

***Black
Diamond
Final Budget***

2018

Celebrating Pacific Northwest Wildlife



Black Bear Cubs

If you spend time outdoors, your chances of seeing a black bear in Washington are fairly good.

Photos in this document are courtesy of the National Wildlife Federation

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***** *From the Mayor's Desk* *****

October 30, 2017

City Council and Black Diamond Residents,

It is my pleasure and honor as the Mayor of the City of Black Diamond to present the 2018 Preliminary Budget to both the City Council and the community at large. I along with staff have worked very hard to bring forward a balanced budget and I believe this document does an excellent job of blending values and goals with the financial realities that must always be taken into account.

The total 2018 Preliminary Budget for both Operating and Capital totals \$18,226,427, with the General Fund portion at \$7,514,474. The General Fund includes a budgeted increase to the Ending Cash and Investment Balance, budgeted at \$1,044,226. This amount equals 19% of operating expenditures which exceeds the policy adopted of at least a 10% ending balance. This is important as the State Auditors measure a city's on-going "fitness" by making sure we maintain the budgeted ending balance within policy.

The General Fund, which is the main operating fund of the city, continues to support the safety of our citizens as a priority, with 52.4% of its budget planned for Police, Fire, and the Courts. 100% of property tax and other revenues are used to fund Public Safety.

The Police Department will continue to provide quality service with all budgeted patrol positions filled, including the addition of an officer in the 2017 Budget. The 2018 Police Budget includes additional emphasis on truck and traffic safety, as building construction increases, and the first debt payment for the 2017 purchase of four new police vehicles. Local and federal grants continue to support boating safety on Lake Sawyer, while donations help with the Dare program at the Black Diamond Elementary school.

Funds are also budgeted for the purchase of a new Fire Engine in 2018. This is a long-awaited item and is funded by use of growth related Fire Impact Fees and a supporting city match.

Our Courts have also seen the effects of growth and risk in the community, and Court days are budgeted to double in 2018. This will be overseen by a new Judge effective January 1, 2018. A new State Grant will help pay for increased Public Defense costs for indigent residence.

Another priority in the 2018 Budget is to provide the staffing needed to review and inspect the increase in building activity in Black Diamond. With the approval of the first phase of the Master Planned Development in October 2017, the 10 Trails (formerly known as the Villages) development is set to begin processing permits and begin building residential and commercial projects for approved sections of their development. Also, several new inquiries and permits for both in-fill residential and commercial building are keeping the Community Development Department busy. A new Building Official is the only new position included in the 2018 General Fund Budget and is supported by the building related fees collected.

We were fortunate in 2017 to see the completion of a new Traffic Roundabout paid for entirely by the Master Planned Development. This is an efficient safety feature that benefits our citizens without any cost to the city. Also, the developer paid for a needed water line to serve 10 Trails, which benefited the homes in Morganville with increased fire flow. In 2017, the pavement of Roberts Drive which is also adding new sidewalks from Bruckners Way to City Hall will be completed. This was paid for with a State Transportation Improvement Board (TIB) Grant.

The 2018 Budget includes funds for Street Asphalt Overlay and Chip Seal Projects planned to be funded with State Grants. Funds are also included for Park trails and purchase of a new Cemetery Niche. Several grants have been obtained to begin work on the North Commercial Storm Water Pond project. Completion of the city's Comp Plan and Water Comp Plan are anticipated and included in the 2018 Budget.

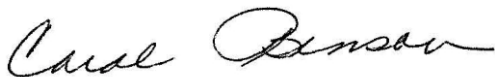
Sustaining the budget for maintenance and operation of the Street and Utility Funds is of continuing importance. The Transportation Benefit District's \$20 car tab fee will provide the second full year of funds that support such activity as roadway striping, traffic signage, pothole repair, street lights, pavement, signals, sidewalks and road safety improvements.

The Water, Sewer and Stormwater Operation 2018 budgets are also in balance. The Sewer Operating 2018 budget includes a city-share Sewer rate increase planned for the second half of the year. A first quarter Rate Study is planned to evaluate this needed increase to cover state and city utility taxes and other operating costs.

A conservative 2018 Preliminary Budget is presented this year, as only minimal growth in sustainable revenue is expected in 2018. To that end we must guard against increasing operating costs until actual long-term revenue streams are in place to sustain any increase in new staffing.

I thank you in advance for your review and consideration of this preliminary budget and I look forward to your input. I also want to thank City Staff for their hard work and dedication to develop a balanced 2018 Preliminary Budget within the resources we have. I am proud that the city has maintained a level of service which makes Black Diamond a better place to live, work, play and do business.

Sincerely,



Mayor



Black Diamond Elected Officials

Mayor
Carol Benson
Expires 12/31/2017

Position 3
Janie Edelman
Expires 12/31/2019

Position 1
Tamie Deady
Expires 12/31/2019

Position 4
Brian Weber
Expires 12/31/2017

Position 2
Erika Morgan
Mayor Pro-tem
Expires 12/31/2017

Position 5
Pat Pepper
Recalled
February 2018



The **Pileated Woodpecker** (*Dryocopus pileatus*) is a large woodpecker native to North America. This crow-sized bird normally inhabits deciduous forests in eastern North America, but are also seen here and in other parts of the Pacific coast. It is the second-largest woodpecker in the United States.

History of Black Diamond, Washington – Coal Town

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

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

The city is on the verge of growth. At 4,335 citizens, population projections may reach above 20,000 in the next 20 years. Over past years, major annexations have increased the population and acreage of Black Diamond. The annexation of the Lake Sawyer area in 1998 doubled the number of citizens. More recent annexations in the city's urban growth area have increased the city's size by approximately 1,600 acres.

Form of Government

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

Budget Process

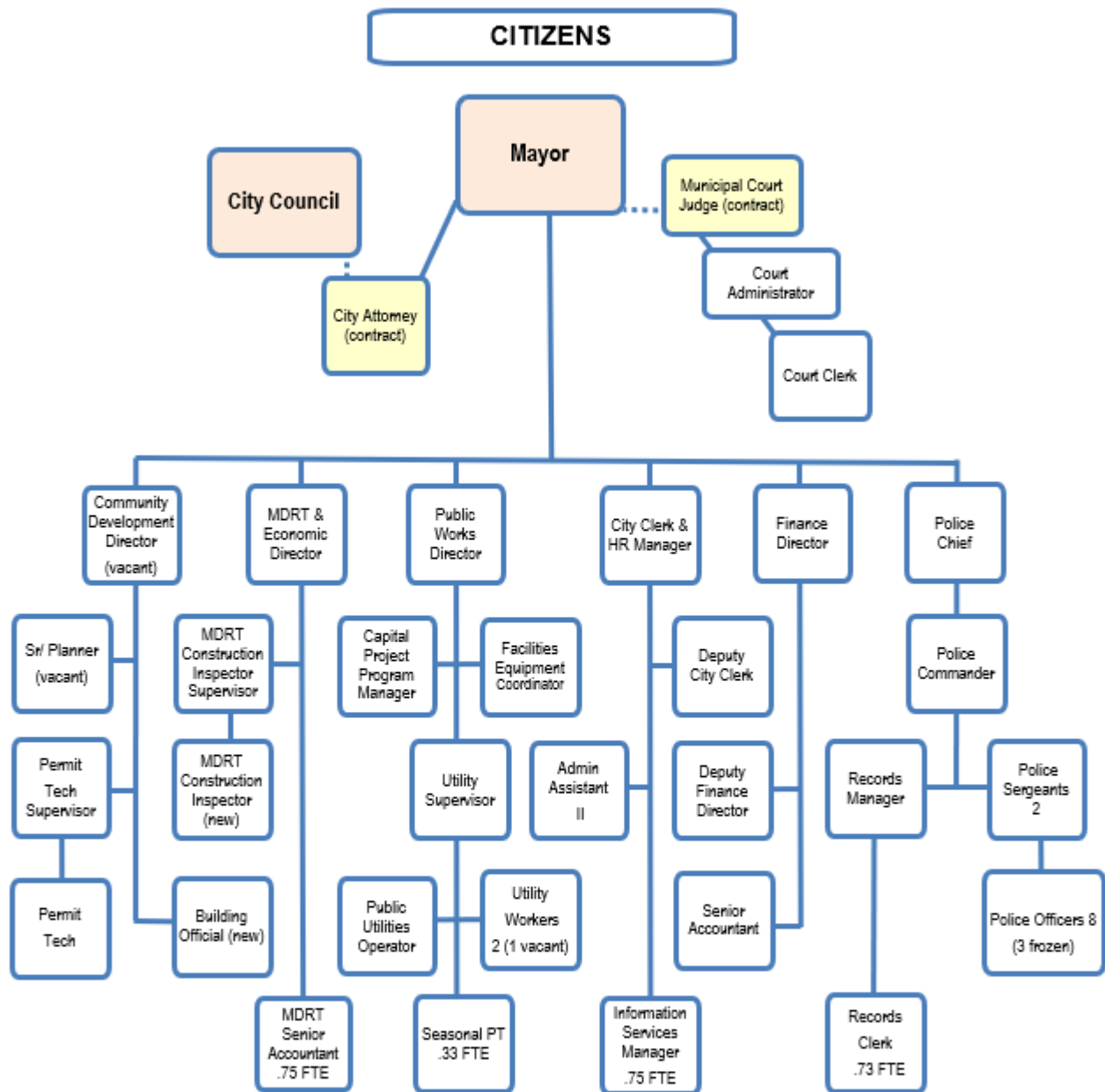
Budgeting is an essential element of the financial planning, control and evaluation process of government. The planning process involves determining the types and levels of services to be provided by the various departments, programs and functions.

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

How Black Diamond Serves the Community

The City of Black Diamond strives to provide a safe and enjoyable environment for residents, businesses and visitors alike. Foremost, safety is a priority in Black Diamond. Our city's Police Department and Mountain View Fire and Rescue employees are both dedicated and top notch. City employees provide other important services such as road maintenance, planning, permitting, code enforcement, a municipal court, parks maintenance, water utility services, stormwater management and a sewer utility.

City of Black Diamond 2018 Organization Chart



This Chart represents budgeted positions for 2018 =35.56 FTE

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

Black Diamond is served by Mountain View Fire and Rescue

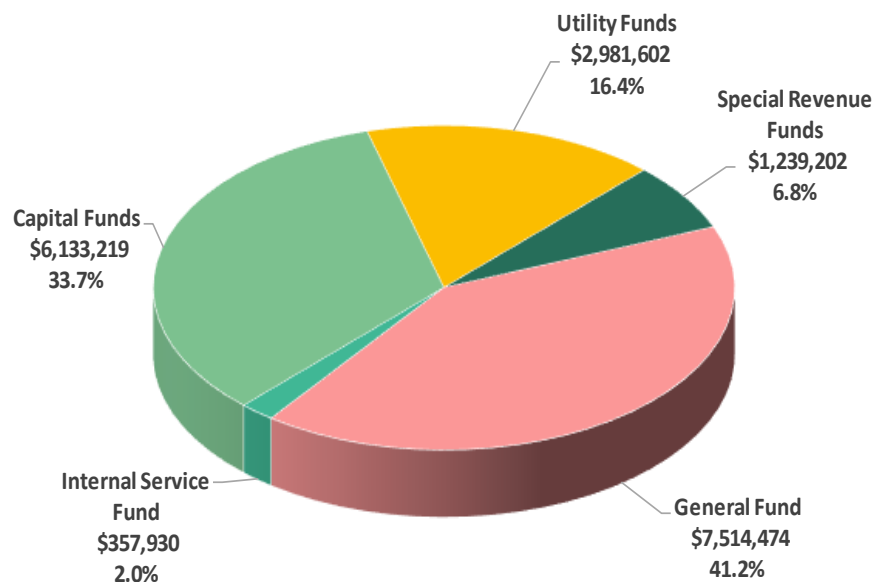


Combined 2018 Budget - All Funds

	Beginning Fund Balance	2018 Revenue	Total Sources	2018 Expenditures	Ending Fund Balance	Total Uses
1 General Fund 001	1,161,717	6,352,757	7,514,474	6,470,248	1,044,226	7,514,474
2 Special Revenue Funds						
3 101 Street Fund	120,415	282,160	402,575	283,263	119,312	402,575
4 107 Fire Impact Fees	209,270	267,000	476,270	475,000	1,270	476,270
5 108 Trans. Benefit District Fund	15,517	110,200	125,717	120,000	5,717	125,717
6 109 Traffic Mitigation Fees	83,840	150,800	234,640	234,640		234,640
7 Utility Operating Funds						
8 401 Water Fund	377,248	942,500	1,319,748	1,034,514	285,234	1,319,748
9 407 Sewer Fund	130,000	1,011,180	1,141,180	1,055,976	85,204	1,141,180
10 410 Stormwater Fund	102,574	418,100	520,674	465,420	55,254	520,674
11 Capital Funds						
12 310 Gen. Government CIP Fund	64,939	706,500	771,439	771,439		771,439
13 and REET 1	148,850	202,000	350,850	207,500	143,350	350,850
14 320 Street CIP Fund		420,000	420,000	420,000		420,000
15 and REET 2	124,230	202,000	326,230	173,000	153,230	326,230
16 402 Water Supply and Facility Fund	70,000	2,017,000	2,087,000	2,017,000	70,000	2,087,000
17 404 Water Capital Fund	196,000	456,000	652,000	256,000	396,000	652,000
18 408 Sewer Capital Fund	403,500	107,200	510,700	180,000	330,700	510,700
19 410 Stormwater Capital Fund		1,015,000	1,015,000	1,015,000		1,015,000
20 Internal Service Fund 510						
21 1 - Fire Equipment Repl Fund	51,480	600	52,080	52,080		52,080
22 2 - Public Works Equip Repl Fund	247,269	49,000	296,269	90,000	206,269	296,269
23 3 - Police Equipment Repl Fund	6,531	3,050	9,581	9,581		9,581
24 Total All Funds	3,513,380	14,713,047	18,226,427	15,330,661	2,895,766	18,226,427

