



CITY OF BLACK DIAMOND
October 27, 2016 Special Meeting Agenda
City Council
25510 Lawson St., Black Diamond, Washington

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

6:00 P.M. WORK SESSION:

1. Preliminary Draft 2017 Public Works budgets, Special Revenue funds, and Capital Projects - Ms. Miller

7:00 P.M. PUBLIC HEARING:

2. Proposed Revenue Sources for the 2017 Budget including Possible Increases in Property Tax Levy – Ms. Miller

CONTINUATION OF WORK SESSION:

Preliminary Draft 2017 Public Works budgets, Special Revenue funds, and Capital Projects – Ms. Miller

ADJOURNMENT:

Budget Workstudy

Funds Other than the General Fund

October 27, 2016

DRAFT

2017



Black Diamond Railroad Depot during the period of 1910-1913 when rail travel was the norm. Photo Maude Shorey

*****Please Note: Many historical photos in this document are courtesy of
Washington State & the Black Diamond Historical Society*****

City of Black Diamond
Other Funds 2017 Preliminary Budget
TABLE OF CONTENTS

<u>Special Revenue Funds</u>	1
Street Fund	2
Fire Impact Fee Fund	3
Transportation Benefit District Fund	4
Traffic Mitigation Fund	5
 <u>Internal Service Fund</u>	 6
Equipment Replacement Funds	7
 <u>Utility Funds</u>	 9
Water Fund	10
Water Debt Analysis	11
Sewer Fund	12
Stormwater Fund	13
 <u>Capital Funds</u>	 14
Real Estate Excise Tax 1 (REET 1)	15
General Government Capital Projects	16
Real Estate Excise Tax 2 (REET 2)	17
Public Works Capital Projects Fund	18
WSFFA Fund 402	19
Water Capital Fund 404	20
Sewer Capital Project Fund 408	21
Stormwater Capital Project Fund 410	22
Budget Calendar	23

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.



WASHINGTON STATE HISTORICAL SOCIETY
It is easy to recognize this Historic Building

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.

Revenues from gas tax and Transportation Benefit district (TBD) car tab fees are the primary sources of funds for the Street Department. All cities struggle to pay for street maintenance costs, as shared gas tax revenue does not keep pace with the costs. In recent years, including 2016, the Street Fund had required a transfer of Real Estate Excise Tax (funds for street improvement projects) to maintain the city's roads and sidewalks. Beginning in mid-2015, the city created a Transportation Benefit 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 and has eliminated the need for REET subsistence.

The 2017 budget increased primarily due to increased maintenance costs and a reduction in allocations to capital projects.

Revenue - Street Fund 101		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Total Beginning Cash and Investments	186,952	153,589	111,645	118,374	132,546	20,901	18.7%
3	Gas Tax	86,017	88,081	90,594	90,672	94,193	3,599	4.0%
4	Right of Way Permits	8,416	15,237	15,000	7,500	15,000	0	0.0%
5	Other Revenue	2,562	3,119	1,740	7,000	7,800	6,060	348.3%
6	Subtotal Operating Revenue	96,995	106,437	107,334	105,172	116,993	9,659	9.0%
8	Transfer in-REET 2	50,000	50,000	50,000	50,000	0	(50,000)	-100.0%
9	Transfer in- Trans Benefit Dist. - Car Tab Fee			60,000	60,000	100,000	40,000	66.7%
10	Subtotal Other Revenue	68,660	68,654	110,000	110,000	100,000	(10,000)	-9.1%
11	Total Revenue	165,655	175,091	217,334	215,172	216,993	(341)	-0.2%
12	Total Street Fund Sources	352,607	328,681	328,979	333,546	349,539	20,560	6.2%

Expenditures - Street Fund 101		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Wages and Benefits	112,700	124,269	102,040	114,419	119,676	17,636	17.3%
2	Supplies	4,939	5,494	10,347	2,500	12,155	2,459	23.8%
3	Services and Charges	71,378	70,545	92,904	74,525	96,379	3,475	3.7%
4	Subtotal Operating Expenditures	189,017	200,308	205,291	191,444	228,210	22,919	11.2%
5	Transfer for Equipment CIP	10,000	10,000	10,000	10,000	10,000	0	0.0%
6	Subtotal Expenditures	199,017	210,308	215,291	201,444	238,210	22,919	10.6%
7	Three Months Cash and Investments	49,754	52,577	53,823	50,361	59,553	5,730	10.6%
8	Unreserved C & I Balance	103,835	65,797	59,865	81,741	51,777	(8,089)	-13.5%
9	Ending Cash and Investments	153,589	118,374	113,688	132,102	111,329	(2,359)	-2.1%
10	Total Street Fund Uses	352,607	328,682	328,979	333,546	349,539	20,560	6.2%

Fire Impact Fee Fund

Per City Ordinance 12-980, Fire Impact Fees are charged to 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.

Revenue - Fire Impact Fees 107		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments (Reserved)	10,366	13,616	43,575	48,570	183,770	140,195	321.7%
2	Fire Impact Fees	18,616	19,282	17,830	135,000	71,320	53,490	300.0%
3	Fire Impact Fee Interest Income		306	200	200	400	200	100.0%
4	Transfer In from Fire Eq Repl Fund		15,366					
5	Subtotal Fire Impact Fee Revenue	18,616	34,954	18,030	135,200	71,720	53,690	297.8%
6	Total Fire Impact Fee Sources	28,982	48,570	61,605	183,770	255,490	193,885	314.7%

Expenditures - Fire Impact Fees 107		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Ending Cash and Investments (Reserved)	13,616	48,570	61,605	183,770		(61,605)	-100.0%
2	Transfer out to Fire Equipment Fund	15,366	-	-		255,490	255,490	
4	Total Fire Impact Fee Uses	28,982	48,570	61,605	183,770	255,490	193,885	314.7%



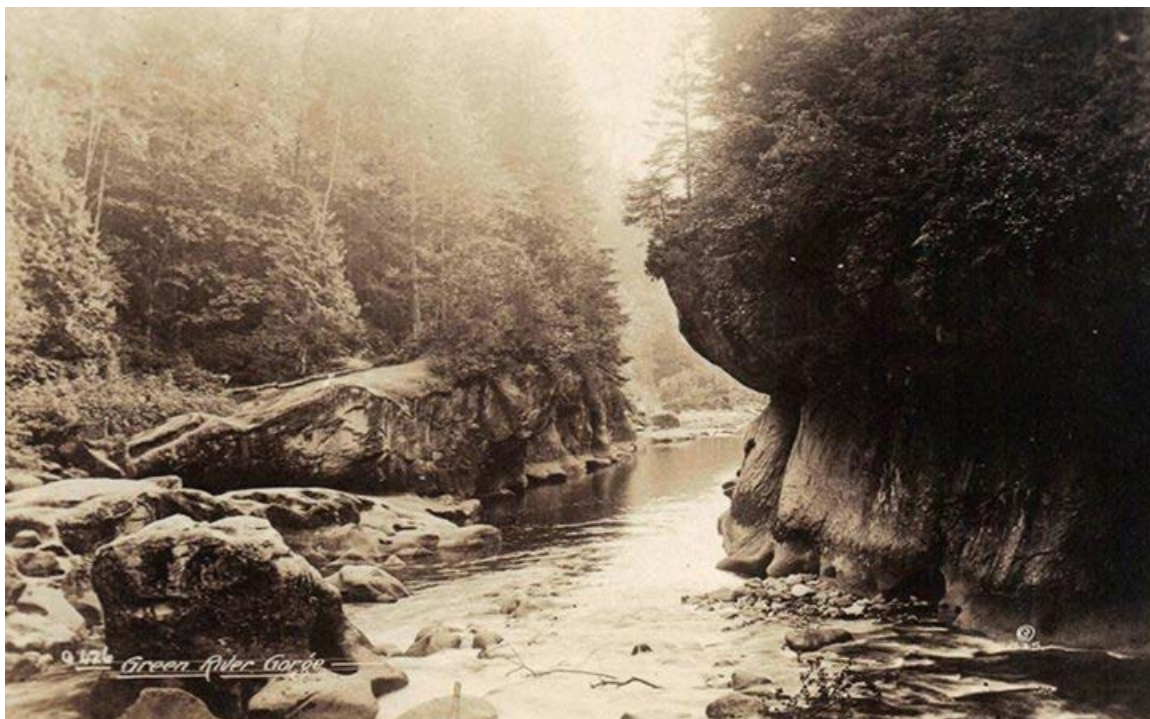
1947 Fire Truck at Saint Barbara's Church

Transportation Benefit District Fund

In order to address declining revenues that support the Street Department, the city established a Transportation Benefit District. The city collects a twenty dollar 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.

Revenue - Transportation Benefit District Fees 108		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Fund Balance					7,331	7,331	
2	TBD Car Tab Fees			60,000	67,331	102,000	42,000	70.0%
3	Total Traffic Mitigation Sources	-	-	60,000	67,331	109,331	49,331	82.2%

Expenditures - Transportation Benefit District Fees 108		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	TBD Transfer to Street Fund		-	60,000	60,000	100,000	40,000	66.7%
2	Ending Cash and Investments				7,331	9,331		
3	Total Traffic Mitigation Uses	-	-	60,000	67,331	109,331	49,331	82.2%



Traffic Mitigation Fund

The Traffic Mitigation Fund was created in August 2016 for the purpose of receiving funds from the Enumclaw School District, an agreement with the city to contribute to improving safety for four intersections from the impact of a new school in Black Diamond.

