



Resource Summary

This chapter illustrates 2019-2020 budget resource estimates primarily through the use of graphic presentations. Text describing the graphic presentations is included to highlight some of the key information presented.

This Resource Summary is organized into the following sections:

A. Total City Budget Resources

Figure 8a-1 presents the preliminary 2019-2020 resource budget for all city funds and contains a comparison to amended 2017-2018 resources. All comparisons in this section compare the 2019-2020 preliminary budget to the 2017-2018 amended budget.

Figure 8a-2 includes specific information on each of the taxes levied to support city services. Included for each tax are the maximum allowable rate, the current city rate, the 2019 and 2020 budgets, and supplemental information.

Figure 8a-3 provides an overview of the various revenue policies of the city, including any applicable RCWs and ordinances.

Figure 8a-4a and 8a-4b compares Bellevue property tax and average utilities rates to other local jurisdictions.

Figure 8a-5 displays historical property tax information for comparison purposes. Official property tax records are maintained by the King County Assessor's Office.

Figure 8a-6 displays a typical distribution of property tax dollars for Bellevue taxpayers, as well as an estimate of property tax bills for Bellevue home owners.

NOTE: This section compares the preliminary 2019-2020 budget to the amended 2017-2018 budget. This section differs from the Forecast section (earlier in this chapter) in that the Forecast compares 2017 actuals and estimated 2018 year-end projection.



Resource Summary

A. Total City Budget Resources

Figure 8a-1 presents the 2019-2020 resource Budget for all City funds and contains a comparison to amended 2017-2018 resources. All comparisons in this section compare the 2019-2020 preliminary budget to the 2017-2018 amended budget.

The city has many revenue sources across all funds, from general government to enterprise funds. Generally, revenue remains fairly consistent with the largest fluctuation happening in the most economically driven revenue streams of Sales and Use Tax and Business and Occupation Tax.

Many of the resources received are dedicated to a specific purpose and cannot be spent on non-related services or programs. For example, rate revenues received from water service can only be used for that purpose and cannot be used to pay for general services or other types of utility services.

There are several revenue streams that are restricted including but not limited to Development Services permits revenue, Property Tax revenue received from the voter-approved Parks Levy, Fire Facilities Levy and Neighborhood Safety, Connectivity and Congestions Levy, and revenue generated by utility rates. As noted in the chart on the next page, taxes make up 29.2 percent of the total 2019-2020 preliminary biennial budget. The remaining 70.8 percent is a collection of beginning fund balance, utility rates, and other sources.

Sales Tax is the most volatile revenue stream for the city and comprises 8.9 percent of total resources. In prosperous economic times Sales Tax growth is quite strong; in 2007 Sales Tax grew 16.6 percent with construction leading the way. In poor economic times sales tax may drop precipitously as illustrated by a 15.2 percent drop in 2009. On average over the last 15 years sales tax has averaged 3.8 percent growth annually. Sales tax has been on the rise the last few years but not at the growth seen in the years leading up to the Great Recession.

Property Tax makes up 6.9 percent of the city's total resources which can be seen in Figure 8a-1. This budget proposes the 1 percent increase in Property Tax in both 2019 and 2020. The total property tax levy rate in 2018 is \$1.03 per \$1000 Assessed Value (AV), and the 2019 and 2020 levy rates are expected to drop further due to increases in AV related to new construction. Estimated 2019 and 2020 levy rates include voter-approved Parks, Fire Facilities, and Neighborhood Congestion, Safety, and Connectivity levies.

Business & Occupation Tax is 5.5 percent of the city's resources and performs similar to Sales Tax but the tax base is somewhat more expansive giving it slightly more stability than Sales Tax. Unlike Sales Tax, B&O tax is based on gross receipts for retail sales or calculated by square footage for those companies that don't necessarily have gross receipts but performs other activities such as management activities of a head-quarters.

Utility Taxes include electric, natural gas, water, sewer, storm drainage, garbage, and telephone utility activity. City-run utilities such as water, sewer and storm drainage, have grown consistently from year to year and were only minimally affected by the recession. Electric and



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Gas tax has increased due to rates and usage increases. Telephone and cell phone services have been going through systemic changes that have resulted in declining collections and are expected to decline further. More and more people are discontinuing landline telephones services and data plan on cell phones bills are exempt from tax, resulting in reduced cell phone tax collections.

Other taxes include hotel/motel, Real Estate Excise (REET), Criminal Justice Sales, Admissions, Gambling, and Leasehold Excise Taxes, as well as tax penalties. The city has an abundance of large buildings in the downtown area, as well as in Eastgate. When these buildings sell, they contribute significant REET dollars to the city. Since the last recession, the pudget sound region's house prices has rebounded the fastest in the nation, and has reached its highest level. The current house market is a big contributor to the REET growth in the past couple of years.

Utility Service Fees are the third largest category of resources making up 18.2 percent of total city resources. Utility Service Fees can only be used to support the specific utility for it was collected. As an example, water service fees cannot be used to support sewer operations. This revenue category is made up of water, sewer, and storm and surface water service fees. These revenues are projected to grow by \$28.5 million over the 2019-2020 biennium, primarily attributable to water, sewer, and storm drainage rate increases

Beginning Fund Balance (BFB) is the second largest category of resources at \$331.4 million or 19.1 percent of total city resources. The General Fund's 2019 beginning fund balance is \$47.3 million or 14.3 percent of total Beginning Fund Balance. Similar to other resources, fund balance often is restricted to fund only certain types of expense. As an example, the Sewer Utility fund balance can only be used to fund expenses that support the Sewer Utility. Conversely, the General Fund balance can be used for any purpose.

Operating Transfers, 10.7 percent of total resources, are anticipated to increase by \$58.2 million or 45.6 percent from 2017-2018 to 2019-2020. Operating Transfers are a transfer between funds. An example of an operating transfer would be a transfer from an operating fund to a capital fund to support future or present capital projects. Another example is a transfer from a capital fund to an operating fund when an operating fund FTE works on a capital project.

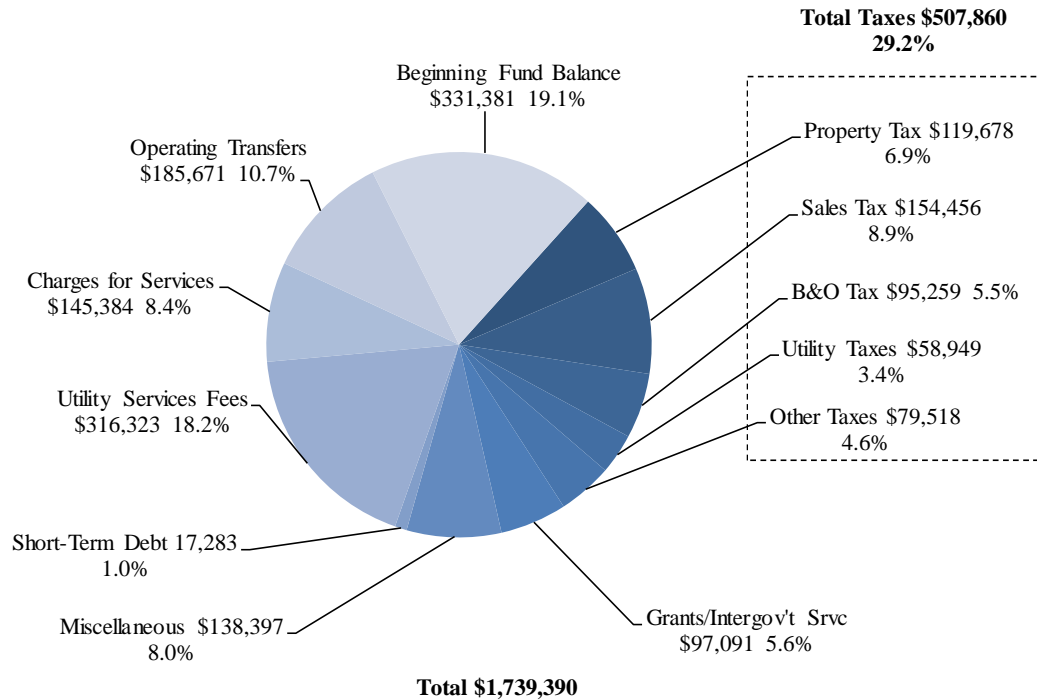
The components of Intergovernmental Revenues include but are not limited to Federal and State Grants, Interlocal Contributions including Sound Transit contributions, King County contributions, and Point Communities contributions, and revenue from rents and leases.

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Figure 8a-1

2019-2020 Total City Budget Resources

\$000



Comparison to 2017-2018 Budget

	2017-2018 Amended Budget	2019-2020 Preliminary Budget	\$ Change	% Change
Taxes				
Sales Tax	\$141,637	\$154,456	\$12,819	9.1%
Property Tax	113,546	119,678	6,132	5.4%
Business & Occupation Tax	82,217	95,259	13,042	15.9%
Utility Taxes	52,467	58,949	6,482	12.4%
Other Taxes	71,367	79,518	8,152	11.4%
Total Taxes	\$461,233	\$507,860	\$46,627	10.1%
Beginning Fund Balance	\$297,513	\$331,381	\$33,868	11.4%
Utility Services Fees	287,845	316,323	28,479	9.9%
Miscellaneous	171,167	138,397	(32,770)	(19.1%)
Short-Term Debt	22,667	17,283	(5,384)	(23.8%)
Long-Term Debt	0	0	0	0.0%
Charges for Services	152,889	145,384	(7,505)	(4.9%)
Operating Transfers	127,490	185,671	58,181	45.6%
Grants/Intergovernmental Services	94,709	97,091	2,382	2.5%
Total Resources	\$1,615,514	\$1,739,390	\$123,876	7.7%

Figures may not foot due to rounding.

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Figure 8a-2 **Summary of Locally Levied Taxes**

1. Sales Tax (RCW 82.14.030)

Sales tax is imposed on the sale of most goods and some services. This tax is remitted to the State by businesses and in turn, the State provides the city with a portion of this revenue on a monthly basis. The total sales tax rate is 10.0 percent in Bellevue and the city receives 0.85 percent of this rate.

Growth in sales tax revenue is driven by growth in sales at retail outlets, direct expenditures by households and businesses, and development activity. Sales Tax revenue support activities of the General Fund, General CIP Fund and Housing Fund. The current method for splitting the Sales Tax between the General Fund and the General CIP fund is for the General Fund to equal 75 percent plus incremental increases in operations and maintenance minus the bond payment for \$10 million CIP debt. The current policy for the General Fund and the CIP Fund is:

“Proposals for CIP project funding shall include the estimated future M&O cost, to provide full cost disclosure. Such M&O costs anticipated to be incurred in the upcoming biennium should be included in operating budget proposals for funding consideration. As of 2011, funding for existing CIP M&O is provided by a distribution of the City’s Sales Tax revenue, split between 75 percent General Fund and 25 percent CIP. The dollar amount for CIP M&O is adjusted upward each year by the anticipated Consumer Price Index for all Urban Consumers (CPI-U) after first making any necessary adjustments (e.g., partial vs full-year costs) and eliminating any one-time items. The distribution amounts should be reviewed periodically by Council for reasonableness and potential adjustment.” (Source: Financial Policy)

With the issuance of \$79.1 million in debt in 2015, of which \$10 million allows the city to redirect sales tax to address infrastructure and neighborhood needs, the current sales tax split and the source of splitting methodology is shown below:

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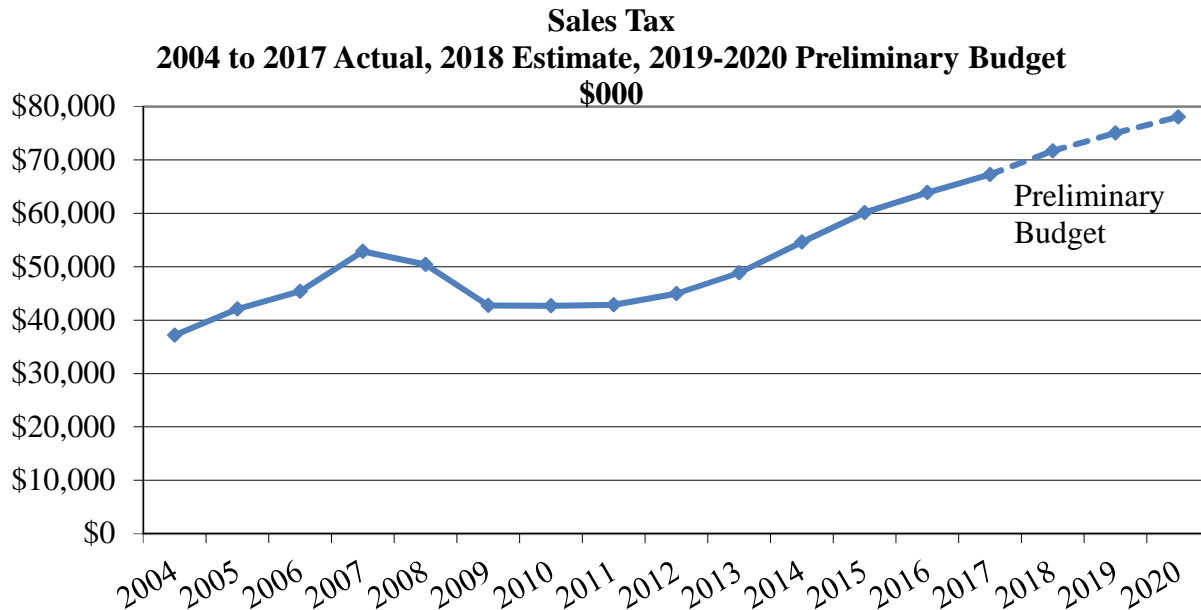
Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to
Sales Tax	<p>RCW 82.14 – establishes sales tax authority for cities.</p> <p>Financial Policy XI.H: splits 75% to the General Fund for CIP M&O plus 25% to the CIP; each year post 2011 the General Fund portion is increased by CPI.</p> <p>Restated EL MOU Implementation Ordinance 6227 dated May 18, 2015, amended the CIP to recognize \$4 million in construction sales tax from East Link construction activity in the City, at ~\$1M a year 2017-2020.</p> <p>2015 Budget Umbrella Ordinance 6209 dated December 14, 2014: Adopted as part of the budget a 2% property tax increase, which allowed for \$694,000 of sales tax to be redirected to the CIP to cover debt service for the 2015 bonds.</p> <p>Housing Trust Fund has been a transfer from sales tax since 1991.</p>	<p>Sales Tax Split Calculation:</p> <p>Total Sales Received by the City Less \$100,000 to the Housing Trust Fund Less \$694,000 to the CIP for 2015 Debt Service</p> <p>Subtotal of Sales tax to be split between GF/CIP 75% to General Fund (adjusted by CPI from 2011 on) Remainder to CIP (approximately 25%)</p> <p>The split is then adjusted to ensure that full \$1,000,000 Eastlink assumption is recognized in the CIP as per the MOU adoption. This adjustment is for years 2017-2020 for a total of \$4 million.</p>

Historical Collections & Trends

Sales Tax collections grew significantly from 2003 to 2007, primarily due to increases in development activity and consumer spending (retail and services sectors growth). Sales Tax collections for 2008 and 2009 reflect the decline in development and taxable retail activity experienced during the recession. Sales Tax collections had strong growth in the past two years. Projections for the 2019-2020 biennium reflect moderate growth in Sales Tax collections as the economy grows.



