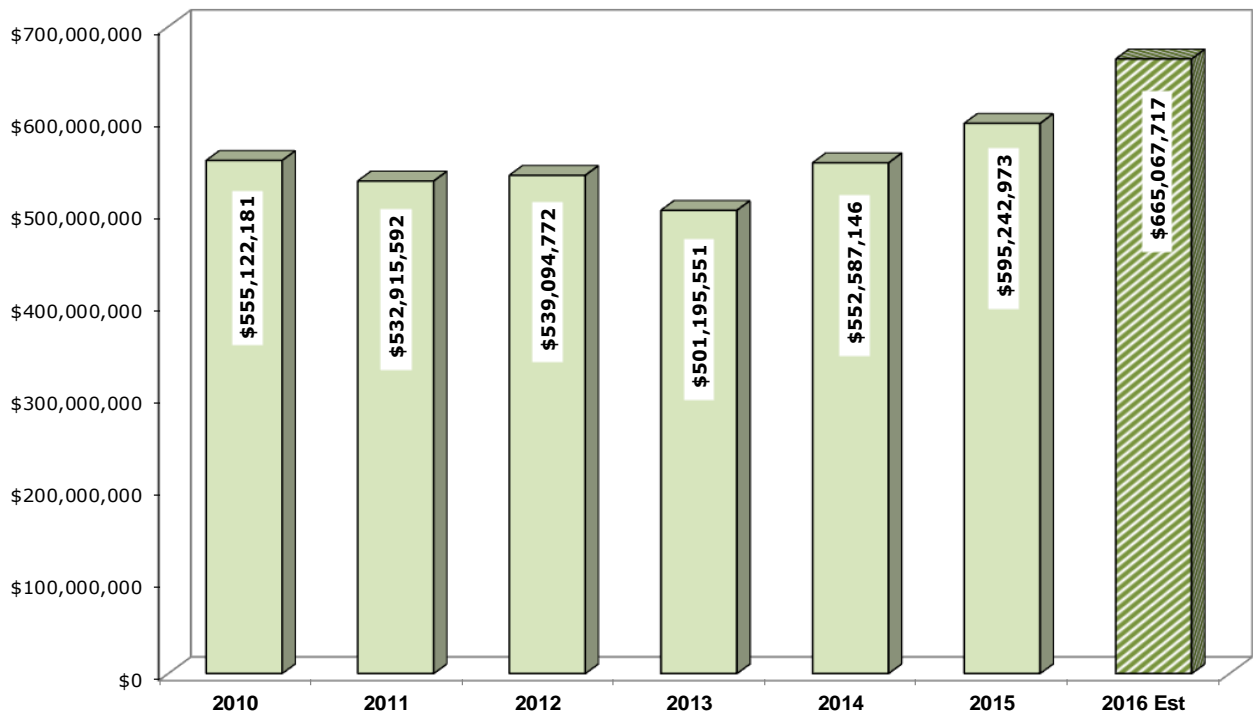
Each taxing authority receives a portion of the tax amount, which King County collects and then passes on. In Black Diamond, there are three school districts with separate rates, so depending on which school district the property is in, the taxing amount will vary.

**Property Tax Collection, Levy Rates and 2016 Estimate**



	KING COUNTY, WASHINGTON	UNITED STATES
Owner-occupied housing unit rate, 2009-2013	58.2%	64.9%
Median value of owner-occupied housing units, 2009-2013	\$377,300	\$176,700
Median selected monthly owner costs -with a mortgage, 2009-2013	\$2,254	\$1,540
Median selected monthly owner costs -without a mortgage, 2009-2013	\$681	\$452
Median gross rent, 2009-2013	\$1,131	\$904
Building permits, 2014	14,703	1,046,363
Households, 2009-2013	802,606	115,610,216
Persons per household, 2009-2013	2.42	2.63
Living in same house 1 year ago, percent of persons age 1 year+, 2009-2013	81.5%	84.9%
Language other than English spoken at home, percent of persons age 5 years+, 2009-2013	25.9%	20.7%

## Assessed Valuation History and 2016 Estimate



Base Assessed Valuation	552,382,312	529,857,064	536,580,666	499,553,614	548,399,243	593,190,272	660,150,221
New Construction	2,739,869	3,058,528	2,514,106	1,641,937	4,187,903	2,052,701	4,917,496
<b>Final Assessed Valuation</b>	<b>\$555,122,181</b>	<b>\$ 532,915,592</b>	<b>\$ 539,094,772</b>	<b>\$ 501,195,551</b>	<b>\$ 552,587,146</b>	<b>\$ 595,242,973</b>	<b>\$ 665,067,717</b>
% change from prior year	-12.8%	-5.0%	0.7%	-6.9%	9.8%	9.5%	10.5%
Population	4,155	4,180	4,190	4,160	4,160	4,170	4,200
Property Tax Rate	<b>1.77702</b>	<b>2.57</b>	<b>2.59339</b>	<b>2.8264</b>	<b>2.62096</b>	<b>2.41750</b>	<b>2.24177</b>



For Sale 388,888



Recently Sold \$234,900



For Sale \$408,500

## Black Diamond Real Estate - Current Trends\*

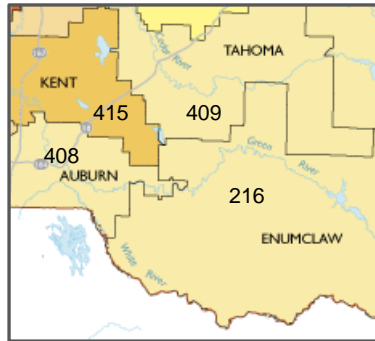
### Houses for Sale July 2015 vs. Prev. Month vs. Prev. Year

Homes for Sale	15	11.8%	6.2%
Median List Price	\$458K	27.7%	19.7%
Median List Price/SqFt.	\$193	12.2%	2.1%

### Houses Sold July 2015 vs. Prev. Month vs. Prev. Year

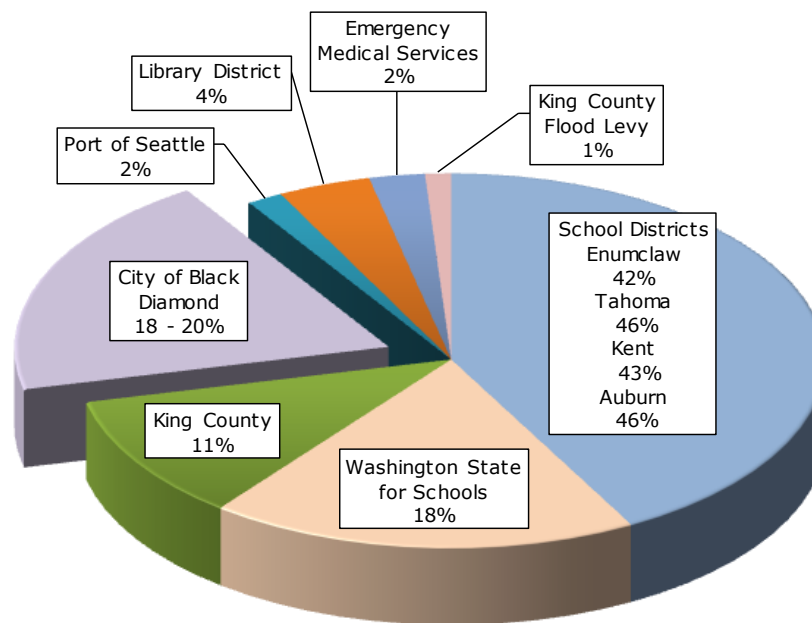
# Homes Sold	11	57.1%	57.1%
Median Sold Price	\$455K	8.1%	10.8%
Median Sold Price/SqFt.	\$183	12%	2.7%

### Black Diamond School Districts



The total property tax rates in Black Diamond vary because of the four different school districts within our city limits. The pie chart below shows the property tax distribution for the Enumclaw School District in 2015.

<b>2015 Rates</b>	Enumclaw	Tahoma	Kent	Auburn
Local School District	5.21	6.16	5.41	6.14
Washington State for Schools	2.29	2.29	2.29	2.29
King County	1.34	1.34	1.34	1.34
<b>City of Black Diamond</b>	<b>2.42</b>	<b>2.42</b>	<b>2.42</b>	<b>2.42</b>
Port of Seattle	.19	.19	.19	.19
Library District	.50	.50	.50	.50
Emergency Medical Services	.30	.30	.30	.30
King County Flood Levy	.14	.14	.14	.14
<b>Total Levy Rate</b>	<b>\$12.39</b>	<b>\$13.34</b>	<b>\$12.59</b>	<b>\$13.32</b>



Black Diamond receives between 18% and 20% of the total property tax collected depending on which school district the property is in. In the Enumclaw district, if a home is appraised at \$300,000, the tax collected is \$12.39 X 300, or \$3,717, and the Black Diamond portion of that total is \$726.

**Sales tax** revenue for the 2016 budget is forecast to be \$326,250 or 13.9% of General Fund tax revenue. For every \$100 spent in Black Diamond, \$8.60 is collected by the State and is shared by various jurisdictions. These jurisdictions include our city, Washington State, King County and Criminal Justice programs. Black Diamond receives a bit less than 10% of the total.

Black Diamond's sales tax revenues are dependent on retail sales of products and services sold or delivered to Black Diamond, as well as tax on new construction. In fact, a considerable portion of our sales taxes are collected for construction services such as installing, repairing, cleaning, improving and other home services.

Sales taxes are higher in Washington than many other states, and are our State's largest revenue source, but because there are no income taxes collected here, the sales tax is necessarily higher than most other states, so the impacts of taxation should be looked at collectively.

There are exemptions to sales tax collection in Washington. Common exemptions include:

- Food
- Prescription Drugs
- Sales to Nonresidents
- Federal Government Sales
- Sales to Indians or Indian Tribes

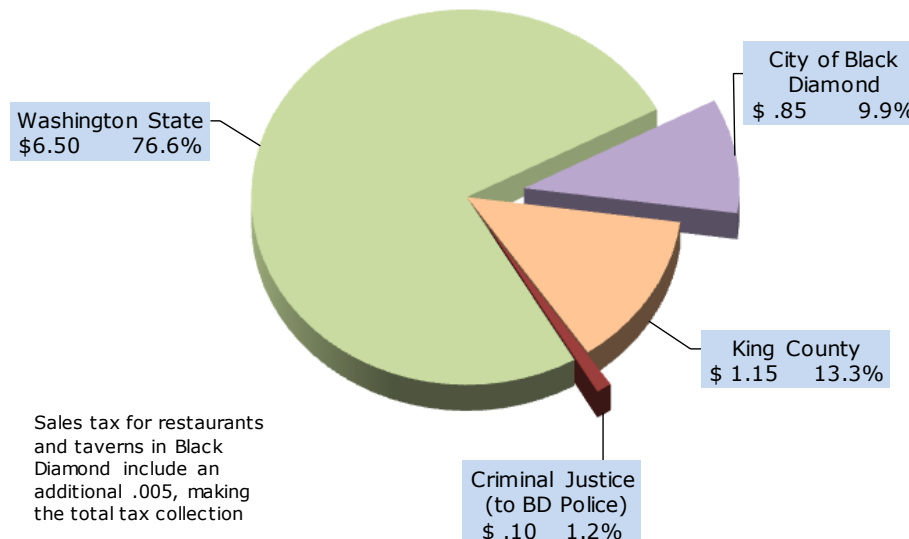
## Recent Black Diamond Sales Tax Revenue

2011	2012	2013	2014	2015	2016
\$297,333	\$262,974	\$290,795	\$302,927	\$310,750 Est Actual	\$326,250 Budget

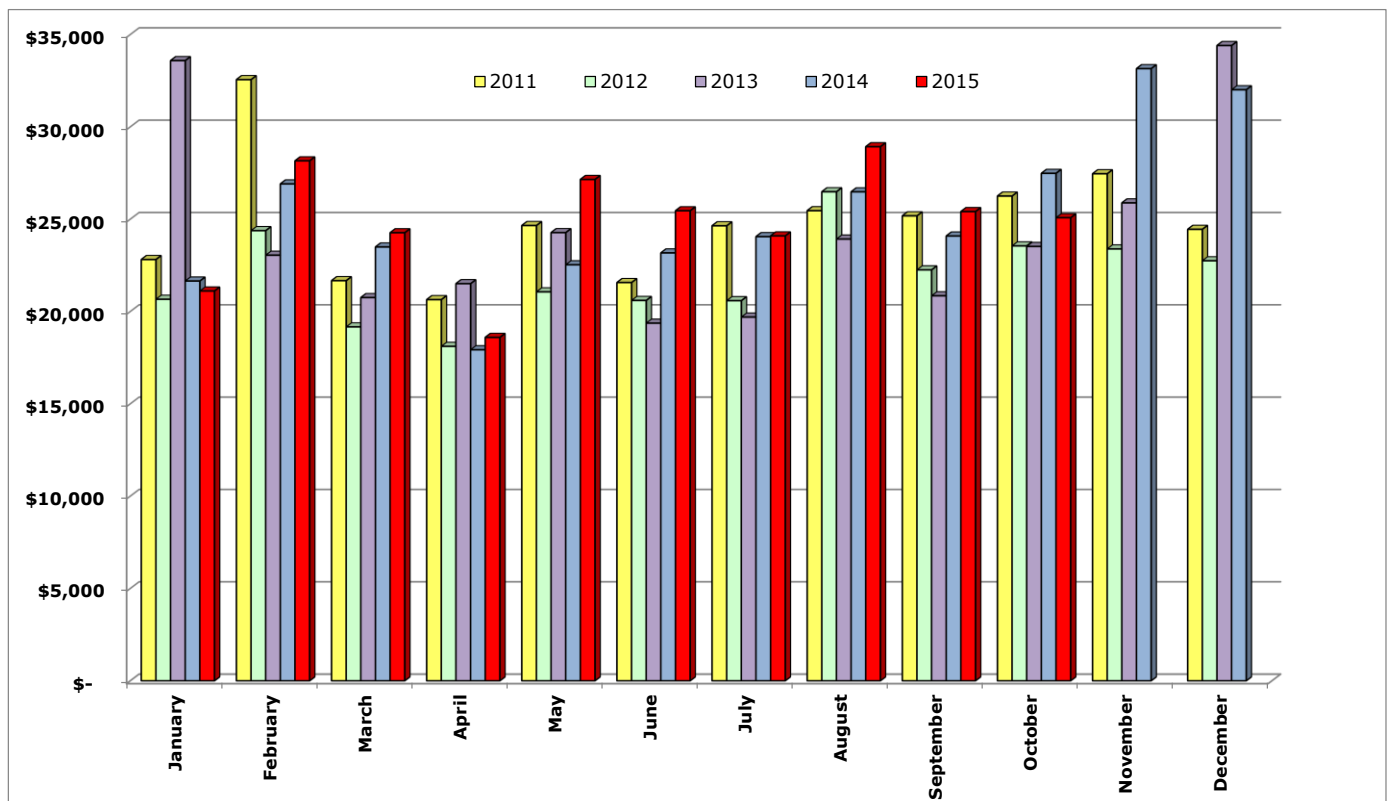
## City of Black Diamond 2016 Sales Taxes

Taxed amount is 8.6% of retail sales

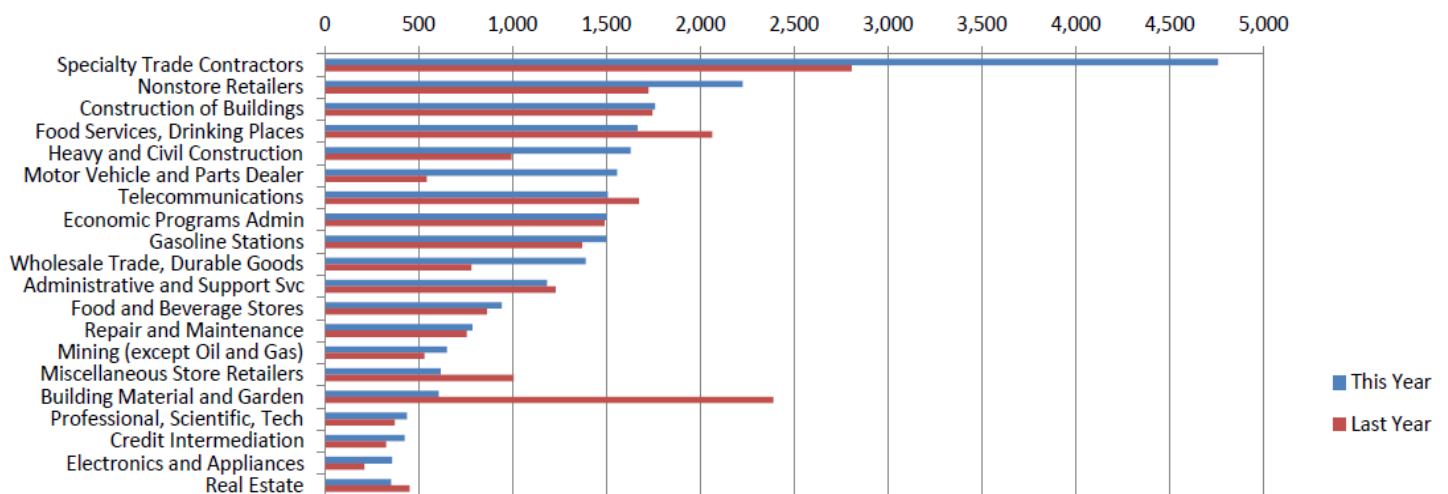
Based on a \$100 sale, retail sales tax collected is \$8.60, and is distributed the following way:



## Black Diamond Historical Sales Tax Collection by Month



## Sales Tax Collection by Type August 2015

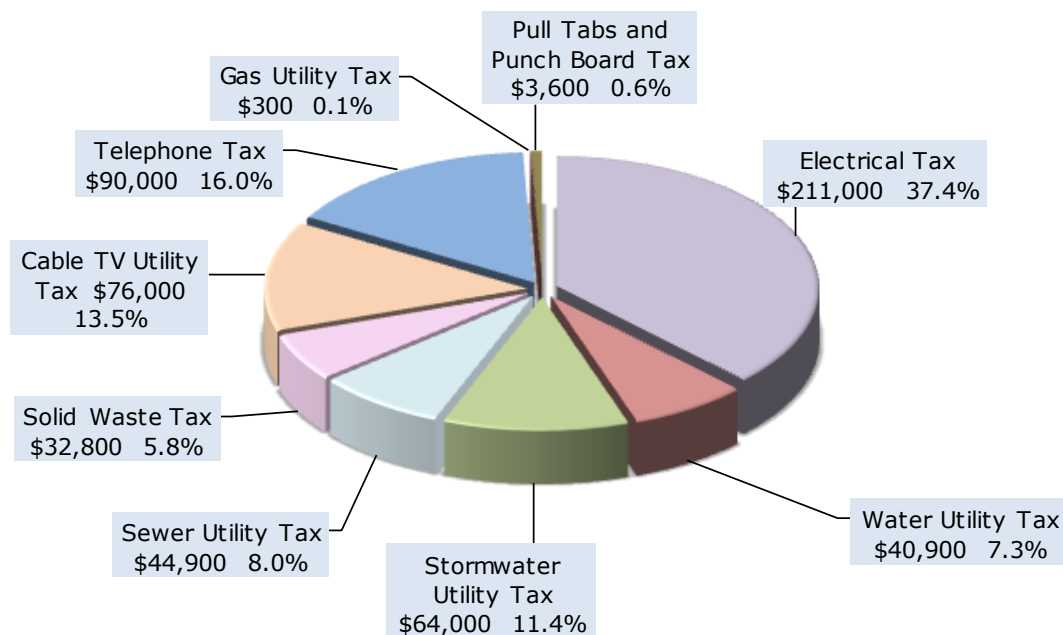


Criminal Justice taxes are an additional local sales/use tax of 0.1 percent to be used for criminal justice programs. This tax is levied by the county and is imposed countywide, but the receipts are shared with King County cities, based on population. Of the revenues collected for criminal justice, 1 percent is retained for administration, 10 percent is distributed to the county and 90 percent goes to cities on a per-capita basis based on their official April 1 populations. Black Diamond's population is currently 4,200.

**Utility Taxes** are collected for the City at the rate of 6% for electrical, telephone, wastewater, water and gas utilities. The stormwater utility tax is 18% and a 1% tax is collected for Cable TV services. Overall in 2016, utility taxes have been estimated at conservative levels and to reflect recent trend.

Utility Taxes	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
1 Electrical Tax	217,881	220,845	225,000	138,201	211,000	(14,000)	-6.2%
2 Water Utility Tax	31,603	39,520	39,000	23,730	40,900	1,900	4.9%
3 Stormwater Utility Tax	40,764	63,798	60,000	37,528	64,000	4,000	6.7%
4 Sewer Utility Tax	44,329	43,683	44,900	26,279	44,900	-	0.0%
5 Solid Waste Tax	35,624	32,834	32,500	19,002	32,800	300	0.9%
6 Cable TV Utility Tax	56,580	72,109	70,500	44,648	76,000	5,500	7.8%
7 Telephone Tax	114,818	106,162	105,000	57,886	90,000	(15,000)	-14.3%
8 Gas Utility Tax	337	366	500	194	300	(200)	-40.0%
9 Pull Tabs and Punch Board Tax	4,573	3,604	4,000	1,816	3,600	(400)	-10.0%
10 <b>Total Utility Taxes</b>	<b>546,510</b>	<b>582,921</b>	<b>581,400</b>	<b>349,283</b>	<b>563,500</b>	<b>(17,900)</b>	<b>-3.1%</b>

### Utility Tax Revenue \$563,500





**Intergovernmental Revenue** includes grants, entitlements, shared revenues and payments for goods and services provided to the City from the State or other governmental entities. They include per capita distributed revenues such as liquor excise and profit taxes and state and federal grants.

The City receives State assistance funds approved by the passage of ESSB 6050. This legislation was intended to provide ongoing financial assistance to cities and counties that have a low sales tax base and are having difficulty providing basic services. These funds were created by diverting a small portion of the State real estate excise tax from the Public Works Trust Fund.

In 2016 Liquor Excise Tax which had been reduced dramatically in recent years, has been reinstated at prior levels for late 2015 and in 2016. The State assistance revenue is also expected to be a greater share than in prior years.

	<b>Intergovernmental Revenue</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
1	Sales Tax Assistance from State	61,645	72,192	60,000	40,575	78,460	18,460	30.8%
2	Liquor Excise Tax	2,794	7,836	-	6,601	18,600	18,600	
3	Liquor Board Profits	37,484	37,052	35,700	18,316	36,150	450	1.3%
4	Recycle Grant-KC WRR Grant	10,000	10,000	10,000	10,000	10,000	-	0.0%
5	KC Recycle Grant D37318D	5,926	5,944	5,925	5,991	5,991	66	1.1%
6	KC EMS VLS Contract	54,704	54,704	54,200	55,302	56,000	1,800	3.3%
7	<b>Total Intergovernmental</b>	<b>172,552</b>	<b>187,728</b>	<b>165,825</b>	<b>136,785</b>	<b>205,201</b>	<b>39,376</b>	<b>23.7%</b>

**Community Development Revenue** includes fees related to land use and construction activities such as plan checks and land use fees, building, mechanical and plumbing permits. This revenue does not include revenues from the Master Plan Development. Estimates next year are promising, as this office's indications show significant increases in building activity.

	<b>Community Development Revenue</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
1	Building Permits	31,979	43,609	32,000	45,035	80,000	48,000	150.0%
2	Mechanic Permits	3,301	5,048	4,000	4,320	12,000	8,000	200.0%
3	Plumbing Permits	2,215	4,268	3,000	2,818	10,000	7,000	233.3%
4	Other Permits	7,433	1,946	8,260	1,893	3,500	(4,760)	-57.6%
5	<b>Total Permits</b>	<b>44,928</b>	<b>54,871</b>	<b>47,260</b>	<b>54,065</b>	<b>105,500</b>	<b>58,240</b>	<b>123.2%</b>
6	Plan Check Fees	15,904	30,493	25,000	33,669	60,000	35,000	140.0%
7	Fire Plan Check Fees	1,535	773	1,500	1,280	2,000	500	33.3%
8	Land Use Fees	1,051	7,484	2,300	2,259	4,500	2,200	95.7%
9	Shoreline Fees	625	840	1,000	1,079	2,000	1,000	100.0%
10	Other Misc. Fees	1,663	4,525	2,710	1,453	1,210	(1,500)	-55.4%
11	<b>Total Fees</b>	<b>20,777</b>	<b>44,115</b>	<b>32,510</b>	<b>39,740</b>	<b>69,710</b>	<b>37,200</b>	<b>114.4%</b>
12	Hearing Examiner	-	692	1,000	880	1,000	-	-
13	Cost Recovery & Other Fees	1,102	4,084	2,600	4,301	5,000	2,400	92.3%
14	Copying Services, Map Sales	308	280	100	42	100	-	
15	Deposits and Pass Through	12,953	8,674	4,000	6,579	-	(4,000)	-100%
16	<b>Total Community Dev Rev</b>	<b>80,068</b>	<b>112,715</b>	<b>87,470</b>	<b>105,608</b>	<b>181,310</b>	<b>93,840</b>	<b>107.3%</b>

**Police Department Revenue** includes largely intergovernmental funding including grants, criminal justice funds and payments for police services provided by the City to other governmental entities. Other revenue includes traffic school, gun permits and fingerprinting revenue as well as donations and other minor sources. An increase in the criminal justice distribution is expected next year.

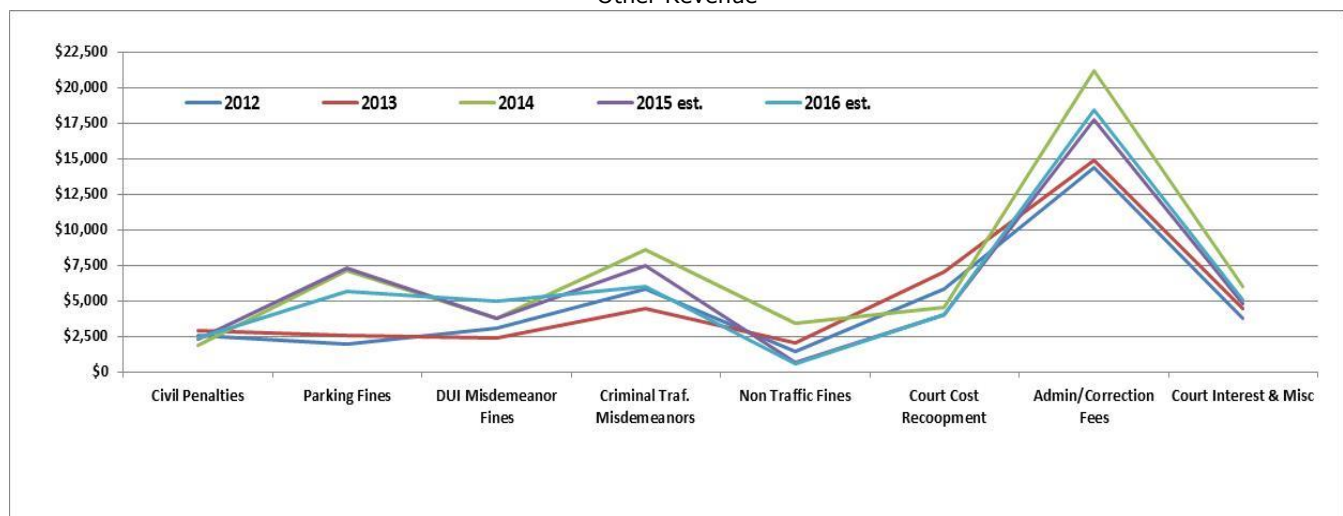
	Police Department Revenue	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
1	Criminal Justice Distribution	98,083	104,811	97,100	63,495	110,600	13,500	13.9%
2	Police Traffic School Fee	11,800	13,018	10,000	10,400	15,000	5,000	50.0%
3	Vessel Registration Boat Safety	11,260	12,391	12,000	12,515	12,515	515	4.3%
4	Overtime Reimbursement	4,543	12,040	3,100	5,495	6,000	2,900	93.5%
5	Grants	29,938	4,509	3,000	3,655	3,900	900	30.0%
6	Gun Permits and Fingerprinting	2,042	1,405	1,400	705	1,300	(100)	-7.1%
7	Work Crew and Other Fees	1,010	1,305	1,150	784	1,500	350	30.4%
8	DUI Cost Recovery	3,737	1,493	3,000	2,580	-	(3,000)	-100.0%
9	Donations	(762)	2,166	600	500	600	-	0.0%
10	Records and Services	530	795	500	571	800	300	60.0%
11	<b>Total Police Revenue</b>	<b>162,180</b>	<b>153,934</b>	<b>131,850</b>	<b>100,700</b>	<b>152,215</b>	<b>20,365</b>	<b>15.4%</b>

**Municipal Court Revenue** has been estimated downward in 2016 due to current trend. This revenue comes from the City's portion of fines and forfeits collected on citations and fees. Traffic citations contribute close to 60% of this department's revenue.

