

# City of North Bend, Washington 2014 Budget

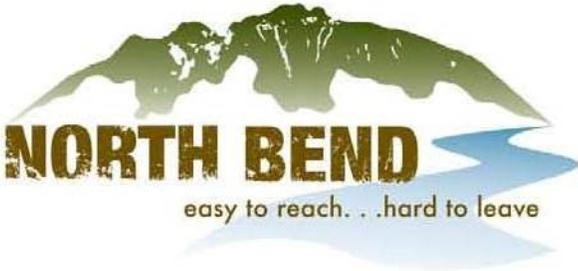




Photo on cover by Sandy Horvath



## 2014 Budget Mayor's Message

It is with great honor that I present to you the Budget Message for the City of North Bend for fiscal year 2014. I am pleased to present a balanced 2014 Budget retaining the municipal services our citizens have enjoyed in prior years.

Over the last few years, my message has concentrated on the unprecedented challenges the City has faced as a result of the faltering economy. I am happy to report that North Bend is experiencing a slight recovery with increases in retail sales tax, Real Estate Excise Tax and some other revenues. However, we've also continued to experience a slight decrease in Business and Occupation tax revenues due to changes in state law, and a decrease in private utility tax revenues due to a steep decline in citizens' use of telephone land lines.

As part of the review of Director's budgets this year, I have continued to challenge the Directors to identify and implement cost savings. The City has also reduced some ongoing operational costs by reorganizing the Administration and Finance Departments thereby eliminating another staff position this year. When I was elected in 2004, the City had 32 full time equivalent employees or FTEs. The proposed 2014 Budget will reduce FTEs back to the 2004 level of 32 FTEs. This is a significant accomplishment to have no growth in our work force over the last 10 years notwithstanding our City growing in size by approximately 1/3 due to annexation. Further, 3 of the approved FTEs in the 2014 budget will be paid for with development revenues consistent with the Council's direction that "growth pay for growth". These positions have been filled with two year contracts and in the event development revenues cannot sustain these positions in the future, the City will have the flexibility to terminate the contracts. This fluidity will provide flexibility to the City's budget in future years.

Public safety continues to be one of the City's top priorities. Approximately 44% of the City's approximate \$6 million dollar general fund budget is allocated toward public safety services. In 2012, Council approved North Bend entering into an Interlocal Agreement for Police Services with the City of Snoqualmie for 6 police officers. Due to some increased criminal activity and an interest in having the capacity for emphasis patrols in our City, Council approved adding a 7<sup>th</sup> officer. The Snoqualmie and North Bend Police Department will assume command for your police services in March 2014 with 7 police officers. Closing out the King County Sheriff Contract in 2014 will result in a one-time payment of \$105,000 to King County. Notwithstanding this payment, the City will still experience slight savings in our law enforcement costs in 2014 and can expect to experience continuing savings of approximately \$137,000 a year going forward.

Another vital public safety service we provide to our citizens is life safety and fire suppression services through the Eastside Fire and Rescue. We have learned one of our EFR partners may be considering leaving the partnership in 2015. There will be an adverse financial impact on North Bend of approximately \$50,000 to \$75,000 if this occurs. Also, the costs of these services have increased at a rate of approximately 4% a year. I am recommending the City Council approve the allowable 1% increase to the City of North Bend regular property tax levy for 2014 to cover these anticipated increased costs for public safety. The result of the 1% increase would be \$12,962 added to the regular tax levy of \$1,296,213 that the City collected in 2013. This increase is in addition to the increase resulting from new construction in the amount of \$42,650 that also included improvements to existing properties and increases in the value of state-assessed property. Adding 1% to the 2013 levy plus the above amount for new construction would result in a new regular tax levy of \$1,351,825. The 1% increase will have the impact of costing a North Bend homeowner owning an average home valued at \$350,000 44-cents a month.





## Mayor's Message - continued

Our voters overwhelming support for the creation of a North Bend Transportation Benefit District (TBD) has resulted in new annual revenue in excess of \$400,000 to fund important transportation improvements in our City. During 2013, we invested about \$1.9M dollars for transportation infrastructure including our asphalt overlay program, TBD projects and general street capital projects. (\$664K Streets Maintenance, \$837K Streets Overlay \$350K Downtown Plaza, \$53K North Bend Way-Downing to Orchard Sidewalk, \$31K in North Bend Way / Park Street Roundabout Design). After public safety, Council has appropriately identified the need to protect and repair our transportation infrastructure as a top priority.

The City continued to refine the design for the Downtown Plaza Project in 2013. In 2014, staff anticipates completion of design and commencement of construction on this project intended to improve our historic downtown from Bendigo Boulevard North to Ballarat Avenue North, including the creation of a public plaza to be used when North Bend Way is closed for community events.

This Budget maintains our investment in human services. The requests for Human Service funding to our City have continued to exceed our available resources. Council engaged in a zero based budgeting exercise in considering the human service and community service grant requests for 2014. The 2014 Budget will provide \$105,000 in awards.

I am also recommending that we continue our practice of not including temporary parks employees in our base budget this year, but evaluate these two temporary positions later in 2014 when we have more available data on revenues and expenditures. The Council may elect to add back in these two temporary positions in 2014.

I am further recommending that we include our annual community and economic development activities in your base budget because Council and the community have favorably responded to these events including the Downtown Block Party, Holiday Festival, Multi-Sport Festival and Downtown Beautification.

The General Fund is balanced by using a combination of efficiencies and expenditure reductions. Preliminary projections for the 2014 General Fund budget did show a gap between estimated revenues and costs to continue existing service levels. I am proud that a balanced General Fund budget has been delivered to you that maintains the level and quality of City services.

The City has maintained its 10% reserve in the General Fund and enters the new year with a significant safety net to protect against unusual revenue dips or unexpected expenses. Since the unprecedented economic downturn in 2008, many cities in the State of Washington were forced to use their reserves to balance their budgets. North Bend has been fortunate to be able to maintain this important reserve fund to provide solid financial footing for the City.

The City has made significant progress in implementing financial reforms and it continues to receive the highest possible bond ratings, and maintains appropriate fund balances. I want to thank the City Council for their ongoing cooperation in making North Bend one of the premier cities in the State of Washington and City staff for their flexibility and hard work. I especially want to thank the citizens of North bend for their continued support.

In closing, I want to share with you my desire to make North Bend a great place to live, work, and play. Our reputation as a beautiful location, close and convenient to a major highway is already established. Our quality of life is enviable. I am hopeful for a prosperous 2014 for the entire community.

Kenneth G. Hearing



# Community Vision Statement

The vision the residents of North Bend put forth... is one of preservation and enhancement.

The community of North Bend wants to preserve its rural character, natural beauty and small town scale.

The residents of the community also have a desire for enhancing the existing built environment of the downtown, the riverfront and community parks, new and existing residential neighborhoods and the community's gateways.



## City's Mission Statement

The mission of the City of North Bend is to create a highly livable community by working in partnership with our citizenry to blend and balance the following principles:

- ◆ Provide high levels of police, fire and emergency medical services
- ◆ Build and maintain adequate infrastructure
- ◆ Deliver quality public services
- ◆ Encourage a strong local economy
- ◆ Preserve the rural character of the community





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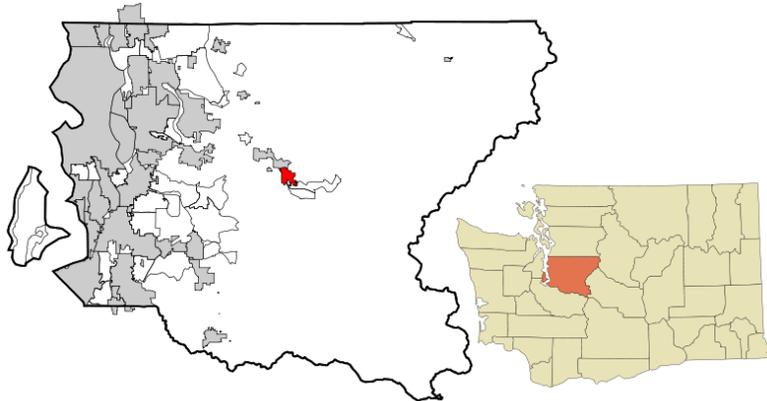
## North Bend Information

Elevation.....440' above sea level

Land Area.....4.31 square miles, of which 4.27 square miles is land and .04 square miles is water.

Average Mean Temperature-  
Moderate to cool year round.

Average Annual Precipitation:  
Rainfall—65 to 70 inches.  
Snowfall—4 to 6 inches.



Total Assessed Valuation of the City of North Bend for 2014: \$851,135,542

New Construction Value (included in the above total) for 2014: \$32,983,355

The total Property Tax Levy Rate for 2014 is: \$12.73247per \$1,000 of assessed valuation, of which the City of North Bend receives \$1.82520per \$1,000 of assessed valuation.

Real Estate Excise Tax: .25% + .25%

### Demographics:

The Washington State Office of Financial Management estimate the City of North Bend's 2013 population at 6,020. Estimates are based off of the 2010 census of 5,731. In the 2010 census there were 2,348 housing units, of that there are 1,344 owner occupies units and 866 renter occupies units. The racial makeup of the city was 90.7% Caucasian, 0.5% African American, 0.9% Native American, 1.6% Asian, 0.1% Pacific Islander, 2.5% other races, and 3.6% from two or more races. Hispanic of any race was 6.4% of the population.

Of the 2,210 occupied households, 36.3% had children under the age of 18 living with them, 67.3% had married couples living together, and 32.7% were non-families. 24.8% of all households were made up of single individuals and 18.3 had a single individual who was 65 years of age or older. The average household size was 2.57 and the average family size was 3.10.



## North Bend Information - continued

In the 2010 census the city's population consisted of 29.4% under the age of 19; 4.2% from 20 to 24; 27.6% from 25 to 44; 29.4% from 45 to 64; and 9.4% who were 65 years of age or older. The median age was 38.7 years. For every 100 females there were 97.1 males. For every 100 females age 18 and over, there were 94.3 males.

The 2014 estimated median income per household in the city is \$81,471 and the median income for a family is \$94,707. These estimates are from the U.S. Census Bureau, and based off the 2008-2012 American Community Survey.

### North Bend Parks:

E.J. Roberts	5 acres - playground equipment and gazebo
Gardiner Weeks Memorial	5.3 acres - picnic tables, benches & gazebo
Meadowbrook Farm	450 acres of open space
New Si View Parks - Div 1, Div 2 & Div 3	Div 1 - 3.5 acres, Div 2 - 2 acres and Div 3 - 5.2 acres - 4 play areas and 1 sports court
Tanner Trail Phase 1	3,700 feet
Torguson Park	17.3 acres - Little League Fields, BMX track, stake park, climbing rock, tot lot
Tollgate Farm	205.74 acres - inside City limits
Two River School Park	0.5 acres of open space
William H Taylor Park - Railroad Park	1.5 acres - picnic tables & benches
Tannerwood Park	0.8 acres - benches and walkway

*\*Meadowbrook Farm is jointly owned by and located in both the cities of North Bend and Snoqualmie.*



## North Bend Information - continued

**Valley Information:** For information about local events, recreation, lodging, shopping, or other information regarding Snoqualmie Valley businesses, please contact:

Snoqualmie Valley Chamber of Commerce--(425) 888-6362

**Schools:** Snoqualmie Valley School District #410—(425) 888-2334

North Bend: Two Elementary and one Alternative High School

Snoqualmie: Two Elementary, one Middle and one High School

Fall City: One Elementary and one Middle School

County: One Middle School

**Service and Community Organizations:** Lions, Kiwanis, Rotary, Snoqualmie Valley Food Band & Mt. Si Senior Center.

**North Bend Banks:** Bank of America, Chase, Cascade Bank, Sterling Savings Bank

**Credit Unions:** Sno Falls Credit Union.

**Shopping Mall:** North Bend Premium Outlets, Mountain Valley Center, Mount Si Village, and QFC Plaza

**Hospital:** Snoqualmie Valley Hospital

**Transportation:** Highway: I-90 Rail: None

**Airport:** SeaTac International Airport is approximately 35 miles west of North Bend

**Port:** The Port of Seattle is approximately 30 miles west of North Bend.

**Transit:** Metro buses run approx. every 1/2 hour from North Bend during morning & evening rush hours and on varied schedules during the day.

**Mount Si:** Altitude--4,190 ft.

**National Scenic Byway:** Mountains to Sound Greenway



## **Mayor**

Kenneth G. Hearing

## **North Bend City Council**

Ryan Kolodejchuk, Mayor Pro Tem

David Cook

Alan Gothelf

Jonathan Rosen

Ross Loudenback

Dee Williamson

Jeanne Pettersen

## **North Bend Appointed Officials**

Londi Lindell, City Administrator

Michael Kenyon, City Attorney

Dawn Masko, Assistant City Administrator/Finance Director

Gina Estep, Community and Economic Development Director

Frank Page, Public Works Director

Susie Oppedal, City Clerk

### **Planning Commission**

Rob McFarland - Chair

### **Economic Development Commission**

Geoff Doy - Chair

### **Parks Commission**

Chris Moore - Chair



## Elected Officials



Mayor Ken Hearing



Councilmember Dee Williamson



Councilmember Alan Gothelf



Councilmember Jonathan Rosen



Councilmember David Cook



Councilmember Ross Loudenback



Councilmember Jeanne Pettersen

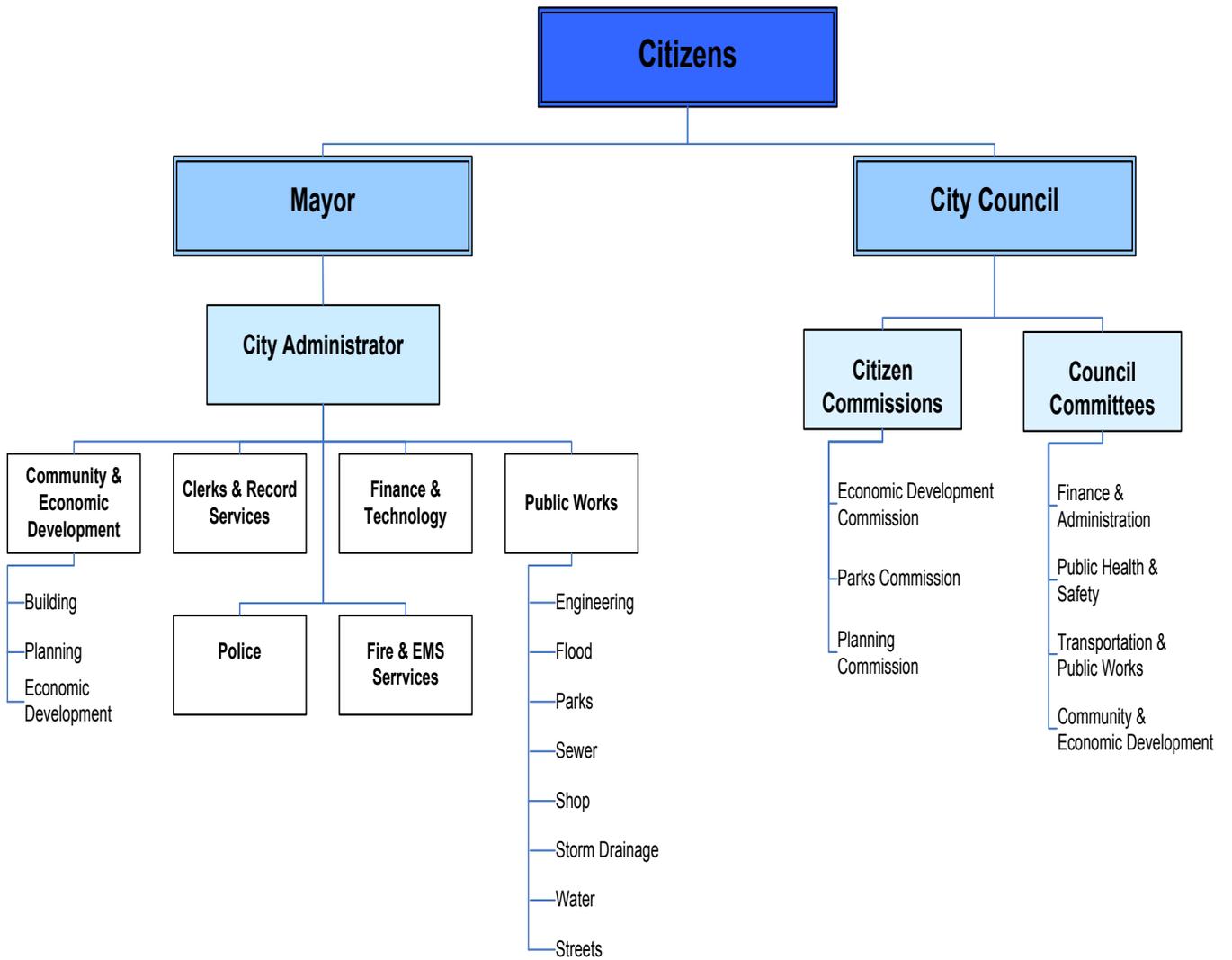


Councilmember Ryan Kolodejchuk





# City of North Bend Organization Chart



# ORDINANCE 1513

## **AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, AUTHORIZING 2014 PROPERTY TAX LEVIES CONSISTING OF THE CITY'S REGULAR LEVY AND A VOTER-APPROVED EXCESS LEVY FOR UNLIMITED GENERAL OBLIGATION BONDS INTEREST AND REDEMPTION AND ADOPTING THE 2014 BUDGET AND SALARY SCHEDULE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE**

**WHEREAS**, State law requires the City to adopt a budget and provides procedures for the filing of estimates, a preliminary budget, public hearings, and final fixing of the budget; and

**WHEREAS**, the City Council of the City of North Bend has met and considered its budget for calendar year 2014; and

**WHEREAS**, the City Council of the City of North Bend, after hearing and duly considering all relevant testimony presented, has determined that the City of North Bend should adopt a regular property tax levy in the estimated amount of \$1,351,944, which includes a 1% increase [\$12,963] in regular property tax revenue over the 2013 actual regular property tax levy [\$1,296,333], plus revenue resulting from the addition of new construction & improvements to property [\$42,648], plus revenue resulting from the re levy for prior year refunds [\$0], in order to discharge the expected expenses and obligations of the City; and

**WHEREAS**, voters approved an excess property tax levy for unlimited general obligation bonds, proceeds of which were used to pay for the construction of a new fire station; and

**WHEREAS**, the City is required to set and establish the property tax levy rate for voted excess levies for general obligation bond issues approved by the voters, including subsequent refunded bond issues, subject to the limitations imposed by law; and

**WHEREAS**, the City of North Bend needs a tax levied to raise revenue to provide for the interest and redemption of voter-approved unlimited general obligation bonds for the fiscal year of 2014 in the amount of \$191,854 (which also includes an additional 4% [\$7,379.00] to recover prior year levy deficient property tax collections), which tax is applicable to all taxable property within the City of North Bend; and

**WHEREAS**, a preliminary budget has been prepared and filed, a public hearing was held on November 5, 2013 for the purposes of fixing the final budget, and the City Council has deliberated and has made any adjustments and changes deemed necessary and proper; and

**WHEREAS**, the City Council now wishes to adopt by reference, in accordance with RCW 35A.33.075, a final budget which provides for total aggregate revenue and total aggregate expenditures; and

**WHEREAS**, the City Council also desires to adopt a Salary Schedule for 2014;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1. Regular Property Tax Levy.** A regular property tax is hereby levied for year 2014 in the amount of \$1,351,944, which is a one percent (1%) increase [\$12,963] to the amount of the 2013 actual regular property tax levy, and does include the addition of any new construction, annexations, and relevy for prior year refunds. This levy is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any additional amounts resulting from any annexations and refunds made.

**Section 2. Voter-Approved Excess Property Tax Levy for Unlimited General Obligation Bonds.** In addition to the above regular property tax levy for the ensuing fiscal year of 2014, a tax is hereby levied to raise revenue to provide for the interest and redemption of voter-approved unlimited general obligation bonds for the fiscal year of 2014 in the amount of \$191,854. This tax is applicable to all taxable property within the City of North Bend.

**Section 3. 2014 Budget Adoption.** The City Council hereby adopts the following 2014 budget:

<b>FUND</b>	<b>FUND #</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>ENDING FUND BALANCE</b>
General Fund	001	\$6,337,141	\$5,787,698	\$ 549,443
Street Operations	101	703,764	703,764	0
Capital Streets	102	196,257	111,782	84,475
Streets Overlay	103	196,217	40,000	156,217
Impact Fees & Mitigation	106	1,173,881	532,183	641,698
Hotel/Motel Tax	107	8,600	8,600	0
Economic Development	108	90,234	90,234	0
Park Capital Improvement	116	28,142	0	28,142
Development Projects	125	229,548	138,000	91,548
2010 LTGO Debt Service	215	191,900	191,900	0
2011 Fire Station Bond	216	269,575	185,100	84,475
2012 LTGO (TBD) Bond	217	145,825	145,825	0
Municipal Projects	310	1,848,642	1,544,358	304,284
Capital Improvements (REET)	320	371,550	302,940	68,610
Water Operations & Capital	401	3,117,453	2,796,422	321,031
Sewer Operations & Capital	402	3,409,048	1,950,032	1,459,016
Storm Drainage Operations & Capital	404	1,047,894	580,950	466,944
Flood Operations	404	639,989	98,726	541,263
Solid Waste & Recycling	405	142,653	50,383	92,270
ULID #6 Bond Redemption	451	4,056,266	1,515,000	2,541,266
ULID #6 Bond Reserve	452	1,346,604	0	1,346,604
Equipment Operating	501	335,996	335,996	0
Technology Operating	501	112,396	112,396	0
Equipment Reserve	502	329,536	0	329,536
Technology Reserve	502	57,316	0	57,316
<b>GRAND TOTAL:</b>		<b>\$26,386,427</b>	<b>\$17,222,289</b>	<b>\$9,164,138</b>

**Section 4. 2014 Salary Schedule Adoption.** The City Council hereby adopts the following 2014 Salary Schedule:

Position	Monthly Salary Range		Employees
	From	To	
<b>Mayor and Council</b>			
Mayor	\$ 2,000	N/A	Official
Council Member	400	N/A	Official
<b>Management (Exempt)</b>			
City Administrator	9,500	11,500	1
Finance Director/Asst. City Administrator	7,500	9,500	1
Public Works Director	7,500	9,500	1
Community & Economic Dev. Director	7,500	9,500	1
PW Project Manager/Engineer	5,900	7,900	1
Deputy Finance Director	4,800	6,800	1
Building Official	4,800	6,800	1
City Clerk	4,800	6,800	1
<b>Public Works Bargaining Unit</b>			
Wastewater Operator II	4,785	5,652	1
Lead Water System Operator	4,678	5,441	1
Lead Parks Technician	4,529	5,291	1
Lead Streets Technician	4,529	5,291	1
Wastewater Operator I (1 FTE is Hire Ahead)	4,436	5,244	2
Mechanic	4,036	4,979	1
Maintenance (Journey) (1 FTE is Hire Ahead)	4,008	4,738	8
Maintenance (Entry)	3,410	3,656	0
Maintenance (Seasonal-2 Positions)	12/hr	15/hr	1
<b>Professional, Technical, Clerical Bargaining Unit</b>			
Senior Planner	5,435	6,611	1.6
Public Works Inspector (2-year term)	4,500	6,100	1
Associate Planner (2-year term)	4,587	5,632	1
Police Office Supervisor	4,284	5,317	1
Payroll Officer	4,284	5,317	0
Building Inspector (2-year term)	4,284	5,317	1
Mapping CAD Technician	4,099	5,226	0.5
Utilities Coordinator	4,135	5,032	1.7
Deputy Clerk	4,135	5,032	0
Business License & Tax Coordinator	4,135	5,032	1
Public Works Office Coordinator	3,862	4,931	1
Office Coordinator / Permit Technician	3,862	4,931	1
Administrative Assistant	3,269	4,058	0.5
<b>Total FTEs</b>			<b>35.3</b>

**Section 5. Submittal.** The City Clerk and/or Finance Director is directed to submit a certified copy of this ordinance and the final 2014 Budget Document will be submitted to the State Auditor, Division of Municipal Corporations, and to the Association of Washington Cities.