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Maximum Rate:	1.0 percent*
Current Rate:	1.0 percent*

2019 Estimate:	
General Fund	\$55,194,835
General CIP Fund	20,424,581
Housing Fund	<u>100,000</u>

Total 2019 Sales Tax	\$75,719,416
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2020 Estimate:	
General Fund	\$57,956,136
General CIP Fund	20,680,606
Housing Fund	<u>100,000</u>

Total 2020 Sales Tax	\$78,736,742
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* 15 percent of the sales tax revenue produced by the city's 1 percent is allocated to the county. In addition to the city's remaining 0.85 percent.

Comments/Watch Areas

Overall Sales Tax has been on a steady growth and the city is expecting a moderate growth to continue. While it appears that most Sales Tax categories appear to grow steadily, one area that will always be a concern is development or construction, which has historically been a large component of the city's Sales Tax collections. Since it is such a large component of sales tax it leaves it at risk due to how much development is influenced by economic conditions. As has



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happened in the past when a recession hits, construction will drop dramatically and has dropped as much as 33 percent from its peak during Great Recession.

2. Business & Occupation (B&O) Tax (*RCW 35.21.710, RCW 35.21.706, RCW 35.21.711¹*)

Business and Occupation (B&O) Tax is made up of two components: gross receipts tax and square footage tax. The gross receipts B&O Tax is primarily measured on gross proceeds of sales or gross income. The square footage B&O Tax applies to businesses whose in-city activities produce gross revenue indirectly, such as at a headquarter locations. Businesses with taxable gross receipts for a business less than \$160,000 or offices with less than 250 taxable square feet are exempt from B&O Tax. The city levies the same rate for all types of business activities. The gross receipt B&O Tax rate is 0.1496 percent of receipts/income and the quarterly square footage rate is \$0.24973 per square foot in 2018. B&O revenues support General Fund and the Capital Investment Program (CIP) Fund activities, information concerning both state and city policies concerning the B&O Tax are found in the table provided below:

¹ [RCW 35.21.706](#): Referendum procedure. An ordinance that imposes the tax or increases the tax rate must include a provision for a referendum procedure.

[RCW 35.21.710](#): Maximum B&O tax rates established.

[RCW 35.21.711](#): Voter approval for higher rates.

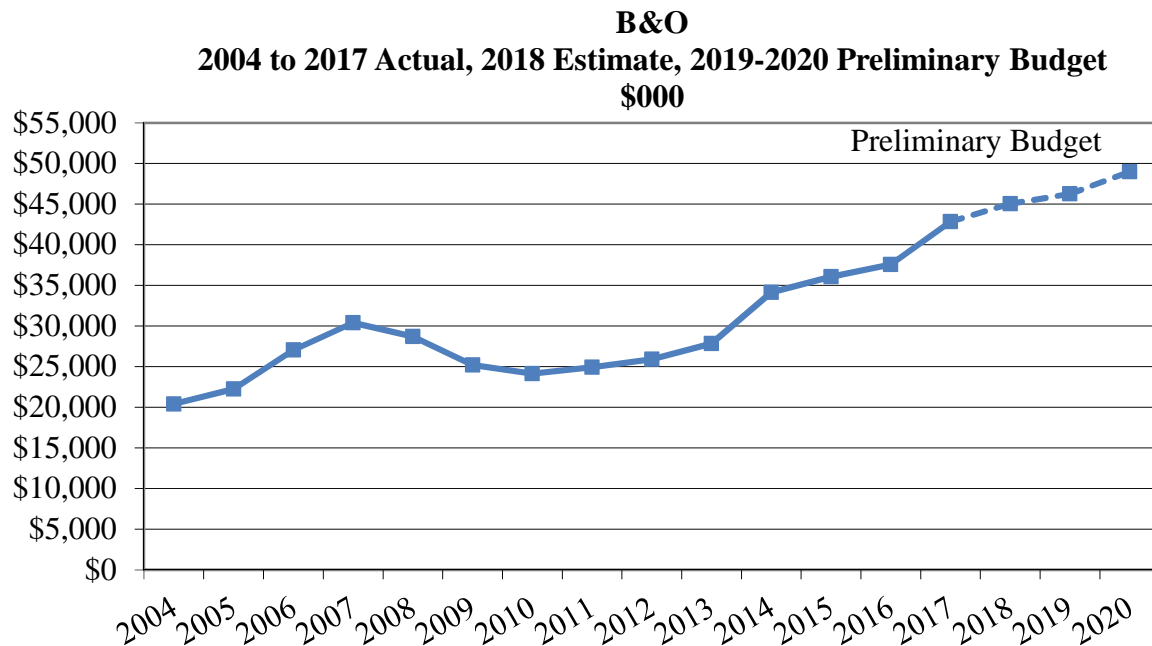
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Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to												
Business and Occupation Tax	<p>RCW: 35.21.710 establishes B&O tax authority for cities with a cap rate of 0.2%.</p> <p>Ord. 3740 dated December 15, 1986 – Repealed all previous B&O tax ordinances and set the tax rate at 0.013% of gross receipts, specifies B&O taxes may be allocated to projects or programs designated by City Council through the budget process. Budget 1987 split the 0.13% rate; 0.10% to GF, and 0.03% to CIP.</p> <p>Ord. 4047 dated September 5, 1989 -Tax rate increased to 0.1496%</p> <p>Ord. 4103 dated December 18, 1989 - Allocates Increased tax increment from Ord. 4047 of 0.0196% to Traffic Ordinance Operations Fund.</p> <p>Ord. 4907 dated September 3, 1996 -Eliminates Traffic Ordinance Operating Fund and transferred in part to General Fund and in part to General CIP fund. Budget 1997 split this 50/50 between CIP/GF.</p> <p>Ord. 5436 dated February 18, 2002 repeals BCC Section 4.08 and replaces it with 4.09, bringing Bellevue Code in line with other municipalities that charge a B&O tax. (There was no rate change, and past split practices were not changed.)</p>	<p>B&O Tax Split Calculation:</p> <p>Total B&O Tax is splits based on rate allocations:</p> <table border="1"> <thead> <tr> <th></th><th>GF</th><th>CIP</th></tr> </thead> <tbody> <tr> <td>Ord 3740 & Budget 1987</td><td>0.100%</td><td>0.0300%</td></tr> <tr> <td>Ord 4907 & Budget 1997</td><td>0.0098%</td><td>*0.0098%</td></tr> <tr> <td></td><td>0.1098%</td><td>0.0398%</td></tr> </tbody> </table> <p>*dedicated to transportation.</p> <p>Using the calculations noted, the Final split calculated based on the rate is:</p> <p>Total B&O rate: 0.1496% General Fund rate: 0.1098%: (73%) Unrestricted CIP rate: 0.0300%: (21%) Transportation Only CIP rate: 0.0098%: (6%)</p>		GF	CIP	Ord 3740 & Budget 1987	0.100%	0.0300%	Ord 4907 & Budget 1997	0.0098%	*0.0098%		0.1098%	0.0398%
	GF	CIP												
Ord 3740 & Budget 1987	0.100%	0.0300%												
Ord 4907 & Budget 1997	0.0098%	*0.0098%												
	0.1098%	0.0398%												

Historical Collections & Trends

Following a similar pattern to Sales Tax, B&O Tax collections grew considerably from 2003-2007, reflecting a strong economy. The recession slowed collections in 2008 and 2009. B&O collections hit bottom in 2010 and since has grown at a slow and steady pace. The city anticipates strong growth in near term and moderate growth through 2024.

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Maximum Rate:	0.2 percent
Current Rate:	0.1496 percent
2019 Estimate:	
General Fund	\$33,181,338
General CIP Fund	10,050,265
Mobility CIP Fund	<u>3,030,542</u>
Total 2019 Business & Occupation Tax	\$46,262,145
2020 Estimate:	
General Fund	\$35,142,721
General CIP Fund	10,644,347
Mobility CIP Fund	<u>3,209,680</u>
Total 2020 Business & Occupation Tax	\$48,996,748

A majority of voters may approve a rate in excess of 0.2 percent. Each 0.01 percent of the Business and Occupation Tax rate is expected to generate \$3.0 million in 2019 and \$3.2 million in 2020 of B&O Tax revenue (RCW 35.21.711: Voter approval for higher rates.).

Note: The City Council reserved from its levied capacity a rate of 0.0001 for convention center purposes per Ord. 4094.



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Comments/Watch Areas

As with Sales Tax, B&O Tax also is highly sensitive to economic conditions. B&O Tax however is slightly less volatile due the tax base being more diverse in nature. The source of the tax base that provides a greater diversity is the non-retail sectors such as professional services that are not subject to Sales Tax..

3. Property Tax

(RCW 84.52.010, RCW 84.52.043, RCW 41.16.060, RCW 84.55.010, RCW 84.55.092)

Property Tax is applied to the assessed value (AV) of all taxable real and personal property located within the city, with several exceptions such as public structures (government buildings, roads, etc.), property owned by several types of non-profit organizations, personal property (up to a specified dollar value), and others.

Real property includes land, buildings, and improvements to the land such as driveways. Personal property includes movable assets used in conducting a business such as machinery, supplies, and other non-inventory items. Washington State has a budget-based system of property taxation. There are three main components to the property tax: Levy, Assessed value (AV), and Levy Rate. As part of the budget process, the taxing jurisdiction establishes the amount of property tax revenue needed to fund the budget. That amount needed to fund the budget is called the Levy. It is the total amount to be collected from the taxpayers by a taxing district. By November 30 of each year, the amount of taxes to be levied by taxing districts are certified to the county assessor who computes the levy rate necessary to raise that amount of revenue. The county assessor calculates the Levy Rate necessary by dividing the total Levy amount by the assessed value of taxable property in the district. By law, this number is expressed in terms of a dollar rate per \$1,000 of valuation. For example, a rate of \$0.00025 is expressed as 25¢ per \$1,000 of assessed value. The formula for property tax collections is expressed as: $\text{Levy} = \text{Levy Rate} \times \text{Assessed Value (AV)}$. The Property Tax Levy is constrained by the overall limits on the regular levy rate and the limit on annual levy increases (Source: MSRC: Property Tax in Washington State).

Property Tax revenues support General Fund activities as well as the Human Services Fund, which accounts for human services activities, including agency contracts. Information concerning both state and city policies concerning the Property Tax are found in the table provided below:

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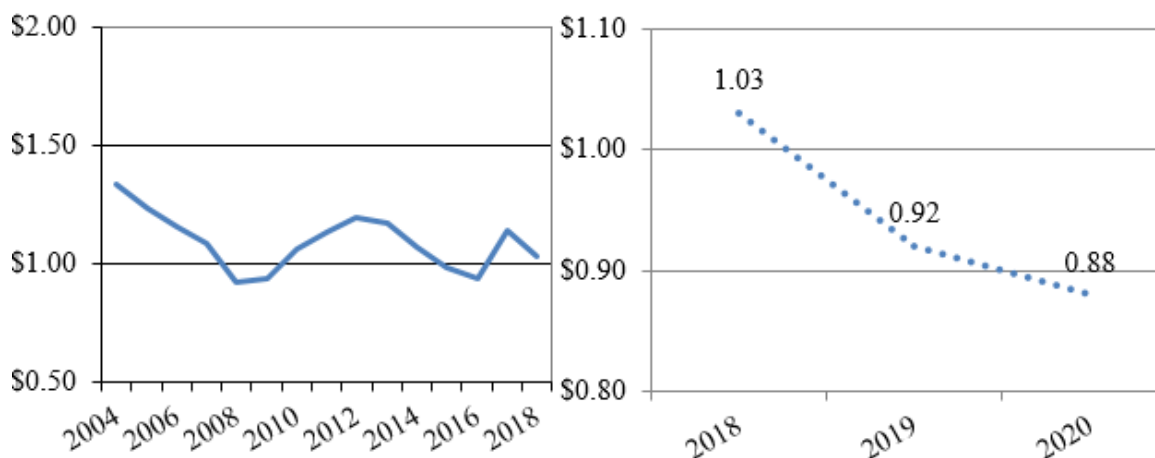
Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to
Property Tax	RCW 84.52; 84.55: establishes property tax authority for cities.	General Fund: 100% of General Property Tax CIP: 100% of all Voted Levies (per ballot language)

Historical Collections & Trends

Under Initiative 747, the regular Levy can grow at a maximum of 1 percent annually or the rate of “inflation” (defined as the increase in the implicit price deflator (IPD), whichever is less, plus additions for new construction, changes in value of state-assessed utility property and newly annexed property (referred to as “add-ons”). For 9 of the past 15 years, Bellevue has opted to only levy the additional Property Tax associated with add-ons, but has preserved, or “banked,” its remaining allowable levy capacity (maximum allowable levy less actual levy). In 2018, Bellevue has \$9.06 million in banked capacity available.

As displayed in the following chart, Bellevue’s Property Tax Levy Rate decreased from \$1.71 in 2004 and to \$1.03 in 2018 per \$1,000 AV. This reduction is a result of the city not increasing its’ Property Tax Levy, coupled with an increase in the city’s AV which drives the overall rate down. Bellevue’s Property Tax Levy Rate has fluctuated based on changes in AV, the use of banked capacity and voted levies.

Total Property Tax Levy Rate
2004 to 2017 Actual, 2018 Estimate, 2019-2020 Preliminary Budget



Maximum Rate: \$3.41/\$1,000 AV

2019 Estimated Total Levy Rate: \$0.92/\$1,000 AV



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2019 Estimated Levy:	
General Fund	\$37,288,462
Human Services Fund	3,487,997
Parks M&O Fund	660,000
CIP Fund	<u>17,596,596</u>
Total Estimated 2019 Property Tax Levy	\$59,033,055
2020 Estimated Total Levy Rate:	\$0.88/\$1,000 AV
2020 Estimated Levy:	
General Fund	\$38,502,900
Human Services Fund	3,614,975
Parks M&O Fund	660,000
CIP Fund	<u>17,846,961</u>
Total 2020 Estimated Property Tax Levy	\$60,624,836

Current law limits the Property Tax increase from the prior highest allowable Regular Levy to the lesser of 101 percent or 100 percent plus inflation, where inflation is measured by the percentage change in the Implicit Price Deflator (IPD) (whichever is less) (RCW 84.55.0101). It is often the case that the IPD is higher than the limit factor making the default allowable increase 101% of the prior year's Levy plus new construction. The inflation rate for 2019 Property Tax setting is 2.169% (Source: Bureau of Economic Analysis), which means local governments with a population of 10,000 or more may increase their property tax levies by 1% in 2019 without adopting a resolution or ordinance of substantial need (Source: MRSC).

The 2018 Regular Levy AV is at \$56 billion which is an increase of \$7 billion (13 percent) from the 2017 AV. Based on the estimated 2019 AV of \$64 billion and the 2020 AV of \$70 billion, each additional \$0.01 per \$1,000 assessed value (AV) of the Regular Property Tax Levy Rate generates \$640,000 in 2019 and \$700,000 in 2020 in Property Tax revenue. It should be noted that due to the high increase in AV the Levy Rate is estimated to decrease.

A parks and open space Levy Lid Lift was authorized by the voters in the November 2008 election to provide capital funding over the next 20 years (\$3,389,000 annually) and ongoing maintenance and operations funding (\$660,000 annually). This Levy Lid Lift increased the 2018 Property Tax levy rate by \$0.07 per \$1,000 of assessed value.

In November 2016, the voted Fire Facilities Levy and Neighborhood Safety, Connectivity and Congestions Levy were passed to fund CIP projects. The Fire Facilities Levy increased the 2018 Property Tax Levy Rate by \$0.11 per \$1,000 of assessed value, and the Neighborhood Safety, Connectivity and Congestions Levy increased the 2018 Property Tax Levy Rate by \$0.14 per \$1,000 of assessed value.

