

# City of North Bend, Washington 2012 Budget





Previous page cover photograph by Tami Asars



## Mayor's 2012 Budget Message

It is with great honor that I present to you the Budget Message for the City of North Bend for fiscal year 2012. Over the last two years my message has concentrated on the unprecedented challenges that the City faced as a result of the faltering economy. Those challenges still exist and we face the same issues related to revenues and expenditures as we enter 2012. We have, however, seen a mild recovery and minor increases in revenue since 2009. Because of that, we anticipate being able to retain all municipal services in 2012.

The voters of North Bend overwhelmingly supported Proposition 1 in November of 2011, and that vote provided the North Bend Transportation Benefit District Board with an ongoing revenue stream over the next 10 years. As a result, many of the transportation capital projects that were at risk can now be accomplished with the anticipated \$400,000 annual revenue.

I am pleased that this Budget provides an increase in spending in 2012 for the street overlay program, raising expenditures over 2011 from \$100,000 to \$150,000. With adoption of the TBD Proposition, this number may be even higher. The Council has asked the Administration to increase the funding for the overlay program to \$300,000 within the next 3 years and this is the first step to reach that goal. The Council has rightly identified the need to protect and repair our transportation infrastructure before it has further deterioration. As cities across the State lost revenue with the economic downturn and tax cutting initiatives, transportation infrastructure has fallen in priority. It is time, however, to reverse this trend and reinvest in our City. This will not only reduce the ongoing deterioration of our roads, improve property values and make the City more tourist friendly, but it will do our part to create much-needed jobs here in the State of Washington.

Last year we were unable to budget for temporary parks employees, but we were able to add one position back as expenses were held in check and revenues improved. I am once



Photo by : Tami Asars

Every artist dips his brush in his own soul, and paints his own nature into his pictures.

**Henry Ward Beecher**



## Mayor's Message - continued

again not including the Park Temps in this 2012 Budget, but would ask the Council to monitor our financial situation, review this in early 2012 and consider a budget amendment to bring these positions back. There are other important needs that we must keep in mind as 2012 unfolds. The previously mentioned streets capital projects must be addressed as soon as possible. We must also keep in mind those capital projects that will help re-define our Downtown core such as the roundabout at Downing and North Bend Way and the sidewalk extensions from Ballarat to the Cedar Falls Roundabout, as well as projects such as the South Fork downtown bypass and the Bendigo and 4<sup>th</sup> Street redevelopment that will make a Downtown Plaza feasible.

As difficult as 2011 turned out to be, I am proud to announce that the City has maintained its 10% reserve in the General Fund and enters the new year with an even larger safety net to protect against unusual revenue dips or unexpected expenses. We are projecting that our revenues will exceed expenses in 2012 as a result of new "one time" revenues attributable to residential development at the Tanner Wood and Cedar Falls plats. We have budgeted to use a portion of those monies to increase the street overlay program.

I want to thank the City Council for the ongoing cooperation in making North Bend the best city in the State of Washington, and I especially want to thank the citizens for their continued support and let's hope for a prosperous 2012 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 to enhance the existing built environment of the downtown, the riverfront and community parks, new and existing residential neighborhoods and the community gateways.



Photograph by Sandy Horvath



## City's Mission Statement

The mission of the City of North Bend is to create a highly livable community. We partner with our citizenry to blend and balance public safety, adequate infrastructure, quality services and economic strength while preserving the rural character of the community.



Photograph by Sandy Horvath



Photo by Tami Asars

Mountains inspire awe in any human person who has a soul. They remind us of our frailty, our unimportance, of the briefness of our span upon the earth. They touch the heavens, and sail serenely at an altitude beyond even the imaginings of a mere mortal.

**Elizabeth Aston**



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Photo by Tami Asars

Life is change. Growth is optional. Choose wisely.  
**Anonymous**



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Photo by Tami Asars

Each man must look to himself to teach him the meaning of life. It is not something discovered: it is something molded.  
**Antoine De Saint-Exupery**



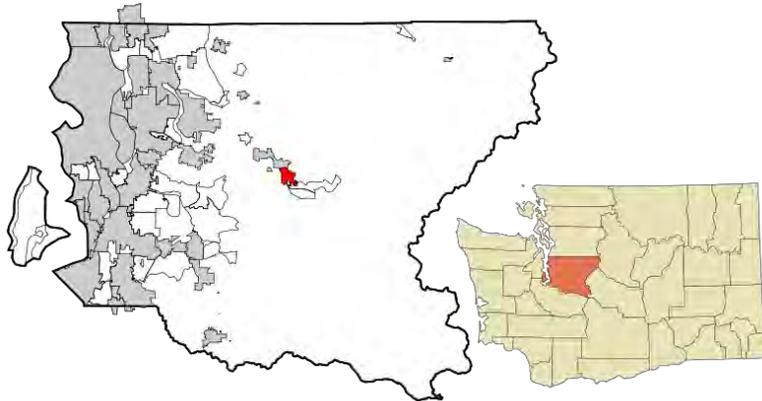
## North Bend Information

Elevation.....440' above sea level

Land Area.....2,820.16 Acres

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 2012: \$834,547,153

New Construction Value (included in the above total) for 2012: \$22,168,257

The total Property Tax Levy Rate for 2012 is: \$12.07889 per \$1,000 of assessed valuation, of which the City of North Bend receives \$1.74095 per \$1,000 of assessed valuation.

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

### Demographics:

The Washington State Office of Financial Management reported the City of North Bend's 2011 population at 5,830. Estimates from the census of 2010 indicate there are now 5,731 people living in North Bend. 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 median income for a household in the city in 2010 was \$77,462, and the median income for a family was \$92,384. Males had a median income of \$87,981 versus \$37,979 for females. The per capita income for the city was \$36,159. About 3.1% of families and 5.4% of the population were at or below the poverty line, including 2.2% of those under age 18 and 17.7% of those aged 65 or older.

### North Bend Parks:

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

<b>E.J. Roberts</b>	5 acres - playground equipment and gazebo
<b>Gardiner Weeks Memorial</b>	5.3 acres - picnic tables, benches & gazebo
<b>Meadowbrook Farm*</b>	450 acres of Open Space
<b>Tanner Trail Phase 1</b>	3,700 feet
<b>Torguson Park</b>	17.3 acres - Little League Fields, BMX track, skate park, climbing rock, tot lot
<b>Tollgate Farm</b>	205.74 acres - inside City limits
<b>William Henry Taylor Park - Railroad Park</b>	1 acre - picnic tables & benches
<b>Tannerwood Park</b>	0.8 acres - benches and walkway



## 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, Helping Hand Food Bank & 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**

Jeanne Pettersen, Mayor Pro Tem

David Cook

Alan Gothelf

Jonathan Rosen

Ross Loudenback

Dee Williamson

Ryan Kolodejchuk

## **North Bend Appointed Officials**

Duncan C. Wilson, City Administrator

Michael Kenyon, City Attorney

Cheryl Proffitt-Schmidt, Administrative Services Director

Gina Estep, Community and Economic Development Director

Ron Garrow, Public Works Director

Susie Oppedal, City Clerk

Stan Lewis, Finance Manager

### **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



Photo by Tami Asars

You aspire to great things? Begin with the little ones.  
**St. Augustine**



# City of North Bend Organization Chart

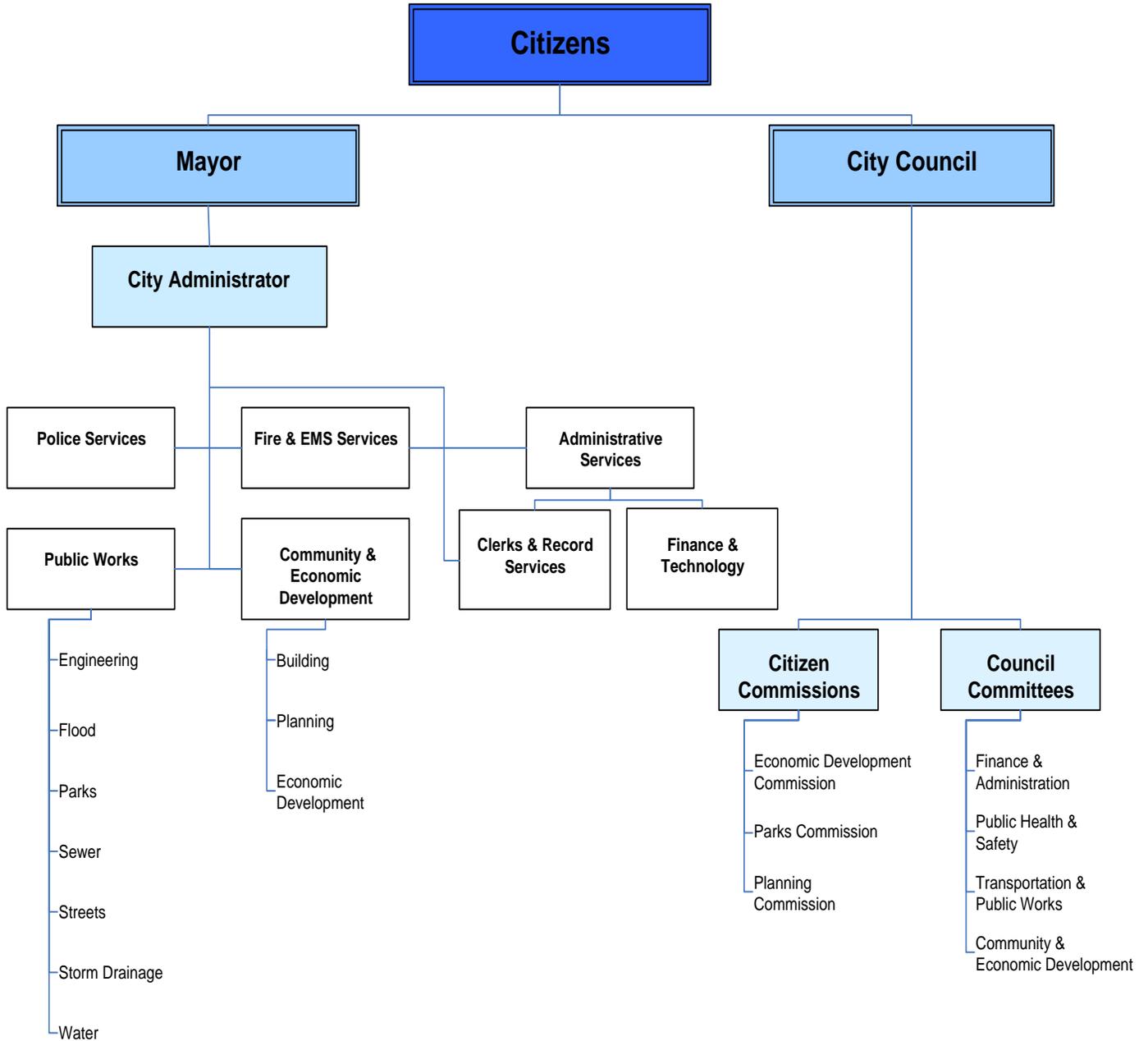




Photo by Tami Asars

The goal of life is living in agreement with nature.  
**Zero**



# 2011 North Bend Accomplishments

## Administration and Record Services

### Goal - Execute Long Term Contract with the Sallal Water Association

*Objective*

- Execute long term contract with the Sallal Water Association for the purchase and sale of City water.
- Provide the City contractual access to Sallal's wells as an additional source for mitigation water.

*Measurement*

- Finalize contract memorializing terms of sale of water and rights to use Sallal wells under designated circumstances

*Progress*

- In Progress. Have obtained detailed pricing information from FCS Group and currently await input from NB Public Works Director.

### Goal - Conduct a Study of the Upstream and Downstream Impacts of the SR 202 Bridge over the South Fork of the Snoqualmie River

*Objective*

- Mobilize King County and Flood Control District to conduct a study, at no cost to the City, of the upstream and downstream impacts of the SR 202 Bridge over the South Fork of the Snoqualmie River.
- Complete a feasibility study of a culvert bypass to relieve localized flooding.

*Measurement*

- Obtain study results and circulate to relevant agencies.
- Determine which agency would be responsible for construction

*Progress*

- King County has continued to investigate options to relieve flooding at this location. Currently on long range Flood Dist. Plans. County will work with State to widen bridge and increase flows. 2014 probable time table.

### Goal - The Centralization and Organization of the City's Policy Handbooks and Manuals

*Objective*

- Conduct a complete review of existing City Policies
- The centralization and organization of the City's Policy Handbooks and Manuals
- Incorporate existing unwritten policies into the Policy Handbook
- Create new policies to assist in Code Enforcement efforts

*Measurement*

- Research & Compile all City Policies
- Identify and organize all written Policies authorized by administrative code, ordinance or resolution into one index. (& identify those rescinded)
- Draft & adopt overtime policy to conform to audit requirements
- CED & Building Official review for updates to code enforcement policies

*Progress*

- The centralization and organization of the City's current policies has been completed
- Any unwritten policies will be written and added as they are identified
- CED & Building Official will bring forth new policies for adoption as they are identified



## 2011 North Bend Accomplishments

<b>Goal – Update of City Job Descriptions</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Review &amp; Update of City Job Descriptions</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Create index of current job positions &amp; descriptions</li> <li>➤ Identify which positions do not have current job descriptions</li> <li>➤ Draft missing job descriptions for review by City Administrator &amp; union</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Index is complete, 2/3 of job descriptions are now approved/current</li> <li>➤ The remaining job descriptions will be drafted for review in 2012</li> </ul>
<b>Goal - Increase City's Funding for TIP Projects</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Create a long term financing source to increase City's funding for TIP projects by \$200,000 a year for the next 5 years</li> <li>➤ Explore the local option gas tax or a Transportation Benefit District (TBD)</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Council creation of TBD</li> <li>➤ TBD authorize submission of proposition for 2011 General Election of .02 sales &amp; use tax for transportation projects identified in TIP to create revenue of 400K per year for 10 years</li> <li>➤ King County General Election November 8, 2011</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ TBD Established</li> <li>➤ TBD authorized sales &amp; use tax proposition</li> <li>➤ Prop 1 Passed by 60% Margin</li> <li>➤ Revenue will commence April 1, 2012, first distribution in June 2012</li> </ul>
<b>Goal - Complete Inventory of Public Works Records</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Complete inventory and disposition of inactive records</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Provide records training to PW staff</li> <li>➤ Offer admin staff assistance as needed to complete</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Training and department index provided, records identified, disposition is not complete</li> <li>➤ Additional assistance as needed to complete disposition in 2012 will be provided</li> </ul>
<b>Goal – Complete Website Re-design</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update website design with new branding/marketing materials</li> <li>➤ Add Human Services information to website</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Request for Proposals &amp; selection of qualified consultant</li> <li>➤ Analysis &amp; timeline, website design &amp; navigation architecture development, site setup</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Design complete of most elements, final steps and review for site setup underway</li> <li>➤ New website will include Human Services information</li> <li>➤ Website will go live in first quarter of 2012</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal - Index and Inventory Active Records City Wide</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Complete city wide indexing and inventory of active records</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Identify records that each department &amp; employees hold, and provide department specific indexes that match state adopted DAN #'s and retention schedules</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Indexes have been completed and distributed to each department with training provided. These will continue to be updated from time to time as the state retention schedules are updated</li> </ul>
<b>Goal - Review and Update City Property Files</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Complete review and update of City Property Files</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Audit each individual property file held by City to ensure they have been identified/organized correctly and indexed</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Easement portion of files has been completed (25%)</li> <li>➤ This is an ongoing &amp; tedious project. With current staffing levels we estimate completion in 2013</li> </ul>
<b>Goal - Release 2008-2009 Permanent/Essential Records to Regional Archives</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Prepare 2008-2009 permanent/essential records for microfilm back-up &amp; release to Regional Archives</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Contract with State Digital Archives for microfilm backup and storage.</li> <li>➤ Compile discs of permanent &amp; essential documents for transfer to state/ add to external hard drive for additional on site storage</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ 2008-2009 Permanent and essential documents have been microfilmed with microfilm storage in Olympia.</li> <li>➤ Originals have been released to Regional Archives in Bellevue</li> <li>➤ Digital copies have been transferred to State Digital Archives in Cheney</li> </ul>
<b>Goal – Update Records Management Program</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update Records Program to include electronic records management</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Attend state electronic records management training</li> <li>➤ Review other city programs</li> <li>➤ Consult with regional archivist on program elements</li> <li>➤ Draft electronic records policy</li> <li>➤ Provide staff training</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Staff has attended training and consulted with the regional archivist. Training to staff on email retention has been provided. Very few cities have electronic policies and programs in place. Staff anticipates completing a written policy in 2012.</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal – Complete Records Management Training</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Provide departmental training on retention/disposition of departmental/electronic records</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Create individual department indexes with retention identified</li> <li>➤ Provide training to each department on records they hold, identify management &amp; retention</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Indexes completed and distributed to each department with training provided. Training will continue as needed with updates on document retention provided to all staff</li> </ul>
<b>Goal – Enhance NBTV Programming</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update/Enhance NBTV programming and music</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Investigate new options for music on NBTV</li> <li>➤ Identify new public service programming</li> <li>➤ Update slides with events and timely information</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Music programming agreement signed with Comcast providing for large variety of options including seasonal music</li> <li>➤ Additional programming provided by local community service agencies</li> </ul>



# 2011 North Bend Accomplishments

## Finance Department

### Goal - Create an Award Winning Budget Document

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Create a 2011 budget document that is worthy of awards at all levels.</li> <li>➤ Create an error checking process to ensure fund balances are correct</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Implement performance measurements where possible and appropriate</li> <li>➤ Highlight department accomplishments from 2010</li> <li>➤ Maintain ease of use and readability</li> <li>➤ Focus on transparency over volume</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Applied for and won the GFOA Distinguished Budget Award.</li> <li>➤ Implemented some performance measures for departments. Continuing to work with Budget Reviewers comments to improve process.</li> </ul>
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### Goal – Receive a “Clean” Audit from the State Auditor’s Office

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Maintain controls and performance in all departments that leads to a “No Findings” audit from the State Auditor.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Audit Report issued with “No Findings”</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ At the Exit Conference with State Auditor, the 2010 Audit Report was issued with “No Findings”.</li> </ul>
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### Goal – Update Financial Policies

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Create and update policies to directly mirror the risk profile and business model of the City.</li> <li>➤ Receive 0 comments to the policy or enacted procedures by state auditor.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Review &amp; draft policies to mirror the risk profile and business model of the City.</li> <li>➤ Update Investments, Debt, Small and Attractive Assets, and general financial guidelines.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Updated Investment Policy and received awards from the APT and WMTA.</li> <li>➤ Updated the Small and Attractive Assets Policies.</li> <li>➤ Working on updating the Debt and General Financial Polices</li> <li>➤ Received zero comments related to policy &amp; procedures during the 2010 audit.</li> </ul>
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## 2011 North Bend Accomplishments

<b>Goal - Increase Staff Efficiencies</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Increase efficiencies to staff utilization through strategic implementation of a Basic Process Improvement Model.</li> <li>➤ Increase departmental depth through an appropriate cross-training</li> <li>➤ Revise the Utility Collection Cycle to remove activity bottlenecks</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Identify 3 priority areas where process improvement is crucial to service level delivery;</li> <li>➤ Identify 2 areas for process improvement that focus on strategic outcomes;</li> <li>➤ Maintain a list of less-critical opportunities to ensure a full pipeline of projects at all times.</li> <li>➤ All daily duties and monthly processes have a minimum of two trained staff. Processes to include are B&amp;O taxes, business licensing, utility billing, utility payment processing, and payroll.</li> <li>➤ Conduct a study of options for automating permitting process, including evaluation of "Citizen Connect".</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Utility bills (UB) sent directly to property owners, not tenants; improved collections</li> <li>➤ B&amp;O and Business License software update commenced; not completed</li> <li>➤ Established ACH Bill paying for utility payments; reduced payment volume by 1/3 for faster daily cash receipt processing.</li> <li>➤ Purchased new folding and mailing equipment; reduced mailing costs and outsourced Post Office delivery increasing Staff efficiencies</li> <li>➤ Staff cross-training is active and proceeding for UB, Payroll, AP and B&amp;O.</li> <li>➤ Permit Process Automation is ongoing through new-hire of Building Official; permit information availability on website being studied.</li> </ul>
<b>Goal – Complete Water/Waste Water Rate Study</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Manage a comprehensive water and waste water rate study.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Hire consultant, review utilities' rate requirements</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Hired consultant to conduct an in-depth rate study; analysis completed</li> <li>➤ Water Rates increased December 1, 2011</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal – Update Utility Billing and B&amp;O Receipts Process</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Reduce workload of utility bill receipt processing by 25% through transactional automation.</li> <li>➤ Leverage utility bill automation findings to all other lines of business</li> <li>➤ Improve collection of past due revenues</li> <li>➤ Increase efficiencies and compliance in business licensing processes</li> <li>➤ Study current work processes for B&amp;O taxes and business</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Explore bank payment concentration, on-line ACH acceptance, and window-only card transactions.</li> <li>➤ Apply a risk/cost/efficiency analysis to determine positive value; implement as appropriate</li> <li>➤ Improve collection of past due revenues through referral of all appropriate accounts to a professional collection agency.</li> <li>➤ Explore partnering with the State of Washington in their Master Licensing Program and recommend implementation or timeframe for reanalysis.</li> <li>➤ Determine compatibility of B&amp;O process with existing software modules, schedule implementation if appropriate or pursue contractual solutions</li> <li>➤ Determine appropriate software platform for business license and tax. Consider any appropriate software applications including Springbrook, Vision, Microflex platform, and Microflex Cloud.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Completed bank ACH (PayMode) concentration for UB; reducing paper check handling by 1/3.</li> <li>➤ Past-due accounts are being sent to collections regularly with successful returns.</li> <li>➤ Currently studying new B&amp;O process software for implementation</li> <li>➤ Once B&amp;O software change is confirmed, we will move forward with the State of Washington Master Licensing program.</li> <li>➤ Reviewed &amp; improved workflow &amp; reporting with promoted employee in B&amp;O taxes and Business Licensing</li> </ul>
<b>Goal – Complete an Infrastructure Plan for the Water Utility</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Study and recommend an infrastructure plan for the Water Utility</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Recommended meter standards</li> <li>➤ Recommended register standards</li> <li>➤ Build in scalability over both time horizons and neighborhood/region.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Conversion of water meter register measurements from Cubic Meters (CM) to industry-standard Cubic Feet (CF) is ongoing.</li> <li>➤ New water meter registers selected to implement future fixed-based remote register reads; currently being installed in new services and maintenance replacements.</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal – Update Classes of Customers in the Sewer Utility</b>		
<i>Objective</i> <ul style="list-style-type: none"><li>➤ Upon completion of the ULID, add new classes of customers to the sewer utility</li><li>➤ 100% accuracy of billing by 3rd cycle.</li></ul>	<i>Measurement</i> <ul style="list-style-type: none"><li>➤ Create new rate classes</li><li>➤ Study software capabilities for necessary code changes</li><li>➤ Identify and map specifications for data input from outside water utility to ensure accurate billing.</li></ul>	<i>Progress</i> <ul style="list-style-type: none"><li>➤ A Cost of Service Allocation (COSA) study was completed by a consultant; management is currently reviewing</li><li>➤ Currently billing 100% of Sewer base-charge, working with software vendor and outside water purveyor to ensure proper import of water usage data to bill sewer “usage”.</li></ul>



# 2011 North Bend Accomplishments

<b>Police Department</b>		
<b>Goal - Completion of Business Contact Updates</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve communication between business and police and reduce commercial crime</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Contact Each Business in the city to ensure our contact information is accurate -for emergency needs (80% compliance)</li> <li>➤ Offer Crime Prevention assessment or survey if the Business is interested</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Approximately 40% completed. We have a good communication system in place for those businesses contacted. I plan on continuing the program into 2012 and beyond as an ongoing communication effort.</li> </ul>
<b>Goal - Completion of School Threat Assessments</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve response to significant school situations</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Obtain Training that will enable the Police to review School Threat Assessment plans</li> <li>➤ Work with the Schools to improve any current plans</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ The SVSD has taken the lead on this program, with completion expected in June of 2012. Their program is more in depth and better executed than the one that I had anticipated..</li> </ul>
<b>Goal - Identify Consistent Deputies Assigned to the Area</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve Police and Community relations</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Better community awareness for the deputies</li> <li>➤ Improve community ties</li> <li>➤ Optimize communication between deputies and the public</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Although this is a difficult objective to measure we have seen some stabilization of deputies, resulting in ownership of the city and more preventative measures being taken by the deputies. Examples would include the joint toy drive, work with the homeless, and business contacts, all driven by district deputies.</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal - Train Deputies in Felony Charging</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve effectiveness and efficiency of follow up charges</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Improve case ownership</li> <li>➤ Create more versatile deputies</li> <li>➤ Free time for detectives to work complex/complicated cases</li> <li>➤ Save money for the City/County contract</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Nearly a dozen cases have been filed by the deputies which would have previously been handled by the detectives. We have utilized detectives for 5 cases in 2011 with a total cost of less than \$3,000. Previous contract costs would have exceeded \$70,000 demonstrating a substantial savings. The program will continue.</li> </ul>
<b>Goal - Identify and Acquire Pertinent Training for Deputies and Staff</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Provide better service to community</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Improve staff abilities</li> <li>➤ Increase effectiveness and efficiencies</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Funding has not allowed additional training. Additional effort will be made toward this goal in 2012.</li> </ul>
<b>Goal - Obtain Commitment from City to Retain County Police Services Contract</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Continued partnership for the next 37 years</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Improve contract verbiage and costing model to satisfy all parties</li> <li>➤ Retain consistency that 37 years of service has developed</li> <li>➤ Allow the citizens to receive top level police services</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Negotiations with the city continue.</li> </ul>



## 2011 North Bend Accomplishments

<b>Goal - Address DUI Drivers and Accidents</b>		
<i>Objective</i> ➤ Reduce DUI violations and accidents	<i>Measurement</i> ➤ Examine patterns of arrests and accidents ➤ Identify repeat offenders and locations ➤ Identify and educate repeat distributors ➤ Participate in State funded emphasis patrols	<i>Progress</i> ➤ NBPD participated in 5 separate DUI emphasis patrols, all funded through State grants. The number of DUI arrests have actually gone up. This does not indicate that we have a greater problem – it shows that we are being more effective in our enforcement.
<b>Goal - Modify Web Page to Assist the Public</b>		
<i>Objective</i> ➤ Ease the use of the page to assist citizens	<i>Measurement</i> ➤ Simplify the page for easy navigation ➤ Create links to helpful sites ➤ Improve communication between the public and the police	<i>Progress</i> ➤ The city is working on the new web page. It is not yet available for the public.