	Municipal Court Revenue	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
1	Court Traffic Infractions	64,089	58,176	70,000	36,219	60,000	(10,000)	-14.3%
2	Administration/Correction Fees	14,929	21,176	18,000	10,044	18,400	400	2.2%
3	Court Criminal Misd.	4,431	8,620	9,100	2,737	7,000	(2,100)	-23.1%
4	Court Parking Fines	2,580	7,155	6,400	5,319	7,046	646	10.1%
5	Court DUI Fines	2,372	3,793	4,500	2,514	5,000	500	11.1%
6	Court Interest	4,437	5,967	6,200	2,704	5,000	(1,200)	-19.4%
7	Court Cost Recoopment	7,002	4,501	4,600	2,155	4,000	(600)	-13.0%
8	Court Mand. Insurance Costs	2,887	1,872	3,000	1,368	2,400	(600)	-20.0%
9	Court Other Fees	2,097	3,518	3,200	405	675	(2,525)	-78.9%
10	<b>Total Municipal Court Revenue</b>	<b>104,826</b>	<b>114,777</b>	<b>125,000</b>	<b>63,465</b>	<b>109,521</b>	<b>(15,479)</b>	<b>-12.4%</b>

## Municipal Court Revenue History

	2012	2013	2014	2015 est.	2016 est.
Traffic Infractions	57,787	64,097	58,176	60,119	60,000
Other Revenue					



**Cable Franchise Fees and Business Licenses** are collected from a 5% cable franchise fee. Business license revenue helps cover the cost of administration, inspection and other services for those occupations, trades and activities regulated by the City.

	<b>Cable Franchise &amp; Bus. License Revenue</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
1	Cable Franchise Fees	61,563	62,438	61,000	49,649	66,000	5,000	8.2%
2	Business License	23,070	21,995	23,000	22,040	22,000	(1,000)	-4.3%
3	<b>Total</b>	<b>84,633</b>	<b>84,433</b>	<b>84,000</b>	<b>71,689</b>	<b>88,000</b>	<b>4,000</b>	<b>4.8%</b>

**Other General Fund Revenue** sources include parking fees at Lake Sawyer, passport revenue, gym rental, the cemetery, and allocation of revenue from other city funds, for General Fund services and supplies. The City's estimate of a 6.6% overall increase next year is due to current trend and new gym revenue. The City took over the Gym's management in 2015.

	<b>Other General Fund Revenue</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
1	Passport Revenue	15,200	20,534	20,300	12,405	21,900	1,600	7.9%
2	Lake Sawyer Parking Fees	15,186	21,536	19,200	18,272	25,000	5,800	30.2%
3	Gym Rental -Teen Programs	-	-	-	4,034	7,500	7,500	
4	Gym Rental- Jazzercise Contract	-	-	-	1,423	2,440	2,440	
5	Cemetery Revenue	9,128	10,371	12,700	5,217	12,600	(100)	-0.8%
6	Other Charges for Service	2,514	784	1,800	1,367	4,000	2,200	
7	Central Service Allocation	15,443	19,807	24,130	12,642	20,500	(3,630)	-15.0%
8	General Fund Allocation	56,364	51,912	70,000	40,852	55,000	(15,000)	-21.4%
9	Interest and Other Reimbursements	8,676	7,108	1,975	32,439	2,500	525	26.6%
10	<b>Total Other Gen Fund Revenue</b>	<b>122,511</b>	<b>132,051</b>	<b>150,105</b>	<b>128,650</b>	<b>151,440</b>	<b>1,335</b>	<b>0.9%</b>

**Funding Agreement** revenue includes the General Fund portion of the Funding Agreement of ongoing costs in 2016.

	<b>Funding Agreement Revenue</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
1	Partner - Funding Agreement	1,412,069	1,328,939	1,045,069	472,659	822,497	(222,572)	-21.3%
2	<b>Total General Fund Oper REV</b>	<b>4,376,536</b>	<b>4,438,538</b>	<b>4,086,922</b>	<b>2,350,635</b>	<b>4,065,842</b>	<b>(21,080)</b>	<b>-0.5%</b>

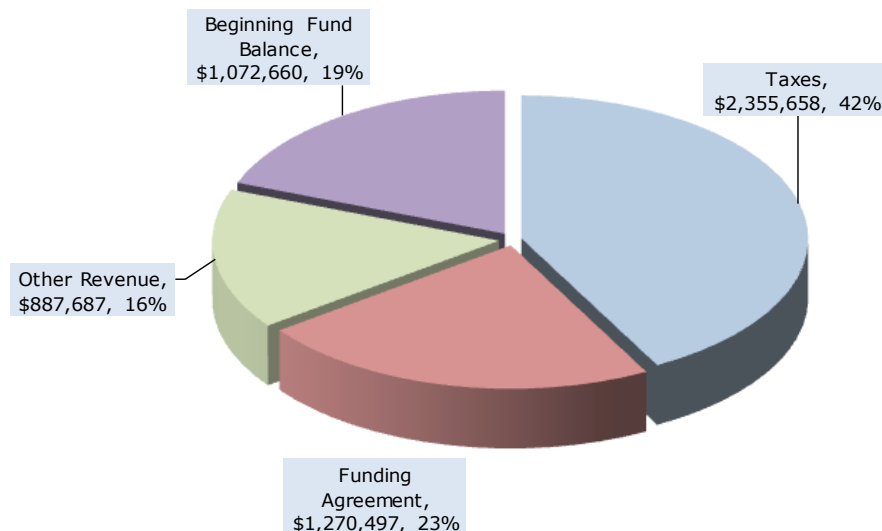
City Hall  
24301 Roberts Drive  
Black Diamond, WA  
98010



MPD SEPA Revenue		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
1	Miscellaneous Reimbursement	130,820	96,496	10,000	198	10,000	-	-
Funding Agreement Consultant REV		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
2	MDRT-Civil Engineering Reimburse	177,510	243,827	250,000	196,098	250,000	-	
3	MDRT-Legal Reimbursement	16,823	20,001	50,000	25,408	50,000	-	
4	MDRT-Traffic Reimbursements	11,044	14,050	30,000	(13,187)	30,000	-	
5	MDRT- Environmental Reimbursement	18,357	13,507	30,000	14,231	30,000	-	
6	MDRT-Hearing Exam-Pim Plat	15,502	377	30,000	16,724	30,000	-	
7	MRDT-Geotech Reimbursement	-	6,331	50,000	-	25,000	(25,000)	-50.0%
8	MDRT-CH2M Hill	-	-	-	67,095		-	
9	MRDT-Surveyor Reimbursement	-	-	20,000	6,336	20,000	-	0.0%
10	MDRT-Fiscal Reimbursements	31,089	26,037	10,000	731	3,000	(7,000)	-70.0%
11	<b>Total MDRT Consultant REV</b>	<b>270,325</b>	<b>324,130</b>	<b>470,000</b>	<b>313,435</b>	<b>438,000</b>	<b>(32,000)</b>	<b>-6.8%</b>

Beginning Fund Balance	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bgt Chg inc(dec)	Budget Chg %
Beginning Cash and Invest. City	397,817	644,198	601,492	842,526	912,660	311,168	51.7%
Beginning Cash and Invest. Dev	261,219	299,129	278,000	190,103	160,000	(118,000)	-42.4%
<b>Total Beginning Cash</b>	<b>659,036</b>	<b>943,327</b>	<b>879,492</b>	<b>1,032,629</b>	<b>1,072,660</b>	<b>193,168</b>	<b>22.0%</b>
<b>Grand Total Gen Fund Revenue</b>	<b>5,436,717</b>	<b>5,802,491</b>	<b>5,446,414</b>	<b>3,696,898</b>	<b>5,586,502</b>	<b>140,088</b>	<b>2.6%</b>

## Total General Fund Revenue Including Beginning Fund Balance \$5,586,502



## General Fund Expenditures

### Legislative – City Council

This department budget supports the five Councilmembers who are elected to serve four-year terms at large, and represent all Black Diamond residents.

The City Council accomplishes City business during regular meetings and work studies each month. Councilmembers also serve on Council Committees which meet on an as-needed basis. Council duties include approving the annual budget, authorizing inter-local agreements and contracts and deliberating on and passing ordinances and resolutions to set City policies. Four Councilmembers receive a stipend of \$160 per month, and the Mayor Pro Tem receives \$200 per month.

<b>Legislative - City Council</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	2,080	9,880	10,080	5,040	10,080	-	0%
Benefits	169	821	822	414	831	9	1%
Subtotal Salaries and Benefits	2,249	10,701	10,902	5,454	10,911	9	0%
Services	1,628	1,081	3,800	612	4,800	1,000	26%
<b>Total Department</b>	<b>3,876</b>	<b>11,782</b>	<b>14,702</b>	<b>6,067</b>	<b>15,711</b>	<b>1,009</b>	<b>7%</b>

The budget for the Council has been increased \$1,000 in 2016 to provide funds for training for possible new Councilmembers.

### Executive – Mayor's Office

The Mayor is the Chief Executive Officer of Black Diamond and is directly elected by popular vote by the citizens of Black Diamond for a four-year term. Mayoral duties include overseeing City administration, presiding over all meetings of the Council, signing and enforcing all ordinances, appointing and removing appointed officials, signing contracts entered into by the City, and representing the City in meetings and events held outside of Black Diamond.

The Mayor is paid a stipend of \$1,000 per month. Other costs include telephone, travel and fees for the Association of Washington Cities Annual Conference and Mayor's Exchange.

<b>Executive</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	12,000	12,000	12,000	7,000	12,000	-	0%
Benefits	957	1,001	980	610	1,068	88	9%
Subtotal Salaries and Benefits	12,957	13,001	12,980	7,610	13,068	88	1%
Supplies	-	8	100	-	-	(100)	-100%
Services	967	1,497	1,870	1,315	2,050	180	10%
<b>Total Department</b>	<b>13,924</b>	<b>14,507</b>	<b>14,950</b>	<b>8,925</b>	<b>15,118</b>	<b>168</b>	<b>1%</b>

A couple of minor increases in labor and industry hours as well as additional travel expenses have been added to the Mayor's budget in 2016, to better reflect trend.

## City Clerk/Human Resources

The City Clerk and Human Resource office is responsible for managing the City's official records, including retention, archival and destruction, and processing all requests for public records; oversight of Council meetings, including agenda development and transcribing the official minutes; providing legal notices to the public regarding City business; coordinating elections; maintaining personnel files, interpretation of personnel policies and procedures, supporting the recruiting process, business licensing and also maintaining and developing the City's website.

This department includes the City Clerk/Human Resources Manager, Deputy City Clerk and a 5% allocation of the Administrative Assistant 2. The Deputy City Clerk had an allocation change in 2016, with 50% to the General Fund and 50% to Public Works Funds. Also reflected in this budget are service expenses for voter costs of \$15000, code updates at \$3500, postage for passports, insurance, training, advertising and other Clerk related expenditures.

The City Clerk/HR position is 100% reimbursed per the funding agreement.

## Recent City Clerk/Human Resources Accomplishments

- Completed records training for Clerk's office staff and training for elected and appointed officials on the Open Public Meetings Act, Public Records Act, and records retention
- Destruction of eligible documents in records room; next step is transfer to regional archives of eligible archival documents
- Successful completion of 114 Public Disclosure Requests for 2014 and 47 as of October 21<sup>st</sup>, 2015
- Enhancement of communication with Black Diamond residents through the quarterly newsletter being mailed out to all utility customers as well as being posted to the city's website
- Assumed the Business License function and streamlined the review and issuance process
- Successful completion of the City's contract file index and numbering system
- Coordinated insurance change from City's Insurance Authority of Washington (CIAW) to Association of Washington Cities Risk Management Service Agency (AWC RMSA)
- Aided in the recording of the Black Diamond Community Gym quit claim deed and preparation of rental policy and agreement
- Implementation of the City's Wellness Program for 2016
- Successful negotiation of two new collective bargaining agreements: 1) Black Diamond Police Officers Association and 2) Teamsters Local Union No. 117 Professional Unit. Working on completing third collective bargaining agreement with the Teamsters Local Union No. 117 Public Works Unit.
- Successful recruitment of 4 new employees: 1) Construction Inspector, 2) Deputy Finance Director, 3) Deputy City Clerk, and 4) Community Development Director
- Oversaw the successful transition of IT services from City of Auburn to City of Milton
- Installation of a new Barracuda email archiver

**2015 – 2016 City Clerk/Human Resources Projects and Goals**

- Maintain the official records of the City in a manner that is responsive to the public and consistent with State law.
- Continue to work with City departments to ensure compliance with records retention laws and assist with destruction of eligible documents and archiving.
- Support the Council, City departments and the citizens by consistently providing timely information and efficient document processing.
- Receive Association of Washington Cities (AWC) Well City Award resulting in a 2% medical premium discount.
- Continue to work with IT to identify needed technology enhancements and equipment.

City Clerk	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Wages	62,160	140,270	125,921	73,528	133,602	7,681	6%
Benefits	30,008	63,176	66,830	35,153	65,924	(906)	-1%
Subtotal Salaries and Benefits	92,168	203,445	192,751	108,682	199,526	6,775	4%
Supplies	28	70	200	29	200	-	
Services	24,708	16,603	27,358	13,671	27,862	504	2%
<b>Total Department</b>	<b>116,904</b>	<b>220,119</b>	<b>220,309</b>	<b>122,381</b>	<b>227,588</b>	<b>7,279</b>	<b>3%</b>

The City Clerk/HR's budget increased 3% in 2016, primarily due to the elimination of furlough days. There were also increases due to trend in passport postage, memberships, and travel costs for training.

**Finance**

The Finance Department is responsible for safeguarding the City's assets by insuring maximum utilization of revenues, providing financial support to City departments and recording and reporting accurate and timely financial information to the State, elected officials and to the citizens of Black Diamond.

This Department provides the services of financial planning and reporting, accounting, accounts receivable, accounts payable, payroll processing, cost accounting, utility tax collections, cash and investment management and debt service. Finance prepares the Annual Budget, the Comprehensive Annual Financial Report, Capital Improvement Program, reports and monthly financial updates.

The Finance Director leads the department. There is also a Deputy Finance Director and a 73% full time Senior Accountant. The Sr. Accountant is allocated 60% to the General Fund, 4% to Street and 12% each to Water, Sewer and Stormwater Funds.

**2015 Finance Department Accomplishments**

- Worked with Councilman Edelman to coordinate 2016 Fee Schedule update. Updated detail fees, Council Actions and detail work with Permit Trax to update all new and changed State required account numbers and fund distribution.
- Set up Credit Card ACH monthly payments to eliminate short timing between Bank invoicing and our payment, saving possible late charges.



- Established account with Invoice Cloud to improve and streamline Credit Card payments from customers for payments of Utility Bills, Permits, Business Licenses, Police Traffic School Fees and other miscellaneous payments.
- Assisted with Transportation Benefit approval. Worked with Department of Licensing to notify them of Council Actions, set up IRS numbers and bank transaction accounts.
- Assumed city-wide responsibility for summary of all receivables including, monthly summaries of Finance and MDRT billings, Community Development permit billings, Cemetery billings, Police, Public Works and other department billings to make it easier to receipt payments and coordinate collections of any past due amounts.
- Increased collections of Past Due Stormwater Utility accounts. Processed certified letters, payment arrangements and coordinated approval of Lien Data to process Lien's against properties. Also established a lien filing account with King County so future utility liens won't charge lienholders an additional cost of \$115.
- Added Vision software for Cashiering, and purchased and installed cash drawers to streamline receipting and updating of Utility accounts which had been processed manually.
- Coordinated the process of converting entire Utility billing process to Vision Utility Billing System. New system provides much efficiency, including automatic integrations of receipts to utility accounts, now processed manually.
- Improved Internal Control and streamlined process for Accounts Payable authorization by developing city wide standard stamp and process, ordering and distributing authorization Stamp, and revising out of cycle authorization form.
- Worked with Department of Revenue auditors to remove unredeemed outstanding Accounts Payable Checks and claims from Accounts Payable system and bank reconciliation.
- Improved month-end processing internal controls, documentation and review of financial transactions.
- Worked with Mayor Benson and departments on strategy to balance 2016 Budgets with increased reduction of funding from Funding agreement and resumption of rental payment for City Hall. Worked through allocations of the fair amount to MDRT, Street, Water, Sewer and Stormwater. Successfully worked together to balance 2016 Budgets without reducing staff, while still increasing General Fund ending Balance by \$114,035 and still maintaining MDRT, and Public works ending fund balances.

## 2016 Finance Priorities

### Continue to Implement Utility Billing and Credit Card, E Check payment processes

Continue implementing all aspects of improving Utility Billing and Credit Card, E Check payment integration for improved efficiencies. Design new easy customer credit card or e check payment processes. Work with customers to convert from current process of their banks making payment which take up to 10 days, to new easy one button payment process. Begin working with customers so they can establish payment accounts that will allow customers to log on and see two years of billing and payment data, and click on make payment now to process credit card payment. Advertise to customer's ability to sign up for monthly email billing statements and notices.

Work with Permitting, Police, and Business Licenses to begin processing easy online credit card or e-check payments for those city services.



Begin working with King County to transfer Stormwater billing and payments through King County Property Tax system. Other cities process payments this way and it improves collection and eliminates filing liens for non-payment of Stormwater Utility bills.

### Utility Rate Review

Review rates for Water, Sewer and Stormwater by updating and working with Ashley Emery, from Peninsula Financial Consulting, to update his Black Diamond Utility Rate model to forecast revenues and expenditures, debt and capital data base for growth and no growth models. Process approval for any needed Utility rate increase.

### Update City Capital Improvement Plan and assist with update of City Comp Plan update

Update city six year Capital Improvement plan in spring of 2016. Work with all departments on their section and update document. Process for Council approval. Assist Community Development Director with updating of Capital Facility Element for Police, Fire and Public Works Elements.

<b>Finance</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	198,798	216,760	124,274	94,240	173,466	49,192	40%
Benefits	33,155	36,560	28,798	17,501	32,652	3,854	13%
MDRT Allocation	-	-	(35,109)	(5,891)	(35,000)	109	-0.3%
<b>Subtotal Salaries and Benefits</b>	<b>231,953</b>	<b>253,321</b>	<b>117,963</b>	<b>105,850</b>	<b>171,118</b>	<b>53,155</b>	<b>45%</b>
Supplies	213	272	300	65	300	-	0%
Services	11,714	14,559	20,105	3,452	9,596	(10,509)	-52%
<b>Total Department</b>	<b>243,879</b>	<b>268,152</b>	<b>138,368</b>	<b>109,367</b>	<b>181,014</b>	<b>42,646</b>	<b>31%</b>

The increase in Finance salaries is due to the elimination of furloughs, a PERS retirement increase for the full year, an upgraded Sr. Accountant position and a new Deputy Director. The state audit is performed once every two years and because 2016 is an off year, the budget was reduced by \$9,190. The Funding Agreement reimburses Finance \$10,000 for the support the department provides the MDRT team. The Finance Director and Deputy Director are allocated 15,000 for capital projects and CIP management.

### Information Services

The City has contracted for technology services with the City of Milton at a significant cost savings from prior years. Tech support is budgeted for \$54,200 in 2016, an increase of \$7,200 from 2015's budget. Vision software support is \$2,000, with \$500 set aside for technology repairs. An allocation credit of \$25,525 to support to Public Works and the MDRT team brings the budget down to \$31,175.

<b>Information Technology</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	104,556	-	-	-	-		
Benefits	33,561	(99)	-	-	-		
<b>Subtotal Salaries and Benefits</b>	<b>138,117</b>	<b>(99)</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Supplies	291	39	200	-	-	(200)	-100%
Services	4,921	45,718	49,500	17,749	56,700	7,200	15%
Technology Allocation	125	-	-	-	(25,525)	(25,525)	
<b>Total Department</b>	<b>143,329</b>	<b>45,659</b>	<b>49,700</b>	<b>17,749</b>	<b>31,175</b>	<b>(18,525)</b>	<b>-37%</b>

## Legal Department

The City Attorney provides civil legal service, preparing and review of ordinances and other legal documents to which the City is a party, maintaining up-to-date legal research materials including pending and adopted state legislation with municipal impact and personnel matters. A percentage of legal costs are shared with the MDRT, Street and Utility Fund budgets. The General Fund portion of Legal was reduced to \$55,000, a 27% drop in 2016 due to completion of three union contract negotiations.

<b>Legal</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
General Government	43,937	41,442	50,000	9,166	30,000	(20,000)	-40%
Employment	7,876	15,538	1,400	976	5,000	3,600	257%
Union Negotiation	7,159	46,270	16,000	19,993	5,000	(11,000)	-69%
Public Disclosure	3,244	7,344	4,000	2,090	5,000	1,000	25%
Other Legal	4,348	122,263	4,000	44	10,000	6,000	150%
<b>Total Department</b>	<b>66,564</b>	<b>232,857</b>	<b>75,400</b>	<b>32,269</b>	<b>55,000</b>	<b>(20,400)</b>	<b>-27%</b>

## Municipal Court

The Black Diamond Municipal Court operates adjacent to the Police Department on Lawson Street, and is a court of limited jurisdiction. Since 2011, the City has averaged 1,082 filings per year. This includes both criminal and noncriminal cases and the projected numbers for 2015. These cases involve infractions, misdemeanors and gross misdemeanors. Other matters such as felony cases are filed and disposed of in King County Superior Court.

Court is in session, and is open to the public the 2<sup>nd</sup> and 4<sup>th</sup> Wednesday of each month. Budget for the Court includes a full time Court Administrator, one part-time on call clerk, and contracted services provided by a judge. Budget is also provided for security and other miscellaneous expenses such as interpreters, office supplies and training. The prosecuting attorney and public defender budgets were held at 2015 levels.

<b>Municipal Court</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	61,223	72,532	82,810	50,315	87,939	5,129	6%
Benefits	18,946	21,100	24,053	13,975	26,202	2,149	9%
<b>Subtotal Salaries and Benefits</b>	<b>80,169</b>	<b>93,632</b>	<b>106,863</b>	<b>64,291</b>	<b>114,141</b>	<b>7,278</b>	<b>7%</b>
Supplies	1,579	1,525	1,600	877	2,600	1,000	63%
Services	16,161	13,659	17,745	10,809	18,028	283	2%
Protem Judge	24,000	24,000	24,000	14,000	24,000	-	0%
Police Security OT	7,943	7,128	10,000	5,845	10,000	-	0%
<b>Total Department</b>	<b>129,851</b>	<b>139,944</b>	<b>160,208</b>	<b>95,822</b>	<b>168,769</b>	<b>8,561</b>	<b>5%</b>

Increases to salaries in 2016 are due to a 100 hour per year increase for the support clerk, a full year PERS retirement increase, and the elimination of furlough. Operating supplies were increased \$1,000, and printing and binding increased \$500 to reflect current trend. The budget for the judge remains the same, at \$24,000.

<b>Court Legal</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Court Legal-Pros Attorney	24,000	24,000	24,000	14,000	24,000	-	
Court Legal-Public Defender	22,050	37,000	36,000	12,750	36,000	-	
Public Defender-Interpreters	-	-	500	-	500	-	
Public Defender - Investig.	-	-	750	-	750	-	
<b>Total Department</b>	<b>46,050</b>	<b>61,000</b>	<b>61,250</b>	<b>26,750</b>	<b>61,250</b>	<b>-</b>	



The Council Chamber and Municipal Court Furniture was replaced in 2015

**Police Department**

Black Diamond Police Department with Mayor Benson

**Black Diamond Police Vision**

With our values at the forefront, the Black Diamond Police Department will be an open, friendly, and community-minded organization devoted to quality public service. We aspire to be a model of character and service. We will emphasize the development of professional knowledge and leadership skills at every level of our organization. We will promote an atmosphere of public trust and confidence through professional conduct, being responsive to community needs, and accountable to those we serve.

**Black Diamond Police Mission Statement**

The Black Diamond Police Department will strive to maintain the trust and confidence of our citizens through proactive policing and demonstration of our core values.

In June of 2015, Black Diamond was listed as the 22<sup>nd</sup> safest city in Washington State. A key component of how we keep our crime rate low is taking a proactive approach to being highly visible in the Patrol Unit and providing educational and public safety services to all who reside, work and visit the City.

In addition to patrol duties our Marine Unit is responsible for maintaining a safe boating environment on Lake Sawyer. Police enforce state and local laws, participate in Washington State Parks emphases, conduct vessel safety inspections, and investigate vessel crashes.

Other responsibilities in our department include proactive crime prevention tactics, problem-solving in a collaborative manner with community groups, crime reduction action plans, criminal investigations, traffic enforcement, accident investigations, traffic school education, reserve officer program, and instruction of the DARE program.

Police Department	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Wages	885,077	954,202	922,176	500,368	928,973	6,797	1%
Benefits	315,062	332,946	343,930	194,401	339,944	(3,986)	-1%
Subtotal Salaries and Benefits	1,200,139	1,287,148	1,266,106	694,769	1,268,917	2,811	0%
Supplies	46,687	50,726	47,750	15,900	51,000	3,250	7%
Services	61,857	79,165	76,220	54,665	79,469	3,249	4%
Safety Equipment	998	17	9,000	3,713	1,500	(7,500)	-83%
Jail Costs	48,565	39,324	33,800	35,515	53,500	19,700	58%
Building Maintenance	21,616	22,588	22,990	9,652	23,485	495	2%
Civil Service	3,776	1,129	1,900	188	3,100	1,200	63%
Communications	135,283	134,570	144,000	71,470	179,301	35,301	25%
Marine	14,951	19,540	13,750	6,817	14,500	750	5%
Criminal Justice	19,691	18,584	24,300	18,821	25,700	1,400	6%
<b>Total Department</b>	<b>1,553,562</b>	<b>1,652,792</b>	<b>1,639,816</b>	<b>911,510</b>	<b>1,700,472</b>	<b>60,656</b>	<b>4%</b>

Although wages and benefits overall increased in 2016 by a minimal amount, it was largely offset by a LEOFF 1 retiree's medical insurance reduction due to age eligibility for Medicare.

Communications is broken down into several categories including, Valley Communications costs (dispatch, MDC, net motion, access charges), King County 800 MHz radio cost, Auburn's monitoring of after-hours WSP access, telephone, cell phone, DSL, King County I-Net, WSP Access, postage, and King County Maintenance and Repair (which covers both in-car radios and portables), air-cards for MDC's. I estimate 2-3 antennas (\$31.00/each) and 2-3 batteries (\$34.00/each) and clips. Dispatch costs in 2015 increased from \$3.46 per call to \$40.94, a 9.23% increase so a 5% increase was estimated for 2016.