Total Black Diamond 2018 Budget

\$18,226,427



General Fund

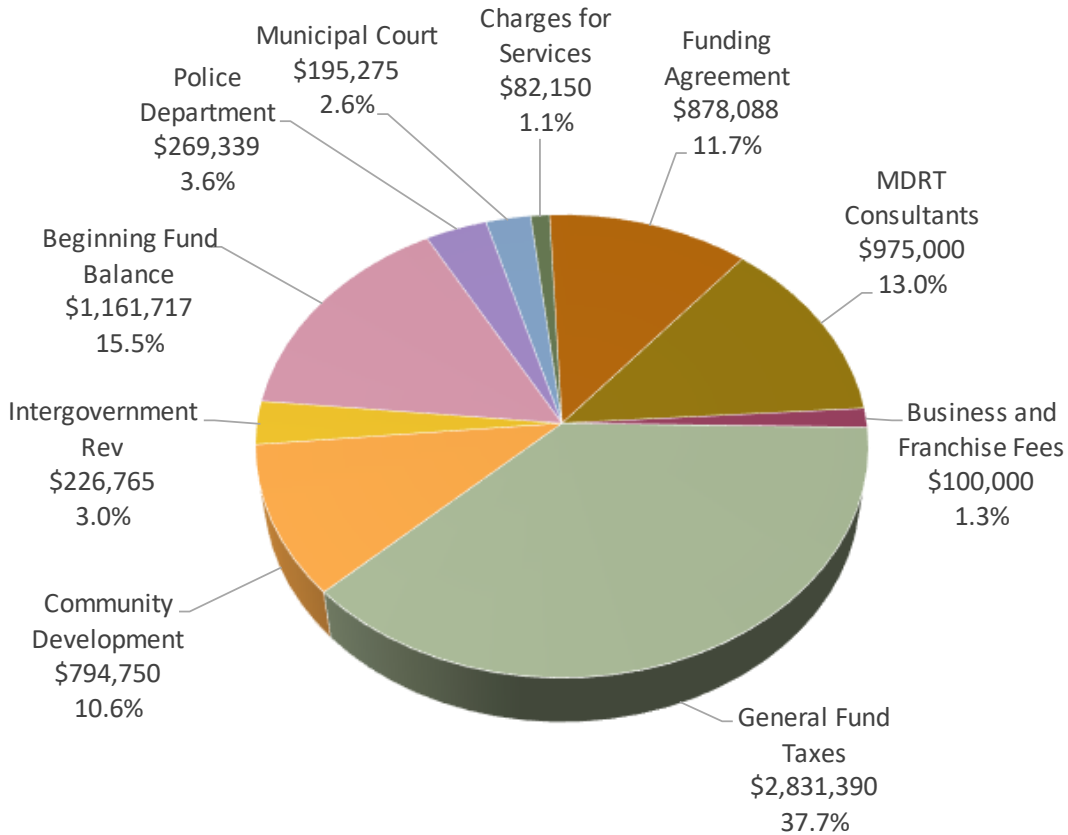
The General Fund is the primary fund of the city. It is similar to a firm's general ledger account, and records all assets and liabilities of the entity that are not assigned to a special purpose fund. It provides the resources necessary to sustain day-to-day city activities.



Gray wolves are protected as endangered in western parts of Oregon and Washington, but they are delisted in the eastern regions where their populations have proliferated. In Washington, wolves are concentrated in the northeast corner of the state. Seventeen out of 20 of the state's packs roam one district.

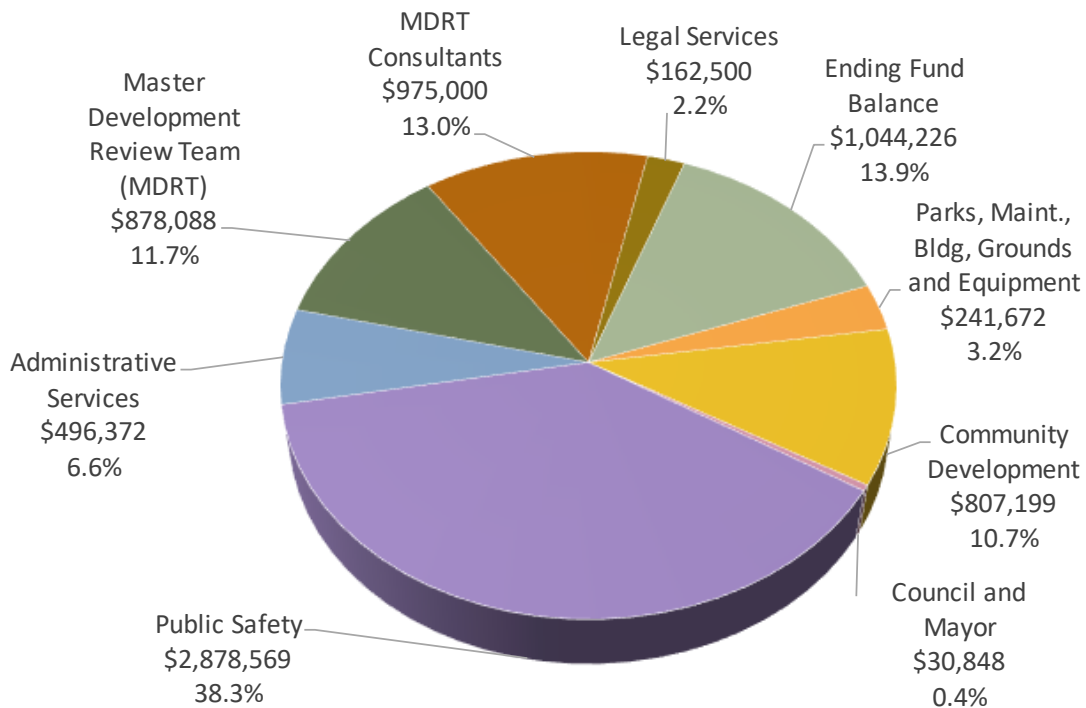
2018 General Fund Sources

\$7,514,474



2018 General Fund Uses

\$7,514,474



General Fund Budget 2018						
	2017 Budget	2017 thru August	2017 Est. Year End	2018 Budget	2018 to 2017 Budget Diff	% Diff
REVENUE						
1 Total Beginning Cash and Investments	1,303,353	1,455,070	1,455,070	1,161,717	(141,636)	-10.9%
2 Property Tax	1,490,100	797,175	1,508,646	1,534,740	44,640	3.0%
3 Sales Tax	385,000	383,359	557,000	655,000	270,000	70.1%
4 Utility & Gambling Tax	603,250	433,990	611,250	641,650	38,400	6.4%
5 Business & Other Licenses & Fees	23,500	23,180	23,500	23,500	0	0.0%
6 Cable Franchise Fees	76,000	56,984	75,000	76,500	500	0.7%
7 Land Use and Permitting Fees	380,950	172,915	270,000	794,750	413,800	108.6%
8 Liquor Tax & Profits	56,481	33,317	55,657	57,265	784	1.4%
9 State Sales Tax Assistance	95,000	41,275	82,500	95,000	0	0.0%
10 KC EMS Levy, Recycle Grants & misc	66,000	60,058	66,000	74,500	8,500	12.9%
11 Police Grants, Criminal Justice and Misc.	239,447	150,061	230,000	269,339	29,892	12.5%
12 Court Fines and Fees	193,275	57,694	95,000	195,275	2,000	1.0%
13 Charges for Services	22,150	3,266	6,000	16,250	(5,900)	-26.6%
14 Parks Revenue	34,940	23,843	27,800	36,900	1,960	5.6%
15 Cemetery Fees & Charges	12,600	4,920	5,000	12,600	0	0.0%
16 Miscellaneous Revenue	8,850	12,562	12,000	16,400	7,550	85.3%
17 Subtotal Operating Revenue	4,990,896	3,709,669	5,080,423	5,661,386	670,490	13.4%
18 Funding Agreement-MDRT	829,475	379,420	708,475	878,088	48,613	5.9%
19 Total Operating Revenue	5,820,371	4,089,089	5,788,898	6,539,474	719,103	12.4%
20 Developer Reimb-MDRT Consultants	438,000	340,644	677,000	975,000	537,000	122.6%
21 Total General Fund Sources	6,258,371	4,429,734	6,465,898	7,514,474	1,256,103	20.1%
EXPENDITURES						
23 Legislative-Council	15,814	6,855	13,314	15,881	67	0.4%
24 Executive-Mayor	14,877	9,191	13,477	14,967	90	0.6%
25 Admin Services (City Clerk/HR/Fin/IT/Cent Svc)	458,757	277,976	445,259	496,372	37,615	8.2%
26 Legal Services - General/Union Contracts	90,000	30,985	83,000	72,500	(17,500)	-19.4%
27 Legal Services - Lawsuits and Public Disclosure	20,000	100,949	200,000	90,000	70,000	350.0%
28 Legal - Prosecutor and Public Defender	61,250	33,750	53,750	85,250	24,000	39.2%
29 Municipal Court	232,041	118,929	199,041	280,055	48,014	20.7%
30 Police Department	1,897,480	1,102,032	1,747,480	1,944,007	46,527	2.5%
31 Fire Department	534,905	257,665	515,905	540,300	5,395	1.0%
32 EMS/Recycle/Air Quality/Mental Hlth/Anim Cont	29,466	15,110	20,500	28,957	(509)	-1.7%
33 Master Development Review Team	748,975	434,856	677,975	878,088	129,113	17.2%
34 Community Development	480,608	198,775	439,973	807,199	326,591	68.0%
35 Facilities Department	124,593	79,779	121,093	124,931	338	0.3%
36 Parks Department	81,363	49,396	79,463	97,494	16,131	19.8%
37 Cemetery	18,951	9,987	16,951	19,247	296	1.6%
38 Total Operating Expenditures	4,809,080	2,726,234	4,627,181	5,495,248	686,168	14.3%
39 Developer MDRT-Consultants	438,000	295,740	677,000	975,000	537,000	122.6%
40 Total Expenditures	5,247,080	3,021,974	5,304,181	6,470,248	1,223,168	23.3%
41 Ending Cash & Investments	620,179	1,016,648	770,605	610,686	(9,493)	-1.5%
42 Designated Contingency (.375 for each 1,000 in AV)	266,112	266,112	266,112	283,540	17,428	6.5%
43 Ending Cash & Investments Developer	125,000	125,000	125,000	150,000	25,000	20.0%
44 Total Ending Cash and Investments	1,011,291	1,407,760	1,161,717	1,044,226	32,935	3.3%
45 Total General Fund Uses	6,258,371	4,429,734	6,465,898	7,514,474	1,256,103	20.1%

Functions Supported by Operating Revenue Sources					Public Safety	General Govt	MDRT
2017 Budget	2018 Budget	\$ Change	% Change				
Beginning Cash and Investments	1,303,353	1,161,717	(141,636)	-10.9%		1,011,717	150,000
REVENUE							
1 Public Safety Revenue Support							
2 Property Tax	1,490,100	1,534,740	44,640	3.0%	1,534,740		
3 Utility and Gambling Tax	603,250	641,650	38,400	6.4%	641,650		
4 Criminal Justice Sales Tax	116,532	126,639	10,107	8.7%	126,639		
5 Liquor Tax & Profits	56,481	57,265	784	1.4%	57,265		
6 Court Fines and Fees	193,275	195,275	2,000	1.0%	195,275		
7 EMS Levy Taxes	56,000	57,000	1,000	1.8%	57,000		
8 Police Grants, Charges for Service, Misc	122,895	142,700	19,805	16.1%	142,700		
9 Subtotal Public Safety Revenue	2,638,533	2,755,269	116,736	4.4%	2,755,269		
10 General Government Support							
11 Sales Tax	385,000	655,000	270,000	70.1%		655,000	
12 Land Use and Permitting Fees	380,950	794,750	413,800	108.6%		794,750	
13 State Sales Tax Assistance	95,000	95,000	0	0.0%	95,000		
14 Recycle and Misc. Grants	10,000	22,500	12,500	125.0%		22,500	
15 Cable Franchise Fees	76,000	76,500	500	0.7%		76,500	
16 Parks and Cemetery Fees & Grants	47,540	44,500	(3,040)	-6.4%		44,500	
17 Business License Fees	23,500	23,500	0	0.0%	23,500		
18 Passports & Misc. Fees and Charges	31,020	32,650	1,630	5.3%		32,650	
19 Subtotal General Govt Revenue	1,049,010	1,744,400	229,459	21.9%	118,500	1,625,900	
20 Subtotal Operating Revenue	4,990,896	5,661,386	670,490	13.4%	2,873,769	2,637,617	150,000
21 Developer Funding Agreement	829,475	878,088	48,613	5.9%			878,088
22 Total General Fund Operating Sources	5,820,371	6,539,474	719,103	12.4%	2,873,769	2,637,617	1,028,088
EXPENDITURES							
24 Police Department	1,897,480	1,944,007	46,527	2.5%	1,944,007		
25 Fire Department	534,905	540,300	5,395	1.0%	540,300		
26 EMS Mgmt/Recycle/Air Qual/Mntl Hlth/etc.	29,466	28,957	(509)	-1.7%	28,957		
27 Municipal Court	232,041	280,055	48,014	20.7%	280,055		
28 Legal-Pros Atty & Pub Defender	61,250	85,250	24,000	39.2%	85,250		
29 Subtotal Public Safety Expenditures	2,755,142	2,878,569	255,221	9.3%	2,878,569		
30 Legislative-Council	15,814	15,881	67	0.4%		15,881	
31 Executive-Mayor	14,877	14,967	90	0.6%		14,967	
32 Admin Services (city clerk/fin/IT/cent svc)	458,757	496,372	37,615	8.2%		496,372	
33 Legal Service (General/Unions)	90,000	72,500	(17,500)	-19.4%		72,500	
34 Legal Service (Lawsuits & PDRs, etc.)	20,000	90,000	70,000	350.0%		90,000	
35 Master Dev Review Team and FF&E	748,975	878,088	129,113	17.2%			878,088
36 Community Development	480,608	807,199	326,591	68.0%		807,199	
37 Facilities-Staff, Bldgs, Equipment	124,593	124,931	338	0.3%		124,931	
38 Parks	71,363	87,494	16,131	22.6%		87,494	
39 Community Center Supplement	10,000	10,000	0	0.0%		10,000	
40 Cemetery	18,951	19,247	296	1.6%		19,247	
41 Subtotal Gen Govt Expenditures	2,053,938	2,616,679	562,741	27.4%	0	1,738,591	878,088
42 Total Operating Expenditures	4,809,080	5,495,248	686,168	14.3%	2,878,569	1,738,591	878,088
43 Ending Cash & Investment Gen Govt	620,179	610,686	(9,493)	-1.5%	(4,800)	615,486	
44 Designated Contingency	266,112	283,540	17,428	6.5%		283,540	
45 Developer Ending C & I	125,000	150,000	25,000	20.0%			150,000
46 Ending C & I Balance	1,011,291	1,044,226	32,935	3.3%	(4,800)	899,026	150,000
47 Total GF Operating Uses	5,820,371	6,539,474	719,103	12.4%	2,873,769	2,637,617	1,028,088

Note: Analysis does not include MDRT Consultant Revenues and Expenses, in 2018, \$975,000.