# 2011 North Bend Accomplishments

## Community Services Department

### Goal - Successfully plan, organize and host North Bend Branded Events

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
➤ Warrior Dash	➤ Warrior Dash - Work with Snoqualmie, local businesses, Red Frog Productions and many others to organize and plan the event.	➤ Completed; the event brought over 40,000 people to the valley.
➤ North Bend Adventure Race	➤ Adventure Race – Q13 backed out due to restrictions at Rattlesnake Lake	➤ Q13 backed out due to issues from SPU
➤ North Bend Multisport Festival	➤ Multisport Fest	➤ The race production group decided to wait a year due to health issues
➤ North Bend Mountain Film Festival (includes Banff)	➤ Mountain Film Fest – Coordinate the event with the North Bend Theatre, Summit at Snoqualmie and local businesses to host the film fest	➤ Completed; the event attracted 200 plus people to downtown every Friday in November
➤ North Bend Amateur Film Contest	➤ Amateur Film Contest – Work with Comcast as a sponsor, the North Bend Theatre and Marketing Team members to host the 2 <sup>nd</sup> annual Amateur Film Challenge.	➤ Completed
➤ North Bend Winter Festival and Holiday Tree Lighting (one night)	➤ North Bend Winter Festival – Coordinate with Encompass, One Voice, Marketing Team, and over 30 volunteers to host the festival.	➤ Completed; we had over 500 people attend and the cost to the city was minimal.
➤ Block Party	➤ Work with more than 100 local organizations and businesses to organize Block Party.	➤ Complete; over 2500 people attended, business feedback showed that it had greatly benefited the downtown retailers and restaurants.



## 2011 North Bend Accomplishments

<b>Goal – Update Comprehensive Plan Transportation Element</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update the North Bend Comprehensive Plan Transportation Element and create the Sustainability Element</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Conduct traffic analysis and traffic counting throughout city in key locations</li> <li>➤ Host 4 or more public meetings to solicit input from Citizens to hear their concerns, comments and recommendations</li> <li>➤ Study other very successful traffic patterns and designs of downtowns around that world that promote walkability and strong economics by attracting the people to shop, dine and gather.</li> <li>➤ Coordinate with the trucking industry leaders to best understand the freight mobility needs of the Puget Sound</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ 4 public meetings have been held to date.</li> <li>➤ A traffic study and counts have been conducted. Based on Citizen comments additional counts were done and additional studies conducted.</li> <li>➤ The City has met with Puget Sound Clean Air Agency, the County and other strategic leaders to best understand the options for idling regulations and the future of truck parking at the truck town area.</li> <li>➤ The Element is being reviewed by the Planning Commission at this time. Approval by PC is anticipated in Feb.</li> </ul>
<b>Goal – Create an efficient planning and land use permit review</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Create an efficient planning and land use permit review process that allows development applications to be processed timely, efficiently and effectively, while ensuring quality development and a healthy investment atmosphere.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Create an effective and well organized filing system for current and past land use permits.</li> <li>➤ Update the City Website to include helpful information about permitting and the process needed for a permit.</li> <li>➤ Provide easy to understand application forms</li> <li>➤ Provide free Pre Application meetings to assist and promote development applications that meet the requirements from the start thus avoiding wasted time for both City staff and developer.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Completed</li> <li>➤ Good feedback from the development community has proven that we have implemented an efficient permit system. We are continually working to better it all the time.</li> </ul>



# 2011 North Bend Accomplishments

## Public Works Department

### Goal – Improve Downtown Sidewalks

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ 100% compliant with ADA state regulations on 12 pedestrian ramps.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Modify 20 identified downtown crosswalks to bring them up to ADA requirements</li> <li>➤ Design, bid, award and construct ADA Ramp Improvements</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ 30 corners were reconstructed and 9 corners retrofitted for ADA compliance. Work was completed by December 2011.</li> </ul>
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### Goal – Update City’s Comprehensive Plan

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update the Transportation Element of the Comp Plan</li> <li>➤ Update the Storm Water Element of the Comp Plan</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Submittal of reports to Council for adoption.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Transportation Element was completed through the identification of possible capital improvements. Storm Element has been drafted but not yet taken to the Planning Commission.</li> </ul>
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### Goal – Overlay City Streets

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Conduct overlay of 100% of streets scheduled for 2011 per Pavement Management Program</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Overlay of 3<sup>rd</sup> Street between Main and Ballarat and reconstruction of the base on Mt Si Blvd from SR 202 to McDonald’s driveway.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ 3<sup>rd</sup> Street was overlaid as part of the King County annual overlay program. Reconstruction of Mt Si Blvd was deferred to 2012 when the street is planned for overlay.</li> </ul>
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### Goal – Complete Franchise Agreements

<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Issue new franchise for Sallal Water Association</li> <li>➤ Issue renewed franchise for PSE</li> <li>➤ Submit 2 proposed franchises to King County, one for water and one for sewer.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Submittal of new franchises to City Council for adoption</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ PSE franchise has been drafted and forwarded on to PSE for their comment. No progress on the other franchises.</li> </ul>
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## 2011 North Bend Accomplishments

<b>Goal – Prepare an Emergency Response Plan for WWTP</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Prepare a WWTP emergency response plan to ensure that any service interruption in the system is recovered within 8 hours.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ No progress on response plan</li> </ul>
<b>Goal – Update Emergency Management Plan</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ 100% compliance with State EMD and FEMA requirements</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Update Emergency Management Plan for evacuation and debris management.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ No progress on plan</li> </ul>
<b>Goal – Upgrade Storm System</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Storm Pump Station Upgrade at Sr. Center/Weeks Park</li> <li>➤ Inspect 100% of all private storm systems.</li> <li>➤ Restore Ribary Creek and Gardiner Creek Sediment Pond/Trap to original design specifications.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Completion of work for the capital improvements. For inspections, provide appropriate record keeping for compliance with CRS</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤ Storm Pump Station Upgrade has received bids on the supply of a portable pump and hoses in lieu of physical upgrade of the existing pump station, thus providing for more flexibility and options in the use of the equipment. The sediment ponds and traps were restored with FEMA funds. Private storm systems were reviewed for maintenance compliance.</li> </ul>



# 2011 North Bend Accomplishments

## Technology Department

### Goal – Insure Efficiency of City Software Systems

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"><li>➤ Automate the permitting process</li><li>➤ Implement upgrades to accounting software as released.</li><li>➤ Minimize individual employee downtime to less than 24 hours on PC's, printers, and specialized equipment.</li></ul>	<ul style="list-style-type: none"><li>➤ Conduct a study of options for automating permitting process, including evaluation of "Citizen Connect".</li><li>➤ Conduct a two week testing period prior to live launch of any upgrade to insure stability of product</li></ul>	<ul style="list-style-type: none"><li>➤ Will implement Citizen Connect website for permits in 2012.</li><li>➤ We are currently conducting a multi-month B&amp;O testing process</li></ul>



## 2012 Departmental Goals

<b>Administration and Record Services</b>
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<b>Goal – Complete New Solid Waste Contract for City</b>		
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<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Finalize new Solid Waste Collection Franchise for City of North Bend</li> <li>➤ Unify City collection contractor, if feasible</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sign new Franchise Agreement</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

<b>Goal – Complete Tollgate Improvements</b>		
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<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Help complete the improvements to the Tollgate Central Meadow</li> </ul>	<ul style="list-style-type: none"> <li>➤ Work with Si View MPD to complete phase one of the Central Meadow improvements including trail, parking lot, tot lot and rest rooms</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

<b>Goal – Create Code Enforcement Plan</b>		
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<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Create a tiered level Code Enforcement Plan with Building Official</li> </ul>	<ul style="list-style-type: none"> <li>➤ Present to Council for adoption a plan to correct major code enforcement problems prior to May 15<sup>th</sup>, 2012</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

<b>Goal – Continue Fire Station Construction</b>		
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<i>Objective</i>	<i>Measurement</i>	
<ul style="list-style-type: none"> <li>➤ Complete Architectural Plans</li> <li>➤ Get project out to bid</li> </ul>	<ul style="list-style-type: none"> <li>➤ Finalize architectural documents needed for bidding by end of February</li> <li>➤ Advertise project for bidding by April 15<sup>th</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>



## 2012 Departmental Goals

<b>Goal – Updates to Records Management Program</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update written Records Program to include electronic records management</li> <li>➤ Continue review &amp; update of City property files</li> <li>➤ Meet with North Bend branch of KC Library to arrange for disposition of outdated City documents</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Research best practices</li> <li>➤ Draft electronic records policy</li> <li>➤ Provide staff training</li> <li>➤ Audit each individual property file held by City</li> <li>➤ Removal of outdated city documents from City library shelves</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>
<b>Goal – Increase in Pet Licensing</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Increase the number of King County Pet Licenses sold in North Bend to help offset the cost of Animal Services</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Meet with businesses related to pets in North Bend and recruit them to promote licensing program which benefits homeless pets</li> <li>➤ Increase promotion of pet licensing benefits through all communications resources</li> <li>➤ Increase the number of licenses sold by 10% over 2011</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>
<b>Goal – Increase in Communication Program</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Increase in communication program that improves community access to city government &amp; strengthens public understanding of the city by citizens and groups</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Go live with new website</li> <li>➤ Increase public service programming on NBTV Channel 21, &amp; Radio Station AM1650</li> <li>➤ News Releases on issues &amp; topics beneficial to community</li> <li>➤ Develop &amp; design city newsletter, brochures &amp; handouts</li> <li>➤ Community Surveys</li> <li>➤ Increase the number of citizens/groups signed up for the city's email distribution list by 10%</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>



# 2012 Departmental Goals

## Finance Department

### Goal - Create an Award Winning Budget Document

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Create a 2012 budget document that is worthy of awards at all levels.</li> <li>➤ Create an error checking process to ensure fund balances are correct</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implement performance measurements where possible and appropriate</li> <li>➤ Highlight department accomplishments from 2011</li> <li>➤ Maintain ease of use and readability</li> <li>➤ Focus on transparency over volume</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal – Receive a “Clean” Audit from the State Auditor’s Office

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Maintain controls and performance in all departments that leads to a “No Findings” audit from the State Auditor.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Audit Report issued with “No Findings”</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal – Update Financial Policies

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Create and update policies to directly mirror the risk profile and business model of the City.</li> <li>➤ Receive 0 comments to the policy or enacted procedures by state auditors</li> </ul>	<ul style="list-style-type: none"> <li>➤ Review &amp; draft policies to directly mirror the risk profile and business model of the City.</li> <li>➤ Update Debt and General Financial Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal - Increase Staff Efficiencies

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Increase departmental depth through appropriate cross-training</li> </ul>	<ul style="list-style-type: none"> <li>➤ Assign personnel to be cross trained for each process</li> <li>➤ Schedule cross training time for all processes to include B&amp;O taxes, business licensing, utility billing, accounts payable, and payroll.</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>



## 2012 Departmental Goals

<b>Goal – Complete Water &amp; Sewer Cost of Service Allocation (COSA) Study</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Review with consultant, management &amp; council the allocation of costs among all rate classes in the Water &amp; Sewer Utilities identified in the 2011 Rate Study</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Continue to work with consultant to review COSA with management and Council; possible adjusted rate distribution based on COSA Study</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>

### Police Department

<b>Goal - Completion of Business Contact Updates</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve communication between business and police and reduce commercial crime</li> <li>➤</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤</li> <li>➤ Contact Each Business in the city to ensure our contact information is accurate -for emergency needs (80% compliance)</li> <li>➤ Offer Crime Prevention assessment or survey if the Business is interested</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>

<b>Goal - Completion of School Threat Assessments</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Improve response to significant school situations</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Obtain Training that will enable the Police to review School Threat Assessment plans</li> <li>➤ Work with the Schools to improve any current plans</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>



## 2012 Departmental Goals

<b>Goal – Initiate Block Watch type of program</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Work with Residential Neighborhoods</li> <li>➤ Work with Multi Family Housing</li> <li>➤ Work with Local Businesses</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Citizen and Business participation</li> <li>➤ Reduced calls for service</li> <li>➤ Reduced Criminal Complaints</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>
<b>Goal – Reduce Dispatched Calls for Service</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Community Outreach</li> <li>➤ On Line Reporting</li> <li>➤ Alternative Call Handling</li> <li>➤ Web Page Education</li> <li>➤ False Alarm Reduction</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Audit DCFS</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>
<b>Goal - Obtain Commitment from City to Retain County Police Services Contract</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Continued partnership for the next 37 years</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Improve contract verbiage and costing model to satisfy all parties</li> <li>➤ Retain consistency that 37 years of service has developed</li> <li>➤ Allow the citizens to receive top level police services</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>



## 2012 Departmental Goals

<b>Community Services Department</b>
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<b>Goal - Update Comprehensive Plan Transportation</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Update the North Bend Comprehensive Plan Transportation Element. This includes evaluating and drafting a “conceptual plaza design” for downtown</li> <li>➤ Address Idling Requirements within the City of North Bend</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Hold 2 more public meetings to hear public concerns, options and recommendation.</li> <li>➤ Work with regional leaders within the trucking industry to best understand the needs of trucks and options to resolve issues</li> <li>➤ Review the Planning Commission recommendations with Council Committee prior to taking it to council for final adoption.</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>








<b>Goal – Create a Sustainability Element of the Comprehensive Plan</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Develop a new Sustainability Element of the Comprehensive Plan</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Hold public meeting to hear public concerns, options and recommendation.</li> <li>➤ Create a city sustainable leadership team</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>





## 2012 Departmental Goals

<ul style="list-style-type: none"> <li>➤ North Bend Cyclocross Bike Fest (a new event)</li>   <li>➤ Block Party</li> </ul>	<ul style="list-style-type: none"> <li>➤ We will work with Seattle Cyclocross and local business leaders to attract and put on the first cyclocross fest in the Puget Sound area.</li> <li>➤ Work with more than 100 local organizations and businesses to organize Block Party.</li> </ul>	
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### Goal – Complete the North Bend Recreation Map for Website

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ The Economic Development Commission will take the lead to complete the North Bend Recreation/Tourism interactive map for the website.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Hold one meeting a month where the EDC will dedicate the time to populate the website map until it is complete.</li> <li>➤ Have the EDC take on updating and managing the Outside Seattle Website and make this website our tourism arm.</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal – Develop a Redevelopment Plan for Downtown Core

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Create a 5 year plan to locate a new City Hall in Downtown using it as a driver for economic development.</li> <li>➤ Create a downtown plaza design.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Develop a strategic plan to redevelop downtown core and include a new City Hall as an economic development strategy.</li> <li>➤ Planners will put together a proposal which we will then share with the public at a public meeting.</li> <li>➤ Conduct a community survey to gauge interest in the proposal</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>



# 2012 Departmental Goals

## Public Works Department

### Goal – Capital Improvements

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Provide for the betterment of the City's infrastructure in streets, water, and sewer through the construction of improvements with the use of grants, loans, and other funding sources.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Installation of sidewalk and landscape improvements along the north side of North Bend Way from Orchard Street to Downing Avenue</li> <li>➤ Purchase of the portable storm water pump and hoses in lieu of upgrade to the Sr. Center Pump Station</li> <li>➤ Install Phase 2 of odor control improvements at the WWTP</li> <li>➤ Design and start construction on the replacement of the AC water main in 415<sup>th</sup> Avenue SE</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal – Planning for the Future

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Develop guidance for the future management of the PW divisions through the adoption of comprehensive planning documents</li> </ul>	<ul style="list-style-type: none"> <li>➤ Completion of the update to the Transportation Element of the Comp Plan</li> <li>➤ Completion of the Floodplain Management Plan update</li> <li>➤ Completion of the update to the Storm Water Element of the Comp Plan</li> <li>➤ Prepare capital program update to the Sewer Comp Plan for the next 10 years</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>

### Goal – Preparing Franchises

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> <li>➤ Provide guidance and permission to private utilities on the use of the City's rights-of-way for the benefit of the City and its citizens.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Prepare a franchise for Sallal Water Association</li> <li>➤ Prepare a franchise for Comcast</li> <li>➤ Finalize franchise with PSE</li> <li>➤ Continue coordination with King County on North Bend's franchises for water and sewer in County rights-of-way</li> </ul>	<ul style="list-style-type: none"> <li>➤</li> </ul>



Photo by Mary Miller

Look deep, deep into nature, and then you will understand everything better.  
**Albert Einstein**



## 2012 Departmental Goals

<b>Goal – Overlaying Streets</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Preserve the City’s past investments in its roadways by the overlay of existing streets based on a priority of need using pavement rating</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Overlay North Bend Way and Mt Si Blvd to planned limits with the use of authorized TBD funds and TIB grant</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>
<b>Goal – Improved Emergency Management</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Provide for the future safety of the staff and public and the minimization of damages through prior planning for managing future disaster events.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Prepare a WWTP emergency response plan to ensure that any service interruption in the system is recovered within 8 hours</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>

### Technology Department

<b>Goal – Insure Efficiency of City Software Systems</b>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> <li>➤ Automate the permitting process</li> <li>➤ Implement upgrades to accounting software</li> <li>➤ Upgrade obsolete hardware according to replacement schedule</li> <li>➤ Minimize individual workers downtime to less than 24 hours on PC’s, printers, and specialized equipment.</li> </ul>	<p><i>Measurement</i></p> <ul style="list-style-type: none"> <li>➤ Citizen’s Connect Permit information website LIVE</li> <li>➤ Test and implement accounting software upgrades over a monthly cycle</li> <li>➤ Replace PCs older than 5-years</li> <li>➤ Increase support from outside vendor to support network uptime</li> </ul>	<p><i>Progress</i></p> <ul style="list-style-type: none"> <li>➤</li> </ul>



Photo by Mountains to Sound Greenway

The best thing about the future is that it comes only one day at a time.

**Abraham Lincoln**



## 2012 Financial Message

Greetings! As the City of North Bend Finance Manager it is my duty and honor to present the Finance Department Budget Message for 2012. In the reports below I will provide details regarding how the City concluded Fiscal Year 2011, what assumptions we are relying upon in 2012 and our projections for how we will end the year.

2011 General Fund revenues exceeded the budget by a net \$57,226; mainly as a result of increases in sales (4% or \$68,520) & gambling taxes, building permits, intergovernmental grants, "charges for services", fines & miscellaneous and one-time reimbursements from projects (\$63,854). This increase is net of short-falls in Business & Occupation (B&O) (\$127,730) and private utility (\$63,346) taxes. Since utility taxes are a function of usage, budget estimates are derived from prior year's actual use. Utility taxes were estimated on historical averages. As a result of decreased utility use resulting from a mild weather year and citizens replacing their wireline telephone with cellular and/or cable IP telephone service, the estimates for 2011 were simply too high. In planning for the 2012 fiscal year, B&O and utility taxes have again been adjusted downward; \$69,500 & \$18,500 respectively. Sales & Use tax is being projected at the 2010 level, reflecting a conservative stance in projecting economic recovery in 2012.

Correspondingly, the General Fund expenditures in 2011 were closely scrutinized, and many budgeted expenditures were simply eliminated, saving \$85,976. Savings were achieved in several areas: management staff adjustments saving salary & benefits (a net estimated \$67,987), Police contract modifications (\$61,686) and reduced parks maintenance (\$32,826). Additionally, unbudgeted revenues were received in the following funds (offsetting General Fund expenditures): streets (\$32,397), Economic Development (\$18,626) and Capital Improvement (\$8,514). The following expenditure *increases* were noted: jail contract (\$46,967), court services (\$14,077), streets maintenance (\$27,871) and projects (\$48,350). In reviewing 2011, it is also important to note that the City Council chose not to expend any portion of their 10% General Fund reserve, thus preserving over \$500,000.

As department budgets were compiled for 2012, the same level of scrutiny was employed. Special projects were suspended so that the City could continue to focus on funding those services identified in the City's Mission Statement; public safety and transportation infrastructure, while maintaining quality public services and economic stability. The result of this belt-tightening and frugality is that the City ended the year with a positive cash position and a fully funded 10% General Fund reserve.

Despite some positive economic indicators, we have resisted the temptation to become too optimistic on our revenue projections, opting instead to project the status quo in 2012. There is one significant change in revenue projection, however, as a result of a new subdivision plat on Maloney Grove. A conservative number of homes and their corresponding revenue were included in the 2012 budget. The net revenue expectation from this plat is anticipated to be \$41,660 for Building Permits and \$39,050 for Plan Review Fees. The water and sewer utility funds continue to remain solvent. With the water system improvements completed as a result of new water rights from the State of Washington coupled with the construction of sewer ULID#6, a new comprehensive water and sewer rate-study was started in 2011 to provide necessary updating & augmentation to the previous study conducted in 2006. The first outcome of this rate-study was a 19% water rate increase effective December 1, 2011. The storm & flood utility continues to be stable and is not currently part of the ongoing rate-study. A potential new solid waste contract in 2012 may materialize savings to citizens and continue to stabilize this fund.

Despite the well-documented national issues about weak housing markets, the City of North Bend was active during 2010, issuing 10 building permits to build new houses and approving our first new subdivision final plat since 2002. In 2011, the City issued 11 permits to build new houses and also received an *additional* subdivision plat for 142 residential lots. This has already resulted in the issuance of 12 building permits for new houses in 2012 (thru February). With collection of the charges for the services rendered in the permitting process, real costs were defrayed and real revenues were realized. In



Photo by Matt Johnson

The course of nature is the art of God.  
**Edward Young**



## 2012 Financial Message

keeping with our conservative approach in 2012, we have not assumed rapid growth in new housing activity. Our hope remains high that new growth and redevelopment is returning.

In 2011, citizens voted to approve the issuance of bonds and the building of a new \$5 Million Fire Station in partnership with King County Fire District #38. The Citizens also voted to approve the formation of the City's first Transportation Improvement District (TBD) and impose a 0.2% Sales & Use tax dedicated to transportation improvements within the City. The TBD may yield revenue of over \$400K annually for 10 years; receipts are expected to begin June 2012.

Moving into 2012, positive dynamics are materializing: The City ended 2011 with an improved General Fund cash position and favorable sales tax revenue data confirming a continued economic recovery for the City of North Bend. The City is expecting some growth in 2012, which will contribute toward expanding our overall tax base. The City also possesses new funding from our TBD for important transportation projects. Management is committed to controlling costs and collaborating to ensure continued delivery of high-quality services; our outlook for 2012 is optimistic.