#### Valley Communications 2016 Estimate

2014 Calls For Service 2503 x \$41 = \$ 102,472 +5% = \$107,595  
 2014 Traffic Stops 1294 x \$20.47 = \$ 26,488 + 5% = \$27,812  
 2014 Mobile Traffic 601 x 0 = No charge

King County Radio costs the City \$1366 a month. The WSP ACCESS user fee of \$534 is paid quarterly, the Valley Communications ACCESS fee is paid quarterly at \$574, and King County I-NET bills the City \$375 monthly.

**Jail Costs 2016** This budget increased by \$19,700 in 2016 in line with current trend. Jail expenses cover the cost of confinement, electronic home monitoring, work crew, and medical costs associated with offenders serving time through Black Diamond Municipal Court. SCORE has notified us of their intent to increase their rates 10% (due to an increase in staffing needed for medical and mental health issues). The City's primary booking facilities are the Enumclaw Jail (daily rate of \$60.00), Issaquah (daily rate of \$97.00/no booking fee) and the SCORE Jail (daily rate of \$135.00/ no booking fee). The King County Correctional Facility (KCCF) is used primarily as a back-up facility. In addition, prisoners who have certain medical conditions, such as mental health concerns or who pose an unusual danger to themselves or others is booked into the KCCF (\$146.65 daily plus \$217.46 booking fee). Yakima County is currently used for long term sentences only. Yakima's current contract rate is a daily rate of \$54.75.



## Police Department Statistics through September of 2015

- Calls for service – 2,274
- Infractions issued- 863
- Warnings issued- 1348
- Field investigative Reports- 596
- Driving Under Influence – 16
- Criminal traffic violations -99
- Criminal Felony - 9
- Criminal Misdemeanor -29
- Warrant Misdemeanor - 38
- Warrant Felony - 5

## Police Recent Accomplishments

- Received grant for two AED's that officers keep in their cars
- Coordinate leadership training for CSPA leadership program (2x per year)
- Marine ordinance successfully updated and adopted by council
- Awarded WASPC award in the amount of \$799.99 to purchase a new radar
- Modify and issue new communicable diseases reporting form and procedure
- Received state certification for training audit for 2014
- D.A.R.E.; completed the 10 week course to our 5<sup>th</sup> grade students at Black Diamond Elementary
- Awarded the 2015-2016 BJA (Bureau of Justice) Grant of \$1963 toward the purchase of replacement bulletproof vests
- Reserve Officer completed the field training program and is now on solo patrol
- Awarded \$5000 in traffic safety funds for emphasis patrols (2015-2016)
- Officer Ross initiated a "Read with a Cop" campaign at the Elementary School and implemented her idea with a school supply drive. She has started reading to kids on Fridays
- Boots and Badges Charity Basketball Game- Cops w/Cancer was a big success bringing in over \$36,000 for Commander Goral and his family



## Fire Department

The City of Black Diamond contracts with Mountain View Fire and Rescue, formerly King County Fire District No. 44, for fire services. The department's responsibilities include providing a minimum of two personnel on duty 24 hours a day, seven days a week in Black Diamond and providing rescue, fire suppression, fire prevention, fire marshal services, emergency medical services, disaster services, hazardous materials response, dispatch services, administrative services and public education activities to citizens. Fire investigation services are contracted through the King County Sheriff's Department. The 3.1 percent increase in the 2016 budget recognizes cost of living increases agreed to in the 2008 Interlocal Agreement between the City and Fire District. The 2016 increase in the Fire Department budget is due to increased salaries and benefits for the Fire District.

Fire Department	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Fire District 44 Services	442,300	449,912	478,621	230,255	495,011	16,390	3.4%
KC Fire Investigation	3,620	1,715	2,000	-	2,000	-	0%
Other Operating Costs	2,344	2,869	2,905	1,808	3,364	459	15.8%
Transfer to Equip Annex Study					5,000	5,000	
<b>Total Department</b>	<b>448,264</b>	<b>454,496</b>	<b>483,526</b>	<b>232,063</b>	<b>505,375</b>	<b>21,849</b>	<b>4.5%</b>



Refurbished 1948 Fire Truck at the Historical Museum

**Emergency Management** includes the purchase of emergency supplies and emergency training for employees.

<b>Emergency Management</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Supplies	2,884	184	1,000	-	2,500	1,500	150%
Training	830	-	1,500	-	2,500	1,000	67%
<b>Total Department</b>	<b>3,714</b>	<b>184</b>	<b>2,500</b>	<b>-</b>	<b>5,000</b>	<b>2,500</b>	<b>100%</b>

**Special Programs** Animal Control costs are paid to King County for services to Black Diamond. The King County Mental Health program includes chemical abuse and dependency services that are partially funded with a 2% portion of quarterly liquor profits, and liquor excise tax revenue from cities in the county. The Puget Sound Clean Air Assessment is a per capita fee paid to this agency for the protection of air quality in the area. A 10 cent increase per capita has been adopted by the agency for next year. The Recycle Program is 100% funded through King County's Solid Waste Division, and includes a grant for recycling events and educational materials.

<b>Special Programs</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Animal Control	8,659	9,293	10,000	7,827	10,000	-	
Puget Sound Clean Air Assess	2,294	2,262	2,300	2,183	3,111	811	35%
KC Mental Health	939	845	1,500	462	1,000	(500)	-33%
Recycling Program	14,926	14,944	15,000	14,991	18,055	3,055	20%
<b>Total Department</b>	<b>26,818</b>	<b>27,344</b>	<b>28,800</b>	<b>25,462</b>	<b>32,166</b>	<b>3,366</b>	<b>12%</b>



Miner Days 2015

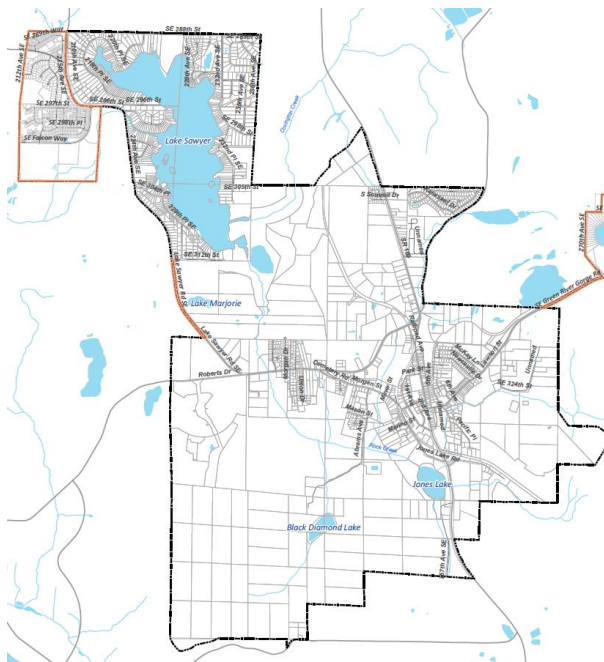


## Community Development

This department provides for the City's long-range planning, and land use and building permitting functions. The department also provides staffing to the City Planning Commission and performs code enforcement activities to address nuisances, code violations, and other issues. The department consists of a Director and a part-time Permit Technician. The City has contracted AHBL for planning services. The City entered into a cost-saving interlocal (ILA) agreement with the City of Covington and Maple Valley for building and planning services in January 2015. Our City's share of the budget is \$48,000 for the Building Official and \$40,000 for a shared Plans Examiner.

Community Development	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
<b>Permitting</b>							
Wages	79,475	46,824	50,166	25,717	73,572	23,406	47%
Benefits	22,474	9,974	13,845	5,842	19,782	5,937	43%
Subtotal Salaries and Benefits	101,949	56,798	64,011	31,558	93,354	29,343	46%
Supplies	2,079	1,341	1,250	294	1,450	200	16%
Services	16,321	34,939	33,731	16,646	58,884	25,153	75%
Building Official (ILA)	39,049	28,208	24,000	11,753	48,000	24,000	100%
Plans Examiner (ILA)	-	17,615	20,000	3,561	40,000	20,000	100%
Total Permitting	159,398	121,286	122,992	60,251	201,688	78,696	64%
<b>Planning</b>							
Wages		18,207	35,285	14,835	15,071	(20,214)	-57%
Benefits		7,937	16,124	5,315	5,185	(10,939)	-68%
Subtotal Salaries and Benefits	-	26,145	51,409	20,150	20,256	(31,153)	-61%
Supplies	185	809	-	405	800	800	
Services	8,560	11,991	6,425	4,807	3,580	(2,845)	-44%
General Govt Planner	-	52,233	21,246	36,655	95,000	73,754	347%
Total Planning	8,744	91,177	79,080	62,018	119,636	40,556	51%
Hearing Examiner	2,791	709	10,000	-	5,000	(5,000)	-50%
<b>Total Department</b>	<b>170,934</b>	<b>213,172</b>	<b>212,072</b>	<b>122,269</b>	<b>326,324</b>	<b>114,252</b>	<b>54%</b>

The 2016 budget increase is due to anticipated expenditures for plan check and building permits, as well as the need for a contracted planner two days per week.



Black Diamond Planning Area

## Master Development Review Team

This department was established to provide specific focus on the Master Planned Developments funded by YarrowBay Holdings. There are two developments, The Villages and Lawson Hills. The Review Team is 100% funded by the Developer to remove the financial burden from the City and to provide staff to review and process applications and permits for the developments.

The Master Development Team also works closely with consultants hired to assist with financial analysis, civil and traffic engineering, environmental, surveying and geotechnical services. Their services are used to provide consulting and review of the Master Plan Developments according to the Development Agreements.

<b>MDRT Team</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	277,437	224,141	361,639	148,813	349,817	(11,822)	-3%
Benefits	96,660	89,548	175,038	68,544	177,640	2,602	1%
Subtotal Salaries and Benefits	374,097	313,689	536,677	217,358	527,457	(9,220)	-2%
Supplies	3,496	2,943	5,000	1,534	5,500	500	10%
Services	16,841	66,867	57,500	31,574	53,173	(4,327)	-8%
Computers/Vehicles	765	-	50,000	32,389	-	(50,000)	-100%
Building Maintenance	56,027	59,432	65,204	31,134	71,195	5,991	9%
<b>Total Department</b>	<b>451,226</b>	<b>442,931</b>	<b>714,381</b>	<b>313,989</b>	<b>657,325</b>	<b>(57,056)</b>	<b>-8%</b>

The MDRT budget was primarily reduced due to the elimination of budget for a vehicle purchased in 2015.

<b>MDRT Consultants</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Legal Services	12,214	26,289	50,000	23,846	50,000		
Henderson & Young	31,283	25,757	10,000	-	3,000	(7,000)	-70.0%
RH2 Engineering	184,930	278,325	250,000	148,759	250,000	-	
Parametrix	3,808	13,943	30,000	4,142	30,000	-	
Perteet	11,365	19,168	30,000	9,620	30,000	-	
SubTerra	-	6,331	50,000	-	25,000	(25,000)	-50.0%
Survey Parmetrix	1,620	1,051	20,000	5,571	20,000	-	
CH2M Hill UTRC	-	53,530	-	17,165	-	-	
MDRT Environmental Consultai	-	2,210	30,000	14,892	30,000	-	
<b>Total Department</b>	<b>245,219</b>	<b>426,603</b>	<b>470,000</b>	<b>223,995</b>	<b>438,000</b>	<b>(32,000)</b>	<b>-6.8%</b>

<b>Funding Agreement SEPA</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
EIS SEPA Legal	32,925	-	10,000	-	10,000	-	
MPD Villages & Lawson	11,587	4,938	-	44	-	-	
Gen Govt Facility Study-Maker	106,705	55,168	-	-	-	-	
Prof. Planning Services	-	5,000	-	55,233	-	-	
<b>Total Funding Ag. SEPA</b>	<b>151,217</b>	<b>65,105</b>	<b>10,000</b>	<b>55,277</b>	<b>10,000</b>		

MDRT consultants and legal expenses are 100% reimbursed by the funding agreement.

## Parks Department

The Parks Department operates and maintains the following amenities: a basketball court, tennis court, skate park, 3 picnic areas, a boat launch, 5 coal car City entry monuments, BMX bike track, swimming area, 143 acres of passive lake front park with trails, City center viewing park, Historical monument park, 2 playground facilities and landscaping around the police building. The Park Department provides the insurance, utilities and maintenance for the Recreation Center and utilities plus insurance coverage for the local museum. Costs associated with the ownership of resource lands also falls to the Park Department. The Public Works staff provides the administration and planning functions for the Park Department. The City provides these services for about \$2/ household per month. In 2015 the Parks Department purchased a field mower for more efficient large area mowing.

<b>Parks</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
Wages	11,397	14,606	15,940	9,139	24,104	8,164	51%
Benefits	4,873	5,134	6,259	3,231	8,172	1,913	31%
<b>Subtotal Salaries and Benefits</b>	<b>16,270</b>	<b>19,740</b>	<b>22,199</b>	<b>12,370</b>	<b>32,276</b>	<b>10,077</b>	<b>45%</b>
Supplies	6,641	5,985	7,653	486	5,868	(1,785)	-23%
Services	11,064	11,503	14,580	6,722	13,062	(1,518)	-10%
Gym Costs	5,689	2,502	2,147	5,173	11,316	9,169	427%
Community Center Ins	4,453	3,169	2,696	2,225	-	(2,696)	-100%
Museum Costs	2,277	7,394	8,090	4,032	7,551	(539)	-7%
<b>Total Department</b>	<b>46,394</b>	<b>50,293</b>	<b>57,365</b>	<b>31,008</b>	<b>70,073</b>	<b>12,708</b>	<b>22%</b>



Resident Otters at Lake Sawyer in Black Diamond

## Black Diamond Cemetery

The Cemetery operates and maintains the historic Black Diamond Cemetery. This involves coordinating burials, sale of plots, providing physical burial, and maintaining the grounds. The burial fees are set to cover the costs associated with the services. The cemetery is supported by the General Fund. The Public Works crew mows and trims the cemetery once a week during the heavy grass growing months and once every two weeks or so for the drier months during the growing season. Public Works staff provide the planning and administration services for the Cemetery Department.

Cemetery	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Wages	9,265	9,913	7,541	5,936	9,829	2,288	30%
Benefits	4,195	4,266	3,774	2,591	4,333	559	15%
Subtotal Salaries and Benefits	13,460	14,179	11,315	8,527	14,162	2,847	25%
Supplies	1,190	1,819	1,822	728	1,932	110	6%
Services	1,118	1,681	2,148	879	2,504	356	17%
<b>Total Department</b>	<b>15,768</b>	<b>17,680</b>	<b>15,285</b>	<b>10,134</b>	<b>18,598</b>	<b>3,313</b>	<b>22%</b>

The Cemetery budget increased due to more allocation of the Public Works and support staff to reflect trend.



Black Diamond Historic Cemetery  
*It is supposedly haunted!*

## Facilities and Grounds Department

The City of Black Diamond's Facilities Department is responsible for the long term planning of the City's building and equipment needs and to handle the daily needs of all departments in repair, replacement and installation of fixtures, furniture, equipment and two vehicles. The Funding Agreement covered 100% of the cost through March 19, 2015. In 2016 the City assumed the cost of the facilities staff position. The 2016 budget reflects allocation of a portion of costs to the MDRT Building and Public Works.



Facilities and Grounds	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Wages	69,221	58,856	54,205	33,006	57,114	2,909	5%
Benefits	24,592	23,732	21,322	12,086	21,971	649	3%
<b>Subtotal Salaries and Benefits</b>	<b>93,812</b>	<b>82,588</b>	<b>75,527</b>	<b>45,091</b>	<b>79,085</b>	<b>3,558</b>	<b>5%</b>
Supplies	1,105	1,432	1,780	968	1,785	5	0%
Services	3,095	5,760	5,015	6,378	5,414	399	8%
Allocation (staff & vehicle)	226				(38,408)	(38,408)	
Building Rental	107,492	107,491	89,540	44,399	76,625	(12,915)	-14%
Other Leases & Maintenance	45,453	49,246	39,300	20,429	36,412	(2,888)	-7%
Communications	11,356	8,340	8,200	4,520	6,963	(1,237)	-15%
Upgrade Computer System	3,948	4,727	3,400			(3,400)	-100%
FF&E Allocation Credit	(56,027)	(59,432)	(65,204)	(16,302)	(46,800)	18,404	-28%
<b>Total Department</b>	<b>210,461</b>	<b>200,153</b>	<b>157,558</b>	<b>105,483</b>	<b>121,076</b>	<b>(36,482)</b>	<b>-23%</b>

## Central Services

Central Services provide the budget that captures shared costs for General Fund departments, including office and operating supplies, software maintenance costs, copier costs, postage, advertising, utilities, custodial services, building insurance, credit card and banking fees. Costs that benefit a variety of departments are paid from Central Services and then allocated through cost allocations.

Central Services	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
City Hall Supplies	3,692	6,687	8,000	3,310	7,000	(1,000)	-13%
City Hall Services	9,886	11,460	7,950	3,901	5,500	(2,450)	-31%
Memberships	6,056	5,279	6,989	5,534	6,489	(500)	-7%
Central Supplies	62	330	500	344	700	200	40%
Central Services & Misc.	3,486	2,010	4,596	3,139	9,164	4,568	99%
Retreat, Travel, Train, Recog	2,953	4,502	1,000	310	2,500	1,500	150%
Economic Development	1,084	1,008	1,000	950	1,000	-	0%
<b>Total Department</b>	<b>27,218</b>	<b>31,276</b>	<b>30,035</b>	<b>17,488</b>	<b>32,353</b>	<b>2,318</b>	<b>8%</b>

Former Departments	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt Chg inc/(dec)	Bdgt % Chg
Natural Resources	150,858	76,382					
Administration (city manager)	227,236	117,435					
<b>Total Department</b>	<b>378,094</b>	<b>193,817</b>					

The budget for Natural Resources and for a City Administrator was eliminated in 2015 and 2016.

<b>Gen Fund Totals &amp; Ending Balances</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt Chg inc/(dec)</b>	<b>Bdgt % Chg</b>
<b>Total GF Operating Exp</b>	<b>4,493,265</b>	<b>4,769,864</b>	<b>4,556,225</b>	<b>2,468,007</b>	<b>4,672,387</b>	<b>116,162</b>	<b>2.5%</b>
End Cash & Invest Gen Govt	644,198	842,526	645,080	905,000	754,115	108,375	16.8%
End Cash & Invest Developer	299,129	190,103	210,000	160,000	160,000	(50,000)	-23.8%
<b>Grand Total GF Uses</b>	<b>5,436,592</b>	<b>5,802,493</b>	<b>5,411,305</b>	<b>3,533,007</b>	<b>5,586,502</b>	<b>175,197</b>	<b>3.2%</b>



Lake Sawyer Regional Park

# Special Revenue Funds

These are funds established by governments to collect money that must be used for a specific project. Special revenue funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.



Seahawk Fever in Black Diamond – Raising the 12 Flag



## Street Fund

**Street Department** responsibilities include maintaining, planning and upgrading public streets and sidewalks. Major maintenance activities include maintaining the street signs, pavement stripes and markings, roadside brush, trees and vegetation control, street lights, pavement, signals, sidewalks and shoulder grading. Other activities include managing the right of way, street capital planning, seeking grant funds and addressing traffic safety issues. The City provides these services for 28 miles of roads at a cost of \$11/household per month.

Street revenue from gas tax is the primary source of funds for the Street Department. Road upkeep is expensive. For example, street lighting alone costs the City \$31,000 per year. In September 2015 the City established a Transportation Board District (TBD), which receives \$20 per car registered to Black Diamond residents or businesses. This money is required to be used exclusively for road maintenance and operations. In recent years, including 2016, the Street Fund has required a transfer of additional Real Estate Excise Tax (funds for street improvement projects) to maintain the City's roads and sidewalks.

In 2015 along with regular street upkeep, the the Street Department extended private roadway improvements on 5<sup>th</sup> Avenue and a Transportation Benefit District was approved through City Council to support more Street improvement programs.

Street Fund 101		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>REVENUE</b>								
1	Street Gas Tax	86,206	86,017	84,600	40,984	90,594	5,994	7%
2	Right of Way Permit	3,084	8,416	5,200	9,731	15,000	9,800	188%
3	Chg for Service/Civil Inspection	8,033	2,412	550	1,216	1,600	1,050	191%
4	Subtotal Operating Revenue	97,323	96,846	90,350	51,931	107,194	16,844	19%
5	Developer Sal & Ben Reimb.	36,696	18,660	19,774	18,654		(19,774)	-100%
6	LGIP Investment Interest	351	150	100	96	140	40	40%
7	Transfer in from TBD Fund	-	-	-	-	60,000	60,000	
8	Transfer in - REET II	-	50,000	50,000	50,000	50,000	-	0%
9	Subtotal Other Revenue	37,047	68,810	69,874	68,750	110,140	40,266	58%
10	<b>Total All Revenue</b>	<b>134,371</b>	<b>165,655</b>	<b>160,224</b>	<b>120,681</b>	<b>217,334</b>	<b>57,110</b>	<b>36%</b>
11	Beginning Cash and Investments	262,584	186,952	142,222	153,589	111,645	(30,577)	-21%
12	<b>Total Street Sources</b>	<b>396,955</b>	<b>352,607</b>	<b>302,446</b>	<b>274,270</b>	<b>328,979</b>	<b>26,533</b>	<b>9%</b>

Street Fund 101		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>EXPENDITURES</b>								
1	Salaries and Benefits	121,918	114,764	123,554	69,596	102,040	(21,514)	-17%
2	Supplies	7,946	6,101	9,900	3,479	10,347	447	5%
3	Services and Charges	70,139	70,216	71,327	38,094	92,904	21,577	30%
4	Total Operating Expenditures	200,003	191,081	204,781	111,168	205,291	510	0%
5	Transfer for Equipment-CIP	10,000	10,000	10,000	10,000	10,000	-	0%
6	<b>Total Expenditures</b>	<b>210,003</b>	<b>201,081</b>	<b>214,781</b>	<b>121,168</b>	<b>215,291</b>	<b>510</b>	<b>0%</b>
7	Three Months Cash and Investments	56,202	47,770	51,195	-	51,323	128	0%
8	Unreserved C&I Balance	130,750	103,756	36,470	153,102	62,365	25,895	71%
9	<b>Total Ending Cash &amp; Investments</b>	<b>186,952</b>	<b>151,526</b>	<b>87,665</b>	<b>153,102</b>	<b>113,688</b>	<b>26,023</b>	<b>30%</b>
10	<b>Total Street Uses</b>	<b>396,955</b>	<b>352,607</b>	<b>302,446</b>	<b>274,270</b>	<b>328,979</b>	<b>26,533</b>	<b>9%</b>





Lawson Sidewalk



Railroad Avenue

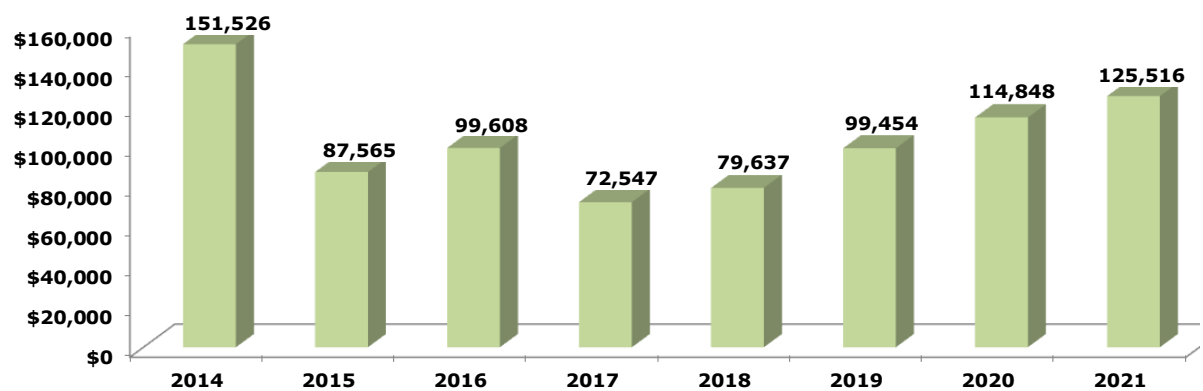


Road Rehab 288th Street Overlay

## Street Fund 101 - 6 year Forecast

Street Fund Six Year Forecast		2014 Actual	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget
1	Gas Tax (31.60 per capita)	86,017	84,600	90,594	91,500	91,500	92,415	93,339	94,272
2	Right of Way Permits	8,416	5,200	15,000	15,300	15,606	15,918	16,236	16,561
3	Other Revenue	2,562	650	1,740	1,775	1,810	1,847	1,883	1,921
4	Fund Agreement	18,660	19,774						
5	Transfer In-REET 2 **	50,000	50,000	50,000					
6	Transfer in- TBD-Car Tab Fee			60,000	100,000	140,000	160,000	163,200	166,464
7	Total Operating Revenue	165,655	160,224	217,334	208,575	248,916	270,180	274,659	279,219
8	<b>Street Fund Expenditures</b>								
9	Salaries	100,100	117,813	99,828	101,825	101,825	103,861	105,938	108,057
10	Benefits	42,292	46,772	43,712	45,898	48,192	50,602	53,132	55,789
11	Grant/Proj Adm -alloc	(27,628)	(40,931)	(41,500)	(20,000)	(21,000)	(22,050)	(23,153)	(24,310)
12	Supplies	6,101	9,900	10,347	10,864	11,408	11,978	12,577	13,206
13	Street Lights	29,663	31,000	31,000	32,550	34,178	35,886	37,681	39,565
14	Other Services & Charges	40,553	40,327	51,904	54,499	57,224	60,085	63,090	66,244
15	Transfers to Cap Equip	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
16	Total Operating Spending	201,081	214,881	205,291	235,636	241,826	250,363	259,265	268,550
	Change in Reserves	(35,426)	(54,657)	12,043	(27,061)	7,090	19,817	15,394	10,669
	Ending Reserves	151,526	87,565	99,608	72,547	79,637	99,454	114,848	125,516
		75.36%	40.75%	48.52%	30.79%	32.93%	39.72%	44.30%	46.74%
	Policy Reserves-10%	20,108	214,881	205,291	23,564	24,183	25,036	25,927	26,856

## Projected Street Fund Ending Fund Balance



\*\* REET 2 transfer for Capital Operating Costs legislation expires in 2016. Unknown if this will be re-authorized by State Legislators.

Note: 2017 Transportation Benefit District forecast includes a car tab fee increase from \$20 to \$40 .

## Fire Impact Fee Fund

Per City Ordinance 12-980, Fire Impact Fees have been put in place for new development and building expansions within the City limits. For a new residential home in Black Diamond, the fee is \$1,783.13.

The implementation of the fee came after a 2011 Fire Impact Fee Study, which developed the methodology and to ensure compliance with Washington laws and City Code. Future capital costs will be funded with a combination of impact fees and city funds.