General Fund Revenue

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

Top Twenty General Fund Revenue Sources		Budget 2018
1	General Property Taxes	1,534,740
2	Sales Taxes	655,000
3	Building Permits and Fees	521,500
4	Electrical Utility Tax	250,000
5	Plan Check Review Fees	190,000
6	Court Traffic Infractions	130,000
7	Local Criminal Justice Funds	120,000
8	Police Traffic School Fee	100,000
9	Sales Tax Assistance from State	95,000
10	Cable TV Utility Tax	89,000
11	Cable Franchise Fees	76,500
12	Telephone Utility Tax	75,000
13	Stormwater Utility Tax	72,000
18	Liquor Board Profits and Tax	57,265
14	KC EMS VLS Contract	57,000
15	Sewer Utility Tax	53,000
16	Water Utility Tax	50,000
17	Solid Waste Utility Tax	48,500
19	Lake Sawyer Parking Fees	25,000
20	Business License Fees	23,500

General Fund Taxes

Locally levied taxes represent Black Diamond's largest portion of revenues of \$2,831,390 or 48.7% of the city's General Fund operating revenue. Taxes include real and personal property tax, local sales tax, utility taxes on utility services (water, sewer, stormwater, electric, gas, cable and telephone) and gambling taxes. A 14.2% increase of \$353,040 is estimated in 2018.

General Fund Tax Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	General Property Taxes	1,460,777	1,481,893	1,490,100	1,508,646	1,534,740	44,640	3.0%
2	Sales Taxes	311,927	447,147	385,000	557,000	655,000	270,000	70.1%
3	Electrical Tax	214,323	225,324	235,000	230,000	250,000	15,000	6.4%
4	Water Utility Tax	45,137	46,620	43,400	45,000	50,000	6,600	15.2%
5	Stormwater Utility Tax	64,348	66,346	66,600	66,600	72,000	5,400	8.1%
6	Sewer Utility Tax	45,400	47,192	50,400	50,400	53,000	2,600	5.2%
7	Solid Waste Tax	36,716	44,744	42,000	47,500	48,500	6,500	15.5%
8	Cable TV Utility Tax	78,378	82,922	80,000	87,600	89,000	9,000	11.3%
9	Telephone Tax	96,506	85,883	82,000	80,000	75,000	(7,000)	-8.5%
10	Gas Utility Tax	289	212	250	250	250	-	0.0%
11	Pull Tabs and Punch Board Tax	2,866	3,907	3,600	3,900	3,900	300	8.3%
12	Total General Fund Taxes	2,356,666	2,532,192	2,478,350	2,676,896	2,831,390	353,040	14.2%

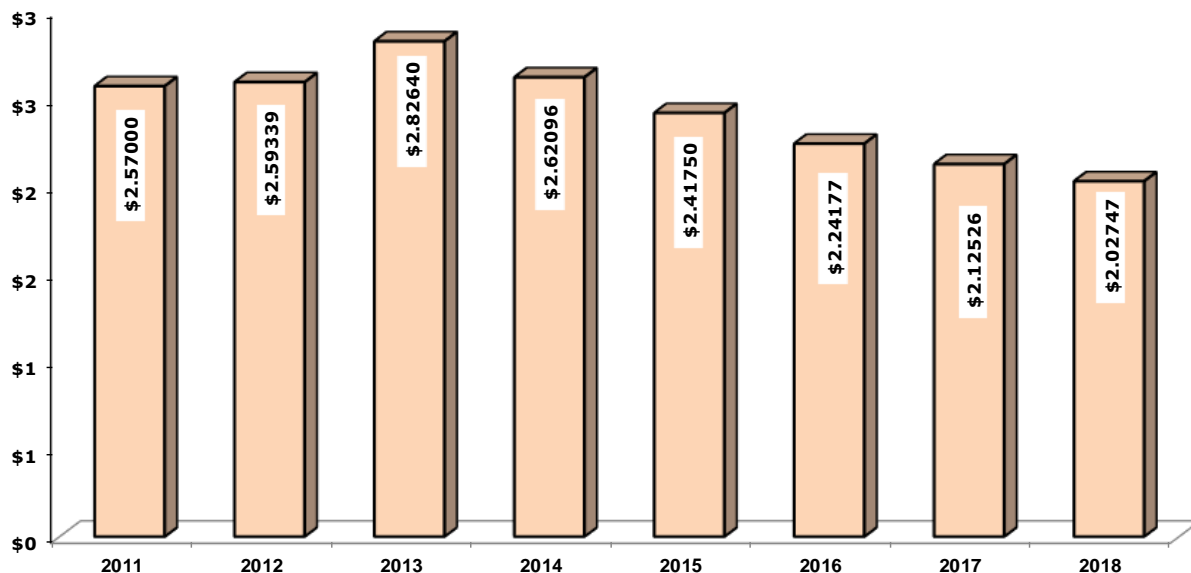


Mountain Goats (*Oreamnos americanus*), Olympic mountain goats are non-native and tend to be more aggressive than their Cascades' counterparts. Always keep a safe distance from them (at least 150 feet). Never follow or crowd them. If a goat approaches you, slowly move away allowing for it to safely pass.

Property taxes make up 54.2% of the General Fund's tax revenue and estimated to generate \$1,534,740 in revenue for the city in 2018. All revenues from property taxes go directly to the General Fund to support public safety for police, fire protection and emergency services. Black Diamond depends heavily on property tax collections, as the city has a small commercial base for generating sales tax revenue.

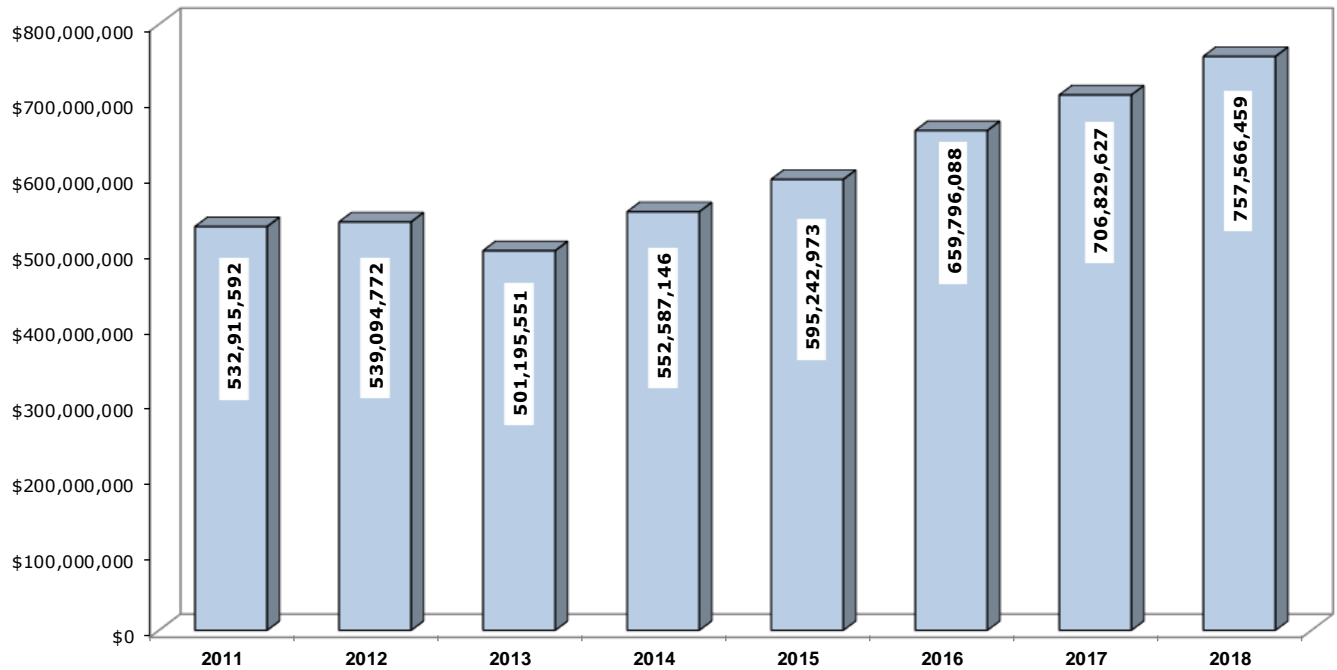
In Washington cities such as Black Diamond, property tax increases are limited to a 1% total dollar annual increase per year unless voters approve a lid-lift or larger percent increases. King County sets assessed valuation on property and calculates levy rates. Each taxing authority receives a portion of the tax amount, which King County collects and then passes on. In Black Diamond, there are four school districts with separate rates, so depending on which school district the property is in, the taxing amount will vary.

Property Tax Collection and Levy Rate History



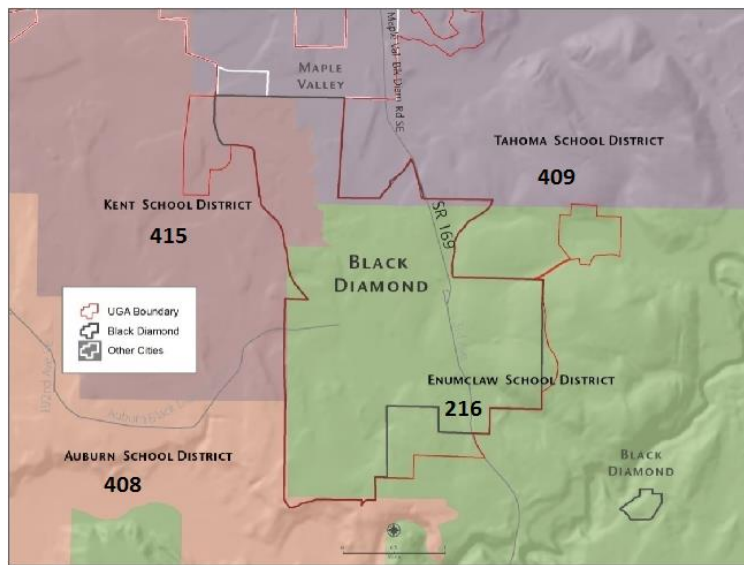
Regular Levy Base	998,553	1,360,492	1,373,558	1,400,391	1,438,114	1,462,890	1,481,033	1,508,687
1% Increase	9,986	13,605	13,736	14,004	14,381	14,629	14,810	15,087
New Construction	3,147	6,461	4,256	11,833	3,145	11,905	13,378	11,470
Annexations	0							
Adjustments	348,806	-6,999	8,841	11,886	5,137	-14,074	-534	698
Total Property Taxes	\$1,360,492	\$1,373,558	\$1,400,391	\$1,438,114	\$1,460,777	\$1,475,350	\$1,508,687	\$1,535,942
Levy Rate per \$1000 AV	\$ 2.57000	\$ 2.59339	\$ 2.82640	\$ 2.62096	\$ 2.41750	\$ 2.24177	\$ 2.12526	\$ 2.02747
Allowable Levy	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Assessed Valuation	\$532,915,592	\$539,094,772	\$501,195,551	\$552,587,146	\$595,242,973	\$659,796,088	\$706,829,627	\$757,566,459

Assessed Valuation History



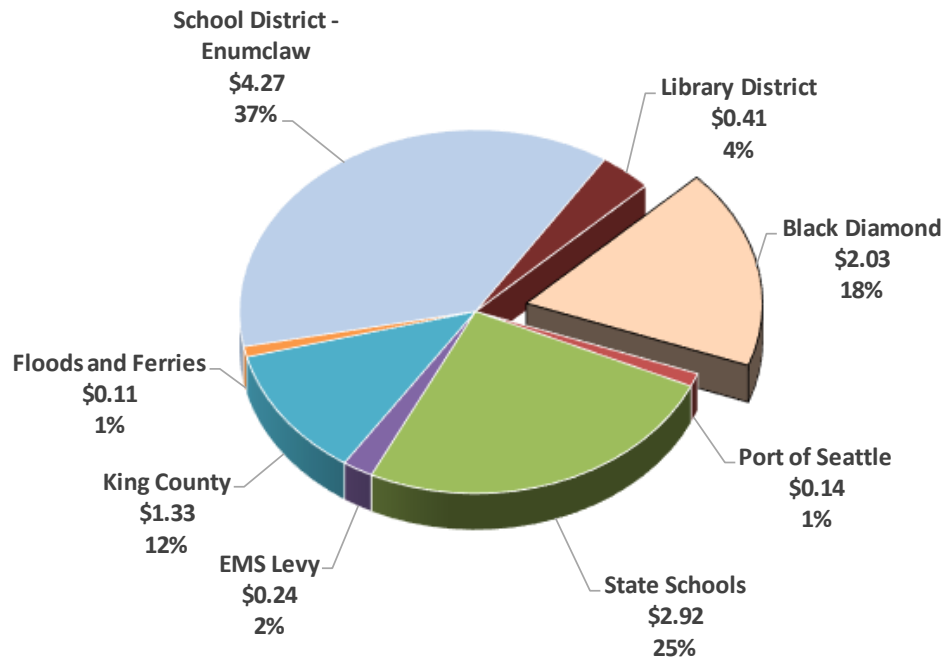
Base Assessed Valuation	529,857,064	536,580,666	499,553,614	548,399,243	593,190,272	654,878,592	700,633,535	757,554,989
New Construction	3,058,528	2,514,106	1,641,937	4,187,903	2,052,701	4,917,496	6,196,092	11,470
Final Assessed Valuation	532,915,592	539,094,772	501,195,551	552,587,146	595,242,973	659,796,088	706,829,627	757,566,459
% change from prior year	-4.0%	1.2%	-7.0%	10.3%	7.7%	10.8%	7.1%	7.2%
Population	4,180	4,190	4,160	4,160	4,170	4,200	4,330	
Property Tax Levy Rate	2.570	2.593	2.826	2.621	2.418	2.242	2.125	2.027

School Districts in Black Diamond



The total property tax rates in Black Diamond vary because of the four different school districts within our city limits.				
2018 Rates				
Local School District	4.27	5.42	4.19	6.30
Washington State for Schools Part 1	1.91	1.91	1.91	1.91
McCleary Decision for Schools Part 2	1.01	1.01	1.01	1.01
King County	1.33	1.33	1.33	1.33
City of Black Diamond	2.03	2.03	2.03	2.03
Port of Seattle	.14	.14	.14	.14
Library District	.41	.41	.41	.41
Emergency Medical Services	.24	.24	.24	.24
King County Flood Levy	.11	.11	.11	.11
Total Levy Rate	\$11.45	\$12.60	\$11.37	\$13.48
<i>Last Year's Levy Rate</i>	<i>11.05</i>	<i>12.36</i>	<i>11.35</i>	<i>13.27</i>

MONTHLY 2018 Property Taxes rates on a \$350,000 appraised home
Monthly Cost \$318.95



King County Taxing District	Levy Rate per \$1000 in Value	Percent of Property Taxes Collected	2017 Annual Tax on a \$350,000 Home	Monthly Tax on a \$350,000 Home
Port of Seattle	0.13518	1%	\$53.67	\$4.47
State Schools	2.9182	26%	\$711.22	\$59.27
EMS Levy	0.2394	2%	\$92.07	\$7.67
King County	1.32735	12%	\$484.03	\$40.34
Floods and Ferries	0.10708	1%	\$41.09	\$3.42
School District - Enumclaw	4.26822	37%	\$1,587.02	\$132.25
Library District	0.4119	4%	\$157.91	\$13.16
Subtotal	9.40733	82%	\$3,127.01	\$260.58
Black Diamond	2.02747	18%	\$709.61	\$59.13
Total	11.4348	100%	\$3,827.39	\$322.70

Sales Tax revenue for the 2018 budget is forecast to be \$655,000 or 23% of General Fund tax revenue. For every \$100 spent in Black Diamond, \$8.60 is collected by the State and is shared by various jurisdictions. These jurisdictions include our city, Washington State, King County and Criminal Justice programs. Black Diamond receives a bit less than 10% of the total.