**Stan Lewis**  
Finance Manager



# 5 Year Projections

**City of North Bend, Washington**  
**Fund Resources and Uses Arising From Cash Transactions**  
**For the General Fund**  
**(For The Year Ended December 31)**

	<b>Budgeted 2012</b>	<b>Projected 2013</b>	<b>Projected 2014</b>	<b>Projected 2015</b>	<b>Projected 2016</b>
<b>REVENUES:</b>					
Taxes	\$ 4,809,085	\$ 4,929,312	\$ 5,052,545	\$ 5,153,596	\$ 5,256,668
Licenses and Permits	124,760	130,000	100,000	60,000	60,000
Intergovernmental	95,046	100,000	100,000	100,000	100,000
Charges for Services	86,860	90,000	70,000	60,000	60,000
Fines and Forfeits	22,750	23,205	23,669	24,142	24,625
Miscellaneous	13,700	15,000	15,000	15,000	15,000
Other Financing Sources	55,000	55,000	55,000	55,000	55,000
<b>TOTAL REVENUES:</b>	<u>\$ 5,207,201</u>	<u>\$ 5,342,517</u>	<u>\$ 5,416,214</u>	<u>\$ 5,467,738</u>	<u>\$ 5,571,293</u>
<b>EXPENDITURES:</b>					
General Government	\$ 946,032	\$ 974,413	\$ 1,003,645	\$ 1,033,755	\$ 1,064,767
Public Safety	2,570,316	2,673,129	2,753,322	2,835,922	2,921,000
Physical Environment	2,900	2,987	3,077	3,169	3,264
Economic Environment	397,516	409,441	421,725	434,376	447,408
Mental and Physical Health	1,200	1,236	1,273	1,311	1,351
Culture and Recreational	421,604	434,252	447,280	460,698	474,519
<b>TOTAL EXPENDITURES:</b>	<u>\$ 4,339,568</u>	<u>\$ 4,495,458</u>	<u>\$ 4,630,322</u>	<u>\$ 4,769,232</u>	<u>\$ 4,912,309</u>
Excess of Revenues Over (Under) Expenses	<u>\$ 867,633</u>	<u>\$ 847,059</u>	<u>\$ 785,892</u>	<u>\$ 698,507</u>	<u>\$ 658,985</u>
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	(79,780)	(80,000)	(80,000)	(80,000)	(80,000)
Other Financing Uses	(733,266)	(747,931)	(762,890)	(778,148)	(793,711)
Nonrevenues	-	-	-	-	-
Nonexpenditures	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (813,046)</u>	<u>\$ (827,931)</u>	<u>\$ (842,890)</u>	<u>\$ (858,148)</u>	<u>\$ (873,711)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	\$ 54,587	\$ 19,128	\$ (56,998)	\$ (159,641)	\$ (214,726)
<b>Beginning Fund Balance, Jan. 1</b>	\$ 983,574	\$ 1,038,161	\$ 1,057,289	\$ 1,000,291	\$ 841,120
Prior Year Adjustments	-	-	-	470	-
<b>Ending Fund Balance, Dec. 31</b>	<u>\$ 1,038,161</u>	<u>\$ 1,057,289</u>	<u>\$ 1,000,291</u>	<u>\$ 841,120</u>	<u>\$ 626,394</u>

	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016
<b>OPERATING REVENUES</b>					
Water Sales & Charges <sup>(3)</sup>	\$ 1,197,576	\$ 1,496,970	\$ 1,871,213	\$ 1,871,213	\$ 1,871,213
Water Interest Income	750	765	780	796	812
General Fund Contribution (33.65% Bond Pymt) Public Works bldg. <sup>(2)</sup>	130,100	130,294	130,058	131,063	94,763
Capital Fees (GFCs)	424,500	424,500	-	-	-
Water Miscellaneous	-	776	776	776	776
<b>Total Water Revenues</b>	<b>\$ 1,752,926</b>	<b>\$ 2,053,305</b>	<b>\$ 2,002,827</b>	<b>\$ 2,003,847</b>	<b>\$ 1,967,563</b>
Sewer Sales & Charges <sup>(3)</sup>	\$ 1,556,600	\$ 1,648,428	\$ 1,743,911	\$ 1,778,789	\$ 1,814,364.55
Sewer Interest Income	2,000	2,040	2,081	2,122	2,165
Capital Fee Adjustment (GFCs)	360,750	360,750	-	-	-
Sewer Miscellaneous	-	-	-	-	-
<b>Total Sewer Revenues</b>	<b>\$ 1,919,350</b>	<b>\$ 2,011,218</b>	<b>\$ 1,745,991</b>	<b>\$ 1,780,911</b>	<b>\$ 1,816,529</b>
Storm/Flood Service Charges	\$ 654,124	\$ 665,248	\$ 665,248	\$ 665,248	\$ 665,248
Storm/Flood Interest Income	500	500	500	500	500
Capital Fees (GFCs)	41,250	41,250	-	-	-
Storm/Flood Miscellaneous	500	500	500	500	500
<b>Total Storm/Flood Revenues</b>	<b>\$ 696,374</b>	<b>\$ 707,498</b>	<b>\$ 666,248</b>	<b>\$ 666,248</b>	<b>\$ 666,248</b>
Flood Plain Development Permit	\$ 500	\$ 100	\$ 100	\$ 100	\$ 100
Flood Plain Management Surcharge	164,250	166,500	166,500	166,500	166,500
Flood Interest Income	600	600	600	600	600
Flood Miscellaneous	-	-	-	-	-
<b>Total Flood Revenues</b>	<b>\$ 165,350</b>	<b>\$ 167,200</b>	<b>\$ 167,200</b>	<b>\$ 167,200</b>	<b>\$ 167,200</b>
<b>TOTAL COMBINED REVENUES</b>	<b>\$ 4,534,000</b>	<b>\$ 4,939,221</b>	<b>\$ 4,582,266</b>	<b>\$ 4,618,206</b>	<b>\$ 4,617,541</b>
<b>OPERATING EXPENDITURES</b>					
<b>Water-Maintenance &amp; Operations:</b>					
Salaries & Wages	\$ 326,644	\$ 336,443	\$ 346,537	\$ 356,933	\$ 367,641
Personnel Benefits	150,642	155,161.26	159,816	164,611	169,549
Supplies	18,000	18,540	19,096	19,669	20,259
Other Services & Charges	533,956	549,975	566,474	583,468	600,972
<b>Total Water-Maintenance &amp; Operations</b>	<b>\$ 1,029,242</b>	<b>\$ 1,060,119</b>	<b>\$ 1,091,923</b>	<b>\$ 1,124,681</b>	<b>\$ 1,158,421</b>
<b>Sewer-Maintenance &amp; Operations:</b>					
Salaries & Wages	\$ 250,232	\$ 257,739	\$ 265,471	\$ 273,435	\$ 281,638
Personnel Benefits	108,510	111,765	115,118	118,572	122,129
Supplies	31,600	32,548	33,524	34,530	35,566
Other Services & Charges	543,152	559,447	576,230	593,517	611,322
<b>Total Sewer-Maintenance &amp; Operations</b>	<b>\$ 933,494</b>	<b>\$ 961,499</b>	<b>\$ 990,344</b>	<b>\$ 1,020,054</b>	<b>\$ 1,050,656</b>
<b>Storm/Flood-Maintenance &amp; Operations:</b>					
Salaries & Wages	\$ 180,279	\$ 185,687	\$ 191,258	\$ 196,996	\$ 202,906
Personnel Benefits	73,460	75,664	77,934	80,272	82,680
Supplies	1,600	1,648	1,697	1,748	1,801
Other Services & Charges	129,897	133,794	137,808	141,942	146,200
<b>Total Storm/Flood-Maintenance &amp; Operations</b>	<b>\$ 385,236</b>	<b>\$ 396,793</b>	<b>\$ 408,697</b>	<b>\$ 420,958</b>	<b>\$ 433,587</b>
<b>Flood-Maintenance &amp; Operations:</b>					
Salaries & Wages	\$ 48,026	\$ 49,467	\$ 50,951	\$ 52,479	\$ 54,054
Personnel Benefits	17,707	18,238	18,785	19,349	19,929
Supplies	600	618	637	656	675
Other Services & Charges	20,429	21,042	21,673	22,323	22,993
<b>Total Flood-Maintenance &amp; Operations</b>	<b>\$ 86,762</b>	<b>\$ 89,365</b>	<b>\$ 92,046</b>	<b>\$ 94,807</b>	<b>\$ 97,651</b>
<b>TOTAL COMBINED EXPENDITURES</b>	<b>\$ 2,434,734</b>	<b>\$ 2,507,776</b>	<b>\$ 2,583,009</b>	<b>\$ 2,660,500</b>	<b>\$ 2,740,315</b>
<b>NET REVENUE AVAILABLE FOR DEBT SERVICE <sup>(1)</sup></b>					
	2,099,266	2,431,445	1,999,257	1,957,707	1,877,226
Bond Issue: 2006 (Stormwater improvements)	\$ 115,990	\$ 118,528	\$ 115,798	\$ 118,036	\$ 115,026
Bond Issue: 2010 (Refunding of '97 & '01 Bonds) 100%	256,528	256,909	256,445	258,425	186,850
Bond Issue: 2010 LTGO Refunding (13% for Sewer Land Purchase)	11,700	11,700	11,700	11,700	11,700
<b>ANNUAL DEBT SERVICE</b>	<b>\$ 384,218</b>	<b>\$ 387,137</b>	<b>\$ 383,943</b>	<b>\$ 388,161</b>	<b>\$ 313,576</b>
<b>PARITY LIEN COVERAGE</b>	<b>5.46X</b>	<b>6.28X</b>	<b>5.21X</b>	<b>5.04X</b>	<b>5.99X</b>
<b>Net Available for Jr. Lien &amp; Capital Expenses</b>	<b>\$ 1,715,049</b>	<b>\$ 2,044,308</b>	<b>\$ 1,615,314</b>	<b>\$ 1,569,545</b>	<b>\$ 1,563,650</b>
<i>Less:</i>					
Public Works Trust Fund Loans	\$ 204,084	\$ 202,538	\$ 200,994	\$ 199,449	\$ 184,500
State Revolving Loan & Other	267,452	267,274	267,095	266,916	266,738
Total Junior Lien Debt	\$ 471,536	\$ 469,812	\$ 468,089	\$ 466,365	\$ 451,238
Interfund Loan Debt	-	-	-	-	-
Remaining Net Revenue Available after Parity Debt & Jr. Lien Debt	<b>\$ 1,243,513</b>	<b>\$ 1,574,496</b>	<b>\$ 1,147,225</b>	<b>\$ 1,103,180</b>	<b>\$ 1,112,412</b>
Fund Balance Increased or (Used) <sup>(3)</sup>	\$ 1,243,513	\$ 1,574,496	\$ 1,147,225	\$ 1,103,180	\$ 1,112,412
Beginning Fund Balance Available (aka Rate Stabilization Fund)	\$ 1,384,876	\$ 2,628,389	\$ 4,202,885	\$ 5,350,110	\$ 6,453,290
Interfund Loans Received	\$0	\$0	\$0	\$0	\$0
Adjusted Remaining Net Revenue	<b>\$ 2,628,389</b>	<b>\$ 4,202,885</b>	<b>\$ 5,350,110</b>	<b>\$ 6,453,290</b>	<b>\$ 7,565,702</b>

<sup>(1)</sup> Net Revenue Available for Debt Service (or Net Operating Revenue) is calculated by taking the Gross Revenue (not including municipal tax revenues) less Costs of Operating & Maintenance Expenses (not including depreciation).

<sup>(2)</sup> 33.65% of the 2010 Refunding Bond payment is made by three sources from the General Fund: Parks, Streets & Shop, which use space in the facility built with the bond issue proceeds.

<sup>(3)</sup> A 19% Water rate increase was passed by City Council effective December 1, 2011 for January 2012 collection; annual CPI-W is automatically applied to Water & Sewer Rates effective January 1.



Photo by Tami Asars

Dwell in possibility.  
**Emily Dickinson**



# City of North Bend Planning Cycle

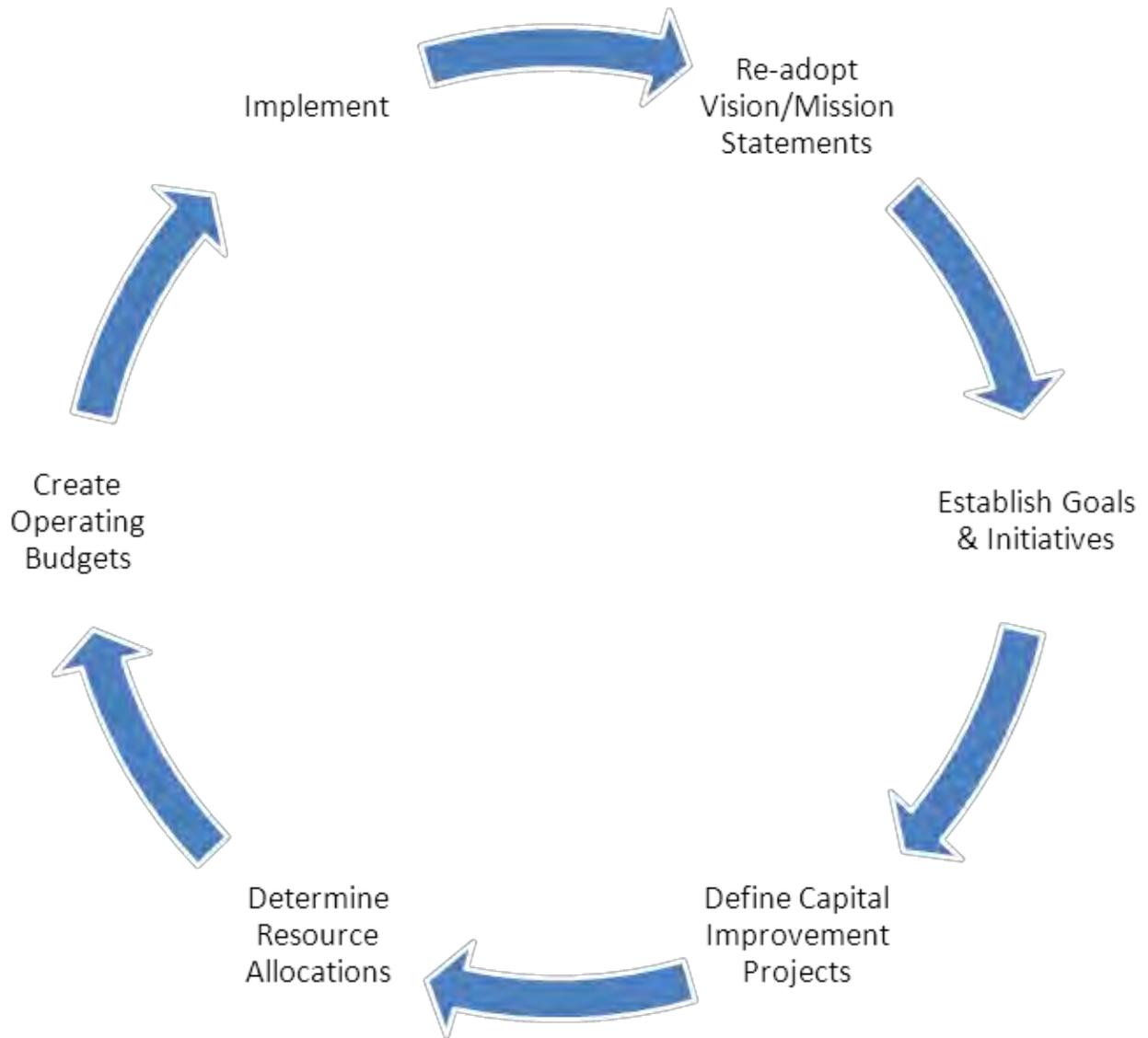




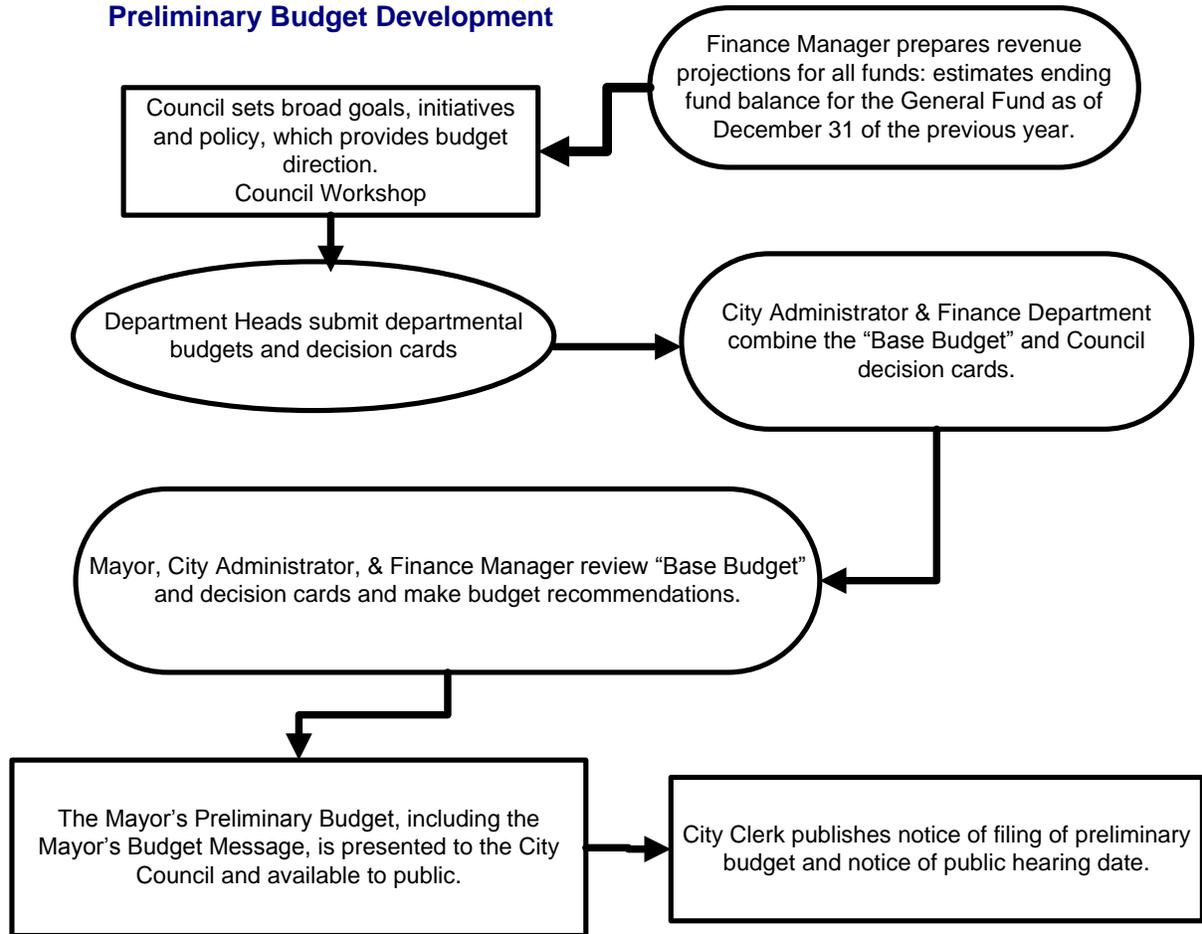
Photo by Michael McDevitt

In all things of nature there is something of the marvelous.  
**Aristotle**

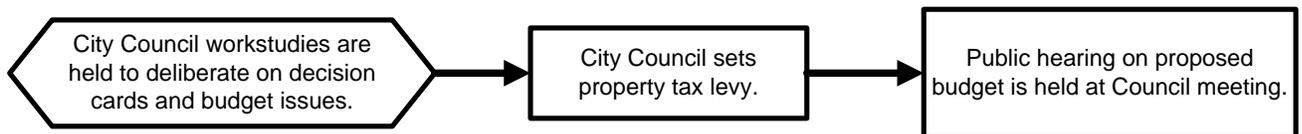


# 2012 Budget Process

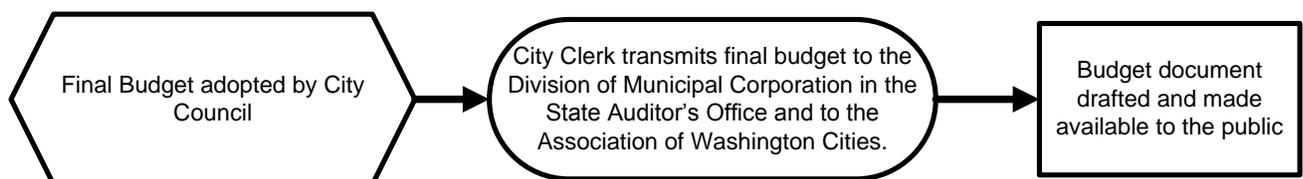
## Preliminary Budget Development



## Review/Discussion



## Budget Adoption





## 2012 Budget Calendar

Date/2011	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
June 21 <b>Council Meeting</b>		City Council meeting Motion approving 2012 Budget Calendar at a regular Council Meeting.
June 24		Draft Personnel projections for 2012
June 30	Second Monday in August (8/8)	Finance sends department budget requests to Managers
July 14	Fourth Monday in September (9/26)	Decision Cards Due from Management
July 18	October 1	Finance Manager prepares DRAFT revenue projections for General Fund; DRAFT estimate of ending balance for the General Fund on December 31, 2011
July 18		Mayor & City Administrator review Council Priorities " <i>Base-Budget</i> " and Decision Cards.
July 26 <b>Council Workstudy</b>		Council Budget <b>Workshop #1</b> Council Priorities, Base-Budget and 2012 Decision Cards
August 23 <b>Council Workstudy</b>		Council Budget <b>Workshop #2</b> General Fund (Impact on Streets & Econ. Development Funds)
September 13 <b>SPECIAL Council Workstudy</b>		City Council Budget <b>Workshop #3</b> Special Revenue Funds (Streets-Economic Development-Impact-REET) Review General Fund
September 19		<b>Finance Department Preparation for Preliminary Budget Booklet Publication:</b> Scrutinize numbers in accounting system for " <i>base-budget</i> ", include Mayor's Introductory Message, Council Priorities, decision cards and miscellaneous relevant materials.



## 2012 Budget Calendar

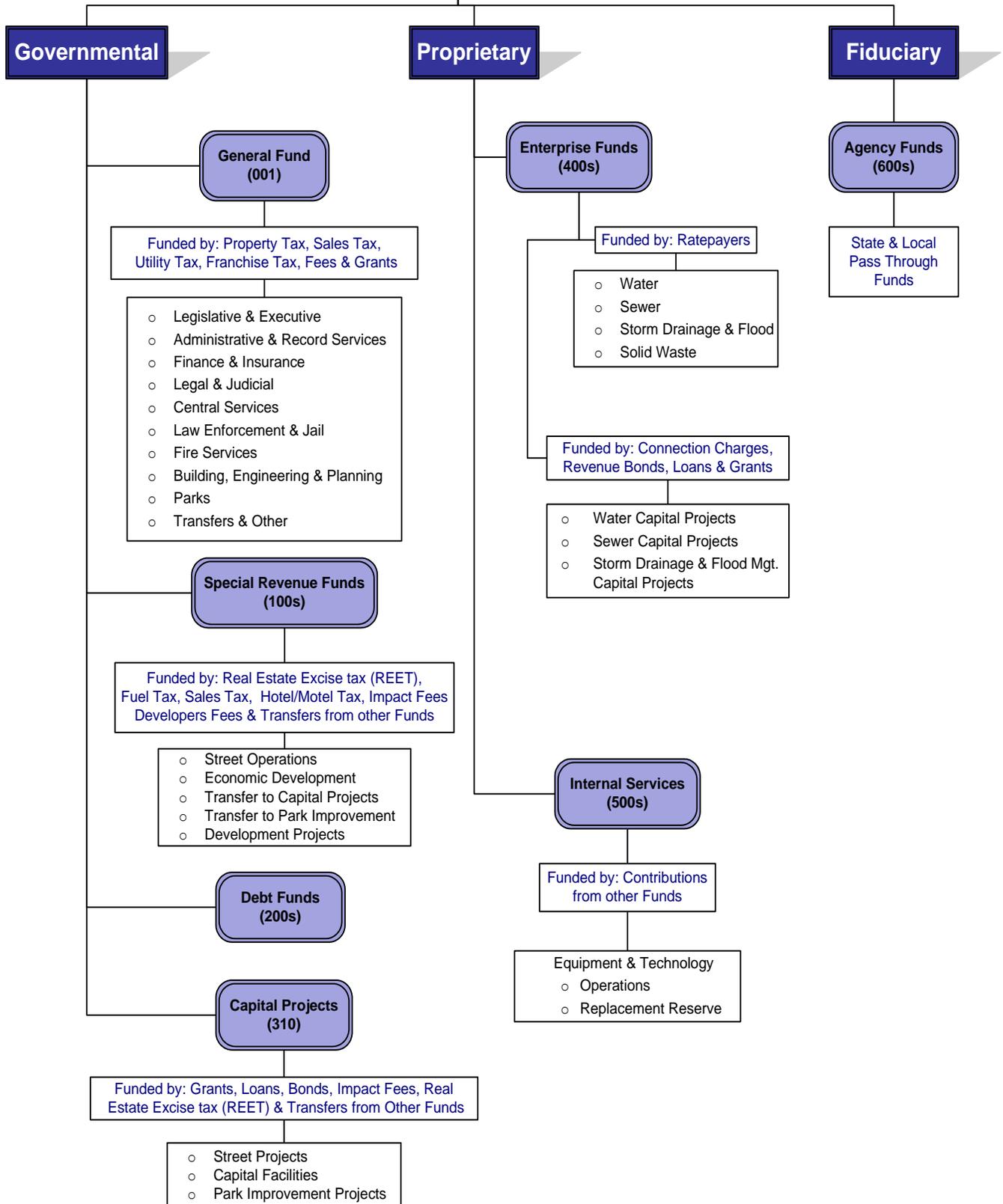
Date/2010	Time Limitations (State Law & NBMC)	Major Steps in Budget Preparation
September 27 <b>Council Workstudy</b>		Council Budget <b>Workshop #4</b> Debt Funds, Non-Utility Capital Projects with Corresponding Decision Cards, Utility Operations; Utility Capital Projects, Shop Operations & Technology Operations. All corresponding Decision Cards
October 3	On or before the first business day in the 3rd month prior to the next fiscal year (10/3)	<b>Preliminary Budget delivered</b> to the City Council and available to the public.
October 3	October 3	Publication of notice of availability of the 2012 Preliminary Budget for public review and Public Hearing notice for the same.
October 25 <i>Workstudy</i>		Council Budget <b>Workshop #5</b> Utility Operations; Utility Capital Projects, Shop Operations & Technology Operations. All corresponding Decision Cards
November 1 <b>Council Meeting</b>		2012 Preliminary Budget Presentation by the Mayor and Staff
November 15 <b>Council Meeting</b>	<b>Public Hearing Notice to Paper 10/19 for 10/26 publication</b>	City Council meeting First & Final reading: <b><u>Ordinance setting 2012 Property Tax Levy</u></b>
November 15 <b>Council Meeting</b>	<b>Notice to Paper 10/19 for 10/26 publication</b>	City Council meeting; <b>Public Hearing</b> and first reading of the 2012 Budget Ordinance



Photo by Carolyn Day

Life is either a daring adventure or nothing.  
**Helen Keller**

# FUND TYPES



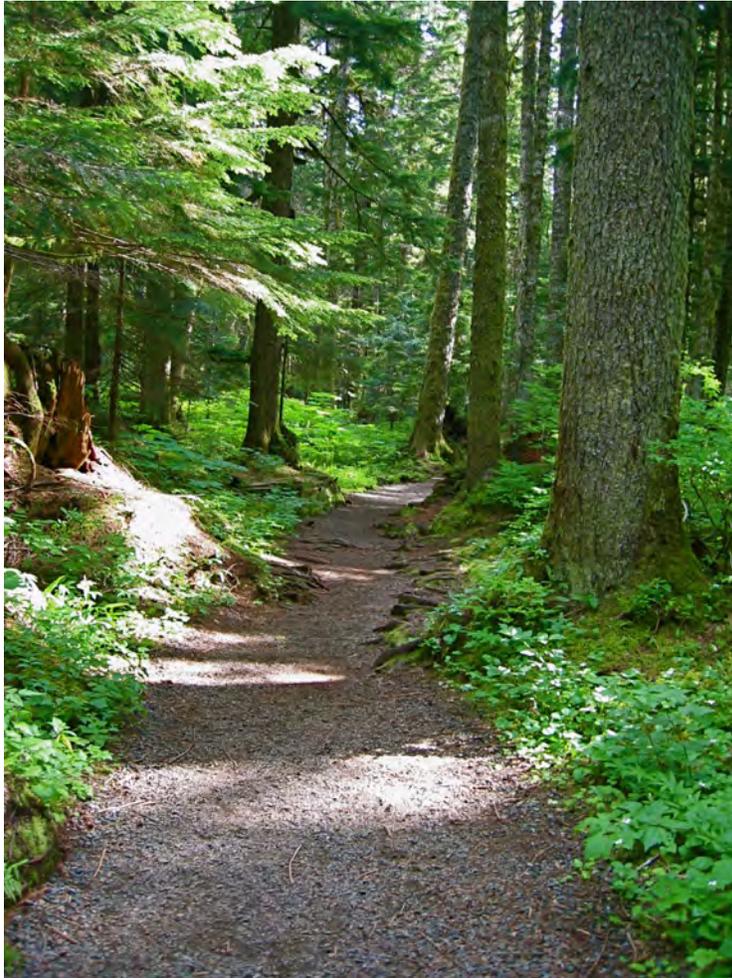


Photo by Tami Asars

I see my path, but I don't know where it leads. Not knowing where  
I'm going is what inspires me to travel it.