**Section 6. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

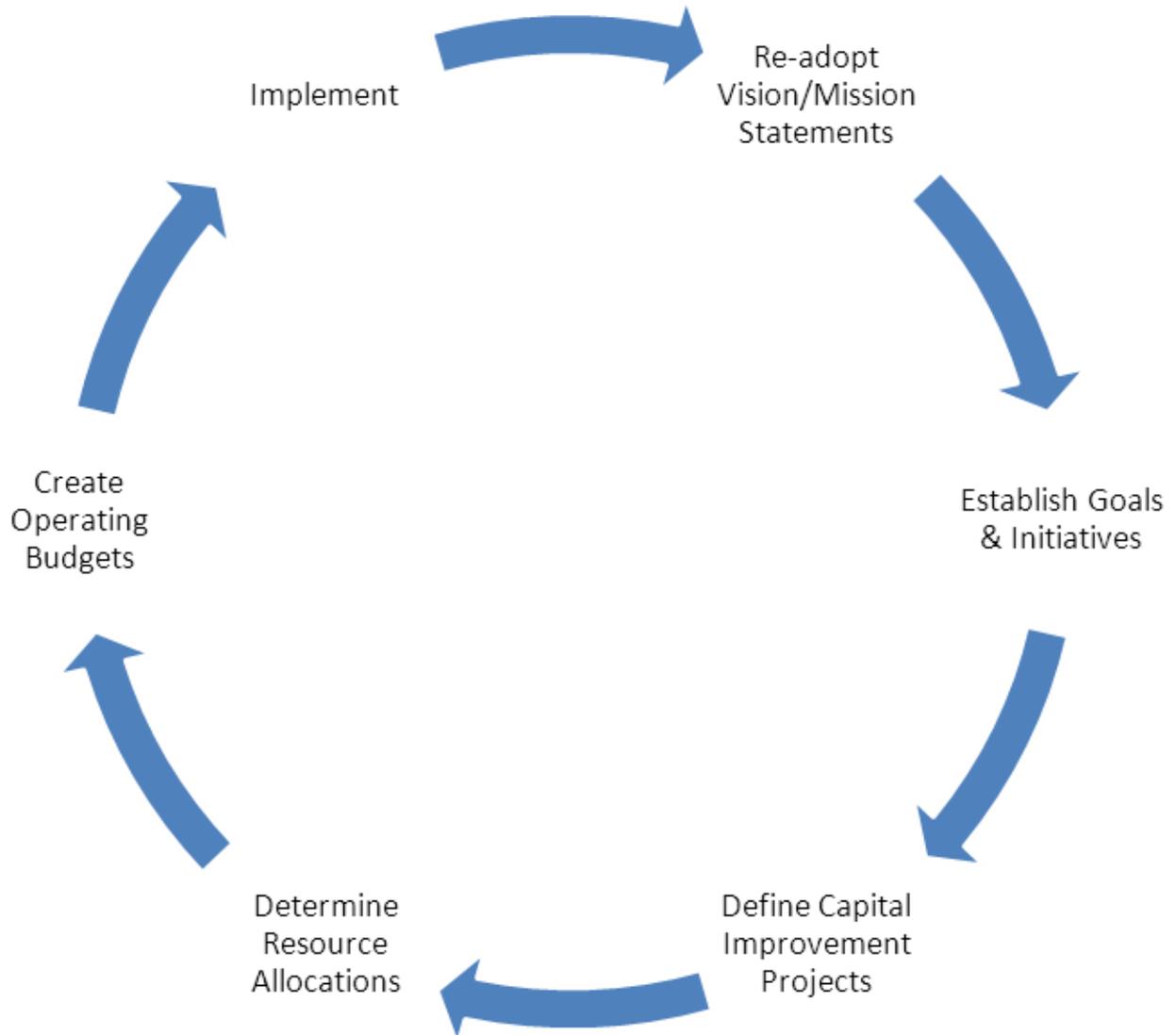
**Section 7. Effective Date.** This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force on January 1, 2014.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 3<sup>RD</sup> DAY OF DECEMBER, 2013.**





# City of North Bend Planning Cycle

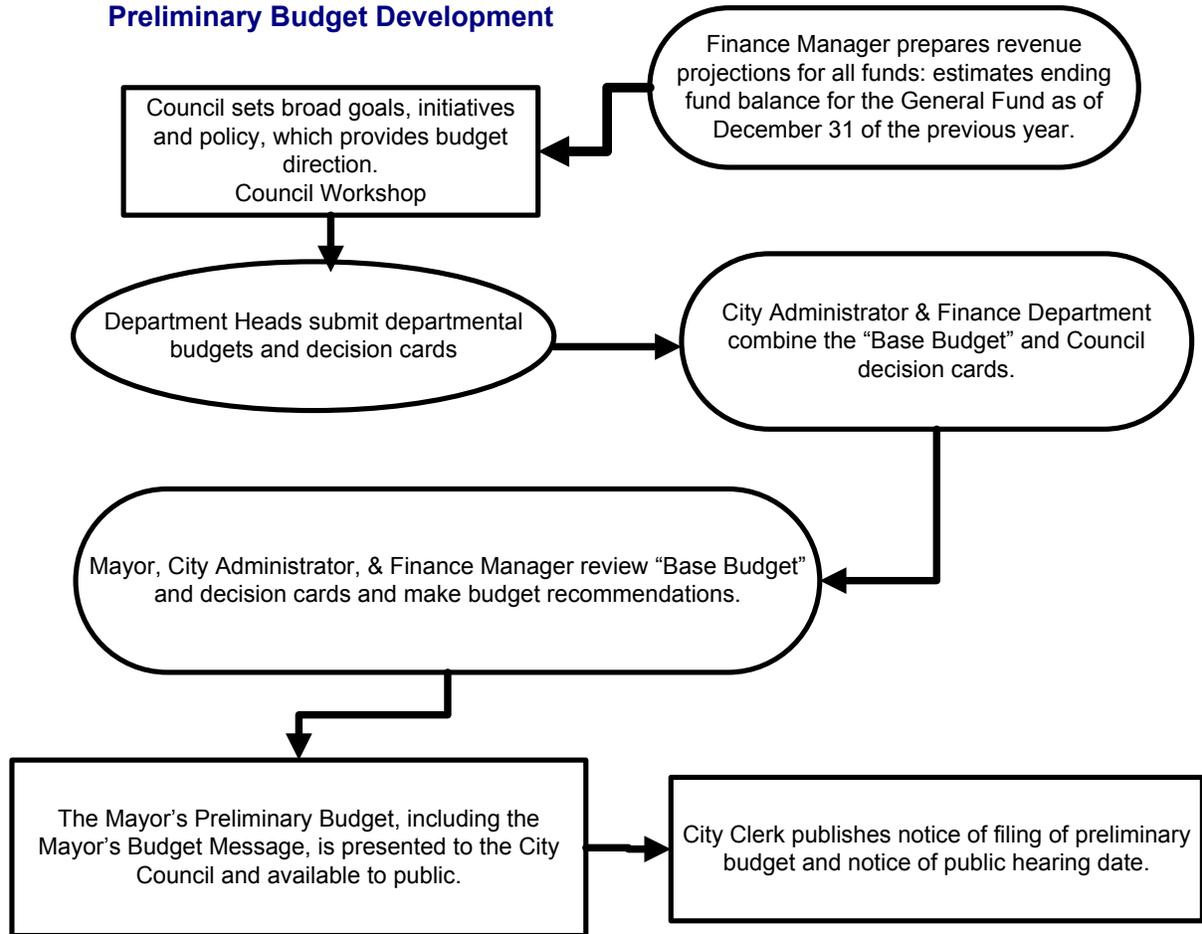




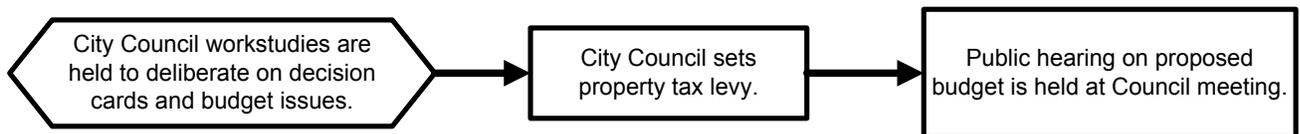


# 2014 Budget Process

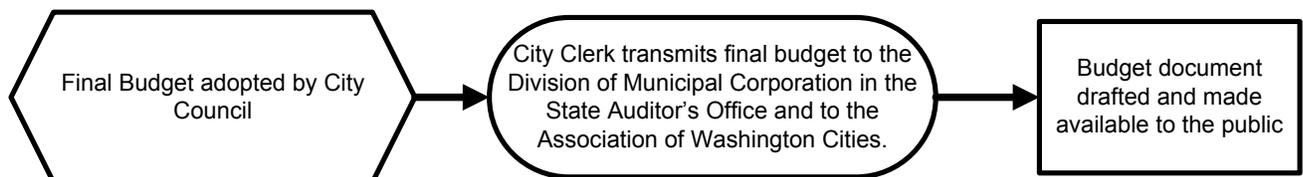
## Preliminary Budget Development



## Review/Discussion



## Budget Adoption





## 2014 Budget Calendar

Date/2013	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
August 6 <b>Council Meeting</b>		City Council meeting  Motion approving 2014 Budget Calendar
August 7	Second Monday in August (8/12)	Finance sends departmental budget requests (Decision Cards) to Council & managers
August 12		Draft Personnel Costs & Revenue projections for 2014 Budget
August 27 <b>Council Workstudy</b>		<b>Council Budget Workshop #1</b> 2013 Council Retreat Priorities, non-funded Decision Card Review & Future Considerations; Affirm priorities from Council Retreat, review prior non-funded decision cards, consider new initiatives & decision cards; Base-Budget
August 28		Mayor & City Administrator review Council Priorities and develop "Base-Budget".
August 30	On or before the first business day in September	Finance Manager prepares Proposed Preliminary Budget (DRAFT): revenue projections, estimated expenditures and ending balances on 12/31/13.
September 1-30		<b>Finance Department Preparation for Preliminary Budget Booklet Publication:</b> Input numbers from accounting system for the "base-budget"; fold in Mayor's Introductory Message; fold in decision cards and miscellaneous relevant materials.
September 23	Fourth Monday in September (9/23)	Council & Management Decision Cards Due

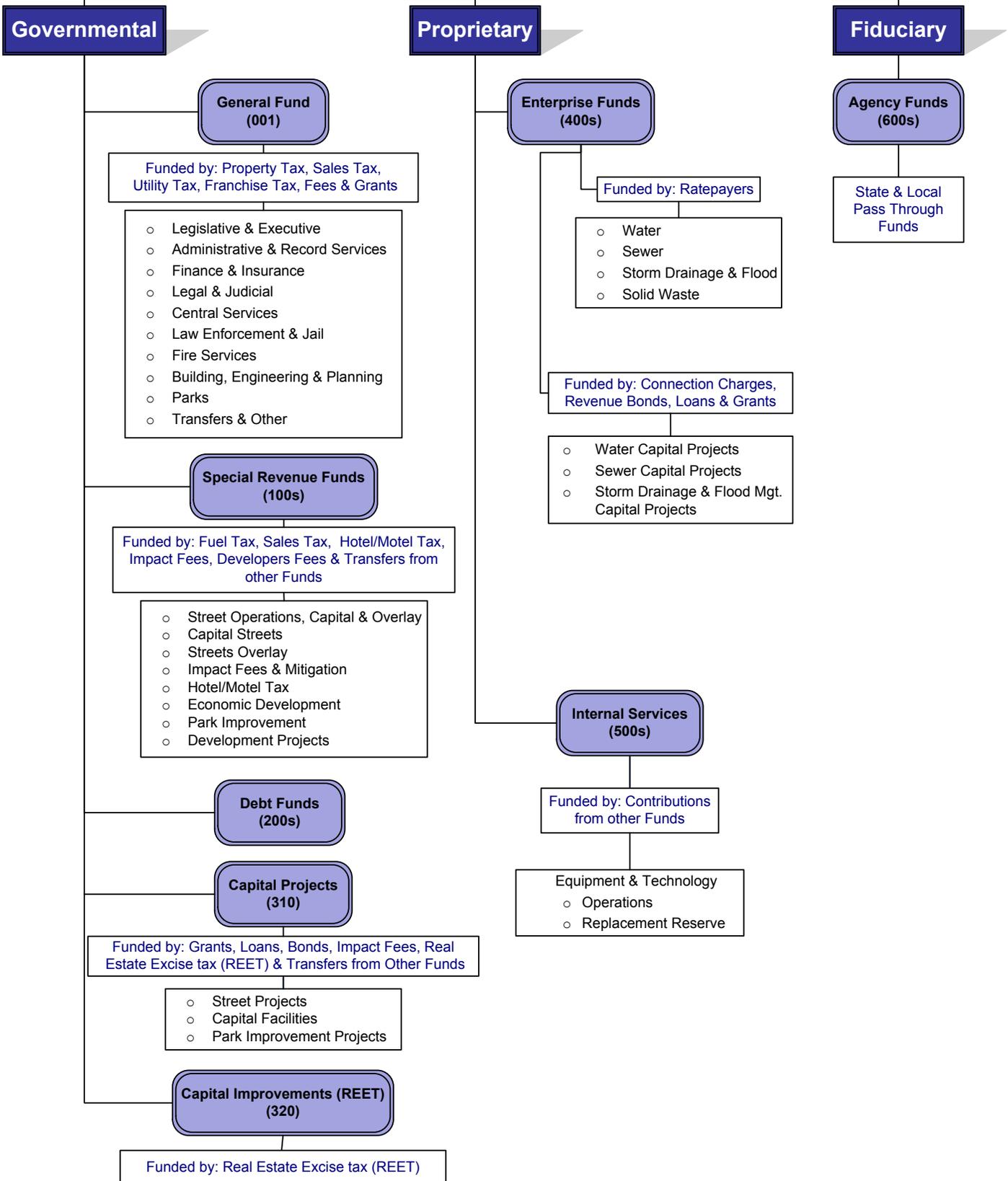


## 2014 Budget Calendar

Date/2013	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
September 10 <b>Council Workstudy</b>		<p style="text-align: center;">Council Budget <b>Workshop #2</b> Present Draft Base-Budget General Fund (Impact on Streets &amp; Econ. Development Funds) Special Revenue Funds (Streets-Economic Development-Impact-REET) Debt Funds, Non-Utility Capital Projects Utility Operations; Utility Capital Projects Shop Operations &amp; Technology Operations All corresponding Decision Cards</p>
October 1	<p>On or before the first business day in the 3rd month prior to the next fiscal year (10/1) <b>Notice to Paper 10/2 &amp; 10/9 for publication 10/9 for 10/16</b></p>	<p><b>Preliminary Budget delivered</b> to the City Council and available to the public.</p> <p>Publication of notice of availability of the 2014 Preliminary Budget for public review and Public Hearing notice for the same.</p>
November 5 <b>Council Meeting</b>		<p>City Council meeting 2014 Preliminary Budget Presentation by the Mayor and Staff</p>
November 5 <b>Council Meeting</b>	<p><b>Public Hearing Notice to Paper 10/2 &amp; 10/9 for publication 10/9 for 10/16</b></p>	<p>City Council meeting</p> <p><i>First &amp; Final reading:</i> <b><u>Ordinance setting 2014 Property Tax Levy</u></b></p>
November 5 <b>Council Meeting</b>	<p><b>Notice to Paper 10/2 &amp; 10/9 for publication 10/9 for 10/16</b></p>	<p>City Council meeting; <b>Public Hearing and first reading</b> of the 2014 Budget Ordinance; included in the Agenda Bill is a list of 2014 budgeted Municipal Projects &amp; their funding source(s).</p>
December 3 <b>Council Meeting</b>	<p>Following the Public Hearing and prior to the beginning of the ensuing fiscal year (12/31)</p>	<p>City Council meeting</p> <p><b>FINAL Reading &amp; Adoption of the 2014 Budget</b></p>



# FUND TYPES





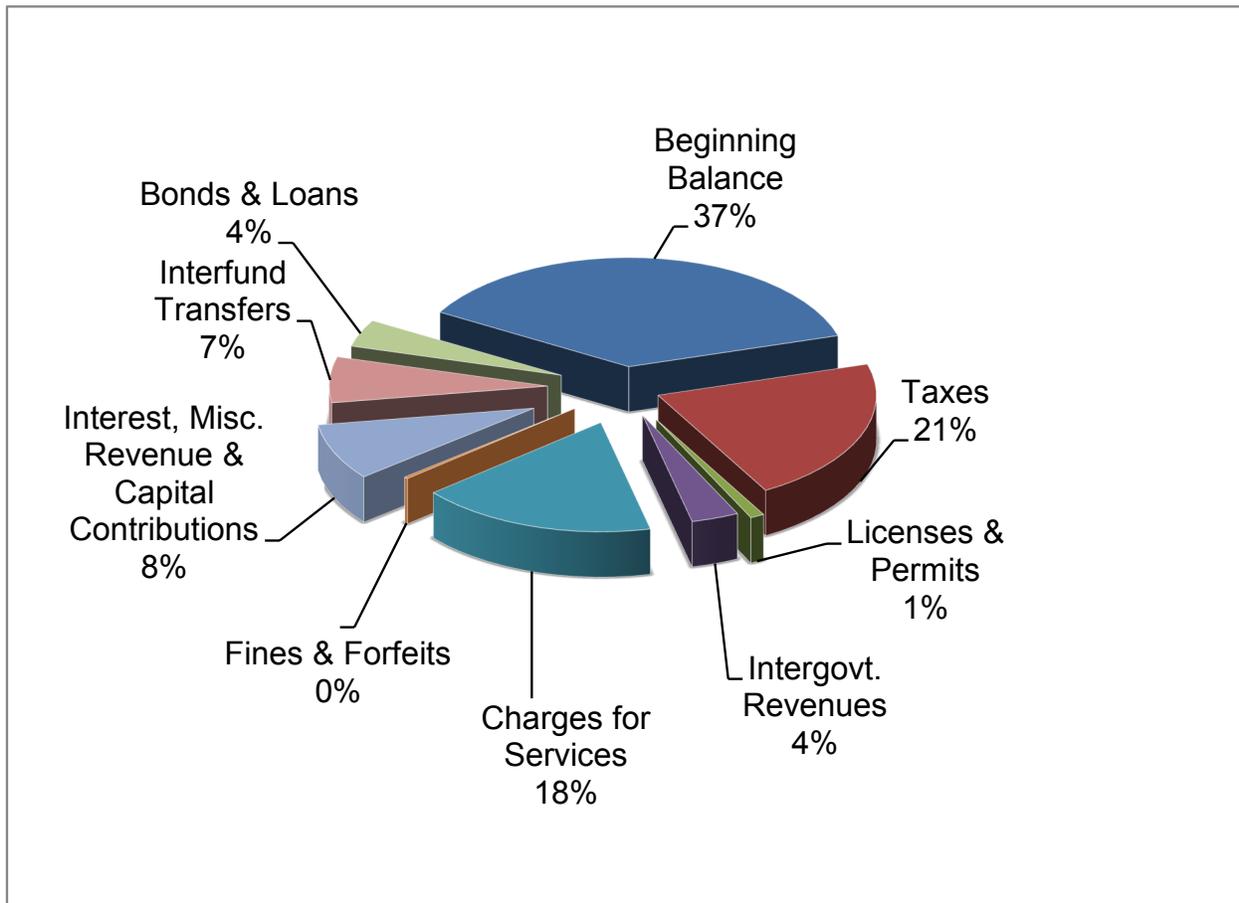


## 2014 Resources by Category

2014 RESOURCES BY CATEGORY (ALL FUNDS)											
FUND TITLE	Fund #	Beginning Balance	Taxes	Licenses & Permits	Intergovt. Revenues	Charges for Services	Fines & Forfeits	Interest, Misc. Revenue & Capital Contributions	Interfund Transfers	Bonds & Loans	Total Budget
<b>GENERAL FUND</b>	<b>001</b>	\$ 826,402	\$4,845,044	\$276,670	\$ 77,000	\$ 92,725	\$77,700	\$ 3,600	\$ 138,000	\$ -	\$ 6,337,141
<b>SPECIAL REVENUE FUNDS</b>											
City Streets	101	-	83,500	3,500	-	-	-	-	616,764	-	703,764
Arterial Streets	102	40,957	39,300	-	-	-	-	-	116,000	-	196,257
Streets Overlay	103	96,217	-	-	-	-	-	-	100,000	-	196,217
Impact Fees	106	986,873	-	-	-	187,008	-	-	-	-	1,173,881
Hotel/Motel Tax	107	-	8,600	-	-	-	-	-	-	-	8,600
Economic Development	108	-	-	-	-	-	-	10,000	80,234	-	90,234
Park Improvement	116	16,142	12,000	-	-	-	-	-	-	-	28,142
Development Projects	125	129,548	-	-	-	100,000	-	-	-	-	229,548
<b>DEBT SERVICE FUNDS</b>											
2010 LTGO Bond Refinancing	215	-	-	-	-	-	-	-	191,900	-	191,900
2011 Fire Station Bond Redem	216	84,475	185,100	-	-	-	-	-	-	-	269,575
2012 LTGO (TBD) Bond Redem	217	-	-	-	145,825	-	-	-	-	-	145,825
<b>CONSTRUCTION FUNDS</b>											
Municipal Capital Projects	310	554,519	-	-	700,000	-	-	-	594,123	-	1,848,642
Capital Improvements (REET)	320	159,550	212,000	-	-	-	-	-	-	-	371,550
<b>ENTERPRISE FUNDS</b>											
Water Operating	401	537,603	-	1,000	-	1,362,500	-	216,350	-	1,000,000	3,117,453
Sewer Operating	402	1,510,898	-	-	-	1,625,000	-	185,250	-	87,900	3,409,048
Storm Drainage	404	367,592	-	-	-	655,000	-	25,302	-	-	1,047,894
Flood	404	474,089	-	500	-	165,000	-	400	-	-	639,989
Solid Waste	405	51,953	-	-	27,200	63,500	-	-	-	-	142,653
ULID #6 Bond Redemption	451	2,232,766	-	-	-	-	-	1,823,500	-	-	4,056,266
ULID #6 Bond Reserve	452	1,344,904	-	-	-	-	-	1,700	-	-	1,346,604
<b>INTERNAL SERVICE</b>											
Shop/Equipment Operating	501	-	-	-	-	335,996	-	-	-	-	335,996
Technology Operating	501	-	-	-	-	112,396	-	-	-	-	112,396
Equipment Reserve	502	285,827	-	-	-	43,710	-	-	-	-	329,537
Technology Reserve	502	43,637	-	-	-	13,681	-	-	-	-	57,318
<b>TREASURERS TRUST</b>											
Treasurers Trust	635	5,850	-	-	-	-	-	-	-	-	5,850
<b>TRANSPORTATION BENEFIT DISTRICT</b>											
Transportation Benefit District (TBD)	690	300,870	420,000	-	-	-	-	80	-	-	720,950
<b>GRAND TOTAL</b>		<b>\$10,050,672</b>	<b>\$5,805,544</b>	<b>\$281,670</b>	<b>\$ 950,025</b>	<b>\$4,756,516</b>	<b>\$77,700</b>	<b>\$ 2,266,182</b>	<b>\$1,837,021</b>	<b>\$ 1,087,900</b>	<b>\$27,113,230</b>



## 2014 Resources by Category



The above graph represents the combined estimated resources of all funds for the City, broken down into revenue categories.

Beginning balance is the amount of cash considered to be on-hand at the beginning of 2014. The beginning balances of the funds combined account for 37% of the total resources. When combining all of the resources of each of the funds the following categories were the top two resources; Taxes at 21% and Charges for Services at 18%. The remaining 24% are made up of Bonds & Loans, Interfund Loans, Interest & Miscellaneous, Fines & Forfeits, Intergovernmental and Licenses and Permits.



## 2012-2014 Summary By Category Resources

### 2012-2014 RESOURCES BY CATEGORY (ALL FUNDS)

FUND TITLE	2012 Resources (Un-audited)	2013 Resources (Un-audited)	2014 Adopted Resources
Beginning Balance	6,750,077	9,561,300	10,050,672
Taxes	5,468,095	6,220,407	5,805,544
Licenses & Permits	354,893	563,979	281,670
Intergovernmental Revenue	1,426,882	496,702	950,025
Charges for Services	4,948,317	5,884,280	4,756,516
Fines & Forfeits	62,097	63,001	77,700
Interest, Misc. Revenue & Capital Contributions	2,412,601	6,874,709	2,266,182
Interfund Transfers	3,213,576	4,239,189	1,837,021
Bonds & Loans	2,888,104	1,194,047	1,087,900
<b>GRAND TOTAL</b>	<b>\$27,524,643</b>	<b>\$35,097,615</b>	<b>\$27,113,230</b>

In this 3 year resource comparison the beginning fund balances have been on a steady increase and predicted to be 5% higher than 2013. Resources from Taxes are estimated to be down by 7% and Charges for Services is estimated to be 19% lower in 2014. The big drop in Interest and Miscellaneous Revenue from 2013 is due to the initial ULID #6 assessments that the City received.