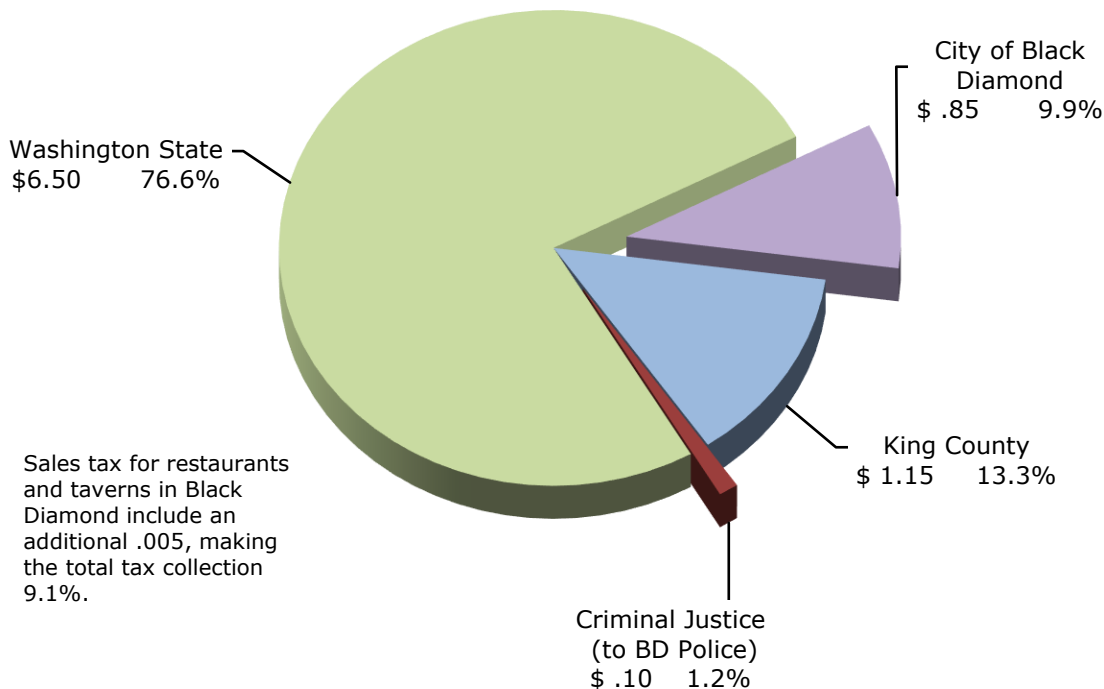
Black Diamond's sales tax revenues are dependent on retail sales of products and services sold or delivered to Black Diamond, as well as tax on new construction material. In fact, a considerable portion of our sales taxes are collected for construction services such as installing, repairing, cleaning, improving and other home services. Sales Tax Collection comparison in Black Diamond since 2011:

2011	2012	2013	2014	2015	2016	2017 Est	2018 Budget
\$297,333	\$262,974	\$290,795	\$302,927	\$311,927	\$447,147	\$557,000	\$655,000

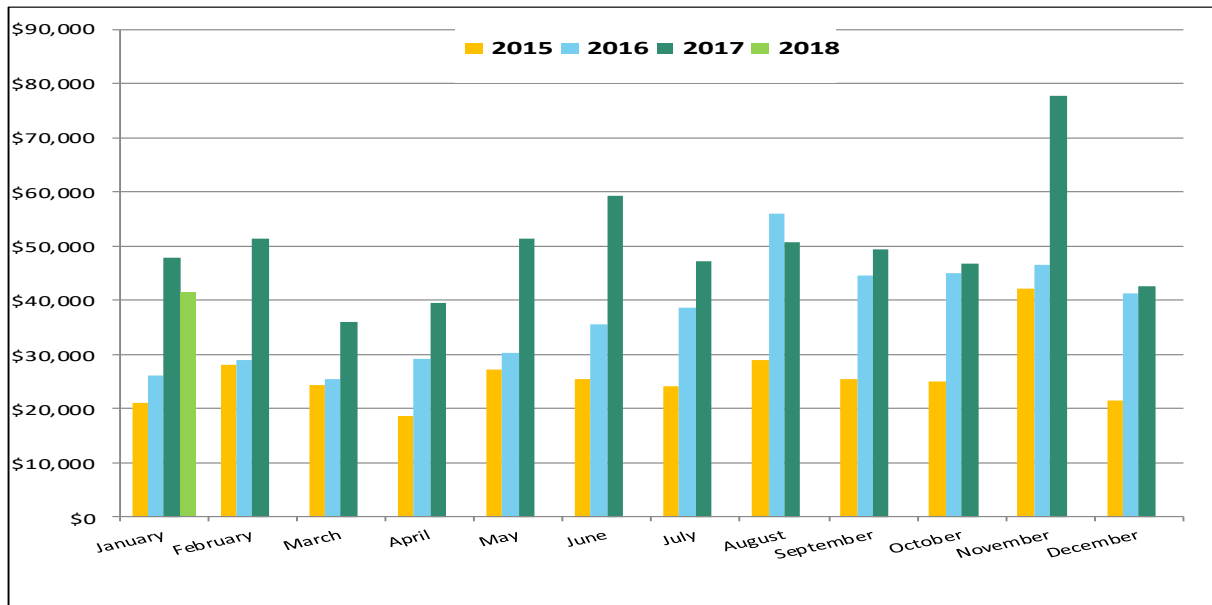
City of Black Diamond 2017 Sales Taxes

Taxed amount is 8.6% of retail sales

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



Black Diamond Sales Monthly Tax History



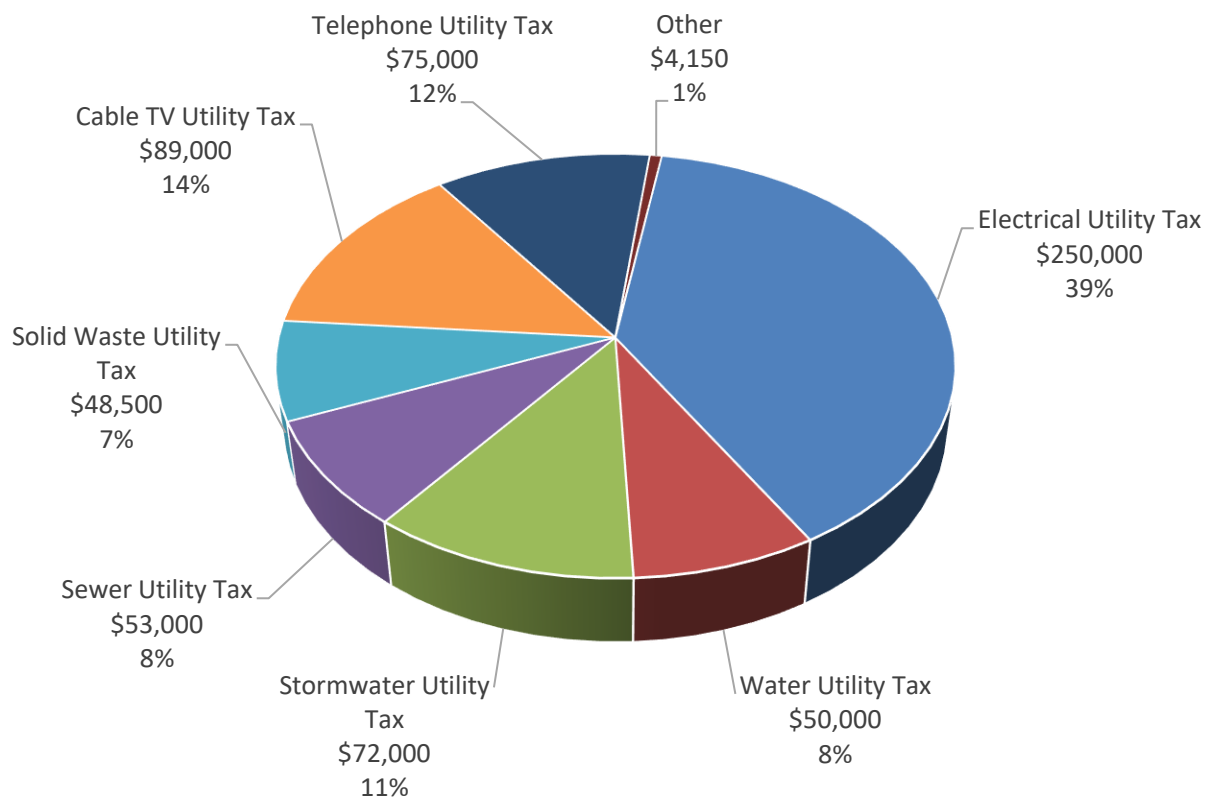
Sales Taxes	2015		2016		2017		2018		Change from prior YTD 2017 to 2018
Month	Monthly	YTD	Monthly	YTD	Monthly	YTD	Monthly	YTD	
January	21,108	21,108	26,157	26,157	47,902	47,902	41,433	41,433	-13.5%
February	28,157	49,265	28,893	55,050	51,403	99,304			
March	24,264	73,529	25,356	80,406	35,950	135,254			
April	18,596	92,125	29,067	109,473	39,585	174,839			
May	27,148	119,273	30,198	139,671	51,299	226,139			
June	25,454	144,726	35,573	175,244	59,293	285,432			
July	24,092	168,818	38,663	213,907	47,268	332,700			
August	28,923	197,741	55,869	269,776	50,659	383,359			
September	25,410	223,151	44,537	314,313	49,452	432,810			
October	25,076	248,227	44,974	359,287	46,642	479,452			
November	42,141	290,368	46,588	405,875	77,612	557,064			
December	21,561	311,929	41,301	447,176	42,654	599,718			
TOTAL	311,929		447,176		599,718		41,433		

Criminal Justice taxes are an additional local sales/use tax of 0.1 percent to be used for criminal justice programs. This tax is levied by the county and is imposed countywide, but the receipts are shared with King County cities, based on population. Of the revenues collected for criminal justice, 1 percent is retained for administration, 10 percent is distributed to the county and 90 percent goes to cities on a per-capita basis based on their official April 1 populations. Black Diamond's population is currently 4,335.

Utility Taxes are collected for the city at the rate of 6% for electrical, telephone, cable TV, sewer, water and gas utilities. The stormwater utility tax is 18%. Overall in 2018, utility taxes have been estimated to include growth associated with the new Ten Trails development, as well as by current trend.

General Fund Utility Taxes		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Electrical Tax	214,323	225,324	235,000	230,000	250,000	15,000	6.4%
2	Water Utility Tax	45,137	46,620	43,400	45,000	50,000	6,600	15.2%
3	Stormwater Utility Tax	64,348	66,346	66,600	66,600	72,000	5,400	8.1%
4	Sewer Utility Tax	45,400	47,192	50,400	50,400	53,000	2,600	5.2%
5	Solid Waste Tax	36,716	44,744	42,000	47,500	48,500	6,500	15.5%
6	Cable TV Utility Tax	78,378	82,922	80,000	87,600	89,000	9,000	11.3%
7	Telephone Tax	96,506	85,883	82,000	80,000	75,000	(7,000)	-8.5%
8	Gas Utility Tax	289	212	250	250	250	-	0.0%
9	Pull Tabs and Punch Board Tax	2,866	3,907	3,600	3,900	3,900	300	8.3%
10	Total GF Utility Taxes	583,962	603,152	603,250	611,250	641,650	38,400	6.4%

2018 Utility Tax Revenue \$641,650



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

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

General Fund							Budget %
Intergovernmental Rev		Actual	Actual	Budget	Year End	Budget	Budget \$
		2015	2016	2017	Est 2017	2018	Change
							inc/(dec)
1	Sales Tax Assistance from State	89,563	93,843	95,000	82,500	95,000	0.0%
2	Liquor Excise Tax	11,380	19,596	20,104	19,280	21,328	6.1%
3	Liquor Board Profits	36,626	36,180	36,377	36,377	35,937	-1.2%
4	Recycle Grants	15,991	16,036	10,000	10,000	10,000	0.0%
5	Court Public Defender Grant					7,500	7,500
6	KC EMS VLS Contract	55,302	55,994	56,000	56,000	57,000	1,000
7	Total Intergovernmental Rev	208,862	221,649	217,481	204,157	226,765	9,284
							4.3%

Community Development Revenue includes fees related to land use and construction activities such as plan checks and land use fees, building, mechanical and plumbing permits. This revenue does not include revenues from the Master Plan Development Team reviews. Estimates next year are promising, as the city anticipates significant increases in building activity.