**Rosalia de Castro**

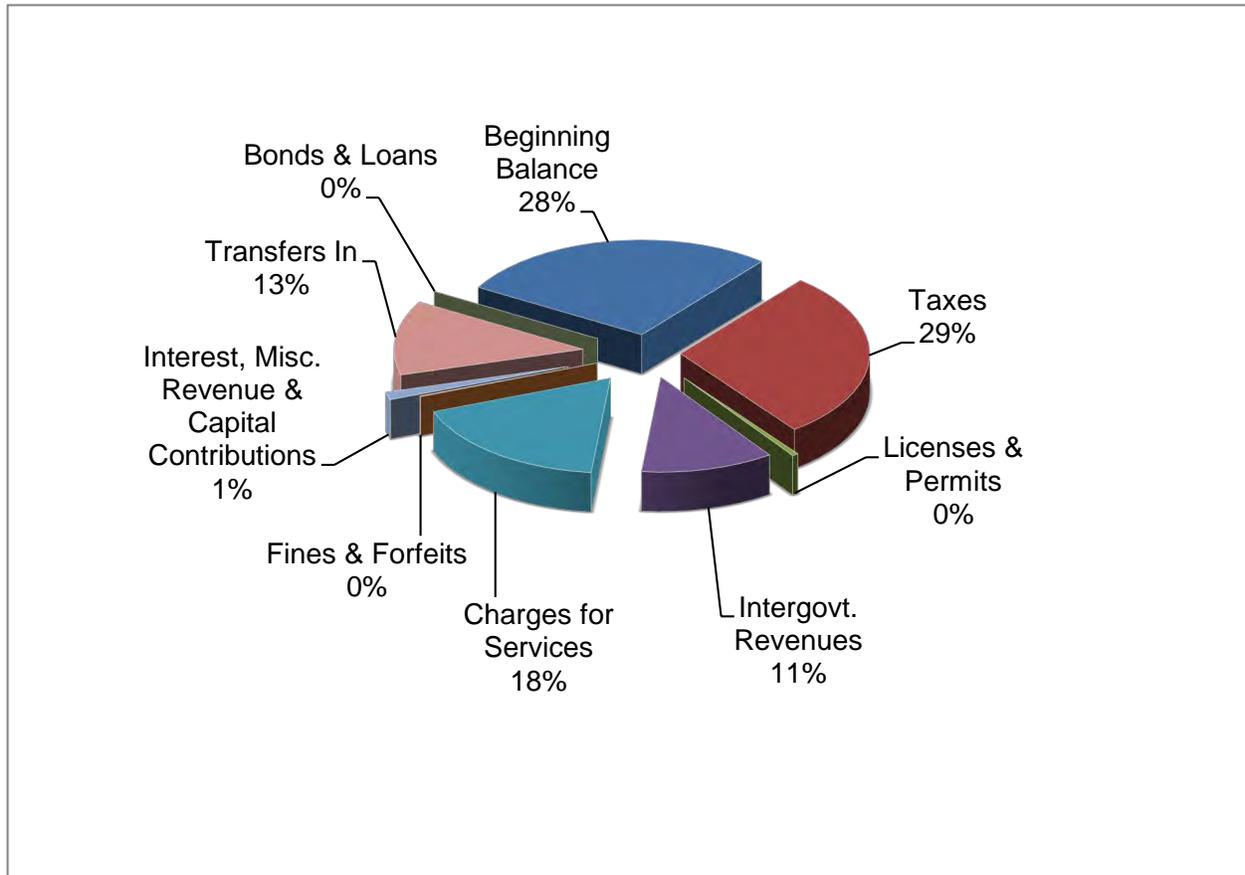


## 2012 Resources by Category

2012 RESOURCES BY CATEGORY (ALL FUNDS)											
FUND TITLE	Fund #	Beginning Balance	Taxes	Licenses & Permits	Intergovt. Revenues	Charges for Services	Fines & Forfeits	Interest, Misc. Revenue & Enterprise Capital Contributions	Transfers In	Bonds & Loans	Total Budget
<b>GENERAL FUND</b>	<b>001</b>	\$ 868,208	\$4,809,085	\$124,760	\$ 95,046	\$ 86,860	\$22,750	\$ 13,700	\$ 55,000	\$ -	\$ 6,075,409
<b>SPECIAL REVENUE FUNDS</b>											
City Streets	101	-	83,847	3,000	-	-	-	-	460,592	-	547,439
Arterial Streets	102	124,300	39,457	-	-	-	-	-	115,050	-	278,807
Streets Overlay	103	-	-	-	-	-	-	-	150,000	-	150,000
Impact Fees	106	97,081	-	-	-	-	-	44,077	-	-	141,158
Economic Development	108	-	6,600	-	-	-	-	-	57,624	-	64,224
Capital Improvement	110	-	120,000	-	-	-	-	60,000	-	-	180,000
Park Improvement	116	40,844	10,820	-	-	-	-	-	-	-	51,664
Development Projects	125	55,000	-	-	-	100,000	-	-	-	-	155,000
<b>DEBT SERVICE FUNDS</b>											
2010 LTGO Bond Refinancing	215	-	-	-	-	-	-	-	186,660	-	186,660
2011 Fire Station Bond Redem	216	1,999,500	130,870	-	-	-	-	-	-	-	2,130,370
PWTF Debt Service	240	-	-	-	-	-	-	-	6,060	-	6,060
<b>CONSTRUCTION FUNDS</b>											
Municipal Capital Projects	310	-	-	-	2,650,500	-	-	-	2,064,500	-	4,715,000
<b>ENTERPRISE FUNDS</b>											
Water Operating	401	265,441	-	776	-	1,196,800	-	750	-	-	1,463,767
Sewer Operating	402	668,679	-	-	-	1,556,600	-	196,000	-	-	2,421,279
Storm Drainage	404	446,945	-	-	-	643,000	-	1,100	-	-	1,091,045
Flood	404	340,184	-	500	-	162,000	-	600	-	-	503,284
Solid Waste	405	9,000	-	-	25,439	35,600	-	-	-	-	70,039
ULID #6 Bond Redemption	451	-	1,818,530	-	-	-	-	-	-	-	1,818,530
ULID #6 Bond Reserve	452	1,585,989	-	-	-	-	-	-	-	-	1,585,989
<b>INTERNAL SERVICE</b>											
Shop/Equipment Operating	501	-	-	-	-	308,642	-	-	-	-	308,642
Technology Operating	501	-	-	-	-	130,747	-	-	-	-	130,747
Equipment Reserve	502	170,447	-	-	-	47,314	-	-	-	-	217,761
Technology Reserve	502	54,972	-	-	-	22,277	-	-	-	-	77,249
<b>GRAND TOTAL</b>		<b>\$ 6,726,590</b>	<b>\$7,019,209</b>	<b>\$129,036</b>	<b>\$2,770,985</b>	<b>\$4,289,840</b>	<b>\$22,750</b>	<b>\$ 316,227</b>	<b>\$3,095,486</b>	<b>\$ -</b>	<b>\$24,370,123</b>



## 2012 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 2012. The beginning balances of the funds combined account for 28% of the total resources. Charges for Services the combined funds consist of 18% of the resource total and taxes account for another 29% of the total resources of the City.



## 2010-2012 Summary By Category Resources

### 2010-2012 RESOURCES BY CATEGORY (ALL FUNDS)

FUND TITLE	2010 Resources	2011 Resources (Un-audited)	2012 Adopted Resources
Beginning Balance	10,445,173	5,951,036	6,726,590
Taxes	5,123,807	5,016,520	7,019,209
Licenses & Permits	117,511	105,998	129,036
Intergovernmental Revenue	1,799,200	855,042	2,770,985
Charges for Services	4,019,139	4,259,873	4,289,840
Fines & Forfeits	18,520	39,258	22,750
Interest, Misc. Revenue & Capital Contributions	455,017	2,642,194	316,227
Interfund Transfers	2,109,846	2,039,365	3,095,486
Bonds & Loans	8,557,227	97,459	-
<b>GRAND TOTAL</b>	<b>\$32,645,441</b>	<b>\$21,006,744</b>	<b>\$24,370,123</b>



Photo by Sandy Horvath

New knowledge is the most valuable commodity on earth. The more truth we have to work with, the richer we become.

**Kurt Vonnegut**



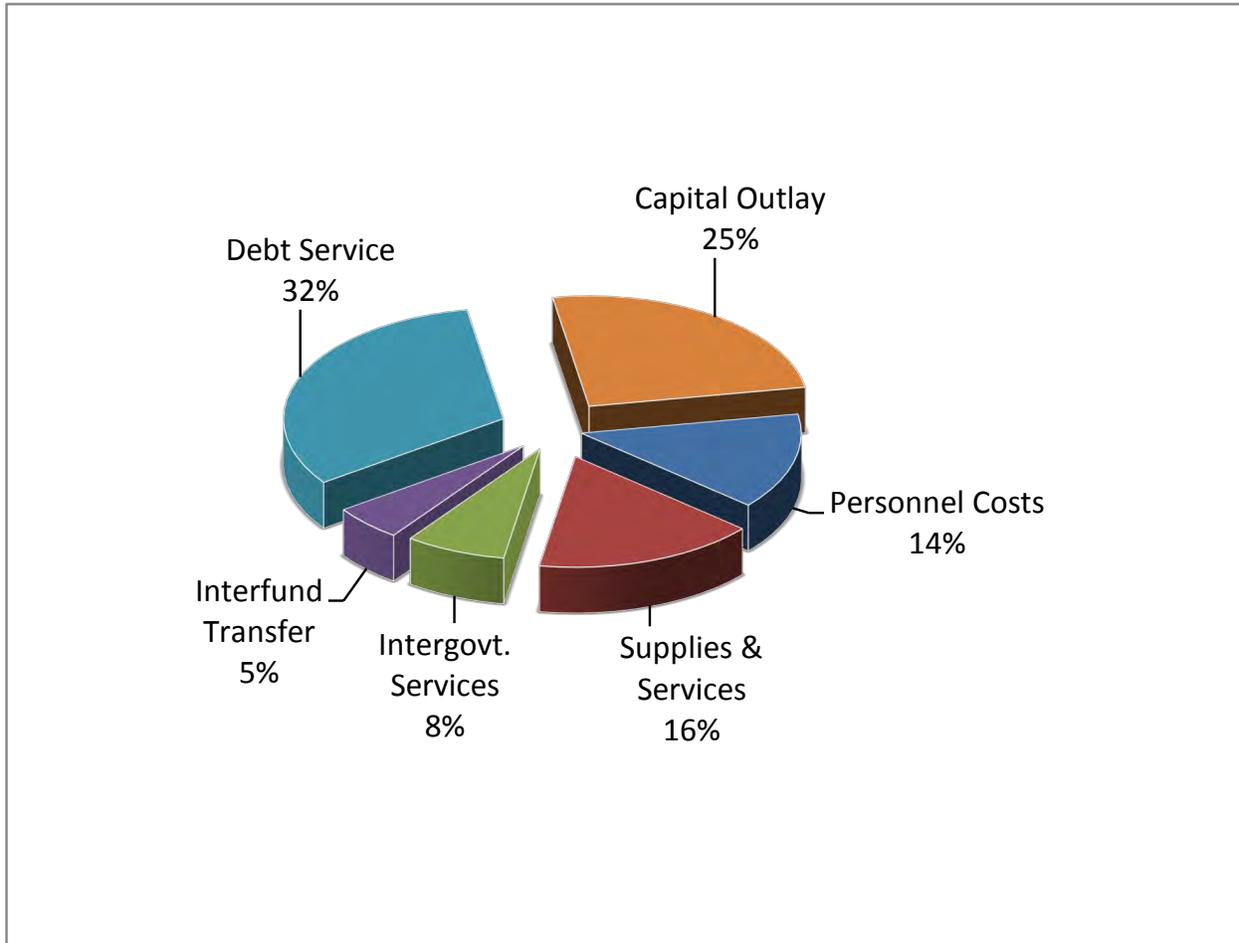
# 2012 Budget Expenditures

## 2012 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		\$ 40,304	\$ 10,800	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ 60,104
Administration & Financial		468,679	48,060	12,675	-	-	-	-	529,414
Legal & Judicial		-	147,670	39,500	-	-	-	-	187,170
Central Services		9,200	160,144	-	-	-	8,000	-	177,344
Law Enforcement & Jail		119,230	100,410	1,378,000	-	-	5,000	-	1,602,640
Fire Services		10,805	804,415	-	-	-	-	-	815,220
Building & Planning		456,550	61,112	-	-	-	8,250	-	525,912
Parks, Culture & Recreation		251,269	155,835	2,000	-	-	425	-	409,529
Human/Community Service Grants		-	91,500	-	-	-	-	-	91,500
Other Expenditures & Transfers		-	2,500	4,100	733,266	-	13,915	-	753,781
Ending Fund Balance: Total GF		-	-	-	-	-	-	922,795	922,795
<b>TOTAL GENERAL FUND</b>		<b>\$ 1,356,037</b>	<b>\$ 1,582,446</b>	<b>\$ 1,445,275</b>	<b>\$ 733,266</b>	<b>\$ -</b>	<b>\$ 35,590</b>	<b>\$ 922,795</b>	<b>\$ 6,075,409</b>
<b>Special Revenue Funds</b>									
City Streets	101	229,043	273,546	-	-	43,380	1,470	-	547,439
Arterial Streets	102	26,797	7,620	-	193,860	-	-	50,530	278,807
Street Overlay	103	-	150,000	-	-	-	-	-	150,000
Impact Fees	106	-	-	-	-	-	-	141,158	141,158
Economic Development	108	32,565	31,659	-	-	-	-	-	64,224
Capital Improvement	110	-	70	-	113,860	43,380	-	22,690	180,000
Park Improvement	116	-	-	-	-	-	-	51,664	51,664
Development Projects	125	-	100,000	-	55,000	-	-	-	155,000
<b>Debt Funds</b>									
2010 LTGO Bond Refinancing	215	-	-	-	-	186,660	-	-	186,660
2011 Fire Station Bond Redemp	216	-	-	-	-	2,130,370	-	-	2,130,370
PWTF Debt Service	240	-	-	-	-	6,060	-	-	6,060
<b>Const.</b>									
Municipal Capital Projects	310	-	-	-	-	-	4,715,000	-	4,715,000
<b>Enterprise Funds</b>									
Water	401	474,986	362,631	56,700	-	276,070	134,925	158,455	1,463,767
Sewer	402	357,542	536,507	45,950	-	450,486	351,495	679,299	2,421,279
Storm Drainage	404	252,639	129,312	12,550	-	159,370	735	536,439	1,091,045
Flood	404	65,733	16,894	3,400	-	735	-	416,522	503,284
Solid Waste	405	18,663	29,500	-	-	16,090	-	5,786	70,039
ULID #6 Bond Rdmpt.	451	-	-	-	-	1,818,530	-	-	1,818,530
ULID #6 Bond Reserve	452	-	-	-	-	1,585,989	-	-	1,585,989
<b>Internal</b>									
Shop/Equipment Operating	501	109,377	154,390	-	-	43,380	1,495	-	308,642
Technology Operating	501	52,627	78,120	-	-	-	-	-	130,747
Equipment Reserve	502	-	-	-	-	36,660	-	181,101	217,761
Technology Reserve	502	-	-	-	-	-	17,123	60,126	77,249
<b>GRAND TOTAL ALL FUNDS</b>		<b>\$ 2,976,009</b>	<b>\$ 3,452,695</b>	<b>\$ 1,563,875</b>	<b>\$ 1,095,986</b>	<b>\$ 6,797,160</b>	<b>\$ 5,257,833</b>	<b>\$ 3,226,565</b>	<b>\$ 24,370,123</b>



## 2012 Budget Expenditures



The above graph illustrates the total combined expenditures of all City funds, broken out into expense categories. Capital Outlay expenditures account for 25% of the total City expenditures. Personnel costs combined amount to 14%, Intergovernmental Services account for 8% and Debt Services account for 32% of the City wide expenditures.



## 2010-2012 Summary By Category Expenditures

### 2010-2012 EXPENDITURES SUMMARY CLASSIFICATION BY CATEGORIES (ALL FUNDS)

FUND TITLE	2010 Actual	2011 Actual Un-Audited	2012 Adopted
Personnel Costs	3,042,040	2,801,020	2,976,009
Supplies & Services	3,221,971	3,272,450	3,452,695
Intergovernmental Services	1,342,569	1,573,770	1,563,875
Interfund Transfer	2,318,828	2,041,051	1,095,986
Debt Services	3,218,329	1,823,681	6,797,160
Capital Outlay	13,550,668	2,744,236	5,257,833
Ending Fund Balances	5,950,577	6,750,062	3,226,565
<b>GRAND TOTAL ALL FUNDS</b>	<b>\$ 32,644,982</b>	<b>\$ 21,006,272</b>	<b>\$ 24,370,123</b>



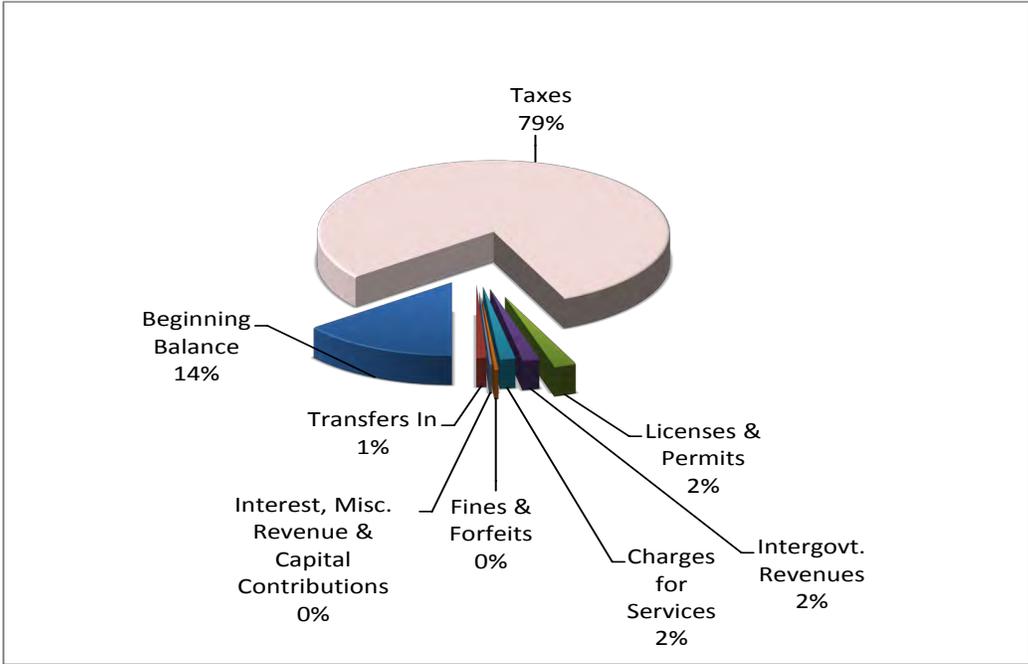
Photo by Sandy Horvath

There are glimpses of heaven to us in every act, or  
thought, or word, that raises us above ourselves.  
**A. P. Stanley**



# General Fund Summary

## Where does money come from? General Fund Revenue



## Where does money go? General Fund Expenditures

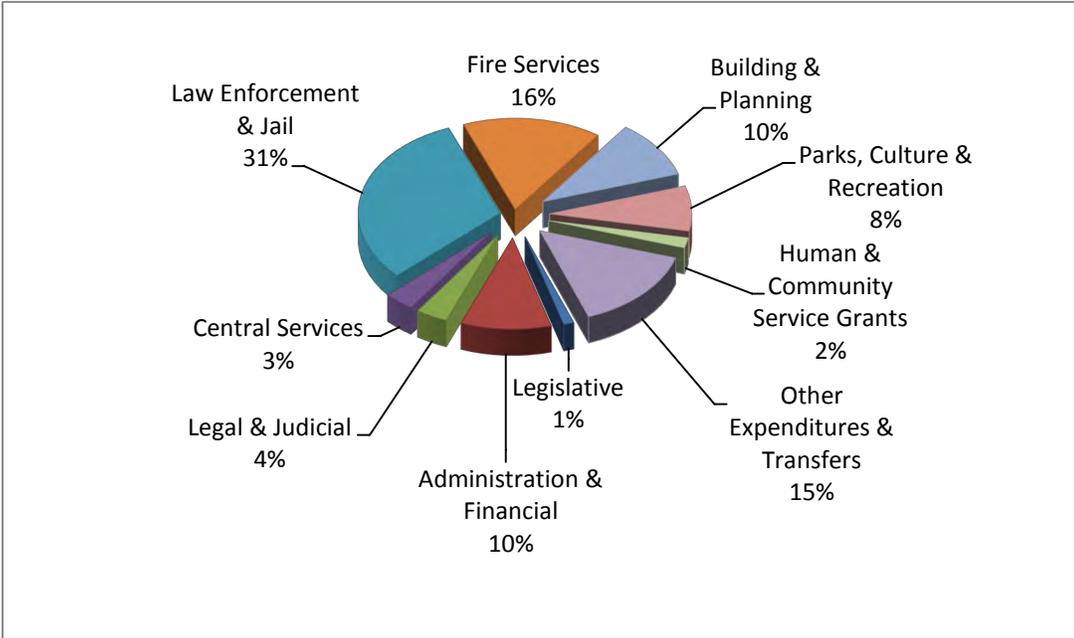




Photo by Tami Asars

If you don't know where you are going, you'll end up some place else.  
**Yogi Berra**



# General Fund Summary 2010-2012

Description	2010 Actual	2011 Actual (Un-audited)	2012 Adopted
10% Reserve	593,288	496,927	515,261
Carryover from previous year	302,649	376,909	352,947
Additional Carryover Set Aside			
<b>Projected Revenues</b>			
Property Tax	1,259,374	1,218,374	1,245,390
Sales Tax	1,655,193	1,710,520	1,655,192
Sales and Use Tax Per Capita	108,703	116,835	108,703
Business & Occupation Tax	735,162	671,770	730,000
B&O Private Utility Taxes	606,491	625,154	670,000
Cable TV Franchise Fees	82,500	81,800	82,500
City Utilities Tax	217,740	244,378	275,000
Gambling & Other Taxes	36,642	38,600	38,300
B&O Penalties and Interest	4,142	6,761	4,000
Licenses & Permits	109,707	99,409	124,760
Intergovernmental	133,172	125,941	95,046
Charges for Services	64,177	79,022	86,860
Fines and Forfeitures	18,520	39,258	22,750
Investment Interest and Miscellaneous	59,224	18,037	13,700
Transfers from Other Funds for General Fund	123,562	163,406	55,000
Overhead			
Other One Time Financing Sources	-	-	-
<b>Total Revenues</b>	<b>5,214,310</b>	<b>5,239,263</b>	<b>5,207,201</b>
<b>Total Revenues and Resources</b>	<b>6,110,247</b>	<b>6,113,099</b>	<b>6,075,409</b>
<b>Projected Expenditures</b>			
Legislative	61,260	65,756	60,104
District Court	30,619	43,077	39,500
Admin & Record Services	274,044	289,865	248,755
Financial Services	318,928	240,346	280,659
Legal	122,834	137,312	147,670
Central Services	199,468	158,684	177,344
Law Enforcement	1,286,019	1,455,477	1,492,640
Fire Services	819,393	842,828	815,220
Jail Contracts	82,099	123,967	110,000
Building	201,567	131,791	202,446
Community Organizations	41,740	29,086	23,300
Human Service Organizations	74,500	74,500	79,000
Planning	318,035	352,891	323,466
Parks	463,624	435,016	405,329
Land & Building Management	268,298	-	13,915
Transfers			
To Streets Operations	214,129	407,795	460,592
To Capital Streets	120,417	116,074	115,050
To Streets Overlay		50,000	100,000
To Economic Development Fund	32,000	35,156	57,624
To Capital Improvements (REET) (110)	50,000	48,909	-
Other Miscellaneous Transfers	251,237	97,195	-
<b>Total Expenditures</b>	<b>5,230,211</b>	<b>5,135,726</b>	<b>5,152,614</b>
10% Reserve	593,288	496,927	515,261
<b>Total Expenditures &amp; 10% Reserve</b>	<b>5,823,499</b>	<b>5,632,653</b>	<b>5,667,875</b>
<b>PROJECTED Discretionary Carryover</b>	<b>286,748</b>	<b>480,447</b>	<b>407,534</b>