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4. Real Estate Excise Tax (REET) (RCW 82.46.010 RCW 82.46.035²)

The Real Estate Excise Tax (REET) is levied on all sales of real estate. The rate is 0.5 percent of the selling price of the property. The first 0.25 percent of local REET must be used to fund capital facilities expenditures that have been identified in the city's comprehensive plan. The second 0.25 percent of local REET revenues must also be used to fund capital facilities, with the added stipulation that they cannot be used for the acquisition of land for parks. REET revenues are cyclical in nature and is largely impacted by the number of big real estate transactions. The City Council has adopted an ordinance allocating the first 0.25 percent to Parks Capital Projects and the second 0.25 percent to Transportation Capital Projects. Information concerning both state and city policies concerning the REET are found in the table provided below:

Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to
Real Estate Excise Tax (REET)	<p>RCW 82.46 – established REET authority for cities.</p> <p>Ordinance 3213 dated December 13, 1982 directed 0.25% of sales price to transportation (REET1);</p> <p>Ordinance 4366 dated June 1, 1992 directed the second 0.25% to community development (REET2).</p> <p>Ordinance 4549 dated July 19, 1993 adopted the 1993-1999 CIP which re-directed REET 2 from community development to transportation and redirected REET 1 to parks.</p>	<p>CIP: 100% of the 0.5% REET rate is spent on capital in the CIP.</p> <p>Split 50% (or 0.25% tax) to Transportation (REET 2), and 50% (or 0.25% tax) to Parks (REET1).</p>

Historical Collections & Trends

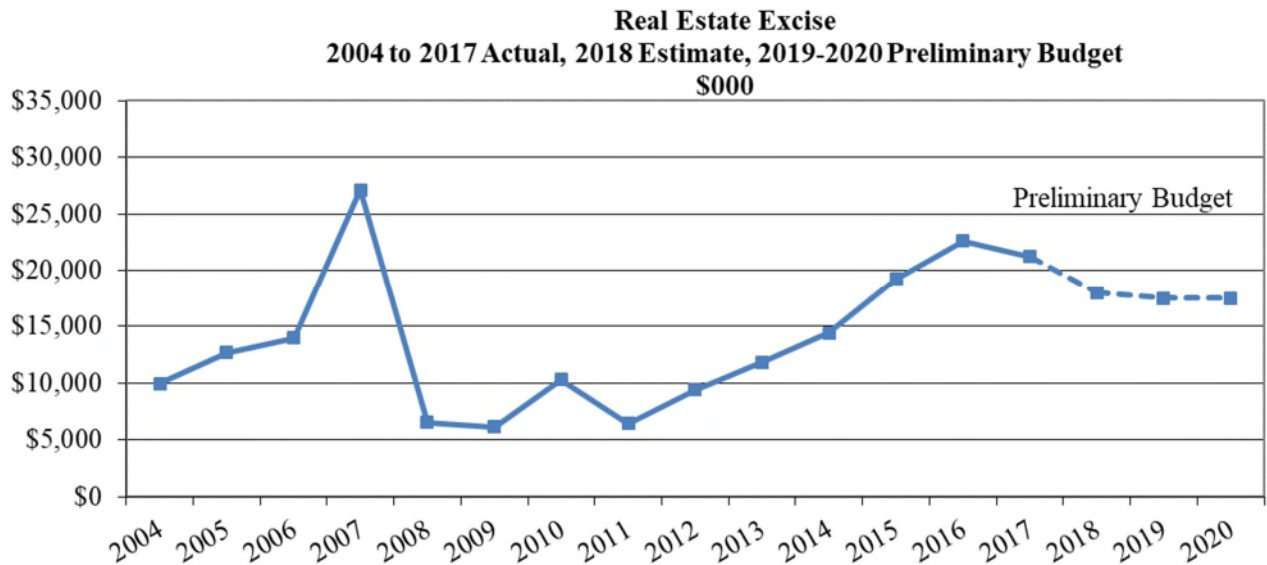
Real Estate Excise Tax collections increased an annual average of 21 percent per year between 2001 and 2006. Collections increased 94.3 percent in 2007, fueled by the sale of the portfolio of a major landholder in Bellevue.

The 2017 REET collections came in strong with several large real estate transactions taking place. These large transactions are anticipated to decrease in the coming years.

² RCW 82.46.010 authorizes all cities and counties to levy a 0.25% tax, described as "the first quarter percent of the real estate excise tax" or "REET 1" on all sales of real estate.

RCW 82.46.035 allows all cities and counties that are planning under the Growth Management Act (GMA) to have the authority to levy a second 0.25% tax (REET 2), on all sales of real estate.

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Maximum Rate:	0.5 percent
Current Rate:	0.5 percent
2019 Estimate:	\$17,500,000
2020 Estimate:	\$17,500,000

Revenue proceeds are receipted to the General Capital Investment Program Fund to support capital projects.

Watch Areas

REET has been strong for the last few years as real estate companies rebalance their portfolios taking advantage of low interest rates and a rebound in demand for housing. However, it is projected that REET transactions will slow down in future years, which is consistent with King County's August 2018 forecast.

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5. Utility Tax

Bellevue levies a tax on the gross income derived from sales of utility services provided in the city. Services include electricity, gas, water, sewer, storm drainage, garbage, telephone, and cellular phone. The revenues generated by these taxes support general city operations. Information concerning both state and city policies concerning the Utility Tax are found in the table provided below:

Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to																														
Utility Taxes	<p>RCW 35.21.870: established Utility Tax authority for cities.</p> <table> <tr> <th>Type</th><th>Current Rate</th><th>Max. Rate</th></tr> <tr> <td>Electric</td><td>5%</td><td>6%</td></tr> <tr> <td>Gas</td><td>5%</td><td>6%</td></tr> <tr> <td>Telephone</td><td>6%</td><td>6%</td></tr> <tr> <td>Cellular</td><td>6%</td><td>6%</td></tr> <tr> <td>Water</td><td>10.4%</td><td>No Max.</td></tr> <tr> <td>Sewer</td><td>5%</td><td>No Max.</td></tr> <tr> <td>Storm</td><td>5%</td><td>No Max.</td></tr> <tr> <td>Garbage</td><td>4.5%</td><td>No Max.</td></tr> <tr> <td>Cable Franchise Fee</td><td>4.8%</td><td>5%</td></tr> </table>	Type	Current Rate	Max. Rate	Electric	5%	6%	Gas	5%	6%	Telephone	6%	6%	Cellular	6%	6%	Water	10.4%	No Max.	Sewer	5%	No Max.	Storm	5%	No Max.	Garbage	4.5%	No Max.	Cable Franchise Fee	4.8%	5%	100% General Fund.
Type	Current Rate	Max. Rate																														
Electric	5%	6%																														
Gas	5%	6%																														
Telephone	6%	6%																														
Cellular	6%	6%																														
Water	10.4%	No Max.																														
Sewer	5%	No Max.																														
Storm	5%	No Max.																														
Garbage	4.5%	No Max.																														
Cable Franchise Fee	4.8%	5%																														

Electric Utility Tax (RCW 35.21.870 ³)

Maximum Rate:	6.0 percent
Current Rate:	5.0 percent
2019 Estimate:	\$8,708,924
2020 Estimate:	\$8,807,973

A majority of the voters may approve a rate in excess of 6 percent. Each 0.1 percent of the electric utility tax rate generates roughly \$174,000 in 2019 and \$176,000 in 2020 of Electric Utility Tax revenue.

³ RCW 35.21.870 Electricity, telephone, natural gas, or steam energy business—Tax limited to six percent. Cities may impose a higher rate with voter approval (majority vote).



Resource Summary

Gas Utility Tax (RCW 35.21.870)

Maximum Rate:	6.0 percent
Current Rate:	5.0 percent
2019 Estimate:	\$2,544,593
2020 Estimate:	\$2,618,785

Each 0.1 percent of the Gas Utility Tax rate generates approximately \$51,000 in 2019 and \$52,000 in 2020 of Gas Utility Tax revenue.

Water Utility Tax

Maximum Rate:	None
Current Rate:	10.4 percent*
General Fund	5.0 percent
Water Utility Fund	5.4 percent

* Due to an interfund accounting adjustment in how fire capacity charges were handled within the Utilities Funds and General Fund.

2019 Estimate:	
General Fund	\$2,912,379
Water Utility Fund	<u>3,145,370</u>
Total Estimated 2019 Water Utility Tax	\$6,057,749
2020 Estimate:	
General Fund	\$3,046,741
Water Utility Fund	<u>3,290,481</u>
Total Estimated 2020 Water Utility Tax	\$6,337,222

Each 0.1 percent of the Water Utility tax rate generates approximately \$121,000 in 2019 and \$127,000 in 2020 of Water Utility tax revenue.



Resource Summary

Sewer Utility Tax

Maximum Rate:	None
Current Rate:	5.0 percent
2019 Estimate:	\$2,981,923
2020 Estimate:	\$3,050,505

Each 0.1 percent of the Sewer Utility tax rate generates approximately \$60,000 in 2019 and \$61,000 in 2020 of Sewer Utility tax revenue.

Storm Drainage Utility Tax

Maximum Rate:	None
Current Rate:	5.0 percent
2019 Estimate:	\$1,239,953
2020 Estimate:	\$1,308,152

Each 0.1 percent of the Storm Drainage Utility Tax rate generates approximately \$25,000 in 2019 and \$26,000 in 2020 of Storm Drainage Utility Tax revenue.

Garbage Tax

Maximum Rate:	None
Current Rate:	4.5 percent
2019 Estimate:	\$1,372,127
2020 Estimate:	\$1,407,802

Each 0.1 percent of the Garbage Tax rate generates approximately \$27,000 in 2019 and \$28,000 in 2020 of Garbage Tax revenue.



Resource Summary

Telephone Utility Tax (*RCW 35.21.870*)

Maximum Rate:	6.0 percent
Current Rate:	6.0 percent
2019 Estimate:	
Telephone Utilities	\$1,940,766
Cellular Telephone Utilities	<u>2,421,761</u>
Total 2019 Telephone Utility Tax	\$4,362,527
2020 Estimate:	
Telephone Utilities	\$1,843,728
Cellular Telephone Utilities	<u>2,300,673</u>
Total 2020 Telephone Utility Tax	\$4,144,401

Each 0.1 percent of the telephone utility tax rate generates approximately \$73,000 in 2019 and \$69,000 in 2020 of telephone utility tax revenue.

Television Cable Franchise Fee (*Cable Communications Policy Act of 1984*)

Maximum Rate:	5.0 percent
Current Rate:	4.8 percent
2019 Estimate:	\$1,999,085
2020 Estimate:	\$1,999,085

Television Cable Franchise Fees are levied on cable television companies operating in the City. Each 0.1 percent of the television cable fee generates approximately \$42,000 in 2019 and \$42,000 in 2020 of television cable franchise revenue. In previous budgets before 2015, the cable franchise fees were included in a Franchise Fund, but there is no longer a need to deposit those funds into a separate fund and are included in the General Fund for the last two bienniums.

Resource Summary

Utility Tax Watch Areas

The biggest tax revenue generating utilities are Electric, Cell Phone and Water. Electric Tax collections have been virtually flat in the past five years despite the improving economy and the slight annual increase in electric rates. Cell Phone Utility Tax has been declining at 9 percent to 15 percent from 2012 to 2016, and the declining trend is expected to continue in 2019 and 2020. Cell Phone Utility Tax is expected to decline further in the out years due to the changing billing structure that reduces the taxable voice component and increases the untaxable data component of the bill. The Water Utility Tax increased 5 percent in 2017 and is expected to grow with the water rates increases. With the exception of city owned utilities, tax collections from utility taxes have been particularly weak in the last few years. Prior to the Great Recession, electric and natural gas had been increasing at consistently above inflation. When all utilities are accounted for, the total Utility Tax revenue is expected to stay almost flat in 2019 and 2020.

Legislation: State and Federal legislation can have an effect on tax revenues as services/products may be determined taxable or not taxable⁴. Often the timing of new legislation does not coincide with budget development and impacts are difficult to estimate. The Forecast attempts to incorporate the projected impact of new legislation when materiality warrants an adjustment.

Other Factors: Utility Tax revenues can be affected by uncontrollable variables, such as the economy, weather, market saturation, or new technology. While the Forecast incorporates market trends and historical experience into projections, impact of these variables is not always predictable.

⁴ RCW 35A.82.020 (code cities); RCW 35.22.195 (first class cities)



Resource Summary

6. Select Other Taxes & Fees Information

Accommodations (Hotel/Motel) Tax (*RCW 67.28.180 RCW 67.28.181*⁵)

Accommodations Taxes are committed to the Bellevue Convention Center Authority (BCCA), a public development authority created by the City Council on December 4, 1989.

Maximum Rate:	5.0 percent ⁶
Current Rate:	5.0 percent
2019 Estimate:	\$13,417,000
2020 Estimate:	\$13,965,000

Accommodations Tax proceeds are used first to pay Convention Center related debt. Collections in excess of debt requirements are transferred to the BCCA to support operations. The accommodations tax may be used only for tourism facilities and tourism promotion purposes. Each 0.1 percent of the tax generates approximately \$268,000 in 2019 and \$279,000 in 2020.

Motor Vehicle Fuel Tax (*RCW 82.36.025, RCW 82.38.030*)

2019 Estimate:	\$3,170,222
2020 Estimate:	\$3,213,928

Motor Vehicle Fuel Tax is levied on each gallon of motor vehicle fuel sold and distributed to cities and counties. City distribution is on a per-capita basis.

⁵Most cities may impose a “basic” two percent tax under RCW 67.28.180 on all charges for furnishing lodging at hotels, motels, and similar establishments (including bed and breakfasts and RV parks) for a continuous period of less than one month. In addition, most cities may levy an additional tax of up to two percent, for a total rate of four percent, under RCW 67.28.181(1). Cities that had authority to levy a “special” tax before July 27, 1997 that allowed a total rate higher than four percent, had that rate grandfathered in by the 1997 legislation.¹⁰⁹ All the cities in Grays Harbor and Pierce counties are in this category, plus Chelan, Leavenworth, Long Beach, Bellevue, Yakima, and Winthrop.

⁶Cities that had authority to levy a “special” tax before July 27, 1997 that allowed a total rate higher than four percent, had that rate grandfathered in by the 1997 legislation.¹⁰⁹ All the cities in Grays Harbor and Pierce counties are in this category, plus Chelan, Leavenworth, Long Beach, Bellevue, Yakima, and Winthrop.

Resource Summary

Revenue Stream	Source: RCW; Financial Policy; Ordinance; Guiding Practice	Calculation of where each tax is split to
Motor Vehicle Fuel Tax	<p>RCW 82.38.030 – Rates: 46.68.090 – City Dist.</p> <p>Ordinance 4179 dated October 15, 1990 - creation of 1990 Gas Tax Fund, directing 100% of this increase to CIP</p> <p>Ordinance 4907 dated September 3, 1996 directs the unrestricted motor vehicle fuel tax to General Fund and the restricted motor vehicle fuel tax and the amount authorized by the 1990 state legislature (Gas Tax) to the CIP.</p>	<p>Amount from the 1990 state legislature increase to the CIP</p> <p>Total revenue split of 50% CIP, 50% GF</p>

Admissions Tax (RCW 35.21.280)

Maximum Rate:	5.0 percent
Current Rate:	3.0 percent
2019 Estimate:	\$562,195
2020 Estimate:	\$579,297

Admissions Taxes are levied on persons who pay an admission charge for entrance to an event or establishment. It is collected for the city by the business charging the admission for entrance to theaters, amusement parks, and swimming pools, among others. Each 0.1 percent of the Admissions Tax rate generates approximately \$19,000 in 2019 and \$19,000 in 2020 of revenue.