Revenue - Traffic Mitigation Fees 109		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
Beginning Cash and Investments (Reserved)						74,255	74,255	
1	Traffic Mitigation Fees				74,055			
2	Interest on Investments				200	400	400	
3	Total Traffic Mitigation Sources (Reserved)				74,255	74,655	74,655	

Expenditures - Traffic Mitigation Fees 109		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Interesection Improvements					74,655		
2	Ending Fund Balance				74,255		-	
3	Total Traffic Mitigation Uses				74,255	74,655	74,655	

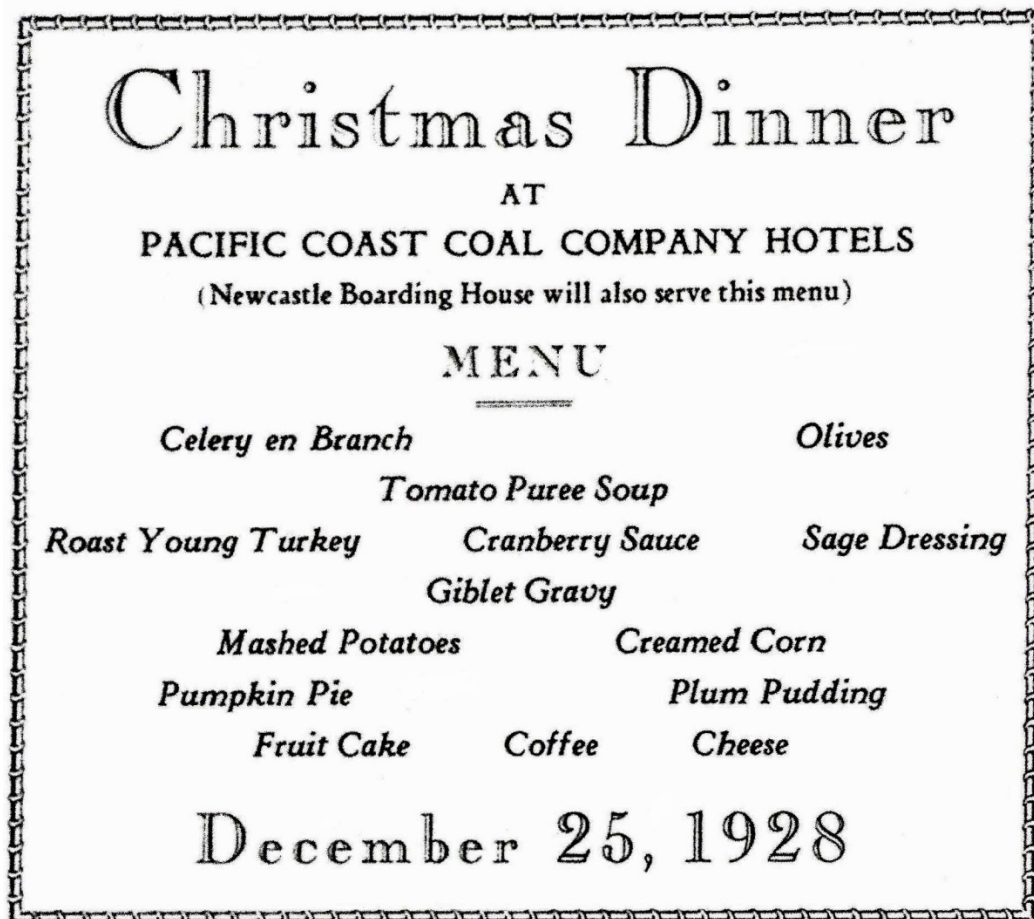


Black Diamond Garage

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.



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.

Revenue - FIRE Equipment Replacement 100		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	3,507	68,596	48,876	48,117	42,317	(6,559)	-13.4%
2	Interest on Investments	11	95	50	200	200	150	300%
3	Transfer in Fire Impact Fund	15,366	15,366					
4	Transfer in REET 1	69,219		25,000			(25,000)	-100%
5	Subtotal Fire Equipment Replacement Revenue	84,596	15,461	25,050	200	200	(24,850)	-99.2%
6	Total Fire Equipment Replace Sources	88,103	84,057	73,926	48,317	42,517	(31,409)	-42.5%

Expenditures - FIRE Equipment Replacement 100		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Fire Truck Repairs and Maintenance	4,141	22,573	38,926	6,000	42,517	3,591	9.2%
2	Capital Facility Study			25,000			(25,000)	-100%
3	Fire SCBA air Bottles			10,000			(10,000)	-100%
4	Transfer to Fire Impact Fund		15,366					
5	Subtotal Fire Equipment Replace Expenditures	4,141	37,939	73,926	6,000	42,517	(31,409)	-42.5%
6	Ending Cash and Investments	83,962	46,118		42,317		-	
7	Total Fire Equipment Replace Uses	88,103	84,057	73,926	48,317	42,517	(31,409)	-42.5%

Revenue - Public Works Equipment Replacement 200		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments (Reserved)	153,793	183,501	253,096	208,403	183,503	(69,593)	-27.5%
2	Transfer in Street Fund	10,000	10,000	10,000	10,000	10,000		
3	Transfer in Water Operating	10,000	10,000	10,000	10,000	10,000	-	-
4	Transfer in Sewer Operating	10,000	10,000	10,000	10,000	10,000	-	-
5	Transfer in Stormwater Operating	10,000	10,000	10,000	10,000	10,000	-	-
6	Transfer in REET 2		7,000	7,000	7,000	7,000	-	-
7	Interest on Investments	200	308	200	200	300	100	50%
8	Public Works Surplus	5,600						
10	Subtotal PW Equipment Replacement Revenue	45,800	47,308	47,200	47,200	47,300	100	0.2%
11	Total PW Equipment Replace Sources	199,593	230,809	300,296	255,603	230,803	(69,493)	-23.1%

Expenditures - Public Works Equipment Replacement 200		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Mowers	10,537	6,151	6,000	6,000	15,000	9,000	150%
2	Back Hoe Repair					10,000	10,000	
3	PW Sander/Snowplow			20,000	20,000		(20,000)	-100%
4	4 Wheel Drive Truck			50,000	46,100		(50,000)	-100%
5	Previous Purchases	5,555	16,255				-	
6	Subtotal Fire Equipment Replace Expenditures	16,092	22,406	76,000	72,100	25,000	(51,000)	-67.1%
7	Ending Cash and Investments (Reserved)	183,501	208,403	224,296	183,503	205,803	(18,493)	-8.2%
8	Total Fire Equipment Replace Uses	199,593	230,809	300,296	255,603	230,803	(69,493)	-23.1%

Revenue - POLICE Equipment Replacement 300		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments (Reserved)	21,993	28,296	9,800	26,487	26,087	16,287	166.2%
2	Transfer in REET 1	20,000						
3	Vehicle Conversion Grant - Radar	1,000						
4	Loan from Sewer					160,000		
5	Police Sale of Surplus	1,275				3,000		
6	Interest on Investments	11	41	20	100	150	130	650%
7	Subtotal PW Equipment Replacement Revenue	22,286	41	20	100	163,150	163,130	815650%
8	Total PW Equipment Replace Sources	44,279	28,337	9,820	26,587	189,237	179,417	1827.1%

Expenditures - POLICE Equipment Replacement 300		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Replace 4 Patrol Cars					179,000	179,000	
2	Surplus Costs Police	50	995	500	500	500	-	0.0%
3	Police Radios	5872		9,320		9,737	417	4.5%
4	Police Vehicle Conversion Costs	10061	855				-	
5	Subtotal Fire Equipment Replace Expenditures	15,983	1,850	9,820	500	189,237	179,417	1827.1%
6	Ending Cash and Investments	28,296	26,487		26,087		-	
7	Total Fire Equipment Replace Uses	44,279	28,337	9,820	26,587	189,237	179,417	1827.1%

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, Sewer and Stormwater utilities.



John Davies and his Candy Store at Baker Street and First Ave

Water Operating 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.

Building activity and the new elementary school construction project has increased water sales (miscellaneous) revenue in 2016, and is expected to increase in 2017. The 2017 wages and benefits primarily increased due to a 10% allocation of the City Clerk cost, and an increase in maintenance and finance costs.