Community Development							Budget %
Revenue		Actual	Actual	Budget	Year End	Budget	Budget \$
		2015	2016	2017	Est 2017	2018	Change
							inc/(dec)
1	Building Permits	71,224	186,154	164,750	84,000	470,500	305,750
2	Mechanic Permits	7,313	5,558	12,000	9,000	20,000	8,000
3	Plumbing Permits	4,439	2,994	7,000	7,000	18,000	11,000
4	Other Permits	3,883	6,083	5,900	7,643	13,000	7,100
5	Total Permits	86,858	200,788	189,650	107,643	521,500	331,850
6	Plan Check Review Fees	3,187	47,138	110,000	42,000	150,000	40,000
7	Fire Plan Check Fees	2,005	2,276	3,000	2,410	10,000	7,000
8	Zoning/Subdivision Fees	45,616	235	300		300	
9	Various Land Use Fees	4,375	13,548	30,000	20,000	20,000	(10,000)
10	Various Shoreline Fees	4,069	14,318	20,000	5,000	15,000	(5,000)
11	CD Staff Review Fees	136	6,590	8,000	5,000	10,000	2,000
12	SEPA Checklist/Plan Appeals	105	4,821	5,500	6,000	10,000	4,500
13	Other Landuse Fees	3,030	3,839	4,800	1,100	2,350	(2,450)
14	Total Land Use and Misc. Fees	62,522	92,764	181,600	81,510	217,650	36,050
15	Hearing Examiner Fees	880	880	1,000	5,000	5,000	4,000
16	Technology Cost Recovery Fee	7,407	11,556	8,500	10,000	20,000	11,500
17	Copying Services, Map Sales, etc	7,550	220	200	306	600	400
18	Deposits	13,629	9,105		41,500	30,000	30,000
19	Total Community Dev. Rev	178,846	315,313	380,950	245,959	794,750	413,800
							108.6%

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

In 2018, the Department is hoping to receive grants from the following agencies:

Washington State Parks – Marine Grant: the City receives annual monies from the State, divided amongst King County agencies, from VRF (vessel registration fees). In 2017, we received \$11,533 and an additional \$11,738 in federal grant funds to support our efforts on Lake Sawyer. We were selected for the federal grant monies based on the amount of vessel inspections we conducted the year prior.

Traffic Safety Equipment funds – The WA. State Traffic Safety Commission usually offers grant money to purchase traffic safety equipment such as radars, lidars, and portable breath tests. In 2017, we received \$1,000 for a new radar and over \$3,000 for additional sector units and a solar powered radar feedback sign.

Traffic Safety - (including DUI/seatbelt emphasis) and CIT Crisis Intervention Training (staffing reimbursement for backfill) – This funding is received through the WA. State Traffic Safety Commission for overtime to conduct emphasis patrols. These patrols typically cover a target area of DUI enforcement, seatbelt, distracted driving, and speed. The amount varies every year but ranges between \$2,500 and \$4,000.

Police Department Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Criminal Justice Distribution	112,697	121,268	116,532	121,150	126,639	10,107	8.7%
2	Police Traffic School Fee	23,672	83,435	95,000	50,000	100,000	5,000	5.3%
3	Vessel Registration Boat Safety	12,515	12,073	12,515	11,533	13,000	485	3.9%
4	Police Grants	5,154	16,776	5,200	10,430	18,500	13,300	255.8%
5	Work Crew Screen and Fees	660	-	200	200	200		0.0%
6	Electronic Home Monitoring	3,080	583	1,000	500	1,000		0.0%
7	Police Finger Print Fee	-	350	500	500	500		0.0%
8	Police Records and Services	585	359	500	500	500		0.0%
9	Gun Permits and Fingerprinting	1,357	2,172	1,800	2,100	2,800	1,000	55.6%
10	Donations	500	510	500	500	500		0.0%
11	Reimbursements & Refunds	24,918	12,236	5,700	17,200	5,700		0.0%
12	Total Police Revenue	185,138	249,762	239,447	214,613	269,339	29,892	12.5%



The **Steller's jay** (*Cyanocitta stelleri*) is a jay native to western North America, closely related to the blue jay found in the rest of the continent, but with a black head and upper body. It is also known as the long-crested jay, mountain jay, and pine jay. It is the only crested jay west of the Rocky Mountains.

Municipal Court Revenue includes all revenue associated with the Black Diamond Municipal Court. As the Police Department is able to rehire frozen and unfilled positions, they are better able to concentrate on traffic control and increase revenue to the Court.

Municipal Court Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Court Traffic Infractions	62,561	65,634	130,000	63,900	130,000		0.0%
2	Administration/Correction Fees	21,425	24,176	25,000	15,500	25,000		0.0%
3	Court Mand. Insurance Costs	2,544	7,870	9,000	1,100	9,000		0.0%
4	Court Parking Fines	9,294	4,680	6,000	2,740	8,000	2,000	33.3%
5	Court Criminal Traffic Misd.	4,070	6,378	7,000	3,000	7,000		0.0%
6	Court Interest	4,540	4,503	6,000	3,500	6,000		0.0%
7	Court Cost Recoupment	4,302	3,130	5,000	3,200	5,000		0.0%
8	Court DUI Fines	3,168	3,536	3,000	2,500	3,000		0.0%
9	Court Other Fees	659	1,783	2,275	395	2,275		0.0%
10	Total Mun. Court Revenue	112,563	121,691	193,275	95,835	195,275	2,000	1.0%

Cable Franchise Fees and Business Licenses are collected from a 5% cable franchise fee. Business license revenue helps cover the cost of public safety.

Cable Franchise Fees & Business Licenses		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Cable Franchise Fees	67,171	71,833	76,000	75,000	76,500	500	0.7%
2	Business License	23,090	23,190	23,500	23,500	23,500	-	0.0%
3	Total Franchise/Bus License Rev	90,261	95,023	99,500	98,500	100,000	500	0.5%

Other General Fund Revenue sources include parking fees at Lake Sawyer, passport revenue, gym rental, the cemetery, and allocation of revenue from other city funds, for General Fund services and supplies.

Other GF Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Lake Sawyer Parking Fee	24,214	21,222	25,000	21,500	25,000		0.0%
2	Gym Revenue	6,829	5,845	9,940	6,300	11,900	1,960	19.7%
3	Cemetery Revenue	6,267	7,700	12,600	6,900	12,600		0.0%
4	Passports	19,319	15,409	21,900	6,000	16,000	(5,900)	-26.9%
5	Investment Interest	2,489	7,800	7,450	12,450	14,500	7,050	94.6%
6	Other and Miscellaneous	41,648	3,138	1,650	4,270	2,150	3,610	218.8%
7	Total Other Revenue	100,766	61,114	78,540	57,420	82,150	3,610	4.6%

The **Funding Agreement Revenue** is Master Planned Development Team revenue that covers ongoing costs in 2018.

Funding Agreement Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Bldg Prtnr-Funding Agreement	764,250	690,367	829,475	750,000	878,088	48,613	5.9%
2	Total Funding Agreement Rev	764,250	690,367	829,475	750,000	878,088	48,613	5.9%

Funding Agreement Consultant Rev		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	MDRT-Bldg & Plan Check Services					400,000	400,000	
2	MDRT-Fiscal Reimbursement	731	-	3,000	-	10,000	7,000	233.3%
3	MDRT-Civil Engr Reimburse	380,810	137,782	250,000	500,000	375,000	125,000	50.0%
4	MDRT-Traffic Reimbursement	(11,400)	14,114	30,000	25,000	15,000	(15,000)	-50.0%
5	MDRT-Legal Reimbursement	47,937	19,483	50,000	50,000	50,000	-	0.0%
6	MDRT- Environmental Reimburse	22,733	4,435	30,000	10,000	30,000	-	0.0%
7	MDRT-Geotech Reimbursement	3,660	19,066	25,000	75,000	15,000	(10,000)	-40.0%
8	MDRT-Surveyor Reimbursement	7,385	1,674	20,000	7,000	30,000	10,000	50.0%
9	MDRT-Hearing Examiner Reimb	16,724	32,459	30,000	10,000	40,000	10,000	33.3%
10	Total Funded Consultants	468,581	229,013	438,000	677,000	965,000	527,000	120.3%

Beginning General Fund Revenue is the money in the city's cash and investment accounts that carry over from the prior year's ending balance after all expenditures.

Beginning Cash and Investments		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Beg Cash & Investments	842,524	1,047,153	1,178,353	1,336,570	1,036,717	(141,636)	-12.0%
2	Beg Cash Developer	190,103	192,700	125,000	118,500	125,000	-	-
3	Total Beginning Fund Balance	1,032,627	1,239,853	1,303,353	1,455,070	1,161,717	(141,636)	-10.9%

Total General Fund Revenue		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Grand Total Gen Fund Sources	5,498,562	5,755,975	6,258,371	6,475,450	7,504,474	1,246,103	19.9%



The **raccoon** (*Procyon lotor*) is a native mammal people are familiar with. Raccoons prefer forest areas near a stream or water source, but have adapted to various environments throughout Washington. Raccoon populations can get quite large in urban areas, owing to hunting and trapping restrictions, few predators, and human-supplied food.

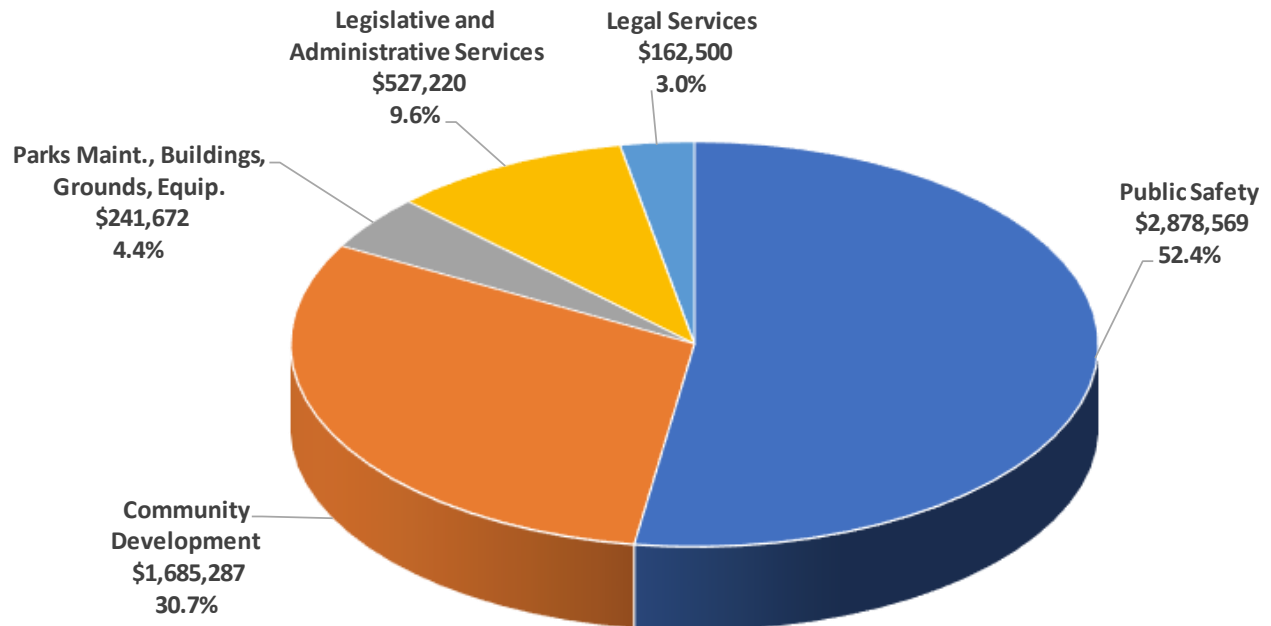
General Fund Expenditures

General Fund Expenditures Functional Summary

Functional Comparisons for 2015 - 2018

	2015 Actual	2016 Actual	2017 Budget	2018 Budget	% of Total
1 Public Safety	2,300,154	2,431,015	2,755,142	2,878,569	52.4%
2 Development of Community	797,290	725,418	1,229,583	1,685,287	30.7%
3 Parks Maint., Buildings, Grounds, Equip.	251,663	281,669	266,817	241,672	4.4%
4 Legislative and Administrative Services	427,649	443,698	447,538	527,220	9.6%
5 Legal Services	47,991	90,279	110,000	162,500	3.0%
6 Total General Fund Operations	3,824,747	3,972,079	4,809,080	5,495,248	100%

2018 Total GF Budgeted Expenditures - Operating \$5,495,248



General Fund – Department Level Expenditure Summaries

Legislative – City Council - Expenditures

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

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

Legislative - City Council Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Salaries and Benefits	10,910	10,915	10,914	5,453	10,916	2	0.0%
2	Charge for Services	1,076	1,983	4,900	1,402	4,965	65	1.3%
3	Total Legislative Expenditures	11,986	12,897	15,814	6,855	15,881	67	0.4%

Executive – Mayor's Office - Expenditures

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

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

Executive - Mayor's Office Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Salaries and Benefits	13,055	13,077	13,077	8,704	13,067	(10)	-0.1%
2	Operating Supplies					100	100	
3	Charge for Services	1,961	1,335	1,800	487	1,800		0.0%
4	Total Executive Expenditures	15,016	14,412	14,877	9,191	14,967	90	0.6%



Steelhead Trout (*Oncorhynchus mykiss*) are the anadromous (migrating) version of rainbow trout. Rainbow trout are the "land locked" version, and remain in freshwater throughout their life.

Administrative Services - Expenditures

This department includes the City Clerk, Finance, Human Resources, Utility Billing, Information Technology and Central Services, which captures shared costs for General Fund departments such as software maintenance costs, copier costs, postage, advertising, utilities, custodial services, building insurance, credit card and banking fees. Costs that benefit a variety of departments are paid from Central Services and then allocated through cost allocations.

The increase in Administrative Services is due to fully funding the expansion of the Senior Accountant position from part time to full time, salary step progression, and an addition to State Auditor costs. In addition, benefits were added for the IT Manager. The accounting for the City Clerk's clerical support of the master plan development in allocation costs reduced the overall budget for the City Clerk's office.