<b>Fire Impact Fees Fund</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>							
1 Fire Impact Fees	10,366	18,616	10,000	12,482	17,830	7,830	78%
2 LGIP Interest Income				271	200		
3 Subtotal Revenue	10,366	18,616	10,000	12,753	18,030	8,030	80%
4 Transfer in Fire Equipment Fund				15,366			
5 <b>Total Fire Impact Fee Revenue</b>	<b>10,366</b>	<b>18,616</b>	<b>10,000</b>	<b>28,119</b>	<b>18,030</b>	<b>8,030</b>	<b>80%</b>
6 Beginning Cash and Investments		10,366	5,000	13,616	43,575	38,575	772%
7 <b>Total Fire Impact Fee Sources</b>	<b>10,366</b>	<b>28,982</b>	<b>15,000</b>	<b>41,735</b>	<b>61,605</b>	<b>46,605</b>	<b>311%</b>

<b>Fire Impact Fees Fund</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
1 Transfer to Fire Equipment Fund		15,366	10,000			(10,000)	-100%
2 <b>Subtotal Expenditures</b>		<b>15,366</b>	<b>10,000</b>			<b>(10,000)</b>	<b>-100%</b>
3 Ending C & I Balance	10,366	13,616	5,000	41,735	61,605	56,605	1132%
4 <b>Total Fire Impact Fee Uses</b>	<b>10,366</b>	<b>28,982</b>	<b>15,000</b>	<b>41,735</b>	<b>61,605</b>	<b>46,605</b>	<b>311%</b>



Labor Day 2015 Fire Truck Display

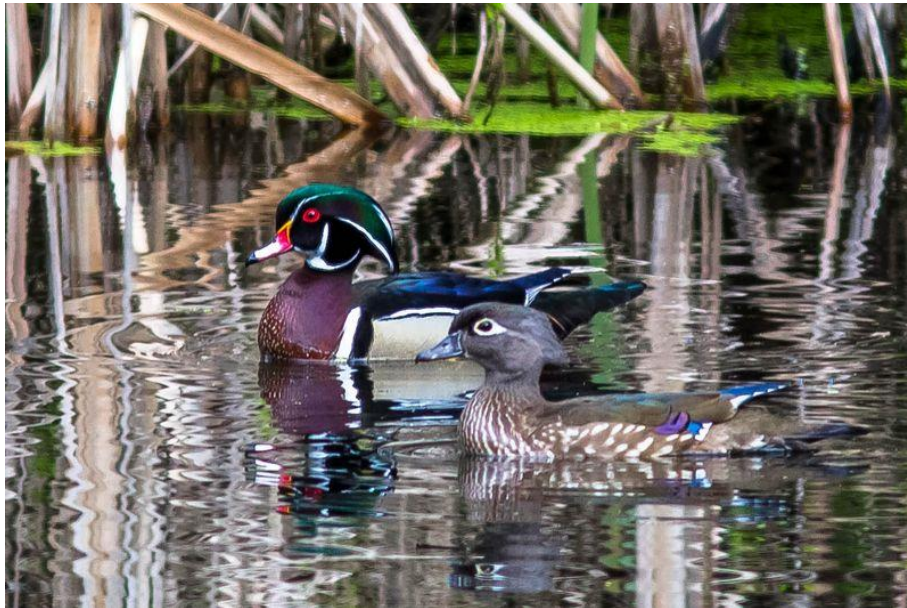


## Transportation Benefit District Fund

In order to address declining revenues that support the Street Department, the City has established a new fund, the Transportation Benefit District. The City has authorizing a twenty dollar (\$20.00) vehicle license fee pursuant to RCW 36.73.065 and RCW 82.80.140. Currently there are more than 75 TBD districts in Washington State. Due to a lag in distribution and start up, the City expects to receive about seven months of TBD revenue in 2016.

Transportation Benefit District Fund 108					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
1 REVENUE							
2				TBD Car Tab Fees	60,000	60,000	
3				Total TBD Sources	60,000	60,000	

Transportation Benefit District Fund 108					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
EXPENDITURES							
1				Transfer to Street Fund	60,000	60,000	
2				Total TBD Uses	60,000	60,000	



Lake Sawyer inhabitants include Wood Ducks

## Internal Service Funds

This fund is used for operations serving other funds or departments within the City.

Black Diamond has one such fund, Equipment Replacement that collects money from other departments to build up resources to replace capital equipment, such as Police and Fire vehicles as well as Public Works equipment.



Miners Day is held on the second Saturday in July on Railroad Avenue. It is a whole day of old timey fun with vendors, contests, races, live music and entertainment, chalk art, and roaming characters of the old times.



## Equipment Replacement Funds

Equipment Replacement Funds include Fire, Public Works and Police equipment replacements. Some examples of equipment are police and fire vehicles, and equipment for parks and street and utility operations.

<b>Fire Equipment Fund 510 - 100</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>							
1 LGIP Investment Interest	28	11	-	51	50	50	
2 Fire Equipment Surplus	2,201	-	125,000	-	-	(125,000)	-100%
3 Loan for Fire Engine		-	240,000	-	-	(240,000)	-100%
4 <b>Subtotal Revenue</b>	<b>2,229</b>	<b>11</b>	<b>365,000</b>	<b>51</b>	<b>50</b>	<b>(364,950)</b>	<b>-100%</b>
5 Transfer in Reet 1		69,219	-	-	30,000	30,000	
6 Transfer from Fire Impact Fund		15,366	10,000	-	-	(10,000)	-100%
8 <b>Subtotal Transfers In</b>	<b>-</b>	<b>84,585</b>	<b>10,000</b>		<b>30,000</b>	<b>20,000</b>	<b>200%</b>
9 Beginning Cash and Investments	1,378	3,507	73,950	83,962	48,876	(25,074)	-34%
10 <b>Total Fire Equip Fund Sources</b>	<b>3,607</b>	<b>88,103</b>	<b>448,950</b>	<b>84,013</b>	<b>78,926</b>	<b>(370,024)</b>	<b>-82%</b>

<b>Fire Equipment Fund 510 - 100</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
1 Fire Truck Repairs & Maint External	100	4,141	10,000	9,771	38,926	28,926	289%
2 Capital Facility Study					25,000	25,000	
3 Annexation Study					5,000	5,000	
4 Future Fire Bldg/Equip		-	365,000	-	-	(365,000)	-100%
5 Fire SCBA Air Bottles		-	20,000	10,000	10,000	(10,000)	-50%
6 Transfer to Fire Impact Fund		-	-	15,366	-	-	
7 <b>Subtotal Expenditures</b>	<b>100</b>	<b>4,141</b>	<b>395,000</b>	<b>35,137</b>	<b>78,926</b>	<b>(316,074)</b>	<b>-80%</b>
8 Ending Cash and Investments	3,507	83,962	53,950	48,876	-		
9 <b>Total Fire Equipment Uses</b>	<b>3,607</b>	<b>88,103</b>	<b>448,950</b>	<b>84,013</b>	<b>78,926</b>	<b>(370,024)</b>	<b>-82%</b>



Public Works Equipment Fund 510 - 200					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
REVENUE							
1	LGIP Investment Interest- Public Works	198	200	200	188	200	- -
2	Public Works Equipment Surplus	472	5,600	-	-	-	-
3	<b>Subtotal Revenue</b>	<b>670</b>	<b>5,800</b>	<b>200</b>	<b>188</b>	<b>200</b>	- -
4	Transfer in From REET 2		-	7,000	7,000	7,000	- -
5	Transfer in From Water Operating	10,000	10,000	10,000	10,000	10,000	- -
6	Transfer in From Sewer Operating	10,000	10,000	10,000	10,000	10,000	- -
7	Transfer in from Stormwtr Fund	10,000	10,000	10,000	10,000	10,000	- -
8	Transfer in From Street Fund	10,000	10,000	10,000	10,000	10,000	- -
9	<b>Subtotal Transfers In</b>	<b>40,000</b>	<b>40,000</b>	<b>47,000</b>	<b>47,000</b>	<b>47,000</b>	- -
10	Beginning Cash and Investments	150,321	153,793	170,710	183,501	253,096	82,386 48%
11	<b>Total Public Works Equip Sources</b>	<b>190,991</b>	<b>199,594</b>	<b>217,910</b>	<b>230,689</b>	<b>300,296</b>	<b>82,386 38%</b>

Public Works Equipment Fund 510 - 200					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
EXPENDITURES							
1	Surplus Costs PW Vehicles	123	244	-	-	-	-
2	Various Mower		10,537	15,000	6,151	6,000	(9,000) -60%
3	PW Shop Heat & Air		-	-	4,757	-	-
4	Utility Truck Purchase	32,707	-	-	-	-	-
5	Computers & Radios for Utilities	838	-	-	1,000	-	-
6	PW Sander/Snow Plow		-	-	-	20,000	20,000
7	Shop Generator	3,531	-	-	-	-	-
8	Grader Engine Repair		5,311	-	543	-	-
9	4 wheel Dr. Truck		-	45,000	-	50,000	5,000 11%
10	Vactor		-	-	9,955	-	-
11	<b>Subtotal Expenditures</b>	<b>37,199</b>	<b>16,092</b>	<b>60,000</b>	<b>22,407</b>	<b>76,000</b>	<b>16,000 27%</b>
12	Ending Cash and Investments	153,792	183,501	157,910	208,282	224,296	66,386 42%
13	<b>Total Public Works Equip Uses</b>	<b>190,991</b>	<b>199,594</b>	<b>217,910</b>	<b>230,689</b>	<b>300,296</b>	<b>82,386 38%</b>



<b>Police Equipment Fund 510 - 300</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>							
1 Vehicle Conversion Grant-Radar		1,000	-	-	-		
2 LGIP Investment Interest- Police	8	11	-	23	20		
3 Police Sale of Surplus	1,641	1,275	-	-	-		
4 <b>Subtotal Revenue</b>	<b>1,649</b>	<b>2,286</b>	<b>-</b>	<b>23</b>	<b>20</b>		
5 Transfer from REET 1	10,000	20,000	-	-	-		
6 <b>Subtotal Transfers In</b>	<b>10,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		
7 Beg Cash & Invest- Police Equip	11,051	21,993	27,347	28,296	9,800		
8 <b>Total Police Equipment Sources</b>	<b>22,700</b>	<b>44,279</b>	<b>27,347</b>	<b>28,319</b>	<b>9,820</b>	<b>(17,527)</b>	<b>-64%</b>

<b>Police Equipment Fund 510 - 300</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
1 Surplus Costs Police	707	50	500	-	500	-	
2 Police Radios		5,871	9,300	-	9,320	20	
3 Police Vehicle Conversion Costs		10,061	-	855	-	-	
4 <b>Subtotal Expenditures</b>	<b>707</b>	<b>15,983</b>	<b>9,800</b>	<b>855</b>	<b>9,820</b>	<b>20</b>	
5 Ending Cash and Investments	21,993	28,296	17,547	27,464	-	(17,547)	-100%
6 <b>Total Police Equipment Uses</b>	<b>22,700</b>	<b>44,279</b>	<b>27,347</b>	<b>28,319</b>	<b>9,820</b>	<b>(17,527)</b>	<b>-64%</b>





# Utility Funds

Utility funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise. Black Diamond has Water, Wastewater and Stormwater utilities.



Black Diamond is adjacent to gorgeous views of Green River

**Water Fund 401**

The Water Department provides safe high quality reliable drinking water to the residents of Black Diamond except for the residents on the Covington Water District around Lake Sawyer. The water utility is responsible for the operation and maintenance of the City's springs, fences, access roads, power lines, backup power, control systems, water storage tanks, water treatment systems, pump stations, water main, water quality testing, fire hydrants, meter reading and maintenance, and billing. The average Black Diamond household receives very high quality drinking water delivered to their house under pressure to drink, wash dishes, wash clothes, shower and bathe, brush teeth, cook, water plants and landscape, mop and clean, flush toilets and provide fire protection all for approximately \$57 per month.

Water use has gone down in recent years and the city has not been able to collect sufficient revenues to meet the needs of the utility, thus the City has not been able to set aside any operations revenue toward pipe replacement in recent years.

In 2015 the City upgraded the water computer and control system, and moved the Springs reconstruction forward to preliminary engineering.

<b>Water Fund</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
1 Salaries and Benefits	159,044	166,579	179,260	101,958	185,066	5,806	3%
2 Supplies	24,407	27,646	29,154	19,138	33,846	4,692	16%
3 Services and Charges	182,254	212,181	214,034	101,188	241,601	27,567	13%
4 <b>Total Operating Expenditures</b>	<b>365,705</b>	<b>406,406</b>	<b>422,448</b>	<b>222,284</b>	<b>460,513</b>	<b>38,065</b>	<b>9%</b>
5 Transfer for Equipment-CIP	10,000	10,000	10,000	10,000	10,000	0	0%
7 WW Interfund Loan for Meters	46,221	46,460	46,460	46,460	0	(46,460)	-100%
8 Debt Service	907,042	335,212	306,285	332,292	320,430	14,145	5%
9 Transfer to Water portion Comp Plan		5,000					
10 <b>Subtotal Other Expenditures</b>	<b>963,263</b>	<b>396,672</b>	<b>362,745</b>	<b>388,752</b>	<b>330,430</b>	<b>(46,460)</b>	<b>-13%</b>
11 <b>Total Expenditures</b>	<b>1,328,968</b>	<b>803,078</b>	<b>785,193</b>	<b>611,036</b>	<b>790,943</b>	<b>5,750</b>	<b>1%</b>
12 Three Months Cash and Investments	91,426	95,937	104,935		115,128	10,193	10%
13 Unreserved C&I Balance	33,914	64,364	14,082	83,711	53,812	39,730	282%
14 <b>Total Ending Cash &amp; Investments</b>	<b>125,340</b>	<b>160,301</b>	<b>119,017</b>	<b>83,711</b>	<b>168,940</b>	<b>49,923</b>	<b>42%</b>
• 15 <b>Total Water Uses</b>	<b>1,454,308</b>	<b>963,379</b>	<b>904,210</b>	<b>694,747</b>	<b>959,883</b>	<b>55,673</b>	<b>6%</b>

## Water Fund 6 Year Forecast

City of Black Diamond, WA Water Utility Fund Six Year Forecast		NO MPD Growth		10/15/2015 DRAFT					MODEL A	
Water Fund	2014 Actual	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2020 Budget		
1 Rate Increase	01/14 15%	01/15 15%								
2 Operating Begin Cash Bal	125,340	129,219	161,635	168,940	167,101	165,240	170,012	170,098		
3										
4 Operating Revenue	608,708	642,000	660,000	675,000	688,500	702,270	702,270	716,315	2%	
5 Misc. Revenue	31,289	24,100	25,400	25,908	26,426	26,955	26,955	27,494	2%	
6 Funding Reimbursement	18,660	0	0	0	0	0	0	0		
7 Developer Debt Reimb	99,382	98,891	102,848	97,902	96,923	95,954	94,995	94,995		
8 Transfer from Reserve	80,000	10,000	10,000	20,000	15,000	15,000	10,000	10,000		
9 Total Water Revenue	838,039	774,991	798,248	818,810	826,849	840,179	834,220	848,804		
10 Water Fund Expenditures										
11 Salaries & Bene	181,776	208,190	217,566	221,917	226,356	230,883	230,883	235,500	2%	
12 Allocation to Capt Projects	(15,197)	(28,930)	(32,500)	(20,000)	(20,400)	(20,808)	(21,224)	(21,649)	2%	
13 Caustic	13,646	12,500	14,000	14,000	14,000	14,000	14,000	14,000	0%	
14 Supplies	14,000	16,654	19,848	20,245	20,650	21,063	21,063	21,484	2%	
15 Electricity & Utilities	30,285	36,490	31,575	31,575	31,575	31,575	31,575	31,575	0%	
16 Insurance	41,456	28,335	26,056	27,359	28,727	30,163	30,163	31,671	5%	
17 Repairs & Maintenance	19,605	11,150	25,394	25,902	26,420	27,080	27,757	28,451	2%	
18 Services & Charges	44,465	67,059	83,074	84,735	86,430	86,430	86,430	88,159	2%	
19 B&O & Util Tax	71,370	71,000	75,500	78,520	80,090	81,692	81,692	83,326	2%	
20 Transfers to Cap Equip/Comp PI	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
21 Sub Total Operating Uses	416,406	432,448	470,513	494,253	503,848	512,079	512,339	522,518		
22 Tacoma Water Debt										
23 PWTf Debt Svs	336,090	306,285	320,430	318,896	317,362	315,828	314,294	312,761		
24 Water Meters- Sewer Loan	46,920	46,460								
25 New Debt Ser-CBDG Prj				7,500	7,500	7,500	7,500	7,500		
26 Subtotal Debt Service	383,010	352,745	320,430	326,396	324,862	323,328	321,794	320,261		
27 Total Water Fund Uses	799,416	785,193	790,943	820,649	828,710	835,407	834,133	842,779		
28										
29 Change in Cash & Inv	38,623	(10,202)	7,305	(1,839)	(1,861)	4,772	86	6,025		
30										
31 Ending Cash & Invest Bal	163,963	119,017	168,940	167,101	165,240	170,012	170,098	176,123		

Cash & Investment Balance needs to cover three months of operating expenditures per city resolutions No. #08-850 & 13-866.

2017 & beyond includes revenue from water sales to 10 additional homes due to completion of Shake n Bake project

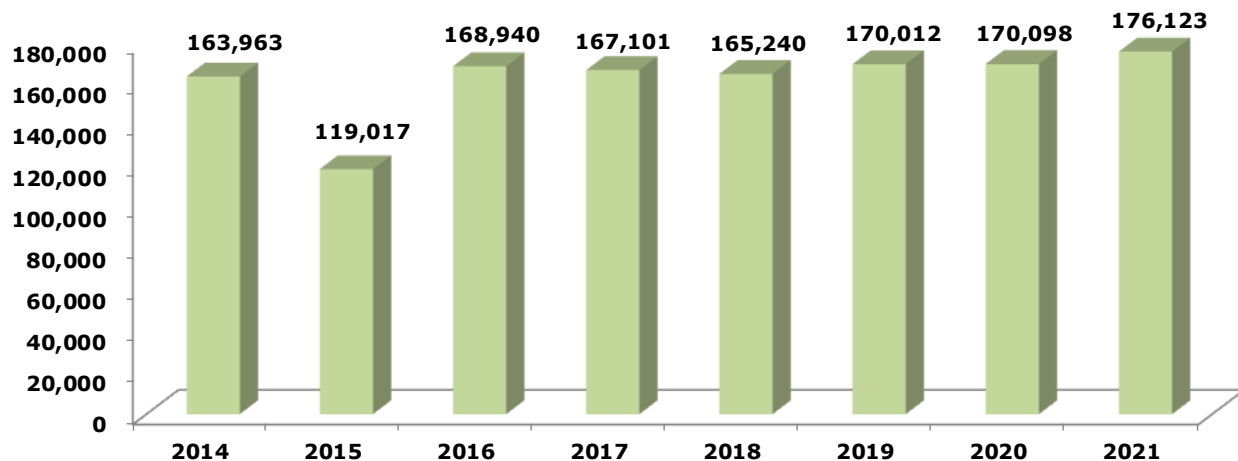
The six year forecast does not include any additional revenue from Yarrow Bay development

The Water Operating Fund will need to have continual support of \$10,000 to \$20,000 per year unless rates are increase or growth increases.

The Operating Revenue only covers operating expenditures and debt. Water Capital improvements will need to be funded by

Water Capital Facility Charges or rate increases.

## Projected Water Fund - Ending Fund Balance



## Water Debt Analysis

City of Black Diamond, Washington

2016

Budgeted Water Debt Analysis as of December 31, 2015-For 2016 Budget

Issue Date	Issue Amount	Type	Purpose	Maturity Date	12/31/2015 debt owed	2016 Principal	2016 Interest	2016 Debt Svs	2016				
									Water Operating	Water Capt Res	Total Water	Developer Reimb	Total Debt Service
1995	200,000	PWTF	Wtr Repair	2015	0	0	0	0	0		0	0	0
2006	180,000	PWTF	Cor Contrl	2022	78,750	11,250	394	11,644	11,644		11,644	0	11644
2005	3,407,063	PWTF	Tac 500mg	2024	1,773,625	197,070	8,868	205,938	165,938	40,000	205,938		205,938
	256,064	PWTF	Tac city 1st	2024									
	1,784,693	PWTF	Pump Fac, Res & lines	2024	885,771	98,419	4,429	102,848				102,848	102,848
	5,447,820	PWTF			2,659,396	295,489	13,297	308,786	165,938	40,000	205,938	102,848	308,786
2004	11,334,510	Tac Water	Tac Wtr 1	2013	0	0	0	0	0	0	0	0	0
Totals	17,162,330				2,659,396	306,739	13,691	320,430	177,582	40,000	217,582	102,848	320,430
Total net Water fund 2013 Debt Service									\$177,582	\$40,000	\$217,582	102,848	320,430
2011	230,000	Int. Loan	Meters Sys	2015	0	0	0	0	\$0		\$0		0
Totals	17,392,330				2,659,396	306,739	13,691	320,430	177,582	40,000	217,582	102,848	320,430

Less developer Responsibility Palmer

\$885,771

Net City Liability	1,773,625
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\*Black diamond hold a letter of credit from Palmer Coking for their balance owing of \$885,771 of PWTF Loan.  
included 2016 Est Interest.  
10/27/2015



Rafting on Green River



## Sewer Fund 407

The Sewer Department collects sewage from the homes and businesses in the old section of Town for treatment and discharge. The area around Lake Sawyer is primarily served by individual on site waste water disposal septic system and a small area at the Northwest end of the Lake served by the Soos Creek Sewer system. The sewer utility provides for the planning, operation and maintenance of 17.5 miles of sewer lines and manholes, and 4 pump stations and provides local customer service and billing. This sewer utility also contracts with the King County for transmission and sewage treatment plant in Renton for treatment, discharge and bio-solids handling. The City provides the local sewer collection services for approximately \$25/household per month.

The revenue collected by the sewer utility has not been covering the cost of the operations, maintenance, administration and services provided for several years now. At some point the City will need to raise the local charges to bring the fund into balance.

In 2015 the Sewer Department permitted and decommissioned the Old Sewer Lagoon, and reconstructed the Morganville Pump Station.

Sewer Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>REVENUE</b>							
1 User Charges	692,136	705,607	737,000	436,598	740,000	3,000	0%
2 <b>Operating Revenue</b>	<b>692,136</b>	<b>705,607</b>	<b>737,000</b>	<b>436,598</b>	<b>740,000</b>	<b>3,000</b>	<b>0%</b>
3 Misc Reimbursements	7,797	3,694	2,500	840	3,700	1,200	48%
4 Developer PW Director Reimb.	38,199	18,660					
5 Investment Interest	108	100	100	124	260	160	160%
6 Insur Recov/Civil Insp Fee & Misc	595			1,072			
7 Transfer from Capital/Operating	85,000	80,000	80,000	80,000	90,000	10,000	13%
8 <b>Total Other Revenue</b>	<b>131,699</b>	<b>102,454</b>	<b>82,600</b>	<b>82,036</b>	<b>93,960</b>	<b>11,360</b>	<b>14%</b>
9 <b>Total Revenue</b>	<b>823,835</b>	<b>808,061</b>	<b>819,600</b>	<b>518,634</b>	<b>833,960</b>	<b>14,360</b>	<b>2%</b>
10 Total Beg Cash and Investments	87,738	126,682	118,383	141,292	129,271	10,888	9%
11 <b>Total Wastewater Sources</b>	<b>911,573</b>	<b>934,743</b>	<b>937,983</b>	<b>659,926</b>	<b>963,231</b>	<b>25,248</b>	<b>3%</b>

Sewer Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>EXPENDITURES</b>							
1 Salaries and Benefits	169,383	164,804	176,112	107,445	184,190	8,078	5%
2 Supplies	11,037	10,575	12,184	6,068	12,326	142	1%
3 Services and Charges	121,646	121,414	139,140	64,897	151,083	11,943	9%
4 <b>Subtotal Operating Expenditures</b>	<b>302,066</b>	<b>296,793</b>	<b>327,436</b>	<b>178,410</b>	<b>347,599</b>	<b>20,163</b>	<b>6%</b>
5 King County Metro	472,825	481,658	511,700	301,187	530,000	18,300	4%
6 <b>Total Operating Expenditures</b>	<b>774,891</b>	<b>778,451</b>	<b>839,136</b>	<b>479,597</b>	<b>877,599</b>	<b>38,463</b>	<b>5%</b>
7 Transfer for Equipment-CIP	10,000	10,000	10,000	10,000	10,000	-	
8 Transfer for Sewer Comp Plan		5,000					
9 <b>Total All Expenditures</b>	<b>784,891</b>	<b>793,451</b>	<b>849,136</b>	<b>489,597</b>	<b>887,599</b>	<b>38,463</b>	<b>5%</b>
10 Three Months Cash & Investments	75,517	78,500	81,859		75,632	(6,227)	-8%
11 Unreserved C & I Balance	51,165	62,792	6,988		0	(6,988)	-100%
12 <b>Total Ending Cash &amp; Investments</b>	<b>126,682</b>	<b>141,292</b>	<b>88,847</b>	<b>170,329</b>	<b>75,632</b>	<b>(13,215)</b>	<b>-15%</b>
13 <b>Total Sewer Uses</b>	<b>911,573</b>	<b>934,743</b>	<b>937,983</b>	<b>659,926</b>	<b>963,231</b>	<b>25,248</b>	<b>3%</b>

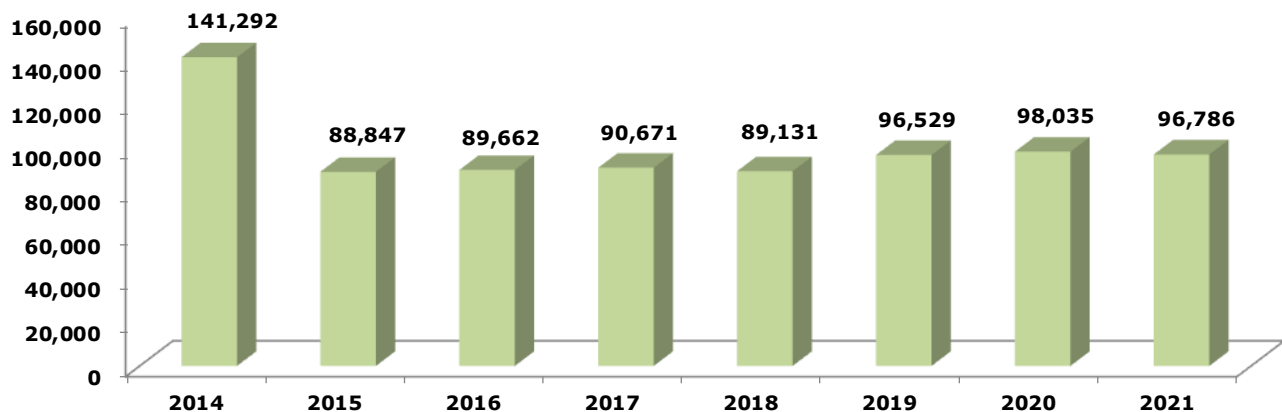
## Sewer Fund 6 Year Forecast

City of Black Diamond Sewer Utility Operating Fund Six Year Forecast-2015		No MPD Growth		Draft 10/15/2015		Model A			
Sewer Fund	2014 Actual	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget	
1 City Monthly Sewer Rate	19.52	19.97	20.37	20.78	21.19	21.62	22.05	22.49	2%
2 Operating Begin Cash Bal	126,682	118,383	117,641	89,662	90,671	89,131	96,529	98,035	
3									
4 Operating Revenue-City	223,949	225,300	224,000	230,876	235,494	240,203	240,203	245,007	2%
5 Operating Revenue-Metro	481,658	511,700	518,000	550,004	554,769	565,864	577,182	588,729	
6 Misc Revenue	3,794	2,600	4,260	4,388	4,519	4,519	4,519	4,655	3%
7 Funding Reimbursement	18,660	0	0	0	0	0	0	0	
8 Transfer fr Reserves/Rate Inc	80,000	80,000	100,000	140,000	140,000	150,000	150,000	150,000	
9 Sewer Operating Revenue	808,061	819,600	846,260	925,268	934,782	960,587	971,905	988,391	
10 Sewer Fund Expenditures									
11 Salaries & Benefits	179,992	206,498	216,690	221,024	225,444	229,953	234,552	239,243	2%
12 Allocation to Capital Proj	(15,197)	(30,386)	(32,500)	(22,500)	(23,400)	(24,336)	(25,309)	(26,322)	2%
13 Supplies	10,575	12,184	12,326	12,573	12,824	13,080	13,342	13,609	2%
14 Insurance	14,257	14,622	14,700	15,435	16,207	17,017	17,868	18,761	5%
15 Services & Charges	56,570	70,718	80,623	82,235	83,880	83,880	83,880	85,558	2%
16 B&O & Util Tax	50,596	53,800	54,400	55,488	56,598	57,730	58,884	60,062	2%
17 Metro Reimbursement	481,658	511,700	518,000	550,004	554,769	565,864	577,182	588,729	
18 Transfers to Cap Equip	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
19 Sub Total Operating Uses	793,451	849,136	874,239	924,259	936,322	953,189	970,399	989,640	
20									
21 Change in Cash & Inv	14,610	(29,536)	(27,979)	1,009	(1,540)	7,398	1,506	(1,249)	
22									
23 Ending Cash & Invest Bal	141,292	88,847	89,662	90,671	89,131	96,529	98,035	96,786	

Cash & Investment Balance needs to cover three months of operating expenditures per City resolutions No. #08-850 & 13-866.