Revenue - Water Fund 401		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Total Beginning Cash and Investments	125,340	160,302	161,635	99,727	178,698	17,063	10.6%
2	Water Charges	615,634	728,812	660,000	685,000	685,000	25,000	3.8%
3	Water Late Fees and Name Changes	18,409	23,623	19,000	21,000	22,000	3,000	15.8%
4	Subtotal Operating Revenue	634,043	752,435	679,000	706,000	707,000	28,000	4.1%
5	Interest, Refunds and Misc.	24,633	126	6,400	17,200	27,200	17,200	268.8%
6	Transfer in from Water Reserve	80,000	20,000	10,000	10,000		(10,000)	-100%
7	Palmer Coking Coal Contribution	99,362	98,499	102,848	98,420	98,000	(4,848)	-4.7%
8	Subtotal Other Revenue	203,995	118,625	119,248	125,620	125,200	5,952	5.0%
9	Total Revenue	838,039	871,061	798,248	831,620	832,200	33,952	4.3%
10	Total Water Fund Sources	963,379	1,031,363	959,883	931,347	1,010,898	51,015	5.3%

Expenditures - Water Fund 401		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Wages and Benefits	166,579	183,095	185,066	186,400	219,175	34,109	18.4%
2	Supplies	22,950	24,326	33,846	30,954	28,630	(5,216)	-15.4%
3	Services and Charges	216,877	212,941	241,601	204,866	233,933	(7,668)	-3.2%
4	Subtotal Operating Expenditures	406,405	420,363	460,513	422,220	481,738	21,225	4.6%
5	Debt Service - Water	381,672	378,292	320,430	320,429	318,897	(1,533)	-0.5%
6	Transfer - Water Portion Comp Plan Update	5,000						
7	Transfer - Capital Equipment Reserve	10,000	10,000	10,000	10,000	10,000	-	0.0%
8	Subtotal Other Expenditures	396,672	388,292	330,430	330,429	328,897	(1,533)	-0.5%
9	Total Expenditures	803,077	808,655	790,943	752,649	810,635	19,692	2.5%
10	Three Months Cash and Investments	101,601	105,066	115,128	105,555	119,426	4,298	3.7%
11	Unreserved C & I Balance	58,701	117,642	53,812	73,143	80,837	27,025	50.2%
12	Total Ending Cash and Investments	160,302	222,708	168,940	178,698	200,263	31,323	18.5%
13	Total Water Fund Uses	963,379	1,031,363	959,883	931,347	1,010,898	51,015	5.3%

City of Black Diamond, Washington
Water Debt

2017

									2017				
Issue Date	Issue Amount	Type	Purpose	Maturity Date	12/31/2016 debt owed	2017 Principal	2017 Interest	2017 Debt Svs	Water Operating	Water Capt Res	Total Water	Developer Reimb	Total Debt Service
2006	180,000	PWTF	Cor Contrl	2022	67,250	11,250	338	11,588	11,588		11,588	0	11644
2005	3,407,063	PWTF	Tac 500mg	2024	1,572,184	197,070	8,274	205,344	205,344		205,344		205,344
	256,064	PWTF	Tac city 1st	2024									
	1,784,693	PWTF	Pump Fac, Res & lines	2024	791,724	98,419	3,546	101,965				101,965	101,965
	5,447,820	PWTF			2,363,908	295,489	11,820	307,309	205,344	0	205,344	101,965	307,309
Totals	17,162,330				2,431,158	306,739	12,158	318,897	216,932	0	216,932	101,965	318,953
Total net Water fund 2016 Debt Service									\$216,932	\$0	\$216,932	101,965	318,953

Less developer Responsibility Palmer \$791,724

Net City Liability 1,639,434

*Black Diamond holds a letter of credit from Palmer Coking for their balance owing of \$791,724 of PWTF Loan.
included 2016 Est Interest.
9/19/2016

Sewer Operating 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.

Of note is that even with rate increases, the revenue collected by the sewer utility has not been covering the cost of the operations, maintenance and administration. At some point the city will need to raise the local charges to bring the fund into balance. The 2017 Budget includes both a pass through 4.2% Metro Sewer Rate increase and the related city portion increase effective January 1, 2017.

Revenue - Sewer Fund 407		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	126,682	141,294	117,641	131,917	124,885	7,244	6.2%
3	Sewer User Charges	708,966	756,155	742,000	777,000	815,000	73,000	9.8%
4	Miscellaneous Revenue	19,095	600	4,260	8,700	12,900	8,640	202.8%
5	Subtotal Operating Revenue	728,061	756,755	746,260	785,700	827,900	81,640	10.9%
6	Transfer in from Sewer Reserves	80,000	80,000	100,000	70,000	80,000	(20,000)	-20.0%
8	Total Revenue	808,061	836,755	846,260	855,700	907,900	61,640	7.3%
9	Total Sewer Fund Sources	934,743	978,049	963,901	987,617	1,032,785	68,884	7.1%

Expenditures - Sewer Fund 407		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Wages and Benefits	164,804	192,115	184,190	181,830	219,346	35,156	19.1%
2	Supplies	5,879	6,847	12,126	10,529	10,390	(1,736)	-14.3%
3	Services and Charges	126,108	120,651	149,923	134,573	147,573	(2,350)	-1.6%
4	Subtotal Operating Expenditures	296,791	319,613	346,239	326,932	377,309	31,070	9.0%
5	Metro Sewer Charges	481,658	516,717	518,000	525,800	550,150	32,150	6.2%
6	Total Operating Expenditures	778,449	836,330	864,239	852,732	927,459	63,220	7.3%
7	Transfer-Sewer Portion Comp Plan Update	5,000						
8	Transfer to PW Equip Replacement Fund	10,000	10,000	10,000	10,000	10,000	-	0.0%
9	Subtotal Other Expenditures	15,000	10,000	10,000	10,000	10,000	-	0.0%
10	Total Expenditures	793,449	846,330	874,239	862,732	937,459	63,220	7.2%
11	Three Months Cash and Investments	74,198	79,903	86,560	81,733	95,326	8,766	10.1%
12	Cash and Investment Reserved	67,096	51,817	3,102	43,152		(3,102)	-100.0%
13	Total Sewer Fund Uses	934,743	978,049	963,901	987,617	1,032,785	68,884	7.1%

Stormwater Operating 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 is also 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, participation in WIRA 9 Water Quality Initiative, providing coverage for the Endangered Species Act claims and reporting to the Department of Ecology.

The Stormwater Utility mitigates the storm water impact of urban living on the environment for \$16 per month per household. The 2017 Budget primarily increased due to a 10% allocation of City Clerk/HR and maintenance costs.

Revenue - Stormwater Fund 410		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	81,656	90,498	105,818	102,303	101,824	(3,994)	(208,600)
2	Stormwater Charges	331,801	350,820	343,000	364,380	375,000	32,000	9.3%
3	Stormwater Protection Inspection Fee	3,515	4,408	6,000	6,000	8,000	2,000	33.3%
4	PW Perm- Insp, Eng Civil Allocation	534	2,079	800	4,300	6,000	5,200	650.0%
5	Total Operating Revenue	335,849	357,307	349,800	374,680	389,000	39,200	11.2%
6	Interest and Refunds	86	199	120	650	800	680	566.7%
7	Funding Agreement Reimburse for PW Staff	18,505	-	-	-	-	-	-
8	Total Revenue	354,439	357,506	349,920	375,330	389,800	39,880	11.4%
9	Total Stormwater Fund Sources	436,096	448,004	455,738	477,633	491,624	35,886	7.9%

Expenditures - Stormwater Fund 410		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Wages and Benefits	166,063	190,974	182,548	181,721	217,466	34,918	19.1%
2	Supplies	5,902	7,130	13,186	11,250	11,510	(1,676)	-12.7%
3	Total Services and Charges	160,709	129,861	165,062	172,838	174,854	9,792	5.9%
5	Transfer - Capital Equipment Reserve	10,000	10,000	10,000	10,000	10,000	-	0.0%
6	Total Expenditures	342,675	337,966	370,796	375,809	413,830	43,034	11.6%
7	Reserved Ending Cash and Investments	93,421	110,038	84,942	101,824	77,794	(7,148)	-8.4%
8	Total Stormwater Fund Uses	436,096	448,004	455,738	477,633	491,624	35,886	7.9%

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.



Early Black Diamond Band

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%. This REET 1 fund, is specifically to be used for General Government Capital Projects, Fund 310, and General Government Capital Expenditures in the 510 Fund. After December 31, 2016, there are increasing limitations on REET monies used for maintenance.

Revenue - General Government REET Fund 311		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	229,144	186,508	133,341	130,258	152,758	19,417	14.6%
2	R1 1.4% REET-King County	65,059	85,855	95,000	150,000	113,000	18,000	18.9%
3	LGIP Investment Interest	178	172	150	500	700	550	366.7%
4	Subtotal REET 1 Revenue	65,237	86,027	95,150	150,500	113,700	18,550	19.5%
5	Total REET 1 Sources	294,381	272,535	228,491	280,758	266,458	37,967	16.6%

Expenditures - General Government REET Fund 311		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Transfer to 310 General Govt Capital	62,873	135,277	96,000	96,000	123,500	27,500	28.6%
2	Transfer to 510 Police and Fire Equip.	45,000	7,000	32,000	32,000	7,500	(24,500)	-76.6%
3	Subtotal Gen Govt REET 1 Expenditures	107,873	142,277	128,000	128,000	131,000	3,000	2.3%
4	Ending Cash and Investments	186,508	130,258	100,491	152,758	135,458	34,967	34.8%
5	Total REET 1 Uses	294,381	272,535	228,491	280,758	266,458	37,967	16.6%

General Government Capital Projects Fund 310

The 310 General Government Capital Project Fund is primarily funded by REET 1 and grants. Projects planned include funds to acquire land for the Ginder Creek property rehab. Also money has been set aside for the Comp Plan Update, police and government technology, and signs for the gym and for way-finding.