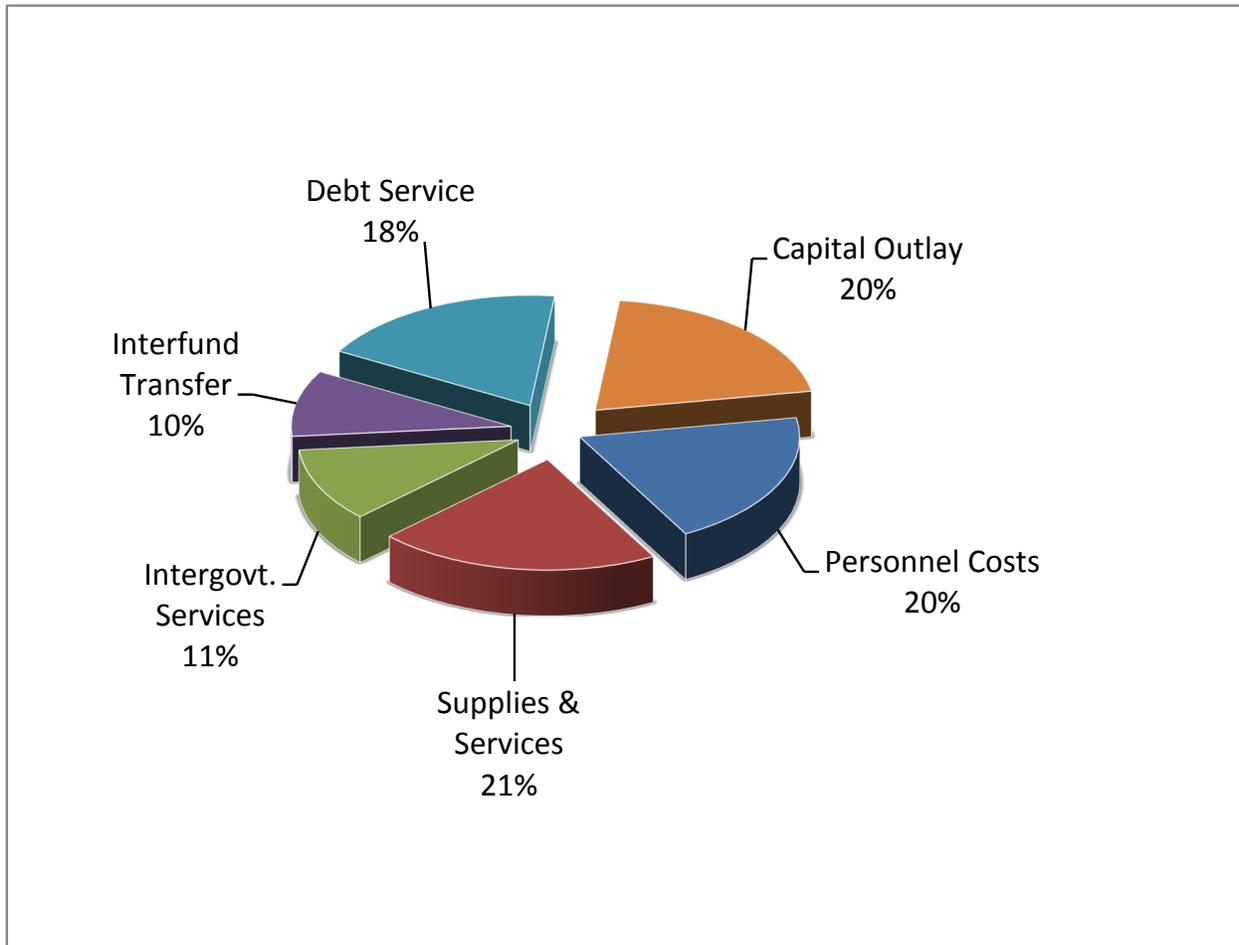
# 2014 Budget Expenditures

## 2014 BUDGETED EXPENDITURES CLASSIFICATION BY CATEGORIES (ALL FUNDS)

FUND TITLE	Fund #	Personnel Costs	Supplies & Services	Intergovt. Services	Interfund Transfer	Debt Service	Capital Outlay	Ending Fund Balance	Total Budget
<b>General Fund</b>	<b>001</b>								
Legislative		\$ 43,277	\$ 11,800	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 64,077
Administration & Financial		405,479	51,807	25,315	-	-	-	-	482,601
Legal & Judicial		-	129,700	45,500	-	-	-	-	175,200
Central Services		9,632	140,881	-	-	-	54,200	-	204,713
Law Enforcement & Jail		46,588	24,987	1,623,612	-	-	1,200	-	1,696,387
Fire Services		-	873,628	-	-	-	-	-	873,628
Building, Engineering & Planning		784,210	55,363	-	-	-	3,000	-	842,573
Parks, Culture & Recreation		254,078	165,432	1,400	-	-	600	-	421,510
Human/Community Service Grants		-	100,500	-	-	-	-	-	100,500
Other Expenditures & Transfers		-	4,000	4,911	912,998	-	4,600	-	926,509
Ending Fund Balance: Total GF		-	-	-	-	-	-	549,443	549,443
<b>TOTAL GENERAL FUND</b>		<b>\$ 1,543,264</b>	<b>\$ 1,558,098</b>	<b>\$ 1,709,738</b>	<b>\$ 912,998</b>	<b>\$ -</b>	<b>\$ 63,600</b>	<b>\$ 549,443</b>	<b>\$ 6,337,141</b>
<b>Special Revenue Funds</b>									
City Streets	101	345,320	308,704	4,540	-	43,500	1,700	-	703,764
Arterial Streets	102	27,232	3,270	280	81,000	-	-	84,475	196,257
Street Overlay	103	-	40,000	-	-	-	-	156,217	196,217
Impact Fees	106	-	-	86,500	445,683	-	-	641,698	1,173,881
Hotel/Motel Tax	107	-	8,600	-	-	-	-	-	8,600
Economic Development	108	35,779	54,105	350	-	-	-	-	90,234
Park Improvement	116	-	-	-	-	-	-	28,142	28,142
Development Projects	125	-	100,000	-	38,000	-	-	91,548	229,548
<b>Debt Funds</b>									
2010 LTGO Bond Refinancing	215	-	700	-	-	191,200	-	-	191,900
2011 Fire Station Bond Redemp	216	-	625	-	-	184,475	-	84,475	269,575
2012 LTGO (TBD) Bond Redemp	217	-	625	-	-	145,200	-	-	145,825
<b>Const</b>									
Municipal Capital Projects	310	-	-	-	-	-	1,544,358	304,284	1,848,642
Capital Improvements	320	-	100	-	259,340	43,500	-	68,610	371,550
<b>Enterprise Funds</b>									
Water	401	600,792	548,155	61,960	-	428,590	1,156,925	321,031	3,117,453
Sewer	402	503,494	634,863	50,080	-	435,100	326,495	1,459,016	3,409,048
Storm Drainage	404	265,900	139,600	15,250	-	159,300	900	466,944	1,047,894
Flood	404	79,910	13,821	4,260	-	735	-	541,263	639,989
Solid Waste	405	20,683	29,500	200	-	-	-	92,270	142,653
ULID #6 Bond Rdmp.	451	-	6,000	-	-	1,509,000	-	2,541,266	4,056,266
ULID #6 Bond Reserve	452	-	-	-	-	-	-	1,346,604	1,346,604
<b>Internal</b>									
Shop/Equipment Operating	501	112,313	177,263	1,120	-	43,500	1,800	-	335,996
Technology Operating	501	15,676	96,400	320	-	-	-	-	112,396
Equipment Reserve	502	-	-	-	-	-	-	329,537	329,537
Technology Reserve	502	-	-	-	-	-	-	57,318	57,318
<b>T T</b>									
Treasurers Trust	635	-	-	-	-	-	-	5,850	5,850
<b>TBD</b>									
Transportation Benefit District	690	-	2,650	500	-	145,825	571,975	-	720,950
<b>GRAND TOTAL ALL FUNDS</b>		<b>\$ 3,550,363</b>	<b>\$ 3,723,079</b>	<b>\$ 1,935,098</b>	<b>\$ 1,737,021</b>	<b>\$ 3,329,925</b>	<b>\$ 3,667,753</b>	<b>\$ 9,169,991</b>	<b>\$ 27,113,230</b>



## 2014 Budget Expenditures



The above graph illustrates the total combined expenditures of all City funds, broken out into expense categories. Capital Outlay expenditures account for 20% of the total City expenditures. Personnel costs combined amount to 20%, Supplies and Services account for 21% and Debt Services account for 18% of the City wide expenditures.



## 2012-2014 Summary By Category Expenditures

<b>2012-2014 EXPENDITURES SUMMARY CLASSIFICATION BY CATEGORIES (ALL FUNDS)</b>			
<b>FUND TITLE</b>	<b>2012 Actual Un-Audited</b>	<b>2013 Actual Un-Audited</b>	<b>2014 Adopted</b>
Personnel Costs	3,012,424	3,187,092	3,550,363
Supplies & Services	3,294,561	3,759,804	3,723,079
Intergovernmental Services	2,019,041	2,883,278	1,935,098
Interfund Transfer	3,213,576	4,239,189	1,737,021
Debt Services	3,515,637	3,308,455	3,329,925
Capital Outlay	3,973,143	3,747,160	3,667,753
Ending Fund Balances	8,496,261	13,972,636	8,496,261
<b>GRAND TOTAL ALL FUNDS</b>	<b>\$ 27,524,643</b>	<b>\$ 35,097,615</b>	<b>\$ 26,439,500</b>

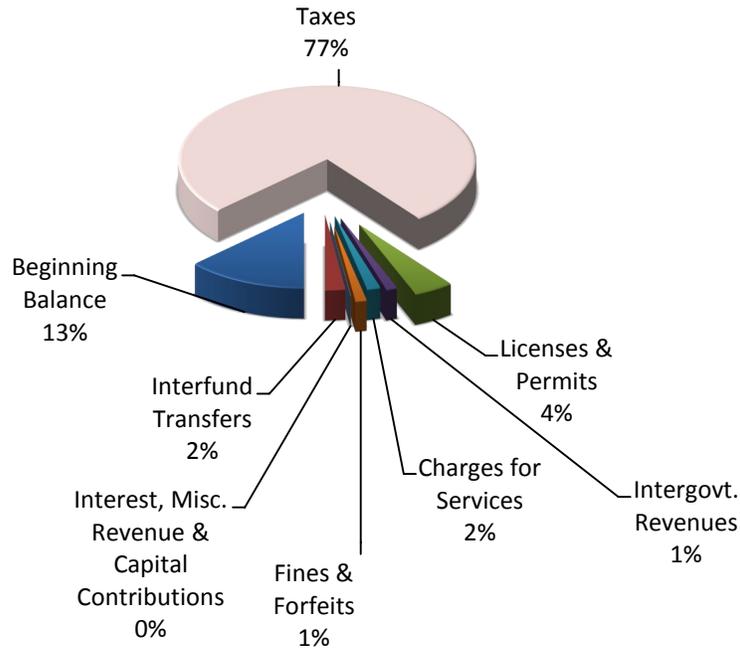
In the above 3 year comparable the estimated Personnel Costs are up by almost 10%, this is due to the addition of 2 new positions, one in the water department and the other in the sewer department. Those positions along with a 2 year contracted planner and another 2 year contracted building inspector position. Intergovernmental Services are estimated to be down by 33% and the Interfund Transfers by 59%. The rest of the categories are expected to remain about the same as 2013.



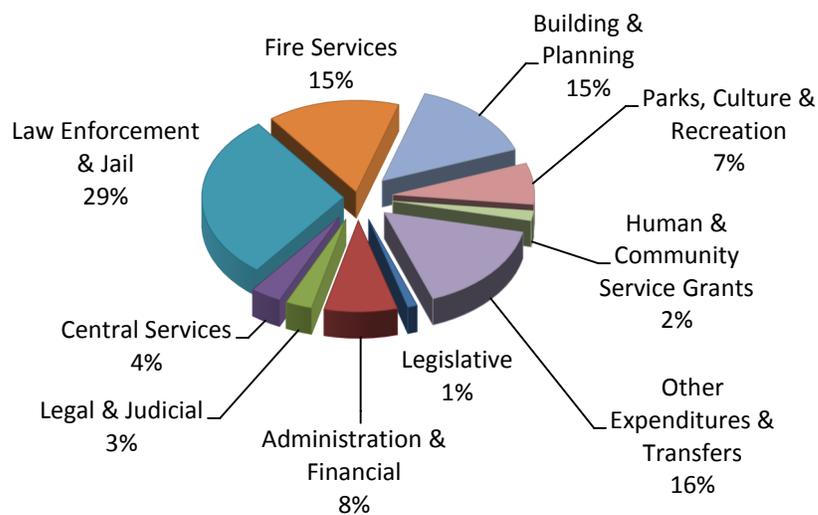


# General Fund Summary

**Where does money come from?  
General Fund Revenue**



**Where does money go?  
General Fund Expenditures**





## General Fund Summary 2012-2014

Description	2012 Actual (Un-audited)	2013 Actual (Un-audited)	2014 Adopted
10% Reserve	515,261	527,488	554,370
Carryover from previous year	437,436	846,111	51,608
Earned Leave Separation Reserve	25,000	25,000	25,000
Salary & Benefits 2-year Contracts			195,424
<b>Projected Revenues</b>			
Property Tax	1,259,471	1,297,717	1,351,944
Sales Tax	1,728,766	1,882,977	1,728,700
Sales and Use Tax Per Capita	120,538	129,971	120,500
Business & Occupation Tax	654,344	699,416	685,000
B&O Private Utility Taxes	647,250	697,998	654,000
City Utilities Tax	248,670	263,810	265,000
Gambling & Other Taxes	34,572	38,240	35,400
B&O Penalties and Interest	4,335	4,158	4,500
Licenses & Permits	349,826	552,487	276,670
Intergovernmental	129,296	74,427	77,000
Charges for Services	161,597	190,181	92,725
Fines and Forfeitures	62,098	63,001	77,700
Investment Interest and Miscellaneous	38,659	170,417	3,600
Transfers from Other Funds for General Fund Overhead	49,784	532,679	138,000
Other One Time Financing Sources	823	512	-
<b>Total Revenues</b>	<b>5,490,026</b>	<b>6,597,992</b>	<b>5,510,739</b>
<b>Total Revenues and Resources</b>	<b>6,467,722</b>	<b>7,996,591</b>	<b>6,337,141</b>



## General Fund Summary 2012-2014

Description	2012 Actual (Un-audited)	2013 Actual (Un-audited)	2014 Adopted
<b>Projected Expenditures</b>			
Legislative	66,609	67,117	64,077
District Court	31,670	34,735	45,500
Admin & Record Services	265,107	270,682	271,006
Financial Services	242,915	246,747	211,595
Legal	138,753	217,781	129,700
Central Services	167,446	154,464	204,713
Law Enforcement	1,449,565	1,825,993	1,584,387
Fire Services	809,665	836,492	873,628
Jail Contracts	60,105	132,035	112,000
Building	209,468	216,376	302,510
Emergency Management	6,920	2,680	4,000
Engineering			100,000
Community Organizations	16,991	17,187	17,411
Human Service Organizations	78,000	87,000	88,000
Planning	324,405	334,388	440,063
Culture & Recreation	25,950	28,139	25,500
Parks	371,196	381,212	396,010
Land & Building Management	-	5,188	4,600
Transfers			
To Streets Operations	462,018	550,402	616,764
To Capital Streets	114,981	125,021	116,000
To Streets Overlay	125,000	-	100,000
To Economic Development Fund	69,872	60,589	80,234
To Park Improvement (116)	26,445	17,261	
To Capital Improvements (REET) (320)	-	-	-
To Capital Projects (310)	6,043	1,201,690	
Other Miscellaneous Transfers	-	-	-
<b>Total Expenditures</b>	<b>5,069,124</b>	<b>6,813,178</b>	<b>5,787,698</b>
10% Reserve	506,924	524,746	554,370
Earned Leave Separation Reserve	25,000	25,000	25,000
Salary & Benefits 2-year Contracts Reserve		195,424	
<b>Total Expenditures &amp; 10% Reserve</b>	<b>5,601,048</b>	<b>7,558,348</b>	<b>6,367,068</b>
<b>PROJECTED Discretionary Carryover</b>	<b>866,675</b>	<b>438,242</b>	<b>(29,927)</b>



## General Fund Revenues

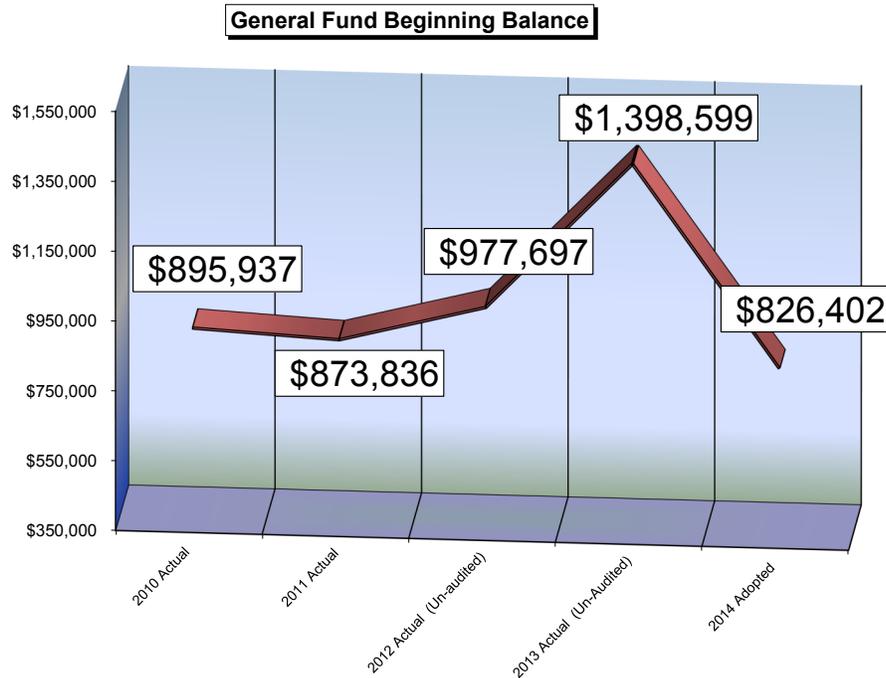
<b>GENERAL FUND RESOURCES</b>					
Category	2010 Actual	2011 Actual	2012 Actual (Un-audited)	2013 Actual (Un-Audited)	2014 Adopted
<b>Beginning Fund Balance</b>					
10% Reserve	593,288	496,927	515,261	527,488	554,370
Additional Reserved Beginning Balance	-	-	25,000	25,000	220,424
Unencumbered Reserve	302,649	376,909	437,436	846,111	51,608
<b>Grand Total</b>	<b>\$ 895,937</b>	<b>\$ 873,836</b>	<b>\$ 977,697</b>	<b>\$ 1,398,599</b>	<b>\$ 826,402</b>
<b>Revenues</b>					
Taxes					
Property Tax	\$ 1,259,374	\$ 1,218,374	\$ 1,259,471	\$ 1,297,717	<b>\$ 1,351,944</b>
Sales Tax	1,763,896	1,827,354	1,849,303	2,012,949	<b>1,849,200</b>
B&O Tax	739,304	678,531	658,679	703,574	<b>689,500</b>
Utility Taxes	907,310	951,678	896,420	962,686	<b>919,400</b>
Gambling Tax	36,064	38,253	34,072	37,362	<b>35,000</b>
Licenses & Permits	109,707	99,409	349,826	552,487	<b>276,670</b>
Intergovt Revenues	133,172	125,941	129,296	74,427	<b>77,000</b>
Charges for Services	64,177	79,022	161,597	190,181	<b>92,725</b>
Fines & Forfeits	18,520	39,258	62,098	63,001	<b>77,700</b>
Interest & Miscellaneous	59,224	18,037	38,659	170,417	<b>3,600</b>
Transfers & Other	123,562	163,406	50,606	533,191	<b>138,000</b>
Land & Building Management					
Bonds & Loans					
<b>Total Revenues</b>	<b>\$ 5,214,310</b>	<b>\$ 5,239,263</b>	<b>\$ 5,490,026</b>	<b>\$ 6,597,992</b>	<b>\$ 5,510,739</b>
<b>Total Resources</b>	<b>\$ 6,110,247</b>	<b>\$ 6,113,099</b>	<b>\$ 6,467,722</b>	<b>\$ 7,996,591</b>	<b>\$ 6,337,141</b>
<b>Total Program Expenditures</b>	<b>\$ 5,230,211</b>	<b>\$ 5,135,726</b>	<b>\$ 5,069,124</b>	<b>\$ 6,813,178</b>	<b>\$ 5,787,698</b>
<i>Revenues - Expenditures =</i>	<b>\$ (15,901)</b>	<b>\$ 103,537</b>	<b>\$ 420,902</b>	<b>\$ (215,186)</b>	<b>\$ (276,959)</b>

The 2014 the General Fund projected revenues reflect a 16% decrease in comparison to 2013 Actual Un-Audited receipts. The decrease is partially due to higher than estimated revenues in 2013 Sales Tax, Licenses & Permits, Transfers and Other and the sale of the Annex House property while keeping with previous performance trends for the 2014 revenue estimates. I

n the following narrative, percentages that appear in resource headings refer to the percentages of total revenues represented by the revenue stream (without beginning cash balances). Total resources for the fund, as seen in the above chart, include both beginning fund balances and loans (both considered to be non-revenues when evaluating revenues versus expenditures for any fiscal year).



# General Fund Revenues



## Beginning Fund Balance

**\$826,402**

This is the amount of cash and investments considered to be on-hand in the General Fund at the beginning of 2014. The chart illustrates the 5 year trend for the General Fund's Beginning Fund Balance. The graph shows how the beginning fund balance has increased over the past 4 years with a huge spike of 43% in 2013. We are anticipating that the General Fund will start the 2014 year with a lower beginning fund balance that is more in-line with the normal balance trend.

## REVENUES

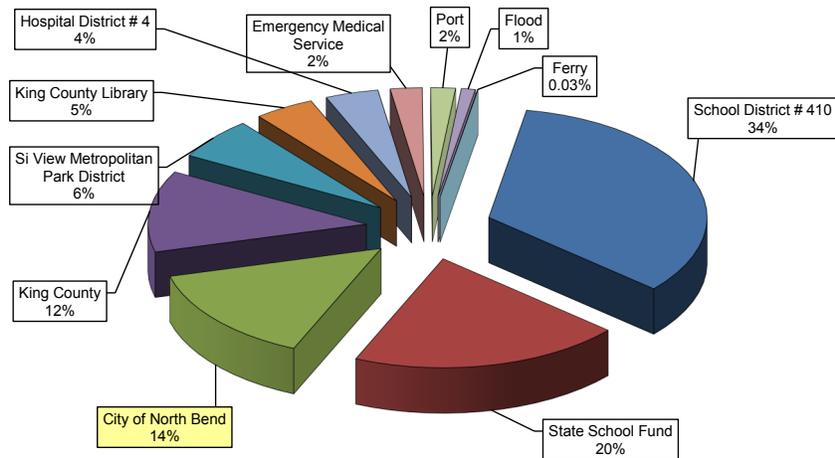
### Taxes

Tax revenues account for 77% of General Fund revenues. These taxes include real and personal property taxes, business taxes and utility taxes.

- Real and Personal Property**
**\$1,351,944**      **25%**

While the City receives revenues from property taxes, only a portion of the total property tax collected by the King County Assessor supports City activities. In fact, for 2014, the total property tax levy for residents of North Bend is \$12.63842 per \$1,000 of assessed valuation. Of this, only \$1.82520 support municipal activities (see graph on the next page for complete break down of other property tax recipients). The maximum levy allowed for most cities within the State of Washington is \$3.375 per \$1,000 of assessed valuation; North Bend has chosen not to increase property taxes since 2007 and is far below this maximum allowance at \$1.82520

### North Bend Property Tax: 2014 Distribution of \$1.00



**Business Generated Taxes** **\$2,768,600** **50%**

The City collects taxes through the business community operating within North Bend City limits. Retail Sales and Use taxes and Utility taxes support General Fund activities and are collected by businesses from consumers. The City of North Bend receives a .023 share of the overall 8.8% sales tax levied on sales within the City of North Bend. Utility taxes (6%) are also levied on water, sewer, solid waste (garbage), telephone, cellular phone, electric and natural gas businesses operating in North Bend and then passed on to the consumer. Projections indicate that taxes collected by businesses and paid for by consumers will decrease by 7% (.0696) in 2014. This is because, according to the City's Financial Policies, sales tax revenues need to be projected based on the last complete year.