Growth or rate increases will need to be in place to cover costs. While the Sewer Reserves still has approximately \$585,000 at the end of 2016, the reserves would be depleted by 2019 if growth, rate increases or structural changes are not made. The Metro rate increases cause increases in State and City taxes which need to be covered out of the City share of the rate. The modest inflationary increases to the city portion are not keeping pace with expenditure increases. A rate study is planned for spring of 2016.

## Projected Sewer Fund - Ending Fund Balance



## Stormwater Fund 410

The Stormwater Utility maintains 9 storm ponds, 9 miles of storm pipe, 572 catch basins, two bio-infiltration systems, one stormwater filter system and approximately 20 miles of ditches and flow paths. These activities help preserve the public road system and protect the environment. The City also is in charge of various activities dealing with controlling storm water quality including education, enforcing stormwater codes on construction and new development, monitoring private stormwater systems maintenance, monitoring the effectiveness of City programs, monitoring water quality in the City, participation in WIRA 9 Water Quality Initiative providing coverage for the from the Endangered Species Act claims and reporting to Department of Ecology. In summary this utility mitigates the storm water impact of urban living on the environment for \$16 per month per household.

In 2015 a Vactor truck was purchased for basin and vault cleaning.

Stormwater Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>REVENUE</b>							
1 Stormwater Charges	293,430	331,801	334,000	214,189	343,000	9,000	3%
2 <b>Subtotal Operating Revenue</b>	<b>293,430</b>	<b>331,801</b>	<b>334,000</b>	<b>214,189</b>	<b>343,000</b>	<b>9,000</b>	<b>3%</b>
3 Civil & Insp Fee, Miscellaneous	8,214	4,048			6,800	6,800	
4 YarrowBay-PW Dir Reimburse	41,720	18,505					
5 Investment Interest	60	86	100	86	120	20	20%
6 <b>Total Revenue</b>	<b>343,424</b>	<b>354,440</b>	<b>334,100</b>	<b>214,275</b>	<b>349,920</b>	<b>15,820</b>	<b>5%</b>
7 Total Beg. Cash and Investments	82,200	81,656	106,292	90,498	102,698	(3,594)	-3%
8 <b>Total Stormwater Sources</b>	<b>425,624</b>	<b>436,096</b>	<b>440,392</b>	<b>304,773</b>	<b>452,618</b>	<b>12,226</b>	<b>3%</b>

Stormwater Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>EXPENDITURES</b>							
1 <b>EXPENDITURES</b>							
2 Salaries and Benefits	165,373	166,063	165,506	107,759	182,548	17,042	10%
3 Supplies	10,949	10,599	13,594	6,468	13,186	(408)	-3%
4 Services and Charges	124,918	143,836	154,474	65,763	165,062	10,588	7%
5 <b>Subtotal Operating Expenditures</b>	<b>301,240</b>	<b>320,498</b>	<b>333,574</b>	<b>179,990</b>	<b>360,796</b>	<b>27,222</b>	<b>8%</b>
6 Transfer for Equipment-CIP	10,000	10,000	10,000	10,000	10,000		
7 Debt Service	10,010	10,100					
8 Transfer for SW portion Comp Plan		5,000					
9 <b>Total All Expenditures</b>	<b>321,250</b>	<b>345,598</b>	<b>343,574</b>	<b>189,990</b>	<b>370,796</b>	<b>27,222</b>	<b>8%</b>
10 Three Month Cash and Investments	75,047	80,125	83,393		81,822	(1,571)	-2%
11 Unreserved C & I Balance	6,609	10,373	13,425	114,783			
12 Total Ending Cash & Investments	81,656	90,498	96,818	114,783	81,822	(14,996)	-15%
13 <b>Total Stormwater Uses</b>	<b>402,906</b>	<b>436,096</b>	<b>440,392</b>	<b>304,773</b>	<b>452,618</b>	<b>12,226</b>	<b>3%</b>

## Stormwater Fund 6 Year Forecast

Stormwater Utility Fund  
Six Year Financial Forecast

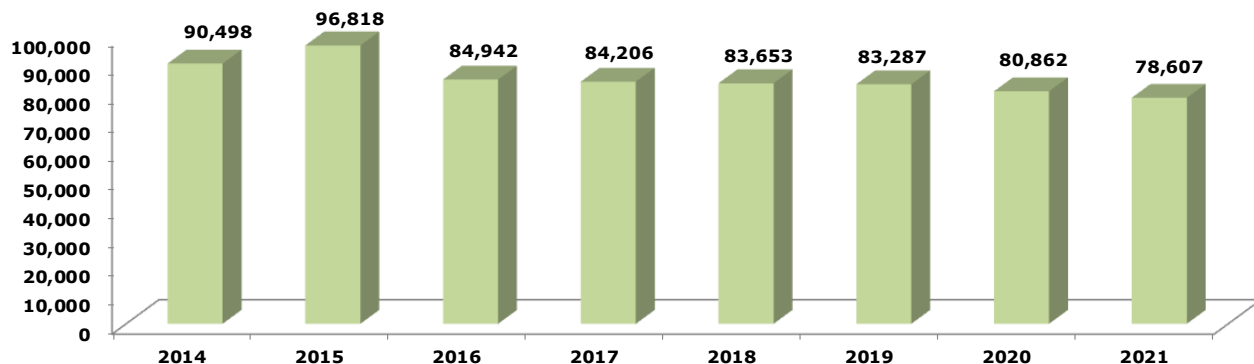
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Stormwater Fund	2014 Actual	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget	
1 Possible Monthly Rates	16.00	16.00	16.00	18.00	18.00	18.00	18.00	18.00	
2 Operating Begin Cash Bal	81,656	106,292	105,818	84,942	84,206	83,653	83,267	80,862	
3									
4 Operating Revenue-City	331,801	334,000	343,000	390,326	398,133	406,095	406,095	414,217	2%
5 Misc Revenue	4,134	100	6,920	100	100	100	100	100	
6 Funding Reimbursement	18,505	0	0	0	0	0	0	0	
7 Total Stormwater Fund Source	354,440	334,100	349,920	390,426	398,233	406,195	406,195	414,317	
8 Stormwater Fund Expenditures									
9 Salaries & Bene	175,260	198,835	215,048	219,349	223,736	228,211	228,211	232,775	2%
10 Proj Mgmt-S&B allocation	(15,197)	(33,329)	(32,500)	(20,000)	(20,400)	(20,808)	(20,808)	(21,224)	2%
11 Supplies	10,599	13,594	13,186	13,450	13,719	13,993	13,993	14,273	2%
12 Services & Charges	74,421	86,334	96,072	97,993	99,953	101,952	103,991	106,071	2%
13 Add Street Cleaning & Mtc.				0	0	0	0	0	
14 B&O & Util Tax	75,415	68,140	68,990	70,370	71,777	73,213	73,213	74,677	2%
15 Transfers to Cap Equip/Comp	15,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0
16 Sub Total Operating Uses	335,498	343,574	370,796	391,162	398,785	406,561	408,600	416,572	
17 Debt Svs-Sewer Loan	10,100								
18 Total Stormwater Fund Uses	345,598	343,574	370,796	391,162	398,785	406,561	408,600	416,572	
19									
20 Change in Cash & Inv	8,842	(9,474)	(20,876)	(736)	(553)	(366)	(2,405)	(2,255)	
21									
22 Ending Cash & Invest Bal	90,498	96,818	84,942	84,206	83,653	83,287	80,862	78,607	

Cash & Investment Balance needs to cover three months of operating expenditures per city resolutions No. #08-850 & 13-866.

Stormwater Scenario includes the adopted 2014 rates @ 16.00 per month. A rate study is planned for spring of 2016. A potential \$2.00 rate increase was calculated for 2017 to show how this would affect cash balances. 2017 Revenues also include revenue from the completion of 10 shake n Bake homes. Operating Revenue does not support Street Cleaning and Maintenance which has been covered by DOE Grants the past few years. It is not known if these grants will be available in the future. Growth from Yarrow Bay projects are not included in the calculations.

## Projected Stormwater Fund - Ending Fund Balance





# Capital Funds

Capital projects funds are used to account for the construction or acquisition of buildings, equipment and roads. Depending on its use, a fixed asset may instead be financed by a special revenue fund or a proprietary fund. A capital project fund exists only until completion of the project.



Before



After



Gomer Evans and friends refurbished the Green River Queen Float for the 2015 Labor Day Parade, making an appearance for the first time in over 50 years!

**Real Estate Excise Tax 1 – 311 (REET 1)**

Washington State levies a real estate excise tax (REET) on all property sales of 1.28% of a property's full selling price. A locally-imposed tax is also authorized, though the rate and uses of the funds differ by population size and whether the city or county is planning under the Growth Management Act (GMA). All cities are allowed to levy a 0.25% tax on property sales (REET 1), cities and counties that are planning under the GMA may also levy a second quarter percent tax (REET 2).

Black Diamond levies both REET 1 and REET 2, combined to bring total Real Estate Excise Tax to 1.78%. Every city in King County levies both REET 1 and 2, with the exception of Skykomish, which collects .25%. In 2011 the Washington State Legislature authorized for five years the usage of up to \$100,000 in REET money for the maintenance of capital assets. This Fund is specifically to be used for General Government Capital Projects, Fund 310, and General Government Capital Expenditures in the 510 Fund.

<b>REET 1 General Government Capital Project Fund</b>		<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Prelim Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>								
1	REET 1 .25% Home Sales Excise tax	57,929	65,059	75,000	53,635	95,000	20,000	27%
2	LGIP Investment Interest	381	178	150	101	150	-	0%
3	<b>Subtotal Revenue</b>	<b>58,310</b>	<b>65,237</b>	<b>75,150</b>	<b>53,736</b>	<b>95,150</b>	<b>20,000</b>	<b>27%</b>
4	Beginning Cash and Investments REET 1	283,984	229,144	202,121	186,508	133,341	(68,780)	-34%
5	<b>Total REET 1 Sources</b>	<b>342,294</b>	<b>294,381</b>	<b>277,271</b>	<b>240,244</b>	<b>228,491</b>	<b>(48,780)</b>	<b>-18%</b>
<b>EXPENDITURES</b>								
6	Trans. to 310 General Gov Capital Fund	103,150	62,873	126,277	111,077	96,000	(30,277)	-24%
7	Trans. to 510 Fund - Police & Fire Equip	10,000	45,000	7,000	7,000	32,000	25,000	357%
8	<b>Subtotal Expenditures</b>	<b>113,150</b>	<b>107,873</b>	<b>133,277</b>	<b>118,077</b>	<b>128,000</b>	<b>(5,277)</b>	<b>-4%</b>
9	Ending Cash and Investments REET 1	229,144	186,508	143,994	122,167	100,491	(43,503)	-30%
10	<b>Total REET 1 Uses</b>	<b>342,294</b>	<b>294,381</b>	<b>277,271</b>	<b>240,244</b>	<b>228,491</b>	<b>(48,780)</b>	<b>-18%</b>

## General Government Capital Projects Fund 310

The 310 General Government Capital Project Fund is primarily funded by REET 1 and grants. Projects planned for 2016 include funds to acquire land for the Ginder Creek Trail. Also money has been set aside for the Comp Plan Update, Police and Government Technology, and In Forest closing costs.

Fund 310 General Government Capital Projects		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>REVENUE</b>								
1	Transfers in From REET 1	103,150	62,873	126,277	111,077	96,000	(30,277)	-24%
2	King County Cons. Futures Grant					35,000	35,000	
3	Aquatic Weed Grant King County					16,424	16,424	
4	King County Parks Tax Levy	8,579	9,202	10,000	4,681	9,000	(1,000)	-10%
5	Trans in from PW Funds for Comp Plan		15,000					
6	Comp Plan Update Grant		9,000	9,000			(9,000)	-100%
7	Tree Mitigation		(25)	500			(500)	-100%
8	DOE Grant for Lake S. Weed Mgmt	2,984	6,635					
9	Grant Matching		21,000					
10	<b>Subtotal Revenue</b>	<b>114,714</b>	<b>123,684</b>	<b>145,777</b>	<b>115,758</b>	<b>156,424</b>	<b>10,647</b>	<b>7%</b>
11	Beginning Cash and Inv. Projects	261,546	280,382	100,409	201,200	170,819	70,410	70%
12	<b>Total Gen Govt Project Sources</b>	<b>376,259</b>	<b>404,067</b>	<b>246,186</b>	<b>316,958</b>	<b>327,243</b>	<b>81,057</b>	<b>33%</b>

Fund 310 General Government Capital Projects		Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>EXPENDITURES</b>								
2	Council Chamb, Police & Court Updates	214	43,033		26,008	4,374	4,374	
4	Ginder Creek Trail & Trail Projects		14,444	10,000		90,000	80,000	800%
6	Grant Matching for Projects		21,000	2,500		7,500	5,000	200%
11	Gen Govt and Court Technology	23,841	28,685	33,909	1,944	40,653	6,744	20%
11	Police Technology	16,729	11,059	26,590	2,071	30,532	3,942	15%
16	Tree Mitigation	1,187	426	500		88	(412)	-82%
18	Trans. Benefit District Costs					14,000	14,000	
20	In Forest Open Space Land	147	5,905			19,096	19,096	
21	Lake Sawyer Weed Management	12,825			16,423			
25	Comp Plan Update-Prof Svs		15,978	157,487	63,101	96,000	(61,487)	-39%
28	Capital Facility Allocation	870	18,119	15,200		25,000	9,800	64%
	Prior Projects	40,064	44,219					
	<b>Subtotal Expenditures</b>	<b>95,877</b>	<b>202,868</b>	<b>246,186</b>	<b>109,547</b>	<b>327,243</b>	<b>81,057</b>	<b>33%</b>
	Ending Cash and Investments Proj.	280,382	201,200	-	207,411		-	
	<b>Total Gen Govt Project Uses</b>	<b>376,260</b>	<b>404,067</b>	<b>246,186</b>	<b>316,958</b>	<b>327,243</b>	<b>81,057</b>	<b>33%</b>

## Real Estate Excise Tax 2

The collection of REET 2 is authorized by RCW 8245.010 can be used for capital projects. This part of the real estate excise tax may only be levied by cities that plan under the Growth Management Act.

Specifically, one quarter percent of the real estate excise tax is to be used for public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, planning, construction, reconstruction, repair, rehabilitation, or improvement of parks.

Midyear in 2011 the Washington State Legislature authorized for five years the usage of up to \$100,000 of REET monies for the maintenance of capital assets. REET 2 monies in Black Diamond are transferred to Fund 320 for Street and Public Works capital projects.

For detailed projects, see the 320 Fund section on the next page.

<b>321 REET 2 Public Works Capital Projects Fund</b>						<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>		
<b>REVENUE</b>							
1 REET 2 1/4% REET Tax-K/C	57,929	65,059	75,000	53,635	95,000	20,000	27%
2 LGIP Investment Interest	453	188	500	96	120	(380)	-76%
3 <b>Subtotal Revenue</b>	<b>58,382</b>	<b>65,248</b>	<b>75,500</b>	<b>53,731</b>	<b>95,120</b>	<b>19,620</b>	<b>26%</b>
4 Beg Cash & Investments-REET 2	329,674	278,056	171,357	155,904	116,024	(55,333)	-32%
5 <b>Total REET 2 Sources</b>	<b>388,056</b>	<b>343,304</b>	<b>246,857</b>	<b>209,635</b>	<b>211,144</b>	<b>(35,713)</b>	<b>-14%</b>

<b>321 REET 2 Public Works Capital Projects Fund</b>						<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>		
<b>EXPENDITURES</b>							
7 Transfer out 320 PW Capital	80,000	77,700	80,000	70,000	60,000	(20,000)	-25%
8 Transfer out to Street Fund	-	50,000	50,000	50,000	50,000	-	0%
9 Transfer to Rock Cr Br Project	-	53,700	-	-	-	-	
10 Transfer to Makers GFC Project	-	6,000	-	-	-	-	
11 Transfer to 5th Ave Wtr Project	30,000	-	-	-	-	-	
12 <b>Subtotal Expenditures</b>	<b>110,000</b>	<b>187,400</b>	<b>130,000</b>	<b>120,000</b>	<b>110,000</b>	<b>(20,000)</b>	<b>-15%</b>
13 Ending Cash & Investments-REET 2	278,056	155,904	116,857	89,635	101,144	(15,713)	-13%
14 <b>Total REET 2 Uses</b>	<b>388,056</b>	<b>343,304</b>	<b>246,857</b>	<b>209,635</b>	<b>211,144</b>	<b>(35,713)</b>	<b>-14%</b>

## Public Works Capital Projects Fund 320

The Public Works Capital Projects Fund 320 receives funds largely from grants and REET 2, for street, sidewalk, trail and capital facilities projects. Projects in the budget for 2016 include Roberts Drive rehabilitation, a sidewalk project, Jones Lake overlay, citywide chip and seal, and general street overlays and repairs.

Fund 320 Public Works Capital Projects					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
<b>REVENUE</b>							
1 TIB Gr-Roberts Drive					1,225,903	1,225,903	
2 CDBG Grant Sidewalk Project					210,000	210,000	
3 TIB Grant Jones Lake					135,219	135,219	
4 TIB Grant Chip Seal					117,087	117,087	
5 Transfer in Grant Matching	14,000	23,931	-	-	69,035	69,035	
6 Transfer in REET 2	80,000	137,400	80,000	70,000	60,000	(20,000)	-25%
7 TIB Grant Roberts Drive Rehab	-	-	-	25,864	-	-	
8 TIB Gr-Lawson SW	-	269,199	-	-	-	-	
9 DOT Grant-Traffic Safety Signs	-	20,431	-	-	-	-	
10 TIB Grant (288th)	143,507	-	-	-	-	-	
11 TIB Grant (Roberts Sidewalk)	69,802	-	-	-	-	-	
12 FEMA - Storm Cleanup	250	-	-	-	-	-	
13 Sales of Surplus/Scrap	-	771	-	-	-	-	
14 Transfer in Street Preservation	-	17,417	-	-	-	-	
15 Transfer in 288th Project	-	24,405	-	-	-	-	
16 Subtotal Revenue	307,559	493,553	80,000	95,864	1,817,244	1,737,244	2172%
Beginning Cash and Inv. Projects	181,022	158,544	-	140,329	225,967	225,967	
<b>Total Pub Works Project Sources</b>	<b>488,581</b>	<b>652,097</b>	<b>80,000</b>	<b>236,193</b>	<b>2,043,211</b>	<b>1,963,211</b>	<b>2454%</b>

Fund 320 Public Works Capital Projects					Prelim Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
<b>EXPENDITURES</b>							
1 2 Street Overlays, Repairs & Signs	182,080	92,808	30,000	2,146	178,097	148,097	494%
2 13 Grant Matching for Projects	46,200	83,931	40,000		48,646	8,646	22%
3 16 Abrahms Project	8,426	3,046		1,733			
4 20 Roberts Drive Rehab		9,314		25,864	1,431,224	1,431,224	
5 23 Jones Lake Overlay					165,244	165,244	
6 25 Capital Projects Allocation			10,000	22	10,000		0%
7 28 Sidewalk Project CDBG					210,000	210,000	
8 Lawson Creek Sidewalk		284,640		293			
9 Roberts Sidewalk	81,923	24,405					
10 Capital Facility Plan		13,625					
11 Subtotal Expenditures	318,629	511,768	80,000	30,058	2,043,211	1,963,211	2454%
12 Ending Cash and Investments Proj.	169,952	140,329		206,135	-		
13 Total Pub Works Project Uses	488,581	652,097	80,000	236,193	2,043,211	1,963,211	2454%



**WSFFA Fund 402**

The Water Supply Facility Funding Agreement (WSFFA) holds the budget for implementation of various water sources, storage, springs rehabilitation and water transmission projects, funded by major property owners within the City according to the Water Supply and Facilities Funding Agreements.

<b>WSSFA Fund 402</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>							
1 Developer Contribution	13,997	88,761	120,000		560,000	440,000	367%
2 Investment Interest	131	63		85	150	150	
3 PCC Contribution Springs 3		29,059				-	
4 <b>Subtotal Revenue</b>	<b>14,128</b>	<b>117,883</b>	<b>120,000</b>	<b>85</b>	<b>560,150</b>	<b>440,150</b>	<b>367%</b>
5 Beg Cash and Investments	120,011	59,851	70,000	157,282	70,000	-	0%
6 <b>Total WSFFA Sources</b>	<b>134,139</b>	<b>177,734</b>	<b>190,000</b>	<b>157,367</b>	<b>630,150</b>	<b>440,150</b>	<b>232%</b>

<b>WSSFA Fund 402</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
1 Permit, Water Rights, Engr, Ease.	359			7,770	300,000	300,000	
2 Design Engr Springs Task 3	57,028	20,319	120,000	17,079	100,000	(20,000)	-17%
3 Chlorine					90,000	90,000	
4 Legal, Management, Admin	517	132			70,000	70,000	
5 BD Staff Allocation	13,869					-	
6 Transfer Out	2,515					-	
7 <b>Subtotal Expenditures</b>	<b>74,288</b>	<b>20,451</b>	<b>120,000</b>	<b>24,849</b>	<b>560,000</b>	<b>440,000</b>	<b>367%</b>
8 Ending Cash and Investments	59,851	157,283	70,000	132,518	70,150	150	0.2%
9 <b>Total WSFFA Uses</b>	<b>134,139</b>	<b>177,734</b>	<b>190,000</b>	<b>157,367</b>	<b>630,150</b>	<b>440,150</b>	<b>232%</b>



Lake Sawyer Boat Launch Park

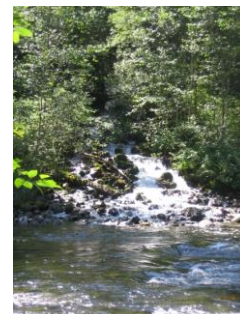


## Water Capital Fund 404

Capital Projects associated with the water utility are included here. The City collects capital facility charges from new customers when they connect to the water system to cover the cost of new capacity, adding project and upgrades to the existing water system, and to cover debt service for the acquisition of water supply. Very little capital facility funds have been collected in recent years because of very little growth in the City. Net revenue from customer charges after paying for regular maintenance and operations are to cover the cost of system replacement projects in this fund. However the water operations fund has not been able to generate net revenue in order to set aside funds for repair or replacement projects.

Water Capital Fund 404					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
<b>REVENUE</b>							
1 CDBG Grant	146,857				191,171	191,171	
2 Loan from Drink Wtr State Fund					140,000	140,000	
3 Water Connection Charges	23,906	26,439	20,400	4,183	41,830	21,430	105%
4 Transfers in from Beg Cash	30,000				56,000	56,000	
5 Loan from Wastewater			157,000			(157,000)	-100%
6 Transfer in Grant Matching	32,200						
7 LGIP Interest	625	368	600	254		(600)	-100%
8 Misc Deposit and Corr.	2,515	1,000					
9 <b>Subtotal Revenue</b>	<b>236,103</b>	<b>27,807</b>	<b>178,000</b>	<b>4,437</b>	<b>429,001</b>	<b>251,001</b>	<b>141%</b>
10 Beg Cash & Investments	504,126	441,809	292,027	331,666	287,700	(4,327)	-1%
11 <b>Total Water Capital Sources</b>	<b>740,228</b>	<b>469,616</b>	<b>470,027</b>	<b>336,104</b>	<b>716,701</b>	<b>246,674</b>	<b>52%</b>

Water Capital Fund 404					Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Actual 2013	Actual 2014	Budget 2015	Thru July 2015				
<b>EXPENDITURES</b>							
1 <b>EXPENDITURES</b>							
2 Downtown Water Replacement		44		48,158	356,171	356,171	
3 Water Comp Plan			80,000	357	111,000	31,000	39%
4 10 Telemetry					13,000	13,000	
5 7 Water Rate Study					5,000	5,000	
6 Trans to Water Fund for Debt	150,000	80,000	10,000	40,000	10,000	-	0%
7 Transfer to Projects					56,000	56,000	
8 6 Paint Reservoir	-	31,796	157,000	12,140	9,600	(147,400)	-94%
9 5th Ave Water Main Replacement	145,653	3,313					
10 Replace Poles at Spring	-	22,797					
11 <b>Subtotal Expenditures</b>	<b>295,653</b>	<b>137,949</b>	<b>247,000</b>	<b>100,654</b>	<b>560,771</b>	<b>313,771</b>	<b>127%</b>
12 Ending Cash & Investments	444,575	331,666	223,027	235,450	155,930	(67,097)	-30%
<b>Total Water Capital Uses</b>	<b>740,228</b>	<b>469,616</b>	<b>470,027</b>	<b>336,104</b>	<b>716,701</b>	<b>246,674</b>	<b>52%</b>



## Sewer Capital Fund 408

This Capital Fund holds the budget for Sewer Capital projects identified in the most recent Capital Improvement Plan. The City staff is continuing with the infiltration and inflow investigation and repairs as staff times allows and decommission the Old Sewer Lagoon.

408 Sewer Capital Project Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>REVENUE</b>							
1 Connection Hook Up Fees	6,400	7,871	6,000	6,350	16,540	10,540	176%
2 Debt Repayment	116,349	56,584	46,000	46,460		(46,000)	-100%
3 Sale of Scrap		758					
4 Transfer in from Reserves					10,000		
5 LGIP Interest	1,273	798	700	711		(700)	-100%
6 <b>Subtotal Revenue</b>	<b>124,022</b>	<b>66,011</b>	<b>52,700</b>	<b>53,521</b>	<b>26,540</b>	<b>(26,160)</b>	<b>-50%</b>
7 Beg Cash & Investments	870,554	900,860	703,353	791,642	711,000	7,647	1%
8 <b>Total Wstwtr Capital Sources</b>	<b>994,576</b>	<b>966,871</b>	<b>756,053</b>	<b>845,162</b>	<b>737,540</b>	<b>(18,513)</b>	<b>-2%</b>

408 Sewer Capital Project Fund	Actual 2013	Actual 2014	Budget 2015	Thru July 2015	Budget 2016	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
<b>EXPENDITURES</b>							
9 Wastewater Rate Study	2,767				3,000	3,000	
10 Preserve Sewer Lagoon					15,000	15,000	
11 Infiltration and Inflow					25,000	25,000	
12 Morganville Sewer Lift Station		30,830		31,543			
13 Preserve Sewer Treatment Plant	5,951	9,592		10,616			
14 Lawson Lift Station		40,017					
15 Transfer out to Sewer I & I Project					10,000		
16 Transfer out to Wastewater Oper.	85,000	80,000	80,000	80,000	100,000	20,000	25%
17 <b>Subtotal Expenditures</b>	<b>93,718</b>	<b>160,439</b>	<b>80,000</b>	<b>122,159</b>	<b>153,000</b>	<b>73,000</b>	<b>91%</b>
18 Ending Cash & Investments	900,858	806,432	676,053	8,906	584,540	(91,513)	-14%
19 <b>Total Wastewater Capital Uses</b>	<b>994,576</b>	<b>966,871</b>	<b>756,053</b>	<b>131,065</b>	<b>737,540</b>	<b>(18,513)</b>	<b>-2%</b>



Taking care of business

## Stormwater Capital Fund 410

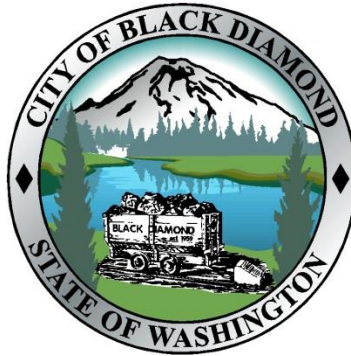
Stormwater capital funds provide the City with stormwater improvement projects. The City has been fortunate to receive Department of Ecology grants in recent years.