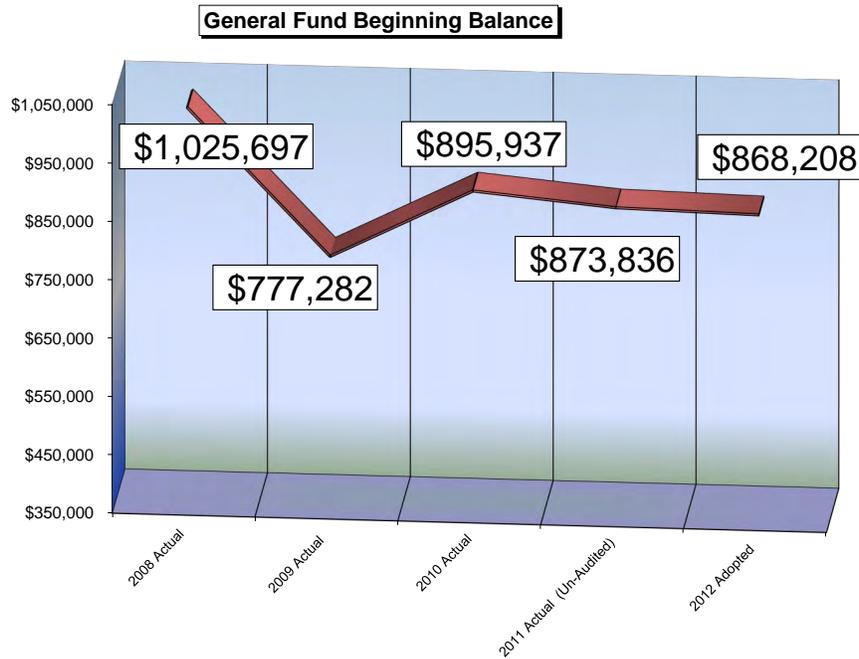
# GENERAL FUND RESOURCES

Category	2008 Actual	2009 Actual	2010 Actual	2011 Actual (Un-Audited)	2012 Adopted
<b>Beginning Fund Balance</b>					
Prior Year: 10% Reserve or Less	429,203	486,641	593,288	496,927	515,261
Unencumbered Reserve	596,494	290,641	302,649	376,909	352,947
<b>Grand Total</b>	<b>\$ 1,025,697</b>	<b>\$ 777,282</b>	<b>\$ 895,937</b>	<b>\$ 873,836</b>	<b>\$ 868,208</b>
<b>Revenues</b>					
Taxes					
Property Tax	\$ 944,814	\$ 965,029	\$ 1,259,374	\$ 1,218,374	<b>\$ 1,245,390</b>
Sales Tax	1,791,427	1,642,163	1,763,896	1,827,354	<b>1,763,895</b>
B&O Tax	758,216	758,499	739,304	678,531	<b>734,000</b>
Utility Taxes	736,172	836,315	907,310	951,678	<b>1,027,800</b>
Gambling Tax	46,094	50,438	36,064	38,253	<b>38,000</b>
Licenses & Permits	53,050	51,429	109,707	99,409	<b>124,760</b>
Intergov't Revenues	112,030	97,115	133,172	125,941	<b>95,046</b>
Charges for Services	41,192	42,543	64,177	79,022	<b>86,860</b>
Fines & Forfeits	42,906	33,464	18,520	39,258	<b>22,750</b>
Interest & Miscellaneous	77,646	48,189	59,224	18,037	<b>13,700</b>
Transfers & Other	96,195	147,105	123,562	163,406	<b>55,000</b>
Land & Building Management		1,621,493			
Bonds & Loans					
<b>Total Revenues</b>	<b>\$ 4,699,741</b>	<b>\$ 6,293,782</b>	<b>\$ 5,214,310</b>	<b>\$ 5,239,263</b>	<b>\$ 5,207,201</b>
<b>Total Resources</b>	<b>\$ 5,725,438</b>	<b>\$ 7,071,064</b>	<b>\$ 6,110,247</b>	<b>\$ 6,113,099</b>	<b>\$ 6,075,409</b>
<b>Total Program Expenditures</b>					
	<b>\$ 4,948,629</b>	<b>\$ 6,175,599</b>	<b>\$ 5,230,211</b>	<b>\$ 5,135,726</b>	<b>\$ 5,152,614</b>
<i>Revenues - Expenditures =</i>	<i>\$ (248,888)</i>	<i>\$ 118,183</i>	<i>\$ (15,901)</i>	<i>\$ 103,537</i>	<i>\$ 54,587</i>

The 2012 overall total General Fund projected revenues reflect a less than 1% (.0061) decrease in comparison to 2011 Actual Un-Audited receipts. In 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

**\$868,208**

This is the amount of cash and investments considered to be on-hand in the General Fund at the beginning of 2012. The chart illustrates the 5 year trend for the General Fund's Beginning Fund Balance. The graph shows how the beginning fund balance has been decreasing over the past 5 years. This balance artificially increased 15.27% in 2010 over 2009 due to loan proceeds that were included in the balance. There is a projected decrease in 2012 of 1% (.0064), the economic trends continue to impact the City but seem to be leveling out.

## REVENUES

### Taxes

Tax revenues account for 83% of General Fund revenues. These taxes include real and personal property taxes, business taxes and utility taxes.

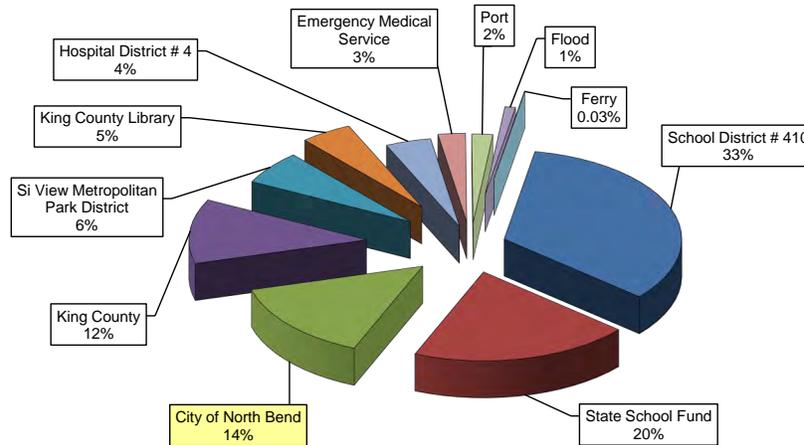
- **Real and Personal Property**

**\$1,245,390**

**24%**

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 2012, the total property tax levy for residents of North Bend is \$12.07889 per \$1,000 of assessed valuation. Of this, only \$1.74095 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 \$1.74095.

### North Bend Property Tax: 2012 Distribution of \$1.00



**Business Generated Taxes** **\$2,7914,695** **54%**

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 .021 share of the overall 8.6% 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 increase by less than 1% (.0046) in 2012. 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** **\$772000** **15%**

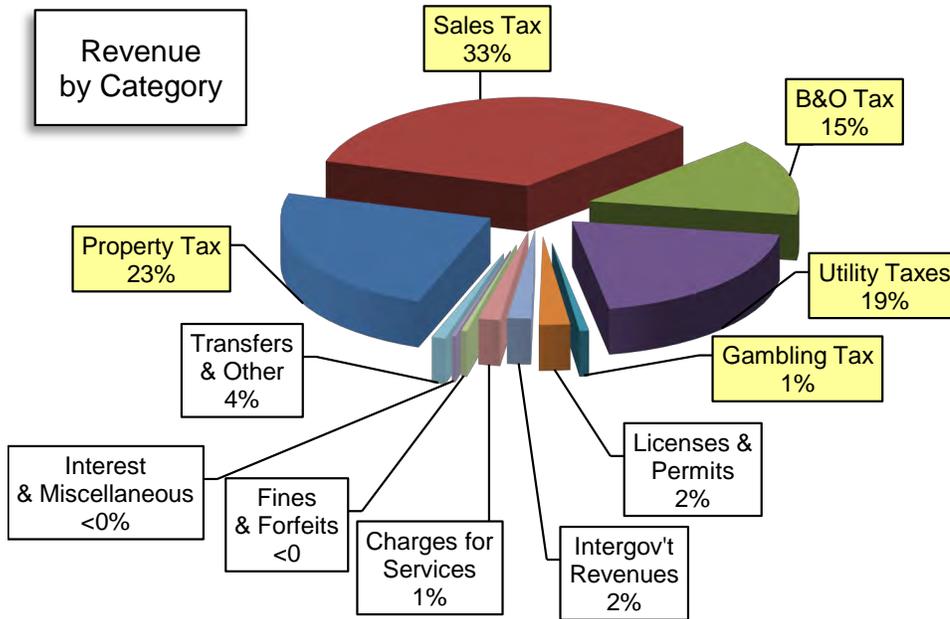
The City also collects taxes directly from the business community operating within the North Bend City limits; the Business and Occupation tax for all types of industry is capped by statute at .002%. The other business tax levied is a gambling tax (5%). Revenues from this tax are to be used: first, for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

**Licenses and Permits** **\$124,760** **2%**

Revenues from licenses and permits account for 2% 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** **\$95,046** **2%**

The City of North Bend receives a proportion of some taxes collected by other jurisdictions; these intergovernmental revenues account for 2% 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** **\$86,860** **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 1.67% of General Fund revenues. Other development related charges are collected in the Development Projects Fund (Fund #125).

**Fines and Forfeits** **\$22,750** **0%**

The City collects fines for traffic violations, traffic and parking infractions, misdemeanors, and DWI violations. This revenue stream accounts for less than 1% of all General Fund revenues.

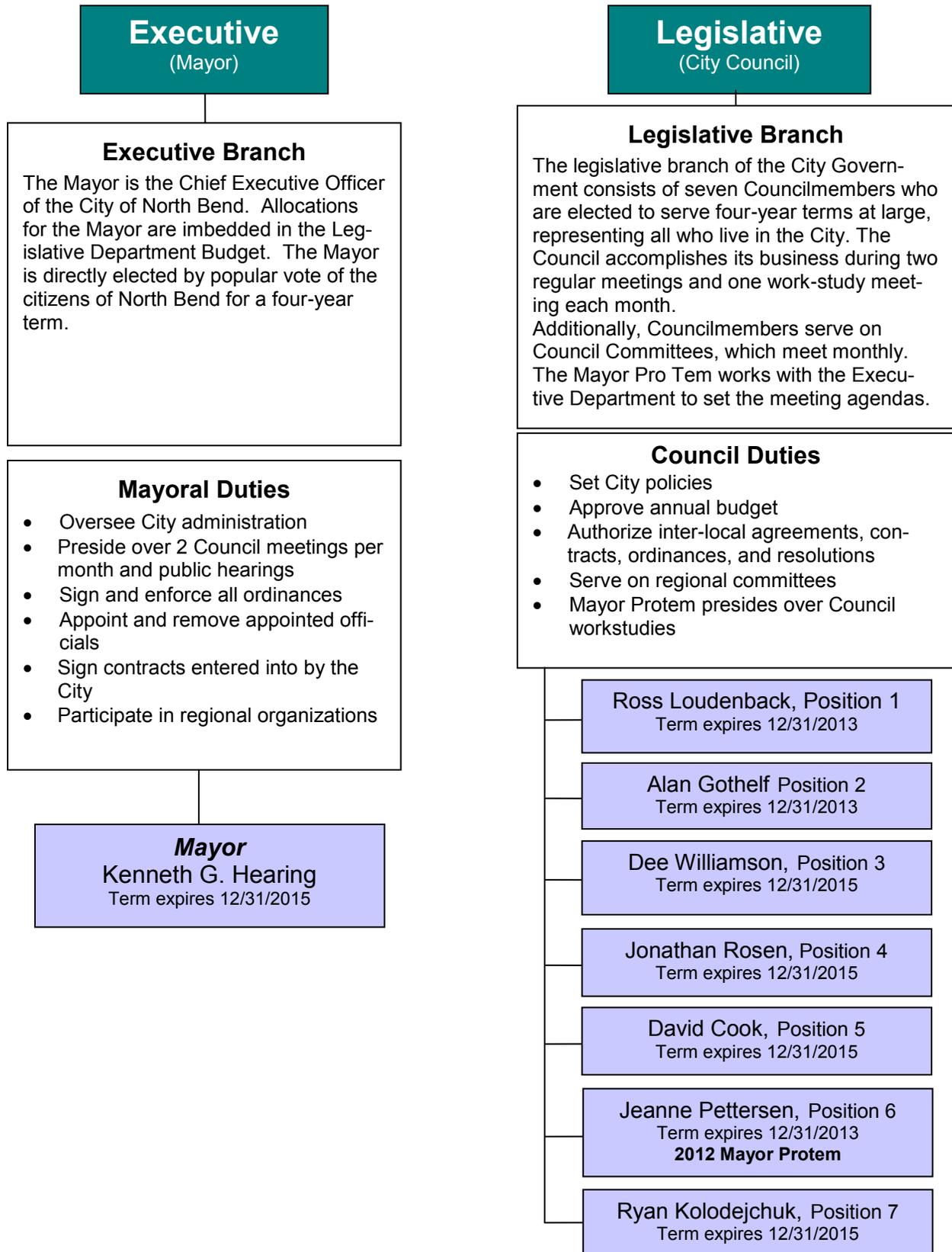
**Miscellaneous Transfers & Other Revenue** **\$68,700** **1%**

This accounts for smaller revenue streams such as investment interest, facility rentals, and ball field rentals. Four percent of General Fund revenues are collected 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>\$5,207,201</b>	<b>100%</b>
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# Executive and Legislative Departments





# Executive and Legislative Departments 2012 Council Committees

## Mayor Pro-Tem

Jeanne Pettersen

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 Gothelf

Attended by: Councilmember Kolodenchuk and Councilmember Rosen

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 Rosen

Attended by: Councilmember Cook and Councilmember Kolodejchuk

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 Loudenback

Attended by: Councilmember Gothelf 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 Cook

Attended by: Councilmember Loudenback 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	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Compensation	40,025	40,304	40,304	0%
Overhead	21,235	25,452	19,800	-22%
Council Contingency	0	0	0	N/A
Total	61,260	65,756	60,104	-9%



# 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 King County Sheriff's Office, 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

## 2011 Administration Highlights

- ◇ Completed centralization and organization of City's Policy Handbooks and Manuals
- ◇ Increased City's funding for TIP Projects
- ◇ Completed review and update City Property files

### Administrative and Record Services Staff

City Administrator .....	Duncan C. Wilson
Administrative Services Director .....	Cheryl Proffitt-Schmidt
City Clerk.....	Susie Oppedal
Administrative Assistant .....	Jennifer Bourlin



# Administration and Record Services

## 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

## 2011 Record Management Highlights

- ◇ Completed inventory of Public Works Records
- ◇ Index and Inventory of active records city wide
- ◇ Updated Records Management Program

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12%
Personnel	266,539	283,799	239,755	-16%
Overhead	7,505	6,066	9,000	48%
Total	274,044	289,865	248,755	-14%



# 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

Administrative Services Director .....	Cheryl Proffitt-Schmidt
Finance Manager .....	Stanley Lewis
Staff Accountant .....	Beth Waltz
Payroll Officer .....	Sheri Payne
Utilities Coordinator .....	Julie Posey
Business License & Tax Coordinator .....	Juanita Smart



# Finance Department

## 2011 Finance Department Highlights

- ◇ Created an award winning budget document
- ◇ Received a “clean” audit from the State Auditor’s Office
- ◇ Updated 2 financial policies

<b>Department Statistics</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>
Water Accounts	1718	1720	1723	1722	1712
Sewer Accounts	958	954	954	953	993
Storm Drain & Flood Accounts	2678	2740	3388	3450	3492
New Business License Issued	140	119	208	187	145
Number of Business Accounts Serviced	821	837	932	1008	984
Annual Report to State Auditor	On Time	On Time	On Time	On Time	On Time
Washington State Audit Results	No Findings	No Findings	No Findings	No Findings	No Findings
Quality of Budget Document	WFOA Award	WFOA & GFOA Award	GFOA Award	No Application Submitted	GFOA Award

<b>Description</b>	<b>2010 Actual</b>	<b>2011 Actual (un-audited)</b>	<b>2012 Adopted</b>	<b>Variance 11-12 %</b>
Personnel	265,602	202,508	228,924	13%
Overhead	28,790	9,987	21,675	117%
Insurance	24,537	27,852	30,060	8%
<b>Total</b>	<b>318,928</b>	<b>240,346</b>	<b>280,659</b>	<b>17%</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

## 2011 Law Enforcement Highlights

- ◇ Completed 40% of business contact updates
- ◇ Identified consistent deputies assigned to the area
- ◇ Trained deputies in felony charging
- ◇ Addressed DUI drivers and accidents

**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 .....Melissa Wagner



## Law Enforcement

<b>Department Statistics</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>
Dispatched Calls For Service	1463	1408	1638	1806	1622
Case Reports Written	761	608	772	757	895
False Alarm Responses	134	150	145	131	107
Traffic Enforcements	706	328	330	412	382
Parking Infractions	20	4	10	18	45
Criminal Traffic Citations	153	67	44	84	118
DUI Citations	12	5	12	9	25
Public Appearances	23	24	19	19	22
Crime Prevention Meetings	4	7	4	8	12
Jail Transports	32	48	56	77	70
Traffic Accident Investigations	79	64	77	96	82
Traffic Complaint Investigations	2	5	3	2	9
Arrests	273	216	224	228	280
Counts are unofficial and not verified by County those given are lower then actual.					

<b>Description</b>	<b>2010 Actual</b>	<b>2011 Actual (un-audited)</b>	<b>2012 Adopted</b>	<b>Variance 11-12%</b>
Personnel	113,537	113,110	119,230	5%
KC Contract	1,070,557	1,218,417	1,206,260	-1%
Overtime	10,191	9,212	15,000	63%
Detective	0	0	30,000	N/A
Overhead	86,834	93,836	100,410	7%
Copier Lease	4,900	5,154	5,000	-3%
KC Animal Control	0	15,748	16,740	6%
Jail	82,099	123,967	110,000	-11%
<b>Total</b>	<b>1,368,118</b>	<b>1,579,444</b>	<b>1,602,640</b>	<b>1%</b>



# Fire & Emergency Medical Services

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

On January 1, 1999 the consolidation of several agencies created a new Fire and Emergency Medical Services agency called Eastside Fire & Rescue. The agencies joining in this consolidation effort included King County, Washington Fire Districts 10 and 38 and the Cities of Issaquah and North Bend, with the City of Sammamish joining the consolidation in January 2000. A representative Regional Board governs Eastside Fire & Rescue. In 2010, this station had a total of 1,490 response calls, which included 644 service calls for the City of North Bend.

## 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

<b>Eastside Fire &amp; Rescue North Bend Station 87</b>	
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



# Fire & Emergency Medical Services

## 5 Year Emergency Response Summary

Type of Response	2007 Responses	2008 Responses	2009 Responses	2010 Responses	2011 Responses
Automatic Fire Alarms	61	62	71	52	42
EMS Incidents	534	512	485	491	445
Fire - Non-Structure	17	24	30	29	26
Fire - Structure	5	12	8	8	7
Motor Vehicle Accident	29	28	26	22	16
Other	79	100	91	117	66
Rescue	0	0	2	1	0
<b>TOTAL RESPONSES</b>	<b>725</b>	<b>738</b>	<b>713</b>	<b>720</b>	<b>602</b>
Alarm Responses in FD #38	516	492	557	495	481
EFR Total Alarm Responses; FD #10, Issaquah, Snoqualmie, Carnation, Fall City, Snoqualmie Pass and out side of the Fire District	7745	7977	8248	8439	8020

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
EFR Contract	672,925	783,038	753,400	-4%
EFR Equip Res	37,036	42,856	43,490	1%
EFR Cap Maint Cont	6,147	7,074	6,925	-2%
Hydrant Maint & Ops	7,319	9,860	11,405	16%
RFA Contribution Planning	0	0	0	N/A
Dist 38 Annex Payment	95,966	0	0	N/A
<b>Total</b>	<b>819,393</b>	<b>842,828</b>	<b>815,220</b>	<b>-3%</b>



# 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

## Building Department Staff

Community & Economic Development Director .....	Gina Estep
Building Official .....	Russ Steinike
Permit Technician/Office Coordinator .....	Tom Meagher



# Building Department

## Building Permits Issued 2007 - 2011

Building Permit Type	2007 Issued	Improvement Valuation 2007	2008 Issued	Improvement Valuation 2008	2009 Issued	Improvement Valuation 2009	2010 Issued	Improvement Valuation 2010	2011 Issued	Improvement Valuation 2011
New Single Family	2	\$379,017	0	\$0	1	\$350,000	10	\$3,024,012	11	\$3,522,793
Single Family Additions & Alterations (Includes Garages/Carports, Fire Permits)	12	\$398,757	14	\$698,824	11	\$371,489	7	\$150,616	9	\$133,086
New Mobile Homes	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Multi-Family Additions & Alterations	1	\$5,000	1	\$75,000	1	\$2,000	1	\$2,400	0	\$0
Residential Plumbing	3	\$21,552	2	\$22,000	2	\$1,000	2	\$142,300	1	\$100
Residential Mechanical	34	\$143,582	25	\$92,064	28	\$107,935	54	\$243,073	40	\$133,882
New Commercial	0	\$0	2	\$1,820,812	1	\$248,000	1	\$22,000	0	\$0
Commercial Additions/Alterations/Tenant Improvements (Includes Fire Permits)	27	\$1,175,569	24	\$963,153	19	\$262,861	23	\$783,857	37	\$2,302,200
Commercial Mechanical	13	\$209,962	9	\$109,319	9	\$83,924	9	\$673,100	5	\$24,047
Commercial Plumbing	5	\$222,800	4	\$60,000	8	\$73,568	6	\$33,278	6	\$101,850
Signs	21	\$72,227	14	\$32,349	18	\$59,347	14	\$56,004	18	\$67,757
Demolitions	4	\$3,000	2	\$14,500	4	\$104,885	4	\$19,873	2	\$0
AG & UG Fuel Tanks	2	\$2,700	1	\$695	0	\$0	4	\$22,300	0	\$0
Grading & Clearing (Includes Tree Permits)	9	\$8,350	9	\$108,100	19	\$3,956,058	16	\$1,243,775	13	\$825,272
Miscellaneous (Roof, Façade, etc...)	12	\$107,723	9	\$110,122	8	\$363,312	15	\$121,139	22	\$1,761,692
<b>TOTALS</b>	<b>145</b>	<b>\$2,750,239</b>	<b>116</b>	<b>\$4,106,938</b>	<b>129</b>	<b>\$5,984,379</b>	<b>166</b>	<b>\$6,537,727</b>	<b>164</b>	<b>\$8,872,679</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	177,782	93,907	178,350	90%
Overhead	20,516	34,836	20,796	-40%
Copier Lease Abatement	3,269	3,048	3,300	8%
	0	0	0	N/A
<b>Total</b>	<b>201,567</b>	<b>131,791</b>	<b>202,446</b>	<b>54%</b>



# Planning Departments

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
Permit Technician/Office Coordinator .....	Tom Meagher



# Planning Departments

## 2011 Planning Department Highlights

- ◇ Updating Comprehensive Plan Transportation Element
- ◇ Created an efficient planning and land use permit review process

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12%
Personnel	264,958	275,692	278,200	1%
Overhead	30,333	31,163	40,316	29%
Shoreline Master Plan	15,212	41,463		
Copier Lease	7,533	4,572	4,950	8%
Total	318,035	352,891	323,466	-8%



# Parks Departments

**The Public Works Department includes municipal operational and managerial responsibilities of the Parks Division.  
(See Public Works)**

## 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

<b>Parks Department Staff</b>		
		<b>%FTE</b>
Public Works Director.....	Ron Garrow.....	10%
Assistant City Engineer .....	Tom Mohr.....	15%
Public Works Office Coordinator .....	Barbara Greenwalt.....	15%
Lead Parks Technician.....	Mark Pray.....	100%
Maintenance Workers .....	Randy Grina .....	98%
Maintenance Workers .....	Steve Riggle.....	19%



## Parks Departments

### North Bend Parks:

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

<b>E.J. Roberts</b>	5 acres - playground equipment and gazebo
<b>Gardiner Weeks Memorial</b>	5.3 acres - picnic tables, benches & gazebo
<b>Meadowbrook Farm*</b>	450 acres of Open Space
<b>Tanner Trail Phase 1</b>	3,700 feet
<b>Torguson Park</b>	17.3 acres - Little League Fields, BMX track, skate park, climbing rock, tot lot
<b>Tollgate Farm</b>	205.74 acres - inside City limits
<b>William Henry Taylor Park - Railroad Park</b>	1 acre - picnic tables & benches
<b>Tannerwood Park</b>	0.8 acres - benches and walkway

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	339,665	311,005	251,269	-19%
Overhead	123,047	123,163	153,635	25%
Copier	912	847	425	-50%
<b>Total</b>	<b>463,624</b>	<b>435,016</b>	<b>405,329</b>	<b>-7%</b>



# Legal and Court Services

## 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.

<b>Legal Services Staff</b>	
City Attorney .....	Michael R. Kenyon
Land Use Services Hearing Examiner .....	Sound Law Center
Court Services .....	Issaquah Municipal Court
Public Defender .....	Jacobson Law Group

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12%
City Attorney & Prosecutor	107,544	106,459	117,300	10%
Special Litigation	3,730	10,012	12,240	22%
District Court	30,619	43,077	39,500	-8%
Public Defender & Witness Fees	11,560	20,840	18,130	-13%
<b>Total</b>	<b>153,453</b>	<b>180,388</b>	<b>187,170</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	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Senior Services	30,000	30,000	30,000	0%
Encompass	12,000	10,000	12,000	20%
Mt Si Helping Hands - Food Bank	24,000	28,000	30,000	7%
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%
Network Services of Puget Sound	5,000	-	-	N/A
Eastside Baby Services	1,500	1,500	1,500	0%
St. Vincent de Paul	-	-	2,500	N/A
Snoqualmie Veteran's Memorial	-	3,000		
<b>Totals</b>	<b>74,500</b>	<b>74,500</b>	<b>79,000</b>	<b>6%</b>

Human Services	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12%
Community Service Awards	-	-	-	N/A
Meadowbrook Staffing	10,000	10,000	10,000	0%
Elk Management Group	3,500	-	-	N/A
Holiday Festival	-	289	-	-100%
2009 Centennial Celebration	576	-	-	N/A
Downtown Block Party	8,129	7,530	-	-100%
Downtown Beautification	12,630	4,030	4,200	4%
North Bend Historical Museum	2,500	2,500	2,500	0%
King County Air Pollution Control	2,618	2,898	2,900	0% (Mandatory)
King County Alcoholism Program	1,414	1,413	1,200	-15% (Mandatory)
<b>Totals</b>	<b>41,367</b>	<b>28,660</b>	<b>20,800</b>	<b>-27%</b>



## 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	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	12,293	12,437	9,200	-26%
Overhead	179,183	138,350	160,144	16%
Copier Lease	7,993	7,896	8,000	1%
Total	199,468	158,684	177,344	12%



## Emergency Preparedness

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Overhead	373	426	2,500	486%
Total	373	426	2,500	486%



## Land & Building Management

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

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
BOA Line of Credit	268,298	0	0	N/A
ULID #6 Assessment	0	0	13,915	N/A
Totals	268,298	0	13,915	N/A



## Operating Transfers

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

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
GF transfer to Capital Improvement(110)	50,000	48,909	0	-100%
GF Transfer to Fire Station	0	18,879	0	-100%
GF Contribution to Streets Maintenance	214,129	407,795	460,592	13%
B&O Tax transfer to Trans Imp Program	120,417	116,074	115,050	-1%
GF Transfer to Streets Overlay (103)	0	50,000	100,000	100%
GF transfer to Economic Dev (108)	0	3,156	25,624	712%
Sales Tax to Economic Dev (108)	32,000	32,000	32,000	0%
GF transfer to Tollgate Farmhouse	3,653	27,471	0	-100%
GF transfer to 2010 LTGO Debt Service	43,496	48,845	0	-100%
GF IF Loan to Solid Waste	40,000	0	0	N/A
GF transfer 402 Credit Line Funds for YAV	164,089	0	0	N/A
Totals	667,784	753,129	733,266	-3%



Photo by Sandy Horvath

If we had no winter, the spring would not be so pleasant; if we did not sometimes taste of adversity, prosperity would not be so welcome.