**Business Taxes** **\$724,500** **13%**

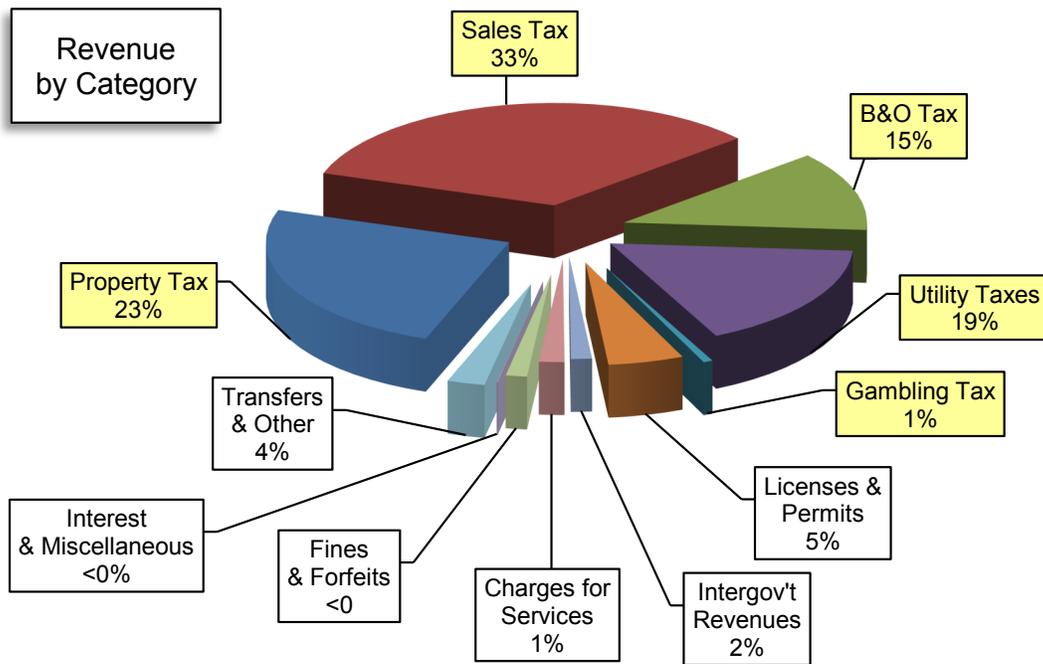
The City also collects taxes directly from the business community operating within the North Bend City limits; the Business and Occupation tax for all types of industry is capped by statute at .002%. The other business tax levied is a gambling tax (5%). Revenues from this tax are to be used: first, for the direct enforcement of gambling activities, second, for other police operations, and third, for other non-police activities.

**Licenses and Permits** **\$276,670** **5%**

Revenues from licenses and permits account for 5% of the General Fund revenues. The City of North Bend issues business licenses and collects a license fee from all businesses operating within the City limits. The City also requires a wide range of permits and collects fees to cover the cost of regulation, inspection, and review of applications and projects. Building permits, plumbing permits, and mechanical permits are all required

**Intergovernmental Revenue** **\$77,000** **1%**

The City of North Bend receives a proportion of some taxes collected by other jurisdictions; these intergovernmental revenues account for 1.40% of the General Fund revenue stream. The city receives a proportion of the Liquor Excise Tax and Liquor Board profits. Motor Vehicle Excise Tax, formerly received under this category, was eliminated by the implementation of Initiative 695 in 2000.



**Charges for Services** **\$92,725** **2%**

In some cases, the City is reimbursed for services performed. These fees collected are accounted for here and are used to support General Fund activities. Charges are assessed for the following: late charges on utility bills and engineering inspection, plat review & plan review services. Charges for services account for less than 1.68% of General Fund revenues. Other development related charges are collected in the Development Projects Fund (Fund #125).

**Fines and Forfeits** **\$77,700** **1%**

The City collects fines for traffic violations, traffic and parking infractions, misdemeanors, and DWI violations. This revenue stream accounts for 1.41% of all General Fund revenues.

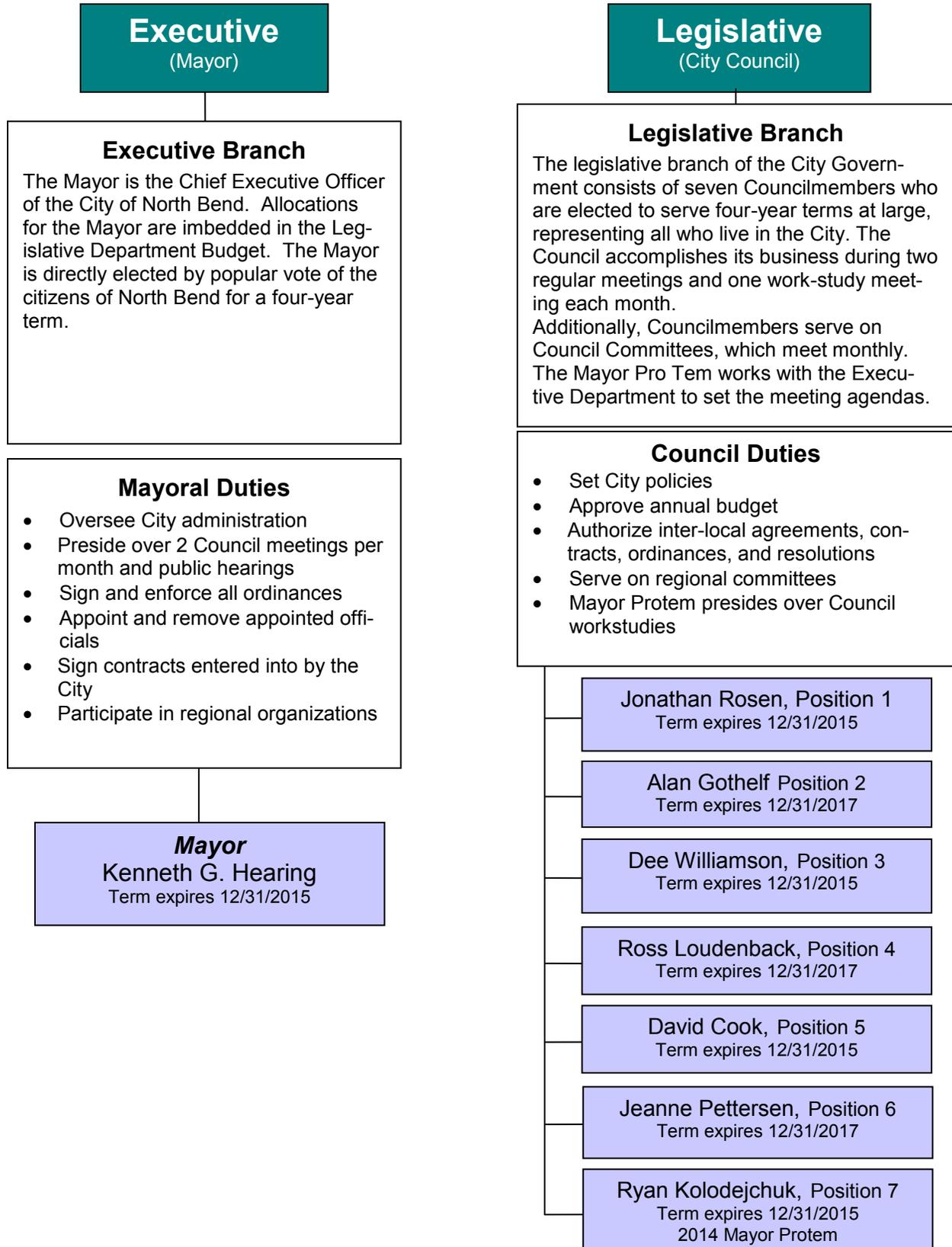
**Miscellaneous Transfers & Other Revenue** **\$141,600** **3%**

This accounts for smaller revenue streams such as investment interest, facility rentals, and ball field rentals. The General Fund receives 2.57% of its revenue through these miscellaneous sources. Other revenues include transfers from other funds to help offset multi-fund expenses recorded in the General Fund.

<b>Total General Fund Revenues</b>	<b>\$5,510,739</b>	<b>100%</b>
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# Executive and Legislative Departments





# Executive and Legislative Departments 2014 Council Committees

## Mayor Pro-Tem

Ryan Lolodejchuk

This position is responsible for presiding over Council work studies and working closely with the Mayor & City Administrator as Council liaison.

## Finance and Administration

Chair: Councilmember Pettersen

Attended by: Councilmember Cook and Councilmember Gothelf

This committee is responsible for developing policies relating to the following issues: administrative policy, fiscal management, technology, customer service, personnel, and economic analysis.

## Community & Economic Development

Chair: Councilmember Cook

Attended by: Councilmember Loudenback and Councilmember Rosen

This committee is responsible for developing policies relating to the following issues: planning, zoning, parks, recreation and economic development.

## Public Health and Safety

Chair: Councilmember Gothelf

Attended by: Councilmember Rosen and Councilmember Williamson

This committee is responsible for developing policies relating to the following issues: fire protection and emergency medical services, law enforcement, public health, emergency management and special events.

## Transportation and Public Works

Chair: Councilmember Loudenback

Attended by: Councilmember Pettersen and Councilmember Williamson

This committee is responsible for developing policies relating to the following issues: water, sewer, streets and drainage, park maintenance, engineering and inspections, solid waste and recycling, and equipment maintenance.

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Compensation	40,305	44,313	43,277	-2%
Overhead	26,304	22,804	20,800	-9%
Council Contingency	0	0	0	N/A
Total	66,609	67,117	64,077	-5%



# Administration and Record Services

## Administration Functions:

- Ensure implementation of council policies and goals
- Oversee management of all City departments
- Personnel Management and Collective Bargaining Negotiations
- Oversee public safety services contracts with the City of Snoqualmie Police Department, King County District Court, Jail services and Eastside Fire & Rescue
- Manage grant program
- Policy development
- Emergency planning and emergency services
- Public outreach: cable access channel and website
- Economic Planning and Development
- Webpage Staffing

## Record Services Functions:

- Oversee city records: retention, destruction, and public disclosure requests
- Develop council agendas, packets, meeting minutes, and legal notices
- Coordinate office reception services and provide administrative support
- Coordinate local elections
- Issue special events permits
- Officiate over bid openings
- Coordinate Central Services

### Administrative and Record Services Staff

City Administrator .....Londi Lindell  
 Assistant City Administrator/Finance Director.....Dawn Masko  
 City Clerk.....Susie Oppedal

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	253,296	245,540	258,406	5%
Employee Performance Pmt	0	12,298		-100%
Overhead	10,584	9,026	7,600	-16%
Employee Recognition	1,227	3,818	5,000	31%
<b>Total</b>	<b>265,107</b>	<b>270,682</b>	<b>271,006</b>	<b>0%</b>



# Finance Department

## Financial and Accounting Services Functions:

- Lead role in Budget process
- Budget document preparation and monitoring
- Payroll and benefits administration
- Utility billing and accounting
- Business license administration
- Business and occupation tax collection
- Accounts Payable
- Management and investment of City funds
- Central cashiering
- Staff Finance Council Committee
- Financial reporting and projections
- Financing of public projects
- Technology development and management

For Technology Information,  
See Internal Services

### Finance Department Staff

Assistant City Administrator/Finance Director..... Dawn Masko  
 Deputy Finance Director ..... Beth Waltz  
 Utilities Coordinator ..... Jennifer Bourlin  
 Administrative Assistant/Utilities Coordinator ..... Julie Posey  
 Business License & Tax Coordinator ..... Juanita Smart  
 Payroll Services..... Contracted with City of Snoqualmie

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	185,661	192,498	147,073	-24%
Overhead	24,698	18,394	21,225	15%
Insurance	30,056	27,957	30,657	10%
Payroll Services	2,501	7,899	12,640	60%
<b>Total</b>	<b>242,915</b>	<b>246,747</b>	<b>211,595</b>	<b>-14%</b>



# Law Enforcement

**Police Services contracted through  
 King County Sheriff's Office**  
 One Officer is provided 24/7 on a rotating basis, backed up by  
 a County Officer and supervised by a Police Chief (Sergeant)

## Police Department Responsibilities

- Traffic enforcement
- Monitor jail contract
- Crime investigation
- Crime prevention
- Patrol
- Jail transports
- House and business security checks
- Issue concealed pistol licenses
- Issue specialized forest product permits

**King County Sheriff's Office, Precinct 2  
 North Bend Sub-Station Staff**  
 Chief of Police Services .....Sergeant Mark Toner  
 Office Supervisor .....Kym Smith  
 Administrative Assistant .....Erin Mitchell

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	120,235	133,144	46,588	-65%
KC Contract	1,209,935	1,177,892	330,000	-72%
Snoqualmie Police	0	384,000	1,156,812	
Overtime	12,878	15,861	3,800	-76%
Detective	380	0	3,500	N/A
Overhead	90,161	100,137	24,987	-75%
Copier Lease	4,808	5,443	1,200	-78%
KC Animal Control	11,168	9,517	17,500	84%
Jail	60,105	132,035	112,000	-15%
Total	1,509,670	1,958,028	1,696,387	-13%



# Legal & Court

## Legal Services Responsibilities

- Represent the City in general civil matters
- Conduct criminal prosecutions
- Provide research, opinions and recommendations
- Prepare and review contracts, ordinances, and policies
- Assist the City with additional legal matters, as requested
- Prepares for issues to be heard before the Hearing Examiner
- Mediates in land use matters as necessary

## Court Services Responsibilities

- Provide court services for citations, infractions, misdemeanors, and domestic violence cases
- Provide judges and staff
- Issue warrants on City's behalf
- Render probation services on City's behalf.

### Legal Services Staff

City Attorney .....	Michael R. Kenyon
Land Use Services Hearing Examiner .....	Gary N. McLean
Court Services .....	Issaquah Municipal Court
Public Defender .....	Assigned through Court

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
City Attorney & Prosecutor	98,023	114,450	98,200	-14%
Special Litigation	27,390	77,698	12,000	-85%
District Court	31,670	34,735	45,500	31%
Public Defender & Witness Fees	13,340	25,633	19,500	-24%
<b>Total</b>	<b>170,423</b>	<b>252,516</b>	<b>175,200</b>	<b>-31%</b>



# Fire & Emergency Medical Services

**Fire Protection & Emergency Services contracted through Eastside Fire & Rescue**  
 Station 87 services North Bend and Fire District 38

## Fire Prevention and Suppression Services

- Fire suppression
- Rescue services
- Hazardous materials response
- Fire code enforcement
- Public education
- Building Plan Review

## Emergency Medical Services (EMS)

- Advanced Life Support
- Basic Life Support

## Training

- Firefighting training
- Emergency medical training
- Special operations training

**Eastside Fire & Rescue North Bend Station 87**

Station Captain .....	Mark Ashburn
Company Officer .....	Lt. Chris Loken
Company Officer .....	Lt. Bill Pitt
Firefighter .....	Tom Little
Firefighter .....	Mark LeRoy
Firefighter .....	Bob Venera
Firefighter .....	Terry Cushman
Firefighter .....	Jon Wiseman
Firefighter .....	Scott Foster
Firefighter .....	Bob Butterfield
Firefighter .....	Scott Gotts
Firefighter .....	Kyle Houston
Paramedics (Advanced Life Support) .....	(2) Assigned from Bellevue Fire Department
Reserve Staff.....	Approximately 6 volunteers

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
EFR Contract	750,665	775,324	815,706	5%
EFR Equip Res	43,489	47,998	51,667	8%
EFR Cap Maint Cont	6,924	5,534	6,255	13%
Hydrant Maint & Ops	8,587	7,636	0	-100%
Total	809,665	836,492	873,628	4%



## Emergency Preparedness

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Overhead	6,920	2,680	4,000	49%
Total	6,920	2,680	4,000	49%



## Central Services

The Central Services department serves as a cost center for activities that benefit all City Hall Departments and some city-wide functions. Such items are photocopying, general shared office supplies, telephone services, janitorial services, and facilities maintenance and repair.

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	12,047	10,407	9,632	-7%
Overhead	147,483	122,427	147,081	20%
Capital Outlay/Equipment	0	14,678	39,000	166%
Copier Lease	7,916	6,952	9,000	29%
Total	167,446	154,464	204,713	33%



## Building Department

The City regulates building and associated construction activities to protect public health, safety and welfare pursuant to uniform construction codes adopted by the State of Washington (RCW 19.27) in addition to local codes governing land use and code enforcement (NBMC 20.10).

### Building Department Functions:

- Plan reviews
- Building permits
- Plumbing permits
- Mechanical permits
- Mobile home permits
- Building move permits
- Sign permits
- Inspections

### Other Functions:

- Technical Review Committee
- Code enforcement
- Policy development
- Assigning addresses
- Business license review
- ADA reviews
- Energy reviews
- Indoor air quality reviews

<b>Building Department Staff</b>	
Community & Economic Development Director .....	Gina Estep
Building Official .....	David Spencer
Permit Technician/Office Coordinator .....	Tom Meagher

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	181,383	160,427	279,565	74%
Overhead	19,946	52,850	21,945	-58%
Copier Lease	3,139	3,099	1,000	-68%
Abatement	5,000	0	0	N/A
<b>Total</b>	209,468	216,376	302,510	40%



## Engineering Department

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	0	0	100,000	N/A
Overhead	0	0	0	N/A
<b>Total</b>	0	0	100,000	N/A



# Planning Department

The Planning Department prepares and administers plans, policies and regulations pursuant to authority in Federal and State laws to protect public health, safety and welfare. Primary state laws governing planning include the Growth Management Act RCW 36.70A, the Shoreline Management Act RCW 90.58 and the Platting requirements in RCW 58.17.

## Planning Functions

- Planning under GMA
- Policy development
- Code development
- Moratorium response
- Endangered Species Act response
- Shoreline management
- Business license review
- Development Permit Center
- Technical Review Committee
- Concurrency Reviews

## Regulatory Functions

- Rezones
- Lot line adjustments
- SEPA review
- Design and landscape review
- Conditional use permits
- Floodplain development permits
- Annexations
- Subdivisions
- Site plans
- Sensitive area review
- Variance/AATS
- Shoreline permits
- Mobile home parks

## Planning Department Staff

Community & Economic Development Director ..... Gina Estep  
 GIS Technician..... Marc Ramsey  
 Senior Planner..... Jamie Burrell  
 Senior Planner..... Mike McCarty  
 Associate Planner ..... Megan O'Neal  
 Permit Technician/Office Coordinator ..... Tom Meagher

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	285,534	307,245	404,645	32%
Overhead	29,519	22,495	33,418	49%
Shoreline Master Plan	4,643	0	0	
Copier Lease	4,709	4,648	2,000	-57%
<b>Total</b>	<b>324,405</b>	<b>334,388</b>	<b>440,063</b>	<b>32%</b>



# Parks Departments

## Parks Department Functions

- Maintain clean and safe facilities
- Keep parks clear of litter
- Maintain irrigation systems, walkways, paths and play areas
- Maintain park grounds through mowing, fertilizing, pruning, watering, and weed control
- Coordinate the use of the North Bend Athletic Fields
- Maintain park buildings (including bathrooms) and gazebos

Parks Department Staff			%FTE
Public Works Director.....	Frank Page .....		10%
Public Works Project Manager/Engineer .....	Don DeBerg .....		10%
Public Works Office Coordinator .....	Carrie Lee .....		15%
Public Works Lead Technician.....	Mark Pray.....		60%
Maintenance Workers .....	Randy Grina .....		98%
Maintenance Workers .....	Steve Riggle.....		19%

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	244,995	246,651	254,078	3%
Overhead	125,576	133,907	141,332	6%
Copier	624	654	600	-8%
<b>Total</b>	<b>371,196</b>	<b>381,212</b>	<b>396,010</b>	<b>4%</b>



## Community Support

Each year, the North Bend City Council appropriates funds in support of social service agencies. The Council establishes funding levels during the budget cycle. Many of these funds go to local organizations established to meet the needs of the community; other funds support treatment activities.

Human services are defined as services that assist individuals in meeting their basic needs: food, shelter, clothing, medical assistance and safety from abuse.

North Bend also contributes to several community organizations that enrich the City and its quality of life.

Human Services	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Senior Services	30,000	30,000	25,000	-17%
Encompass	12,000	12,000	10,000	-17%
Mt Si Helping Hands - Food Bank	30,000	30,000	20,000	-33%
Human Services Reserve	-	-	1,000	N/A
Eastside Domestic Violence	1,000	1,000	1,000	0%
Indoor Playground Program	1,000	1,000	1,000	0%
Eastside Baby Services	1,500	1,500	500	-67%
St. Vincent de Paul	2,500	2,500	-	-100%
Rotary	-	3,000	-	-100%
Salvation Army	-	2,500	-	-100%
Encompass (Econ Development)	-	3,500	3,500	0%
Friends of the Trail	-	-	5,000	N/A
Downtown Association	-	-	21,000	N/A
<b>Totals</b>	<b>78,000</b>	<b>87,000</b>	<b>88,000</b>	<b>1%</b>

Human Services	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Meadow brook Staffing	10,000	10,000	10,000	0%
Holiday Festival	4,657	1,060	2,000	89%
Multi-Sport Festival	3,617	7,663	3,500	-54%
Downtown Block Party	12,683	12,561	15,000	19%
Downtown Beautification	4,995	6,855	5,000	-27%
North Bend Historical Museum	2,500	2,500	2,500	0%
King County Air Pollution Control	3,236	3,369	3,411	1% (Mandatory)
King County Alcoholism Program	1,255	1,318	1,500	14% (Mandatory)
<b>Totals</b>	<b>42,941</b>	<b>45,326</b>	<b>42,911</b>	<b>-5%</b>





## Land & Building Management

The Land & Building Management department centralizes the land purchases made by the General Fund.

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Building/Structure Demolition	0	755	0	-100%
ULID #6 Assessment	0	4,433	4,600	4%
Totals	0	5,188	4,600	-11%



## Operating Transfers

In addition to supporting the expenses incurred by City departments, the General Fund also supports activities of other City funds.