Administrative Services - Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	305,831	303,450	292,885	191,219	348,807	55,922	19.1%
2	Benefits	94,608	89,163	93,160	61,434	113,455	20,295	21.8%
3	Allocations	(45,769)	(38,412)	(30,000)	(17,478)	(70,000)	(40,000)	133.3%
4	Total Salaries and Benefits	354,670	354,201	356,045	235,175	392,262	36,217	10.2%
5	Operating Supplies	7,392	6,426	8,100	(5,348)	9,500	1,400	17.3%
6	Charge for Services	66,324	66,372	94,612	51,723	69,610	(25,002)	-26.4%
7	Capital Outlay (Pool Vehicle)					25,000	25,000	
8	Total Administrative Services	428,386	426,998	458,757	281,551	496,372	37,615	8.2%
By Department								
9	City Clerk	215,151	197,552	190,428	117,018	154,780	(35,648)	-18.7%
10	Finance	176,002	184,573	212,773	133,183	241,406	28,633	13.5%
11	Information Technology	27,739	34,264	41,910	24,020	62,584	20,674	49.3%
12	Central Services	9,494	10,609	13,646	7,330	37,602	23,956	175.6%
13	Total Administrative Services	428,386	426,998	458,757	281,551	496,372	37,615	8.2%

The **Cascade Red Fox** (*Vulpes vulpes cascadenensis*) is a rare, isolated Washington endemic subspecies. It is known to occur in alpine and subalpine habitats on Mt. Rainier and Mt. Adams, and there is some evidence of their presence in the central Cascades.



Legal Department – Expenditures

The City Attorney provides civil legal service, preparing and review of ordinances and other legal documents to which the city is a party, maintaining up-to-date legal research materials including pending and adopted state legislation with municipal impact and personnel matters. A percentage of legal costs are shared with the MDRT, Street and Utility Fund budgets. The increase in lawsuits and public disclosure in 2018 is based on recent trend and the decrease in union representation costs are due to new contracts anticipated to be in place.

Legal Services		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	General Government	17,933	52,952	60,000	26,951	60,000		0.0%
2	Lawsuits and Public Disclosure	2,380	18,675	20,000	100,756	90,000	70,000	350.0%
3	Employment and Union Contracts	27,679	18,652	30,000	4,226	12,500	(17,500)	-58.3%
4	Total Legal Service Expenditures	47,992	90,279	110,000	131,934	162,500	52,500	47.7%

Municipal Court - Expenditures

The Black Diamond Municipal Court is one of limited jurisdiction. The Court operates adjacent to the Police Department on Lawson Street. Court cases involve infractions, misdemeanors and gross misdemeanors. Other matters such as felony cases are filed and disposed of in King County Superior Court.

Court is in session, and is open to the public the 2nd and 4th Wednesday of each month. Budget for the Court includes contracted services provided by a Judge, a Court Administrator and a full time Court Clerk. Budget is also provided for security and other miscellaneous expenses such as interpreters, office supplies and training.

In 2018, the Court expects increasing activity due to more police officers on traffic control. The Judge and associated Court expenses increased about 50% due to anticipated expansion of court days per month, with an overall increase to the Court of 20.7% in 2018.

Municipal Court		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	86,355	86,414	128,544	64,192	145,481	16,937	13.2%
2	Benefits	24,547	25,540	47,105	21,494	50,616	3,511	7.5%
3	Salaries and Benefits	110,902	111,954	175,649	85,686	196,097	20,448	11.6%
4	Operating Supplies	1,579	1,087	2,600	637	4,100	1,500	57.7%
5	Charge for Services	42,016	38,256	43,792	26,947	64,858	21,066	48.1%
7	Police Security	8,966	8,444	10,000	5,658	15,000	5,000	50.0%
8	Total Municipal Court	163,463	159,741	232,041	118,929	280,055	48,014	20.7%

Court Legal Services		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Court Legal-Pros Attorney	24,000	24,000	24,000	16,000	30,000	6,000	25.0%
2	Court Legal-Public Defender	30,250	31,500	37,250	17,750	55,250	18,000	48.3%
3	Total Court Legal	54,250	55,500	61,250	33,750	85,250	24,000	39.2%

Police Department – Expenditures

OUR VISION

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

MISSION

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

Integrity - Committed to providing quality service by consistently holding ourselves to the highest moral and ethical principles.

Professionalism - Committed to providing the community with exceptional law enforcement by developing our personnel through effective training and leadership.

Excellence - Committed to providing innovative solutions to issues by working in partnership with our community.

Teamwork - Committed to providing a quality work environment by promoting coordination, cooperation, and communication with our members.

2018 Police Budget

The 2018 budget includes an increase in hours for the part-time Police Records Clerk. Also, the repayment of a loan from Sewer in 2017 for four vehicles begins in 2018 with the first of five installments. The overall amount increase in 2018 is 2.5%.

Police Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	874,826	922,491	1,011,189	609,342	1,014,364	3,175	0.3%
2	Benefits	316,796	329,354	423,124	221,196	379,006	(44,118)	-10.4%
3	Total Salaries and Benefits	1,191,622	1,251,845	1,434,313	830,537	1,393,370	(40,943)	-2.9%
4	Operating Supplies	44,651	39,798	48,200	22,252	53,150	4,950	10.3%
5	Charge for Services	78,626	96,770	86,323	60,303	85,974	(349)	-0.4%
6	Capital Outlay	7,760		2,500	5,117	3,000	500	20.0%
7	Debt Service to Sewer					35,200	35,200	
8	Total Police Operating Expenditures	1,322,659	1,388,413	1,571,336	918,210	1,570,694	(642)	0.0%
9	Jail Costs	64,295	63,279	43,000	30,511	53,100	10,100	23.5%
10	Building Maintenance	20,653	21,228	23,460	12,397	23,200	(260)	-1.1%
11	Civil Service	1,036	9,880	7,000	6,835	4,100	(2,900)	-41.4%
12	Communications	164,478	173,398	207,784	98,451	234,063	26,279	12.6%
13	Marine Program	11,480	17,538	15,400	14,285	28,500	13,100	85.1%
14	Criminal Justice	21,620	18,956	29,500	21,690	30,350	850	2.9%
15	Total Police Department Expenditures	1,606,221	1,692,692	1,897,480	1,102,379	1,944,007	46,527	2.5%

Police Debt Service

City of Black Diamond Equipment Replacement Debt Service 2018

Issue Date	Issue Amount	Type	Purpose	Maturity Date	Loan Balance	Payments		Total Debt Service
						Principal	Interest	
					12/31/2017			2018
2017	160,000	Internal	Police Vehicles	2022	160,000	32,000	3,200	35,200
					12/31/2018			2019
					128,000	32,000	2,560	34,560
					12/31/2019			2020
					96,000	32,000	1,920	33,920
					12/31/2020			2021
					64,000	32,000	1,280	33,280
					12/31/2021			2022
					32,000	32,000	640	32,640
Total Equipment Replacement Fund Debt Service (2018 - 2022)								169,600

White-tailed Deer are found primarily east of the Cascade crest where they are generally less numerous than Mule Deer but are expanding their range. The exception is northeastern Washington where they are more common than Mule Deer in many locations, particularly at lower and mid-elevations.



Fire Department - Expenditures

The City of Black Diamond contracts with Mountain View Fire and Rescue, formerly King County Fire District No. 44, for fire services. The department's responsibilities include providing a minimum of two personnel on duty 24 hours a day, seven days a week in Black Diamond and providing rescue, fire suppression, fire prevention, fire marshal services, emergency medical services, disaster services, hazardous materials response, dispatch services, administrative services and public education activities to citizens. Fire investigation services are contracted through the King County Sheriff's Department.

An increase of 3% over estimated actuals this year was built into the 2018 budget to recognize cost of living adjustments agreed to in the 2008 interlocal agreement between the city and fire district.

Fire Department Expenditures	Actual 2015	Actual 2016	Budget 2017	Thru August 2017	2018 Prelim Budget	Budget \$ Change	Budget % Change inc/(dec)
1 Fire Dist 44 Prof Serv	460,710	495,010	514,825	252,455	520,100	5,275	1.0%
2 PR Svcs KC Fire Investigation	1,214	957	2,000	-	2,000		0.0%
3 Other Operating Costs	3,224	2,915	18,080	5,209	18,200	120	0.7%
4 Total Fire Expenditures	465,148	498,882	534,905	257,665	540,300	5,395	1.0%



Fawns in a spring meadow in the Olympic National Park

Community Development - Expenditures

This department provides for the city's long-range planning, and land use and building permitting functions. The department also provides staffing to the City Planning Commission and performs code enforcement activities to address nuisances, code violations, and other issues.

Community Development Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	77,665	77,339	217,582	78,389	412,653	195,071	89.7%
2	Benefits	21,333	20,771	100,895	27,504	191,322	90,427	89.6%
3	Total Salaries and Benefits	98,999	98,110	318,477	105,892	603,975	285,498	89.6%
4	Operating Supplies	1,524	2,219	2,450	941	3,600	1,150	46.9%
5	Charge for Services	160,239	149,690	154,681	89,496	159,624	4,943	3.2%
6	Capital Outlay (permitting software)					35,000	35,000	
7	Hearing Examiner		615	5,000	2,446	5,000		0.0%
8	Total Community Dev. Expenditures	260,762	250,633	480,608	198,775	807,199	326,591	68.0%

The significant increase in Community Development in 2018 is due to the anticipated permitting demands from the new construction in the Ten Trails development. There is budget for a new Building Official and an upgrade of the vacant position of Planner to Senior Planner. There is also budget provided for the Permit Technician Supervisor position that had replaced a 60% Permit Technician position in 2017. Capital outlay in 2018 includes new permitting software.

Master Development Review Team – Expenditures

This department was established to provide specific focus on the Master Planned Developments. There are two developments, Ten Trails and Lawson Hills. The review team and MDRT consultants are 100% funded by the developer. The team works closely with consultants hired to assist with financial analysis, civil and traffic engineering, environmental, surveying and geotechnical services. Their services are used to provide consulting and review of the Master Plan Developments according to the development agreements.

Infrastructure is in, and model homes will be built shortly, with some commercial properties already in planning stages. The increase in MDRT expenditures reflects this growth.

MDRT Team Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	296,640	314,936	443,913	240,955	508,678	64,765	14.6%
2	Benefits	123,987	128,626	186,504	89,019	176,415	(10,089)	-5.4%
3	Total Salaries and Benefits	420,627	443,561	630,417	329,974	685,093	54,676	8.7%
4	Operating Supplies	2,439	3,126	5,500	2,569	14,000	8,500	154.5%
5	Charge for Services	26,671	28,098	36,191	47,218	39,488	3,297	9.1%
6	Capital Outlay (vehicle, software and tools)	32,904				60,000	60,000	
7	Building Maintenance	53,933	75,618	76,867	49,441	79,507	2,640	3.4%
8	Total MDRT Team Expenditures	536,574	550,403	748,975	429,202	878,088	129,113	17.2%

MDRT Consultant Expenditures		Actual	Actual	Budget	Thru	Budget	Budget \$	Budget %
		2015	2016	2017	August	2018	Change	Change
					2017			inc/(dec)
1	MDRT Civil Engineering	283,905	224,889	250,000	248,142	375,000	125,000	50.0%
2	MDRT- Prof Svcs - Plan Check/SEPA	55,233				200,000	200,000	
3	MDRT Bldg Insp/Bld Official					200,000	200,000	
4	MDRT Legal Services	44,811	20,642	50,000	26,088	50,000		0.0%
5	MDRT Hearing Examiner	14,892		30,000	3,197	50,000	20,000	66.7%
6	MDRT Environmental Consultant	19,563	2,325	30,000	2,370	30,000		0.0%
7	MDRT Surveyor	6,620	1,674	20,000	3,326	30,000	10,000	50.0%
8	MDRT Traffic Engineering	5,929	17,780	30,000	8,866	15,000	(15,000)	-50.0%
9	MDRT Geotech	4,740	61,516	25,000	3,750	15,000	(10,000)	-40.0%
10	MDRT Fiscal Analysis			3,000		10,000	7,000	233.3%
11	Total MDRT Consultant Expenditures	435,693	328,826	438,000	295,740	975,000	537,000	122.6%



The **North American Beaver** (*Castor Canadensis*) can be comical looking with its large, flat tail and its long sharp teeth. Nonetheless, it is a fascinating creature and does amazing things in the environment. Beavers are notoriously known as a “busybodies” who always seems to be up to something. No other animal can alter the natural environment as much as a beaver can.

Parks Department - Expenditures

The Parks Department operates and maintains the following amenities: a basketball court, tennis court, skate park, three picnic areas, a boat launch, five coal car city entry monuments, BMX bike track, swimming area, 143 acres of passive lake front park with trails, city center viewing park, the historical monument park, two playground facilities and landscaping around the police building. The Parks Department provides the insurance, utilities and maintenance for the Recreation Center (gym), and utilities plus insurance coverage for the local historical museum. Costs associated with the ownership of resource lands also falls to the Parks Department.

This year the city continues to set aside \$10,000 to supplement Black Diamond’s Community Center budget. The gym’s expenditures increased \$7,400 largely due to upgrading lighting, courtesy of a King County grant and the addition of monies for replacement equipment. In addition, \$7,000 has been set aside to transfer to equipment reserves for Public Works equipment replacement, and money has been earmarked for flower baskets along Railroad Avenue.

Parks Department Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	15,848	21,050	24,360	13,928	25,003	643	2.6%
2	Benefits	6,249	7,958	8,699	5,091	8,341	(358)	-4.1%
3	Total Salaries and Benefits	22,097	29,008	33,059	19,019	33,344	285	0.9%
4	Operating Supplies	4,026	4,388	7,153	2,904	8,284	1,131	15.8%
5	Charge for Services	11,197	11,771	14,819	6,492	15,487	668	4.5%
6	Museum Expenditures	10,811	7,645	7,826	4,703	7,473	(353)	-4.5%
7	Community Center Insurance	-	136	10,000	10,000	10,000		0.0%
8	Gym Expenditures	9,109	9,885	8,506	6,277	15,906	7,400	87.0%
9	Transfer to Equipment Reserves					7,000	7,000	
10	Total Parks Expenditures	57,241	62,833	81,363	49,396	97,494	16,131	19.8%



Roosevelt Elk (*Cervus Canadensis roosevelti*) enjoy summertime at high elevation but descend to lowland sites in the fall and winter for breeding and easier foraging. Strictly herbivorous with a diet of ferns, shrubs, lichen and grasses, they can be seen grazing in open meadows at dawn and dusk.

Black Diamond Cemetery - Expenditures

Black Diamond Historical Cemetery is located in Black Diamond. The cemetery was founded in 1884. It sits on Cemetery Hill Road, off Roberts Drive.

The earliest gravestone dates back to 1880 and now contains over 1,100 graves. The tombstones show cultural diversity and tragedy that existed in town when coal mining was at its peak. At least half a dozen graves belong to those of mine workers who died in explosions in 1902, 1910 and 1915. Graves mark residents who came from countries such as Italy, Australia, Russia and Germany. A Civil War veteran was laid to rest there, as well as children who died in the early 1900s due to epidemics of small pox and influenza.