<b>410 Stormwater Capital Projects Fund</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>REVENUE</b>							
1 Grant Matching		60,000					
2 Stormwater DOE Grants			30,000	143,791	50,000	20,000	67%
3 Department of Ecology Grant	113,171						
4 <b>Subtotal Revenue</b>	<b>113,171</b>	<b>60,000</b>	<b>30,000</b>	<b>143,791</b>	<b>50,000</b>	<b>20,000</b>	<b>67%</b>
5 Beg Cash & Investments	(53,014)			20,528			
6 <b>Total Storm Capital Sources</b>	<b>60,156</b>	<b>60,000</b>	<b>30,000</b>	<b>164,319</b>	<b>50,000</b>	<b>20,000</b>	<b>67%</b>

<b>410 Stormwater Capital Projects Fund</b>	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>Thru July 2015</b>	<b>Budget 2016</b>	<b>Bdgt \$ Chg inc/(dec)</b>	<b>Bdgt % Chg inc/(dec)</b>
<b>EXPENDITURES</b>							
7 <b>EXPENDITURES</b>							
8 Stormwtr Pond Design & Misc		34,446		59,714			
9 Stormwater Improvements	36,805		30,000	44,974	50,000	20,000	67%
10 Street Sweeping	23,351						
11 <b>Subtotal Expenditures</b>	<b>60,156</b>	<b>34,446</b>	<b>30,000</b>	<b>104,688</b>	<b>50,000</b>	<b>20,000</b>	<b>67%</b>
12 Ending Cash & Investments		25,554		59,631		-	
13 <b>Total Storm Capital Uses</b>	<b>60,156</b>	<b>60,000</b>	<b>30,000</b>	<b>164,319</b>	<b>50,000</b>	<b>20,000</b>	<b>67%</b>



Contech Training - Storm Filter Maintenance

**City of Black Diamond****Financial Management Policies****Per Resolution 08-560****Updated for Long Term Planning Per Resolution 13-866****Background and Purpose**

Financial policies provide guidelines for City of Black Diamond's leaders to ensure sound decision-making that safeguards core services while moving the community forward to achieve its vision. Good financial management ensures the City is able to withstand economic fluctuations, maintain focus on the entire financial picture, and adjust to the changing service needs of the community of Black Diamond.

This policy incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

**Operating Budget Policies**

General budget policies ensure service levels are reasonable and attainable and that budget documents detailing revenues and expenditures accurately reflect Council and community goals. The City of Black Diamond budget procedures are in compliance with the Revised Code of Washington, Chapter 35A.33. The City budgets annually on the calendar year beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>. The City Council shall adopt the budget by Ordinance at the fund level. Amendments to the budget that change fund totals will be adopted by the Council through an Ordinance, which is usually done mid-year and year-end.

**Citizen Involvement**

Citizen involvement shall be encouraged in the budget decision-making process through public hearings and study sessions.

**Service Level Determinations**

The City Council will establish municipal service levels and priorities for the upcoming year to guide staff in developing goals, objectives and budget proposals.

**Conservative Budgeting**

The City will use a conservative budgeting approach and accepted analytical techniques including trending, per capita estimates of intergovernmental revenue and sales and property tax estimates based on prior year revenues adjusted for reasonable known growth factors. All positions will be budgeted for a full year.



### Long Term Financial Planning

Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.

The City shall, utilizing best available, cost-effective practices, engage in collaborative long-term financial planning as part of its overall budget process. To provide insight into future financial planning, such long-term financial planning should combine financial forecasting and analysis with a strategic operational perspective. The overall goals of long-term financial planning\* are to:

1. Balance-Budgets: Recognize the long-term impacts of today's decisions, setting the stage for balanced budgets in successive years by avoiding temporary solutions.
2. Reduce Conflict During Budgeting: Organize financial planning around a consensus-based set of service and financial goals, which sets boundaries on the budget process and creates an understanding of budget priorities.
3. Manage Growth: Optimize the City's ability to sustain operations and support service levels through a financial strategy that balances the needs of new and existing residents.
4. Stabilize Rates: Identify potential peaks and valleys in future revenues and expenses, allowing the City to take countervailing action ahead of time.
5. Provide Planned Services: Provide a process for making decisions about the level of service that government will provide over a multi-year period.

\*Note: See, Government Finance Officers Association, Long-Term Financial Planning for Governments, [www.gfoa.org/ltfp](http://www.gfoa.org/ltfp) - [ltfp@gfoa.org](mailto:ltfp@gfoa.org).

### Maintenance of Facilities and Equipment

Adequate maintenance and replacement of the City's facilities, equipment and technology will be provided for in either the operating or capital budget. As practicable, these expenses will be forecasted in an equipment replacement fund in the operating budget.

### Sustainable Revenue Sources

Ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs. The ongoing revenue will be identified along with new program costs. Cash balances in excess of the amount required to maintain strategic reserves will be used to fund one-time or non-recurring costs. In the event a fund has an emergency or economic downturn, resources from reserves may be used provided that they are replaced within the next five years.

### Cost Recovery

All taxpayers should not pay for a service that benefits only certain individuals. Therefore, fees will be established where possible to recover costs of such services or programs. Fees for services will be reviewed and adjusted as necessary and at least once a year. Based on Council direction, general taxpayer revenues may be used to subsidize all or a portion of the cost of services.

### Fund Balance Reserve Policies

Adequate fund balance and reserve levels help mitigate short-term emergencies and the effect of fluctuations in the economy, as well as assist in the financial strength of the City's bond ratings.

### Operating Fund Balance Reserves

The City's goal is to achieve a 10% reserve of anticipated expenditures in the General Fund Balance over the next five years or more. The reserve will be used to meet seasonal cash flow demands, provide a financial cushion in an economic downturn and meet emergency needs. In the event that the fund balance falls below that amount, the City will work to restore the balance with cost reductions, rate increases and other measures within five fiscal years.



**Contingency Reserve Fund**

A Contingency Reserve Fund may also be maintained in accordance with state law (RCW 35.A.33.145) to meet any municipal extent that could have not been reasonably known at the time of adopting the annual budget. The target balance may be consistent with state law at \$.375 per \$1,000 of assessed valuation.

**Utility Operating Policies**

City utilities are enterprise funds and therefore need to maintain a revenue and expense structure that allows them to be self-supporting with adequate revenue that pays for maintenance, operations, debt service and capital costs. Adequate reserves, rate analyses and budgetary policies steer the utilities toward ongoing self-sufficiency.

**Utility Rates and Fees**

As enterprise funds, all utilities will be self-supporting through rates, connection charges and other fees. Whenever practical, smaller utility increases will be considered more frequently, to avoid large jump in rate payer bills. Revenue will pay maintenance, operation, debt service and provide funds for capital repairs and improvements. Rates and fees will be reviewed at least biennially and adjusted to adequately reflect the cost of services. Every five years a detailed rate analysis will take place to ensure financial solvency of the utilities.

**Utility Fund Reserves**

All utilities will be operated in a manner to ensure an ending annual reserved fund balance in an amount equal to 90 days of annual operational appropriations. In the event that the fund balance falls below that amount or a new utility is formed, the City will work to restore the balance to that level with cost reductions, rate increases and other measures within five fiscal years. The City may use reserves to "smooth" rate increases over a period of years and avoid large jumps in ratepayer bills.

**Debt Management Policies**

The City will maintain adequate available debt capacity to ensure funding for major, high priority projects.

The City of Black Diamond is an infrequent issuer of debt. Debt is primarily used to finance large capital investments. Various state laws limit the City's debt capacity. General obligation debt, backed by the full faith and credit of the City, is limited to 2.5% of the value of all taxable property within the City. That percentage includes councilmatic or non-voted debt (1.5% of property values), and Local Option Capital Asset Lending – a financing contract with the Office of the State Treasurer (39.94 RCW). Revenue bonds rely on a funding source, such as utility revenues, for debt repayment.

**Interfund Loans**

The City will use interfund borrowing when such borrowing is cost effective, thereby eliminating the administrative cost of borrowing when adequate funds are available internally within the City's own resources. The City will not charge interest for such interfund loans that are repaid within six months. For loans beyond six months, the City will set a reasonable timeline for repayment of between one and five years and use the State's Local Government Investment Pool (LGIP) rate.

Interfund loans are permitted to cover cash flow for capital projects, where federal or state grants are approved, but there is a timing issue between city expenditures and the actual reimbursement by the granting agencies. Interfund loans shall be approved by Council with a resolution.

**Bond Rating**

The City will strive to obtain the best bond rating possible to produce the lowest possible interest rate on each bond sale.

**Cash Management and Investment Policies**

At any one time the City may have several million dollars in various funds that are not needed until some point in the future for operations, capital purchases or the repayment of debt. By placing these revenues in State's Local Government Investment Pool (LGIP) until the funds are needed, the City is able to earn interest that in turn serves as a revenue source to reduce costs to the community. Cash and investment policies reduce the City's investment risk.

**Cash Sufficiency**

The City will at all times maintain sufficient cash on hand to meet reasonably expected expenditures for the operating period.

**Investment Goals**

The City's idle cash will be invested on a continuous basis to maximize income. Priority will be given to legality of investment practices, the safety of the asset, followed by liquidity in case a need arises where the City needs access to the funds, followed by yield or return.

**Allocation of Investment Income**

Where permitted, the City will pool its cash resources for investment purposes. Investment income will be re-allocated to the participating funds as much as practical.

**Alternative Financing Schemes and Derivative Products**

The City of Black Diamond shall not utilize alternative financing schemes or derivative products to avoid restrictions imposed by law or to utilize tax loop holes.

**Capital Projects and Planning Policies**

The City of Black Diamond owns considerable assets in roads, a sewer system, water system, storm water system, parks, buildings, equipment and other capital. The preservation, maintenance and future improvement of these facilities are a primary responsibility of the City. Capital items are defined as those projects and purchases costing more than \$5,000 and lasting three or more years.

**Capital Improvement Plan**

A Capital Improvement Program (CIP) is a flexible, multi-year plan containing the City's planned capital improvement projects and the recommended financing methods for funding projects. All funds and departments are brought together in a single consolidated plan for an overall view of the City's capital improvement needs. The plan includes the capital facilities element of the City of Black Diamond Comprehensive Plan required by the Growth Management Act and other capital projects that may not fit into the capital facilities category.

Capital projects typically apply to: 1) one-time costs for acquisition, construction, improvement, replacement or renovation of land, structures and major equipment; 2) expenditures which take place over two or more years; 3) funding with debt because of significant costs to be shared by current and future beneficiaries; and 4) systematic acquisition or repair and maintenance over an extended period of time.

**Capital Improvement Plan (CIP) Participation**

Citizen participation in the Capital Improvement Program is a priority for the City. Among the activities which shall be conducted to address the need are the following:

- a) The Capital Improvement Plan shall be provided to the City Council in a timely manner to allow time for the Council members to review the proposal with constituents before it is considered for adoption.

- b) Council study sessions on the Capital Improvement Plan will occur during the budget deliberations and shall be open to the public and advertised sufficiently in advance of the meetings to allow for the attendance of interested citizens.
- c) Prior to the adoption of the budget and Capital Improvement Plan, the City Council shall hold noticed public hearings to provide opportunities for citizens to express their opinions on the proposed plan.

All projects included in the Capital Improvement Plan shall be consistent with the City's Comprehensive Plan.

### **Internal Consistency**

The CIP will be consistent with the Capital Facilities Element of the Comprehensive Plan covering transportation, water, wastewater, stormwater, parks, recreation and general government facilities.

### **Funding Sources**

City staff will analyze funding sources for all proposed capital improvement projects, including grant opportunities. Under Washington law, the City can only expend revenues from the Real Estate Excise Tax (REET) for capital items. Real estate excise tax of one-quarter of one percent on the sale of real property is currently dedicated to general government capital improvements and a second one-quarter of one percent is allocated to public works projects. Both allocations may be changed by the Council. These designated revenues are collected in the Special Revenue Funds and then transferred to the appropriate funds for expenditures of debt service or capital projects as budgeted. Each REET fund has established a targeted reserve of \$200,000 to \$250,000 to cover an emergency or economic downturn.

### **Relationship between Operating Budget and Capital Improvement Plan**

The Capital Improvement Plan, as distinguished from the Operating Budget, is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. Only those projects scheduled during the first year of the plan are adopted as part of the City's annual budget. Additionally, projects to be funded by bonds or "alternative funding" are budgeted when the funding is secured.

## **Accounting, Financial Reporting and Auditing Policies**

The City was incorporated in 1959, and operates under the laws of the State of Washington applicable to a Non-Charter code City classification adopted in 1990 with a Mayor-Council form of government. The City is a general-purpose governmental entity that provides general government services including law enforcement, fire, street improvement, parks and general administrative services. In addition the City owns and operates a water, sewer and drainage system.

### **Accounting and Budgeting System**

The City of Black Diamond will establish and maintain a high standard of accounting practices. Accounting and budgeting systems will at all times conform to the State of Washington Budgeting Accounting Reporting System (BARS) and federal and state regulations. Cities with populations under 25,000 are classified as category 2 cities and use the allowed accounting. The accounting is single-entry, cash basis accounting, which is a departure from generally accepted accounting principles (GAAP). The city uses the revenue and expenditure classifications contained in the Budgeting, Accounting and Reporting System (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State Law, Chapter 43.09 RCW.

### **Financial Reporting**

**Reporting frequency** –Monthly budget and actual reports are distributed to all departments. Quarterly reports, as a minimum frequency, are presented to the City Council.

**Annual Report**-Will be completed by May 30<sup>th</sup> and is distributed to the City Council, departments and the State Auditor's Office.

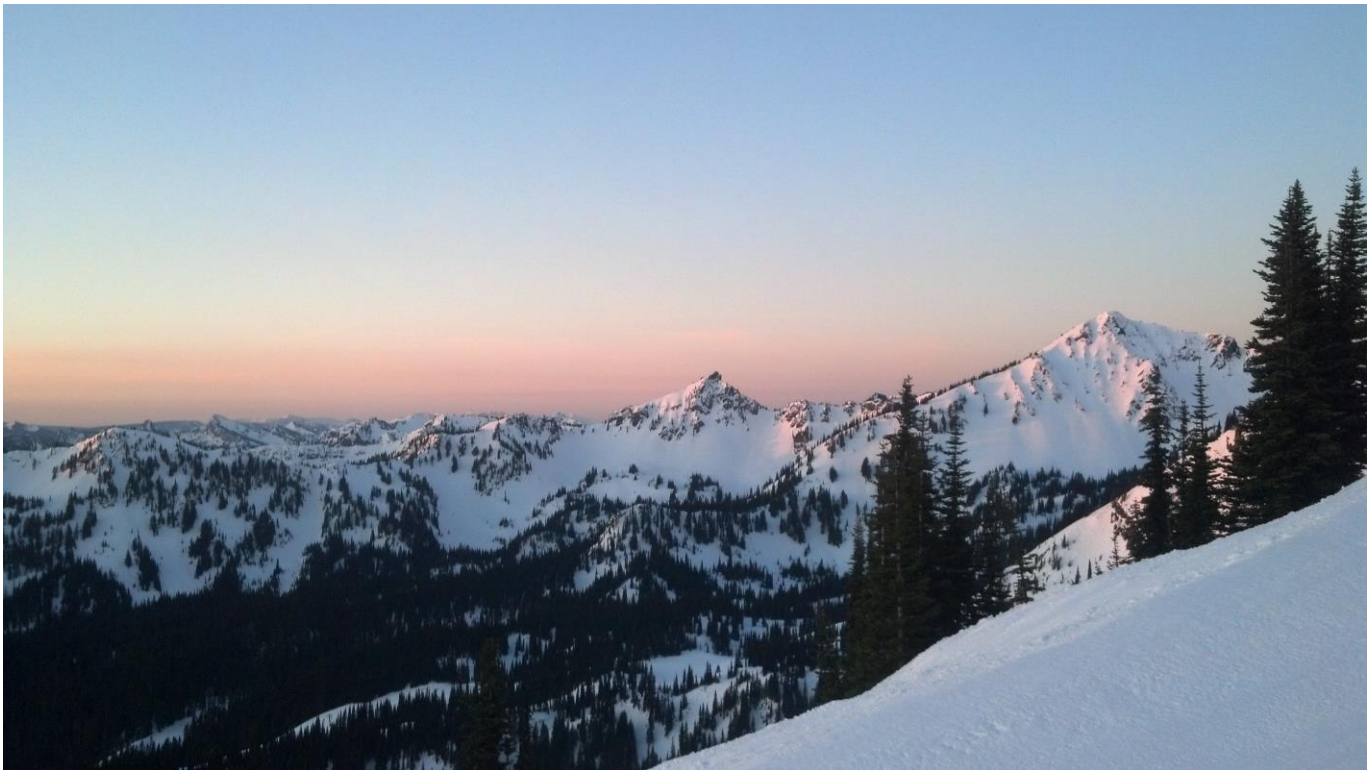
**Reporting Improvements**-The City will strive to continue to make improvements in its financial reporting so that information available to the public, the City's governing bodies and other city departments is clear and the best available for sound financial decisions.

**Accounting System**-A comprehensive accounting system is maintained to provide all financial information necessary to effectively operate the City.

**Full Disclosure** -All public reports are to contain full and complete disclosure of all material matters.

#### **Audit Policy**

The City will assist the State Auditor's Office in whatever way possible in conjunction with the preparation of the audit every two years and will implement modifications identified by the State Auditor to improve the City's internal controls and financial practices.



Black Diamond is on the way to (and not far from) Crystal Mountain Ski Resort

**MPD Funding Agreement**

This AGREEMENT (hereinafter “**MPD Funding Agreement**” or “**Agreement**”) is dated the 15<sup>th</sup> day of December 2011, and is entered into by and between BD Village Partners, LP (“**BD Village**”), a Washington limited partnership, BD Lawson Partners, LP, a Washington limited partnership (“**BD Lawson**”) (BD Lawson and BD Village are collectively referred to herein as the “**Developer**”), and the City of Black Diamond, a Washington municipal corporation (the “**City**”).

**RECITALS**

- A. WHEREAS, on June 29, 2007, the City, BD Village, and BD Lawson, LP entered into that certain City of Black Diamond Staff and Facilities Funding Agreement (the “**Staff and Facilities Funding Agreement**”) to provide funding for city staff, city consultants, related support facilities, equipment expenses, and legal costs; and
- B. WHEREAS, on April 16, 2009, the City, BD Village, and BD Lawson executed an amendment to that Staff and Facilities Funding Agreement (the “**First Amendment**”) that allowed for the funding of certain pre-approved economic development activities and increased the frequency of payments under the Staff and Facilities Funding Agreement in order to decrease the City’s working capital; and
- C. WHEREAS, BD Village has applied for and received approval from the City for The Villages Master Planned Development (the “**Villages MPD**”) pursuant to City of Black Diamond Ordinance No. 10-946 (the “**Villages MPD Approval**”); and
- D. WHEREAS, BD Lawson has also applied for and received approval from the City for the Lawson Hills Master Planned Development (the “**Lawson Hills MPD**”) pursuant to City of Black Diamond Ordinance No. 10-947 (the “**Lawson Hills MPD Approval**”); and
- E. WHEREAS, Condition of Approval 2 in Exhibit C of Ordinance No. 10-946 requires that a development agreement (“**The Villages Development Agreement**”) be executed between the City and BD Village before the City approves any subsequent implementing permits or approvals for the Villages MPD; and
- F. WHEREAS, Condition of Approval 156 in Exhibit C of Ordinance No. 10-946 requires that The Villages Development Agreement include a “specific ‘MPD Funding Agreement’ which shall replace the existing City of Black Diamond Staff and Facilities Funding Agreement; and
- G. WHEREAS, Ordinance No. 10-947 similarly requires that BD Lawson enter into a separate development agreement with the City (the “**Lawson Hills Development Agreement**”) and that such development agreement contain a new funding agreement to replace the existing Staff and Facilities Funding Agreement; and



- H. WHEREAS, BD Village, BD Lawson, and the City agree that executing a new tri-party MPD funding agreement satisfies Ordinances Nos. 10-946 and No-947; and
- I. WHEREAS, the City, BD Village and BD Lawson intend for this Agreement to replace and supersede the Staff and Facilities Funding Agreement and the First Amendment in their entirety; and
- J. WHEREAS, the City, BD Village and BD Lawson recognize that while the City currently does not have sufficient revenues to pay for the staff necessary to effectively and efficiently handle its current workload, the parties expect that the Villages MPD and Lawson Hills MPD will produce revenue for the City and, as a result, that the need for some portions of the funding under this MPD Funding Agreement will be reduced over time and ultimately eliminated; and
- K. WHEREAS, the City, BD Village and BD Lawson acknowledge that revenue from the Villages MPD and Lawson Hills MPD, including sales tax, real estate excise tax, utility taxes, franchise fees, business license revenues, increased property tax receipts associated with higher land value, and other revenues from any business or land use, as well as the BD Village's and BD Lawson's infrastructure obligations imposed by the Villages MPD Approval and Lawson Hills MPD Approval, respectively, are expected to be sufficient to maintain the Village MPD's and Lawson Hills MPD's proportionate share of the City's adopted staffing levels of service and capital facility needs; and
- L. WHEREAS, on an ongoing basis, the City, BD Village and BD Lawson agree to manage their operations in a fiscally responsible manner; and
- M. WHEREAS, the City, BD Village, and BD Lawson hereby agree that the purpose of this MPD Funding Agreement is to create an instrument to fund City staff as necessary to implement the Villages MPD and The Villages Development Agreement as well as the Lawson Hills MPD and the Lawson Hills Development Agreement; and
- N. WHEREAS, the City, BD Village and BD Lawson hereby also agree that the intent of this MPD Funding Agreement includes the following: (i) to create a mechanism to reduce the Developer's Total Funding Obligation (as defined below) by ultimately eliminating the Developer's funding of City Staffing Shortfalls (as defined below) and instead funding one hundred percent (100%) of such City staff with City revenue; (ii) to establish a hierarchy of City staff necessary to provide basic administrative services within the City and for sufficient City staff to implement the Villages MPD and Lawson Hills MPD, The Villages Development Agreement and Lawson Hills Development Agreement, and to review and process implementing development permits for the Villages MPD and Lawson Hills MPD; (iii) to ensure funding of City staff assigned to the Master Development Review Team ("MDRT") to be established as defined herein; (iv) to provide the ability for the City to use consultants for professional review support related to the Villages MPD's and Lawson Hills MPD's implementing development permits; (iv) to provide the ability for the City to be able to quickly adapt to differing levels of work associated with the Villages

MPD and Lawson Hills MPD without hiring permanent staff; and (vi) to allow efficient and consolidated review of implementing development permits for the Villages MPD under The Villages Development Agreement and City code as well as the Lawson Hills MPD under the Lawson Hills Development Agreement and City code; and

- O. WHEREAS, the City, BD Village and BD Lawson further agree that this MPD Funding Agreement is intended to cover three types of costs: (i) certain City staffing costs on an interim basis (i.e., City Staffing Shortfalls as defined below); (ii) MDRT Costs (as defined below); and (iii) any fiscal shortfalls created by the Villages MPD pursuant to Condition of Approval 156 of Ordinance No. 10-946 and the Lawson Hills MPD pursuant to Condition of Approval 160 of Ordinance No. 10-947 (defined hereinafter as “**City Fiscal Shortfalls**”).

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, BD Village, BD Lawson and the City hereby agree as follows:

#### AGREEMENT

1. **Termination of Staff and Facilities Funding Agreement**. This MPD Funding Agreement replaces and supersedes the Staff and Facilities Funding Agreement and First Amendment as to all lands within the Villages MPD and Lawson Hills MPD as legally described in Exhibit A attached hereto and incorporated herein.
  - a. **Release of Existing Security**. As a result of the parties’ termination of the Staff and Facilities Funding Agreement, the City hereby agrees to execute of the release of the Staff and Facilities Funding Agreement’s existing security in the form attached hereto and incorporated herein as Exhibit B.
2. **City Staffing Funding Shortfalls**. Subject to the MDRT Costs provision of this Agreement, Developer commits to fund one hundred percent (100%) of the then-actual salary and benefit costs of the City staff positions listed on Exhibit C attached hereto and incorporated herein, less any amounts actually received by the City from another applicant for payment of such salary and benefit costs (the “**City Staffing Shortfalls**”). Developer’s funding obligation in this Section 2 is subject to the condition that all such salary and benefit costs be competitive with similar positions in the municipal community, as evidenced by reference to the Association of Washington Cities annual salary survey and similar documentation. In addition, Developer shall fund one hundred percent (100%) of the total furniture, fixture, and equipment costs (“**FFE**”) associated with the City staff positions identified on Exhibit C, less any amounts actually received by the City pursuant to a separate agreement with another applicant or otherwise for payment of such FFE; provided, Developer’s share of such FFE shall not exceed \$15,000 per month.

The City staff positions identified on Exhibit C may participate in processing implementing development permits for the Villages MPD and Lawson Hills MPD, and assist other staff who will process development applications submitted by the Developer and Third Parties. The parties acknowledge that the City will solely determine the method and manner of hiring and retaining the



City staff positions identified on Exhibit C or through the Annual Review, and will be solely responsible for all development permit and/or personnel decisions, including compensation amounts which shall be competitive with similar positions in the municipal community.

- a. **Reduction of City Staffing Shortfalls.** If the most recent Fiscal Analysis (as defined below) or Annual Review (as defined below), whichever is more current, projects a fiscal benefit for the City, then the City and Developer shall promptly meet and negotiate in good faith to determine whether and when the salary and benefit costs of one or more City staff positions identified on Exhibit C should be funded by the City. If so, then the City shall identify the appropriate City staff position to be removed from the Developer's Total Funding Obligation under this Agreement whether or not the Wind-Down timing threshold associated with such City staff position (identified in Section 2(c)) has been triggered.
- b. **Voluntary Agreement.** The parties acknowledge that the Developer's commitment to fund City Staffing Shortfalls is a voluntary agreement into which the Developer freely enters pursuant to state law.
- c. **Wind-Down and Wind-Up.** In recognition that: a) the Villages MPD and Lawson Hills MPD build-out may fluctuate to follow market demands; and b) the voluntary nature of the Developer's City Staffing Shortfalls funding obligation, BD Village or BD Lawson may provide notice to the City of Wind-Downs and Wind-Ups of certain City staff positions outlined in Exhibit C.
  - i. Wind-Down Notices shall be delivered to the City and shall state that BD Village and/or BD Lawson intends on a date certain to cease paying for certain City Staffing Shortfall positions. In order to be effective, a Wind-Down Notice must comply with the following provisions:
  - ii. No Wind-Down Notice may be delivered to the City or otherwise be effective during the first twelve months following the Effective Date of this Agreement. Thereafter, the date certain required to be identified in a Wind-Down Notice may not be sooner than six months after delivery of the Wind-Down Notice to the City. No Wind-Down Notice may be based upon the substance of any prior development permit decision made by the Designated Official or MDRT member(s).
  - iii. During months 13 through 18 following the Effective Date, only Support Staff positions identified on Exhibit C may be subject to a Wind-Down Notice from BD Village or BD Lawson.
  - iv. During months 19 through 24 following the Effective Date, some or all Support Staff positions and/or Essential Staff positions identified on Exhibit C may be subject to a Wind-Down Notice from BD Village or BD Lawson. This notice

may require Wind-Down of the identified Support Staff and Essential Staff simultaneously.