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
GF transfer to Civic Center (310-300)	1,500	33,000	0	-100%
GF transfer to Downtown Development	0	554,519	0	
GF Transfer to Fire Station	0	473,846	0	-100%
GF Contribution to Streets Maintenance	462,018	550,402	616,764	12%
B&O Tax transfer to Trans Imp Program	114,981	125,021	116,000	-7%
GF Transfer to Streets Overlay (103)	125,000	0	100,000	N/A
GF transfer to Economic Dev (108)	37,872	28,589	48,234	69%
Sales Tax to Economic Dev (108)	32,000	32,000	32,000	0%
GF Transfer to Park Improvement (116)	26,445	17,261	0	-100%
GF transfer to Tollgate Farmhouse	4,543	0	0	N/A
GF transfer to Torg Park Trls & Plaza (310)	0	23,500	0	-100%
GF transfer to Downtown Plaza	0	100,000	0	-100%
NB Parks Found Grant to Roundabout Landsc	0	3,125	0	-100%
GF Transfer to CF Roundabout Landscap	0	13,700	0	-100%
Totals	804,359	1,954,963	912,998	-53%





# Streets Operating Fund

## Street Department Functions

- Street sweeping
- Asphalt paving, crack sealing and re-grading
- Traffic control
- Street sign maintenance
- Snow and ice removal
- Emergency response
- Curb and sidewalk repair
- Debris clearing
- Maintain street right of way
- Vegetation Control

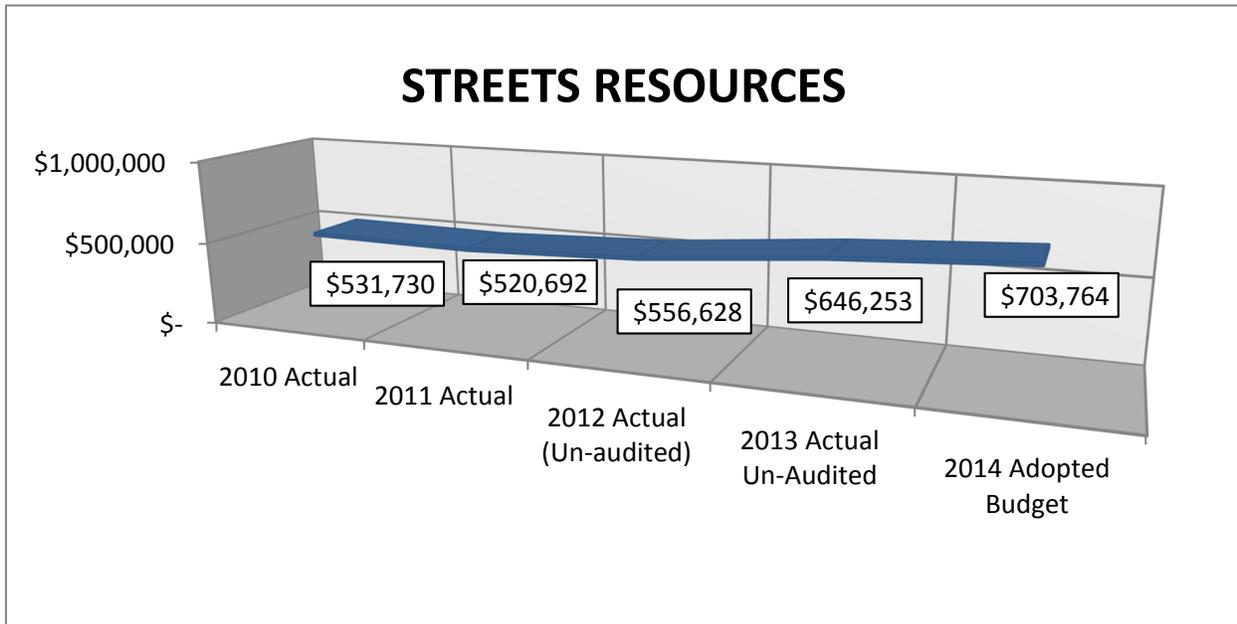
Street Inventory Report						
Type of Surface	Cement Concrete Pavement	Asphalt Plant or Road Mix	Bituminous Surface Treatment	Gravel or Crushed Rock	Dirt and Unimproved	Total Miles
Centerline Miles	0	36.44	0.31	0.90	0	37.650421

Streets Department Staff		%FTE
Public Works Director .....	Frank Page .....	13%
Public Works Project Manager/Engineer .....	Don DeBerg .....	13%
Public Works Office Coordinator .....	Carrie Lee .....	15%
Public Works Lead Technitian.....	Mark Pray.....	10%
Lead Streets Technician .....	Larry Shaw.....	42%
Maintenance Worker .....	John Jackson .....	49%
Maintenance Worker .....	Steve Riggle.....	38%
Maintenance Worker .....	Derek Osborne.....	100%
Maintenance Worker .....	Arron Forbes .....	100%





# Streets Operations



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Taxes	81,005	82,307	83,500	1%
Licenses & Permits	3,479	7,982	3,500	-56%
Grants & Miscellaneous	10,127	5,562	0	-100%
Transfer From General Fund	462,018	550,402	616,764	12%
<b>Total</b>	<b>556,628</b>	<b>646,253</b>	<b>703,764</b>	<b>9%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	256,522	321,897	345,320	7%
Overhead	195,329	215,359	254,244	18%
Street Lighting	59,736	62,152	59,000	-5%
Debt	45,041	46,845	45,200	-4%
<b>Total</b>	<b>556,628</b>	<b>646,253</b>	<b>703,764</b>	<b>9%</b>



# Streets Capital

The function of the Street Capital Projects Fund is to amass monies for the construction of street projects in the 6 year Transportation Improvement Program (TIP). The primary revenue streams are Gasoline and Fuel Excise Taxes and a portion of Business & Occupation Taxes transferred from the General Fund.

<b>Streets Capital Staff</b>		<b>%FTE</b>
Public Works Director .....	Frank Page .....	10%
Public Works Project Manager/Engineer .....	Don DeBerg .....	10%

<b>2014 Resources By Category</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Beginning Balance	234,235	152,751	40,957	-73%
Taxes	38,120	38,733	39,300	1%
Interest & Misc. Revenue	2	0	0	N/A
B&O Tax from Gen Fund	114,981	125,021	116,000	-7%
Cash flow reimbursements from Municipal Projects	9,558	680	0	-100%
<b>Total Resources</b>	<b>396,896</b>	<b>317,184</b>	<b>196,257</b>	<b>-38%</b>

<b>Description</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Personnel	21,323	25,938	27,232	5%
Overhead	506	2,799	3,550	27%
Transportation Comp Plan	7,918	0	0	N/A
Transportation Impact Fee Study	0	16,641	0	-100%
Transfer to Transportation Improvement Plan (TIP)	97,479	113,908	0	-100%
Transfer to LTGO Bond Refinance Pmnt	66,918	80,178	81,000	1%
Transfer to Streets Overlay	50,000	0	0	N/A
Ending Fund Balance	152,751	77,721	84,475	9%
<b>Total Appropriated</b>	<b>396,896</b>	<b>317,184</b>	<b>196,257</b>	<b>-38%</b>



## Streets Overlay

The City established a Streets Overlay fund for the purpose of segregating appropriations to the City's Streets Overlay Maintenance Program.

2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	78,290	192,401	96,217	-50%
Tr from General Fund	125,000	0	100,000	N/A
Tr from Streets Capital	50,000	0	0	N/A
Grants & PWTF Loan	5,304	232,652	0	-100%
<b>Total Resources</b>	<b>258,593</b>	<b>425,053</b>	<b>196,217</b>	<b>-54%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Street Overlay Preservation	66,192	271,936	40,000	-85%
Ending Fund Balance	192,401	153,117	156,217	2%
<b>Total Appropriated</b>	<b>258,593</b>	<b>425,053</b>	<b>196,217</b>	<b>-54%</b>



## Economic Development Fund

The resources in this fund are to be utilized for citywide economic planning including downtown revitalization and to create linkages between the interchange commercial and downtown areas. Some of the projects supported by this fund have been initiated by or tasked to the Economic Development Commission (EDC).

### Economic Development Staff

Community & Economic Development Director ..... Gina Estep  
 Permit Technician/Office Coordinator ..... Tom Meagher

2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	0	0	0	N/A
Taxes	8,689	0	0	N/A
Interest & Misc. Revenue	0	0	10,000	N/A
Sales Tax from GF	32,000	32,000	32,000	0%
Tr from GF	37,872	28,589	48,234	69%
<b>Total Resources</b>	<b>78,560</b>	<b>60,589</b>	<b>90,234</b>	<b>49%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	33,504	34,935	35,779	2%
Overhead	4,593	2,979	10,455	251%
Bus & Tourism Development	11,750	10,418	15,000	44%
Downtown Master Plan	3,429	-	5,000	N/A
VIC Building Lease	-	-	24,000	N/A
Website Designs	8,879	9,979	-	-100%
Webcam	9,906	89	-	-100%
Visitor Information Center	6,500	2,189	-	-100%
Ending Fund Balance	0	0	0	N/A
<b>Total Appropriated</b>	<b>78,560</b>	<b>60,589</b>	<b>90,234</b>	<b>49%</b>



## Other Special Revenue Funds

### Impact Fees & Mitigation Fund 106

Impact fees are charged to mitigate the impact of development upon public facilities and can be used only for designated purposes in a limited time from the date of collection. The City currently charges a park impact fee of \$4,054 per residential unit; no park impact fee is currently collected from commercial developments. Also, a Transportation Impact Fee of \$621 per residential unit is charged.

### Hotel/Motel Tax 107

It is a consumer tax on lodging charges for periods of less than 30 consecutive days for hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. The funds are distributed by the State Treasurer to the levying cities and counties. They may be used for promotion of tourism or construction and operation of tourism-related facilities.

### Park Improvement Fund 116

The North Bend Parks Commission is responsible for recommending park improvement activities to the City Council. The Council then appropriates funds from the Park Improvement Fund based on priorities set during the budget cycle.

### Development Projects Fund 125

The Development Projects Fund was established by Council action in 1996 to adequately track development fees and deposits in an effort to separate them from regular City expenditures in the General Fund. In keeping with the policy that development “pay its own way”, the fund also gives the City an opportunity to bill developers for staff time associated with development projects. Those charges are transferred to the General Fund as revenue on a monthly basis.

2014 Resources By Category					
Fund #	Fund Name	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
106	Impact & Mitigation	515,564	1,178,208	1,173,881	0%
107	Hotel/Motel Tax	0	10,261	8,600	-16%
116	Park Capital Improvement	81,874	68,642	28,142	-59%
125	Development Projects	310,744	426,542	229,548	-46%

Expenditures					
Fund #	Fund Name	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
106	Impact & Mitigation	515,564	1,178,208	1,173,881	0%
107	Hotel/Motel Tax	0	10,261	8,600	-16%
116	Park Capital Improvement	81,874	68,642	28,142	-59%
125	Development Projects	310,744	426,542	229,548	-46%





## Revenue Debt

Revenue Debt is a bond issue or loan whose principal and interest are payable exclusively from the revenue of a utility fund (i.e. Water, Sewer, Solid Waste, Storm Drain). There is no limit on the amount of Revenue debt a city may issue. However, the utilities must demonstrate a capacity to fund two-times the debt payments required. After the 2014 payments are applied, total outstanding Revenue Debt will be \$22,289,295.

### Public Works Trust Fund (PWTF) Loans

The City of North Bend holds one utility related loan with the Public Works Trust Fund Agency for the State of Washington. The loans are “low-interest” and have a rate of 0.5%, as compared to revenue bonds, which cost ratepayers approximately 4% in interest.

The City of North Bend established loan with the PWTF is for the following project:

#### 4 NB Water Source Development:

This loan was issued in 2006 to finance a portion of completion of the capital improvements needed to secure the City’s water rights. The interest rate on this loan is 5%; payoff is scheduled in 2026.

4 NB Water Source Development			2014	2015	2016	2017	2018
PWTF Loans	3,398,267	Beginning Balance	2,273,461	2,098,579	1,923,698	1,748,816	1,573,935
<b>4 NB Water Source Development</b>		Draws					
Fund 401 & 411	0.5%	Interest	11,367	10,493	9,618	8,744	7,870
		Principal	174,882	174,882	174,882	174,882	174,882
<i>Payoff Year: 2026</i>		Total Payment per Year	186,249	185,374	184,500	183,626	182,751
<b>PW-06-962-029</b>		Remaining Balance	2,098,579	1,923,698	1,748,816	1,573,935	1,399,053



## Revenue Debt - continued

### Washington State Revolving Fund Loans (SRF):

The funding sources of the following loans are from the Washington State Water Pollution Control Revolving Fund (SRF).

#### Inflow and Infiltration (I&I Project) - Phase I:

This loan was issued in 1998 to finance the replacement of sewer pipes that failed to perform. The I&I Project - Phase I replaced pipes that were not completely sealed. The interest rate on this loan is 4.4%; payoff is scheduled in 2018.

I&I Project - Phase 1			2014	2015	2016	2017	2018
Loan: State Revolving Fund (SRF)	902,061	Beginning Balance	282,744	231,007	176,969	120,527	61,575
Fund 402	4.40%	Interest	11,878	9,576	7,173	4,662	2,039
		Principal	51,737	54,038	56,442	58,953	61,575
		<b>Total Payment per Year</b>	<b>63,614</b>	<b>63,614</b>	<b>63,614</b>	<b>63,614</b>	<b>63,615</b>
<i>Payoff Year: 2018</i>		Remaining Balance	231,007	176,969	120,527	61,575	(0)

#### Inflow and Infiltration (I&I Project) - Phase II:

This loan was issued in 2004 to finance the replacement of additional sewer pipes that failed to perform. The I&I Project - Phase II, replaced pipes within the older downtown core that were not completely sealed. The interest rate on this loan is 1.5%; payoff is scheduled in 2023.

I&I Project - Phase 2			2014	2015	2016	2017	2018
Loan: State Revolving Fund (SRF)	938,850	Beginning Balance	369,518	335,001	299,965	264,401	228,301
Fund 402	1.50%	Interest	5,414	4,894	4,367	3,831	3,288
		Principal	34,517	35,036	35,564	36,099	36,643
		<b>Total Payment per Year</b>	<b>39,931</b>	<b>39,931</b>	<b>39,931</b>	<b>39,931</b>	<b>39,931</b>
<i>Payoff Year: 2023</i>		Remaining Balance	335,001	299,965	264,401	228,301	191,659

#### Wastewater Treatment Facility - Phase II (A, B & C):

This loan was executed in 2000 to finance additional improvements at the Wastewater Treatment Facility; most of the loan amount will be drawn on in 2005. The interest rate on this loan is 1.5%; payoff is scheduled in 2024.

WWTP Phase 2 (A, B & C)			2014	2015	2016	2017	2018
Loan: State Revolving Fund (SRF)	2,531,462	Beginning Balance	1,508,994	1,381,831	1,252,754	1,121,734	988,740
	1.50%	Draw					
CCWF-DOE - Fund 402		Interest	22,160	20,245	18,302	16,329	14,327
Washington State		Principal	127,163	129,077	131,021	132,993	134,996
Water Pollution Control (SRF)		<b>Total Payment per Year</b>	<b>149,322</b>	<b>149,322</b>	<b>149,322</b>	<b>149,322</b>	<b>149,322</b>
<i>Payoff Year: 2024</i>		Remaining Balance	1,381,831	1,252,754	1,121,734	988,740	853,745

#### Drinking Water CT Piping Project:

This loan was executed in 2007 to finance improvements to the drinking water by increasing the chlorine contact time at the treatment facility. The interest rate on this loan is 1.5%; payoff is scheduled in 2026.

Drinking Water CT Piping Project			2014	2015	2016	2017	2018
Loan: State Revolving Fund (SRF)	226,220	Beginning Balance	154,783	142,876	130,970	119,064	107,157
		Draw					
Fund 401	1.50%	Interest	2,322	2,143	1,965	1,786	1,607
		Principal	11,906	11,906	11,906	11,906	11,906
<i>Payoff Year: 2026</i>		<b>Total Payment per Year</b>	<b>14,228</b>	<b>14,049</b>	<b>13,871</b>	<b>13,692</b>	<b>13,514</b>
Loan #05-96300-018		Remaining Balance	142,876	130,970	119,064	107,157	95,251



## Revenue Debt - continued

### Bond Issues:

#### 2006 Storm Drain (Priority 1)

\$1,500,000 worth of Bonds was issued in 2006 for construction of the Priority One Storm Drain Improvements. All bonds will be redeemed by 2026; interest is 4.45% (Average coupon).

2006 Storm Drain (Priority 1)			2014	2015	2016	2017	2018
Bond Issue	1,500,000	Beginning Balance	1,115,000	1,050,000	980,000	910,000	835,000
	4.45%	Interest	50,798	48,036	45,026	41,980	38,680
Fund 414-100-008	(AVG Coupon)	Principal	65,000	70,000	70,000	75,000	75,000
Payoff Year: 2026		Total Payment per Year	115,798	118,036	115,026	116,980	113,680
BONY:		Remaining Balance	1,050,000	980,000	910,000	835,000	760,000

#### 2010 Water & Sewer Refunding

A refunding bond that combined two previous bonds, the 1997 Clarifier Bond and the Public Works Shop Bond, for a lower interest rate of 3.45%. The total bond is for \$2,890,000 and will be paid off in 2021.

2010 Water & Sewer Refunding			2014	2015	2016	2017	2018
Bond Issue	2,890,000	Beginning Balance	2,070,000	1,765,000	1,450,000	1,235,000	1,010,000
Parks (REET), Streets, Water, SEWER, Storm, SHOP (6-total)	3.45%	Interest	81,503	74,488	66,613	55,863	44,613
Payoff Year: 2021	Sewer = 43.91%	Principal	305,000	315,000	215,000	225,000	235,000
BONY:	Others = 11.22%	Total Payment per Year	386,503	389,488	281,613	280,863	279,613
		Remaining Balance	1,765,000	1,450,000	1,235,000	1,010,000	775,000





# General Obligation (GO) Debt

GO debt is a bond issue or loan that rely on the full faith and credit of the City of North Bend for repayment; typically property taxes and all other taxes. For General Obligation debt, the City is restricted to a debt capacity of 2½% of the current assessed valuation. Of the 2½%, up to 1½% may be Councilmanic Bonds (passed by a vote of the Councilmembers) and the additional 1% must to be approved by the general public or the public can approve the entire 2½%.

After the 2014 principal payments are applied, total outstanding General Obligation Debt will be \$5,037,076.

	<b>Non-voted</b>	<b>Voted</b>
	1½%	1%
City's Assessed Valuation for 2012: \$847,025,428	\$12,705,381	\$8,470,254
City of North Bend's Debt Capacity - 2014	<b>&lt; \$2,105,396 &gt;</b>	<b>&lt; \$3,155,000 &gt;</b>
<b>Present Outstanding GO Debt as of 1/1/2014</b>	<b>&lt; \$2,105,396 &gt;</b>	<b>&lt; \$3,155,000 &gt;</b>
Outstanding Capacity Available as of 12/31/2014	<b>\$10,599,985</b>	<b>\$5,315,254</b>

## Voter Approved Bonds

### Fire Station:

This bond was issued in 2011 to finance a new fire station. The interest rate on the bonds in 4.18%; payoff is scheduled in 2030.

FIRE STATION			2014	2015	2016	2017	2018
Bond Issue	2,250,000	Beginning Balance	2,105,000	2,005,000	1,905,000	1,805,000	1,705,000
	AVG 4.18%	Interest	84,475	83,075	80,975	78,475	75,475
Fund 216		Principal	100,000	100,000	100,000	100,000	100,000
<i>Payoff Year: 2030</i>		Total Payment per Year	184,475	183,075	180,975	178,475	175,475
		Remaining Balance	2,005,000	1,905,000	1,805,000	1,705,000	1,605,000

### 2012 LTGO, TBD: Boalch & Pickett

This bond was issued in 2012 for the purpose of providing financing for a portion of the costs of certain transportation projects included in the City's transportation improvement plan. The interest rate on the bonds is 2.27%; payoff is scheduled in 2021.

2012 LTGO, TBD: Boalch & Pickett			2014	2015	2016	2017	2018
Bond Issue	1,305,000	Beginning Balance	1,050,000	930,000	805,000	680,000	550,000
	All-In Interest AVG 2.27%	Interest	25,175	22,775	20,275	17,775	15,175
Fund 217		Principal	120,000	125,000	125,000	130,000	130,000
<i>Payoff Year: 2021</i>		Total Payment per Year	145,175	147,775	145,275	147,775	145,175
BONY: NORLTGO12		Remaining Balance	930,000	805,000	680,000	550,000	420,000



## General Obligation (GO) Debt - continued

### Purchase Lease Contracts

The City has lease contracts for a Street Sweeper and three copiers (City Hall, Police Department & Public Works Shop). All of these lease contracts include provisions to own the leased equipment at the end of the lease term (see GO debt schedule for detail).

Xerox 7665 Color Copier		2014	
Purchase / Lease Contract	24,866	Beginning Balance	829
		Interest	
<i>City Hall</i>		Principal	
<i>Payoff Year: 2014 (March)</i>		Total Payment per Year	829
Building (40%) & Planning (60%)		Remaining Balance	-

Xerox 7545 Color Copier		2014	2015
Purchase / Lease Contract	9,964	Beginning Balance	4,567      2,076
		Interest	
<i>PW Shop</i>		Principal	
<i>Payoff Year: 2015 (November)</i>		Total Payment per Year	2,491      2,076
Parks, Streets, Water, Sewer, Storm, Flood, Shop		Remaining Balance	2,076      -



## General Obligation (GO) Debt - continued

### 2010 LTGO

Refinancing of the Tollgate Bond and the Bank of America line of credit used for the purchase of property for the Downing Street Extension and Park & Ride Projects. The total LTGO Bond is for \$2,510,000 the interest rate is 3.56% and payoff is scheduled in 2030.

2010 LTGO		2014	2015	2016	2017	2018	
Properties Purchase, Tollgate Refi	2,510,000	Beginning Balance	2,220,000	2,100,000	1,975,000	1,850,000	1,725,000
		Tollgate Non-Callable Interest					
Street & Sewer Prop, Tollgate Refi		Tollgate Non-Callable Principal					
	3.56%	LTGO Tollgate Callable Interest	40,188	38,788	36,538	34,438	32,188
Fund 215		LTGO Tollgate Callable Principa	70,000	75,000	70,000	75,000	80,000
	13%Sewer(402);87%REET/GF	LTGO Credit Line Interest	43,055	42,055	40,555	38,905	37,405
	13%Sewer(402);87%REET/GF	LTGO Credit Line Principal	50,000	50,000	55,000	50,000	55,000
Payoff Year: 2030		Total Payment per Year	203,243	205,843	202,093	198,343	204,593
Refinanced BOA Credit Line & Tollgate Bd		Remaining Balance	2,100,000	1,975,000	1,850,000	1,725,000	1,590,000



# Special Assessment Debt & Interfund Loans

## SPECIAL ASSESSMENT DEBT

Bonds payable from the proceeds of Special Assessments - A compulsory levy made against certain properties to defray part or all of the costs of a specific improvement or service deemed to primarily benefit those properties.

## LOCAL IMPROVEMENT DISTRICT (LID)

### Guarantee Fund

A "Local Improvement District Guarantee Fund" is created in every city and town to guarantee the payment of local improvement bonds issued to pay for any local improvements, and require that cities and towns maintain funds in the account equal to any warrants issued against the account. To maintain the account, a city is required to provide a property levy of a sum sufficient to pay the warrants in a fiscal year. A "Local Improvement District Guarantee Fund" is a fund not to exceed 15 percent of the principal amount of the bonds, and is established to secure the payments on Local Improvement bonds.

### Local Improvement District (LID) #6

A Bond Anticipation Note from Bank of America is the financing tool to be used in 2008, 2009 and 2010 by the City to pay for the construction of sewer collection and pumping stations and any other infrastructure necessary to extend the sewer system. The Local Improvement District #6 Bond Redemption Fund will track assessments to the property owners and payment of both interest and principal for the bonds issued by the City. The bonds will not be issued until the project is completed.

LIMITED IMPROVEMENT DISTRICTS (ULID) #6		2014	2015	2016	2017	2018	
	16,985,000	Beginning Balance	16,135,000	15,285,000	14,435,000	13,585,000	12,735,000
Fund 451	3.62%	Interest	658,413	641,413	624,413	607,413	590,413
Sewer Expansion/Tanner Annexation		Principal	850,000	850,000	850,000	850,000	850,000
<i>Payoff Year: 2031</i>		Total Payment per Year	1,508,413	1,491,413	1,474,413	1,457,413	1,440,413
		Remaining Balance	15,285,000	14,435,000	13,585,000	12,735,000	11,885,000



# Special Assessment Debt & Interfund Loans

## INTERFUND LOANS

Interfund Loans are temporary borrowings of cash or other assets usually between two funds. Loan duration is no longer than three years and transactions do not affect the operating statements.

<b>Sewer to Water Interfund Loan</b>		<b>2014</b>	<b>2015</b>	
	Interest to adjust monthly	Beginning Balance	175,180	87,590
Effective: 8/31/12, Ord# 1444	0.1764%	Draw		
		Interest	309	155
		Principal	87,590	87,590
		Total Payment per Year	87,899	87,745
<i>Payoff Year: 2015</i>		Remaining Balance	87,590	(0)





## 2014 Capital Projects

Project Name	Total Budget	2014 Expenditures	Funding Source	Description
<b>Fund 103 (Streets Overlay)</b>				
Chip Seal Program	20,000	20,000	Overlay	Chip Seal Program
Crack Seal Program	20,000	20,000	Overlay	Crack Seal Program

**Municipal Projects Total**    \$    **40,000**    \$    **40,000**

<b>Fund 310 (General Projects)</b>				
Tanner Trail Phase II	25,000	25,000	KC Conservation Futures/Park Impact Fees	Obtain an appraisal of the existing BNRR properties along North Bend Way for their future acquisition as the second phase of Tanner Trail from the existing roundabout to the intersection with the Snoqualmie Valley Trail.
NB Way Sidewalks - Downing to Orchard (north side)	408,574	200,000	TIB Grant/Streets Capital/Storm Capital	Improve the sidewalk system on the north side of North Bend Way between Downing Ave and Orchard St. Improvements will be similar to the downtown area with wider sidewalks, ornamental lighting and street trees.
NB Way/Park St Roundabout	231,714	228,440	WSDOT Grant/TBD	Start design of a roundabout at this intersection and a median between this intersection and the existing roundabout at North Bend Way/Cedar Falls Way, all to decrease congestion and minimize conflicting traffic movements.
Downtown Plaza	700,000	479,910	WSDOT Grant/TBD/Streets Capital/GF	Design and construct street improvements on North Bend Way from Bendigo Blvd to Ballarat to creating a "plaza" type pedestrian environment and control traffic through the area.
NB Way/CF Way Roundabout Landscaping	16,825	16,825	NB Parks Foundation Grant/GF	Re-landscape the center of the existing roundabout.
Cedar Falls Way Sidewalk	120,000	120,000	REET	Design and construct a trail/sidewalk from round-about to Mountain View.
Bendigo Blvd at Park Street Right Turn Lane	160,683	160,683	Street Impact Fees	Design and construct a right turn lane at the intersection of Bendigo Blvd and Park Street.
Torguson Park Trails & Plaza	23,500	23,500	GF	Construction of a trail network and plaza at Torguson Park. The Trail will provide a stable all-weather surface to connect the various facilities within the park and a loop trail with ¼ mile markers for joggers. The plaza, at the terminus of the parking area near the tot-lot and future picnic shelter
William H. Taylor Park Entry (Design)	5,000	5,000	Parks Impact Fees	Revise the park entry to include an improved railroad track crossing at the terminus of Ballarat, re-configured parking and landscaping, and improved sidewalks with in the park to connect the park entry to the depot.
Torguson Park Bathrooms	250,000	250,000	Parks Impact Fees	Design and construct new bathrooms at Torguson Park
EJ Roberts Park Bridge	35,000	35,000	Parks Impact Fees	Design and construct new bridge at EJ Roberts Park

**Municipal Projects Total**    \$    **1,976,296**    \$    **1,544,358**





## Capital Improvement Fund (REET)

This fund accounts for the Real Estate Excise Taxes (REET) collected by the City. A Real Estate Excise Tax is levied on all real estate transactions in the City; state law restricts the use of these revenues. The first ¼ of one percent is restricted to capital projects as outlined by state law. The second ¼ of one percent is restricted to capital projects identified in the Capital Facilities Plan of the City's Comprehensive Plan.