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

Cemetery Expenditures		Actual	Actual	Budget	Thru	Budget	Budget \$	Budget %
		2015	2016	2017	August	2018	Change	Change
					2017			inc/(dec)
1	Wages	9,537	9,840	10,152	6,442	10,724	572	5.6%
2	Benefits	3,973	4,205	4,548	2,727	4,381	(167)	-3.7%
3	Total Salaries and Benefits	13,510	14,045	14,700	9,169	15,105	405	2.8%
4	Operating Supplies	951	560	1,845	156	1,845		
5	Charge for Services	1,805	1,274	2,406	662	2,297	(109)	-4.5%
6	Total Cemetery Expenditures	16,266	15,879	18,951	9,987	19,247	296	1.6%



Great Blue Herons (*Ardea herodias*) are beautiful and are the largest of the Herons, easily spotted in coastal areas.

Facilities, Grounds Department and Special Programs - Expenditures

The City of Black Diamond's Facilities Department is responsible for the long-term planning of the city's building and equipment needs and to handle the daily needs of all departments in repair, replacement and installation of fixtures, furniture, equipment and two vehicles.

Facilities, Grounds and Special Programs Expenditures		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Wages	57,108	57,398	57,236	37,955	58,953	1,717	3.0%
2	Benefits	20,898	20,772	18,600	11,062	16,934	(1,666)	-9.0%
3	Allocations	(2,603)	(39,942)	(34,380)	(25,720)	(39,348)	(4,968)	14.5%
4	Total Salaries and Benefits	75,403	38,228	41,456	23,297	36,539	(4,917)	-11.9%
5	Operating Supplies	1,362	2,304	2,016	1,574	3,000	984	48.8%
6	Charge for Services	9,515	8,128	8,100	3,591	8,550	450	5.6%
7	Building Rental, Maint. & Equip Lease	45,273	68,070	73,021	43,390	76,842	3,821	5.2%
8	Total Facilities Expenditures	131,553	116,730	124,593	71,853	124,931	338	0.3%
9	Emergency Management	277	1,374	5,100	126	5,200	100	2.0%
10	Recycling	14,991	15,436	13,055	9,965	12,000	(1,055)	-8.1%
11	Clean Air Assessment	2,910	3,311	3,111	1,678	3,432	321	10.3%
12	Animal Control	10,795	2,961	7,000	2,621	7,125	125	1.8%
13	Mental Health	962	1,118	1,200	847	1,200		0.0%
14	Total Facilities and Other Expenditures	161,488	140,929	154,059	87,089	153,888	(171)	-0.1%



Barn Owls (*Tyto Alba*) are common throughout the Pacific Northwest. These are Owlets.

Ending Fund Balance and General Fund Totals		Actual 2015	Actual 2016	Budget 2017	Thru August 2017	Budget 2018	Budget \$ Change	Budget % Change inc/(dec)
1	Ending Cash & Invest Unreserved	1,045,376	1,336,570	620,179	1,026,180	610,686	(9,493)	-1.5%
2	Ending Cash & Invest Developer	192,700	118,500	125,000	125,000	150,000	25,000	20.0%
3	Contingency \$.375 per \$1000 AV			266,112	266,112	283,540	17,428	6.5%
4	Total Ending Fund Balance	1,238,076	1,455,070	1,011,291	1,417,292	1,044,226	32,935	3.3%
5	Total General Fund Uses	5,498,562	5,755,975	6,258,371	4,429,734	7,514,474	1,256,103	20.1%

Special Revenue Funds

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



The **Steller sea lion** (*Eumetopias jubatus*) also known as the **northern sea lion**, is a near threatened species of sea lions in the northern Pacific. The Steller sea lion has attracted considerable attention in recent decades due to significant, unexplained declines in their numbers over a large portion of their range in Alaska.

Street Fund

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

Revenues from gas tax and Transportation Benefit district (TBD) car tab fees are the primary sources of funds for the Street Department. All cities struggle to pay for street maintenance costs, as shared gas tax revenue does not keep pace with the costs. In recent years, including 2016, the Street Fund had required a transfer of Real Estate Excise Tax (funds for street improvement projects) to maintain the city's roads and sidewalks. Beginning in mid-2015, the city created a Transportation Benefit District (TBD), which receives \$20 per car registered to Black Diamond residents or businesses. This money is required to be used exclusively for road maintenance and operations and has eliminated the need for REET subsistence.

The 2018 budget increased primarily due to a full year budget for the 2017 vacant utility worker budgeted for three months in 2017.

Street Fund 101		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Total Beginning Cash and Investments	153,589	118,374	132,101	129,840	120,415	(11,686)	-8.8%
3	Street Gas Tax	88,081	90,669	89,716	91,500	101,160	11,444	12.8%
4	Right of Way Permit	15,237	6,383	15,000	12,000	30,000	15,000	100.0%
5	Other Permits and Misc. Revenue	21,773	18,054	12,277	11,975	31,000	18,723	152.5%
6	Subtotal Operating Revenue	125,091	115,106	116,993	115,475	162,160	45,167	38.6%
7	Transfer In fr TBD Fund		60,000	100,000	100,000	120,000	20,000	20.0%
8	Transfer in-REET II	50,000	50,000					
9	Subtotal Other Revenue	50,000	110,000	100,000	100,000	120,000	20,000	20.0%
10	Total Revenue	175,091	225,106	216,993	215,475	120,415	(96,578)	-44.5%
11	Total Street Fund Sources	328,680	343,480	349,094	345,315	402,575	53,481	15.3%



Marmots are large squirrels in the genus *Marmota*, with 15 species. They are found in the Rocky Mountains, Black Hills, the Cascade and Pacific Ranges, and the Sierra Nevada in North America. They are often spotted in Mount Rainier National Park.

Street Fund 101		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Wages	103,326	99,098	105,715	113,500	126,449	20,734	19.6%
3	Benefits	43,752	41,535	47,570	42,900	54,434	6,864	14.4%
4	Allocations	(22,811)	(16,919)	(27,808)	(14,500)	(28,609)	(801)	2.9%
5	Total Salaries and Benefits	124,268	123,715	125,477	141,900	152,274	26,797	21.4%
6	Office and Operating Supplies	2,430	2,129	8,500	7,000	15,975	7,475	87.9%
7	Services and Charges	73,608	77,796	94,233	66,000	105,014	10,781	11.4%
8	Total Operating Expenditures	200,307	203,640	228,210	214,900	273,263	45,053	19.7%
9	Transfer to Equipment Reserve	10,000	10,000	10,000	10,000	10,000	-	0.0%
10	Three Months Operating Cash	50,077	50,910	57,053	53,725	68,316	11,263	19.7%
11	Ending Cash and Investments	68297	53,859	60,120	64,189	50,996	(9,124)	-15.2%
12	Total Ending Cash and Investments	118,374	129,840	110,884	120,415	119,312	8,428	7.6%
13	Total Street Fund Uses	328,680	343,480	349,094	345,315	402,575	53,481	15.3%

Fire Impact Fee Fund

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

The implementation of the fee came after a 2011 Fire Impact Fee Study, which developed the methodology and to ensure compliance with Washington laws and City Code. Future capital costs will be funded with a combination of impact fees and city funds. In 2018 the budget anticipates the use of Fire Impact Fees to be used as a portion of the cost for a new fire engine.

Fire Impact Fee Fund - 107		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments	13,616	48,570	183,770	183,770	209,270	25,500	13.9%
3	Fire Impact Fees	19,282	134,168	71,320	24,000	265,000	193,680	271.6%
4	Fire Impact Fee Interest Income	306	389	400	1,500	2,000	1,600	400.0%
5	Transfer In from Fire Eq Repl Fund	15,366						
6	Subtotal Fire Impact Fee Rev.	34,954	134,557	71,720	25,500	267,000	195,280	272.3%
7	Total Fire Impact Fee Sources	48,570	183,127	255,490	209,270	476,270	220,780	86.4%

Fire Impact Fee Fund 107		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Capital Outlay - Fire Truck			255,490			(255,490)	-100.0%
3	Transfer out to 310 Fund for Fire Truck					475,000	475,000	
4	Subtotal Expenditures			255,490		475,000	219,510	85.9%
5	Ending Cash and Investments	48,570	183,127		209,270	1,270	1,270	
6	Total Fire Impact Fee Uses	48,570	183,127	255,490	209,270	476,270	220,780	86.4%

Transportation Benefit District Fund

To address declining revenues that support the Street Department, the City established a Transportation Benefit District. The city collects a twenty-dollar vehicle license fee pursuant to RCW 36.73.065 and RCW 82.80.140. Currently there are more than 75 TBD districts in Washington State.

Transportation Benefit District - 108		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments			7,331	7,331	15,517	8,186	111.7%
3	TBD Car Tab Fees		63,578	102,000	108,000	110,000	8,000	7.8%
4	TBD Investment Interest		88	-	186	200	200	
5	Subtotal TBD Revenue		63,666	102,000	108,186	110,200	8,200	8.0%
6	Total Trans Benefit Dist. Sources		63,666	109,331	115,517	125,717	16,386	15.0%

Transportation Benefit District 108		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	TBD Transfer to Street Fund		60,000	100,000	100,000	120,000	20,000	20.0%
3	Ending Cash and Investments		3,666	9,331	15,517	5,717	(3,614)	-38.7%
4	Total Trans. Benefit District Uses		63,666	109,331	115,517	125,717	16,386	15.0%



Porcupine (*Erethizon dorsatum*) move slowly and do not see clearly, although their strong senses of hearing and smell serve them well. They climb trees to escape predators, but when threatened, the quills rise, spread out and are released with just a light touch.

Traffic Mitigation Fund

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

Traffic Mitigation Fee Fund - 109		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments			74,255	74,307	83,840	9,585	12.9%
3	Traffic Mitigation Fees		74,217		8,934	150,000	150,000	
4	Investment Interest		90	400	600	800	400	100.0%
5	Subtotal Traffic Mitigation Revenue		74,307	400	9,534	150,800	150,400	37600.0%
6	Total Traffic Mitigation Sources		74,307	74,655	83,841	234,640	159,985	214.3%

Traffic Mitigation Fee Fund - 109		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Transfer out to Parks Street Projects					30,000	30,000	
3	Transfer out to Intersection Improvements			74,655		204,640	129,985	174.1%
4	Ending Cash and Investments		74,307		83,840			
5	Total Traffic Mitigation Fund Uses		74,307	74,655	83,840	234,640	159,985	214.3%



Mountain Goats (*Oreamnos americanus*), occur only in northwestern North America, and is the only genus and species of its kind in the world. Mountain goats are usually found in high elevation cliffs and broken terrain, which provide escape cover from predators and which they navigate well with their padded and flexible hooves.

Internal Service Funds

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

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



Cougars (*Puma concolor*) are sleek and graceful solitary animals rarely seen in the wild. Also known as mountain lions or pumas, cougars are known for their strength, agility, and awesome ability to jump.

Equipment Replacement Funds

Equipment Replacement Funds include Fire, Public Works and Police equipment replacements. Some examples of equipment are police and fire vehicles, and utility trucks and machinery.

Equipment Replacement - Fire Equipment 510-100		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments	83,962	46,117	40,318	65,880	51,480	11,162	27.7%
3	LGIP Investment Interest -Fire Dept	95	203	200	600	600	400	200.0%
4	Transfer in REET I		25,000					
5	Subtotal Fire Equipment Replacement	95	25,203	200	600	600	400	200.0%
6	Total Fire Equipment Repl. Sources	84,057	71,320	40,518	66,480	52,080	11,562	28.5%

Fire Equipment Replacement 510 - 100		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Fire Truck Repairs & Maint External	22,573	5,440	15,000	15,000	15,000		0.0%
3	Future Fire Building & Equipment					37,080	37,080	
4	Transfer to Fire Impact Fee Fund	15,366						
5	Subtotal Fire Equip Replace Expenditures	37,939	5,440	15,000	15,000	52,080	37,080	247.2%
6	Ending Cash and Investments	46,117	65,880	25,518	51,480		(25,518)	-100.0%
7	Total Fire Equipment Fund Uses	84,056	71,320	40,518	66,480	52,080	11,562	28.5%

Equipment Replacement - Public Works 510-200		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments	183,501	208,403	183,503	204,319	247,269	63,766	34.7%
3	LGIP Investment Interest- Public Works	308	951	300	2,000	2,000	1,700	566.7%
4	Sale of PW Equipment				4,550			
5	Transfer in from REET I	7,000	7,000	7,000	7,000		(7,000)	-100.0%
6	Transfer in From Water Operating	10,000	10,000	10,000	10,000	10,000		0.0%
7	Transfer in From Sewer Operating	10,000	10,000	10,000	10,000	10,000		0.0%
8	Transfer in Stormwtr Fund	10,000	10,000	10,000	10,000	10,000		0.0%
9	Transfer in From Street Fund	10,000	10,000	10,000	10,000	10,000		0.0%
10	Transfer from General Fund					7,000	7,000	
11	Subtotal PW Equipment Repl. Revenue	47,308	47,951	47,300	53,550	49,000	1,700	3.6%
12	Total PW Equipment Sources	230,810	256,354	230,803	257,869	296,269	65,466	28.4%

Public Works Equipment Replacement 510 - 200		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	PW-Utility Truck		42,840			40,000	40,000	
3	PW-Technology					10,000	10,000	
4	Sewer Jet Rodder -Major Mtc					20,000	20,000	
5	Cemetery-Equip & Improvements					5,000	5,000	
6	Various Mowers	6,151	7,170	15,000	10,600	15,000		0.0%
7	Past Purchases	16,257	2,026	10,000	10,000		(10,000)	-100.0%
8	Subtotal PW Equipment Expenditures	22,408	52,035	25,000	20,600	90,000	65,000	260.0%
9	Ending Cash & Invest Unreserved	208,402	204,319	205,803	247,269	206,269	466	0.2%
10	Total Pub Works Equip. Uses	230,810	256,354	230,803	267,869	296,269	65,466	28.4%

Police Equipment Replacement 510-300		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments	28,296	26,487	26,087	26,331	6,531	(19,556)	-75.0%
3	LGIP Investment Interest- Police Dept	41	114	150	200	50	(100)	-66.7%
4	Police Sale of Surplus			3,000		3,000	-	0.0%
5	Swr Loan for Police Car repl			160,000	160,000	-	(160,000)	-100.0%
7	Subtotal Police Equip. Repl Revenue	41	114	163,150	160,200	3,050	(160,100)	-98.1%
8	Total Police Equip. Repl Sources	28,338	26,602	189,237	186,531	9,581	(179,656)	-94.9%

Police Equipment Replacement 510 - 300		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Surplus Costs Police	996	270	500	1,000	1,000	500	100.0%
3	Police Vehicles-replace/conversion	855		179,000	179,000		(179,000)	-100.0%
4	Police Radios			9,737		8,581	(1,156)	-11.9%
5	Subtotal Police Equipment Expenditures	1,851	270	189,237	180,000	9,581	(179,656)	-94.9%
6	Ending Cash & Invest Unreserved	26,487	26,331		6,531			
7	Total Police Equipment Uses	28,338	26,602	189,237	186,531	9,581	(179,656)	-94.9%

Utility Funds

Utility funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise.