**Anne Bradstreet**



# 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

<b>Street Inventory Report</b>						
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	32.90	0.5	1.05	0.58	35.02939

<b>Streets Department Staff</b>		
		<b>%FTE</b>
Public Works Director.....	Ron Garrow.....	13%
Assistant City Engineer .....	Tom Mohr.....	20%
Public Works Office Coordinator .....	Barbara Greenwalt.....	15%
Lead Streets Technician .....	Larry Shaw .....	42%
Maintenance Worker .....	John Jackson .....	49%
Maintenance Worker .....	Steve Riggle.....	38%
Maintenance Worker .....	Derek Osborne.....	100%

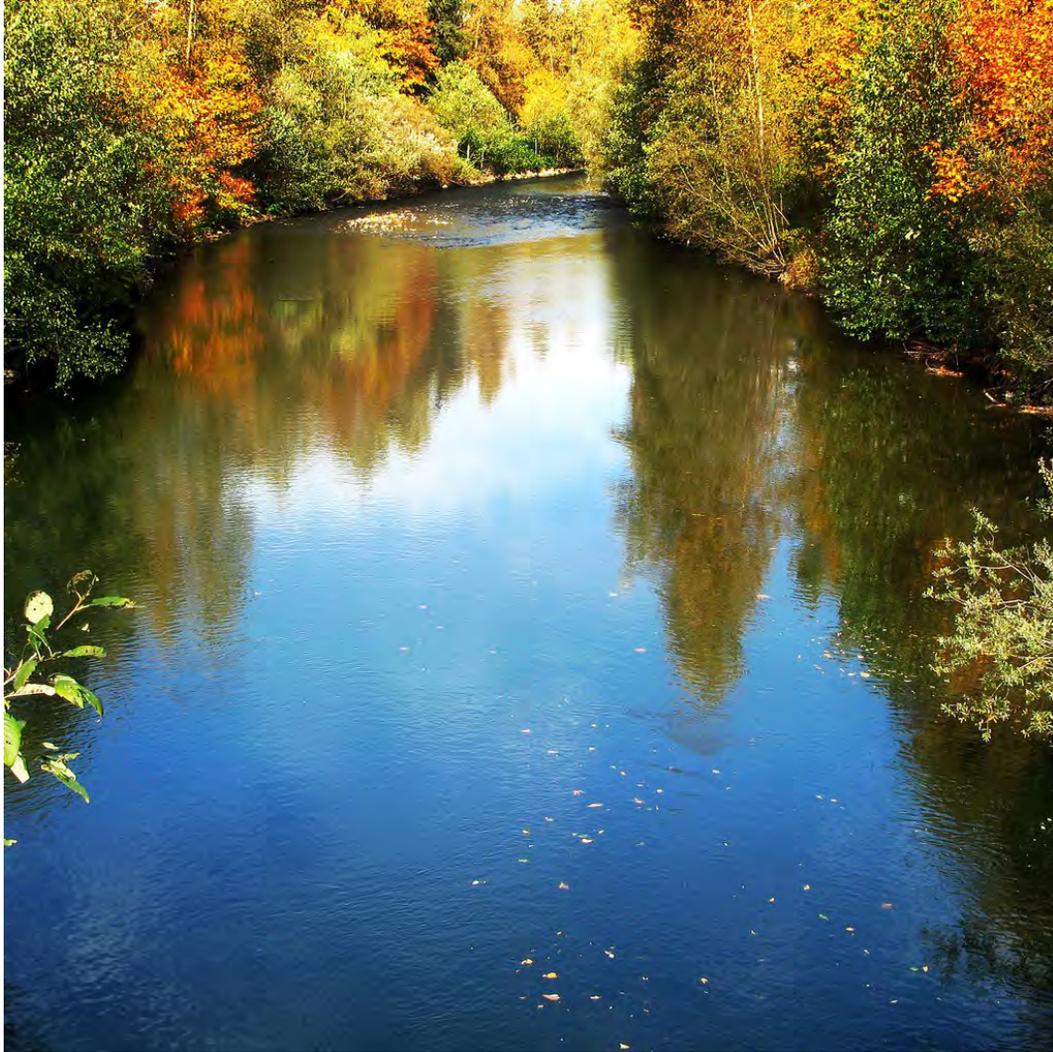
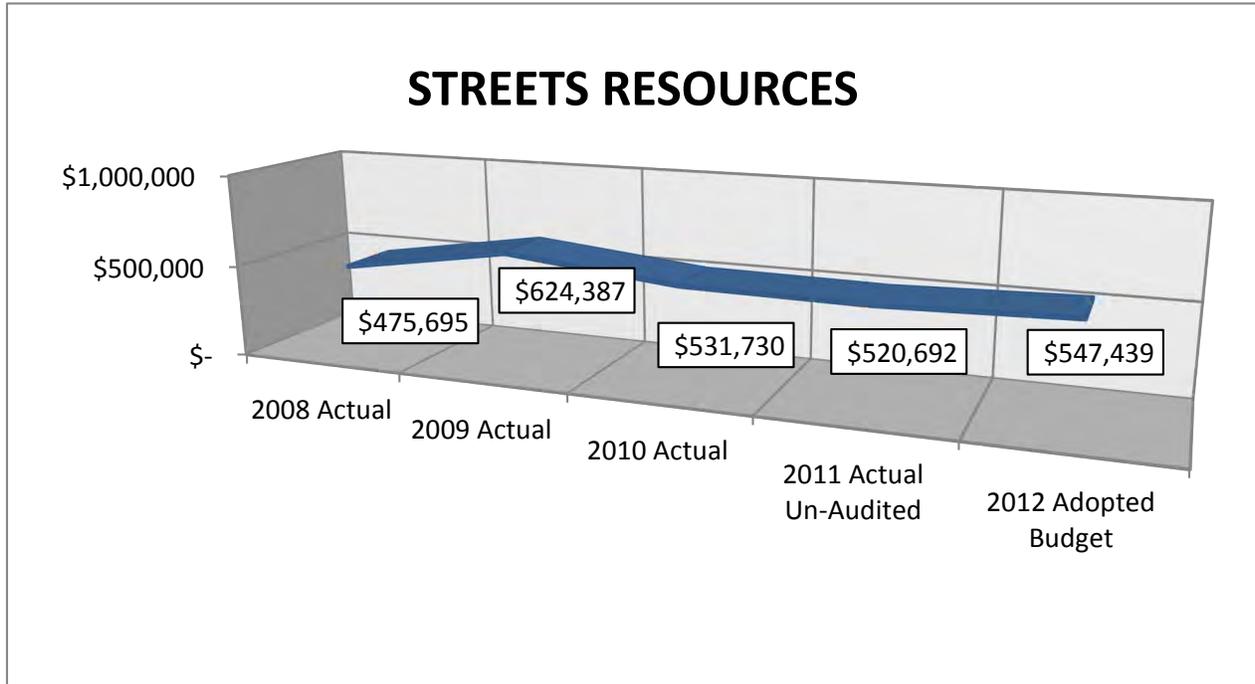


Photo by Matt Johnson

Nature thrives on patience; man on impatience.  
**Paul Boese**



# Streets Operations



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Taxes	83,566	82,997	83,847	1%
Licenses & Permits	6,422	5,868	3,000	-49%
Grants & Miscellaneous	25,739	10,505	0	-100%
Property Tax - Annexations	137,166	13,527	0	-100%
Transfer From General Fund	214,129	407,795	460,592	13%
Transfer From Streets Capital (Pavement Management)	64,707	0	0	N/A
<b>Total</b>	<b>531,730</b>	<b>520,692</b>	<b>547,439</b>	<b>5%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	159,089	193,850	229,043	18%
Overhead	197,832	208,975	218,546	5%
Street Lighting	51,171	60,012	55,000	-8%
Street Overlay	65,197	0	0	N/A
Debt	58,441	57,855	44,850	-22%
<b>Total</b>	<b>531,730</b>	<b>520,692</b>	<b>547,439</b>	<b>5%</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.

## 2011 Streets Capital Highlights

- ◇ Improved downtown sidewalks

2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	105,506	140,604	124,300	-12%
Taxes	39,325	39,057	39,457	1%
Interest & Misc. Revenue	0	0	0	N/A
B&O Tax from Gen Fund	120,417	116,074	115,050	-1%
Cash flow reimbursements from Municipal Projects	341,643	183,859	0	-100%
Tr from REET for Transportation Improvement Plan (TIP)	50,000	0	0	N/A
<b>Total Resources</b>	<b>656,891</b>	<b>479,594</b>	<b>278,807</b>	<b>-42%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	54,941	11,873	26,797	126%
Overhead	169	1,041	620	-40%
Copier Lease	2,629	0	0	N/A
Transportation Comp Plan	0	42,162	7,000	-83%
Transfer to Transportation Improvement Plan (TIP)	393,840	110,282	65,000	-41%
Transfer to LTGO Bond Refinance Pmnt	0	30,000	78,860	163%
Transfer to Streets Overlay	64,707	50,000	50,000	0%
Ending Fund Balance	140,604	234,235	50,530	-78%
<b>Total Appropriated</b>	<b>656,891</b>	<b>479,594</b>	<b>278,807</b>	<b>-42%</b>



# Streets Overlay

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

## 2011 Streets Overlay Highlights

- ◇ Overlay of 3rd Street

2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	0	0	0	N/A
Tr from General Fund	0	50,000	100,000	100%
Tr from Streets Capital	0	50,000	50,000	0%
Total Resources	0	100,000	150,000	50%

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Street Overlay Preservation	0	21,710	150,000	591%
Ending Fund Balance	0	78,290	0	-100%
Total Appropriated	0	100,000	150,000	50%



## 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).

### 2011 Economic Development Highlights

- ◇ Successfully planned, organized and hosted 5 North Bend branded events.

2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	32,081	3,413	0	-100%
Taxes	8,267	8,599	6,600	-23%
Interest & Misc. Revenue	0	10,720	0	-100%
Sales Tax from GF	32,000	32,000	32,000	0%
Tr from GF	0	3,156	25,624	712%
<b>Total Resources</b>	<b>72,348</b>	<b>57,887</b>	<b>64,224</b>	<b>11%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	33,803	33,480	32,565	-3%
Overhead	7,110	7,681	5,159	-33%
Visitor Information Center	3,975	6,500	6,500	0%
Bus & Tourism Development	-	-	5,000	N/A
Downtown Master Plan	24,047	247	5,000	1924%
Website Designs	-	9,979	10,000	0%
Ending Fund Balance	3,413	0	0	N/A
<b>Total Appropriated</b>	<b>72,348</b>	<b>57,887</b>	<b>64,224</b>	<b>11%</b>



## 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.

2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	23,291	2,246	0	-100%
Taxes	120,570	129,634	120,000	-7%
Transfer from GF	50,000	48,909	0	-100%
Interest & Misc. Revenue	13,389	8,053	0	-100%
Fir Station PW Shop Land Payment	0	0	60,000	N/A
Cash flow reimbursements from Municipal Projects	43,798	0	0	N/A
<b>Total Resources</b>	<b>251,047</b>	<b>188,842</b>	<b>180,000</b>	<b>-5%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Public Works Shop for Parks	41,705	25,119	0	-100%
Tr 2010 LTGO Bond (Tollgate)	48,838	110,908	107,800	-3%
Tr 2010 Wat/Sew Bond (Parks)	14,759	23,941	43,450	81%
Tr Tollgate Bond Redemption	31,975	0	0	N/A
Tr Debt Svc-NB Way	11,558	11,231	0	-100%
Tr Debt Svc-NB Blvd	6,170	6,110	6,060	-1%
Tr Park & Ride	43,798	0	0	N/A
Tr Arterial (102) for TIP	50,000	0	0	N/A
Ending Fund Balance	2,246	11,533	22,690	97%
<b>Total Expenditures</b>	<b>251,047</b>	<b>188,842</b>	<b>180,000</b>	<b>-5%</b>



Photo by Matt Johnson

Grass is the forgiveness of nature - her constant benediction. Forests decay, harvests perish, flowers vanish, but grass is immortal.  
**Brian Ingalls**



## 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.

### 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.

2012 Resources By Category					
Fund #	Fund Name	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
106	Impact & Mitigation	67,413	109,019	141,158	29%
116	Park Improvement	148,268	110,800	51,664	-53%
125	Development Projects	151,558	262,801	155,000	-41%

Expenditures					
Fund #	Fund Name	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
106	Impact & Mitigation	67,413	109,019	141,158	29%
116	Park Improvement	148,268	110,800	51,664	-53%
125	Development Projects	151,558	232,801	155,000	-33%



Photo by Mary Miller

A good scare is worth more to a man than good advice.  
**Edgar Watson Howe**



## 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 2012 payments are applied, total outstanding Revenue Debt will be \$8,575,314.

### Public Works Trust Fund (PWTF) Loans

The City of North Bend holds four utility related loans with the Public Works Trust Fund Agency for the State of Washington. The loans are “low-interest” and range from 0% to 5% with most at 3%, as compared to revenue bonds, which cost ratepayers approximately 6% in interest.

The City of North Bend established loans with the PWTF for the following projects:

#### Sewer Plant laboratory building:

This loan was issued in 1996 to finance the portion of the laboratory re-build (due-to fire) that was not covered by insurance. This loan financed 22.7% of the project. The interest rate on this loan is 5%; payoff is scheduled in 2015.

3 PWT Sewer Lab Building			2012	2013	2014	2015
PWTF Loans	250,000	Beginning Balance	53,619	40,214	26,809	13,405
		Draws	-	-	-	-
Fund 402-44	5%	Interest	2,681	2,011	1,340	670
		Principal	13,405	13,405	13,405	13,405
<i>Payoff Year: 2015</i>			<u>16,086</u>	<u>15,415</u>	<u>14,745</u>	<u>14,075</u>
<b>PW-5-95-791-ELP-060</b>			40,214	26,809	13,405	(0)

#### 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			2012	2013	2014	2015	2016
PWTF Loans	3,398,267	Beginning Balance	2,623,224	2,448,342	2,273,461	2,098,579	1,923,698
		Draws					
4 NB Water Source Development		Interest	13,116	12,242	11,367	10,493	9,618
Fund 401 & 411	0.5%	Principal	174,882	174,882	174,882	174,882	174,882
<i>Payoff Year: 2026</i>			<u>187,998</u>	<u>187,123</u>	<u>186,249</u>	<u>185,374</u>	<u>184,500</u>
<b>PW-06-962-029</b>			2,448,342	2,273,461	2,098,579	1,923,698	1,748,816



## 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			2012	2013	2014	2015	2016
Loan: State Revolving Fund (SRF)	902,061	Beginning Balance	379,701	332,277	282,744	231,007	176,969
Fund 402	4.40%	Interest	16,191	14,081	11,878	9,576	7,173
		Principal	47,424	49,533	51,737	54,038	56,442
		<b>Total Payment per Year</b>	<b>63,615</b>	<b>63,614</b>	<b>63,614</b>	<b>63,614</b>	<b>63,614</b>
<i>Payoff Year: 2018</i>		Remaining Balance	332,277	282,744	231,007	176,969	120,527

#### 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			2012	2013	2014	2015	2016
Loan: State Revolving Fund (SRF)	938,850	Beginning Balance	437,022	403,522	369,518	335,001	299,965
Fund 402	1.50%	Interest	6,430	5,926	5,414	4,894	4,367
		Principal	33,500	34,005	34,517	35,036	35,564
		<b>Total Payment per Year</b>	<b>39,930</b>	<b>39,931</b>	<b>39,931</b>	<b>39,931</b>	<b>39,931</b>
<i>Payoff Year: 2023</i>		Remaining Balance	403,522	369,518	335,001	299,965	264,401

#### 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)			2012	2013	2014	2015	2016
Loan: State Revolving Fund (SRF)	2,531,462	Beginning Balance	1,757,688	1,634,270	1,508,994	1,381,831	1,252,754
	1.50%	Draw					
CCWF-DOE - Fund 402		Interest	25,904	24,046	22,160	20,245	18,302
Washington State		Principal	123,418	125,276	127,163	129,077	131,021
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	1,634,270	1,508,994	1,381,831	1,252,754	1,121,734

#### 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

Drinking Water CT Piping Project			2012	2013	2014	2015	2016
Loan: State Revolving Fund (SRF)	226,220	Beginning Balance	178,595	166,689	154,783	142,876	130,970
	1.50%	Draw					
Fund 401		Interest	2,679	2,500	2,322	2,143	1,965
		Principal	11,906	11,906	11,906	11,906	11,906
<i>Payoff Year: 2026</i>		<b>Total Payment per Year</b>	<b>14,585</b>	<b>14,407</b>	<b>14,228</b>	<b>14,049</b>	<b>13,871</b>
Loan #05-96300-018		Remaining Balance	166,689	154,783	142,876	130,970	119,064



## 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)			2012	2013	2014	2015	2016
Bond Issue	1,500,000	Beginning Balance	1,240,000	1,180,000	1,115,000	1,050,000	980,000
	4.45%	Interest	55,988	53,528	50,798	48,036	45,026
Fund 414-100-008	(AVG Coupon)	Principal	60,000	65,000	65,000	70,000	70,000
<i>Payoff Year: 2026</i>			<hr/>				
		Total Payment per Year	115,988	118,528	115,798	118,036	115,026
BONY:		Remaining Balance	1,180,000	1,115,000	1,050,000	980,000	910,000

#### 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			2012	2013	2014	2015	2016
Bond Issue	2,890,000	Beginning Balance	2,665,000	2,370,000	2,070,000	1,765,000	1,450,000
<i>Parks (REET), Streets, Water, SEWER, Storm, SHOP (6-total)</i>							
	3.45%	Interest	91,628	87,203	81,503	74,488	66,613
<i>Payoff Year: 2021</i>	Sewer = 43.91%	Principal	295,000	300,000	305,000	315,000	215,000
BONY:	Others = 11.22%	Total Payment per Year	386,628	387,203	386,503	389,488	281,613
			<hr/>				
		Remaining Balance	2,370,000	2,070,000	1,765,000	1,450,000	1,235,000



Photo by Mary Miller

Nothing contributes so much to tranquilize the mind as  
a steady purpose—a point on which the soul may fix its  
intellectual eye.

**Mary Wollstonecraft Shelley**



## 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 2012 principal payments are applied, total outstanding General Obligation Debt will be \$4,597,832.

	Non-voted	Voted
City's Assessed Valuation for 2012: \$834,547,153	1½%	1%
City of North Bend's Debt Capacity - 2012	\$12,518,207	\$8,345,472
<b>Present Outstanding GO Debt as of 1/1/2012</b>	<b>&lt; \$2,557,473 &gt;</b>	<b>&lt; \$2,250,000 &gt;</b>
Outstanding Capacity Available as of 12/31/2012	\$9,960,734	\$6,095,472

## Public Works Trust Fund (PWTF) Loans

### North Bend Boulevard improvements:

This loan was issued in 1993 to finance sidewalk repairs and street resurfacing activities along North Bend Boulevard (now Bendigo Blvd). The interest rate on this loan is 1%; payoff is scheduled in 2013.