Revenue - Gen Govt Capital Fund 310		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
Beginning Cash and Investments		280,382	201,200	170,819	136,942	23,795	(147,024)	-86.1%
1	Transfer in REET 1	62,873	135,277	91,000	96,000	123,500	32,500	35.7%
2	Transfer In-Sewer	15,000	-			15,000	15,000	
3	King Co Parks Tax Levy	9,202	9,804	9,000	9,000	9,000	-	0.0%
4	Seattle Port Alliance Sign Grant					6,000		
5	Grant Matching Funds	20,975		5,000	5,000	2,500	(2,500)	-50.0%
6	County Conservation Futures Grant		-	35,000	-	-	(35,000)	-100.0%
7	DOE Grant Lk Sawyer/AVMF-Weed Contr	6,635	-	16,424	-	-	(16,424)	-100.0%
8	Grant for Comp Plan	9,000	-	-	-	-		
9	Total Revenue	123,684	145,081	156,424	110,000	156,000	(424)	-0.3%
10	Total General Govt Capital Fund Sources	404,066	346,281	327,243	246,942	179,795	(147,448)	-45.1%

Expenditures - Gen Govt Capital Fund 310		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	City Comprehensive Plan Update	15,978	142,948	96,000	96,000	35,000	(61,000)	-63.5%
2	Ginder Creek Trail Project	14,444	-	90,000	-	44,000	(46,000)	-51.1%
3	General Government Technology	28,685	7,153	40,653	40,653	35,000	(5,653)	-13.9%
4	Signs for Gym and Way-finding					17,000	17,000	
5	Police Technology	11,059	5,097	30,532	30,532	15,000	(15,532)	-50.9%
6	City Campus Improvements	43,033	27,226	4,374	4,374	5,000	626	14.3%
7	Grant Matching	21,000		7,500	7,500	2,500	(5,000)	-66.7%
8	Capital Facility Allocation	18,119	9,522	25,000	25,000		(25,000)	-100.0%
9	In-Forest Open Space Land	5,905	132	19,096	19,000		(19,096)	-100.0%
10	Transportaion Benefit District	-	838	14,000	-		(14,000)	-100.0%
11	Tree Mitigation	425	-	88	88		(88)	-100.0%
12	Prior Projects	44,219	16,423				-	
13	Subtotal Expenditures	202,866	209,339	327,243	223,147	153,500	(173,743)	-53.1%
14	Ending Cash and Investments	201,200	136,942		23,795	26,295	26,295	
15	Total General Govt Capital Uses	404,066	346,281	327,243	246,942	179,795	(147,448)	-45.1%

Real Estate Excise Tax 2

The collection of REET 2 is authorized by RCW 8245.010 and 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, but after December 31, 2016, there are increasing limitations on REET monies used for maintenance. 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.

Revenue - Pub Works REET Fund 321		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	278,056	155,904	116,024	111,911	152,411	36,387	31.4%
2	R2 1/4% REET Tax-K/C	65,059	85,855	95,000	150,000	113,000	18,000	18.9%
3	LGIP Investment Interest	188	152	120	500	700	580	483.3%
4	Subtotal REET 2 Revenue	65,248	86,007	95,120	150,500	113,700	18,580	19.5%
5	Total REET 2 Sources	343,304	241,911	211,144	262,411	266,111	54,967	26.0%

Expenditures - Pub Works REET Fund 321		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Transfer out to Street Fund	50,000	50,000	50,000	50,000	-	(50,000)	-100.0%
2	Transfer out 320 PW Capital	77,700	80,000	60,000	60,000	135,226	75,226	125.4%
3	Transfers to Prior Projects	59,700						
4	Subtotal REET 2 Revenue	187,400	130,000	110,000	110,000	135,226	25,226	22.9%
5	Ending Cash and Investments	155,904	111,911	101,144	152,411	130,885	29,741	29.4%
6	Total REET 2 Sources	343,304	241,911	211,144	262,411	266,111	54,967	26.0%

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 2017 include Roberts Drive rehabilitation, citywide chip and seal, and asphalt overlay. Several developer funded projects are also included.

Revenue - Public Works Capital Fund 320		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
Beginning Cash and Investments		159,314	134,528	295,002	180,865			0.0%
1	Transfer in REET 2	137,400	80,000	60,000	25,000	135,226	75,226	125%
2	Robert Dr Rehab-TIB 6-P-800-002-1		65,154	1,225,903	167,805	1,079,867	(146,036)	-12%
3	Jones Lake Grant TIB Grant			135,219	98,584		(135,219)	-100%
4	224th Ave SE Asphalt Overlay Grant					255,000	255,000	
5	232nd Ave Chip Seal Grant					90,000	90,000	
6	Developer Funded					5,952,250	5,952,250	
7	Street Light Replacement Grant				58,300		-	
8	Grant Matching					15,765	15,765	
9	Chip Seal Grant			117,087			(117,087)	-100%
10	CDBG Grant			210,000			(210,000)	-100%
11	Prior Projects	355,383	37,890				-	
12	Subtotal Pub Works Cap. Fund	492,783	183,044	1,748,209	349,689	7,528,108	5,779,899	330.6%
13	Total Pub Works Cap Fund Sources	652,097	317,572	2,043,211	530,554	7,528,108	5,484,897	268.4%

Expenditures - Public Works Capital Fund 320		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Annexation Road					2,900,000	2,900,000	
2	Lake Sawyer Road Extension					1,800,000	1,800,000	
3	Roberts Drive Reconstruction	9,314	80,165	1,431,224	199,992	1,158,108	(273,116)	-19.1%
4	Roberts Drive/Lake Sawyer Roundabout					1,000,000	1,000,000	
5	224th Ave SE Asphalt Overlay					300,000	300,000	
6	Ravensdale - 169 Intersection					200,000	200,000	
7	232nd Ave Chip Seal					100,000	100,000	
8	Grant Matching	83,931	32,089	48,646	48,646	40,000	(8,646)	-17.8%
9	Street Overlays, Repairs and Signs	73,380	9,832	178,097	48,372	30,000	(148,097)	-83.2%
10	Jones Lake Project	-	-	165,244	165,244		(165,244)	-100.0%
11	Capital Project Updates	-	12,493	10,000	10,000		(10,000)	-100.0%
12	First Avenue Sidewalk	-	-	210,000	-		(210,000)	-100.0%
13	Street Light Replacement				58,300		-	
14	Prior Projects	345,143	7,636				-	
15	Subtotal Pub Works Cap. Project Revenue	511,768	142,214	2,043,211	530,554	7,528,108	5,484,897	268.4%
16	Ending Cash and Investments	140,329	175,358					
17	Total Pub. Works Cap. Project Sources	652,097	317,572	2,043,211	530,554	7,528,108	5,484,897	268.4%

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.

The concept to rehabilitate the city's water source has shifted from trying to protect and rehabilitate the existing open springs, replacing pipes over the steep slope, and reconstructing the river crossing, to tapping an artesian spring on the north side of the river, changing the water right point of withdrawal, and securing an easement from State Parks.

This capacity and system reliability project includes a new pumping system, an updated chlorine system, and replacing the transmission main back to Black Diamond. The city's draft Capital Improvement Plan 2017 – 2022 describes this project in more detail.

Revenue - WSFFA Fund 402		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	59,851	157,283	70,000	75,680	70,000	-	0.0%
2	Developer Contribution	88,761	25,070	560,000	140,878	464,500	(95,500)	-17.1%
3	Investment Interest	63	153	150	600	500	350	233.3%
4	PCC Springs Contribution	29,059						
5	Subtotal WSFFA Revenue	117,883	25,223	560,150	141,478	465,000	(95,150)	-17.0%
6	Total WSFFA Sources	177,734	182,506	630,150	217,158	535,000	(95,150)	-15.1%

Expenditures - WSFFA Fund 402		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Permits, Water Rights, Easements			300,000	131,158	150,000	(150,000)	-50%
2	Chlorine	20,319	72,350	100,000	-	260,000	160,000	160%
3	Legal, Management and Administration	132	34,477	90,000	10,000	-	(90,000)	-100%
4	Staff Allocation			70,000	6,000	55,000	(15,000)	-21.4%
5	Subtotal WSFFA Expenditures	20,451	106,827	560,000	147,158	465,000	(95,000)	-17.0%
6	Ending Cash and Investments	157,283	75,679	70,150	70,000	70,000	(150)	0%
7	Total WSFFA Uses	177,734	182,506	630,150	217,158	535,000	(95,150)	-15.1%

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. 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. More detail on these and other projects can be found in the draft Capital Improvement Plan 2017 – 2022 .

Revenue - Water Capital Fund 404		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	441,809	331,666	287,700	274,195	177,147	(110,553)	-38.4%
2	Water Connection Charges	26,439	22,389	41,830	60,000	60,000	18,170	43.4%
3	CDBG Grant		33,829	191,171	187,600		(191,171)	-100.0%
4	Transfers in Reserves and Beginning Bal		19,000	56,000	102,000	65,000	9,000	16.1%
5	Loan from Drinking Water State Fund			140,000				
6	Misc. and Investment Interest	1,368	453		900	500	500	
7	Subtotal Water Capital Fund Revenue	27,807	75,671	429,001	350,500	125,500	(303,501)	-70.7%
8	Total Water Capital Fund Sources	469,616	407,337	716,701	624,695	302,647	(414,054)	-57.8%

Expenditures - Water Capital Fund 404		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Downtown Water Replacement	44	62,318	356,171	305,548		(356,171)	-100.0%
2	Water Comprehensive Plan		1,848	111,000	30,000	30,000	(81,000)	-73.0%
3	10 Telemetry		11,902	13,000				
4	Water Rate Study			5,000			(5,000)	-100.0%
5	Asbestos Water Main Replacement					5,000	5,000	
6	Transfer to other Projects		19,000	56,000	102,000	65,000	9,000	16.1%
7	Paint Reservoir Maintenance Project	31,796	18,074	9,600		36,000	26,400	275.0%
8	Transfer to Water Fund for Debt	80,000	20,000	10,000	10,000		(10,000)	-100.0%
9	Prior Projects	26,110						
10	Subtotal Water Capital Expenditures	137,950	133,142	560,771	447,548	136,000	(424,771)	-75.7%
11	Ending Cash & Invest Unreserved	331,666	274,195	155,930	177,147	166,647	10,717	6.9%
12	Total Water Capital Fund Uses	469,616	407,337	716,701	624,695	302,647	(414,054)	-57.8%

Sewer Capital Fund 408

Preliminary engineering for the Cedarbrook Sewer Main project is scheduled for 2017 in the Sewer Capital fund. The sewer fund is loaning \$160,000 to the Police Equipment Replacement fund to replace four patrol vehicles in 2017. More detail on these and other Sewer projects are in the draft Capital Improvement Plan 2017 – 2022.