Leasehold Excise Tax (RCW 82.29A.030, RCW 82.29A.040)

Maximum Rate:	4.0 percent
Current Rate:	4.0 percent
2019 Estimate:	\$130,084
2020 Estimate:	\$133,444

Most leases of publicly-owned real and personal property in the state are subject to a leasehold excise tax in lieu of a property tax. The 1976 legislature established a 12 percent tax to be levied either on the contract rent (when the lease is established by competitive bidding) or, in other instances, by the imputed economic rent as determined by the Department of Revenue. The 1982 legislature added a seven percent surcharge making the total rate 12.84 percent. Cities and counties may collectively levy up to six percent of this 12.84 percent. The maximum county rate is six percent and the maximum city rate is four percent. The county must give a credit for any city tax. Therefore, if a city is levying its maximum four percent, the county may collect only



Resource Summary

two percent in the city. These taxes are collected by the city and remitted to the Department of Revenue. After deducting an administrative fee, the department distributes the taxes to local governments on a bimonthly basis.



Resource Summary

Gambling Tax - Amusement & Games (RCW 9.46.110)

Maximum Rate:	2 percent - 5 percent ⁷
Current Rate:	2 percent - 5 percent
2019 Estimate:	\$13,805
2020 Estimate:	\$14,162

Gambling Tax on amusement games, bingo, and raffle activities. State law provides that the city must first use these proceeds to pay for enforcement activities.

Gambling Tax – Punchboards & Pull Tabs (RCW 9.46.110)

Maximum Rate:	5.0 percent
Current Rate:	5.0 percent
2019 Estimate:	\$141,302
2020 Estimate:	\$144,951

Gambling Tax on punch board and pull-tab activities. These are reserved for the purpose of providing youth facilities to the extent that funds from this tax are not first required to enforce gambling laws as required by State law.

Fire Inspection Fee

2020 Estimate:	\$1,491,075
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The 2019-2020 budget proposes a fire inspection fee to recover the cost of providing fire inspections consistent with cost recovery objectives in similar code inspections.

⁷ Currently, the maximum tax rates are as follows:

- Amusement games: 2 percent of gross receipts less prizes (net receipts);
- Amusement games by charitable or nonprofit organizations that have no paid operating or management personnel: no tax on first \$5,000 of net receipts (including that from any bingo games), then 2 percent of net receipts;
- Bingo and raffles: 5 percent of net receipts;
- Raffles by charitable or nonprofit organizations: no tax on first \$10,000 of net receipts, then 5 percent of net receipts;
- Bingo by charitable or nonprofit organizations that have no paid operating or management personnel: no tax on first \$5,000 of net receipts (including that from any amusement games), then 5 percent of net receipts;
- Punch boards and pull-tabs by charitable or nonprofit organizations, 10 percent of net receipts;
- Punch boards and pull-tabs by commercial stimulant operators, 5 percent of gross receipts or 10 percent of net receipts;
- Social card games: 20 percent of gross receipts.

Resource Summary

Figure 8a-4 (A)
Comparison of 2018 Urban Tax Rates
Rates in Effect for Property as of January 2018

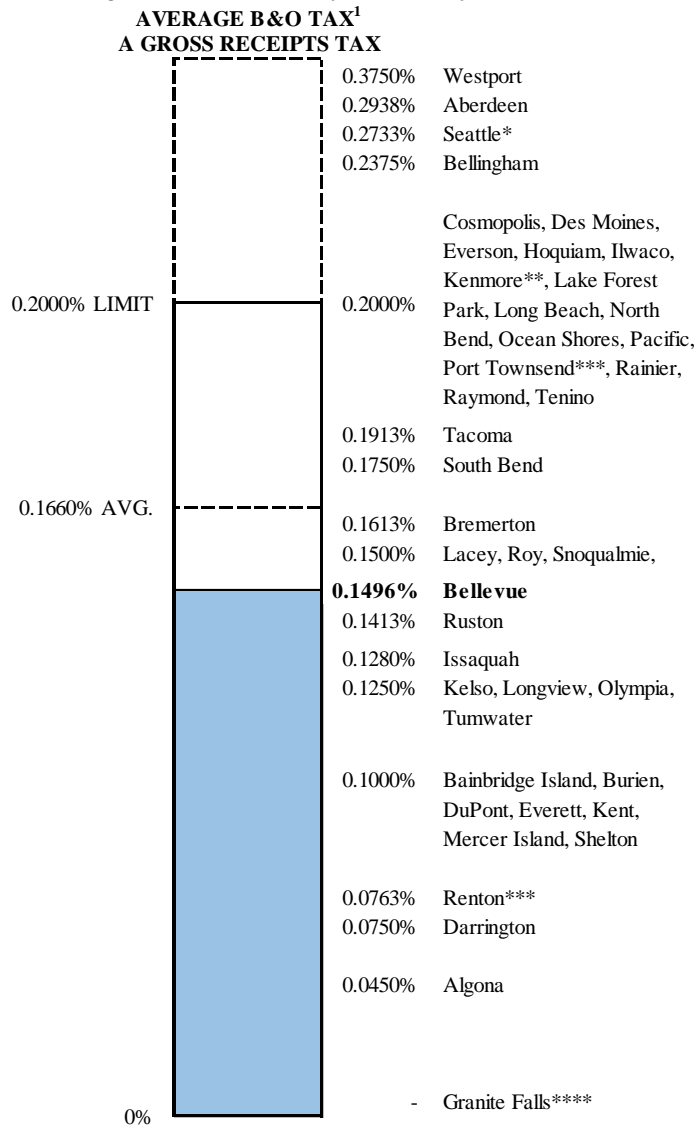
This figure provides a comparison of City of Bellevue tax rates to the tax rates of the other Washington cities with over 20,000 population effective January 2018. Comparisons in the figure below show that Bellevue's property tax rate is well below the average for these Washington cities. In 2018, City of Bellevue's total property tax levy rate is \$1.03 as shown below.

Property Tax Regular Levy \$ Tax Per \$1,000 A. V.			Property Tax Total Regular & Excess Levies \$ Tax Per \$1,000 A. V.		
\$3.60 Limit			\$3.60 Limit	\$ 3.62	Spokane
\$3.42 Bellevue Limit	\$ 3.32	Moses Lake	\$3.42 Bellevue Limit	\$ 3.32	Moses Lake
	\$ 3.31	Spokane		\$ 3.31	Tacoma
	\$ 3.16	Longview		\$ 3.25	Walla Walla
	\$ 2.99	Yakima		\$ 3.16	Longview
	\$ 2.89	Camas		\$ 2.99	Yakima
	\$ 2.75	SeaTac		\$ 2.98	Richland
	\$ 2.73	Tacoma		\$ 2.89	Camas
	\$ 2.67	Richland		\$ 2.85	Bremerton
	\$ 2.62	Walla Walla		\$ 2.78	Olympia
	\$ 2.60	Olympia		\$ 2.75	SeaTac
	\$ 2.43	Mount Vernon		\$ 2.61	Vancouver
	\$ 2.41	Bremerton		\$ 2.60	Everett
	\$ 2.32	Vancouver		\$ 2.47	Marysville
	\$ 2.31	Oak Harbor		\$ 2.43	Mount Vernon
	\$ 2.20	Everett		\$ 2.36	Seattle
	\$ 2.17	Kennewick		\$ 2.31	Oak Harbor
	\$ 2.03	Auburn		\$ 2.17	Bellingham
	\$ 1.97	Marysville		\$ 2.17	Kennewick
	\$ 1.76	Mountlake Terrace		\$ 2.17	Mountlake Terrace
\$1.73 AVG.	\$ 1.75	Pasco	\$1.94 AVG.	\$ 2.03	Auburn
	\$ 1.72	Sammamish		\$ 1.75	Pasco
	\$ 1.53	Puyallup		\$ 1.72	Sammamish
	\$ 1.50	Battle Ground		\$ 1.66	Puyallup
	\$ 1.38	Bellingham		\$ 1.64	Bothell
	\$ 1.37	Spokane Valley		\$ 1.57	Edmonds
	\$ 1.31	Des Moines		\$ 1.50	Battle Ground
	\$ 1.25	Seattle		\$ 1.44	Shoreline
	\$ 1.23	Lake Stevens		\$ 1.44	Kenmore
	\$ 1.18	Bothell		\$ 1.44	Mukilteo
	\$ 1.16	Bonney Lake		\$ 1.33	Lacey
	\$ 1.15	Renton		\$ 1.25	Redmond
	\$ 1.15	Lakewood		\$ 1.24	Burien
	\$ 1.15	Kirkland		\$ 1.24	Wenatchee
	\$ 1.14	Kenmore		\$ 1.18	Kirkland
	\$ 1.13	Edmonds		\$ 1.16	Bonney Lake
	\$ 1.13	University Place		\$ 1.15	Renton
	\$ 1.13	Lacey		\$ 1.15	Lakewood
	\$ 1.11	Wenatchee		\$ 1.13	University Place
	\$ 1.06	Federal Way		\$ 1.08	Bainbridge Island
	\$ 1.05	Mukilteo		\$ 1.06	Federal Way
	\$ 1.04	Maple Valley		\$ 1.04	Maple Valley
	\$ 0.99	Bainbridge Island		\$ 1.04	Issaquah
	\$ 0.94	Redmond		\$ 1.03	Bellevue
	\$ 0.88	Mercer Island		\$ 1.00	Mercer Island
	\$ 0.87	Issaquah		\$ 0.95	Lynnwood
	\$ 0.71	Bellevue			
	\$ 0.57	Lynnwood			
	Bellevue Regular Levy \$0.71			Bellevue Levy \$1.03	
\$0			\$0		

Resource Summary

Figure 8a-4 (B)
Comparison of 2018 Urban Tax Rates
Rates in Effect for B&O Tax as of January 2018

Comparisons in the figure below show that Bellevue's B&O Taxes are well below the average of Washington cities for rates effective January 2018. Bellevue's B&O Tax rates remain the same for 2019, individual rates can be found in Figure 8a-2, Summary of Locally Levied Taxes, B&O Tax.



¹ Unweighted average B&O tax on service, retail, wholesale, manufacturing and services activities for those cities which impose a gross receipts business tax.

* Seattle changed its rates effective January 1, 2018.

** Kenmore's B&O tax applies to heavy manufacturing only.

*** Port Townsend and Renton changed the minimal threshold in 2018.

**** Granite Falls repealed its B&O tax for all businesses other than extracting.

NOTE: Rates exceeding the 0.20% limit reflect voter approved increases above the statutory limit or grandfathered rates prior to 1982 limit.

Resource Summary

Figure 8a-5
Property Valuation & Tax Levy Information
1990 through 2020

This figure displays historical property tax information for comparison purposes. Official property tax records are maintained by the King County Assessor's Office. Property owners are taxed on 100 percent of the Assessed Value of their property.

Year	Regular Levy Assessed Valuation (\$ in Millions)	% Change from Prior Year	Regular Property Tax Levy (\$ in Thousands)	% Change from Prior Year	Tax Rate Per \$1000 Assessed Valuation		
					Voted Levy	Regular Levy	Total Property Tax Rate
1990	6,610	2.4%	14,556	8.6%	0.53	2.20	2.73
1991	9,065	37.1%	16,113	10.7%	0.31	1.76	2.07
1992	9,238	1.9%	17,143	6.4%	0.29	1.85	2.14
1993	9,958	7.8%	18,414	7.4%	0.26	1.85	2.11
1994	10,249	2.9%	20,422	10.9%	0.20	1.99	2.19
1995	10,701	4.4%	19,492	-4.6%	0.35	1.82	2.17
1996	10,876	1.6%	19,861	1.9%	0.35	1.83	2.18
1997	11,308	4.0%	21,026	5.9%	0.34	1.86	2.20
1998	12,115	7.1%	21,246	1.0%	0.32	1.75	2.07
1999	13,652	12.7%	21,685	2.1%	0.24	1.59	1.83
2000	14,981	9.7%	22,497	3.7%	0.21	1.50	1.71
2001	17,605	17.5%	23,489	4.4%	0.14	1.34	1.48
2002	19,705	11.9%	24,859	5.8%	0.13	1.26	1.39
2003	20,696	5.0%	25,214	1.4%	0.13	1.22	1.35
2004	21,212	2.5%	25,572	1.4%	0.13	1.21	1.34
2005	22,214	4.7%	25,814	0.9%	0.07	1.16	1.23
2006	23,957	7.8%	26,264	1.7%	0.06	1.10	1.16
2007	26,612	11.1%	27,638	5.2%	0.05	1.04	1.09
2008	31,396	18.0%	28,904	4.6%	0.00	0.92	0.92
2009	37,627	19.8%	31,201	7.9%	0.11	0.83	0.94
2010	34,103	-9.4%	32,011	2.6%	0.12	0.94	1.06
2011	32,079	-5.9%	32,583	1.8%	0.13	1.02	1.14
2012	30,977	-3.4%	32,952	1.1%	0.13	1.06	1.19
2013	32,673	5.5%	34,359	4.3%	0.12	1.05	1.18
2014	36,046	10.3%	34,679	0.9%	0.11	0.96	1.07
2015	41,326	14.6%	36,486	5.2%	0.10	0.88	0.98
2016	44,426	7.5%	37,517	2.8%	0.09	0.84	0.94
2017	49,365	11.1%	38,711	3.2%	0.36	0.78	1.14
2018	56,347	14.1%	39,856	3.0%	0.32	0.71	1.03
2019*	64,701	14.8%	41,137	3.2%	0.28	0.64	0.92
2020*	70,021	8.2%	42,503	3.3%	0.28	0.61	0.88

Notes: Prior year AV is used to calculate current year property tax rates. i.e. 2016 AV is used to calculate 2017 rates.

2008 Regular Property Tax Levy reflects retirement of 2003 Unlimited Tax General Obligation bonds.

2009 Regular Property Tax Levy does not include the Parks & Natural Areas Voted Levy.

*2019 and 2020 AV and levy data are estimates based on the King County's AV forecast released in August 2018.

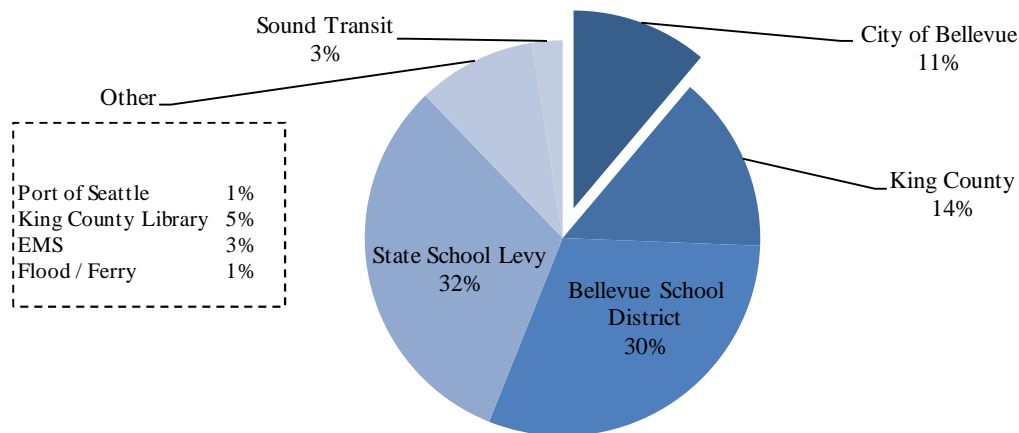
Resource Summary

Figure 8a-6

Property Taxes Typical Distribution of Property Tax Dollars

This figure illustrates the Property Tax distribution for a typical Bellevue taxpayer in 2018. As shown in the pie chart, Bellevue's Property Tax Levies make up only 11 percent of a property owner's tax bill. The largest components are the State School Levy and the Bellevue School District Levy which together comprise 62 percent of the typical taxpayer's property tax obligation.