- v. After month 25 following the Effective Date, Support Staff, Essential Staff, and/or Core Staff positions may be subject to a Wind-Down Notice from BD Village or BD Lawson, which Notice may require wind-down of identified City staff simultaneously.
  - vi. Upon receipt of a Wind-Down Notice and compliance by BD Villages or BD Lawson as appropriate with the above criteria, the City shall thereafter be responsible to determine whether it wants to continue funding the subject staff position(s). Wind-down shall include both the staff position and any related FFE costs.
  - vii. Wind-Up Notices shall state that BD Village and/or BD Lawson intends to re-initiate payment of certain City Staffing Shortfall costs and request the rehiring of certain City staff or consultant positions.
  - viii. If no Core Staff position has received a Wind-Down Notice pursuant to subsection (c) above, then City shall complete the hiring of City staff or consultants positions identified in the Wind-Up Notice within six (6) months after receipt of the Notice. In the event the Wind-Up Notice requests Essential Staff or Support Staff, then City shall complete the hiring of the staff and consultants positions identified in the Notice within nine (9) months after receipt of the Notice unless otherwise agreed to by the Developer.
  - ix. If any Core Staff position has received a Wind-Down Notice pursuant to subsection (c) above, then City shall complete the hiring of staff or consultants positions identified in a Wind-Up Notice within twelve (12) months after receipt of the Wind-Up Notice unless otherwise agreed to by the Developer. In such circumstances, Developer may request rehire of Core Staff positions only or may request Core Staff positions plus Essential Staff positions and/or Support Staff positions.
3. **Master Development Review Team.** The primary function of the MDRT is to process, review, and implement development permits and development agreements of the Villages MPD and the Lawson Hills MPD. The MDRT shall become effective upon approval of The Villages or Lawson Hills Development Agreement, provided that if an additional staff member or consultant has not yet been hired, the City agrees to review and process implementing development permits using City staff funded pursuant to the City Staffing Funding Shortfalls section outlined above.
- a. **MDRT Composition.** The MDRT shall initially be comprised of the following current positions, or their functional equivalent: (i) City's Economic Development Director; (ii) the City's Community Development Director; (iii) the City's MPD planner; (iv) a new City administrative support position; (v) necessary consultants as determined in the

City's sole, reasonable discretion after consultation with the Developer; and (vi) additional City staff as identified by the Developer through the Annual Review described in Section 6, e.g. building official. The MDRT composition may be modified by mutual agreement of the parties. In recognition of the advantage of both parties of ensuring continuity through the review and processing of implementing development permits, the City may choose to offer multiyear employment contracts to some or all members of the MDRT; provided, however, that such contracts shall not increase Developer's Total Funding Obligation nor impair Developer's ability to exercise its rights pursuant to Section 2(c) ("Wind-Down and Wind-Up") as set forth herein.

- i. For purposes of this Agreement, consultants include, but are not limited to, professional engineering firms, planning and transportation firms, fiscal or financial consultants, and the City Attorney (which, for purposes of this Agreement, includes any attorney or professional staff in the City Attorney's law firm) and other legal consultants when performing services related to The Villages MPD and Lawson Hills MPD.
- b. **MDRT Costs.** The Developer shall fund one hundred percent (100%) of the costs of the MDRT by paying: (i) the salary and benefit costs of City Staff MDRT members identified in Section 3(a), less any amounts actually received by the City from others pursuant to Section 2; (ii) the actual amounts invoiced by consultants; and (iii) the FFE associated with such City Staff MDRT members (the "MDRT Costs"). MDRT Costs shall also initially include the purchase of three (3) vehicles exclusively for the MDRT – two (2) pool vehicles and one (1) inspection vehicle – the costs of which shall not exceed \$125,000.00 in total. In determining such vehicle purchases, the City shall consider the purchase of hybrid or similar "green" vehicles. Thereafter, the MDRT's FFE shall include all costs associated with the ongoing expense and maintenance of these three (3) vehicles.
  - i. **MDRT Cost Allocation.** The City shall allocate MDRT Costs to BD Village and BD Lawson on a proportionate share basis based on time spent.
- c. **Reduction or Elimination of MDRT Costs.** In recognition that the Villages MPD and Lawson Hills MPD build-out may fluctuate to follow market demands, the Parties acknowledge and agree that BD Village and/or BD Lawson may elect to reduce, or eliminate, MDRT staffing during the Annual Review described in Section 6. If, during Annual Review, BD Village and/or BD Lawson elect to cease paying all MDRT Costs for a given calendar year, the City's obligations under this Section 3 shall also cease for such calendar year.
- d. **City Fee Provision.** In consideration for the Developer's funding of the MDRT and paying the MDRT Costs, the City shall not collect permit or administrative fees or deposits otherwise applicable to implementing project permits sought for the Villages MPD or the Lawson Hills MPD, except for fees or other charges as required by this Agreement; provided, however, that this subsection 3(d) shall be void and Developer



shall be fully responsible for all permit and administrative fees or deposits otherwise applicable to implementing project permits sought for the Villages MPD, the Lawson Hills MPD, and any other property within the City if BD Village or BD Lawson elects to cease paying all MDRT Costs pursuant to Section 3(c).

4. **City Fiscal Shortfalls.** The Developer shall prepare and submit to the City the fiscal analysis in the manner prescribed by Condition of Approval 156 of City of Black Diamond Ordinance No. 10-946 and Section 13.6 of The Villages Development Agreement (the “**Village Fiscal Analysis**”), and by Condition of Approval 160 of City of Black Diamond Ordinance No. 10-947 and Section 13.6 of the Lawson Hills Development Agreement (the “**Lawson Fiscal Analysis**”) (collectively the “**Fiscal Analysis**”).

- a. **Fiscal Impact.** If the Fiscal Analysis projects a deficit in City revenue required to fund necessary service and maintenance costs (staff and equipment) of facilities that are required to be constructed as a condition of the Villages or Lawson Hills MPD Approvals or any related implementing development permits (the “**City Fiscal Shortfalls**”), then the City, after consultation with Developer, shall determine in its sole reasonable discretion the staff, facilities, and/or equipment necessary for Developer to provide at its sole expense in order to satisfy the interim funding obligations required by the MPD Approvals. To the extent that Developer disagrees with the City’s decision regarding the City Fiscal Shortfalls, Developer may pay any disputed amounts or otherwise comply under protest. Developer shall retain the right to utilize the Dispute Resolution process set forth in Section 24. The potential limitation on the use of interim funding set forth in Condition of Approval 156 of City of Black Diamond Ordinance No. 10-946 and Condition of Approval 160 of City of Black Diamond Ordinance No. 10-947 regarding the Fiscal Analysis prepared and submitted to the City prior to the commencement of Phase III shall remain fully applicable. In such case, and prior to City approval of any implementing development permits for projects in Phase III, the City and Developer agree to promptly negotiate in good faith solutions to cure the Phase III fiscal deficit. The City shall not approve any implementing development permits for projects in Phase III before agreement is actually reached in writing on solutions to cure the Phase III fiscal deficit.

5. **Developer’s Total Funding Obligation.** The Developer’s total funding obligation under this Agreement shall be the sum of the City Staffing Shortfalls plus the MDRT Costs plus the City Fiscal Shortfalls, if any (hereinafter “**Total Funding Obligation**”), less any duplication in Developer’s payment obligation among those three funding categories.

6. **Annual Review.** Prior to September 20<sup>th</sup> of each calendar year or on a date mutually agreed to by the City and Developer, the City and Developer shall conduct an annual review with members of the MDRT (the “**Annual Review**”). The Annual Review shall include, but not be limited to, a review of each of the following items:

- a. Work completed by the MDRT during the prior year including the length of implementing development permit review timeframes and processes;

- b. MDRT costs incurred during the prior year and during the term of this Agreement;
- c. Extent of work the Developer expects to submit to the City during the next calendar year;
- d. MDRT staffing levels needed for the next calendar year commencing in January to perform the work projected by the Developer;
- e. Consultants necessary to provide review support and the rate schedule of consultants on the City's MDRT roster;
- f. The prior year's Quarterly Accountings;
- g. Necessary FFE to support MDRT members for the following calendar year;
- h. Fiscal performance of the City as related to the most recent Fiscal Analysis submitted by the Developer. The City and Developer shall review the City's projected budget amounts to determine which, if any, City staff identified on Exhibit C may be removed from the Developer's Total Funding Obligation established by this Agreement and funded by the City; and
- i. In the event of: (i) a full Wind-Down of Support Staff, Essential Staff, and Core Staff positions by BD Village and/or BD Lawson; or (ii) a decision by BD Village and/or BD Lawson to cease operations of the MDRT for a calendar year, the City shall exercise its best efforts to organize and make available to Developer at Developer's cost copies of all public records related to the affected MPD or MPDs, and to summarize any open MDRT items.

Provided, however, the first Annual Review to be completed by the City and Developer by September 20, 2011 (or a date mutually agreed to by the City and Developer), shall only review the above items from the Execution Date to the date of the Annual Review itself. During each Annual Review and based upon the above items, the City and Developer shall mutually agree in writing to at least the following items: (i) an annual budget for MDRT Costs for the following calendar year to be included in the Monthly Fixed Amount (as defined below); (ii) a MDRT staffing and work plan/program for the following calendar year; and (iii) any other items required by this Agreement or The Villages Development Agreement or Lawson Hills Development Agreement.

#### 7. **Payment Procedure.**

- a. **Monthly Fixed Amount.** During Annual Review, City and Developer shall mutually agree to and determine a monthly fixed amount that the Developer shall deposit with the City by the first (1<sup>st</sup>) day of each month to cover one-twelfth of the Developer's Total Funding Obligation for that given year (the "**Monthly Fixed Amount**"). Such Monthly Fixed Amount is subject to modification between Annual Reviews upon mutual written agreement of the parties.
- b. **Consultant Deposit.** Within forty-five (45) days of the Effective Date, Developer shall provide to the City funds in the amount of fifty thousand dollars (\$50,000.00) (the

“**Consultant Deposit**”) as a security deposit for ongoing consulting fees and costs incurred under the MDRT for the Villages MPD and/or Lawson Hills MPD implementing development permit review and processing. The City shall invoice the Developer monthly for actual consulting costs paid, which Developer shall pay in the normal course of business. If Developer fails to pay any such invoices within forty-five (45) days, City shall be entitled to deduct the full amount of any such invoices from the security deposit referenced above. In such event, Developer shall replenish the full amount deducted from the security deposit within ten (10) days. The City shall place the Consultant Deposit in an interest bearing account. The City shall relinquish the Consultant Deposit and any accrued interest to the Developer by the later of thirty (30) days after terminating this Agreement or thirty (30) days after payment of all Consultant invoices for services performed prior to the effective date of a Wind-Down Notice from the Developer for all consultants. The amount of funds to be retained as a Consultant Deposit shall be reviewed by the parties during the Annual Review.

- c. **Quarterly Accounting.** Within fifteen (15) days after the last day of each calendar quarter, the City shall provide BD Village and BD Lawson with an accounting for the previous quarter (the “**Quarterly Accounting**”). This Quarterly Accounting shall include actual monthly costs of City staff positions included within the Developer’s Total Funding Obligation as well as any credits due under the Non-MPD Related Credit Procedure (Section 8) from the previous calendar quarter. In addition, the Quarterly Accounting shall include reports with descriptions for each MDRT member (including City staff and consultants) depicting the amount of time that each MDRT member allocated to MDRT activities during the previous quarter. Any refund or additional amount due shall be invoiced to the Developer, which shall either reduce the next Monthly Fixed Amount due from the Developer or the Developer shall promptly pay the additional amount due with the next Monthly Fixed Amount due within forty-five (45) days. If the Quarterly Accounting shows a deviation of greater than ten (10) percent between actual monthly costs and the Monthly Fixed Amount, the City and Developer shall promptly meet to discuss in good faith whether the Monthly Fixed amount should be adjusted upward or downward for the remainder of the applicable calendar year.
- d. **Third Party Payment.** If a Third Party submits to the City a Villages MPD-related implementing development permit application (e.g., building permits) or Lawson Hills MPD-related implementing development permit application that is reviewed by the MDRT, the City shall invoice directly the Third Party for the MDRT’s costs of such review on a monthly basis together with such Third Party’s proportionate share of any MDRT Costs described in Section 3(b) above. Each quarter, the City shall deduct the total payments received from such Third Parties from the Developer’s Monthly Fixed Amount. The City shall exercise its best efforts to identify separately in the Quarterly Accounting the deductions associated with Village MPD-related implementing development permit applications and the deductions associated with Lawson Hills MPD-related implementing development permit applications.



8. **Non-MPD Related Credit Procedure.** As part of the Quarterly Accounting, the City shall account for any non-Villages MPD and non-Lawson Hills MPD related permit revenue over five hundred dollars (\$500.00) that was received by the City as a result of City staff positions listed on Exhibit C. The Quarterly Accounting shall show the City providing the Developer a credit towards the following month's Monthly Fixed Amount by that amount of non-Villages MPD and non-Lawson Hills MPD related permit revenue received by the City, provided City staff positions funded by this Agreement worked on that non-Villages MPD and non-Lawson Hills MPD permit.
9. **Building Permit Surcharge.** As anticipated in the Staff and Facilities Funding Agreement, but only to the extent permitted by law, a voluntary agreement under RCW 82.02.020 or other agreement between Developer and its purchasers in which said purchasers release and hold the City harmless from any claims related thereto, and only then if the City Council adopts a resolution, the City hereby agrees to apply a per dwelling unit or equivalent fee on each future building permit issued within the Villages MPD and the Lawson Hills MPD. This fee is intended to recapture the costs incurred by the Developer under the Staff and Facilities Funding Agreement (the "Surcharge"), and shall only be assessed on building permits for new construction within The Villages MPD or the Lawson Hills MPD. Remodels, tenant improvements, or reconstruction due to fire damage or other catastrophe shall not be assessed the Surcharge. This Surcharge shall also not apply to Public Uses as defined in The Villages Development Agreement or Lawson Hills Development Agreement.
  - a. **Surcharge Calculation.** The Surcharge for the Villages MPD (the "Village Surcharge") shall be calculated based on the costs incurred by BD Village from execution date of the Staff and Facilities Funding Agreement to the execution date of The Villages Development Agreement divided by the number of dwelling units or an equivalent thereof. BD Village shall determine the unit number to be included within the calculation of the Village Surcharge prior to the City's issuance of the first building permit for the Villages MPD. As part of the Annual Review, BD Village may request to modify how the Village Surcharge is assessed, such as removing commercial development from the Village Surcharge. The Surcharge for the Lawson Hills MPD (the "Lawson Surcharge") shall be calculated based on the costs incurred by BD Lawson from execution date of the Staff and Facilities Funding Agreement to the execution date of the Lawson Hills Development Agreement divided by the number of dwelling units or an equivalent thereof. BD Lawson shall determine the unit number to be included within the calculation of the Lawson Surcharge prior to the City's issuance of the first building permit for the Lawson Hills MPD. As part of the Annual Review, BD Lawson may request to modify how the Lawson Surcharge is assessed, such as removing commercial development from the Lawson Surcharge
  - b. **Surcharge Accounting.** Within sixty (60) days following execution of The Villages Development Agreement or the Lawson Hills Development Agreement, the City shall provide BD Village or BD Lawson, respectively, with an accounting of all costs incurred by such party under the Staff and Facilities Funding Agreement and the First Amendment. Within thirty (30) days of receipt of the City's accounting, BD Village or

BD Lawson shall review the cost figures and provide the City with the fee structure for the Village Surcharge or Lawson Surcharge, respectively, based on this final cost.

- c. **Surcharge Collection.** The City will collect the Village Surcharge and Lawson Surcharge for BD Village and BD Lawson, respectively, at the issuance of each building permit within the Villages MPD and Lawson Hills MPD, as applicable. As a part of the Quarterly Accounting, the City shall provide an accounting to BD Village and BD Lawson of the Village and Lawson Surcharges collected and the amount due to the BD Village and BD Lawson, respectively. The City shall issue a check in this amount to BD Village and BD Lawson within thirty (30) days of the Quarterly Accounting's issuance.
- d. **Surcharge Indemnity.** BD Village shall indemnify, defend and hold harmless the City, its officers, officials, and employees from and against any and all claims, losses, damages, liabilities, actions, and judgments of third parties (including reasonable attorney and expert witness fees) arising out of, relating to, resulting from, or caused by the City's application of the Village Surcharge to the Villages MPD building permits. Similarly, BD Lawson shall indemnify, defend and hold harmless the City, its officers, officials, and employees from and against any and all claims, losses, damages, liabilities, actions, and judgments of third parties (including reasonable attorney and expert witness fees) arising out of, relating to, resulting from, or caused by the City's application of the Lawson Surcharge to the Lawson Hills MPD building permits.

**10. Security.** Security shall be provided by the Developer to the City to assure that, in the event of Developer's default, the City Staffing Shortfalls and MDRT Costs provided under this Agreement are timely paid to the City.

- a. **Security Schedule.** The Developer shall provide security as follows:
  - i. Commencing on the Effective Date and until December 31, 2011, collectively BD Village and BD Lawson shall provide security of three million dollars (\$3,000,000.00). To meet this obligation, BD Village and BD Lawson shall collectively provide to the City a letter of credit in a form reasonably acceptable to the City evidencing cash or other liquid assets in the minimum amount of two million dollars (\$2,000,000.00). BD Village shall also provide a first position deed of trust to the City on King County Parcel Nos. 0221069024, 0221069030, and 1121069006 of at least one million dollars (\$1,000,000.00) no later than the Effective Date (the "**Deed of Trust**") in the form attached hereto as Exhibit D.
  - ii. For the calendar year 2012, following the Annual Review in year 2011 and until December 31, 2013, BD Village and BD Lawson collectively shall provide a letter of credit to the City totaling 125% of its projected annual City Staffing Shortfalls and MDRT Costs less consultant costs. The City shall automatically release the Deed of Trust when this letter of credit is renewed on December 31, 2011.



- iii. Thereafter, the City and Developer shall negotiate renewed and extended security in an amount equal to at least 100% of the projected annual City Staffing Shortfalls and MDRT Costs less consultant costs up to a maximum of two million dollars (\$2,000,000.00), after consideration of the extent of development completed at that time.

- b. **Security Termination.** The Developer's obligation to provide security shall automatically terminate with termination of this Agreement.

11. **Definitions.** Previously undefined capitalized terms used throughout this Agreement shall be defined as follows:

- a. **Support Staff:** Those positions identified on Exhibit C.
- b. **Essential Staff:** Those positions identified on Exhibit C.
- c. **Core Staff:** Those positions identified on Exhibit C.
- d. **Third Party:** Any party other than BD Village or BD Lawson submitting permit applications for development within the Villages MPD or the Lawson Hills MPD.
- e. **MPD:** Master Planned Development.
- f. **Phase:** The Villages MPD and the Lawson Hills MPD are collectively planned in four Phases: Phase 1A, Phase 1B, Phase 2, and Phase 3. The land areas for each Phase, together with infrastructure plans for each Phase, are shown in Chapter 9 of The Villages Master Planned Development Application dated December 31, 2009 and Chapter 9 of the Lawson Hills Master Planned Development Application dated December 31, 2009.
- g. **Non-Villages MPD and Non-Lawson Hills MPD related permit revenue:** Fees generated by permit applications for development not located within the Villages MPD or the Lawson Hills MPD.

12. **Term.**

- a. **Effective Date.** This Agreement shall take effect upon the date of full execution, which shall be consistent with the date of execution by the last of the parties, as provided in the signature blocks at the end of this Agreement.
- b. **Termination Date.** This MPD Funding Agreement shall terminate upon the later of: (i) the Villages MPD build-out is complete or expiration or revocation of the Villages MPD Approval; or (ii) Lawson Hills MPD build-out is complete or expiration or revocation of the Lawson Hills MPD Approval.

13. **Amendments.** The City or Developer may request changes to this MPD Funding Agreement. Proposed changes that are mutually agreed upon by all parties will be incorporated by mutually executed

written agreement. No amendment to this Agreement shall be effective until approved by the City Council by resolution.

14. **Notices.** Any notice or other communication to any party given under this Agreement will be effective only if in writing and delivered (1) personally, (2) by certified mail, return receipt requested and postage prepaid, (3) by facsimile transmission with written evidence confirming receipt, or (4) by overnight courier (such as UPS, FedEx, or Airborne Express) to the following addresses:

If to BD Village:

BD Village Partners, LP  
10220 NE Points Drive, Suite 310  
Kirkland, WA 98033  
Attn: Brian Ross  
Fax: 425-898-2139

With Copy to:

Cairncross & Hempelmann  
524 Second Avenue, Suite 500  
Seattle, WA 98104-2323  
Attn: Nancy Rogers  
Fax: 206-587-2308

If to BD Lawson:

BD Lawson Partners, LP  
10220 NE Points Drive, Suite 310  
Kirkland, WA 98033  
Attn: Brian Ross  
Fax: 425-898-2139

With Copy to:

Cairncross & Hempelmann  
524 Second Avenue, Suite 500  
Seattle, WA 98104-2323  
Attn: Nancy Rogers  
Fax: 206-587-2308

To the City:

City of Black Diamond  
P.O. Box 599  
Black Diamond, WA 98010  
Attn: Mayor  
Fax: 360-886-2592

With Copy to:

Michael R. Kenyon  
Kenyon Disend, PLLC  
11 Front Street South  
Issaquah, Washington 98027  
Fax: 425-392-7071

The addresses and facsimiles to which notice is to be given may be changed by written notice given in the manner specified in this Section 14 and actually received by the addressee.

15. **Attorney's Fees and Expenses.** In the event that any party requires the services of an attorney in connection with the dispute resolution process outlined in Section 24 of this Agreement, the substantially prevailing party shall be entitled to recover its reasonable attorney, expert witness, and paralegal fees, together with costs, expenses, and arbitration costs.

16. **Successors and Assigns/Binding Effect.** This Agreement shall bind and inure to the benefit of the parties and their respective receivers, trustees, insurers, successors, subrogees, transferees, and assigns. BD Village or BD Lawson shall have the right to assign its obligations under this Agreement as the master developer of the Villages MPD and the master developer of the Lawson Hills MPD, respectively, provided BD Village or BD Lawson gives the City thirty (30) days prior written notice of such assignment and successor/assignee provides evidence of its ability to meet the security obligation outlined in Section 10.

17. **Choice of Law.** This Agreement shall be construed and governed by the laws of Washington State. Any legal proceeding to enforce the terms of this Agreement shall be in King County, Washington.

18. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts and as executed shall constitute one Agreement, binding on all parties, notwithstanding that all parties are not signatory to the same counterpart.

19. **Severability; Captions.** In the event that any clause or provision of this Agreement should be held to be void, voidable, illegal, or unenforceable, the remaining portions of this Agreement shall remain in full force and effect. In lieu of each clause or provision that is determined to be void, voidable, illegal, or unenforceable, there shall be added as a part of this Agreement a similar clause or provision as similar as possible that is legal, valid, and enforceable. Headings or captions in this Agreement are added as a matter of convenience only and in no way define, limit or otherwise affect the construction or interpretation of this Agreement.

20. **Interpretation.** This Agreement shall be given a fair and reasonable interpretation of the words contained in it without any weight being given to whether a provision was drafted by one party or its counsel. The parties hereby acknowledge that this Agreement has been reached as a result of arm's length negotiations with each party represented by counsel. No presumption shall arise as a result of one party or the other having drafted all or any portion of this Agreement.

21. **Entire Agreement.** This Agreement contains all of the terms, promises, conditions and representations made or entered into by and between the parties, supersedes all prior discussions, agreements and memos, whether written or oral between the parties, and constitutes the entire understanding of the parties and shall be subject to modification or change only in writing and signed by all parties. Waiver of any default will not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of the Agreement will not be deemed to be a waiver of any other or subsequent breach and will not be construed to be a modification of the terms of this Agreement.

22. **Time of the Essence.** Time is of the essence with respect to the performance of every covenant and condition of this Agreement.

23. **Authority.** Each party represents and warrants to the other party that it has full power and authority to make this Agreement and to perform its obligations hereunder and that the person signing this Agreement on its behalf has the authority to sign and to bind that party.

24. **Dispute Resolution.** If a conflict arises under this Agreement, the Parties shall have the right to file a lawsuit to enforce the rights and obligations hereunder and/or to enter into nonbinding mediation pursuant to RCW 7.07, the Uniform Mediation Act. Either Party may initiate mediation by serving a request on the other Party. If either Party files a lawsuit, and mediation has not yet been initiated, then the other Party shall have the right to require the filing Party to enter into nonbinding mediation by serving the filing Party with a notice of mediation within ten (10) days after a complaint is filed. In any case, the mediation shall be scheduled for the earliest date possible, but in no event later than forty-two (42) days before the deadline for filing dispositive motions or a motion for a permanent injunction pursuant to the court's scheduling order.

*[Signatures appear on following page]*

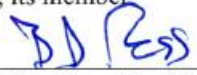
IN WITNESS WHEREOF, the parties have executed this MPD Funding Agreement.