Once accounted for, these capital improvement funds are then transferred out to support allowed activities. Most of these funds are utilized for payments on capital City debt and to fund municipal projects.

2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	11,533	159,269	159,550	0%
Taxes	207,445	425,712	212,000	-50%
Interest & Misc. Revenue	226	590	0	-100%
Fire Station PW Shop Land Payment	108,952	0	0	N/A
<b>Total Resources</b>	<b>328,155</b>	<b>585,570</b>	<b>371,550</b>	<b>-37%</b>

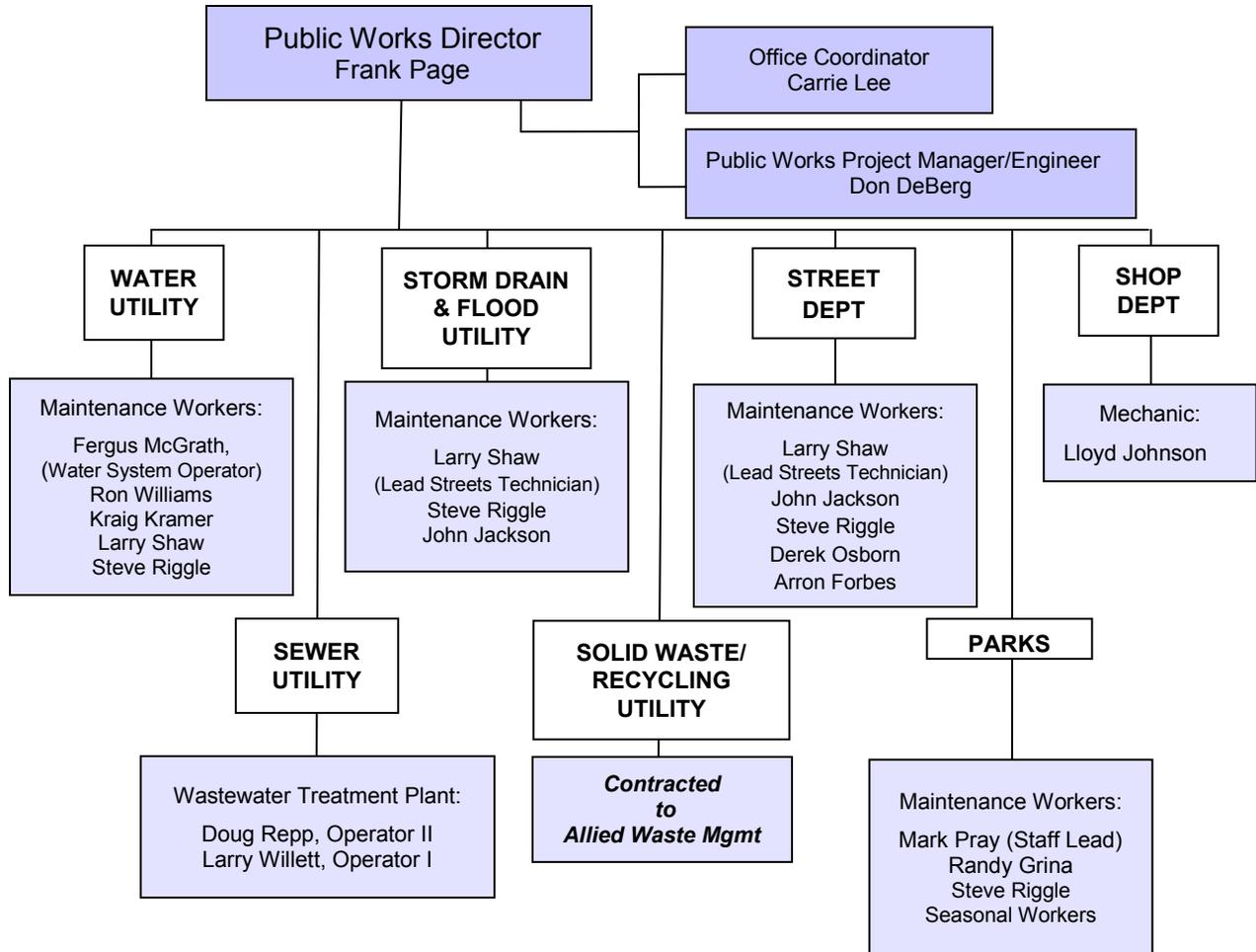
Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Tr 2010 LTGO Bond (Tollgate)	119,432	108,911	110,900	2%
Tr 2010 Wat/Sew Bond (Parks)	43,403	43,434	43,600	0%
Tr Debt Srvc-NB Blvd	6,051	6,026	0	-100%
NB Way/Park Round-About Temp	0	3,282	28,440	767%
Tr to Cedar Falls Way Sidewalk	0	0	120,000	N/A
Ending Fund Balance	159,269	423,918	68,610	-84%
<b>Total Expenditures</b>	<b>328,155</b>	<b>585,570</b>	<b>371,550</b>	<b>-37%</b>





# Public Works Organizational Chart

## Utilities, Street & Maintenance Shop Departments



<b><u>Regulatory Functions</u></b>	<b><u>Other Functions</u></b>
<ul style="list-style-type: none"> <li>• Engineering plan review (site plans, subdivisions)</li> <li>• Developer extension agreements</li> <li>• Clearing and grading permits</li> <li>• Storm and drain permits</li> <li>• Street use permits</li> <li>• Water and sewer permits</li> <li>• R/W &amp; on-site civil inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Capital project management</li> <li>• Sewer/water availability certificates</li> <li>• Utility franchise coordination</li> <li>• Infrastructure planning (flood, sewer, storm, transportation, water)</li> </ul>



# Water Utility

## Utility Functions

- Provide safe drinking water to customers
- Operate and maintain water source, pumping facilities, transmission and distribution system, and storage tanks
- Ensure water is readily available for fire suppression
- Bill and collect charges for service through the finance department

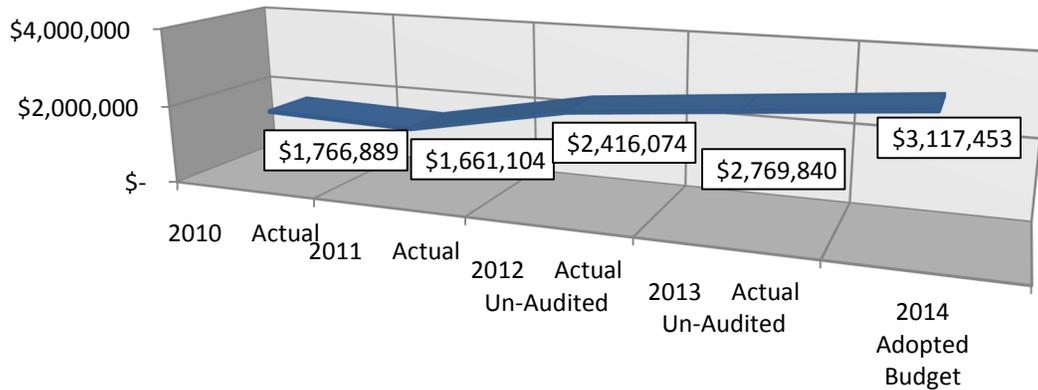
Ordinance #1475 January 1, 2014	Monthly Water Base Charge					CM= Cubic Meters		
	5/8" meter	3/4" meter	1" meter	1.5" meter	2" meter	Block 1	Block 2	Block 3
<b>Inside City Customers</b>								
						0 - 20 cm	21 - 30 cm	30+ cm
Single Family Residential	\$ 15.27	\$ 21.70	\$ 34.54	\$ 66.63	\$ 105.13	\$ 1.46	\$ 1.92	\$ 2.34
Senior / Disabled *	7.65	10.85	17.25	33.32	52.58	\$ 0.72	\$ 0.96	\$ 1.16
Multi Family Residential	11.86	16.25	25.00	46.85	73.06	\$ 1.98		
Commercial	22.56	32.62	52.75	103.00	163.33	<b>All Usage</b>		
						\$ 1.62		
Irrigation	3.60	4.15	5.29	8.12	11.49	\$ 1.62	\$ 2.40	
<b>Mixed Use</b> (Residential / Commercial) served by a single meter								
One Monthly <b>Commercial</b> BASE CHARGE	22.56	32.62	52.75	103.00	163.33			
<b>PLUS</b>								
One Monthly <b>Multi-Family</b> BASE CHARGE	11.86	16.25	25.00	46.85	73.06			
<b>PLUS</b>								
A VOLUME CHARGE at Commercial Rate per Cubic Meter (CM) of all total water usage						<b>All Usage</b>		
						\$ 1.62		
<b>Outside City Customers</b>								
Single Family Residential	\$ 25.23	\$ 35.83	\$ 57.00	\$ 109.94	\$ 173.47	\$ 2.40	\$ 3.17	\$ 3.88
Multi Family Residential	19.60	26.82	41.24	77.28	120.57	\$ 3.28		
Commercial	37.24	53.83	87.00	169.97	269.51	<b>All Usage</b>		
						\$ 2.65		

Water Department Staff			%FTE
Public Works Director.....	Frank Page .....		17%
Public Works Project Manager/Engineer .....	Don DeBerg .....		17%
Public Works Office Coordinator .....	Carrie Lee .....		15%
Public Works Lead Technician.....	Mark Pray.....		10%
Lead Water System Operator .....	Fergus McGrath .....		100%
Maintenance Worker .....	Ron Williams .....		100%
Maintenance Worker .....	Kraig Kramer .....		98%
Lead Streets Technician .....	Larry Shaw .....		4%
Maintenance Worker .....	Steve Riggle.....		5%



# Water Utility

## WATER RESOURCES



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	246,688	447,016	537,603	20%
Grants & PWTF Loan	1,385	38	1,000,000	2666567%
Licenses & Permits	336	2,278	1,000	-56%
Charges for Services	1,252,094	1,555,733	1,362,500	-12%
Interest & Misc. Revenue	5,114	1,903	400	-79%
Water Capital	910,457	762,873	215,950	-72%
<b>Total Resources</b>	<b>2,416,074</b>	<b>2,769,840</b>	<b>3,117,453</b>	<b>13%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	478,915	504,820	600,792	19%
Overhead	334,150	359,760	525,115	46%
Source Development Projects	1,585	-	-	N/A
Mitigation Water Purchase	55,359	57,208	85,000	49%
Debt	176,056	79,148	181,150	129%
Rate Study & Facility Charge	5,975	1,770	-	-100%
GIS Plotter/Scanner & Copier Lease	1,692	1,992	1,925	-3%
Capital Equipment Replacement	4,870	3,414	22,000	544%
2012 Water Main Replacement	-	117,960	1,133,000	860%
Water Capital	721,350	214,877	247,440	15%
Ending Fund Balance	636,123	1,428,893	321,031	-78%
<b>Total Appropriated</b>	<b>2,416,074</b>	<b>2,769,840</b>	<b>3,117,453</b>	<b>13%</b>



# Sewer Utility

## Utility Functions

- Operate and maintain wastewater collection and conveyance system
- Comply with Department of Ecology water quality standards
- Operate and maintain wastewater treatment plant and discharge facilities
- Bill and collect charges for service through the finance department

Ordinance #1314 January 1, 2014	Monthly Sewer Base Charge	Sewer Volume Charge (per cubic meter (CM) of water usage over the first ten CMs)
<b>Inside City Customers</b>		
Single Family Residential	\$70.54	\$0.74
Senior / Disabled	\$32.36	\$0.00
Multi Family Residential	\$70.54	\$0.74
Commercial	\$70.54	\$2.70
<b>Mixed Use</b> (Residential / Commercial)		
One Commercial Base Charge	\$70.54	
<b>PLUS</b>		
MultiFamily Charge (per <u>each</u> Residential unit)	\$70.54	
<b>PLUS</b>		
per cubic meter of water usage (at <b>Commercial</b> Rate) over the first <b>twenty</b> CM		\$2.70 / per each CM over the 1 <sup>st</sup> <u>20</u> CM
<b>Outside City Customers</b>		
Commercial & all other Users	\$108.29	\$3.32 / per each CM over the 1 <sup>st</sup> <u>10</u> CM (changed Ordinance #1422)

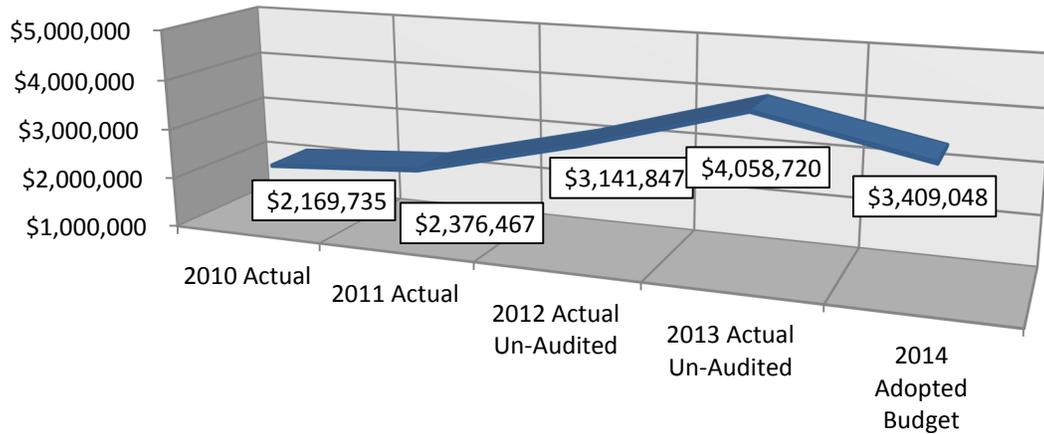
## Sewer Department Staff

		%FTE
Public Works Director .....	Frank Page .....	17%
Public Works Project Manager/Engineer .....	Don DeBerg .....	17%
Public Works Office Coordinator .....	Carrie Lee .....	15%
Public Works Lead Technician .....	Mark Pray .....	10%
Wastewater Treatment Plant Operator II .....	Doug Repp .....	100%
Wastewater Treatment Plant Operator I .....	Larry Willett .....	100%



# Sewer Utility

## SEWER RESOURCES



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	588,426	535,393	1,510,898	182%
Charges for Services	1,529,648	1,724,219	1,625,000	-6%
Septic Waste Disposal Service	3,345	12,440	0	-100%
IF Loan Payment from Water	0	88,060	87,900	
Interest & Misc. Revenue	6,261	36,669	1,000	-97%
Sewer Capital	1,014,167	1,661,939	184,250	-89%
<b>Total Resources</b>	<b>3,141,847</b>	<b>4,058,720</b>	<b>3,409,048</b>	<b>-16%</b>

Expenditures	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	409,662	409,244	503,494	23%
Overhead	439,422	539,481	601,943	12%
Debt	450,428	477,708	435,100	-9%
Rate Study & Facility Charge	6,615	0	0	N/A
Comp Plan Update	13,973	9,673	75,000	675%
GIS Plotter/Scanner & Copier Lease	1,692	1,992	1,495	-25%
IF Loan to Water	262,770	0	0	N/A
Capital Equipment Replacement	7,724	3,132	275,000	8681%
Sewer Capital	40,488	110,574	58,000	-48%
Ending Fund Balance	1,509,073	2,506,917	1,459,016	-42%
<b>Total Appropriated</b>	<b>3,141,847</b>	<b>4,058,720</b>	<b>3,409,048</b>	<b>-16%</b>



# Storm Drain Utility

In 2001, the City of North Bend adopted a Storm Water Management Plan. This planning effort resulted in the development of a storm water utility, responsible for maintaining current storm drains and the construction of additional drains, where necessary, to handle excess surface water during storm events. The utility is funded by a rate structure, which began in June 2001, and was added to the City utility bill; the monthly fee is \$9.86 per month for storm drain for an individual residence.

## Utility Functions

- Operate and maintain a stormwater collection and conveyance system
- Protect the environment with spill control and treatment facilities
- Bill and collect charges for service through the Finance Department

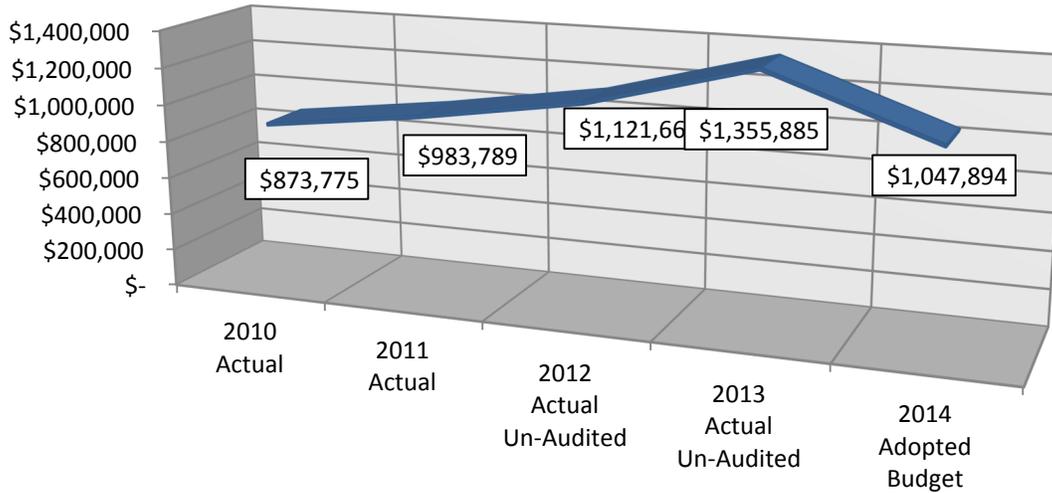
<b>Ordinance #1117 May 1, 2001</b>	<b>Monthly Storm Drain/Flood Utility**</b>	
Per ERU or Single-Family Res.	Storm Drain \$9.86 <i>Flat Fee</i>	Flood Management \$2.50 <i>Flat Fee</i>

<b>Storm Drain Department Staff</b>		
		<b>%FTE</b>
Public Works Director .....	Frank Page .....	17%
Public Works Project Manager/Engineer .....	Don DeBerg .....	17%
Public Works Office Coordinator .....	Carrie Lee .....	7.5%
Public Works Lead Technician .....	Mark Pray .....	10%
Lead Streets Technician .....	Larry Shaw .....	49%
Maintenance Worker .....	Steve Riggle .....	38%
Maintenance Worker .....	John Jackson .....	49%



# Storm Drain Utility

## STORM RESOURCES



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	246,109	330,356	367,592	11%
Licenses & Permits	0	0	0	N/A
Charges for Services	612,653	657,821	655,000	0%
Interest & Misc. Revenue	5,980	699	350	-50%
Storm Capital	256,918	367,009	24,952	-93%
<b>Total Resources</b>	<b>1,121,661</b>	<b>1,355,885</b>	<b>1,047,894</b>	<b>-23%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	242,327	284,080	265,900	-6%
Overhead	131,491	126,870	154,850	22%
Debt	158,147	162,201	159,300	-2%
Capital Equipment Replacement	1,576	2,452	0	-100%
GIS Plotter/Scanner & Copier Lease	846	996	900	-10%
Storm Capital	14,756	94,120	0	-100%
Ending Fund Balance	572,518	685,168	466,944	-32%
<b>Total Appropriated</b>	<b>1,121,661</b>	<b>1,355,885</b>	<b>1,047,894</b>	<b>-23%</b>



# Flood Utility

In 2001, the City of North Bend adopted a Storm Water Management Plan. This planning effort resulted in the development of a storm water utility, as part of the storm water utility the flood utility is responsible for maintaining current storm drains and the construction of additional drains, where necessary, to handle excess surface water during storm events. The utility is funded by a rate structure, which began in June 2001, and was added to the City utility bill; the monthly fee is \$2.50 per month for flood management for an individual residence.

## Utility Functions

Operate and maintain programs to address drainage and flooding problems  
 Bill and collect charges for service through the Finance Department

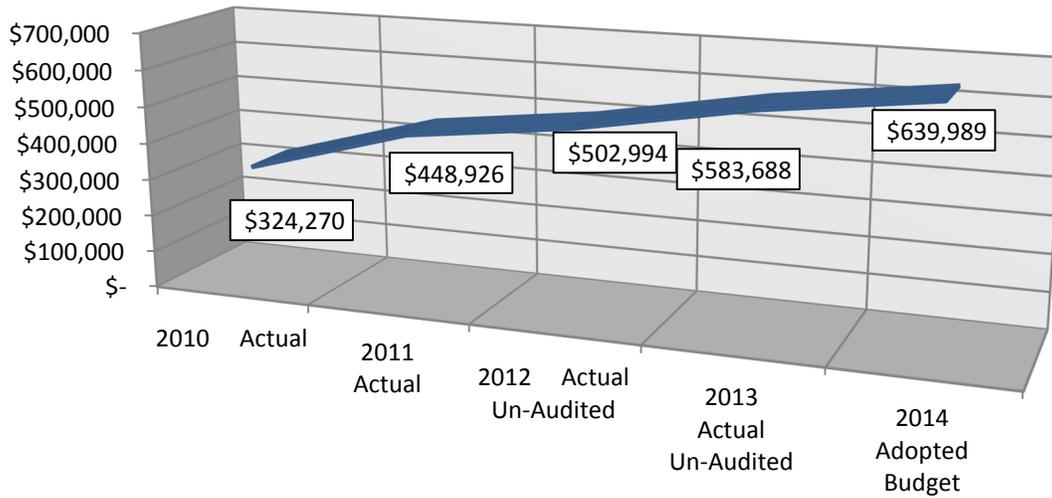
<b>Ordinance #1117 May 1, 2001</b>	<b>Monthly Storm Drain/Flood Utility**</b>	
Per ERU or Single-Family Res.	Storm Drain \$9.86 <i>Flat Fee</i>	Flood Management \$2.50 <i>Flat Fee</i>

<b>Flood Department Staff</b>		
		<b>%FTE</b>
Public Works Director .....	Frank Page .....	10%
Public Works Project Manager/Engineer .....	Don DeBerg .....	10%
Public Works Office Coordinator .....	Carrie Lee .....	7.5%



# Flood Utility

## FLOOD RESOURCES



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	343,666	414,849	474,089	14%
Licenses & Permits	770	1,232	500	-59%
Charges for Services	155,381	166,761	165,000	-1%
Interest & Misc. Revenue	3,177	845	400	-53%
<b>Total Resources</b>	<b>502,994</b>	<b>583,688</b>	<b>639,989</b>	<b>10%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	72,350	84,071	79,910	-5%
Overhead	13,372	14,783	18,081	22%
Debt	846	996	735	-26%
Capital Equipment Replacement	1,576	1,728	0	-100%
Ending Fund Balance	414,849	482,110	541,263	12%
<b>Total Appropriated</b>	<b>502,994</b>	<b>583,688</b>	<b>639,989</b>	<b>10%</b>



## Solid Waste & Recycling Utility

The City of North Bend contracts with Rabanco (Allied Waste Services) to provide the following functions:

- Solid waste collection services within the City limits
- Curbside recycling services
- Curbside yard waste recycling services

Also, the City provides a seasonal yard waste recycling station at the Public Works Shop twice monthly starting in April and ending in October.