Revenue - Sewer Capital Fund 408		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments	900,860	791,642	711,000	701,374	601,874	(109,126)	-15.3%
2	Connection Hookup Fees	7,871	9,550	16,540	10,000	10,000	(6,540)	-39.5%
3	Interest and Miscellaneous	1,556	1,250		2,500	2,500	2,500	
4	Debt Repayment	56,584	46,460					
5	Transfer in from Reserves		9,791	10,000	13,000	89,000	79,000	790.0%
6	Transfers in from Other Funds					30,000	30,000	
7	Subtotal Sewer Capital Revenue	66,011	67,051	26,540	25,500	131,500	104,960	395.5%
8	Total Sewer Capital Fund Sources	966,871	858,693	737,540	726,874	733,374	(4,166)	-0.6%

Expenditures - Sewer Capital Fund 408		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Transfer out to Sewer Operating	80,000	80,000	100,000	100,000	80,000	(20,000)	-20.0%
2	Sewer Rate Study			3,000			(3,000)	-100.0%
3	Infiltration and Inflow		8,906	25,000		25,000	-	0.0%
4	Morganville Sewer Lift Station	30,830	31,543					
5	Preserve Sewer Treatment Plant	9,592	18,104					
6	Preserve Sewer Lagoon		8,975	15,000	15,000			
7	Prior Projects	40,017						
8	Loan for Police Cars					160,000	160,000	
9	Transfer out to Other Projects		9,791	10,000	10,000	89,000	79,000	790.0%
10	Facility and Fencing Improvements					59,000	59,000	
11	Cedarbrook Sewer Main					35,000	35,000	
12	Subtotal Sewer Capital Fund Expenditures	160,439	157,319	153,000	125,000	448,000	295,000	192.8%
13	Ending Cash and Investments	806,432	701,374	584,540	601,874	285,374	(299,166)	-51.2%
14	Total Sewer Capital Fund Uses	966,871	858,693	737,540	726,874	733,374	(4,166)	-0.6%

Stormwater Capital Fund 410

The Stormwater Capital Fund provides for stormwater improvement projects in Black Diamond. The City has been fortunate to receive Department of Ecology grants in recent years for projects. Details on these and other projects scheduled over the next six years are found in the draft CIP.

Revenue - Stormwater Capital 410		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	Beginning Cash and Investments		20,528		59,189	56,189	56,189	
2	Opportunity Grant - N. Commerical Storm					25,000	25,000	
3	Grant Matching	60,000						
4	King County Culvert Grant				30,000			
5	Stormwater DOE Grants		143,791	50,000		47,000	(3,000)	-6.0%
6	Subtotal Stormwater Capital Revenue	60,000	143,791	50,000	30,000	72,000	22,000	44.0%
7	Total Stormwater Capital Sources	60,000	164,319	50,000	89,189	128,189	78,189	156.4%

Expenditures - Stormwater Capital 410		2014 Actual Audited	2015 Actual	2016 Budget	2016 Estimate Year End	2017 Prelim Budget	Budget \$ Change	Budget % Change
1	North Commercial Storm Pond					25,000	25,000	
2	Stormwater Improvements		44,974	50,000		25,000	(25,000)	-50.0%
3	Replace Covington Creek Culverts					22,000	22,000	
4	Lawson Hills Storm Pond Sediment Removal					10,000	10,000	
5	Shared Facility Upgrades					10,000	10,000	
6	Stormwater Pond Design and Misc	34,446	59,714		3,000		-	
7	King County Culvert		442		30,000		-	
8	Subtotal Stormwater Capital Revenue	34,446	105,130	50,000	33,000	92,000	42,000	84.0%
9	Ending Cash and Investments	25,554	59,189		56,189	36,189	36,189	
10	Total Stormwater Capital Uses	60,000	164,319	50,000	89,189	128,189	78,189	156.4%



CITY OF BLACK DIAMOND

2016 Calendar for 2017 Budget

	Process	Internal Due Date	Workstudy Meeting	City Council	State Law Limitations
1	Budget CALL: Budget requests and instructions go out to all departments	Aug 11			Sept 12
2	Finance & dept heads prepares revenue sources and preliminary expenditures for salaries and benefits	August 12			
3	Deadline for department head budget requests to Finance	Sept 8			
4	Estimates to be filed with the City Clerk	Sept 20			Sept 26
5	City Clerk Submits to CAO the proposed prelim budget setting forth the complete financial program	Sept 27			Oct 3
6	Special Meeting Workstudy 6pm - CAO provides Council with current info on Revenue from all sources as adopted in 2016 Budget, provides the Clerk's proposed Prelim 2017 Budget for General Fund and 2017 budget totals for all funds including debt service.	Sept 23	Sept 29		Oct 3
7	General Fund Revenue and Property Tax Review		Oct 13		
8	Special Council Meeting 6pm Workstudy Budget on Parks, Public Safety, General Fund for 2017.	Oct 11	Oct 18		Oct 1 - 31
9	Special Council Meeting 6pm - Public Hearing on Revenue Sources including possible increases in Property Tax. Workstudy – Public Works Budgets for REV and EXP for Street, Water, Sewer, Stormwtr, REET 1&2 and Gen Govt, Utilities, Capital Projects and Debt Service.	Oct 7 Oct 20	Oct 27	Oct 27	Oct 1 - 31
10	City Clerk publishes notice of public hearing on 2017 Budget and filing of preliminary budget – once a week for 2 consecutive weeks – Draft Budget submittal ready	Nov 3 - 10			Nov 1 - 11
11	Copies of Preliminary Budget made available to the public	Nov 17			Nov 18
12	Preliminary 2017 Budget Document ready. City Council holds 1 st public hearing on 2017 Budget			Nov 17	Nov 2 - 29
13	Adopt Property Tax 2017, forward to King County by 11/30/2016			Nov 17	Nov 30
14	Final Budget Hearing on 2017 Budget			Dec 1	Dec 5
15	File Property tax worksheet and Ordinances with King County	Dec 2-5			Dec 5
16	City Council adopts Final 2017 Budget and transmits to the State Auditor's Office (plus possible amendment to property taxes)			Dec 1 or Dec 15	Dec 31

CITY COUNCIL AGENDA BILL

City of Black Diamond
Post Office Box 599
Black Diamond, WA 98010

ITEM INFORMATION		
SUBJECT: Public Hearing on Property Tax Ordinance No. 16-XXXX, setting the Property Tax Dollar amount for 2017	Agenda Date: October 27, 2016	
	Mayor Carol Benson	
	City Attorney David A Linehan	
	City Clerk – Brenda L. Martinez	
	Community Development/Natural Resource– Andy Williamson	
	Finance – May Miller	X
	MDRT & Economic Development – Andy Williamson	
Cost Impact (see also Fiscal Note):		
Fund Source: Various		
Timeline:		
	Police – Chief Kiblinger	
	Public Works – Seth Boettcher	
	Court Administrator – Stephanie Metcalf	
Agenda Placement: <input checked="" type="checkbox"/> Mayor <input checked="" type="checkbox"/> Two Councilmembers <input type="checkbox"/> Committee Chair <input type="checkbox"/> City Administrator		
Attachments: Ordinance No 16-XXXX, Levy certifications, Preliminary KC worksheet and Tax chart		
<p>SUMMARY STATEMENT: Public Hearing for 2017 Property Tax Ordinance setting the Dollar amount.</p> <p>Per RCW 84.52.020 the property tax certifications must be filed with King County no later than December 5, 2016 for Property Taxes to be collected in 2017 to be used for Public Safety including Fire, Police and Emergency Services.</p> <p>This public hearing is on an ordinance to set the Property Tax Dollar amount for the 2017 Property Taxes to be collected in 2017. This ordinance Includes the allowed 1% increase of \$14,810 over last year's levy which is allowed for cities under 10,000 population. A Public Hearing is being held on October 27, 2016 and November 17, 2016 with council action expected on November 17, 2016.</p> <p>King County has sent a preliminary Levy Limit worksheet showing last year's levy of \$1,481,033 and the allowed 1% increase of \$14,810 and refund of \$0 for total base levy of \$1,495,843, which does not include New Construction, State Assessed property and any adjustments. A preliminary estimate has also been included for the New Construction, Annexations, State Assessments and adjustments, but these amounts usually change in the final worksheet which is not expected until about December 5, 2016 after we have already adopted our levy. Since we will not know the final amount until after the adoption, I have included an estimate of \$30,000 to cover the possible additional tax items for a total potential levy of \$1,525,843. Our levy will be adjusted down by King County to the actual final amounts, but cannot be increased.</p> <p>King County estimates our total city Assessed Valuation at \$709,633,018 an increase of \$50,226,302 over last year or a 7.6 % increase. Each property tax bill is calculated by the county and they set the actual levy rate once they have finalized all assessments and individual valuations. For more information from King County, long into www.kingcountygov/financetreasury and click on common questions.</p> <p>All of Black Diamonds Property Taxes funds are used for Public Safety and provide approximately</p>		

54.1% of the revenue needed to cover Public Safety costs.