Official property tax records are maintained by the King County Assessor's Office.



The following table displays the 2018 property tax bills for hypothetical low-, medium-, and high-assessed value (AV) homes.

	2018 Rate/\$1,000 of AV	Low AV = \$500,000	Medium AV = \$791,000	High AV = \$1,000,000
Emergency Medical Services	\$0.24	\$120	\$189	\$239
Port of Seattle	0.14	68	106	132
Flood / Ferry Levy	0.11	54	84	104
King County Library	0.41	206	324	409
City of Bellevue	1.03	513	813	1,029
King County	1.33	664	1,051	1,328
Bellevue School District	2.80	1,401	2,217	2,804
State School Levy	2.92	1,459	2,309	2,920
Sound Transit	0.23	114	181	230
Total	\$9.19	\$4,597	\$7,274	\$9,195

Figures may not foot due to rounding.

Note: Columns/graph may not foot due to rounding



Expenditure Summary

This chapter presents a high-level summary of the key components of the 2019-2020 Preliminary Budget.

For the purpose of this chapter, the 2019-2020 Preliminary Budget is compared to the 2017-2018 Amended Budget including all amendments through 10/8/2018.

The Expenditure Summary is organized into the following sections:

A. Total Preliminary City Budget

Figure 8b-1 lists the 2019-2020 total budgeted resources by source and expenditures by outcome. The resources and expenditures are divided up into five distinct funding categories.

Figure 8b-2 lists the same 2019-2020 total budgeted resources by source, but displays the expenditures by department.

Figure 8b-3 details the 2019-2020 Preliminary Budget net of double-budgeting and reserves for each of the five fund categories, as well as for each fund, and compares net budget growth from the 2017-2018 Amended Budget.

Figure 8b-4 displays the total 2019-2020 Preliminary Budget by department and compares it to the 2017-2018 Amended Budget.

Figure 8b-5 displays the 2019-2020 total budget by outcome and department, while excluding reserves.

Figure 8b-6 displays the 2020 personnel positions (known as full time equivalents, or FTEs) by outcome and by department.

B. General Fund

Figure 8b-7 displays the growth in the total appropriation for the General Fund by department.

Figure 8b-8 displays the 2019-2020 Preliminary Budget by outcome and department for the General Fund.

C. Internal Service and Other Operating Funds

Figure 8b-9 displays the growth in the total appropriation for the Internal Service and Other Operating funds by department.

Figure 8b-10 displays the 2019-2020 Preliminary Budget by outcome and department for just the Internal Service and Other Operating funds.



Expenditure Summary

D. Enterprise Funds

Figure 8b-11 displays the growth in the total appropriation for the Enterprise funds by department.

Figure 8b-12 displays the 2019-2020 Preliminary Budget by outcome and department for just the Enterprise funds.

E. Special Purpose Funds

Figure 8b-13 displays the growth in the total appropriation for the Special Purpose funds by department.

Figure 8b-14 displays the 2019-2020 Preliminary Budget by outcome and department for just the Special Purpose funds.

F. Capital Investment Funds

Figure 8b-15 displays the growth in the total appropriation for the Capital Investment funds by department.

Figure 8b-16 displays the 2019-2020 Preliminary Budget by outcome and department for just the Capital Investment funds.

G. Total Debt Information – Based on Statutory Limits

Figure 8b-17 displays the City's total policy and statutory debt limits as of January 1, 2019.

Figure 8b-18 displays the City's total statutory debt capacity and debt issued as of January 1, 2019, comparing general government, parks and open space, and utility system use of debt capacity.

Figure 8b-19 lists the City's general obligation and revenue bond issuance amount and date, maturity date, interest rate, source of funding and debt service requirements for 2019-2020 by bond.

Figure 8b-20 displays the City's annual debt service requirements for existing non-voted general obligation bonds from 2017 through 2044 and lists the city's bond ratings.



Expenditure Summary

A. Total Preliminary City Budget

The 2019-2020 Preliminary Budget totals \$1.7 billion. It is built on a complex set of differing funds based in generally accepted accounting principles. Funds are used to separate and account for differing types of resources and costs. The following expenditure section separates the funds into 5 distinct categories. These categories are used throughout the expenditure summary section.

General Fund: The General Fund supports most of the direct services to the community, including police, fire, parks, community development, and transportation, as well as many of the administrative operations.

Internal Service and Other Operating funds: The Internal Service and Other Operating funds contain numerous funds where revenues are derived by charging other city funds on a cost-reimbursement basis for goods and services. Included are funds that provide for operating expenditures for departments, such as Information Technology and Civic Services, and the funds providing for equipment replacement and various employee benefits. There are also funds in this category that hold specific revenues within the city for specific purposes, including the Human Services Fund, the Hotel/Motel Tax Fund, and the Land Purchase Revolving Fund.

Enterprise Funds: Enterprise funds consist of city operations that are financed and operated similar to a private business, and include the various Utilities funds as well as the Development Services Fund, the Parks Enterprise Fund, and the Marina Fund.

Special Purpose Funds: Special Purpose funds hold resources that are restricted either by state law or other requests and are dedicated to specific purposes. This includes the Operating Grants and Donations Fund, the Housing Fund, and other funds.

Capital Investment Funds: Capital Investment funds include the two funds that make up the city's CIP: the General CIP Fund and the Utilities CIP Fund.

The following two tables provide the total 2019-2020 Preliminary Budget appropriation in two views – one by outcome and the second by department:

Figure 8b-1 lists the **2019-2020 Preliminary Budget Resources by Source and Expenditures by Outcome** sorted by the five categories noted above. More information regarding the outcomes and services provided can be found in Chapter 9.

Figure 8b-2 lists the same **2019-2020 Preliminary Budget Resources by Source** but displays the **Expenditures by Department** sorted by the five fund categories. More information regarding the outcomes and services provided can be found in Chapter 9.



Expenditure Summary

Figure 8b-1
2019-2020 Total Preliminary City Budget
Resources by Source & Expenditures by Outcome
\$000

	General Fund	Internal Service and Other Operating Funds	Enterprise Funds	Special Purpose Funds	Capital Investment Funds	2019-2020 Biennial Budget
Beginning Fund Balance	\$47,296	\$37,965	\$54,571	\$19,426	\$172,122	\$331,381
Revenues by Source						
Property Tax	\$77,111	\$7,123	\$0	\$0	\$35,444	\$119,678
Sales Tax	113,151	0	0	200	41,105	154,456
Business & Occupation Tax	68,324	0	0	0	26,935	95,259
Utility Taxes	58,949	0	0	0	0	58,949
Other Taxes	14,836	27,382	0	1,000	36,300	79,518
Grants	86	0	572	4,266	32,523	37,446
Intergovernmental Services	42,943	8,709	1,305	2,249	4,439	59,645
Charges for Services	40,774	62,228	34,177	60	8,145	145,384
Utility Services Fees	0	0	311,604	0	4,719	316,323
Miscellaneous Revenues	10,826	70,971	29,415	1,042	26,143	138,397
Short-Term Debt	0	0	0	0	17,283	17,283
Long-Term Debt	0	0	0	0	0	0
Operating Transfers	2,034	972	9,916	43,675	129,074	185,671
Total Revenues by Source	\$429,035	\$177,386	\$386,988	\$52,491	\$362,109	\$1,408,010
Total Resources	\$476,331	\$215,351	\$441,560	\$71,917	\$534,231	\$1,739,390
Expenditures by Outcome						
Economic Growth and Competitiveness	\$7,316	\$23,363	\$11,819	\$0	\$6,562	\$49,060
Healthy and Sustainable Environment	7,240	62	204,773	0	90,649	302,724
Improved Mobility and Connectivity	35,242	0	0	464	101,041	136,747
Quality Neighborhoods/Innovative Vibrant and Caring Community	65,837	12,939	14,103	3,279	39,760	135,918
Responsive Government	53,158	117,305	12,383	43,966	5,883	232,695
Safe Community	192,155	93	15,153	2,258	29,611	239,270
Total Expenditures By Outcome	\$360,948	\$153,762	\$258,231	\$49,967	\$273,505	\$1,096,413
Interfunds and Other Expenditures	\$65,345	\$31,726	\$130,487	\$2,854	\$79,863	\$310,274
Ending Fund Balance	\$50,038	\$29,864	\$52,842	\$19,096	\$180,863	\$332,703
Total Expenditures	\$476,331	\$215,351	\$441,560	\$71,917	\$534,231	\$1,739,390

Figures may not foot due to rounding



Expenditure Summary

Figure 8b-2

2019-2020 Total Preliminary City Budget

Resources by Source & Expenditures by Department

\$000

	General Fund	Internal Service and Other Operating Funds	Enterprise Funds	Special Purpose Funds	Capital Investment Funds	2019-2020 Biennial Budget
Beginning Fund Balance	\$47,296	\$37,965	\$54,571	\$19,426	\$172,122	\$331,381
Revenues by Source						
Property Tax	\$77,111	\$7,123	\$0	\$0	\$35,444	\$119,678
Sales Tax	113,151	0	0	200	41,105	154,456
Business & Occupation Tax	68,324	0	0	0	26,935	95,259
Utility Taxes	58,949	0	0	0	0	58,949
Other Taxes	14,836	27,382	0	1,000	36,300	79,518
Grants	86	0	572	4,266	32,523	37,446
Intergovernmental Services	42,943	8,709	1,305	2,249	4,439	59,645
Charges for Services	40,774	62,228	34,177	60	8,145	145,384
Utility Services Fees	0	0	311,604	0	4,719	316,323
Miscellaneous Revenues	10,826	70,971	29,415	1,042	26,143	138,397
Short-Term Debt	0	0	0	0	17,283	17,283
Long-Term Debt	0	0	0	0	0	0
Operating Transfers	2,034	972	9,916	43,675	129,074	185,671
Total Revenues by Source	\$429,035	\$177,386	\$386,988	\$52,491	\$362,109	\$1,408,010
Total Resources	\$476,331	\$215,351	\$441,560	\$71,917	\$534,231	\$1,739,390
Expenditures by Department						
City Attorney	\$8,315	\$10,683	\$0	\$0	\$0	\$18,998
City Clerk	5,700	0	0	0	0	\$5,700
City Council	1,220	0	0	0	0	\$1,220
City Manager	10,631	0	0	0	0	\$10,631
Civic Services	6,166	38,999	0	0	3,865	\$49,029
Community Council	9	0	0	0	0	\$9
Community Development	12,000	0	0	2,777	9,392	\$24,169
Development Services	9,846	0	58,141	0	0	\$67,987
Finance	17,793	27,382	0	43,895	45,830	\$134,901
Fire	111,107	147	0	2,898	26,081	\$140,233
Human Resources	5,829	60,200	0	0	0	\$66,030
Information Technology	0	31,032	0	0	2,300	\$33,332
Miscellaneous Non-Departmental	4,881	0	0	0	0	\$4,881
Parks & Community Services	74,657	14,536	14,234	2,717	31,976	\$138,120
Police	100,682	0	0	0	0	\$100,682
Transportation	57,456	2,509	0	535	102,745	\$163,244
Utilities	0	0	316,342	0	131,179	\$447,522
Total Expenditures By Department	\$426,293	\$185,488	\$388,717	\$52,821	\$353,368	\$1,406,687
Ending Fund Balance	\$50,038	\$29,864	\$52,842	\$19,096	\$180,863	\$332,703
Total Expenditures	\$476,331	\$215,351	\$441,560	\$71,917	\$534,231	\$1,739,390

Figures may not foot due to rounding



Expenditure Summary

Figure 8b-3 details the **2019-2020 Preliminary Budget Net of Double-Budgeting and Reserves** for each of the five fund categories, as well as for each fund, and compares net budget growth from the 2017-2018 Amended Budget. This table differs from the previous tables since it is removing the double-budgeting and the reserves from each fund in order to display the true expenditure growth.

The double-budgeting is primarily made up of interfund transfers within the city, where one fund is paying another fund. An example of this would be how computer replacements work within the city. A department would spend money to buy a new computer, but those funds would first be sent to the Information Technology fund before then being spent again on the computer. In order to account for this expenditure only once, double-budgeting would be removed.

General Funds are increasing by 8.1 percent in the 2019-2020 biennium. This is due to both regular inflation in personnel and operating costs, as well as some targeted investments. These investments are further highlighted both below in Figure 8b-4, as well as in Section B.

Internal Service and Other Operating funds are increasing by 2.6 percent. Increases include the Health Benefits Fund, which is increasing by its actuarially determined rate. Hotel/Motel expenditures are increasing due to pass through of revenue; while the Human Services Fund is increasing due to population, inflation and other costs. LEOFF I Medical Reserve Fund is decreasing due to depletion of the reserve and transferring the pay-as-you portion to the General Fund. More detail is provided in Section C.

Enterprise funds are growing by 6.1 percent, mainly due to increases in Development Services due to continued high construction activity in the near term, as well as increases in the Utilities funds, primarily attributable to costs associated with purchased water from the Cascade water alliance, King County Metro wastewater treatment costs, and increases in the CIP plan during 2019-2020. It is worth noting that while the Cascade and King County wholesale costs are increasing, the rate of growth in these costs is below what was projected for the early look in March of this year, resulting in lower rates than what was previously projected for both the Water and Sewer utilities. More detail on other increases are provided in Section D.

Special Purpose funds are decreasing by 1.7 percent, mainly due to lower projected expenditures from the Operating Grants and Donations. More detail is provided in Section E.

Capital Investment funds are decreasing by 4.3 percent, mainly due to the timing of the Transportation Infrastructure Financing Innovation Act (TIFIA) loan in 2018. More detail is provided in Section E of this chapter, as well as in Chapter 10.