North Bend BLVD N/ Bendigo			2012	2013
PWTF Road Improvement Loan	112,716	Beginning Balance	11,865	5,932
	1%	Interest	119	59
Fund 240-43		Principal	5,932	5,932
<i>Payoff Year: 2013</i>		<b>Total Payment per Year</b>	<b>6,051</b>	<b>5,992</b>
<b>PW-5-93-280-029</b>		Remaining Balance	5,932	0

## 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				2012	2013	2014	2015	2016
Bond Issue	2,250,000	Beginning Balance		2,250,000	2,205,000	2,105,000	2,005,000	1,905,000
	AVG 4.18%	Interest	216-592-22-83-00	85,863	85,525	84,475	83,075	80,975
Fund 216		Principal	216-591-22-71-00	45,000	100,000	100,000	100,000	100,000
<i>Payoff Year: 2030</i>		<b>Total Payment per Year</b>		<b>130,863</b>	<b>185,525</b>	<b>184,475</b>	<b>183,075</b>	<b>180,975</b>
		Remaining Balance		2,205,000	2,105,000	2,005,000	1,905,000	1,805,000



## 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).

<b>Dump Truck/Snowplow</b>		<b>2012</b>	<b>2013</b>
Purchase / Lease Contract	166,592	Beginning Balance	68,135    34,895
		Interest	3,393    1,738
Fund: <b>502</b>		Principal	33,240    34,895
Payoff Year: <b>2013</b>		Total Payment per Year	36,633    36,633
Key Bank		Remaining Balance	34,895    (0)

<b>Xerox 7665 Color Copier</b>		<b>2012</b>	<b>2013</b>
Purchase / Lease Contract	24,866	Beginning Balance	9,117    4,144
		Interest	
<i>CEDD</i>		Principal	
Payoff Year: <b>2013 (October)</b>		Total Payment per Year	4,973    4,144
Building (40%) & Planning (60%)		Remaining Balance	4,144    -

<b>Xerox 7665 Color Copier</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>
Purchase / Lease Contract	24,866	Beginning Balance	10,775    5,802	829
		Interest		
<i>City Hall</i>		Principal		
Payoff Year: <b>2014 (March)</b>		Total Payment per Year	4,973    4,973	829
Building (40%) & Planning (60%)		Remaining Balance	5,802    829	-

<b>Xerox 7545 Color Copier</b>		<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Purchase / Lease Contract	9,964	Beginning Balance	9,549    7,058	4,567	2,076
		Interest			
<i>PW Shop</i>		Principal			
Payoff Year: <b>2015 (November)</b>		Total Payment per Year	2,491    2,491	2,491	2,076
Parks, Streets, Water, Sewer, Storm, Flood, Shop		Remaining Balance	7,058    4,567	2,076	-

<b>Xerox 7345 Color Copier</b>		<b>2012</b>
Purchase / Lease Contract	14,551	Beginning Balance
		Interest
<i>Police Department (50% Charged to King County)</i>		Principal
Payoff Year: <b>2012 (October)</b>		Total Payment per Year
Law Enforcement (100%)		Remaining Balance



## 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			2012	2013	2014	2015	2016
Properties Purchase, Tollgate Refi	2,510,000	Beginning Balance	2,445,000	2,335,000	2,220,000	2,100,000	1,975,000
		Tollgate Non-Callable Interest					
Street & Sewer Prop, Tollgate Refi		Tollgate Non-Callable Principal					
3.56%		LTGO Tollgate Callable Interest	42,788	41,488	40,188	38,788	36,538
Fund 215		LTGO Tollgate Callable Principa	65,000	65,000	70,000	75,000	70,000
13%Sewer(402);87%REET/GF		LTGO Credit Line Interest	44,955	44,055	43,055	42,055	40,555
13%Sewer(402);87%REET/GF		LTGO Credit Line Principal	45,000	50,000	50,000	50,000	55,000
<b>Payoff Year: 2030</b>		<b>Total Payment per Year</b>	<b>197,743</b>	<b>200,543</b>	<b>203,243</b>	<b>205,843</b>	<b>202,093</b>
Refinanced BOA Credit Line & Tollgate Bd		<b>Remaining Balance</b>	<b>2,335,000</b>	<b>2,220,000</b>	<b>2,100,000</b>	<b>1,975,000</b>	<b>1,850,000</b>



# 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 (LID) #6			2012	2013	2014	2015	2016
	17,000,000	Beginning Balance	17,000,000	16,409,938	15,798,158	15,163,860	14,506,216
		Draw					
Fund 451	3.62%	Interest	625,714	603,996	581,478	558,132	533,926
Sewer Expansion/Tanner Annexation		Principal	590,062	611,780	634,298	657,644	681,850
<i>Payoff Year: 2031</i>		Total Payment per Year	1,215,776	1,215,776	1,215,776	1,215,776	1,215,776
		Remaining Balance	16,409,938	15,798,158	15,163,860	14,506,216	13,824,366



# 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>Equipment Reserve to Sewer</b>		<b>2012</b>	<b>2013</b>	
502 to 405 Operating Capital	0.26%	Beginning Balance	32,000	16,000
		Draw		
		Interest	82	41
		Principal	16,000	16,000
		Total Payment per Year	16,082	16,041
<i>Payoff Year: 2013</i>		Remaining Balance	16,000	-



Photo by Tami Asars

Though we travel the world over to find the beautiful, we must  
carry it with us or we find it not.  
**Ralph Waldo Emerson**



## 2012 Capital Projects

Project Name	Total Budget	2012 Expenditures	Funding Source	Description
<b>Fund 310 (General Projects)</b>				
Fire Station	5,100,000	2,000,000	Bond/FD38 Bond	Complete design and start construction on a new fire station in partnership with Fire District 38.
<b>Municipal Projects Total</b>	<b>\$ 5,100,000</b>	<b>\$ 2,000,000</b>		
<b>Water</b>				
Water Main Replacement	1,363,000	1,200,000	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>1,200,000</u>		
<b>Sewer</b>				
Odor Control	350,000	350,000	Sewer Capital	Design and build Phase 2 of odor control improvements to the Waste Water Treatment Plant.
<i>Sewer Total</i>	<u>350,000</u>	<u>350,000</u>		
<b>Storm</b>				
No Projects Planned	-	-	0	0
<i>Storm Total</i>	<u>-</u>	<u>-</u>		
<b>UTILITIES Capital Projects Total</b>	<b>\$ 1,713,000</b>	<b>\$ 1,550,000</b>		



Photo by Linda Miller

I invent nothing. I rediscover  
**Auguste Rodin**



# 2012 Capital Projects

## CIP Project Form 2012 Budget

**CIP Program:** Transportation  
**Project Name:** 2012 Pavement Overlay  
**Department Lead :** Ron Garrow  
**Total Project Cost:** 478,000  
**Non City Revenue:** 250,000  
**Net City Cost:** 228,000

**Project Description and Justification:**

Pavement Management Program - Overlay the following designated streets by contracting with King County Road Division:

- North Bend Way** - between 140th St and Thrasher
- Mt. Si Blvd** - between SR 202 and McDonald's driveway

### Project Financial Summary

	2012 Budget	2013 Maint.	2014 Maint.	2015 Maint.	2016 Maint.
<b>Project Costs:</b>					
Mgt & Eng					
Acquisition					
Construction	478,000				
Debt Service					
<b>Total</b>	478,000	-	-	-	-
<b>Project Funding Sources:</b>					
Federal Grants					
State Grants	250,000				
County Grants					
Developer Contributions					
City Contributions					
General Fund					
Street Fund					
Street Capital Fund					
Street Overlay	228,000				
Capital Improvement Fund					
Park Improvement Fund					
Water Capital Improvement Fund					
Sewer Capital Improvement Fund					
Storm Drainage Capital Improvement Fund					
Bond Proceeds					
<b>Total</b>	478,000	-	-	-	-



# 2012 Capital Projects

## CIP Project Form 2012 Budget

**CIP Program:** Sewer Capital Improvement

**Project Name:** Odor Control

**Department Lead :** Ron Garrow

**Total Project Cost:** 350,000

**Non City Revenue:** -

**Net City Cost:** 350,000



**Project Description and Justification:**

Design and build Phase 2 of odor control improvements to the Waste Water Treatment Plant.

### Project Financial Summary

	Prior Years	2012 Budget	Total 2012-16	2012 Budget	2013 Maint	2014 Maint	2015 Maint	2016 Maint
<b>Project Costs:</b>								
Mgt & Eng								
Acquisition								
Construction		350,000	350,000	350,000				
Debt Service								
Maintenance			800		200	200	200	200
<b>Total</b>	-	350,000	350,800	350,000	200	200	200	200
<b>Project Funding Sources:</b>								
Federal Grants			-					
State Grants			-					
County Grants			-					
Developer Contributions			-					
City Contributions			-					
General Fund			-					
Street Fund			-					
Street Capital Fund			-					
Capital Improvement Fund			-					
Park Improvement Fund			-					
Water Capital Improvement Fund			-					
Sewer Capital Improvement Fund		350,000	-					
Storm Drainage Capital Improvement Fund			-					
Bond Proceeds			-					
<b>Total</b>	-	350,000	-	-	-	-	-	-

Note: Maintenance costs are reflective of only the incremental costs over current maintenance requirements. Most of this cost is labor.



# 2012 Capital Projects

## CIP Project Form 2012 Budget

**CIP Program:** Water Capital  
**Project Name:** 2012 Water Main Replacement  
**Department Lead :** Ron Garrow  
**Total Project Cost:** 1,363,000  
**Non City Revenue:** 1,230,000  
**Net City Cost:** 133,000

**Project Description and Justification:**

Replace 4,300 linear feet of 8-inch asbestos cement water main in 415th Avenue SE with new 12-inch ductile iron pipe.



### Project Financial Summary

	Prior Years	2012 Budget	Total 2012-2016	2012 Budgeted	2013 Maint	2014 Maint	2015 Maint	2016 Maint
<b>Project Costs:</b>								
Mgt & Eng			-					
Acquisition			-					
Construction		1,363,000	1,363,000	1,363,000				
Debt Service			-					
Maintenance			4,000		1,000	1,000	1,000	1,000
<b>Total</b>	-	<b>1,363,000</b>	<b>1,367,000</b>	<b>1,363,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Project Funding Sources:</b>								
Federal Grants			-					
State Grants			-					
County Grants			-					
PWTF Loan		1,230,000	-					
Developer Contributions			-					
City Contributions			-					
General Fund			-					
Street Fund			-					
Street Capital Fund			-					
Capital Improvement Fund			-					
Park Improvement Fund			-					
Water Capital Improvement Fund		133,000	-					
Sewer Capital Improvement Fund			-					
Storm Drainage Capital Improvement Fund			-					
Bond Proceeds			-					
<b>Total</b>	-	<b>1,363,000</b>	-	-	-	-	-	-

Note: Maintenance costs are for exercising in-line valves in the new pipe system. It is strictly labor costs by staff. However, this has no financial impact on budget since other work is deferred and no over-time is used for this activity.



# 2012 Capital Projects

## CIP Project Form 2012 Budget

CIP Program:

Project Name: Fire Station

Department Lead : Ron Garrow

Total Project Cost: 5,220,998

Non City Revenue: 2,964,000

Net City Cost: 2,256,998



Project Description and Justification:

Design and construct a fire station in partnership with Fire District #38

### Project Financial Summary

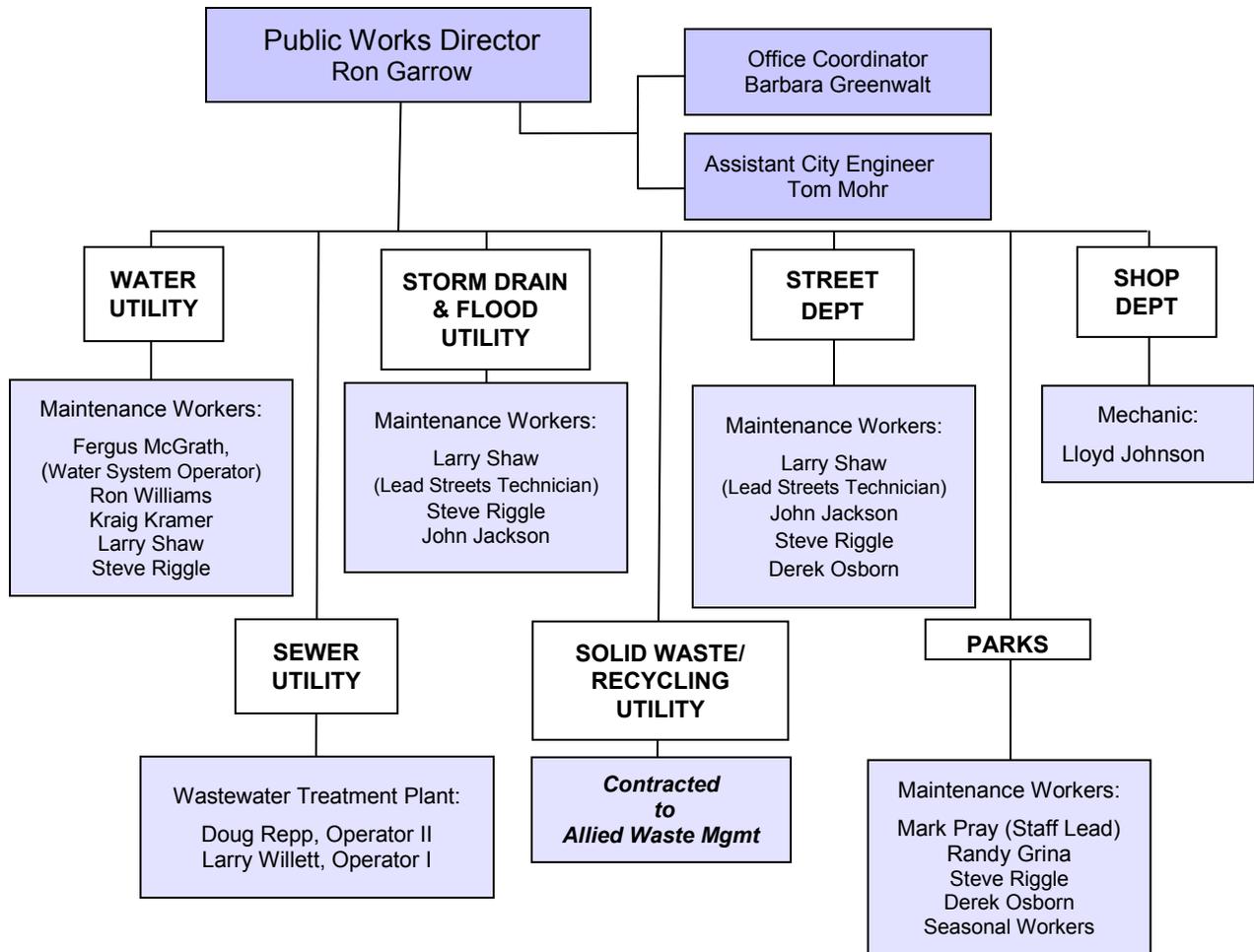
	Prior Years	2012 Budget	Total 2011-16	2011 Actual	2012 Budget	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast
<b>Project Costs:</b>									
Mgt & Eng									
Design	180,761		180,761	180,761					
Acquisition									
Construction		5,040,237	5,040,237		2,500,000	2,540,237			
Debt Service									
Maintenance			20,000				10,000	5,000	5,000
<b>Total</b>	<b>180,761</b>	<b>5,040,237</b>	<b>5,240,998</b>	<b>180,761</b>	<b>2,500,000</b>	<b>2,540,237</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Project Funding Sources:</b>									
Federal Grants			-						
State Grants			-						
County Grants			-						
FD 38 Contributions	67,655	2,896,345	-						
City Contributions			-						
General Fund			-						
Street Fund			-						
Street Capital Fund			-						
Capital Improvement Fund			-						
Park Improvement Fund			-						
Water Capital Improvement Fund			-						
Sewer Capital Improvement Fund			-						
Storm Drainage Capital Improvement Fund			-						
Bond Proceeds	51,038	2,206,697	-						
<b>Total</b>	<b>118,693</b>	<b>5,103,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: The first year's maintenance consists of building adjustments not thought of during construction. Thereafter, periodic storm system cleaning and interior replacement of failing items would occur. The first 5 years will show very little expense in terms of maintenance. Costs will build thereafter.



# Public Works Organizational Chart

## Utilities, Street & Maintenance Shop Departments



### Regulatory Functions

- Engineering plan review (site plans, subdivisions)
- Developer extension agreements
- Clearing and grading permits
- Storm and drain permits
- Street use permits
- Water and sewer permits
- R/W & on-site civil inspections

### Other Functions

- Capital project management
- Sewer/water availability certificates
- Utility franchise coordination
- Infrastructure planning (flood, sewer, storm, transportation, water)



# 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

### WATER RATES Effective December 1, 2011

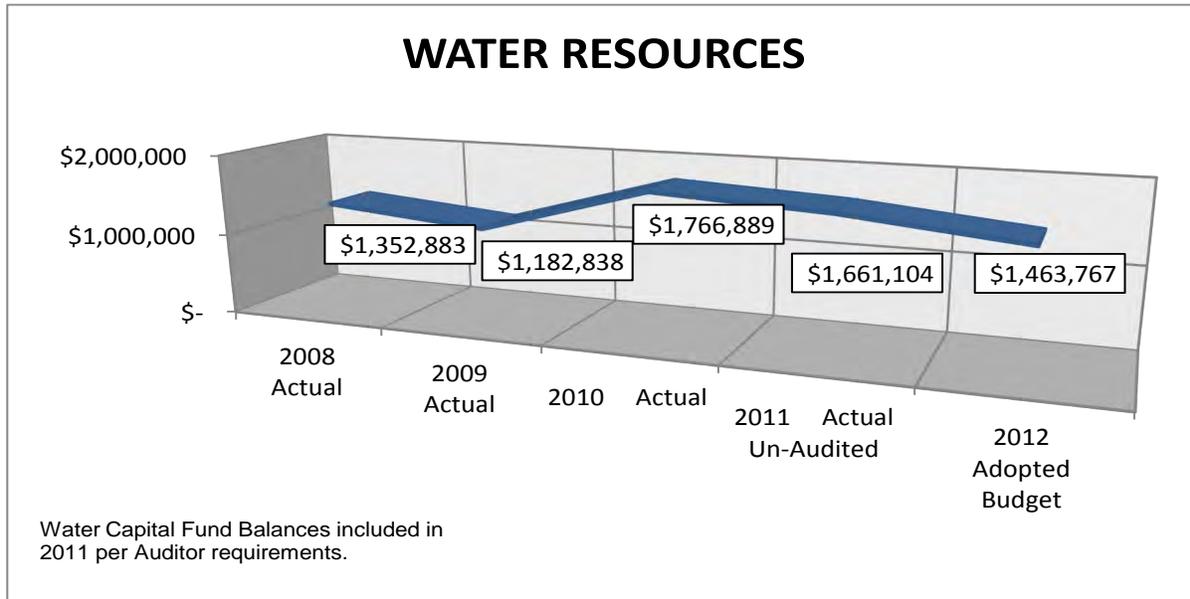
Ordinance# December 1, 2011	Monthly Water Base Charge					CM= Cubic Meters		
	5/8" meter	3/4" meter	1" meter	1.5" meter	2" meter	Block 1	Block 2	Block 3
<b>Inside City Customers</b>						<b>0 - 20 cm</b>	<b>21 - 30 cm</b>	<b>30+ cm</b>
Singe Family Residential	\$ 12.26	\$ 17.42	\$ 27.72	\$ 53.47	\$ 84.37	\$ 1.17	\$ 1.54	\$ 1.88
Senior / Disabled*	\$ 6.14	\$ 8.71	\$ 13.85	\$ 26.74	\$ 42.20	\$ 0.58	\$ 0.77	\$ 0.93
Multi Family Residential	\$ 9.52	\$ 13.04	\$ 20.06	\$ 37.60	\$ 58.63	<b>All Usage</b>		
						\$1.59		
Mixed Use (Two Rates together)						<b>All Usage</b>		
Commerical	\$ 18.10	\$ 26.18	\$ 42.33	\$ 82.66	\$ 131.08	<i>Billed @ Commerical Rate</i>		
Multi Family Residential	\$ 9.52	\$ 13.04	\$ 20.06	\$ 37.60	\$ 58.63			
<b>TOTAL MIXED USE RATE</b>	<b>\$ 27.62</b>	<b>\$ 39.22</b>	<b>\$ 62.39</b>	<b>\$ 120.26</b>	<b>\$ 189.71</b>	<b>\$1.30</b>		
Commercial	\$ 18.10	\$ 26.18	\$ 42.33	\$ 82.66	\$ 131.08	<b>All Usage</b>		
						\$1.30		
Irrigation	\$ 2.89	\$ 3.33	\$ 4.25	\$ 6.51	\$ 9.22	<b>0 - 85 cm</b>	<b>85+ cm</b>	
						\$ 1.30	\$1.92	
<b>Outside City Customers</b>						<b>0 - 20 cm</b>	<b>21 - 30 cm</b>	<b>30+ cm</b>
Singe Family Residential	\$ 20.25	\$ 28.75	\$ 45.74	\$ 88.23	\$ 139.21	\$ 1.92	\$ 2.55	\$ 3.11
Multi Family Residential	\$ 15.73	\$ 21.52	\$ 33.09	\$ 62.02	\$ 96.76	<b>All Usage</b>		
						\$2.63		
Commercial	\$ 29.89	\$ 43.20	\$ 69.82	\$ 136.41	\$ 216.29	<b>All Usage</b>		
						\$2.13		

### Water Department Staff

		%FTE
Public Works Director.....	Ron Garrow.....	17%
Assistant City Engineer .....	Tom Mohr.....	10%
Public Works Office Coordinator .....	Barbara Greenwalt.....	15%
Lead Water System Operator .....	Fergus McGrath .....	96%
Maintenance Worker .....	Ron Williams .....	96%
Maintenance Worker .....	Kraig Kramer.....	94%
Lead Streets Technician .....	Larry Shaw.....	4%
Maintenance Worker .....	Steve Riggle.....	5%



# Water Utility



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	162,263	483,641	253,441	-48%
Grants & PWTF Loan	0	18,218	0	-100%
Licenses & Permits	112	628	776	24%
Charges for Services	933,955	1,029,505	1,196,800	16%
Interest & Misc. Revenue	1,242	8,811	350	-96%
Water Capital	669,317	120,301	12,400	-90%
<b>Total Resources</b>	<b>1,766,889</b>	<b>1,661,104</b>	<b>1,463,767</b>	<b>-12%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	459,015	454,519	474,986	5%
Overhead	320,029	297,236	322,696	9%
Source Development Projects	22,246	10,190	-	-100%
Mitigation Water Purchase	67,103	56,360	85,000	51%
Debt	98,634	90,859	114,970	27%
Water Comp Plan	8,295	67	-	-100%
Rate Study & Facility Charge	-	16,990	11,635	-32%
GIS Plotter/Scanner & Copier Lease	4,607	1,900	1,925	1%
2012 Water Main Replacement	-	-	133,000	N/A
Water Capital	303,319	224,061	161,100	-28%
Ending Fund Balance	483,641	508,920	158,455	-69%
<b>Total Appropriated</b>	<b>1,766,889</b>	<b>1,661,104</b>	<b>1,463,767</b>	<b>-12%</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

### SEWER RATES Effective January 1, 2012

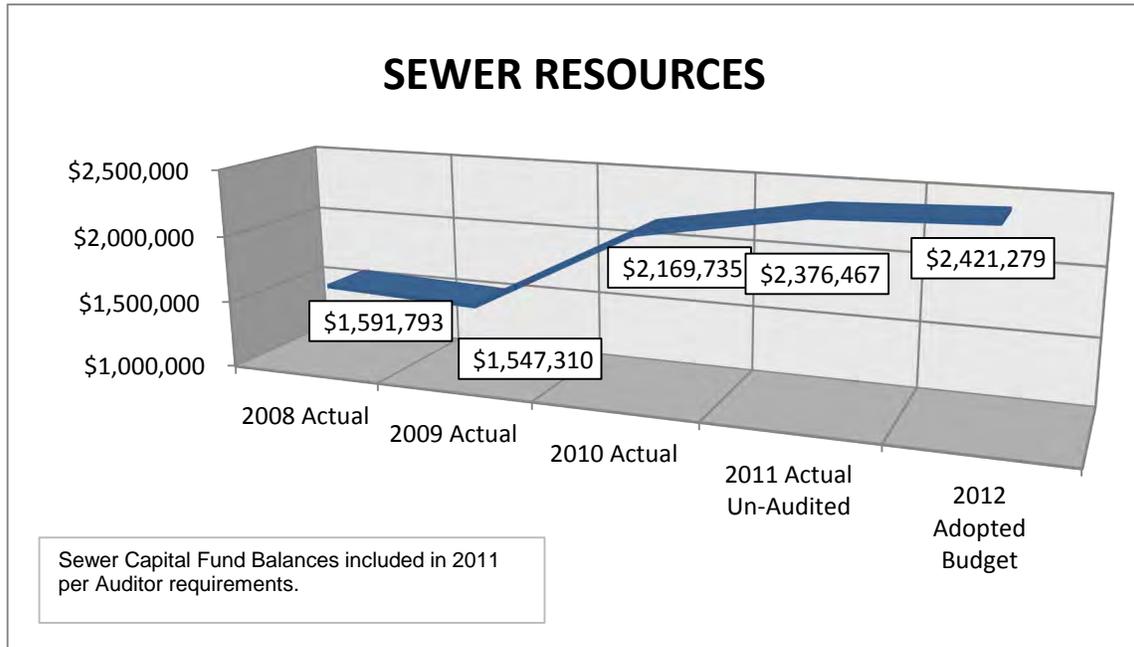
<b>Ordinance #1314 (Automatic CPI-W) January 1, 2012</b>	<b>Monthly Sewer Base Charge</b>	<b>Sewer Volume Charge (per cubic meter (CM) of water usage over the first ten CMs; except Mixed Use and Outside classification)</b>
Single Family Residential	\$ 67.94	\$ 0.71
Senior / Disabled	\$ 31.17	\$ 0.00
Multi Family Residential	\$ 67.94	\$ 0.71
<b>Mixed Use (Two Rates together)</b>		
Commerical/Inside City	\$ 67.94	Only Usage OVER 20 CM
Multi Family Residential/Inside	\$ 67.94	Billed @ Commerical Rate
<b>TOTAL MIXED USE RATE</b>	<b>\$ 135.88</b>	<b>\$2.60</b>
Commercial/Inside City	\$ 67.94	\$ 2.60
Commercial/Outside City & all other users	\$ 104.29	\$3.19 / per each CM

### Sewer Department Staff

		<b>%FTE</b>
Public Works Director .....	Ron Garrow .....	17%
Assistant City Engineer .....	Tom Mohr .....	10%
Public Works Office Coordinator .....	Barbara Greenwalt .....	15%
Wastewater Treatment Plant Operator II .....	Doug Repp .....	100%
Wastewater Treatment Plant Operator I .....	Larry Willett .....	100%



# Sewer Utility



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	93,367	602,971	90,702	-85%
Charges for Services	1,481,171	1,531,656	1,556,600	2%
Septic Waste Disposal Service	16,640	14,755	0	-100%
Interest & Misc. Revenue	10,218	17,694	1,000	-94%
Sewer Capital	568,339	209,391	772,977	269%
<b>Total Resources</b>	<b>2,169,735</b>	<b>2,376,467</b>	<b>2,421,279</b>	<b>2%</b>

Expenditures	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	347,819	299,093	357,542	20%
Overhead	416,914	377,481	424,457	12%
Debt	499,620	494,803	450,486	-9%
IF Loan	119,541	0	0	N/A
Rate Study & Facility Charge	0	16,990	150,000	783%
GIS Plotter/Scanner & Copier Lease	4,607	1,900	1,495	-21%
Sewer Capital	178,262	3,724	358,000	9514%
Ending Fund Balance	602,972	1,182,475	679,299	-43%
<b>Total Appropriated</b>	<b>2,169,735</b>	<b>2,376,467</b>	<b>2,421,279</b>	<b>2%</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