FISCAL NOTE (Finance Department): The additional \$14,810 from the allowed one percent increase is included in the 2017 Preliminary Budget, pending Council approval on November 17, 2016

COUNCIL COMMITTEE REVIEW AND RECOMMENDATION:

RECOMMENDED ACTION: **Adopt Ordinance 16-XXXX, setting the Property Tax dollar amount for 2017 to be used for Public Safety, including Police, Fire and Emergency Services.**

RECORD OF COUNCIL ACTION

<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
November 17, 2 016		

ORDINANCE NO. 16-XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, WASHINGTON, LEVYING THE GENERAL PROPERTY TAXES FOR THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2017 ON ALL PROPERTY BOTH REAL AND PERSONAL, SUBJECT TO TAXATION, FOR THE PURPOSE OF PROVIDING REVENUE FOR PUBLIC SAFETY FOR THE CITY OF BLACK DIAMOND FOR THE ENSUING YEAR AS REQUIRED BY LAW AND ESTABLISHING THE EFFECTIVE DATE.

WHEREAS, the cities under 10,000 population may increase the regular property tax levy from the previous year by up to one percent, and

WHEREAS, the City Council has properly given notice of the Public Hearings held on October 27, 2016 and November 17, 2016 to consider the City's 2016 Property Tax Levy and the Preliminary Budget including the Revenue Sources, pursuant to RCW 84.55.120; and

WHEREAS, the City Council of Black Diamond, Washington has met and considered the Public Safety budgets for the year of 2017; and

WHEREAS, a public hearing was held on October 27, 2016 and November 17, 2016 regarding the 2017 Budget and the property tax levy, and

WHEREAS, King County requires that the 2017 Property Tax Levies be submitted by November 30, 2016; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. **Increased Amount.** The preliminary assessed valuation of \$709,633,018 is adopted. A regular property tax for 2017 is hereby levied in the amount \$1,525,843 which includes the allowed one percent increase of \$14,810 over last year's levy, a refund of \$0 from prior year and includes an estimated \$30,000 for any increases resulting from additional new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed property or any annexations that have occurred and adjustment made by the county. The final dollar amount of Property Taxes is determined by King County and reduced to the actual amount allowed.

Section 2. **Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or

otherwise invalid for any reason, or should any portion of this ordinance be preempted by State or Federal law or regulations, such decisions or preemptions shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

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

PASSED by the Council and approved by the Mayor of the City of Black Diamond, Washington, this 17th day of November, 2016.

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A. Linehan, City Attorney

CITY COUNCIL AGENDA BILL

City of Black Diamond
Post Office Box 599
Black Diamond, WA 98010

ITEM INFORMATION		
SUBJECT: Public Hearing on Property Tax Ordinance No. 16-XXXX, setting the base Property Tax Dollar increase and percentage increase as calculated by King County for 2017 Property Taxes.	Agenda Date: October 27, 2016	
	Mayor Carol Benson	
	City Attorney David A. Linehan	
	City Clerk – Brenda L. Martinez	
	Community Development/Natural Resource– Andy Williamson	
	Finance – May Miller	X
	MDRT & Economic Development – Andy Williamson	
Cost Impact (see also Fiscal Note):		
Fund Source: Various		
Timeline:		
	Police – Chief Kiblinger	
	Public Works – Seth Boettcher	
	Court Administrator – Stephanie Metcalf	
Agenda Placement: <input checked="" type="checkbox"/> Mayor x <input type="checkbox"/> Two Councilmembers <input type="checkbox"/> Committee Chair <input type="checkbox"/> City Administrator		
Attachments: Ordinance No 16-XXXX, Levy certifications, Preliminary KC worksheet and Tax chart		
SUMMARY STATEMENT: Public Hearing for 2017 Property Tax Ordinance setting the base Dollar amount increase and percentage increase as calculated by King County.		
<p>Per RCW 84.52.020 the property tax certifications must be filed with King County no later than December 5, 2016 for Property Taxes to be collected in 2017 to be used for Public Safety including Fire, Police and Emergency Services. This public hearing is on an ordinance to set the Property Tax Dollar and percentage increase as calculated by King County for the 2016 Property Taxes to be collected in 2017. This ordinance Includes the calculations prepared by King County. A Public Hearing is being held on October 27, 2016 and November 17, 2016 with council action expected on November 17, 2016.</p>		
<p>King County has sent a preliminary Levy Limit worksheet showing a base increased allowed dollar amount of \$14,810. This was calculated by King County with a revised actual 2016 levy which reduces the allowed 1% increase of \$14,810 to a net increase of \$13,746 or .93%. The base levy rate also decreased from \$2.25 per thousand of Property Value to \$2.13, a 5% decrease. This base rate does not include New Construction, State Assessed property, refunds and any adjustments.</p>		
<p>King County currently estimates our total city Assessed Valuation at 709,633,018 an increase of \$50,226,302 over 2016 or a 7.6 % increase. Each property tax bill is calculated by the county and they set the actual levy rate once they have finalized all assessments and individual valuations. To find out more about property tax log into www.kingcountygov/financetreasury and click common questions.</p>		
<p>All of Black Diamonds Property Taxes funds are used for Public Safety and provide approximately 54.1% of the revenue needed to cover Public Safety costs.</p>		
<p>FISCAL NOTE (Finance Department): The additional \$14,810 from the allowed one percent increase is included in the 2017 Preliminary Budget, pending Council approval on November 17, 2016.</p>		

COUNCIL COMMITTEE REVIEW AND RECOMMENDATION:		
RECOMMENDED ACTION: Adopt Ordinance 16-XXXX, setting the base Property Tax dollar amount increase and increase percentage as calculated by King County for 2017 Property Taxes to be used for Public Safety, including Police, Fire and Emergency Services.		
RECORD OF COUNCIL ACTION		
<i>Meeting Date</i>	<i>Action</i>	<i>Vote</i>
November 17, 2 016		

ORDINANCE NO. 16-XXXX

AN ORDINANCE OF THE CITY OF BLACK DIAMOND, WASHINGTON, RELATING TO THE GENERAL PROPERTY TAX LEVY AND SPECIFYING THE INCREASE CALCULATED BY KING COUNTY BASED ON LAST YEARS ACTUAL LEVY COMMENCING ON JANUARY 1, 2017 WITH CERTAIN CHANGES REQUIRED BY KING COUNTY IN THE MANNER IN WHICH THE AMOUNTS ARE CALCULATED. SUCH PROPERTY TAX LEVY SHALL APPLY TO ALL PROPERTY BOTH REAL AND PERSONAL, SUBJECT TO TAXATION, FOR THE PURPOSE OF PROVIDING REVENUE FOR PUBLIC SAFETY FOR THE CITY OF BLACK DIAMOND, ALL AS REQUIRED BY LAW, AND ESTABLISHING THE EFFECTIVE DATE.

WHEREAS, the Council of the City of Black Diamond has met and considered its budget for the calendar year 2017; and

WHEREAS, the Council thereafter gave notice of public hearings and held public hearings on October 27, 2016, and November 17, 2016, and

WHEREAS, the City adopted the estimated Preliminary assessed valuation of \$709,633,018, and

WHEREAS, the City's actual King County levy amount from the previous year was \$1,481,033; and

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

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. **Levy and Percentage of Increase.** An increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2017 tax year. The dollar amount of the increase over the actual levy amount authorized from King County for the previous year shall be \$14,810.00, which is a percentage increase of .99% from the previous year. This increase is exclusive of additional revenue resulting from new construction, improvements to property, newly constructed wind turbines, and any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Section 2. **Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by State

or Federal law or regulations, such decisions or preemptions shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

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

PASSED by the Council and approved by the Mayor of the City of Black Diamond, Washington, this 17th day of November, 2016

Carol Benson, Mayor

Attest:

Brenda L. Martinez, City Clerk

APPROVED AS TO FORM:

David A Linehan, City Attorney

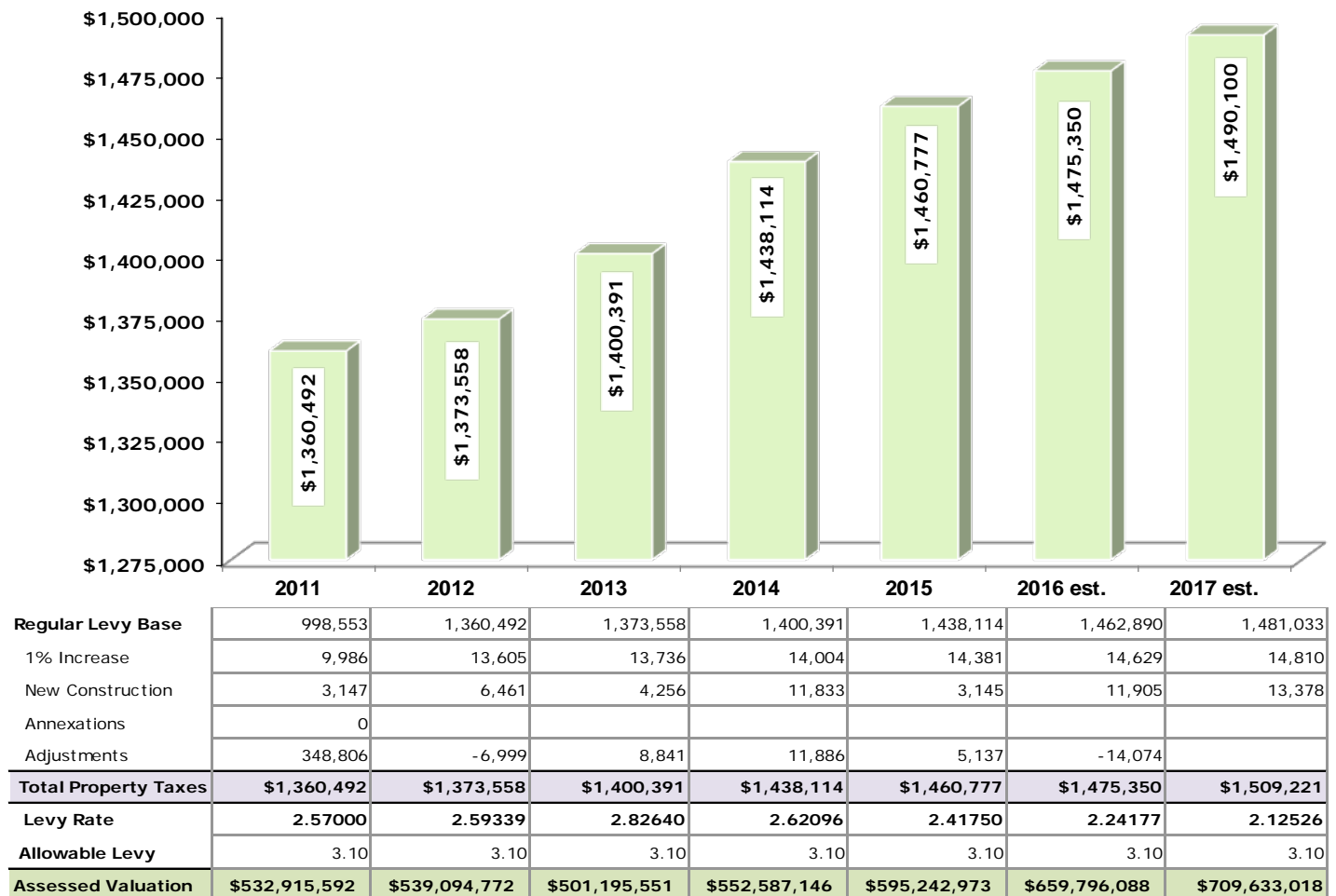
Published:
Posted:
Effective Date:

Functions Supported by Operating Revenue Sources					2016 Budget	2017 Budget	\$ Change	% Change	Public Safety	General Govt	MDRT
Beginning Cash and Investments					1,072,660	1,301,462	228,802	21.3%		1,178,353	125,000
REVENUE											
1	Public Safety Revenue Support										
2	Property Tax	1,465,908	1,490,100	24,192	1.7%	1,490,100					
3	Utility and Gambling Tax	563,500	603,250	39,750		603,250					
4	Criminal Justice Sales Tax	110,600	116,532	5,932	5.4%	116,532					
5	Liquor Tax & Profits	54,750	56,481	1,731	3.2%	56,481					
6	Court Fines and Fees	109,521	193,275	83,754	76.5%	193,275					
7	EMS Levy Taxes	56,000	56,000	0	0.0%	56,000					
8	Police Grants, Charges for Service, Misc	41,615	122,895	81,280	195.3%	122,895					
9	Subtotal Public Safety Revenue	2,401,894	2,638,533	236,639	9.9%	2,638,533					
10	General Government Support										
11	Sales Tax	326,250	385,000	58,750	18.0%					385,000	
12	Land Use and Permitting Fees	181,310	380,950	199,640	110.1%					380,950	
13	State Sales Tax Assistance	78,460	95,000	16,540	21.1%	95,000					
14	Recycle and Misc. Grants	15,991	10,000	(5,991)	-37.5%					10,000	
15	Cable Franchise Fees	66,000	76,000	10,000	15.2%					76,000	
16	Parks and Cemetery Fees	47,540	47,540	0	0.0%					47,540	
17	Passport Fees	21,900	22,150	250	1.1%					22,150	
18	Business License Fees	22,000	23,500	1,500	6.8%	23,500					
19	Alloc for Software, Maint & CC Fees	79,500								0	
20	Other Misc. Fees and Charges	2,500	8,870	6,370	254.8%					8,870	
21	Subtotal General Govt Revenue	841,451	1,049,010	207,559	24.7%	118,500				930,510	
22	Subtotal Operating Revenue	3,243,345	3,687,543	444,198	13.7%	2,757,033				2,108,863	
23	Developer Funding Agreement	822,497	739,372	(83,125)	-10.1%						739,372
24	Total General Fund Operating Sources	5,138,502	5,728,377	589,875	11.5%	2,757,033				2,108,863	864,372
25	EXPENDITURES										
26	Police Department	1,700,472	1,897,480	197,008	11.6%	1,897,480					
27	Fire Department	525,375	534,905	9,530	1.8%	534,905					
28	Recycle/Air Qual/Mntl Hlth/Animal Control	32,166	24,366	(7,800)	-24.2%	24,366					
29	Emergency Management	5,000	5,100	100	2.0%	5,100					
30	Municipal Court	168,769	232,041	63,272	37.5%	232,041					
31	Legal-Pros Atty & Pub Defender	61,250	61,250	0	0.0%	61,250					
32	Subtotal Public Safety Expenditures	2,493,032	2,755,142	262,110	10.5%	2,755,142					
33	Legislative-Council	15,711	15,814	103	0.7%					15,814	
34	Executive-Mayor	15,118	14,877	(241)	-1.6%					14,877	
35	City Clerk/Human Resources	227,588	190,428	(37,160)	-16.3%					109,928	80,500
36	Finance	181,014	212,773	31,759	17.5%					212,773	
37	Information Services	31,175	41,910	10,735	34.4%					41,910	
38	Legal Service	55,000	110,000	55,000	100.0%					110,000	
39	Master Dev Review Team & Econ Dev	586,130	582,005	(4,125)	-0.7%						582,005
40	MDRT-FF&E costs	71,195	76,867	5,672	8.0%						76,867
41	Hearing Examiner	5,000	5,000	0	0.0%					5,000	
42	Community Development-Permitting	174,681	302,145	127,464	73.0%					302,145	
43	Community Development-Planning	146,643	173,463	26,820	18.3%					173,463	
44	Facilities-Staff & Miscellaneous	47,876	51,572	3,696	7.7%					51,572	
45	Facilities Bldg Mtc-Supplies & Maint	73,200	73,021	(179)	-0.2%					73,021	
46	Parks	51,206	55,031	3,825	7.5%					55,031	
47	Park's Museum	7,551	7,826	275	3.6%					7,826	
48	Park's Gym	11,316	8,506	(2,810)	-24.8%					8,506	
49	Cemetery	18,598	18,951	353	1.9%					18,951	
50	Central Svcs -Paper, Post, Printing, Checks	32,353	13,646	(18,707)	-57.8%					13,646	
51	Subtotal Gen Govt Expenditures	1,751,355	1,953,835	202,480	11.6%						
52	Total Operating Expenditures	4,244,387	4,708,977	464,590	10.9%	2,755,142				1,214,463	739,372
53	Ending Cash and Investment Balance	894,115	1,021,291	125,285	14.0%	1,891				894,400	125,000
54	Total GF Operating Uses	5,138,502	5,730,268	591,766	11.5%						