Expenditure Summary

Figure 8b-3

Preliminary Budget Summary - Net of Double-Budgeting and Reserves
\$000

	2017-2018 Amended Budget	2017-2018 Double- Budgeting*	2018 Reserves	2017-2018 Net Budget	2019-2020 Preliminary Budget	2019-2020 Double- Budgeting*	2020 Reserves	2019-2020 Net Budget	Net Budget	
									\$ Change	% Change
TOTAL CITY BUDGET										
General Funds	\$440,463	(\$66,341)	(\$38,832)	\$335,290	\$476,331	(\$63,851)	(\$50,038)	\$362,442	\$27,151	8.1%
Internal Service & Other Operating Funds										
Equipment Rental	\$29,150	(\$4,615)	(\$4,039)	\$20,497	\$29,392	(\$3,755)	(\$5,463)	\$20,173	(\$323)	(1.6%)
Facilities Services	17,808	(2,110)	(1,093)	14,604	15,159	(2,322)	(657)	12,180	(2,424)	(16.6%)
General Self-Insurance Fund	10,147	(552)	(3,717)	5,878	10,757	(566)	(3,781)	6,409	531	9.0%
Health Benefits Fund	63,502	(26)	(8,306)	55,170	63,006	(28)	(3,200)	59,779	4,609	8.4%
Hotel/Motel Taxes Fund	25,260	(4,013)	0	21,247	27,382	(4,019)	0	23,363	2,116	10.0%
Human Services Fund	10,324	0	(252)	10,072	11,979	0	(207)	11,772	1,700	16.9%
Information Services Fund	34,468	(2,543)	(5,671)	26,255	36,229	(2,689)	(5,196)	28,343	2,088	8.0%
Land Purchase Revolving Fund	3,485	(259)	(1,523)	1,703	6,724	(3,281)	(1,935)	1,508	(195)	(11.4%)
LEOFF I Medical Reserve Fund	4,404	0	(252)	4,152	470	0	(324)	147	(4,005)	(96.5%)
Park M&O Reserve Fund	6,810	(328)	(6,483)	0	6,633	(1,052)	(5,581)	0	0	n/a
Unemployment Compensation Fund	1,033	(412)	(257)	364	626	(12)	(232)	382	18	5.0%
Workers' Compensation Fund	6,669	(376)	(3,063)	3,230	6,995	(392)	(3,288)	3,315	85	2.6%
Total	\$213,060	(\$15,233)	(\$34,656)	\$163,170	\$215,351	(\$18,117)	(\$29,864)	\$167,371	\$4,201	2.6%
Enterprise Funds										
Development Services Fund	\$66,680	(\$18,600)	(\$14,709)	\$33,370	\$78,119	(\$21,328)	(\$19,978)	\$36,813	\$3,443	10.3%
Marina Fund	\$1,698	\$0	(\$240)	\$1,458	\$1,606	(\$800)	(\$283)	\$522	(\$936)	(64.2%)
Parks Enterprise Fund	14,361	(3,075)	(1,214)	10,072	14,136	(2,645)	(1,224)	10,267	195	1.9%
Sewer Utility Fund	129,982	(28,882)	(7,168)	93,933	137,444	(\$32,173)	(\$8,497)	96,773	2,841	3.0%
Solid Waste Fund	3,374	(869)	(899)	1,606	3,926	(1,030)	(1,449)	1,447	(159)	(9.9%)
Storm & Surface Water Utility Fund	54,458	(27,549)	(5,522)	21,387	60,057	(\$31,521)	(\$6,040)	22,496	1,109	5.2%
Water Utility Fund	128,509	(29,528)	(14,627)	84,353	146,271	(\$38,076)	(\$15,370)	92,825	8,472	10.0%
Total	\$399,063	(\$108,504)	(\$44,379)	\$246,180	\$441,560	(\$127,574)	(\$52,842)	\$261,143	\$14,964	6.1%
Special Purpose Funds										
Firemen's Pension Fund	7,224	0	(6,732)	493	7,288	0	(6,648)	640	147	29.8%
Housing Fund	6,471	(10)	(3,808)	2,653	9,399	(12)	(6,663)	2,725	71	2.7%
I&D Redemption-Regular Levy Fund	44,393	0	(424)	43,969	44,309	0	(414)	43,895	(74)	(0.2%)
LID Control Fund	75	(15)	(40)	20	72	(71)	(1)	(0)	(20)	(100.0%)
LID Guaranty Fund	653	0	(653)	0	752	0	(752)	0	0	n/a
Operating Grants & Donations Fund	7,335	(431)	(870)	6,035	10,097	(452)	(4,619)	5,026	(1,008)	(16.7%)
Total	\$66,152	(\$455)	(\$12,526)	\$53,170	\$71,917	(\$535)	(\$19,096)	\$52,286	(\$884)	(1.7%)
Capital Investment Funds										
General Capital Investment Program	\$252,543	(\$26,911)	\$0	\$225,632	\$222,189	(\$26,469)	\$0	\$195,719	(\$29,912)	(13.3%)
Utility Capital Investment Program	244,234	(7,359)	(163,513)	73,362	\$312,042	(40,700)	(180,863)	90,479	17,117	23.3%
Total	\$496,777	(\$34,270)	(\$163,513)	\$298,994	\$534,231	(\$67,170)	(\$180,863)	\$286,198	(\$12,795)	(4.3%)
TOTAL CITY BUDGET	\$1,615,514	(\$224,804)	(\$293,907)	\$1,096,804	\$1,739,390	(\$277,247)	(\$332,703)	\$1,129,440	\$32,637	3.0%

Figures may not foot due to rounding

*Removing double budgeting seeks to eliminate the internal transactions between city funds including transfers between funds and charges for services provided by one fund to another within the city.



Expenditure Summary

Figure 8b-4 displays the total **2019-2020 Preliminary Budget by Department** and compares it to the 2017-2018 Amended Budget. This look displays all of the funds together by department, while subsequent tables will present this information by each of the fund category types. Overall, the total appropriation grows by 7.7 percent. However, once reserves and double-budgeting are removed, net expenditure growth is 3.0 percent for the biennium, as displayed in Figure 8b-3.

The increases for most departments are explained by general inflation for both personnel and operating costs. However, there are a few departments with additional investments, including:

- **Fire:** The budget for the Fire Department is increasing above inflation due to the addition of 2 new fire inspection personnel as well as additional resources being added to the CIP for Fire Station 10 land purchase and the rebuild of Fire Station 5. The new inspection positions are backed by new revenues from the proposed fire inspection fee similar to other code inspections. With the depletion of the LEOFF I Medical Reserves, the city related LEOFF 1 medical reserve payments are now included in the Fire and Police budgets.
- **Utilities:** Growth for the Utilities Department is mostly driven by costs associated with purchased water from the Cascade water alliance, King County Metro wastewater treatment costs, and increases in the CIP plan during 2019-2020. It is worth noting that while the Cascade and King County wholesale costs are increasing, the rate of growth in these costs is below what was projected for the early look in March of this year, resulting in lower rates than what was previously projected for both the Water and Sewer utilities.
- **Police:** Above inflation, the Police Department budget includes new police resources intended to increase the time available for community policing. With the depletion of the LEOFF I Medical Reserves, the city related LEOFF 1 medical reserve payments are now included in the Fire and Police budgets.
- **Development Services:** To meet the demand within the city due to a high level of construction activity, an increase in review, inspection, and land use hours is included in the budget.

Some department budgets are also decreasing in 2019-2020. For Transportation and Civic Services, this is due to a change in how labor distribution costs from the CIP are calculated beginning in the 2019-2020 biennium. Instead of being a revenue to the General Fund, these costs are now budgeted as negative expenditures in order to more accurately capture the true cost for the General Fund. Due to this accounting change, expenditures would be lower for these two departments, which have the most labor distribution charges.

Costs are also decreasing for Miscellaneous Non-Departmental expenditures due to a double-budgeted transfer in 2018 no longer occurring in 2019-2020.



Expenditure Summary

Figure 8b-4
2019-2020 Preliminary Budget by Department
\$000

	2017-2018	2019-2020	\$	%
Total Budget	Amended Budget	Preliminary Budget	Change	Change
City Attorney	\$17,943	\$18,998	\$1,055	5.9%
City Clerk	5,498	5,700	202	3.7%
City Council	1,198	1,220	23	1.9%
City Manager	10,134	10,631	497	4.9%
Civic Services	51,398	49,029	-2,369	-4.6%
Community Council	9	9	0	5.0%
Community Development	22,004	24,169	2,165	9.8%
Development Services	60,472	67,987	7,515	12.4%
Finance	127,565	134,901	7,336	5.8%
Fire	124,014	140,233	16,219	13.1%
Human Resources	61,407	66,030	4,622	7.5%
Information Technology	30,944	33,332	2,388	7.7%
Miscellaneous Non-Departmental	5,857	4,881	-976	-16.7%
Parks & Community Services	127,514	138,120	10,607	8.3%
Police	90,911	100,682	9,771	10.7%
Transportation	215,912	163,244	-52,668	-24.4%
Utilities	368,829	447,522	78,693	21.3%
Reserves	293,907	332,703	38,796	13.2%
Total Budget	\$1,615,514	\$1,739,390	\$123,876	7.7%
<i>Double-Budgeting</i>	<i>224,804</i>	<i>277,247</i>	<i>52,443</i>	<i>23.3%</i>
<i>Reserves</i>	<i>293,907</i>	<i>332,703</i>	<i>38,796</i>	<i>13.2%</i>
Expenditures Net of Double-Budgeting and Reserves	\$1,096,804	\$1,129,440	\$32,637	3.0%

Figures may not foot due to rounding.



Expenditure Summary

Figure 8b-5 displays the **2019-2020 Total Preliminary Budget by Outcome and Department**, while excluding reserves. This display provides a look at how each department fits into the outcome categories. More information on the outcomes can be found in Chapter 9.

Figure 8b-6 displays the **2020 FTE Comparison by Outcome and Department** (known as full time equivalents, or FTEs).

Figure 8b-5
2019-2020 Preliminary Budget by Outcome and Department
\$000

All Funds	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
City Attorney	\$0	\$0	\$0	\$0	\$14,762	\$2,484	\$1,752	\$18,998	1.4%
City Clerk	0	0	0	0	5,041	0	658	5,700	0.4%
City Council	0	0	0	0	999	0	222	1,220	0.1%
City Manager	0	0	0	1,110	7,112	1,805	604	10,631	0.8%
Civic Services	80	0	0	248	32,160	293	16,247	49,029	3.6%
Community Council	0	0	0	0	9	0	0	9	0.0%
Community Development	6,189	170	2,000	12,278	0	0	3,532	24,169	1.8%
Development Services	10,599	0	0	1,810	11,025	13,379	31,174	67,987	5.0%
Finance	25,763	0	0	4,000	61,470	0	4,588	95,821	7.0%
Fire	1,170	0	0	231	557	119,422	18,853	140,233	10.3%
Human Resources	0	0	0	0	65,439	0	591	66,030	4.8%
Information Technology	500	0	0	0	25,574	0	7,259	33,332	2.4%
Miscellaneous									
Non-Departmental	0	0	0	0	6,027	2,236	-3,382	4,881	0.4%
Parks & Community Services	0	6,298	0	114,513	0	3,152	14,157	138,120	10.1%
Police	0	0	0	0	264	84,896	15,523	100,682	7.4%
Transportation	3,539	1,004	134,747	224	898	9,829	12,921	163,162	11.9%
Utilities	1,220	295,252	0	1,503	1,358	1,774	146,414	447,522	32.7%
Total All Proposals	\$49,060	\$302,724	\$136,747	\$135,918	\$232,695	\$239,270	\$271,112	\$1,367,525	100.0%
Percent of Total	3.6%	22.1%	10.0%	9.9%	17.0%	17.5%	19.8%	100.0%	
Debt Service (Finance)								+	39,162
Total Expenditures								=	1,406,687
2020 Reserves								+	332,703
Total Appropriation									1,739,390

Figures may not foot due to rounding.



Expenditure Summary

Figure 8b-6
2020 FTE Comparison by Outcome and Department

FTEs by Department	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Total	%
City Attorney	-	-	-	-	18.75	8.00	26.75	1.9%
City Clerk	-	-	-	-	15.75	-	15.75	1.1%
City Council	-	-	-	-	7.00	-	7.00	0.5%
City Manager	-	-	-	3.00	16.00	-	19.00	1.4%
Civic Services	0.25	-	-	-	70.75	-	71.00	5.1%
Community Development	5.50	-	-	28.86	-	-	34.36	2.5%
Development Services	35.90	-	-	6.50	27.70	44.90	115.00	8.3%
Finance	-	-	-	-	47.50	-	47.50	3.4%
Fire	3.00	-	-	1.00	1.00	246.00	251.00	18.2%
Human Resources	-	-	-	-	16.80	-	16.80	1.2%
Information Technology	-	-	-	-	61.00	-	61.00	4.4%
Parks & Community Services	-	15.00	-	141.28	-	12.00	168.28	12.2%
Police	-	-	-	-	-	232.00	232.00	16.8%
Transportation	12.00	3.00	113.45	-	2.00	13.00	143.45	10.4%
Utilities	4.60	158.15	-	0.95	5.03	5.27	174.00	12.6%
Miscellaneous Non- Departmental	-	-	-	-	-	-	-	0.0%
Total FTEs	61.25	176.15	113.45	181.59	289.28	561.17	1,382.89	100.0%
Percent of Total	4.4%	12.7%	8.2%	13.1%	20.9%	40.6%	100.0%	

Figures may not foot due to rounding



Expenditure Summary

B. General Fund

Figure 8b-7 displays the growth in the total appropriation for the **2019-2020 Preliminary General Fund Budget by department**. The General Fund supports most of the direct services to the community, including police, fire, parks, community development, and transportation, as well as many of the administrative operations. These services are primarily funded by taxes and other sources. The General Fund shows an overall increase of 8.1 percent, as well as a net budget increase of 8.1 percent, between the two bienniums. Some highlights of this growth are provided below.

General Fund costs for the City Manager's Office increased above inflation due to personnel costs and moving the effect of moving the Diversity Program into the City Manager's Office. The Diversity Program was previously held in the Parks and Community Services Department. This is the first full budget since the Diversity moved to the CMO.

General Fund costs for the Fire Department increased above inflation due to the LEOFF 1 medical reserve being depleted and the costs being borne directly from the General Fund, as well as the addition of two new fire inspection personnel. The new inspection positions are backed by a proposed fire inspection fee similar to other code inspections.

General Fund costs for the Police Department increase above inflation due to the LEOFF 1 medical reserve funds being allocated to the department and borne directly from the General Fund as the reserve is depleted. Police Department costs also increase due to the inclusion of additional positions to increase patrol officer time in the community.

Two departments with negative growth (Transportation and Civic Services) are decreasing due to a change in the 2019-2020 biennium in how labor distribution is budgeted. This is an accounting change to more accurately align with accounting principles. In previous bienniums, if a department was going to charge a CIP project for personnel costs, this would be budgeted as a revenue to the General Fund. However, beginning with the current budget, labor distribution is being budgeted as a negative expenditure in order to more accurately capture the true cost for the General Fund. Due to this change, expenditures would be lower for these two departments, which have the most labor distribution charges.

Costs are also decreasing for Miscellaneous Non-Departmental expenditures due to a double-budgeted transfer in 2018.

Cost growth for other departments is primarily explained by inflation and other routine personnel costs. See the Development Services Fund forecast in Chapter 7 for more detail on the Development Services Department increase. It should also be noted that the Community Council increase of 5.0 percent is correct despite the dollar change showing no growth. This is due to rounding in the chart. The Community Council budget increases by over \$400 across the biennium, going from approximately \$8,700 to \$9,100.



Expenditure Summary

Figure 8b-7

2019-2020 Preliminary General Fund Budget by Department

\$000

General Fund Budget	2017-2018 Amended Budget	2019-2020 Preliminary Budget	\$ Change	% Change
City Attorney	\$7,907	\$8,315	\$408	5.2%
City Clerk	5,498	5,700	202	3.7%
City Council	1,198	1,220	23	1.9%
City Manager	9,147	10,631	1,484	16.2%
Civic Services	7,750	6,166	-1,584	-20.4%
Community Council	9	9	0	5.0%
Community Development	11,141	12,000	859	7.7%
Development Services	8,501	9,846	1,345	15.8%
Finance	16,632	17,793	1,162	7.0%
Fire	99,738	111,107	11,369	11.4%
Human Resources	5,436	5,829	393	7.2%
Miscellaneous Non-Departmental	5,857	4,881	-976	-16.7%
Parks & Community Services	68,339	74,657	6,318	9.2%
Police	89,171	100,682	11,511	12.9%
Transportation	65,308	57,456	-7,853	-12.0%
Reserves	38,832	50,038	11,206	28.9%
Total General Fund	\$440,463	\$476,331	\$35,868	8.1%
<i>Double-Budgeting</i>	<i>66,341</i>	<i>63,851</i>	<i>-2,490</i>	<i>-3.8%</i>
<i>Reserves*</i>	<i>38,832</i>	<i>50,038</i>	<i>11,206</i>	<i>28.9%</i>
Expenditures Net of Double-Budgeting and Reserves	\$335,290	\$362,442	\$27,151	8.1%

Figures may not foot due to rounding.