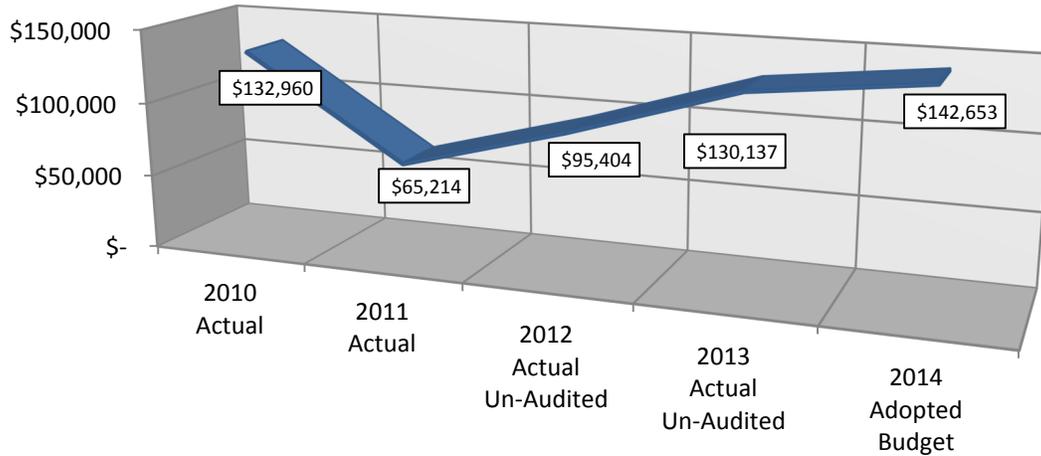
### Solid Waste & Recycling Department Staff

		<b>%FTE</b>
Public Works Director.....	Frank Page .....	1%
Public Works Project Manager/Engineer .....	Don DeBerg .....	1%
Public Works Office Coordinator .....	Carrie Lee .....	15%



# Solid Waste & Recycling Utility

## SOLID WASTE RESOURCES



2014 Resources By Category	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	11,682	35,613	51,953	46%
Charges for Services (Net)	20,379	15,483	0	-100%
Franchise Fee	30,985	47,525	63,500	34%
Grant Revenues	16,950	31,396	27,200	-13%
IF Loan	0	0	0	N/A
Interest & Misc. Revenue	15,407	119	0	-100%
<b>Total Resources</b>	<b>95,404</b>	<b>130,137</b>	<b>142,653</b>	<b>10%</b>

Description	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	25,998	20,266	20,683	2%
Yard Waste Collection	5,908	7,584	15,000	98%
Recycling Activity	2,616	3,160	14,500	359%
City's Overhead	9,179	140	200	43%
IF Loan Payment	16,090	16,060	0	-100%
Ending Fund Balance	35,613	82,926	92,270	11%
<b>Total Appropriated</b>	<b>95,404</b>	<b>130,137</b>	<b>142,653</b>	<b>10%</b>





# Utilities' Capital Projects

Project Name	Total Budget	2014 Expenditures	Funding Source	Description
<b>Water</b>				
Water Main Replacement	1,363,000	1,133,000	Water Capital	Replace 4,300 linear feet of 8-inch asbestos cement water main in 415th Avenue SE with new 12-inch ductile iron pipe.
<i>Water Total</i>	<u>1,363,000</u>	<u>1,133,000</u>		
<b>Sewer</b>				
South Fork Lift Station	50,000	50,000	Sewer Capital	Upgrade Capacity at the South Fork Lift Station
<i>Sewer Total</i>	<u>50,000</u>	<u>50,000</u>		
<b>Storm</b>				
No Projects Planned	-	-	0	0
<i>Storm Total</i>	<u>-</u>	<u>-</u>		
<b>UTILITIES Capital Projects Total</b>	<b>\$ 1,413,000</b>	<b>\$ 1,183,000</b>		



# Equipment Operating Fund (Shop)

## Shop Department Functions

- Properly maintain all city equipment
- Purchase replacement equipment when necessary
- Provide repair services to City buildings

### Shop Department Staff

		<b>%FTE</b>
Public Works Director .....	Frank Page .....	5%
Public Works Project Manager/Engineer .....	Don DeBerg .....	5%
Public Works Office Coordinator .....	Carrie Lee .....	10%
Mechanic .....	Lloyd Johnson .....	98%



## Equipment Operating Fund (Shop)

Through the City's Equipment Operating and Reserve Fund, the City maintains equipment and saves to replace current equipment to equalize equipment expenditures from year to year.

The organization chart and function description for the Shop is within the Public Works Department.

### Equipment Operating

Shop Operating: Resources	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Funding From Participating Funds	300,918	313,995	335,996	7%
Miscellaneous Revenue	22,206	25	0	-100%
<b>Total</b>	<b>323,124</b>	<b>314,020</b>	<b>335,996</b>	<b>7%</b>

Shop Operating: Expenditures	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Personnel	106,837	112,455	112,313	0%
Overhead	171,246	154,720	178,383	15%
Debt	45,041	46,845	45,300	-3%
<b>Total</b>	<b>323,124</b>	<b>314,020</b>	<b>335,996</b>	<b>7%</b>

### Equipment Reserve

Equipment Reserve Fund: Resources	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Beginning Balance	291,330	238,192	285,827	20%
Funding From Participating Funds	67,136	68,335	43,710	-36%
Insurance Recovery	0	0	0	N/A
Interfund Loan Receipt	16,090	16,060	0	-100%
<b>Total Resources</b>	<b>374,556</b>	<b>322,587</b>	<b>329,537</b>	<b>2%</b>

Equipment Reserve Fund: Expenditures	2012 Actual (un-audited)	2013 Actual (un-audited)	2014 Adopted	Variance 13-14 %
Equipment Replacements	99,730	0	0	N/A
IF Loan	0	0	0	N/A
Debt	36,633	36,633	0	-100%
Ending Fund Balance	238,192	285,954	329,537	15%
<b>Total Appropriated</b>	<b>374,556</b>	<b>322,587</b>	<b>329,537</b>	<b>2%</b>



# Technology Operating Fund Administered by the Finance Department

Through the city's Equipment Rental and Reserve Fund the City maintains technology equipment and saves money to replace current equipment, which equalizes technology expenditures from year to year.

## Technology Services

- Maintain wide & local area networks
- E-Mail setup and maintenance
- Website development & management
- Hardware and software purchasing
- Long-term planning for system upgrades
- Centralized training for systems operation
- Employee/user support "Help-Desks"
- Centralized technology vendor contacts
- Maintain City's cable broadcasting station

### Technology Department Staff

Technology Director .....	Dawn Masko
Help Desk/City Hall .....	Beth Waltz
Help Desk/Public Works.....	Larry Shaw



# Technology Operating Fund

## Technology Operating

<b>Technology: Operating Resources</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Funding From Participating Funds	141,218	111,573	112,396	1%
Miscellaneous Revenue	23	0	0	N/A
<b>Total</b>	<b>141,241</b>	<b>111,573</b>	<b>112,396</b>	<b>1%</b>

<b>Technology: Operating Expenditures</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Personnel	33,142	29,573	15,676	-47%
Overhead	108,098	82,000	96,720	18%
<b>Total</b>	<b>141,241</b>	<b>111,573</b>	<b>112,396</b>	<b>1%</b>

## Technology Reserve

<b>Technology Reserve Fund: Resources</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Beginning Balance	49,629	63,397	43,637	-31%
Funding From Participating Funds	22,523	19,673	13,681	-30%
<b>Total Resources</b>	<b>72,152</b>	<b>83,070</b>	<b>57,318</b>	<b>-31%</b>

<b>Technology Reserve Fund: Expenditures</b>	<b>2012 Actual (un-audited)</b>	<b>2013 Actual (un-audited)</b>	<b>2014 Adopted</b>	<b>Variance 13-14 %</b>
Equipment Replacements	8,755	39,435	0	-100%
Ending Fund Balance	63,397	43,635	57,318	31%
<b>Total Appropriated</b>	<b>72,152</b>	<b>83,070</b>	<b>57,318</b>	<b>-31%</b>

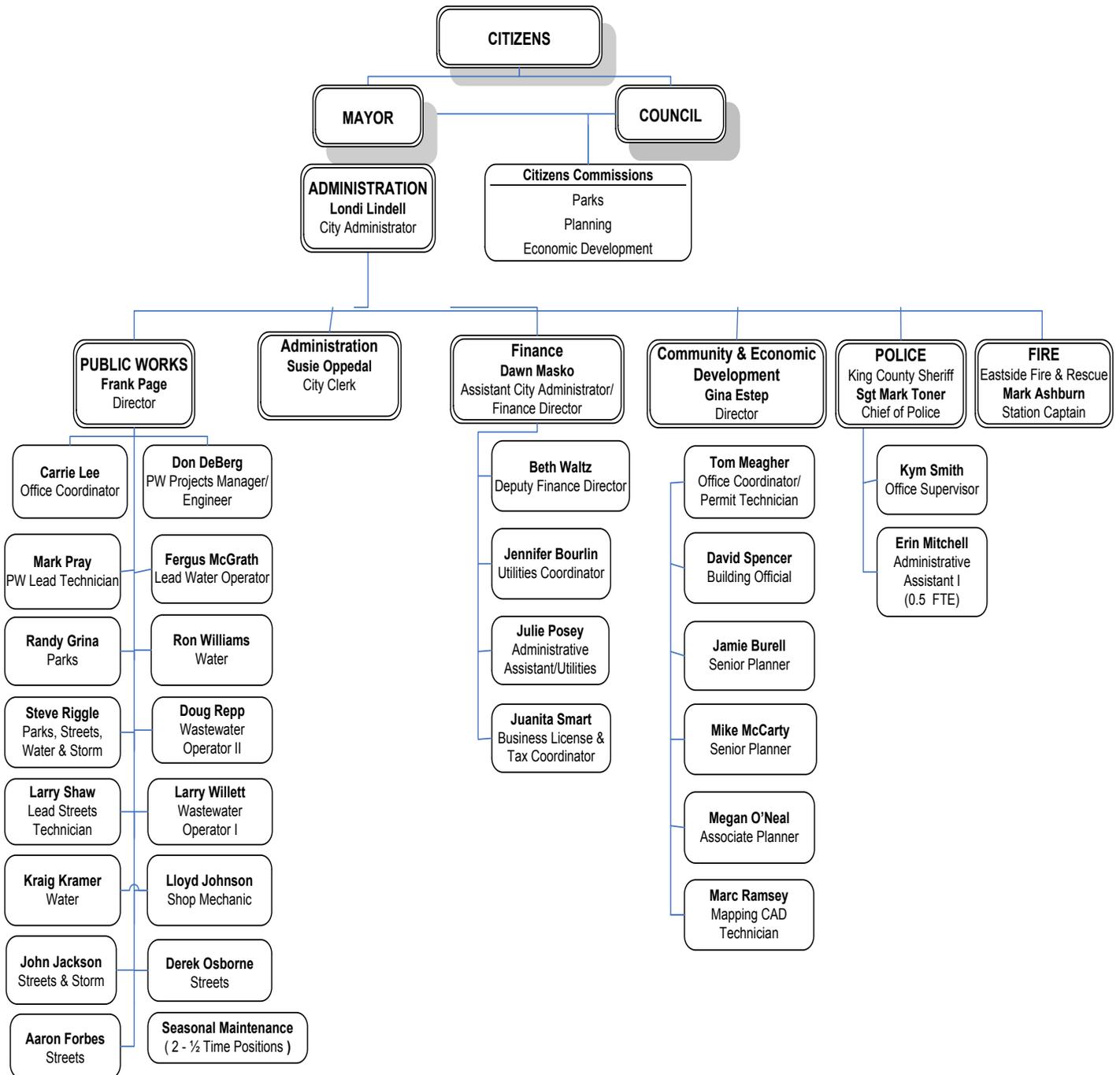




**2013 Employee of the Year  
Fergus McGrath - Lead Water Systems Operator**



# Citywide Organizational Chart





# Personnel History

DEPARTMENTS	2010	2011	2012	2013	2014
<b>Administration</b>					
City Administrator	1.00	1.00	1.00	1.00	1.00
Administrative Services Director	1.00	1.00	1.00	1.00	0.00
City Clerk	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.70	0.60	0.60	0.00	0.00
<b>Community &amp; Economic Development Services</b>					
Director	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	0.00	0.00	0.00	1.00	1.00
Senior Planner	1.50	1.50	1.50	2.60	1.60
Associate Planner	0.00	0.00	0.00	0.00	1.00
Office Coordinator/Permit Technician	1.00	1.00	1.00	1.00	1.00
Mapping GIS Technician	1.00	1.00	1.00	0.50	0.50
<b>Finance &amp; Technology</b>					
Asst City Admin/ Finance Director	1.00	0.00	0.00	0.00	1.00
Finance Manager	1.00	1.00	1.00	1.00	0.00
Deputy Finance Director	0.00	0.00	0.00	0.00	1.00
Staff Accountant	1.00	1.00	1.00	1.00	0.00
Payroll Officer	0.50	0.60	0.60	0.00	0.00
Utilities Coordinator	1.00	1.00	1.00	1.00	1.70
Business License & Tax Coordinator	0.50	0.70	0.70	0.70	1.00
Administrative Assistant	0.00	0.00	0.00	0.60	0.00
<b>Police Administration</b>					
Police Office Supervisor	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.50	0.50	0.50	0.50	0.50
<b>Public Works</b>					
Director	1.00	1.00	1.00	1.00	1.00
PW Project Manager/Engineer	0.00	0.00	0.00	1.00	1.00
Assistant City Engineer	1.00	1.00	1.00	0.00	0.00
Public Works Office Coordinator	1.00	1.00	1.00	1.00	1.00
Public Works Inspector	0.00	0.00	0.00	0.00	1.00
Wastewater Operator II	1.00	1.00	1.00	1.00	1.00
Lead Water System Operator	1.00	1.00	1.00	1.00	1.00
Lead Parks Technician	1.00	1.00	1.00	1.00	1.00
Lead Streets Technician	1.00	1.00	1.00	1.00	1.00
Wastewater Operator I	1.00	1.00	1.00	1.00	2.00
Mechanic	1.00	1.00	1.00	1.00	1.00
Maintenance (Journey)	7.00	6.00	6.00	7.00	8.00
Maintenance (Entry)	0.00	0.00	0.00	0.00	0.00
Maintenance (Seasonal)	1.50	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>33.20</b>	<b>30.90</b>	<b>30.90</b>	<b>32.90</b>	<b>35.30</b>





# The Budget Document

## Authority and Guideline for Spending Public Funds

The budget is the legal authority to obligate public funds. It also provides policy direction by the City Council to the staff and community as well as a financial plan for the current year.

Preparation of the annual budget involves every City official and employee. Each member of the City team has the opportunity and responsibility to contribute suggestions for projects and processes that would improve the City or use the City's resources more efficiently. Budget preparation is difficult, time consuming and frustrating, yet valuable and rewarding. The end result is a collaborative, comprehensive set of plans and directives for the management of a large and diverse entity's activities and resources for the coming year and beyond. The budget provides four functions:

1. **The budget as a policy document:** Decisions made during the budget process and documented herein reflect the general principles or plans that guide the actions taken for the future. As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.
2. **The budget as a financial plan:** Financial planning is the most basic aspect of the budget process and is a requirement of state law. The budget must be adopted as a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies, and controls those expenditures by limiting the amount of the appropriation at the fund level. Revenues and beginning cash balances are estimated to determine the resources available in each fund. Council and staff expenditure requests, other commitments such as debt service requirements, and desired ending cash reserves are balanced against available resources to determine department and fund appropriations.
3. **The budget as an operational guide:** The functions and/or goals of each department and fund are described in the following sections, along with the objectives planned for the current year to perform those functions and meet those goals. The expenditures are then summarized by department, fund and for the City as a whole. This process assists in maintaining an understanding of the various operations of the city and how they relate to each other and to the attainment of the policy issues and goals of the City Council.
4. **The budget as a communication device:** The budget provides a unique opportunity to allow and encourage public review of City operations. The budget document describes the activities of the City, the reason or cause for those activities and future implications. The budget process invites individual citizens to provide direct input to the budget. Citizens are always welcome to discuss problems, desires and opportunities with the Mayor, City Council and staff. These discussions frequently lead to budget objectives. Additionally, the City holds a public hearing on the budget where the public is formally invited to participate in the budget process.



# The Budget Document

## Authority and Guideline for Spending Public Funds

### ***Basis of the Budget***

The budget is prepared on the cash basis of accounting: 1. Revenues are recognized when they are collected and 2. Expenditures are recognized when payment is made.

The annual financial report of the City is prepared on the same basis for all fund types (the General Fund, Special Revenue funds, Debt Service funds, and Proprietary funds). The budget can be directly compared to the operating reports in the annual financial report for all funds.

The basis for budgeting is consistent with state law and is practical both for preparing and managing the budget. The basis for reporting, although not consistent with Generally Accepted Accounting Principles (GAAP), is acceptable for Cash Basis cities in the State of Washington.

### ***Amending the budget***

The City Administrator, Finance Director, or Mayor is authorized to transfer budget amounts between categories within funds or General Fund departments. However, any revisions that alter the total expenditures of a fund, or affect the number of authorized employee positions, salary ranges, hours or other conditions of employment, must be approved by the City Council. When the City Council determines that it is in the best interest of the city to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority of the City Council after holding a public hearing.



# Financial Policies

## Background and Purpose

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of North Bend. Therefore, the establishment and maintenance of wise fiscal policies enables City officials to protect public interests and ensure public trust.

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

## Operating Budget Policies

The Municipal Budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

- The City Council will establish municipal service levels and priorities for the ensuing year prior to and during the development of the preliminary budget.
- The City Mayor shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.
- Adequate maintenance and replacement of the City's facilities, buildings, technology and equipment will be provided for in the annual budget.
- The current fiscal year budget shall be balanced with current year resources and any other resources available from previous years provided that adopted levels of reserve funds are not included in the available resources from prior years.

## Revenue and Expenditure Policies

Annual revenues are conservatively estimated as a basis for preparation of the annual budget and City service programs.

Expenditures approved by the City Council in the annual budget define the City's spending limits for the upcoming fiscal year. Beyond the requirements of law, the City will maintain an operating philosophy of cost control and responsible financial management.

- The City will maintain revenue and expenditure categories according to state statute and administrative regulation.
- Current revenues should be sufficient to support current expenditures. In the event that a fund has a shortfall of revenues, resources from previous years may be used provided that adopted reserve levels for the fund are not utilized.



## Financial Policies - continued

- All revenue forecasts will be performed utilizing accepted analytical techniques including three year trending, forecast based on per capita intergovernmental revenues, sales tax revenues extracted from the prior complete year, minus known one time lump sums for large construction projects.
- All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City.
- Revenues of a limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
- Grant applications to fund new service programs with state or federal funds will be reviewed by the City, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.
- Should the city choose to use a bank loan to finance a project or a purchase, funds from said loan will be adequately segregated in the account system to ensure that balances are not co-mingled with the general fund or any other project fund.
- The City of North Bend will establish and maintain Special Revenue Funds which will be used to account for proceeds from specific revenue sources to finance designated activities which are required by statute, ordinance, resolution or executive order.
- Annual expenditures will be maintained within the limitations of annual revenues or any previous year resources available outside of reserves adopted for the fund. The City will not use short-term borrowing to finance current operating needs without full financial analysis and prior approval of the City Council.
- In order to ensure the continuity of services, the City will budget no more sales tax revenue than was received in the prior complete year as a hedge against possible future economic events.
- Interest income revenue may be used to finance one-time capital or time-limited goods or services including debt service on councilmanic bond issues.
- All authorized positions will be budgeted for a full year unless specifically designated by the City Council as a partial-year position.



## Financial Policies - continued

### Accounting, Financial Reporting, and Auditing Policies

The City of North Bend will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (B.A.R.S.) and local regulations.

- A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.
- Full disclosure will be provided in all City financial reports and bond representations.
- An annual audit will be performed by the State Auditor's Office and include the issuance of a financial opinion.
- A quarterly report will be prepared within 45 days of the close of each calendar quarter. This report will include a budget variance report, fund balances, and discussion of performance, and will subsequently be available on the city's web site.



## Financial Policies - continued

### Reserve and Fund Balance Policies

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement for bond rating of the City's financial strength.

Maintenance of fund balance for each relevant accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages.

City and State regulations have been established to allow the City of North Bend to create and maintain specific reserve funds. Prudent use of reserve funds enables the City to defray future costs, take advantage of matching funds, and beneficial (but limited) opportunities.

Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

- The City will establish minimum fund balance targets for each fund based on the cash flow requirements of the fund. The City will include all fund balances in the annual budget.
- The minimum fund balance will be attained and maintained through expenditure management, revenue management and/or contributions from the General Fund.
- All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditure in the annual budget.
- A Contingency Reserve Fund will be maintained in accordance with RCW 35A.33.145 to meet specific emergency expenditures as described in RCW 35A.33.080 and 35A. 33.090.
- The City shall maintain a General Fund Operating Reserve to serve as a "Rainy Day Fund" to address temporary revenue shortfalls in an amount equivalent to 10% of the General Fund Operating Budget. Annual contributions will be budgeted from General Fund resources as available to attain and maintain an established reserve level.
- Additional reserve accounts may be created by Council to account for monies for future known expenditures, special projects, or other specific purposes.
- All reserves will be presented in the annual budget.



## Financial Policies - continued

### Enterprise Fund Policies

The City will establish enterprise funds for City services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income for capital maintenance, accountability, or other public policy purposes.

- Enterprise funds will be established for City-operated utility services.
- Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues are insufficient for the enterprise's capital financing needs.
- The City will insure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- The City will limit the maturities of all utility revenue bond issues to 25 years or less.



## Financial Policies - continued

### Debt Management Policies

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of North Bend uses debt in two ways: (1) as a mechanism to equalize the costs of needed improvements to both present and future citizens; and (2) as a mechanism to reduce the costs of substantial public improvements.

- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will use the services of a legally certified and credible bond counsel in the preparation of all bond representations.
- The City of North Bend will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- The City will use refunding bonds where appropriate, when restructuring its current outstanding debt.
- Reserves, interest costs, operating costs, and/or maintenance expenses will be capitalized only for enterprise activities; capitalized operating expenses will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain a good credit rating at all times.
- Assessment bonds will be issued in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Under most circumstances, the maturity of all assessment bonds shall not exceed 12 years.
- General Obligation bonds will be issued with maturities of 20 years or less.
- The voter approved general obligation debt of North Bend will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
- The following individual percentages shall not be exceeded in any specific debt category:



## Financial Policies - continued

- General Debt – 2.5% of assessed valuation
- Utility Debt – 2.5% of assessed valuation
- Open Space and Park Facilities – 2.5% of assessed valuation
- Limited-tax general obligation bonds will not exceed one and 1.5% of the City's current assessed property valuation.
- Limited-tax general obligation bonds will be issued only if:
  - A project requires funding not available from alternative sources;
  - Matching fund monies are available which may be lost if not applied for in a timely manner; or
  - Emergency conditions exist.



## Financial Policies - continued

### Capital Improvement Policies

North Bend's city government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future, therefore:

- The City will establish and implement a comprehensive multi-year Capital Improvement Program.
- The Capital Improvement Program will be prepared and updated biennially.
- The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program.
- Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- An annual Capital Improvement Budget will be developed and adopted by the City Council as part of the annual budget.

The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.



# Glossary

**Audit** - An examination of the financial activities of an agency and the report based on such examination.

**B & O** - Business and Occupation Tax.

**Balanced Budget** - A budget in which estimated revenues equal estimated expenditures.

**Bond** - An interest bearing certificate issued by a government or business, redeemable on a specific date; used as a measure of raising funds for capital improvements.

**Budget** - A comprehensive financial plan to sustain municipal operations during a given year with related explanation.

**Capital Improvement Program (CIP)** - A plan for future capital expenditures which identifies each capital project, its anticipated start and completion, and allocates existing funds and known revenue sources over a six year period.

**Capital Improvements** - Projects to create, expand, or modify a capital facility. The project may include design, permitting, environmental analysis, land acquisition, construction, landscaping, site improvements, initial furnishings, and equipment.

**Capital Outlay** - Expenditures made to acquire fixed assets or additions to them usually made from the general fund or utility fund where the assets are to be used.