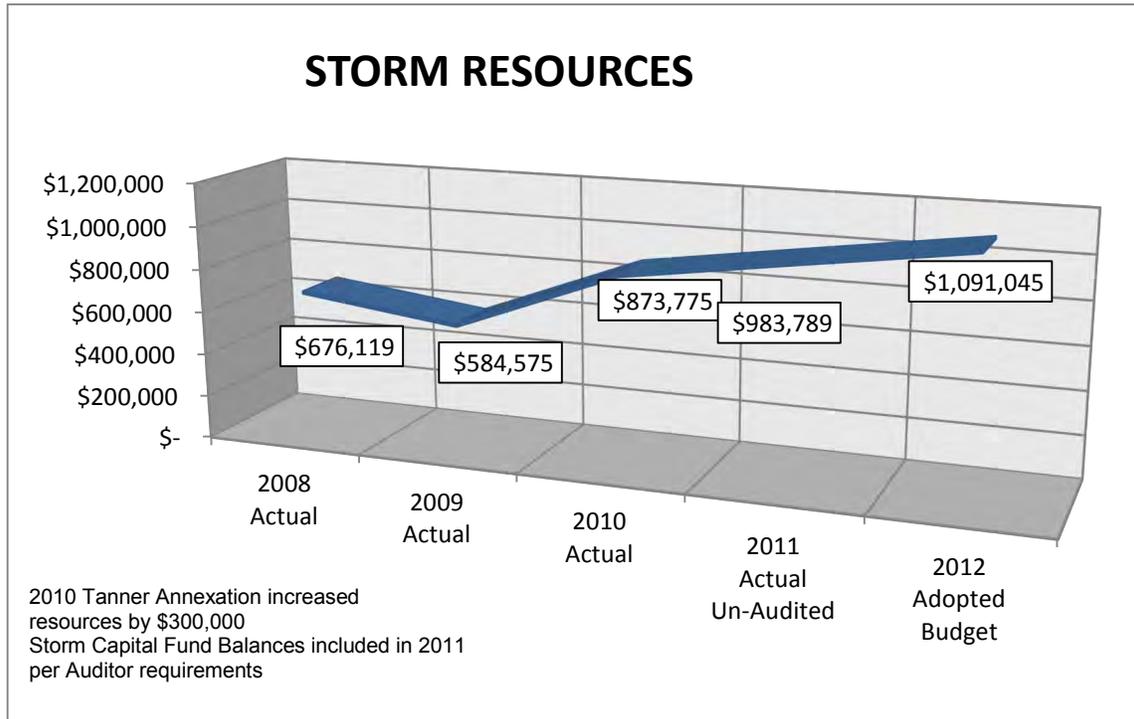
- Operate and maintain a stormwater collection and conveyance system
- Protect the environment with spill control and treatment facilities
- Bill and collect charges for service through the Finance Department

<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 .....	Ron Garrow .....	17%
Assistant City Engineer .....	Tom Mohr .....	20%
Public Works Office Coordinator .....	Barbara Greenwalt .....	7.5%
Lead Streets Technician .....	Larry Shaw .....	49%
Maintenance Worker .....	Steve Riddle .....	38%
Maintenance Worker .....	John Jackson .....	49%



# Storm Drain Utility



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	62,860	293,228	239,490	-18%
Licenses & Permits	0	0	0	N/A
Charges for Services	615,178	661,120	643,000	-3%
Interest & Misc. Revenue	1,159	8,384	500	-94%
Storm Capital	194,576	21,057	208,055	888%
<b>Total Resources</b>	<b>873,774</b>	<b>983,789</b>	<b>1,091,045</b>	<b>11%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	204,325	222,826	252,639	13%
Overhead	136,663	128,924	131,862	2%
Debt	170,813	166,170	159,370	-4%
IF Loan	68,309	0	0	N/A
GIS Plotter/Scanner & Copier Lease	3,614	950	735	-23%
Storm Capital	-3,178	59,734	10,000	-83%
Ending Fund Balance	293,228	405,186	536,439	32%
<b>Total Appropriated</b>	<b>873,774</b>	<b>983,789</b>	<b>1,091,045</b>	<b>11%</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

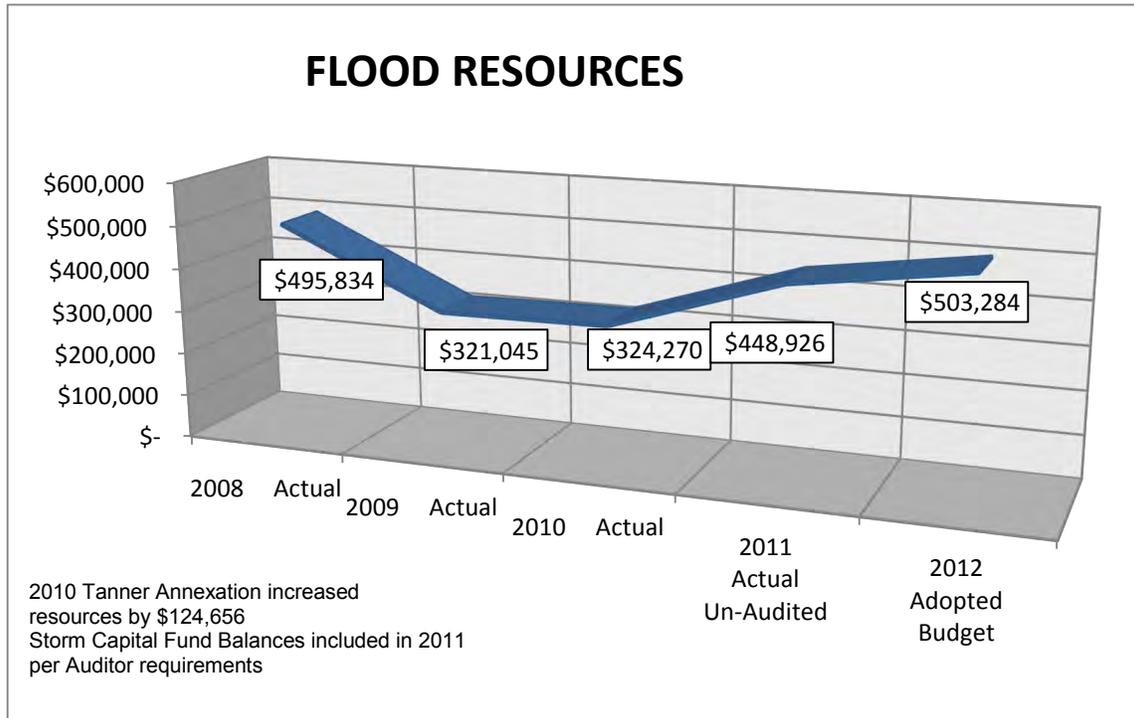
Operate and maintain programs to address drainage and flooding problems  
 Bill and collect charges for service through the Finance Department

<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 .....	Ron Garrow .....	10%
Assistant City Engineer .....	Tom Mohr .....	10%
Public Works Office Coordinator .....	Barbara Greenwalt .....	7.5%



# Flood Utility



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	167,037	252,617	340,184	35%
Licenses & Permits	1,270	93	500	436%
Charges for Services	155,353	167,257	162,000	-3%
Interest & Misc. Revenue	609	28,958	600	-98%
<b>Total Resources</b>	<b>324,270</b>	<b>448,926</b>	<b>503,284</b>	<b>12%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	56,869	56,562	65,733	16%
Overhead	13,799	47,748	20,294	-57%
Debt	984	950	735	-23%
Ending Fund Balance	252,617	343,666	416,522	21%
<b>Total Appropriated</b>	<b>324,270</b>	<b>448,926</b>	<b>503,284</b>	<b>12%</b>



## Solid Waste & Recycling Utility

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

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

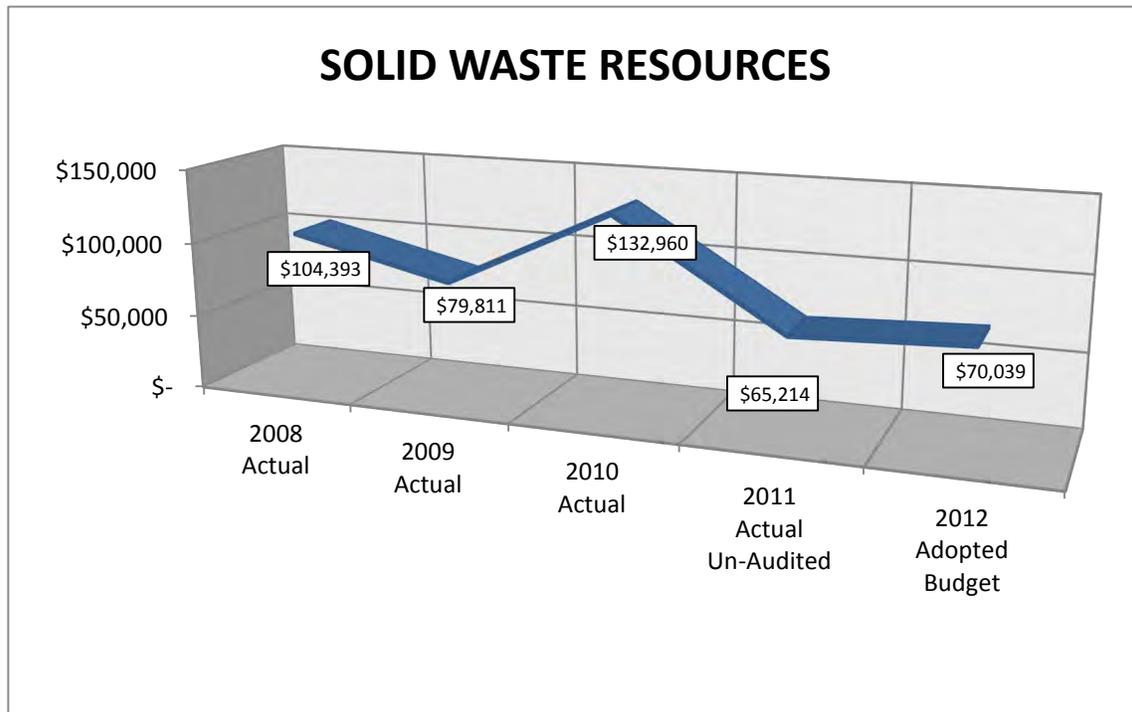
Also, the City provides a seasonal yard waste recycling station at the Public Works Shop every Saturday starting in May and ending in October.

### Solid Waste & Recycling Department Staff

		%FTE
Public Works Director.....	Ron Garrow.....	1%
Public Works Office Coordinator .....	Barbara Greenwalt.....	15%



## Solid Waste & Recycling Utility



2012 Resources By Category	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	5,790	4,830	9,000	86%
Charges for Services (Net)	0	27,795	35,600	28%
Grant Revenues	31,430	30,892	25,439	-18%
IF Loan	88,000	1,687	0	-100%
Interest & Misc. Revenue	7,740	10	0	-100%
<b>Total Resources</b>	<b>132,960</b>	<b>65,214</b>	<b>70,039</b>	<b>7%</b>

Description	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	12,135	14,324	18,663	30%
Yard Waste Collection	14,020	13,730	15,000	9%
Recycling Activity	26,009	6,596	14,500	120%
City's Overhead	35,059	1,073	0	-100%
IF Loan Payment	40,907	16,124	16,090	0%
Ending Fund Balance	4,830	13,368	5,786	-57%
<b>Total Appropriated</b>	<b>132,960</b>	<b>65,214</b>	<b>70,039</b>	<b>7%</b>



Photo by Matt Johnson

Spring is nature's way of saying "Let's party!!"  
**Robin Williams**



# Utilities' Capital Projects

Project Name	Total Budget	2012 Expenditures	Funding Source	Description
<b>Water</b>				
Water Main Replacement	1,363,000	1,200,000	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>1,200,000</u>		
<b>Sewer</b>				
Odor Control	350,000	350,000	Sewer Capital	Design and build Phase 2 of odor control improvements to the Waste Water Treatment Plant.
<i>Sewer Total</i>	<u>350,000</u>	<u>350,000</u>		
<b>Storm</b>				
No Projects Planned	-	-	0	0
<i>Storm Total</i>	<u>-</u>	<u>-</u>		
<b>UTILITIES Capital Projects Total</b>	<b>\$ 1,713,000</b>	<b>\$ 1,550,000</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.....	Ron Garrow.....	5%
Assistant City Engineer .....	Tom Mohr.....	5%
Public Works Office Coordinator .....	Barbara Greenwalt.....	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	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Miscellaneous Revenue	670	8,290	0	-100%
Funding From Participating Funds	304,071	302,631	308,642	2%
<b>Total</b>	<b>304,740</b>	<b>310,921</b>	<b>308,642</b>	<b>-1%</b>

Shop Operating: Expenditures	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	102,858	105,038	109,377	4%
Overhead	143,441	154,990	154,390	0%
Debt	58,441	50,893	44,875	-12%
<b>Total</b>	<b>304,740</b>	<b>310,921</b>	<b>308,642</b>	<b>-1%</b>

### Equipment Reserve

Equipment Reserve Fund: Resources	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	101,253	249,513	170,447	-32%
Funding From Participating Funds	47,905	47,916	47,314	-1%
Insurance Recovery	7,744	0	0	N/A
Interfund Loan Receipt	187,850	17,810	0	-100%
<b>Total Resources</b>	<b>344,752</b>	<b>315,239</b>	<b>217,761</b>	<b>-31%</b>

Equipment Reserve Fund: Expenditures	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Equipment Replacements	10,606	0	0	N/A
IF Loan	48,000	1,687	0	-100%
Debt	36,633	22,223	36,660	65%
Ending Fund Balance	249,513	291,330	181,101	-38%
<b>Total Appropriated</b>	<b>344,752</b>	<b>315,239</b>	<b>217,761</b>	<b>-31%</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 .....	Cheryl Proffitt-Schmidt
City-Wide Technology Coordinator .....	Stan Lewis
Help Desk - Public Works .....	Larry Shaw



# Technology Operating Fund

## Technology Operating

Technology: Operating Resources	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Funding From Participating Funds	157,952	110,506	130,747	18%
Miscellaneous Revenue	41	0	0	N/A
<b>Total</b>	<b>157,992</b>	<b>110,506</b>	<b>130,747</b>	<b>18%</b>

Technology: Operating Expenditures	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Personnel	51,603	47,625	52,627	11%
Overhead	106,389	63,882	78,120	22%
<b>Total</b>	<b>157,992</b>	<b>111,506</b>	<b>130,747</b>	<b>17%</b>

## Technology Reserve

Technology Reserve Fund: Resources	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Beginning Balance	42,129	31,730	54,972	73%
Funding From Participating Funds	36,696	23,242	22,277	-4%
<b>Total Resources</b>	<b>78,825</b>	<b>54,972</b>	<b>77,249</b>	<b>41%</b>

Technology Reserve Fund: Expenditures	2010 Actual	2011 Actual (un-audited)	2012 Adopted	Variance 11-12 %
Equipment Replacements	47,095	5,343	17,123	220%
Ending Fund Balance	31,730	49,629	60,126	21%
<b>Total Appropriated</b>	<b>78,825</b>	<b>54,972</b>	<b>77,249</b>	<b>41%</b>



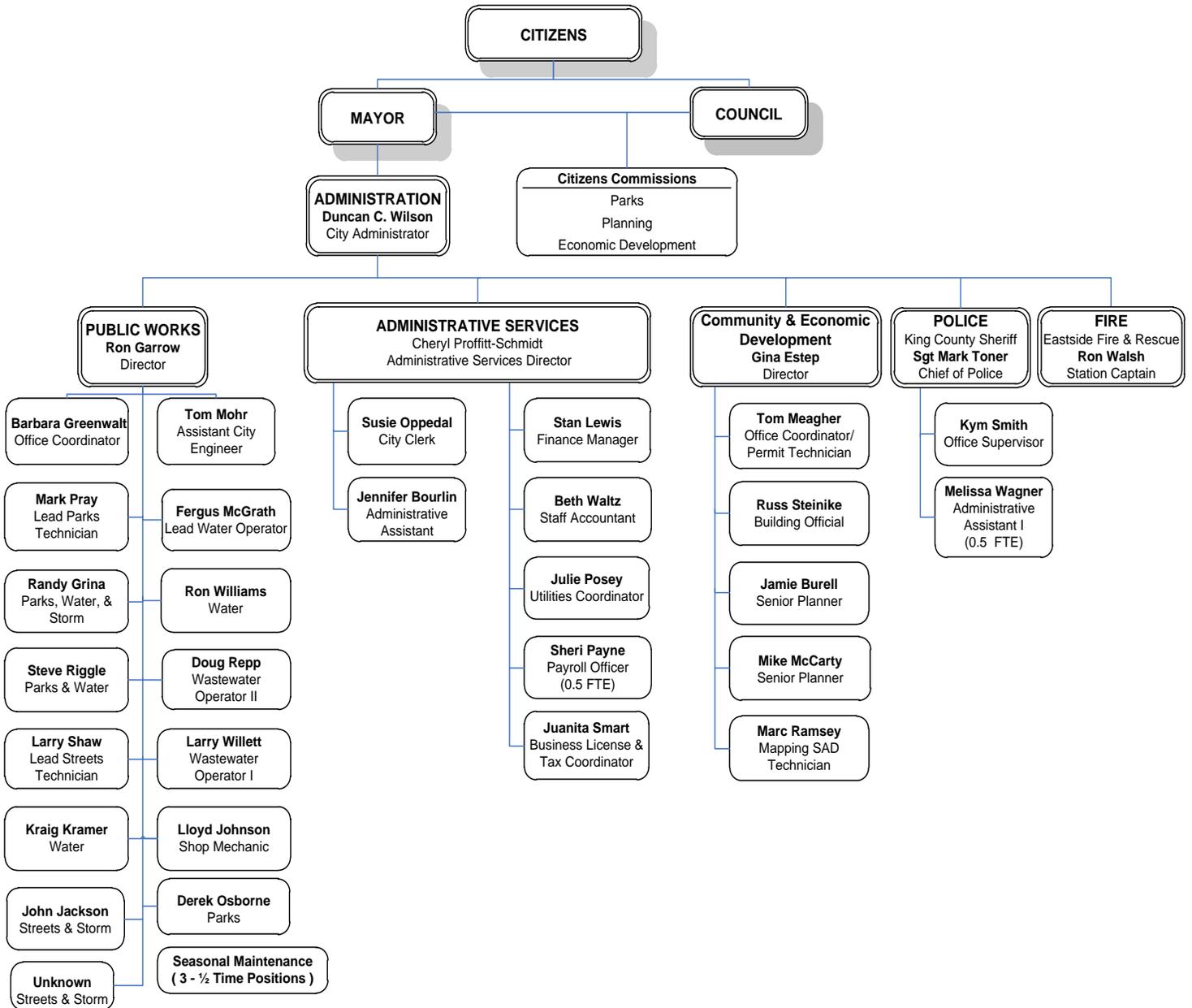
A truly American sentiment recognizes the dignity of labor and the  
fact that honor lies in honest toil.  
**Grover Cleveland**



**2011 Employee of the Year  
Tom Meagher - Office Coordinator & Permit Tech**



# Citywide Organizational Chart





# Staff Directory



Duncan C. Wilson – City Administrator

## Administrative Department



Cheryl Proffitt-Schmidt  
Administrative Services Director



Susie Oppedal  
City Clerk



Jennifer Bourlin  
Administrative Assistant



Stan Lewis  
Finance Manager



Beth Waltz  
Staff Accountant



Sheri Payne  
Payroll Officer

## Finance Department



Julie Posey  
Utilities Coordinator



Juanita Smart  
Business License & Tax



# Staff Directory



Sgt. Mark Toner  
Chief of Police



Kym Smith  
Police Office Supervisor



Melissa Wagner  
Police Office Assistant

## Public Safety



Bud Backer  
Deputy Fire Chief

## Community & Economic Development



Gina Estep  
Community & Economic  
Development Director



Tom Meagher  
Office Coordinator  
Permit Technician



Marc Ramsey  
Mapping CAD Technician



Jamie Burrell  
Senior Planner



Mike McCarty  
Senior Planner



# Staff Directory



Ron Garrow  
Public Works Director



Tom Mohr  
Assistant City Engineer



Barbara Greenwalt  
Public Works Coordinator

## Public Works

## Parks



Mark Pray  
Parks - Lead



Randy Grina  
Maintenance  
(Journey)



Larry Shaw  
Streets - Lead



John Jackson  
Maintenance  
(Journey)



Steve Riggle  
Maintenance  
(Journey)

## Streets/Storm Department



Derek Osborn  
Maintenance  
(Journey)



## Staff Directory

### Water Department



Fergus McGrath  
Water System  
Operator - Lead



Ron Williams  
Maintenance  
(Journey)



Kraig Kramer  
Maintenance  
(Journey)



Doug Repp  
Wastewater Operator II



Larry Willett  
Wastewater Operator I

### Sewer Department

### Shop



Lloyd Johnson  
Mechanic



## Personnel History

DEPARTMENTS	2008	2009	2010	2011	2012
<b>Administration</b>	2.00	2.00	2.70	2.70	2.60
City Administrator	1.00	1.00	1.00	1.00	1.00
<b>Community &amp; Economic Development Services</b>					
Director	1.00	1.00	1.00	1.00	1.00
Building	1.00	1.00	1.00	1.00	1.00
Planning	1.00	1.50	1.50	1.50	1.50
Support Staff	1.00	1.00	1.00	1.00	1.00
GIS Staff	1.00	1.00	1.00	1.00	1.00
<b>Finance &amp; Technology</b>	4.00	4.00	4.00	4.10	4.30
Director	1.00	1.00	1.00	1.00	1.00
<b>Police Administration</b>	1.50	1.50	1.50	1.50	1.50
<b>Public Works</b>					
Director	1.00	1.00	1.00	1.00	1.00
Public Works Field Supervisor	1.00	1.00	0.00	0.00	0.00
Assistant City Engineer	1.00	1.00	1.00	1.00	1.00
Public Works Office Coordinator	1.00	1.00	1.00	1.00	1.00
Water	3.00	3.00	3.00	3.00	3.00
Sewer	2.00	2.00	2.00	2.00	2.00
Storm Drainage	1.00	1.00	1.00	1.00	1.00
Streets	1.00	1.00	2.00	2.00	3.00
Parks	4.00	5.00	4.00	3.00	2.00
Parks: <i>Seasonal</i>	2.00	1.50	1.50	0.00	0.00
Shop	1.00	1.00	1.00	1.00	1.00
<b>TOTAL</b>	<b>32.50</b>	<b>33.50</b>	<b>33.20</b>	<b>30.80</b>	<b>30.90</b>



Photo by Matt Johnson

I can't change the direction of the wind, but I can adjust my sails  
to always reach my destination.

**Jimmy Dean**



# 2012 Budget Ordinance

## Ordinance 1446

**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 a preliminary budget has been prepared and filed, a public hearing was held on November 15, 2011 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; 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 the City Council desires to adopt a Salary Schedule for 2012;

**Section 1. 2012 Budget Adoption.** The following 2012 budget is hereby adopted:

<b>Fund Name</b>	<b>Fund #</b>	<b>Estimated Revenues</b>	<b>Estimated Expenses</b>
General Fund	001	\$6,075,409	\$6,075,409
Streets Operations	101	547,439	547,439
Capital Streets	102	278,807	278,807
Streets Overlay	103	150,000	150,000
Impact Fees & Mitigation	106	141,158	141,158
Economic Development	108	64,224	64,224
Capital Improvement (REET)	110	180,000	180,000
Park Capital Improvement	116	51,664	51,664
Development Projects	125	155,000	155,000
2010 LTGO Debt Service	215	186,660	186,660
2011 Fire Station Bond Redemption	216	2,130,370	2,130,370
Public Works Trust Fund Debt Service	240	6,060	6,060
Municipal Projects	310	4,715,000	4,715,000
Water Operations & Capital	401	1,463,767	1,463,767
Sewer Operation & Capital	402	2,421,279	2,421,279
Storm Drainage Operations & Capital	404	1,091,045	1,091,045
Flood Operations	404	503,284	503,284
Solid Waste and Recycling Operations	405	70,039	70,039
ULID #6 Bond Redemption	451	1,818,530	1,818,530
ULID #6 Bond Reserve	452	1,585,989	1,585,989
Equipment Operating	501	308,642	308,642
Technology Operating	501	130,747	130,747
Equipment Reserve	502	217,761	217,761
Technology Reserve	502	77,249	77,249
<b>TOTALS</b>		<b>\$24,370,123</b>	<b>\$24,370,123</b>

A certified copy of this ordinance and the final 2012 Budget Document will be submitted to the State Auditor, Division of Municipal Corporations, and to the Association of Washington Cities. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force on January 1, 2012.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 15<sup>TH</sup> DAY OF NOVEMBER, 2011.**



Photo by Seth Truscott

There is not enough darkness in all the world to put out the  
light of even one small candle.  
**Robert Alden**



# 2012 Budget Ordinance: 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	\$ 8,234	\$ 10,018	1
Public Works Director	7,138	8,684	1
Community & Economic Dev. Director	6,266	7,624	1
Assistant City Engineer	6,178	7,516	1
Administrative Services Director	5,610	6,825	1
Finance Manager	5,394	6,563	1
Building Official	5,019	6,106	1
City Clerk	4,773	5,807	1
<b>Public Works Bargaining Unit</b>			
Wastewater Operator II	4,635	5,475	1
Lead Water System Operator	4,532	5,270	1
Lead Parks Technician	4,387	5,125	1
Lead Streets Technician	4,387	5,125	1
Wastewater Operator I	4,297	5,080	1
Mechanic	3,910	4,823	1
Maintenance (Journey)	3,882	4,590	6
Maintenance (Entry)	3,304	3,542	0
Maintenance (Seasonal-2 Positions)	12/hr	15/hr	1
<b>Professional, Technical, Clerical Bargaining Unit</b>			
Senior Planner	5,223	6,354	1.5
Staff Accountant	4,695	5,714	1
Police Office Supervisor	4,117	5,110	1
Payroll Officer	4,117	5,110	0.6
Mapping CAD Technician	3,939	5,023	1
Utilities Coordinator	3,974	4,836	1
Deputy Clerk	3,974	4,836	0
Business License & Tax Coordinator	3,974	4,836	0.7
Public Works Office Coordinator	3,712	4,739	1
Office Coordinator / Permit Technician	3,712	4,739	1
Administrative Assistant	3,142	3,900	1.1
<b>Total FTEs</b>			<b>30.9</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 Is:** 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.



Photo by Matt Johnson

Life is the art of drawing without an eraser.  
**John Gardner**



## 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 to 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

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.



Photo by Matt Johnson

In the United States there is more space where nobody is than where anybody is.  
This is what makes America what it is.

**Gertrude Stein**



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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