*Reserves growth is mainly attributable to the projected ending fund balance in 2018 being higher than budgeted.



Expenditure Summary

Figure 8b-8 displays the **2019-2020 Preliminary General Fund Budget by Outcome and Department**.

Figure 8b-8
2019-2020 Preliminary General Fund Budget by Outcome and Department
\$000

General Fund	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
City Attorney	\$0	\$0	\$0	\$0	\$5,038	\$2,484	\$793	\$8,315	2.0%
City Clerk	0	0	0	0	5,041	0	658	5,700	1.3%
City Council	0	0	0	0	999	0	222	1,220	0.3%
City Manager	0	0	0	1,110	7,112	1,805	604	10,631	2.5%
Civic Services	80	0	0	0	5,005	0	1,081	6,166	1.4%
Community Council	0	0	0	0	9	0	0	9	0.0%
Community Development	2,527	0	0	7,703	0	0	1,770	12,000	2.8%
Development Services	0	0	0	0	0	0	9,846	9,846	2.3%
Finance	0	0	0	0	17,225	0	569	17,793	4.2%
Fire	1,170	0	0	231	411	91,083	18,213	111,107	26.1%
Human Resources	0	0	0	0	5,278	0	551	5,829	1.4%
Miscellaneous	0	0	0	0	6,027	2,236	(3,382)	4,881	1.1%
Non-Departmental Parks & Community Services	0	6,237	0	56,792	0	3,152	8,477	74,657	17.5%
Police	0	0	0	0	264	84,896	15,523	100,682	23.6%
Transportation	3,539	1,004	35,242	0	751	6,499	10,421	57,456	13.5%
Total General Fund Proposals	\$7,316	\$7,240	\$35,242	\$65,837	\$53,158	\$192,155	\$65,345	\$426,293	100.0%
Percent of Total	1.7%	1.7%	8.3%	15.4%	12.5%	45.1%	15.3%	100.0%	

Net General Funds	=	426,293
2020 General Fund Reserves	+	50,038
Total General Fund		476,331

Figures may not foot due to rounding.



Expenditure Summary

C. Internal Service and Other Operating Funds

The Internal Service and Other Operating funds contain numerous funds where revenues are derived by charging other city funds on a cost-reimbursement basis for goods and services. Included are funds that provide for operating expenditures for departments, such as Information Technology and Civic Services, and the funds providing for equipment replacement and various employee benefits. These services are primarily funded by rates and premiums. There are also funds in this category that hold specific revenues within the city for specific purposes, including the Human Services Fund, the Hotel/Motel Tax Fund, and the Land Purchase Revolving Fund. See Figure 8b-3 for a detailed fund listing.

Figure 8b-9 displays the growth in the total appropriation for the **2019-2020 Preliminary Internal Service and Other Operating Fund Budget by Department**. These funds collectively are showing an overall increase of 1.1 percent, with a net budget increase of 2.6 percent, between the two bienniums.

The large growth in Transportation is attributable to the Land Purchase Revolving Fund transferring \$2.5 million to the CIP in 2019 in order to fund a new project. This also accounts for a large part of the decline in overall reserves for these funds.

The growth in Parks & Community Services is due to both increases in expenditures from the Human Services Fund and increases from the Parks Maintenance and Operations Fund. For Human Services, growth is due to inflation, population growth, and other costs. There is also an anticipated increase of \$1.0 million from the Eastside Cities Pooled Funding. The Parks Maintenance & Operations Fund reflects an increase in expenditures as more parks levy projects are completed and more money is drawn from the reserve to pay for the maintenance of these parks in alignment with the voter language.

The decrease in Civic Services is due to funding for facilities major maintenance being budgeted in the General CIP Fund beginning in the 2019-2020 biennium, including reserves. This is an accounting change to have the right type of costs in the right type of fund.

The decreases for both Fire and Police are due to LEOFF 1 payments being made on a pay-as-you-go basis directly from the General Fund beginning in 2019-2020.

Other increases are explainable by general inflation.



Expenditure Summary

Figure 8b-9

2019-2020 Preliminary Internal Service & Other Operating Fund Budget by Department

\$000

<u>Internal Service & Other Operating Fund Budget</u>	<u>2017-2018 Amended Budget</u>	<u>2019-2020 Preliminary Budget</u>	<u>\$ Change</u>	<u>% Change</u>
City Attorney	\$10,036	\$10,683	\$647	6.4%
Civic Services	42,623	38,999	-3,624	-8.5%
Finance	25,260	27,382	2,122	8.4%
Fire	2,412	147	-2,265	-93.9%
Human Resources	55,971	60,200	4,229	7.6%
Information Technology	28,797	31,032	2,235	7.8%
Parks & Community Services	11,536	14,536	3,001	26.0%
Police	1,740	0	-1,740	-100.0%
Transportation	28	2,509	2,481	8814.0%
Reserves	34,656	29,864	-4,792	-13.8%
Total Internal Service & Other Operating Fund	\$213,060	\$215,351	\$2,292	1.1%
<i>Double-Budgeting</i>	<i>15,233</i>	<i>18,117</i>	<i>2,884</i>	<i>18.9%</i>
<i>Reserves</i>	<i>34,656</i>	<i>29,864</i>	<i>-4,792</i>	<i>-13.8%</i>
Expenditures Net of Double- Budgeting and Reserves	\$163,170	\$167,371	\$4,201	2.6%

Figures may not foot due to rounding.



Expenditure Summary

Figure 8b-10 displays the **2019-2020 Preliminary Internal Service and Other Operating Funds Budget by Outcome and Department**.

Figure 8b-10

2019-2020 Preliminary Internal Service and Other Operating Funds Budget by Outcome and Department
\$000

Internal Service and Other Operating Funds	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
City Attorney	\$0	\$0	\$0	\$0	\$9,724	\$0	\$958	\$10,683	5.8%
Civic Services	0	0	0	248	23,491	93	15,167	38,999	21.0%
Finance	23,363	0	0	0	0	0	4,019	27,382	14.8%
Fire	0	0	0	0	147	0	0	147	0.1%
Human Resources	0	0	0	0	60,161	0	40	60,200	32.5%
Information Technology	0	0	0	0	23,774	0	7,259	31,032	16.7%
Parks & Community Services	0	62	0	12,691	0	0	1,783	14,536	7.8%
Transportation	0	0	0	0	9	0	2,500	2,509	1.4%
Total Internal Service & Other Operating Fund Proposals	\$23,363	\$62	\$0	\$12,939	\$117,305	\$93	\$31,726	\$185,488	100.0%
Percent of Total	12.6%	0.0%	0.0%	7.0%	63.2%	0.1%	17.1%	100.0%	

Net Internal Service & Other Operating Funds	=	185,488
2020 Internal Service & Other Operating Fund Reserve	+	29,864
Total Internal Service & Other Operating Funds		215,351

Figures may not foot due to rounding.



Expenditure Summary

D. Enterprise Funds

Enterprise funds consist of city operations that are financed and operated similar to a private business, and include the various Utilities funds (Water, Sewer, Storm and Surface Water, and Solid Waste), as well as the Development Services Fund, the Parks Enterprise Fund, and the Marina Fund. These services are primarily funded by fees. See Figure 8b-3 for a detailed fund listing.

Figure 8b-11 displays the growth in the total appropriation for the **2019-2020 Preliminary Enterprise Fund Budget by Department**. These funds collectively are showing an overall increase of 10.6 percent, with a net budget increase of 6.1 percent (less reserves and double budgeting), between the two bienniums.

The largest change on a percentage basis is in Development Services, which continues to reflect a high level of development activity within the city in the near term. Development Services Fund expenditures exceed revenues in 2019-2020 as reserves are used to complete prepaid work and to invest in technology and infrastructure.

The other large increase is for the Utilities Department. The increases above regular inflation are primarily attributable to costs associated with purchased water from the Cascade water alliance, King County Metro wastewater treatment costs, and increases in the CIP plan during 2019-2020. It is worth noting that while the Cascade and King County wholesale costs are increasing, the rate of growth in these costs is below what was projected for the early look in March of this year, resulting in lower rates than what was previously projected for both the Water and Sewer funds.

The Parks and Community Services funds (the Parks Enterprise Fund and the Marina Fund) are decreasing slightly primarily due to projected revenue decreases for both.

Figure 8b-12 displays the **2019-2020 Preliminary Enterprise Fund Budget by Outcome and Department**.



Expenditure Summary

Figure 8b-11
2019-2020 Preliminary Enterprise Fund Budget by Department
\$000

	2017-2018	2019-2020	\$	%
<u>Enterprise Fund Budget</u>	<u>Amended Budget</u>	<u>Preliminary Budget</u>	<u>Change</u>	<u>Change</u>
Development Services	\$51,971	\$58,141	\$6,170	11.9%
Parks & Community Services	14,605	14,234	-371	-2.5%
Utilities	288,108	316,342	28,235	9.8%
Reserves	44,379	52,842	8,463	19.1%
Total Enterprise Fund	\$399,063	\$441,560	\$42,497	10.6%
<i>Double-Budgeting</i>	<i>108,504</i>	<i>127,574</i>	<i>19,070</i>	<i>17.6%</i>
<i>Reserves</i>	<i>44,379</i>	<i>52,842</i>	<i>8,463</i>	<i>19.1%</i>
Expenditures Net of Double-Budgeting and Reserves	\$246,180	\$261,143	\$14,964	6.1%

Figures may not foot due to rounding.

Figure 8b-12
2019-2020 Preliminary Enterprise Funds Budget by Outcome and Department
\$000

Enterprise Funds	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
Development Services	\$10,599	\$0	\$0	\$1,810	\$11,025	\$13,379	\$21,328	\$58,141	15.0%
Parks & Community Services	0	0	0	10,789	0	0	3,445	14,234	3.7%
Utilities	1,220	204,773	0	1,503	1,358	1,774	105,714	316,342	81.4%
Total Enterprise Fund Proposals	\$11,819	\$204,773	\$0	\$14,103	\$12,383	\$15,153	\$130,487	\$388,717	100.0%
Percent of Total	3.0%	52.7%	0.0%	3.6%	3.2%	3.9%	33.6%	100.0%	

Net Enterprise Funds	=	388,717
2020 Enterprise Fund Reserves	+	52,842
Total Enterprise Funds		441,560

Figures may not foot due to rounding.



Expenditure Summary

E. Special Purpose Funds

Special Purpose funds hold resources that are restricted either by state law or other requests and are dedicated to specific purposes. This includes the Operating Grants and Donations Fund, the Housing Fund, and other funds. These services are primarily funded by taxes, grants, donations, and transfers. See Figure 8b-3 for a detailed fund listing.

Figure 8b-13 displays the growth in the **2019-2020 Preliminary Special Purpose Fund Budget by Department**. These funds collectively are showing an overall increase of 8.7 percent, with a net budget decrease of 1.7 percent, between the two bienniums. This differential between the total appropriation and the net budget is attributable to two separate funds increasing reserves in 2019-2020 for future funding opportunities.

Figure 8b-14 displays the **2019-2020 Preliminary Special Purpose Fund Budget by Outcome and Department**.

Figure 8b-13

2019-2020 Preliminary Special Purpose Fund Budget by Department

\$000

	2017-2018	2019-2020	\$	%
Special Purpose Fund Budget	Amended Budget	Preliminary Budget	Change	Change
Community Development	\$3,154	\$2,777	-\$377	-12.0%
Finance	44,206	43,895	-311	-0.7%
Fire	2,924	2,898	-26	-0.9%
Parks & Community Services	2,553	2,717	163	6.4%
Transportation	788	535	-253	-32.1%
Reserves	12,526	19,096	6,570	52.4%
Total Special Purpose Funds	\$66,152	\$71,917	\$5,766	8.7%
<i>Double-Budgeting</i>	455	535	80	17.5%
<i>Reserves</i>	12,526	19,096	6,570	52.4%
Expenditures Net of Double-Budgeting and Reserves	\$53,170	\$52,286	-\$884	-1.7%

Figures may not foot due to rounding.



Expenditure Summary

Figure 8b-14
2019-2020 Preliminary Special Purpose Funds Budget by Outcome and Department
\$000

Special Purpose Funds	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
Community Development	0	0	0	1,015	0	0	1,762	2,777	5.3%
Finance	\$0	\$0	\$0	\$0	\$43,895	\$0	\$0	\$43,895	83.1%
Fire	0	0	0	0	0	2,258	640	2,898	5.5%
Parks & Community Services	0	0	0	2,264	0	0	452	2,717	5.1%
Transportation	0	0	464	0	71	0	0	535	1.0%
Total Special Purpose Fund Proposals	\$0	\$0	\$464	\$3,279	\$43,966	\$2,258	\$2,854	\$52,821	100.0%
Percent of Total	0.0%	0.0%	0.9%	6.2%	83.2%	4.3%	5.4%	100.0%	

Net Special Purpose Funds	=	52,821
2020 Special Purpose Fund Reserves	+	19,096
Total Special Purpose Fund		71,917

Figures may not foot due to rounding.



Expenditure Summary

F. Capital Investment Funds

Capital Investment funds include the two funds that make up the city's CIP: the General CIP Fund and the Utilities CIP Fund. These figures are substantially different from those provided in Chapter 10 since they only represent the first two years of the seven-year CIP. Further, large fluctuations happen between bienniums due to project timelines and expenditure needs. These projects are primarily funded by taxes, intergovernmental contributions, and grants. See Figure 8b-3 for a detailed fund listing.

Figure 8b-15 displays the growth in the total appropriation for the **2019-2020 Preliminary Capital Investment Fund Budget by Department**. These funds collectively are showing an overall increase of 4.0 percent, with a net budget decrease of 4.3 percent, between the two bienniums.

The Utilities CIP increases substantially in 2019-2020. This is primarily attributable to numerous projects spending beyond what the Utilities CIP typically spends during a single biennium. Projects include the Advanced Metering Infrastructure Implementation, as well as the acquisition of land for a new operations facility.

Changes in transportation are primarily due to the timing of the Transportation Infrastructure Financing Innovation Act (TIFIA) loan in 2018.

The large increase in Fire is for the funding to acquire the land for Fire Station 10 as well as to begin design on Fire Station 5.

The increase in Civic Services is due to funding for facilities major maintenance being budgeted in the General CIP Fund beginning in the 2019-2020 biennium, including reserves. This is an accounting change to have the right type of costs in the right type of fund.

More information on changes for Capital Investment funds can be found in Chapter 10.



Expenditure Summary

Figure 8b-15

2019-2020 Preliminary Capital Investment Fund Budget by Department

\$000

Capital Investment Fund Budget	2017-2018 Amended Budget	2019-2020 Preliminary Budget	\$ Change	% Change
City Manager	\$987	\$0	-\$987	-100.0%
Civic Services	1,025	3,865	2,840	277.0%
Community Development	7,709	9,392	1,683	21.8%
Finance	41,467	45,830	4,362	10.5%
Fire	18,939	26,081	7,142	37.7%
Information Technology	2,147	2,300	153	7.1%
Parks & Community Services	30,480	31,976	1,496	4.9%
Transportation	149,788	102,745	-47,043	-31.4%
Utilities	80,721	131,179	50,458	62.5%
Reserves	163,513	180,863	17,350	10.6%
Total Capital Investment Fund	\$496,777	\$534,231	\$20,104	4.0%
<i>Double-Budgeting</i>	<i>34,270</i>	<i>67,170</i>	<i>32,900</i>	<i>96.0%</i>
<i>Reserves</i>	<i>163,513</i>	<i>180,863</i>	<i>17,350</i>	<i>10.6%</i>
Expenditures Net of Double-Budgeting and Reserves	\$298,994	\$286,198	-\$12,795	-4.3%

Figures may not foot due to rounding.