**Community Development Block Grant (CDBG)** - A federal funding program that provides annual funding for eligible local governments including housing and community development programs targeted primarily to low-income persons and neighborhoods.

**D.A.R.E.** - Drug Abuse Resistance Education.

**Debt Limits** - The maximum amount of debt that a governmental unit may incur under constitutional, statutory, or charter requirements.

**Debt Management** - Borrowing enables a jurisdiction to free itself from the constraints of current revenues, raise large sums of money, and obligate future citizens to repay the debt. To insure that the power to borrow is used prudently, it is carefully regulated and managed by a set of policies and procedures known as debt management.

**Debt Service** - Payments to creditors, primarily the holders of municipal bonds. Debt service includes principal, interest, and minor incidentals such as paying agents' fees.

**D.O.E.** – Department of Ecology

**D.O.T.** - Department of Transportation.

**Effluent** - The liquid that flows out of a facility or household into a water body or sewer system. For example, the treated liquid discharged by a wastewater treatment plant is the plant's effluent.

**E.I.S.** - Environmental Impact Statement.

**E.M.S.** - Emergency Medical Services.

**Enterprise Funds** - Used to finance and account for acquisition, operation and maintenance of water and sewer facilities that are supported by user charges; also waste disposal, other utilities.

**Expenditures** - The spending of money by the municipality for the programs and projects included within the approved budget.



## Glossary - continued

**F.E.M.A.** - Federal Emergency Management Agency.

**Fund Balance** - The excess of fund assets over liabilities and reserves, also referred to as surplus.

**Fund** - A set of interrelated accounts to record revenues and expenditures for a specific purpose.

**G.A.A.P.** - Generally Accepted Accounting Principles.

**G.O.** - See General Obligation Debt.

**General Fund** - The general fund accounts for all financial activities not reported in some other type of fund; primarily used to account for the current operations of a jurisdiction's general-purpose departments.

**General Obligation Debt** - Local governments can raise revenues by selling tax-exempt municipal bonds and incurring debt. General obligation debt carries an unconditional promise by the local government to levy the taxes necessary to make the interest and principal payments required to retire the debt. In Washington State, general obligation debt can either be voted or non-voted (Councilmember) debt. Non-voted debt is limited to 1.5% of the assessed valuation, and total general obligation debt is limited to 2.5% of assessed valuation.

**Interfund Transfer** - Payment from one fund to another fund primarily for work or services provided.

**Non-operating Expenditures** - The costs of government services, which are not directly attributable to a specific municipal program or operation. Examples include debt service obligations and contributions to human service organizations.

**Non-operating Revenues** - The incomes received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

**Operating Expenses** - Proprietary fund expenses that directly relate to the fund's service activities.

**Operating Revenues** - Proprietary fund revenues that directly relate to the fund's service activities.

**Ordinance** - An enforceable municipal law, statute or regulation, that applies to all citizens within that municipality; penalty provisions may apply.

**Property Tax** - A tax levied on the assessed value of real property.

**R.C.W** - Revised Code of Washington.

**Revenue Bonds** - Bonds sold for which the principal and interest are payable exclusively from the earnings of a specific revenue source and which do not pledge the property credit or general tax revenue of a city.

**Revenues** - Moneys received or anticipated by a local government from either tax or non-tax sources.

**Tax Exempt Property** - Property, which because of its ownership or use, is not subject to property taxation and meets state requirements for tax-exempt status.

**Tax** - An amount levied upon individuals or property to fund government goods and services.

**T.I.B.** - Transportation Improvement Board.

**U.F.I.C.S.** - Utilities Facilities Implementation Concurrency Strategy. Phase 1 of North Bend UFICS study is a build-out analysis report based on current zoning and compared to growth targets adopted in the comprehensive plan.



# Investment Policy

## City of North Bend Investment Policy

Adopted by Resolution 1499 on February 1, 2011

### **1.0 PURPOSE**

It is the policy of the City of North Bend to invest its funds in a manner which will provide the highest investment return consistent with a high degree of security while meeting the daily cash flow demands of the City and conforming to all state statutes and local ordinances governing the investment of public funds. Cash may, at the discretion of the Finance Director, be invested separately by fund or be commingled into a common investment portfolio and earnings from such portfolio distributed monthly.

### **2.0 OBJECTIVE**

The primary objectives, in order of priority, for the City of North Bend's investment activities are as follows:

- **Legality:** The City's investments will be in compliance with all statutes governing the investment of public funds in the State of Washington.
- **Liquidity:** The City's investments will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.
- **Safety:** Investments of the City will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from other investments.
- **Yield:** The City's investments will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment constraints and cash flow characteristics.

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

### **3.0 SCOPE**

This investment policy applies to the investment of available financial assets of the City, except for assets held in escrow in order to defease refunded debt, and retirement funds managed by others. The City's financial assets are accounted for in the City's Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds



# Investment Policy - continued

## **4.0 PRUDENCE**

The Finance Director and authorized employees will perform their duties in a manner consistent with the standard of a “prudent person” as defined by RCW 43.250.040:

“In investing and reinvesting moneys... and in acquiring, retaining, managing and disposing of investments, there shall be exercised the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of the capital.

## **5.0 DELEGATION OF AUTHORITY**

The Finance Director is the Government Finance Official for purposes of RCW 42.250.020(5) for the City of North Bend. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedure established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Subject to required procurement procedures, the City may engage the support services of outside professionals in regard to its financial program, so long as it can be determined or anticipated that these services produce a net financial advantage or necessary financial protection of the City’s resources. External service providers shall be subject to the Revised Codes of Washington and the provisions of this Investment Policy.

## **6.0 ETHICS AND CONFLICTS OF INTEREST**

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

## **7.0 AUTHORIZED FINANCIAL INSTITUTIONS**

The City will only make deposits with qualified public depositories that have been approved by the State of Washington as provided in Chapter 39.58 RCW.

At the end of each fiscal year, the Finance Director, acting in the capacity as the treasurer of the City, shall designate one or more financial institutions which are qualified public depositories for the moneys required to be kept by the treasurer.



# Investment Policy - continued

## **8.0 BROKER/DEALERS**

The City will maintain a list of approved security broker/dealers.

The process for approval of a broker/dealer will require the review of appropriate documents to evaluate both the brokerage firm and the individual broker. Firm information will include financial information, State of Washington registration under RCW 21.20.040, Securities and Exchange Commission Rule 15C3-1 compliance, and authorization under the Uniform Net Capital Rules.

The City prefers to use broker/dealers that have experience with municipal investing; exceptions to this preference may be made in the reasonable judgment of the Finance Director.

All review documentation will be maintained in file. On an annual basis broker/dealers must provide updated documentation for review and reauthorization.

If an investment advisor is authorized to transact buys and sells on behalf of the City, the advisor's approved dealer list will be provided to the City annually and maintained in file. Buys and sells may be transacted with any dealer on the advisor's approved list.

## **9.0 INVESTMENT ADVISORS**

Should the Finance Director feel it is in the best interest of the City to engage an investment adviser for assistance in managing the investment portfolio, selection of the investment adviser will follow a clear and defined process.

The selection process will incorporate a Request for Proposal to gather information for the decision-making process. Information that might be part of the RFP include but is not limited to: State of Washington registration under RCW 21.20.040, SEC licenses, quantitative information for financial review, organizational information about the firm, reporting standards, process, and experience.

The City will only enter into a non-discretionary agreement, wherein the adviser must obtain approval before executing any trade.

The Finance Director and the Finance Committee will utilize the Best Practice document issued by GFOA to inform appropriate risk controls, selection criteria, on-going review, and advisory agreement components.

## **10.0 AUTHORIZED INVESTMENTS**

The City of North Bend is empowered to invest in certain types of securities as detailed in state law, including RCW 35A.40.050 and RCW 43.84.080. Among the authorized investments are:

- U.S. Treasury Obligations (Bills, Notes, Bonds)
- Obligations of U.S. government agencies, corporations wholly owned by the U.S. government or any Government Sponsored Enterprise (GSE's) with the exception of mortgage backed securities (MBS), which are prohibited. The list includes: Federal Instrumentality Securities which include the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), Federal Farm Credit Bureau (FFCB), Government National Mortgage Association (GNMA), Federal Agricultural Mortgage Corporation (FAMC) and Tennessee Valley Authority (TVA). Other issuers may qualify if they meet the above criteria.



## Investment Policy - continued

- Nonnegotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories.
- Bankers' Acceptances purchased on the secondary market.
- Mutual funds and money market funds are inappropriate investments except as authorized in Chapter 39.50 RCW and are intended to provide a safe harbor from the Internal Revenue Services (IRS) arbitrage rules and tax. The money market and mutual funds options in RCW 39.59.030 are allowable investments only for monies subject to the IRS's arbitrage rules. No other monies, unless specifically authorized elsewhere, may be invested in a money market or mutual fund.
- State of Washington Local Government Investment Pool.
- Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- Any investments authorized by law for the Treasurer of the State of Washington or any local government of the State of Washington other than a metropolitan municipal corporation but except as provided in RCW 39.58, such investments shall not include certificates of deposits of bank branches not located in the State of Washington.

### **11.0 COLLATERALIZATION**

Collateralization is required on repurchase agreements to anticipate market changes and provide a level of security for all funds. For purposes of this policy document, the collateralization level will be 102% of market value of principal and accrued interest.

- The City chooses to limit collateral to the obligations of the United States Government and its agencies.
- Collateral will always be held by an independent third party with whom the entity has a current custodial agreement (except certificates of deposits). A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.
- Certificates of deposit are delivered to and held by the Finance Director until they mature.

### **12.0 SAFEKEEPING AND CUSTODY**

To protect against potential fraud, embezzlement, or loss caused by collapse of individual securities dealers, securities purchased by the City shall be held in a segregated account for the City's benefit at a third party trustee authorized to act as safekeeping agent. The approved investment advisor, broker/dealer or bank from which a security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information.

The investment advisor, broker/dealer or bank which executes the transaction on the City's behalf shall deliver all securities on a deliver versus payment (DVP) method to the designated third party trustee at the direction of the investment officer.

Investment officials shall be bonded to protect the City against loss due to possible embezzlement and malfeasance.

Certificates of Deposit issued by banks do not need to be held by a safekeeping agent. Original certificate documents may be held in the City's safe deposit box.



## Investment Policy - continued

### **13.0 INVESTMENT ALLOCATION**

Diversification: The City will diversify its investments by security type and institution in a manner that reduces overall portfolio risks while attaining market average rates of return. The City's policy is to assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and authorized pools, no more than 30% of total investments will be invested in a single security type or with a single financial institution. The following chart specifies the allowable percentage ranges for each security type. Investments may be made up to, but may not exceed, the allowable range.

Security	Range	Target
US Treasury bills & bonds	1 – 100%	10%
US Government Agencies	0 – 25%	20%
Cash and LGIP	0 – 100%	50%
Certificates of Deposit	0 – 50%	20%
Banker's Acceptances	0 – 10%	
State and local Government Securities	0 – 15%	

### **14.0 MAXIMUM MATURITIES**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, or estimated to cash flow needs, the City will not directly invest in securities maturing more than five (5) years from the date of settlement.

The maximum weighted average maturity (WAM) of the total portfolio, less the amount invested in the LGIP, shall not exceed 2 years. This maximum is established to limit the portfolio to excessive market exposure.

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practical with the expected use of the funds.

### **15.0 COMPETITIVE TRANSACTIONS**

The Finance Director will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Finance Director will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

If the City hires an investment advisor to provide investment management services, the advisor must provide documentation of competitive pricing execution on each transaction, retain the documentation, and provide the documentation upon request.



# Investment Policy - continued

## **16.0 INTERNAL CONTROLS**

The City will maintain processes of internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- The use of third party custody and safekeeping;
- The execution of all securities transactions on a delivery-versus-payment basis;
- The clear delegation of investment authority;
- The separation of transaction authority from record keeping;
- The use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state;
- The use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers.

On an annual basis, the State Auditor's Office, will evaluate conformance with the Investment Policy and audit internal controls. The purpose of these examinations shall be to audit the accountability of the City's Investment Portfolio and to verify that Investment Officials have acted in accordance with the investment policies and procedures. Should the Investment Procedures be in conflict with the Investment Policy, the Investment Policy is the final authority.

## **17.0 PERFORMANCE STANDARDS**

The City's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs.

- Investment Strategy: The City's Investment strategy is passive. Securities are purchased and sold as it best meets the needs of the City as determined by the Finance Director. The Finance Director will be authorized to trade before maturity if it is in the best interest of the City to do so.
- Market Yield Benchmark for Long term Portfolio: Given this strategy, the basis used by the City to determine whether market yields are being achieved shall be the Average US Treasury Note rate which corresponds with the average life of the investments in the portfolio.
- Market Yield Benchmark for Short term Portfolio: The weighted average yield of liquid portfolio, defined as securities with original maturity of less than 30 days, will be compared quarterly to the LGIP average yield.

## **18.0 REPORTING**

The Finance Director, or designee, shall provide the Finance Committee consistent periodic reporting. These reports shall provide an accurate and meaningful representation of the investment portfolio, its performance versus the established benchmark, and proof of compliance with the investment policy. Quarterly reports will include:

- A listing of individual securities held at the end of the reporting period.
- Average life and final maturity of all investments listed.
- Coupon, discount or earning rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio in each investment category.



## Investment Policy - continued

- Performance Standard Reporting
- A list of transactions for the period.

### **19.0 INVESTMENT POLICY ADOPTION**

The City's policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually. The Finance Committee will review the policy with the Finance Director and recommend to Council any appropriate changes.



# Investment Policy - continued

## GLOSSARY

**ACCRUED INTEREST:** Interest accumulated on an investment since its dated date or the most recent date to which interest has been paid.

**AMORTIZATION:** The reduction of principal (of debt) at regular intervals.

**ASKED:** The price at which securities are offered.

**BANKERS ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BASIS POINT:** A measurement of prices or yields for fixed income securities. One basis point equals 1/100 of 1 percent.

**BID:** The price at which a buyer is willing to buy a security.

**BOND:** A long-term debt security, (IOU) issued by a government, a government agency, or a corporation. Generally a bond pays a stated rate of interest, and returns the face value at maturity.

**BOND ANTICIPATION NOTE:** Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from the proceeds of the bond issue to which they are related.

**BOOK-ENTRY TRANSFER:** A method of transferring securities through computerized entries, which may eliminate the need for physical certificates.

**BOOK VALUE:** The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

**BROKER:** A licensed individual or firm that brings buyers and sellers together for a commission.

**CALL OPTION:** The right to prepay or redeem a security at a predetermined price on or after a specified future date that is earlier than its scheduled maturity date.

**CASH FLOW BUDGET:** A projection of cash receipts and disbursements anticipated during a given time period. Typically, this projection covers a year and is broken down into separate projections for each month, week and/or day during the year.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity earning a specified rate of return evidenced by a certificate.

**COLLATERAL:** Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COMMERCIAL PAPER:** Corporate promissory notes issued to provide short-term financing, sold at a discount and redeemed at face value with maturities up to 270 days.

**CONFIRMATION:** A document used to state and supplement in writing the terms of a transaction, which have previously been agreed to verbally.

**COUPON:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.



## Investment Policy - continued

**CURRENT FACE:** Also known as the outstanding balance. The current monthly remaining principal of an instrument is computed by multiplying the original face of the instrument by the current principal balance factor.

**CUSIP NUMBER (Committee on Uniform Securities Identification Procedures):** An identifying number assigned to a publicly traded security. A nine-digit code is permanently assigned to each issue and is generally printed on the face of the security if it is in physical form.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT:** The delivery of securities with an exchange of money for the securities.

**DELIVERY VERSUS RECEIPT:** (Also called Free): The delivery of securities with an exchange of a signed receipt for the securities.

**DEPOSITORY:** An entity which accepts securities for deposit. A depository facilitates delivery and transfer between dealers by making account entries reflecting ownership instead of physically moving securities.

**DISCOUNT:** Refers to either “original issue discount” or “market discount”. Original issue discount is the difference between the cost price of a security when first offered for sale to the general public and its face value at maturity when quoted at a lower than face value. Original issue discount is treated as interest. Market discount is the difference between principal amount of an outstanding security (reduced by any original issue discount) and the value of that security in the then current market (if lower than its principal amount). A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., US Treasury bills.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns.

**DURATION:** The number of years required to receive the present value of future payments, both of interest and principal, of a bond. Often used as an indicator of a bond’s price volatility resulting from changes in interest rates.

**FACE VALUE:** The par value of a security. Face value is not an indication of market value.

**FACTOR:** The proportion of the outstanding principal balance of a security to its original principal balance expressed as a decimal. The *Bond Buyer* publishes the Monthly Factor Report that contains a list of factors for GNMA, FNMA, and FHLMN securities.

**FARM CREDIT DISCOUNT NOTES AND BONDS:** Secured joint obligations of Farm Credit Banks that are issued with a minimum face value of \$50,000 with maturities ranging from 5 to 360 days.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S&L’s, small business firms, students, farmers, farm cooperatives, and exporters.



## Investment Policy - continued

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits.

**FEDERAL FUNDS RATE:** The rate of interest at which funds are traded between banks. This rate is pegged by the Federal Reserve through open market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** The Federal Home Loan Bank consists of twelve Federal Home Loan Banks that issue long-term bonds and coupon notes with maturities of up to one year. FHLB branches lend to banks and Savings and Loans for purposes of home mortgage products.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, a government sponsored agency, is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

**FLAT:** A security trades flat when it is traded with no accrued interest.

**FORWARD TRADE:** A transaction where the settlement will occur on a specified date in the future at a price agreed upon on the trade date.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):** A wholly-owned government corporation within the Department of Housing and Urban Development (HUD), whose mission is to expand affordable housing in the U.S. by channeling global capital into the nation's housing finance markets. The Ginnie Mae guarantee allows mortgage lenders to obtain a better price for their loans in the capital markets. Lenders then can use the proceeds to make new mortgage loans available to consumers. This helps to lower financing costs and create opportunities for sustainable, affordable housing for families seeking home ownership.

**GNMA IIs:** Pass-through mortgage-backed securities issued by GNMA where registered holders receive separate principal and interest payments on each of their certificates. Investors may expect to receive principal and interest payments on the 15<sup>th</sup> day of each month.

**GNMA IIs:** Pass-through Mortgage-backed securities issued by GNMA where registered holders receive an aggregate principal and interest payment from a central paying agent on all of their GNMA II certificates. Principal and interest payments are disbursed on the 20<sup>th</sup> day of each month. GNMA II securities are collateralized by multiple-issuer pools or custom pools (one issuer but different interest rates that may vary within one percentage point). Multiple-issuer pools are known as Jumbos. Jumbo pools are generally larger and often contain mortgages that are more geographically diverse than single-issuer pools. Jumbo pool mortgages have interest rates that may vary within one percentage.

**INTEREST:** Compensation paid or to be paid for the use of money. Interest is generally expressed as an annual percentage rate and/or an annual percentage yield



## Investment Policy - continued

**INTEREST RATE:** The face coupon rate of a security.

**ISSUER:** An entity, which issues and is obligated to pay amounts due on securities.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MATURITY DATE:** The date on which the principle or stated value of an investment becomes due and payable to the registered owner of the security.

**MONEY MARKET:** The market in which the short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**MORTGAGE:** A legal instrument that creates a lien upon real estate, securing the payment of a specified debt, such as a mortgage note.

**MORTGAGE-BACKED:** An entity that originates mortgage loans, sells them to other investors and services the loans.

**MORTGAGE-BACKED BOND:** A mortgage-backed bond is a general obligation of the issuer, secured by mortgage collateral, where the issuer retains ownership of the mortgages. The bond is secured by the market value of the underlying mortgages. Since the value of the mortgages will decrease over time as a result of principal amortization and prepayments, the market value of the collateral must exceed the value of the bonds issued. Unlike pass-through securities, the cash flow in a mortgage-backed bond is not directly related to the cash flow of the underlying mortgage collateral. Interest on the bond is paid semiannually at a predetermined rate and principal is paid at maturity.

**MORTGAGE-BACKED SECURITIES:** The term mortgage-backed securities is a generic term that refers to securities backed by mortgages, including pass-through securities, mortgage-backed bonds, mortgage pay-through securities and CMOs.

**ODD LOT:** A quantity of securities, which is less than the accepted unit of trading.

**OFFER:** The price at which a seller will sell a security.

**ORIGINAL FACE:** The face value (original principal amount) of a security as of its issue date.

**PAR:** The face amount of a security.

**PAYMENT DATE:** Also known as the payable date. The date that actual principal and interest payments are made to the registered holder of a security. For GNMA Is, the payment date is the 15<sup>th</sup> day of the second month following the record date. For GNMA IIs, the payment date is the 20<sup>th</sup> day of the month following the record date. For FHLMC PCs, the payment date is the 15<sup>th</sup> day of the second month following the record date. For FNMA MBSs, the payment date is the 25<sup>th</sup> day of the month following the record date.

**P&I (PRINCIPAL AND INTEREST):** In the case of mortgage-backed securities and other asset-backed securities, P&I includes regularly scheduled payments as well as prepayments, if any.



## Investment Policy - continued

**POOL:** A collection of mortgages assembled by an originator or master servicer as the basis for a security. Pools are identified by a number.

**PORTFOLIO:** A collection of securities held by an investor.

**PREPAYMENT:** The unscheduled partial or complete payment of the principal amount outstanding on a debt obligation before it is due.

**PRICE:** The dollar amount to be paid for a security expressed as a percentage of its current face value.

**PRINCIPAL:** The stated face amount of an instrument, exclusive of accrued interest.

**PRUDENT PERSON RULE:** “Prudent Person” as defined by RCW 43.250.040: “In investing and reinvesting moneys ...and in acquiring, retaining, managing and disposing of investments there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the managements of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds, considering the probable income as well as the probable safety of the capital.”

**PUT OPTION:** The right to sell a security at a predetermined price on or before a specified future date.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the Public Deposit Protection Commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**RATING:** Designations used by investors services to give relative indications of credit quality.

**RECORD DATE:** The date for determining who is entitled to payment of principal and interest (and prepayment) on a security. The record date for most mortgage-backed securities is the last calendar day of the month (however, the last day on which they can be presented for transfer is the last business day of the month). The record date for CMOs and ABSs varies with each issue.

**REGISTERED HOLDER:** The name in which a security is registered as stated on the certificate itself or on the books of the paying agent. All principal and interest payments are made to the registered holder regardless of beneficial ownership or the record date.

**REPURCHASE AGREEMENT (RP or REPO):** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified later date.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.



## Investment Policy - continued

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SEC RULE 15C3-1:** A SEC rule that sets minimum net capital requirements for broker-dealers. Firms are expected to have liquid assets equal to or greater than a certain percentage of total liabilities. If the ratio falls below this minimum, the broker-dealer may face restriction on soliciting new business or on keeping existing business. See UNIFORM NET CAPITAL RULE.

**SECURITIES AND EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SERVICING:** The duties of the servicer for which a fee is received. Servicing consists of collecting and pooling principal, interest and escrow payments as well as certain operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

**SERVICING FEE:** The amount withheld from the monthly interest payments made by a mortgagor and retained by the mortgage servicer.

**SETTLEMENT DATE:** The date agreed upon by the parties to a transaction for the payment of funds and the delivery of securities.

**TREASURY BILLS:** A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**TREASURY BOND:** Long-term US Treasury securities having initial maturities of one than ten years.

**TREASURY NOTES:** Intermediate term coupons bearing US Treasury securities having initial maturities of from one to ten years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net commitments to purchase securities. Liquid capital includes cash and assets easily converted into cash.

**WEIGHTED AVERAGE MATURITY (WAM):** The weighted average number of months to the final payment of each security, weighted by the size of the principal investment balance. Also known as weighted average remaining maturity (WARM) and weighted average remaining term (WART).

**YIELD:** The rate of annual income on an investment expressed as a percentage. Income Yield is obtained by dividing the current dollar income by the current market price for the security. Net Yield or Yield to Maturity is the current Income Yield minus any premium above or plus any discount in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.





## **Document Format**

### **Technical Editorial Team**

The budget document is developed in this manner to study and review the direction of the City of North Bend. Because a diverse audience reads the budget document, the budget must describe clearly and completely the nature and scope of policies, plans, and programs for the year. It must communicate this information at different levels and for different purposes. One of the most important functions of the budget document is to describe future implications and relationships of policies, plans, and programs to members of the public. The budget document is an opportunity for the public to acquire background information necessary to provide meaningful comment and feedback to members of the City Council and City staff during the year.

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For more information about the City of North Bend, please visit City Hall (211 Main Avenue North), our website (<http://northbendwa.gov>) or call 425.888.1211