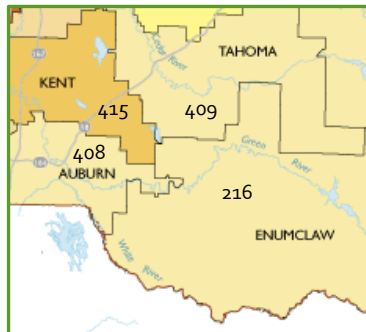
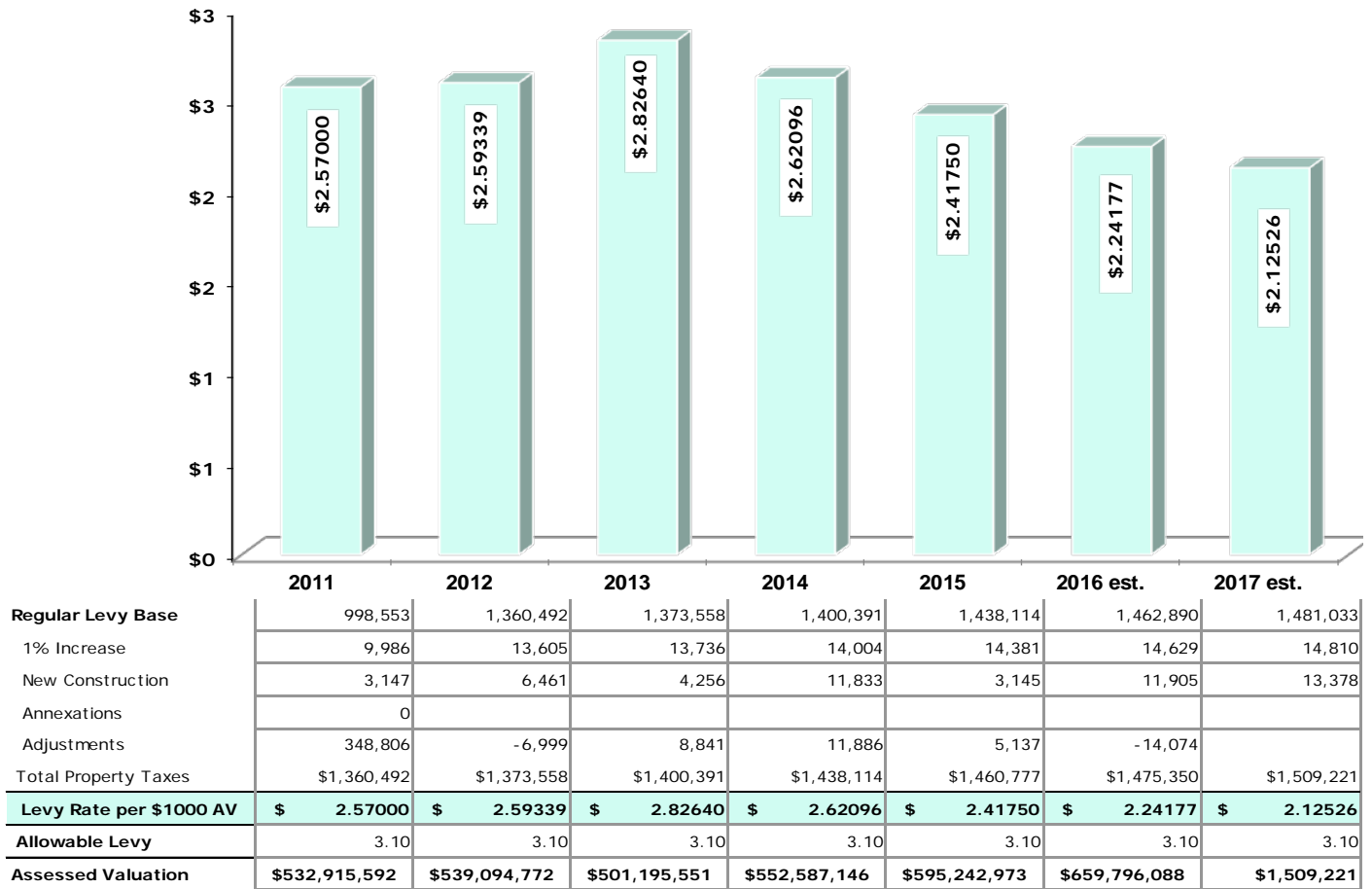
Property taxes make up 60.1% of the General Fund's tax revenue and estimated to generate \$1,490,100 in revenue for the City in 2017. All revenues from property taxes go directly to the General Fund to support public safety for police, fire protection and emergency services. The City of Black Diamond depends heavily on property tax collections, as the City has a small commercial base to generate sales tax revenue.

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.

DRAFT Property Tax Collection and 2017 Preliminary Budget



DRAFT Property Tax Levy Rates and 2017 Preliminary Budget

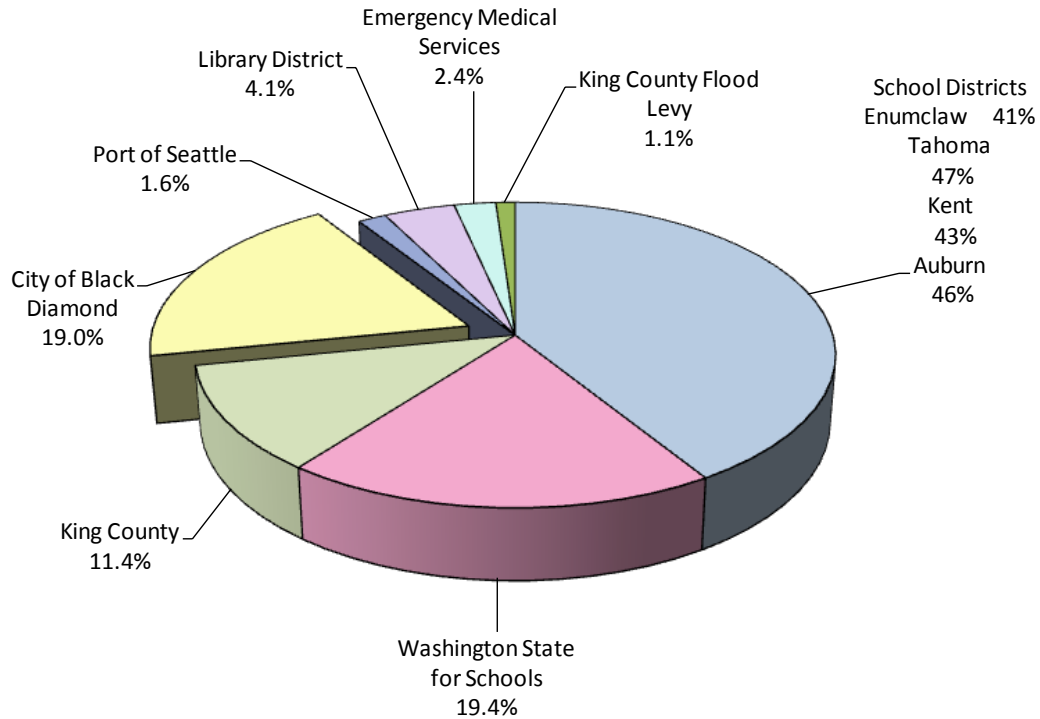


Black Diamond School Districts

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 2016.

2016 Rates	Enumclaw	Tahoma	Kent	Auburn
Local School District	4.84	6.17	5.34	5.83
Washington State for Schools	2.29	2.29	2.29	2.29
King County	1.34	1.34	1.34	1.34
City of Black Diamond	2.24	2.24	2.24	2.24
Port of Seattle	.19	.19	.19	.19
Library District	.48	.48	.48	.48
Emergency Medical Services	.28	.28	.28	.28
King County Flood Levy	.13	.13	.13	.13
Total Levy Rate	\$11.79	\$13.13	\$12.30	\$12.79

Draft 2017 Levy Rates for Black Diamond (percent of total)



Black Diamond receives between 17% and 19% of the total property tax collected depending on which school district the property is in. In the Enumclaw district in 2016, if a home was appraised at \$350,000, the tax collected is \$11.79 X 350, or \$4,126.50, and the Black Diamond portion of that total is \$784 for the year. See Below.

King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2016 Annual Tax on a \$350,000 Home	Monthly Tax on a \$350,000 Home
Port of Seattle	.19	1.6%	\$66.02	\$5.50
State Schools	2.29	19.4%	\$800.54	\$66.71
EMS Levy	.28	2.4%	\$99.04	\$8.25
King County	1.34	11.4%	\$470.42	\$39.20
Floods and Ferries	.13	1.1%	\$45.39	\$4.04
School District	4.84	41%	\$1691.86	\$140.99
Library District	.48	4.1%	\$169.19	\$14.10
Subtotal	9.55			
Black Diamond	2.24	19%	\$784.04	\$65.34
Grand Total	11.79	100%	\$4126.50	\$343.88

City of Black Diamond

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	4,916,109	659,796,088	2.242

PRELIMINARY

LEVY LIMIT WORKSHEET – 2017 Tax Roll

TAXING DISTRICT: **City of Black Diamond**

The following determination of your regular levy limit for 2017 property taxes is provided by the King County Assessor pursuant to RCW 84.55.100.

Annexed to Library District

(Note 1)

Estimated Library rate: 0.40205

Using Limit Factor For District	Calculation of Limit Factor Levy	Using Implicit Price Deflator
1,479,979	Levy basis for calculation: (2016 Limit Factor) (Note 2)	1,479,979
1.0100	x Limit Factor	1.0095
1,494,779	= Levy	1,494,083
5,959,915	Local new construction	5,959,915
0	+ Increase in utility value (Note 3)	0
5,959,915	= Total new construction	5,959,915
2.24468	x Last year's regular levy rate	2.24468
13,378	= New construction levy	13,378
1,508,157	Total Limit Factor Levy	1,507,461
Annexation Levy		
0	Omitted assessment levy (Note 4)	0
1,508,157	Total Limit Factor Levy + new lid lifts	1,507,461
709,633,018	÷ Regular levy assessed value less annexations	709,633,018
2.12526	= Annexation rate (cannot exceed statutory maximum rate)	2.12428
0	x Annexation assessed value	0
0	= Annexation Levy	0
Lid lifts, Refunds and Total		
0	+ First year lid lifts	0
1,508,157	+ Limit Factor Levy	1,507,461
1,508,157	= Total RCW 84.55 levy	1,507,461
0	+ Relevy for prior year refunds (Note 5)	0
1,508,157	= Total RCW 84.55 levy + refunds	1,507,461
Levy Correction: Year of Error _____ (+or-)		
1,508,157	ALLOWABLE LEVY (Note 6)	1,507,461
Increase Information (Note 7)		
2.12526	Levy rate based on allowable levy	2.12428
1,481,033	Last year's ACTUAL regular levy	1,481,033
13,746	Dollar increase over last year other than N/C – Annex	13,050
0.93%	Percent increase over last year other than N/C – Annex	0.88%
Calculation of statutory levy		
	Regular levy assessed value (Note 8)	709,633,018
	x Maximum statutory rate	3.19795
	= Maximum statutory levy	2,269,371
	+ Omitted assessments levy	0
	= Maximum statutory levy	2,269,371
	Limit factor needed for statutory levy	Not usable

ALL YEARS SHOWN ON THIS FORM ARE THE YEARS IN WHICH THE TAX IS PAYABLE.

Please read carefully the notes on the reverse side.