Expenditure Summary

Figure 8b-16 displays the **2019-2020 Preliminary Capital Investment Fund Budget by Outcome and Department**.

More information on changes for Capital Investment funds can be found in Chapter 10.

Figure 8b-16
2019-2020 Preliminary Capital Investment Funds Budget by Outcome and Department
\$000

Capital Investment Funds	Economic Growth and Competitiveness	Healthy and Sustainable Environment	Improved Mobility and Connectivity	Quality Neighborhoods/ Innovative Vibrant and Caring Community	Responsive Government	Safe Community	Interfunds and Other Expenses	Total	%
Civic Services	\$0	\$0	\$0	\$0	\$3,665	\$200	\$0	\$3,865	1.2%
Community Development	3,662	170	2,000	3,560	0	0	0	9,392	3.0%
Finance	2,400	0	0	4,000	350	0	0	6,750	2.1%
Fire	0	0	0	0	0	26,081	0	26,081	8.3%
Information Technology	500	0	0	0	1,800	0	0	2,300	0.7%
Parks & Community Services	0	0	0	31,976	0	0	0	31,976	10.2%
Transportation	0	0	99,041	224	68	3,330	0	102,663	32.7%
Utilities	0	90,479	0	0	0	0	40,700	131,179	41.7%
Total Capital Investment Fund Proposals	\$6,562	\$90,649	\$101,041	\$39,760	\$5,883	\$29,611	\$40,700	\$314,206	100.0%
Percent of Total	2.1%	28.9%	32.2%	12.7%	1.9%	9.4%	13.0%	100.0%	

Debt Service (Finance)	+	39,162
Net Capital Investment Funds	=	353,368
2020 Capital Investment Fund Reserves	+	180,863
Total Capital Investment Funds		534,231

Figures may not foot due to rounding.



Expenditure Summary

G. Total Debt Information – Based on Statutory Limits

State law enables the City to issue debt for three general categories of use: General Government, Park and Open Space, and the Utility System. The debt issued in each category is limited to 2.5 percent of the City's assessed valuation (for a total limit of 7.5 percent). In addition, the State Constitution also allows for non-voted (councilmanic) debt limited to 1.5 percent of the City's assessed valuation, to be included within the General Government 2.5 percent limit. Such councilmanic debt can be funded by Property Taxes, but does not result in an increase to Regular Levy Property Taxes. Publicly-voted bonds (which exclude councilmanic debt) require a 60 percent majority approval for passage of a bond election and a total voter turnout of at least 40 percent of the total votes cast in the last general election. Publicly-voted bonds are funded by Voted Levy Property Taxes and the approval of these bonds results in an increase to Voted Levy Property Taxes.

Figure 8b-17 displays the City's estimated total policy and statutory debt limits as of January 1, 2019.

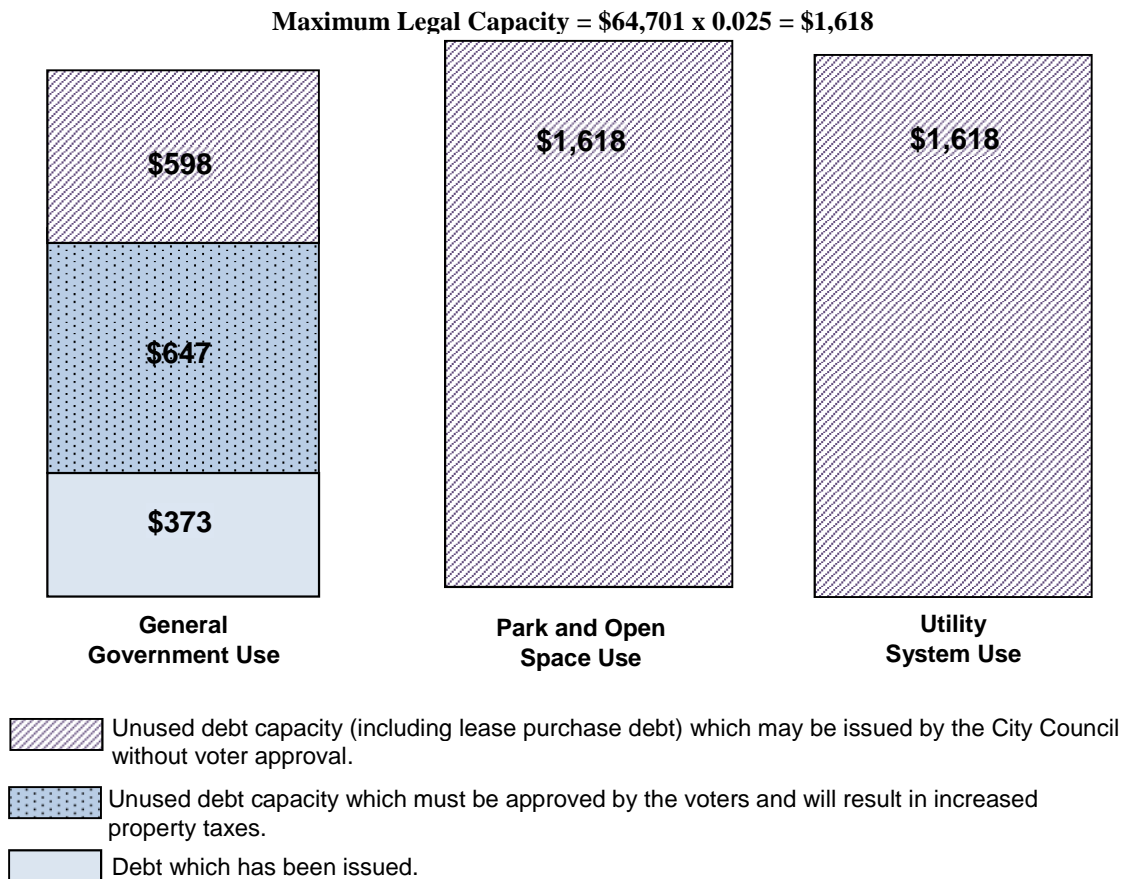
Figure 8b-17
Estimated Total Policy and Statutory Debt Limits as of January 1, 2019

Type of Debt	% of Assessed Value (\$64.7B) as of January 1, 2019			Capacity Available (\$) as of January 1, 2019		
	Statutory Limitations	Policy Limitations	Policy Limit Available	Statutory Limitations	Policy Limitations	Policy Limit Available
General Purpose:	2.50%	1.75%	1.17%	1,617,518,479	1,132,262,935	759,414,897
Non-Voted (Councilmanic)	1.50%	1.00%	0.42%	970,511,087	647,007,392	274,159,354
Voted	1.00%	0.75%	0.75%	647,007,392	485,255,544	485,255,544
Parks and Open Space - Voted	2.50%	1.75%	1.75%	1,617,518,479	1,132,262,935	1,132,262,935
Utilities – Voted	2.50%	1.75%	1.75%	1,617,518,479	1,132,262,935	1,132,262,935
Revenue	No Limit	No Limit	No Limit	No Limit	No Limit	No Limit
Local Improvement District	No Limit	No Limit	No Limit	No Limit	No Limit	No Limit

Expenditure Summary

Figure 8b-18 exhibits by category the City's total general obligation debt capacity, the amount of debt issued, and the allocation of remaining debt capacity between voted and councilmanic limits. As of January 1, 2019, the City's remaining general government debt capacity is approximately \$1.24 billion, of which there is approximately \$647 million in voted capacity and \$598 million in councilmanic capacity. The approximate remaining debt capacity for park and open space use is \$1.62 billion and for utility system use is \$1.62 billion.

Figure 8b-18
Estimated Total Debt Capacity and Debt Issued
as of January 1, 2019
(\$ Millions)





Expenditure Summary

Figure 8b-19 presents detailed information on the City's General Obligation and Special Obligation Revenue Bond debt. For each debt issue, this figure lists the amount issued, the issue and maturity dates, interest rate, source of debt payment funding, and the debt service requirements included in the 2019-2020 Budget.

Figure 8b-19
NON-VOTED GENERAL OBLIGATION AND SPECIAL OBLIGATION REVENUE BOND DEBT INFORMATION
\$000

	Original Amount Issued	Issue Date	Final Maturity Date	Interest Rate	Source of Debt Service Funding	2019-2020 Debt Service Requirement	
						Principal	Interest
Non-Voted General Obligation (G.O.) Bonds:							
1995 Limited G.O.	\$5,140	1995	2025	5.15 - 5.80%	Hotel/Motel Taxes	\$376	\$1,144
2010 Limited GO Refunding (BCCA)	9,595	2010	2032	2.00 - 4.00%	Hotel/Motel Taxes	790	507
2010 Limited GO (Mobility Infrastructure Initiative)	11,825	2010	2030	2.00 - 5.00%	Sales Tax	1,090	638
2012 Limited GO Refunding (City Building)	55,875	2012	2039	2.00 - 5.00%	Sales Tax	3,790	4,584
2012B Limited GO Refunding (City Building)	43,185	2012	2043	2.00 - 5.00%	Sales Tax	130	3,771
2013 Limited G.O. (Sound Transit)	62,605	2013	2032	2.00 - 5.00%	Sales Tax	5,300	4,368
2013 Limited G.O. (Local Revitalization Financing)	7,800	2013	2037	2.00 - 5.00%	Sales Tax	455	540
2015 Limited G.O. Refunding (2006 City Building II)	3,295	2015	2026	3.00 - 5.00%	Sales Tax	590	245
2015 Limited G.O. Refunding (2008 Supplemental CIP)	7,855	2015	2027	3.00 - 5.00%	Sales Tax	1,350	615
2015 Limited G.O. Refunding (General CIP)	79,140	2015	2034	3.00 - 5.00%	Sales Tax	6,540	5,871
2015 Limited G.O. (BCCA Improvement)	7,645	2015	2034	3.00 - 5.00%	Hotel/Motel Taxes	635	581
	\$293,960					\$21,046	\$22,865
Special Obligation Revenue Bonds:							
1991 Bellevue Convention Center Authority, Series B ⁽¹⁾	\$21,120	1991	2019	5.70 - 7.20%	Hotel/Motel Taxes	\$672	\$7,130
1994 Bellevue Convention Center Authority Refunding ⁽¹⁾	13,749	1994	2025	5.60 - 6.60%	Hotel/Motel Taxes	1,047	5,403
Subtotal Special Obligation Revenue Bonds	\$34,869					\$1,719	\$12,533
Total Non-Voted G.O. and Special Obligation Revenue Bonds							
	\$328,829					\$22,765	\$35,398

⁽¹⁾ The Bellevue Convention Center Authority (BCCA) is a component unit of the City for financial reporting purposes. The Authority's special obligation revenue bonds are secured by Lease Purchase Rental payments from the City paid for with Hotel/Motel Tax revenues and other revenues of the City available without a vote of the City's electors.



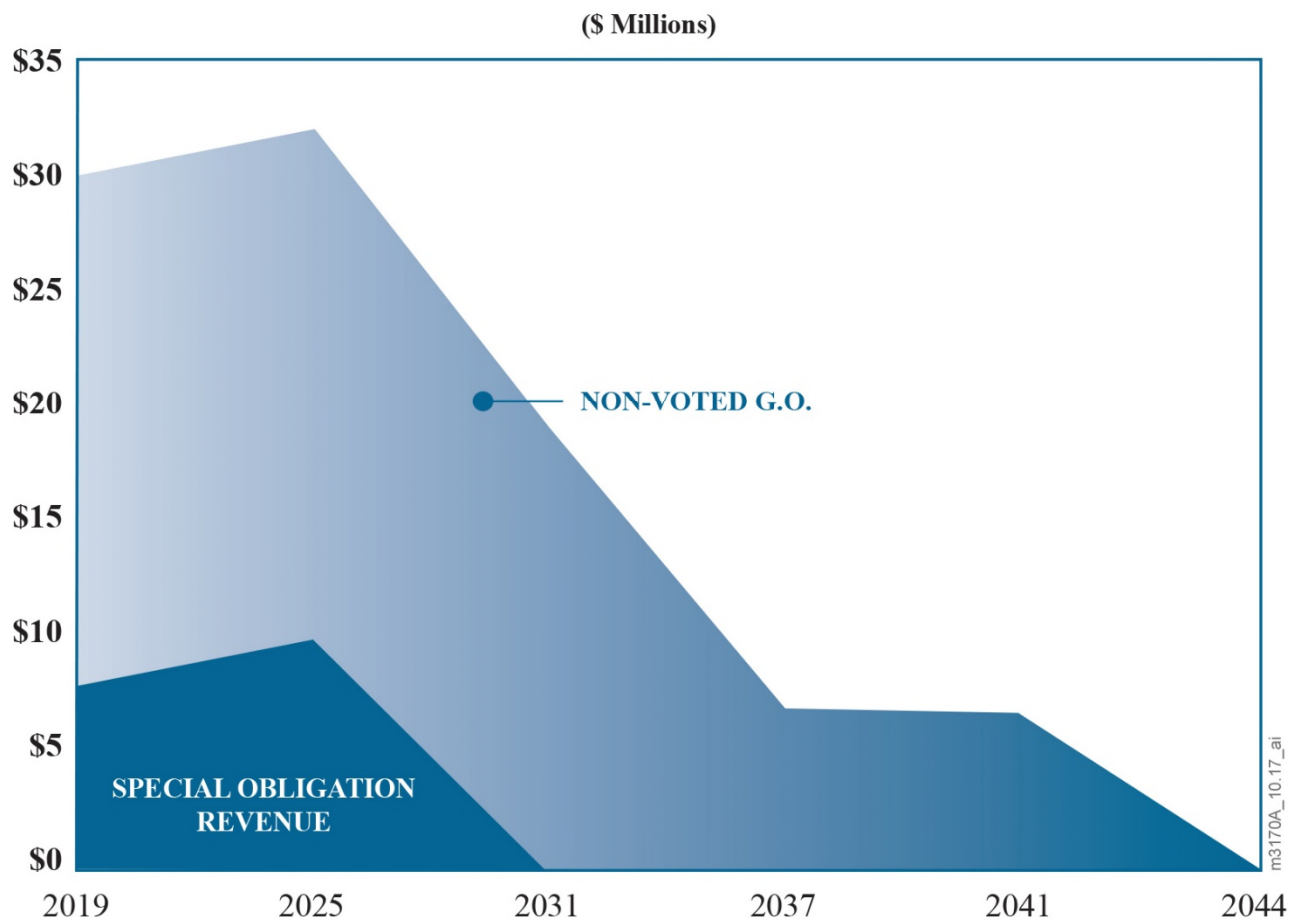
Expenditure Summary

Figure 8b-20 presents the annual debt service requirements for the City's councilmanic (non-voted) and special obligation revenue debt through 2044. The 2019 debt service requirements are \$21.9 and \$8.0 million for councilmanic and special obligation revenue debt respectively. If no further debt is issued, the final debt payment for the councilmanic debt occurs in 2043. This graph shows the City's annual debt service requirements decreasing over time.

Figure 8b-20

CITY BOND RATINGS

ANNUAL DEBT SERVICE REQUIREMENTS FOR EXISTING NON-VOTED GENERAL OBLIGATION and SPECIAL OBLIGATION REVENUE BONDS



On January 1, 2019 the City held the following bond ratings:

<u>Bond Type</u>	<u>Standard and Poor's</u>	<u>Moody's</u>
Unlimited Tax General Obligation	AAA	Aaa
Limited Tax General Obligation	AAA	Aaa