**BD VILLAGE PARTNERS, LP**

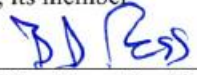
By: Yarrow Bay Development, LLC, its general partner

By: BRNW, Inc., its member

By:

  
Brian Ross, President

Date:


  
12/12/11

**BD LAWSON PARTNERS, LP**


By: Yarrow Bay Development, LLC, its general partner

By: BRNW, Inc., its member

By:

  
Brian Ross, President

Date:

  
12/12/11

**CITY OF BLACK DIAMOND**



Rebecca Olness, Mayor

Date:

12/15/11

Attest:



City Clerk



## EXHIBIT C

### CITY STAFF POSITIONS & DESIGNATIONS

#### CORE STAFF

- Asst. City Administrator/City Clerk
- Community Development Director
- Economic Development Director
- Associate Planner (MPD Planner)

#### ESSENTIAL STAFF

- Public Works Director
- Stewardship Director
- Finance Director
- Permit Technician Supervisor

#### SUPPORT STAFF

- Deputy Finance Director
- Public Works Administrative Asst.
- IS Manager
- Facilities Coordinator
- Code Enforcement/Building Inspector

<b>2016 Salary Schedule</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>5 &amp; On</b>
City Administrator	9,345	9,649	10,112	10,478	10,848
Assistant City Administrator	8,033	8,435	8,837	9,238	9,640
Court Administrator	5,891	6,159	6,427	6,694	6,962
Interim Court Administrator	5,305	-	-	-	-
Court Clerk (24% hourly)	18.54	20.09	21.63	23.18	24.72
Accounts Payable Clerk (hourly)	17.91	19.34	20.89	22.56	24.93
MDRT & Economic Director	7,498	7,899	8,301	8,703	9,104
City Attorney	8,161	8,569	8,997	9,447	9,919
City Clerk/HR Manager	7,498	7,899	8,301	8,703	9,104
Deputy City Clerk	4,499	4,814	5,128	5,443	5,757
Finance Director	7,498	7,899	8,301	8,703	9,104
Deputy Finance Director	6,631	7,013	7,396	7,778	8,161
Utility Clerk	3,213	3,481	3,749	4,017	4,284
Senior Accountant 73% (hourly)	25.79	27.08	28.43	29.86	31.35
Accountant 1 Journey (hourly)	16.61	17.43	18.30	19.22	20.18
Administrative Assistant 2	3,213	3,481	3,749	4,017	4,284
Administrative Assistant 1	2,356	2,544	2,731	2,919	3,106
Information Services Manager	6,962	7,364	7,766	8,167	8,569
Police Chief	10,236	10,585	11,008	11,287	11,692
Police Commander	8,422	8,702	8,984	9,264	9,588
Police Sergeant	8,292	8,757	-	-	-
Police Officer	5,037	5,645	6,255	6,863	7,440
Police Records Coordinator	4,499	4,814	5,128	5,443	5,757
Police Clerk 62.5% (hourly)	15.05	16.51	17.96	18.98	20.87
Facilities Equipment Coordinator	4,499	4,814	5,128	5,443	5,757
Human Resources Director	7,498	7,899	8,301	8,703	9,104
Community Dev/Natural Resources Dir	7,498	7,899	8,301	8,703	9,104
Permit Center Supervisor	5,891	6,159	6,427	6,694	6,962
Permit Technician	4,499	4,814	5,128	5,443	5,757
Permit Technician (60% hourly)	25.96	27.77	29.59	31.40	33.22
Compliance Officer	4,499	4,814	5,128	5,443	5,757
Senior Planner	5,355	5,622	5,903	6,198	6,508
Planner	4,499	4,814	5,128	5,443	5,757
Associate Planner	4,482	4,707	4,942	5,189	5,448
Assistant Planner	4,181	4,391	4,610	4,840	5,082
Building Official	6,962	7,364	7,766	8,167	8,569
Parks Department Director	7,498	7,899	8,301	8,703	9,104
Public Works Director	7,498	7,899	8,301	8,703	9,104
Utilities Superintendent	6,962	7,364	7,766	8,167	8,569
Capital Project/Program Manager	5,355	5,622	5,903	6,198	6,508
Construction Inspector	6,962	7,364	7,766	8,167	8,569
Public Utilities Operator	4,713	4,794	4,889	4,982	5,076
Public Works Administrative Asst 3	4,250	4,463	4,686	4,920	5,167
Utility Worker-Facility/Eq/Utility Worker	3,323	3,644	3,965	4,287	4,629
Utility Worker Seasonal (hourly)	13.24	-	-	-	-

### 2015 Budget Calendar for 2016 Budget

	Process	Committee Meeting	Workstudy Meeting	City Council Meeting	State Law Limitations
1	Budget requests and instructions go out to all departments				Sept 8
2	Finance prepares revenue sources and preliminary expenditures for salaries and benefits				N/A
3	Departments provide budget requests to City Administrator's Office				N/A
4	Estimates to be filed with the City Clerk and Administration				Sept 28
5	City Clerk submits to CAO the proposed preliminary budget setting forth the complete financial program				Oct 5
6	CAO provides Council with current info on Revenue from all sources as adopted in 2015 Budget, provides the Clerk's proposed Preliminary 2016 Budget for General Fund and 2016 budget totals for all funds		Oct 1		Oct 5
7	Finance Committee Meeting	Oct 8			Oct 30
8	Public Works Committee Meeting- 3:00 Public Safety Committee Meeting -1:00 Parks and Cemetery Committee-3:00 Finance Committee Meeting 3:00	Oct 16 Oct 16 Oct 22 Oct 29			Oct 30
9	Council Workstudy - Public Works budgets for revenue and expenditures for all Public Works budgets including Street, Water, Sewer, Stormwater, REET 1 & 2 and Gen Govt, Utilities & Capital Projects. 6:00 PM - Special Meeting		Oct 29		
10	City Clerk publishes notice of public hearing on 2016 Budget and filing of preliminary budget – once a week for two consecutive weeks – Draft budget submittal ready				Nov 2-13
11	Copies of preliminary budget made available to public				Nov 19
12	Public Hearing of Property Tax for 2016			Nov 5	Nov 5-19
13	Preliminary 2016 Budget Document Ready. City Council holds 1 <sup>st</sup> public hearing on revenue sources and expenditures for the upcoming budget year including possible increases in property tax revenue/Adopt Property Tax 2016			Nov 19	Nov 5-30
14	Council holds final public hearing on 2016 Budget, and Amends 2015 Budget			Dec 7	Dec 7
15	City Council adopts Final 2016 Budget and transmits to the State Auditor's Office (plus possible amendment to property taxes)			Dec 3/17	Dec 31

**City of Black Diamond Statistics****City Hall Address:**

24301 Roberts Drive  
PO Box 599  
Black Diamond, WA 98010

**Phone:** (360) 886-5700

**Fax:** (360) 886-2592

**Class:** Code

**Form of Government:** Mayor-Council

**Model Traffic Ordinance:** No

**Wards:** No

**School Districts:** Auburn School District No. 408, Enumclaw School District No. 216, Kent School District No. 415, Tahoma School District No. 409

**Special Districts:** Soos Creek Water and Sewer, Covington Water District, King County Ferry District, King County Flood Control Zone District, King County Public Hospital District No. 1, King County Rural Library District, Port of Seattle

**Web Site:** [www.ci.blackdiamond.wa.us](http://www.ci.blackdiamond.wa.us)

**Business Hours:** 8:30am - 5:00pm

**Council Meetings:** 1st & 3rd Thu - 7:00pm

**Work Sessions:** On 2<sup>nd</sup> Thursdays – 6:00pm

**County:** King

**Incorporation 1959:** Although the City has been around for more than one hundred years as a coal mining town, the City of Black Diamond did not incorporate until 1959. It was determined by a favorable majority vote on January 20, 1959; and the first official meeting of the Black Diamond City Council was held on March 3, 1959.

**Black Diamond location:** on Hwy 169, south of Interstate 90, in southeast King County about 30 miles southeast of Seattle. It is near Renton (18 miles), and Enumclaw (8 miles). Black Diamond is positioned 47.31 degrees north of the equator and 122.00 degrees west of the prime meridian.

**Population and land area:** The population of Black Diamond is approximately 4,200 (2015). The amount of land area in Black Diamond is 5.207 sq. miles. The amount of surface water is 0.132 sq. miles. Black Diamond elevation is 628 feet above sea level.

**Area Attractions:** Hiking, Biking, Golfing, Fishing and Country Drives featuring

**Black Diamond Historical Business District**

**Lake Sawyer Regional Park**

**Flaming Geyser State Park**

## Black Diamond Historical Museum

PO Box 232

32627 Railroad Ave at Baker Street

Black Diamond WA 98010

Phone: 360-886-2142

This museum in the old Railroad Depot has exhibits of 19th century machinery, coal mining, a jail and much more. Open on Thursdays - Call for hours - Free Admission

## Major Businesses:

Anesthesia Supply Company

Enumclaw School District

City of Black Diamond

Palmer Coking Coal Co.

Average commute: 38 minutes

Educational Level: 90.6% high school diploma or higher

20.3% Bachelor's degree or higher *City-Data.com*

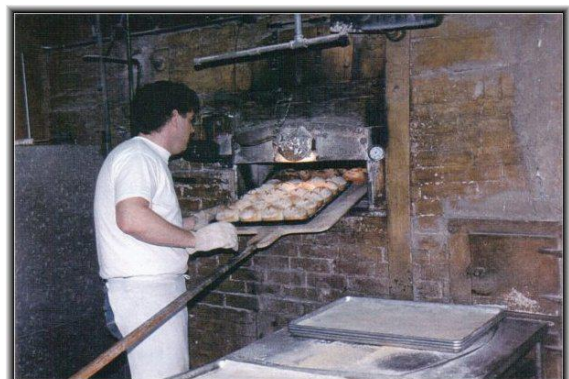
## Sales Tax History

Year	Sales Taxes
------	-------------

2000	178,553
2001	171,913
2002	202,713
2003	178,703
2004	230,263
2005	227,760
2006	289,613
2007	305,497
2008	286,610
2009	249,526
2010	265,177
2011	297,333
2012	262,974
2013	290,795
2014	302,927

## Property Tax History

	Assessed Valuation	New Construction	Final Assessed Valuation	Levy Rate
2000	294,620,050	8,162,011	302,782,061	2.206
2001	322,721,666	11,613,750	334,335,416	2.196
2002	353,992,917	4,667,520	358,660,437	2.097
2003	356,571,798	2,394,661	358,966,459	1.981
2004	401,497,572	1,943,946	403,441,518	1.904
2005	427,240,702	4,372,118	431,612,820	2.032
2006	446,214,893	3,578,995	449,793,888	2.003
2007	497,642,229	2,397,737	500,039,966	1.839
2008	560,299,568	7,314,478	567,614,046	1.651
2009	626,088,991	10,806,265	636,895,256	1.521
2010	552,382,312	2,739,869	555,122,181	1.777
2011	529,857,064	3,058,528	532,915,592	2.570
2012	536,580,666	2,514,106	539,094,772	2.593
2013	499,553,614	1,641,937	501,195,551	2.830
2014	548,399,243	4,187,903	552,587,146	2.620
2015	593,190,272	2,052,701	595,242,973	2.425
2016	660,150,221	4,917,496	665,067,717	2.242



The Black Diamond Historic Bakery





## Budgets

This page offers an overview of key aspects of a municipal budget and the budget requirements per Washington State law. It also has some MRSC-developed tools to help in the budgeting process.

### Overview

The operating budget is probably a municipality's most important work product. The budget serves a number of functions. At the most basic level it is a legal document that gives local government officials the authority to incur obligations and pay expenses. It allocates resources among departments, reflecting the legislative body's priorities and policies and controls how much each department may spend. In most jurisdictions, the budget has evolved to include more than just financial data. Mission statements, goals, and objectives convey how budget decisions relate to a wider vision for the future of the municipality. A budget can also be an evaluation tool, comparing commitments made in the previous year's budget with actual accomplishments.

### The Budget Process

All cities, towns, and counties have statutes that specifically outline the procedures for the annual and/or biennial budget process. These budget procedures do not vary between the different classifications of cities with the exception of first class cities over 300,000 in population and you will find a detailed explanation of these requirements on the [budget preparation procedures for cities and towns \(http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Procedures-and-Deadlines-for-Cities-and-Tow.aspx\)](http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Procedures-and-Deadlines-for-Cities-and-Tow.aspx) webpage. In addition, there is an annual budget calendar for both [cities/towns \(http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Calendar-for-Cities-and-Towns.aspx\)](http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Calendar-for-Cities-and-Towns.aspx) and [counties \(http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Calendar-for-Counties.aspx\)](http://mrsc.org/Home/Explore-Topics/Finance/Budgets/Budget-Calendar-for-Counties.aspx) that will assist with this process.

### Statutes

- [Ch. 35.32A RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=35.32A\)](http://app.leg.wa.gov/rcw/default.aspx?cite=35.32A) – Budget in Cities over 300,000
- [Ch. 35.33 RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=35.33\)](http://app.leg.wa.gov/rcw/default.aspx?cite=35.33) – Budgets in Second and Third Class Cities, Towns and First Class Cities Under 300,000
- [Ch. 35.34 RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=35.34\)](http://app.leg.wa.gov/rcw/default.aspx?cite=35.34) – Biennial Budgets in All First and Second Class Cities and Towns
- [Ch. 35A.33 RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=35a.33\)](http://app.leg.wa.gov/rcw/default.aspx?cite=35a.33) – Budgets in Code Cities
- [Ch. 35A.34 RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=35a.34\)](http://app.leg.wa.gov/rcw/default.aspx?cite=35a.34) – Biennial Budgets in Code cities
- [Ch. 36.40 RCW \(http://app.leg.wa.gov/rcw/default.aspx?cite=36.40\)](http://app.leg.wa.gov/rcw/default.aspx?cite=36.40) – Budgets in Counties

### Tools for Developing Your Budget

For those new to the budget process there are a few tools that you may find helpful. We have provided links to budget development resources and tools to assist with this important financial planning document.

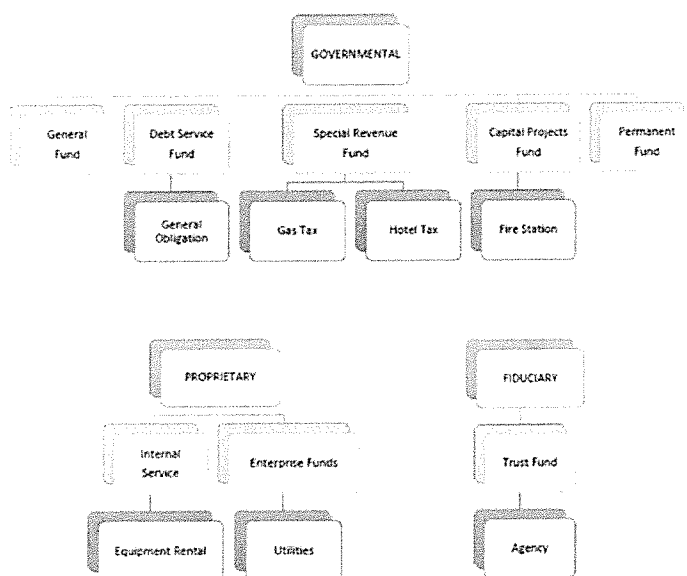
## MRSC

- **Checklist for Small Entities** (<http://mrsc.org/getmedia/347f7801-f310-42c0-86ea-52a13d9fb2b0/budprep.pdf.aspx>)
- **Budget Document Assessment Tool** (<http://mrsc.org/getmedia/4a09eb5c-c0e2-4d0c-8803-b81ec4208fe2/budassess.pdf.aspx>)
- **Glossary of Budget Terms** (<http://mrsc.org/getmedia/cf9cfc4f-f427-43d2-a6a5-237ff2003f7e/budgloss.pdf.aspx>)
- **Budget Ordinance Sample** (<http://mrsc.org/getmedia/d5fd8184-147a-4bbf-9a44-e0d4558d0056/budsample.pdf.aspx>)
- **Biennial Budgeting** (<http://mrsc.org/getdoc/b5b37eb7-7846-4cde-b573-2b0e490955b3/Biennial-Budgeting.aspx>)
- **Budget Suggestions for 2016** (<http://mrsc.org/getmedia/c16198df-2a3c-4bb4-8107-416ef27f933a/bs16.pdf.aspx?ext=.pdf>)

## Other

- **AWC and WFOA: Budgeting for Cities and Towns in Washington State** (<http://www.awcnet.org/Portals/0/Documents/publications/budgetworkbook10web.pdf>) (2002) – Developed by Finance Director Michael Bailey (formerly with City of Renton and now at Redmond), and Tumwater Finance Director Gayla Gjertsen (retired) for the Association of Washington Cities (AWC) and the Washington Finance Officers Association (WFOA)
- **SAO: Budgeting for Cash Basis Cities and Towns** (<http://mrsc.org/Corporate/media/MediaLibrary/SampleDocuments/GovDocs/saobudgeting.pdf>) (2006) – Section E from Small Cities Handbook, Washington State Auditor's Office (SAO)

## What Funds Must Have Budgets?



<http://mrsc.org/getattachment/bc1a9540-ef37-4643-8af3->

[a2e132999e03/Budgets-charts-\(1\).pdf.aspx](#)

All cities, towns, and counties in the State of Washington must prepare a comprehensive entity-wide budget for all funds, including those funds for which appropriated budgets are not required and including estimates of the annual or biennial portion of continuing appropriations.

Typically all general (current expense), special revenue, and proprietary funds of local government must have an appropriations budget (An appropriation is the legal spending level authorized by a budget ordinance or resolution.) Debt service and capital project fund requirements may be met by continuing appropriations contained in the enabling ordinance or resolution. Permanent funds are often subject to trust agreements and their use is restricted by such. Fiduciary funds are not generally subject to budget requirements. Here are some rules by fund type:

Require a Budget	May Not Require a Budget	Do Not Typically Need Budget
<ul style="list-style-type: none"> <li>• General Fund</li> <li>• Special Revenue Funds</li> <li>• Capital Projects*</li> <li>• Enterprise Funds</li> <li>• Utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Debt Service</li> <li>• Capital Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Fiduciary Funds</li> <li>• Agency Funds</li> <li>• Trust Funds</li> </ul>

*\* If the city does not adopt a continuing appropriations budget for capital projects it will need to include this in the annual/biennial budget.*

#### **Funds Requiring A Budget Appropriation:**

- **General Fund (current expense)** – All general funds must have an annual or biennial appropriated budget. These funds set tax levies and are therefore required by statute to have a lawful appropriation.
- **Special Revenue Funds** – Normally, special revenue funds must have a budget appropriation. The nature of a special revenue fund is that the funds are restricted, committed, or assigned to a specific type of activity but these accounting restrictions do not eliminate the statutory budget requirements for a lawful appropriation.
- **Proprietary Funds** – Typically, all proprietary funds must have an annual or biennial appropriated budget. It is important to note that if you have established separate managerial funds for capital projects in proprietary funds you must appropriate on either an annual/biennial basis or on a project basis.
- **Permanent Funds** – This fund type is typically subject to trust agreements and their use is restricted. However, when agreements allow for the expenditure of funds it would be prudent to include in the appropriations budget.

#### **Funds That May Not Require a Budget Appropriation:**

- **Debt Service Funds** – Appropriations for debt service funds are not normally required. While Washington State budget statutes do not exclude debt service funds from annual/biennial appropriated budget requirements, [RCW 39.48.020 \(http://app.leg.wa.gov/rcw/default.aspx?cite=39.48.020\)](http://app.leg.wa.gov/rcw/default.aspx?cite=39.48.020) requires that all resolutions or ordinances authorizing the sale of general obligation debt must include an amortization

schedule that fixes the annual maturities of the debt throughout the life of the bond. Accordingly, the bond resolution or ordinance serves as a perfectly adequate budget for the entire life of the issue. This also applies to installment purchases and lease purchase agreements.

- **Capital Project Funds** – These may be budgeted either on an annual/biennial basis or on a project basis. The budget statutes for cities and counties provide that most appropriations lapse at the end of the fiscal period, but that the lapses do not prevent payments on “uncompleted improvements in progress” (RCW 36.40.200 (<http://app.leg.wa.gov/rcw/default.aspx?cite=36.40.200>)). City statutes are also explicit about the unexpired status of appropriations in capital project funds (RCW 35.32A.080 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.32A.080>), 35.33.151, (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.33.151>) and 35A.33.150 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.33.150>)). These statutes are interpreted to permit project budgeting of capital project funds.

### Funds That Do Not Typically Require A Budget Appropriation:

- **Internal Service Funds** – Based on the local government's own policy, these funds are not subject to budget requirements.
- **Fiduciary Funds** – While these funds are not generally subject to budget requirements, there are some exceptions. Agency funds that are used to account for pass-through resources may require budgetary integration for adequate fiscal control over sub-grants. Additionally, trust and agency funds typically are not included in the comprehensive budget.

**Note:** these definitions have been obtained from resources such as the SAO, if in doubt about whether you should include in the appropriations budget or not, we recommend including.

## Budget Types and Methods

There are several different budget methods used by local government to achieve the goals and priorities of the community. It can be said that local government budgeting has had a succession of methods with each one emphasizing financial control, management and planning in varying degrees. Over the course of time, local government has used line-item budgets, program budgets, capital budgets, performance (<http://mrsc.org/Home/Explore-Topics/Management/Performance-Management/Performance-Measurement.aspx>) budgeting, budgeting for results and outcomes (<http://www.gfoa.org/budgeting-results-and-outcomes>) and zero-based budgeting (<http://www.gfoa.org/sites/default/files/GFOAZeroBasedBudgeting.pdf>). Most recently attention has turned to a priority-based budgeting (<http://mrsc.org/Home/Stay-Informed/MRSC-Insight/June-2015/Building-the-Budget-around-the-Community-it-Serves.aspx>) model which is based on building the budget around the community's priorities. At the present time the majority of local government in Washington State uses a combination of program and performance budgeting.

Here are just a few resources that explore these optional budget types:

- **GFOA: Anatomy of a Priority-Based Budget Process** (<http://mrsc.org/Corporate/media/MediaLibrary/SampleDocuments/ArtDocMisc/gfoa-priority.pdf>) (2011) – Expands on the model in Budgeting for Outcomes (<http://www.gfoa.org/downloads/GFROct2004.pdf>), using

examples from cities and counties they have worked with, including Snohomish County. Redmond has also worked with GFOA in developing its "Budgeting by Priorities" process.

- **OpenGov:** Best Practices in Local Government Budgeting (<http://info.opengov.com/best-practices-guide-local-government-budgeting>) (2014)
- **Governing:** 'Performance-Based Budgeting' Takes Off in States (<http://www.governing.com/news/headlines/performance-based-budgeting-fad-Takes-off-in-states.html>) (2014)
- **GFOA:** Zero-Based Budgeting: Modern Experiences and Current Perspectives (<http://mrsc.org/Corporate/media/MediaLibrary/SampleDocuments/ArtDocMisc/gfoazero.pdf>) (2011)

## Differences between a Fund Level vs. Departmental Level Budgets

The budget authorizes and provides for control of financial operations. Upon adoption, the expenditure levels in the comprehensive budget are enacted into law through the appropriations ordinance (city/town/county) or resolution (county). Budget level refers to the level of detail as well as the level of legal authority that is authorized for expenditure during the budget period.

Budget levels may vary depending upon local policy, management practices, and the needs of your entity. These budget levels of appropriation typically come in two different levels. The fund level budget and the department and/or program level budget. There is a third alternative budget level known as the line item level however it is typically used as a management tool for monitoring the budget after adoption and not as a budget level appropriation.

- **Fund Level** – This refers to an appropriation level at the broadest level of authority. A fund level budget allows for the greatest amount of flexibility and therefore requires monitoring throughout the budget cycle to assure that actual expenditures fall within the various program or department projections that were established during the budget process. Fund level appropriations are typically used for special revenue, capital project, and enterprise (utility) funds. Depending on the entity, they may also be used for the general fund.
- **Department/Program Level** – This refers to a budget appropriation level that limits expenditures to department or program activities. During the budget development process the various program managers and department heads will prepare budget proposals that often fall within the same fund (general fund for example). These programs and departments may be appropriated at this level as a tool for managing the budget. In counties where many of the programs and activities are managed by separately elected public officials, it is required that the budget be appropriated at these program levels. Examples of programs or activities that can be appropriated at the department level are:
  - Legislative
  - Executive
  - Clerk's Office
  - Finance Department
  - Police Department
  - Fire Department
  - Economic & Community Development



- Parks & Recreation
- Public Works

## The Definition of Fund Balance

The fund balance has different meanings depending upon whether you are using it for budgeting purposes or financial reporting purposes. For budget development, fund balance is what is left over at the end of the year after all revenues have been accounted for and all expenditures have been recorded against the lawful appropriations of the budget period.

Cities are required to estimate what the beginning fund balance will be for the forthcoming budget year or more specifically, what the "unencumbered fund balance" is estimated to be at the close of the current fiscal year (RCW 35.33.051 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.33.051>), 35A.33.050 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.33.050>), 35.34.070, (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.34.070>) and 35A.34.070 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.070>)). In the current fiscal year this is called ending fund balance ([http://mrsc.org/Home/Stay-Informed/MRSC-Insight/January-2013/When-One-Budget-Closes-Another-One-Opens-\(But-Wher.aspx\)](http://mrsc.org/Home/Stay-Informed/MRSC-Insight/January-2013/When-One-Budget-Closes-Another-One-Opens-(But-Wher.aspx))), which becomes the beginning fund balance at the start of the new fiscal period (January 1).

### Ending Fund Balance + Estimated Revenues = Funds Available for Appropriation

While estimating the beginning fund balance is a requirement of the budget process, it does not necessarily need to be used for appropriations in the forthcoming budget. Many cities have developed policies on how much fund balance should be maintained (see Financial/Budget Policies (<http://mrsc.org/Home/Explore-Topics/Finance/Finance-Policies/Financial-Budget-Policies.aspx>)). A few of the methodologies include a minimum percent of the total expenditure budget (usually between 5% and 10%) while others wish to maintain a percent of revenues due to cash flow needs of cyclic revenues such as property tax. An important concept to include in the evaluation of fund balance is if all available resources are appropriated in the budget process than the cash balance at the end of the year would be zero and the fund would have to borrow operating cash to pay bills. Definitely a red flag and audit concern.

GFOA has developed some recommended best practices for fund balance levels (<http://www.gfoa.org/determining-appropriate-level-unrestricted-fund-balance-general-fund>) which states that cities and counties, regardless of their size, should maintain unrestricted fund balance in their general funds of no less than two months of operating revenues or operating expenditures. Additionally the GFOA has issued a best practice for working capital in enterprise funds (<http://www.gfoa.org/determining-appropriate-levels-working-capital-enterprise-funds>) that should be no less than 45 days of annual operating expenses. Whether you choose revenues or expenditures for the governmental funds and establish a separate criteria for the enterprise funds will depend upon your particular circumstances.

## What is a Balanced Budget?

A balanced budget refers to the budgeting concept that appropriations should not exceed resources available to cover these expenditures. Cities and towns are required to pass a balanced budget (RCW 35.33.075, (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.33.075>) 35A.33.075, (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.33.075>) 35.34.120, (<http://app.leg.wa.gov/rcw/default.aspx?cite=35.34.120>) and 35A.34.120 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.34.120>)). The statute provides:

Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal year.

However, a budget that may fit the statutory definition may not be fiscally sustainable. A balanced budget for some jurisdictions may include non-recurring resources such as unencumbered fund balance (also known as beginning fund balance) to cover ongoing expenditures.

A more appropriate use of the term "balanced budget" should consider the concepts of a structurally balanced budget. The GFOA has issued a best practice for adopting a structurally balanced budget (<http://www.gfoa.org/achieving-structurally-balanced-budget>), which is described as a budget where recurring revenues are sufficient to cover recurring expenditures. The definition of recurring revenues will differ for each local government entity depending upon the financial/budget policy (<http://mrsc.org/Home/Explore-Topics/Finance/Finance-Policies/Financial-Budget-Policies.aspx>) that it adopts, however it is based upon the premise that recurring revenues can reasonably be expected to continue from year to year with some degree of predictability. The same can be said for recurring expenditures. Expenditures such as salaries, benefits, materials, supplies, and asset maintenance costs are examples of recurring expenditures.

A good example of a project used to provide a structurally balanced budget is:

- **Shoreline Ten Year Financial Sustainability Project**  
(<http://www.shorelinewa.gov/government/departments/administrative-services/ten-year-financial-sustainability-project>) – The City of Shoreline developed this project as a result of finding its staffing and service levels unsustainable. The Shoreline City Council then formed a subcommittee to address this problem and over the first quarter of 2014 held six meetings to identify options and alternatives which were then used to balance revenues with costs.

## Budget Reserves

Governments should establish budget reserve funds to save money to finance all or part of future infrastructure, equipment, and other fiscal needs. Usually governments have their own policies and guidelines (<http://mrsc.org/Home/Explore-Topics/Finance/Finance-Policies/Financial-Budget-Policies.aspx>) for budget reserves. The more common types of budget reserve funds are:

- **Cash Flow Requirements:** Sufficient cash on hand to satisfy cash flow needs.
- **Rainy Day Funds:** Provides resources when revenues decline due to economic downturn.
- **Repairs and Improvements:** Purchases for operating equipment and vehicles as they become obsolete.
- **Capital Reserves:** Provides resources to meet the objectives of the capital improvement plan.
- **Contingencies:** Funding for times of emergencies and disasters.

## Recommended Resources

- **GFOA: Budgeting and Financial Planning Best Practices** (<http://www.gfoa.org/topic-areas/budgeting-financial-planning>)
- **GFOA: Distinguished Budget Presentation Awards** (<http://www.gfoa.com/budgetaward>)

## Links to Budgets

Select a jurisdiction to view budget links in our Washington profile pages:

- [Washington City and Town Profiles - Budgets \(http://mrsc.org/Home/Research-Tools/Washington-City-and-Town-Profiles.aspx\)](http://mrsc.org/Home/Research-Tools/Washington-City-and-Town-Profiles.aspx)
- [Washington County Profiles - Budgets \(http://mrsc.org/Home/Research-Tools/Washington-County-Profiles.aspx\)](http://mrsc.org/Home/Research-Tools/Washington-County-Profiles.aspx)

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