Black Diamond has Water, Sewer and Stormwater utilities.



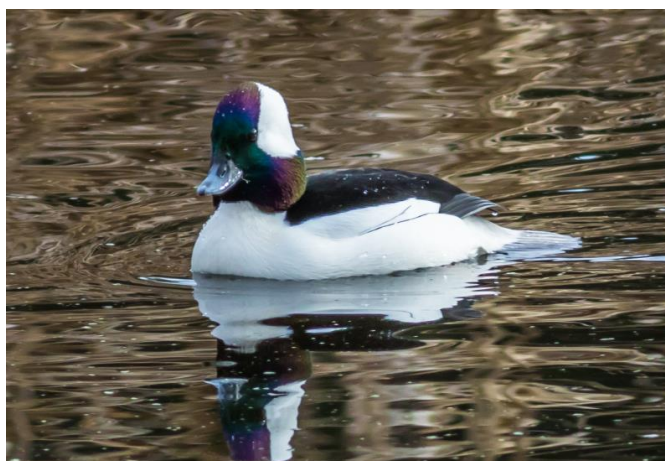
Orcas, or killer whales, are the largest of the dolphins and one of the world's most powerful predators. They feast on marine mammals such as seals, sea lions, and even whales, employing teeth that can be four inches long. The orcas that are seen in our local waters are part of the Southern Resident Community, composed of J, K and L pods.

Water Operating Fund 401

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

In 2018, building activity is expected to increase water sales along with installation of new meters. The budget for expenditures increased due to full year costs for a vacant utility position that was budgeted for three months in 2017.

Water Operating Fund 401					Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017			
1 REVENUE							
2 Beginning Cash and Investments	160,302	222,708	301,679	330,194	377,248	75,569	25.0%
3 Water Charges	716,258	727,018	685,000	671,300	700,000	15,000	2.2%
4 Water Late Fees/Name Change Charge	23,623	20,060	22,000	18,000	22,000	-	0.0%
5 Hydrant/Irrig Meters & Setting & Backflow, Dep.	4,972	6,742	6,000	45,826	63,000	57,000	950.0%
6 Meter Purchase and Setting & Deposit	4,881	11,931	10,000	4,000	49,000	39,000	390.0%
7 Interest, Refunds and Misc. Revenue	2,829	11,242	11,200	9,875	11,500	300	2.7%
8 Subtotal Water Operating Revenue	752,562	776,992	734,200	749,001	845,500	111,300	15.2%
9 Transfer in from Water Reserve	20,000	10,000					
10 Palmer Coking Coal Contribution	98,499	98,420	98,000	97,478	97,000	(1,000)	-1.0%
11 Subtotal Water Other Revenue	118,499	108,420	98,000	97,478	97,000	(1,000)	-1.0%
12 Total Water Fund Sources	1,031,363	1,108,120	1,133,879	1,176,673	1,319,748	185,869	16.4%

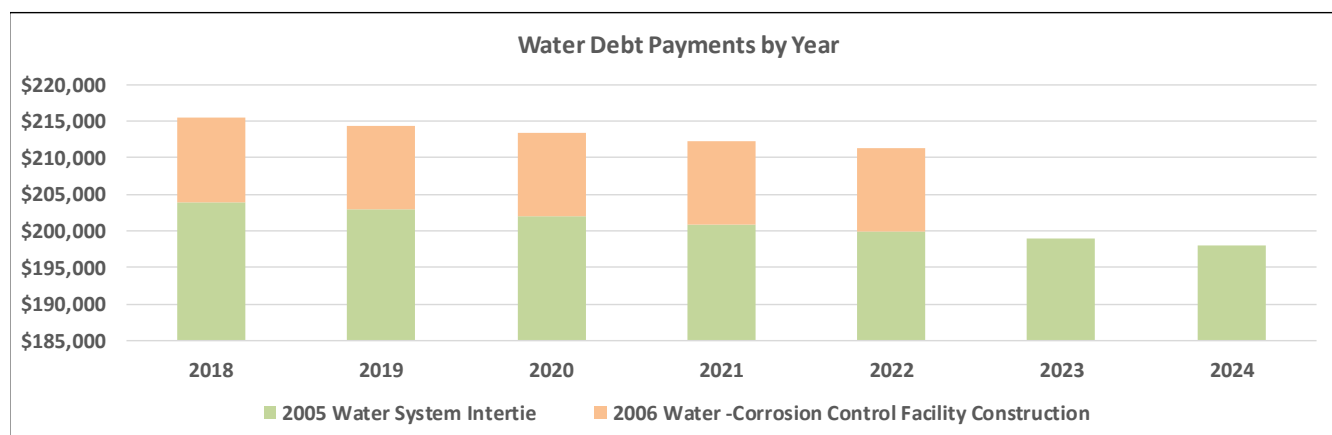


The species *Anatidae* include ducks and most duck-like waterfowl, such as geese and swans. Forty-seven species of *Anatidae* have been recorded in Washington. This is a **Bufflehead**.

Water Operating Fund 401							Budget %
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Change Inc/(Dec)
1 EXPENDITURES							
2 Wages	146,761	150,814	173,180	170,000	206,228	33,048	19.1%
3 Benefits	59,104	59,849	74,495	69,000	83,928	9,433	12.7%
4 Allocations	(22,769)	(15,145)	(22,699)	(10,000)	(23,500)	(801)	3.5%
5 Total Salaries and Benefits	183,095	195,518	224,976	229,000	266,656	41,680	18.5%
6 Office and Operating Supplies	24,326	24,089	28,630	37,500	59,826	31,196	109.0%
7 Charges for Services	212,941	227,891	228,132	204,028	255,670	27,538	12.1%
8 Subtotal Operating Expenditures	420,363	447,497	481,738	470,528	582,152	100,414	20.8%
9 Debt Service	378,292	320,429	318,897	318,896	317,362	(1,535)	-0.5%
10 Trf to Water Capital					125,000	125,000	
11 Trf to Capital Equipment Reserve	10,000	10,000	10,000	10,000	10,000		0.0%
12 Subtotal Other Expenditures	388,292	330,429	328,897	328,896	452,362	123,465	37.5%
13 Three Months Reserved Operating Cash	105,091	111,874	120,453	117,625	145,538	25,085	20.8%
14 Cash and Investment Balance	117,616	218,320	202,791	259,623	139,696	(63,095)	-31.1%
15 Total Ending Cash and Investments	222,707	330,194	323,244	377,248	285,234	(38,010)	-11.8%
16 Total Water Operating Uses	1,031,363	1,108,120	1,133,879	1,176,672	1,319,748	185,869	16.4%

City of Black Diamond Water Debt Service 2018

									2018 Debt Payment		
Issue Date	Issue Amount	Type	Purpose	Maturity Date	12/31/2017 Debt Owed	2018 Principal	2018 Interest	2018 Total Debt Svc	Water Operating	Developer	Total 2018 BD Net Debt
2006	180,000	PWTF	Cor Contrl	2022	56,250	11,250	281	11,531	11,531		11,531
2005	3,407,063	PWTF	Tac 500mg	2024	1,378,808	197,070	6,877	203,947	203,947		203,947
	256,064	PWTF	Tac city 1st	2024							
	1,784,693	PWTF	Pump Fac, Res & lines	2024	689,611	98,419	3,465	101,884		101,884	
	5,447,820	PWTF			2,068,419	295,489	10,342	305,831	203,947	101,884	203,947
Totals	5,627,820				2,124,669	306,739	10,623	317,362	215,478	101,884	215,478
						Total Net Water Fund 2018 Debt Service					\$215,478
Less Developer Responsibility Palmer					(\$689,611)						
Net City Liability					\$1,435,058						



Sewer Operating Fund 407

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

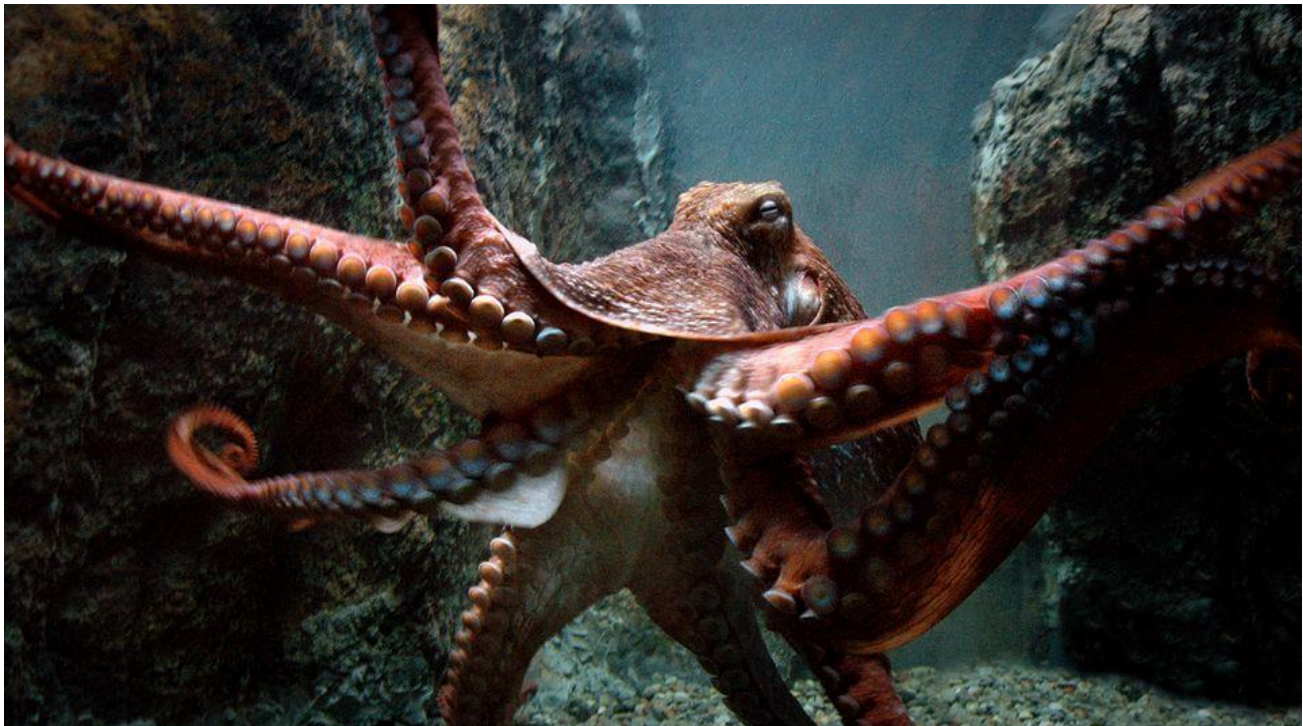
Of note is that even with rate increases, the revenue collected by the city sewer share of the revenue has not been covering the cost of the operations, maintenance and administration. A mid-year 2018 city share rate increase is included in the 2018 budget. The 2018 expenditure budget primarily increased due to expected building growth and new sewer customers.

Sewer Operating Fund - 407					Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017			
1 REVENUE							
2 Beginning Cash and Investments	141,294	131,720	124,688	145,190	130,000	5,312	4.3%
3 King County Sewer Revenue	751,578	551,062	577,600	577,600	611,060	33,460	5.8%
4 Black Diamond Sewer Revenue	52	223,489	237,400	241,200	243,520	6,120	2.6%
5 Miscellaneous Revenue	5,126	11,981	12,900	14,700	26,600	13,700	106.2%
6 Subtotal Sewer Operating Revenue	756,756	786,532	827,900	833,500	881,180	53,280	6.4%
7 Transfer from Sewer Reserves	80,000	100,000	80,000	120,000	130,000	50,000	62.5%
8 Subtotal Sewer Revenue	836,756	886,532	907,900	953,500	1,011,180	103,280	11.4%
9 Total Sewer Fund Sources	978,050	1,018,252	1,032,588	1,098,690	1,141,180	108,592	10.5%



The **Pacific Treefrog** (*Pseudacris regilla*), is the smallest but most commonly seen and heard frog in Washington. They are an adaptable species found from rainforests near sea level, to mountains at 11,000 feet, and on into dry interior areas of Washington where water is available.

Sewer Operating Fund - 407		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Wages	147,175	149,595	178,143	165,700	205,390	27,247	15.3%
3	Benefits	59,209	59,798	74,504	68,350	83,989	9,485	12.7%
4	Allocations	(14,269)	(15,145)	(27,500)	(13,000)	(22,500)	5,000	-18.2%
5	Total Salaries and Benefits	192,115	194,248	225,147	221,050	266,879	41,732	18.5%
6	Office and Operating Supplies	6,847	5,144	10,390	9,050	11,286	896	8.6%
7	Charges for Service	120,651	136,542	141,772	131,790	156,751	14,979	10.6%
8	Subtotal Sewer Operating Expenditures	319,613	335,935	377,309	361,890	434,916	57,607	15.3%
9	Metro Sewer Charges	516,717	527,056	550,150	596,800	611,060	60,910	11.1%
10	Total Operating Expenditures	836,329	862,991	927,459	958,690	1,045,976	118,517	12.8%
11	Trf to Equipment Replacement Fund	10,000	10,000	10,000	10,000	10,000	-	0.0%
12	Three Months Reserved Operating Cash	79,903	83,984	94,327	90,450	108,729	14,402	15.3%
13	Cash and Investment Balance	51,817	61,277	802	39,550	(23,525)	(24,327)	-3034.2%
14	Total Ending Cash and Investments	131,720	145,261	95,129	130,000	85,204	(9,925)	-10.4%
15	Total Sewer Fund Uses	978,049	1,018,252	1,032,588	1,098,690	1,141,180	108,592	10.5%



Giant Pacific Octopus (*Enteroctopus dofleini*) which can weigh over 600 pounds. Local legend will tell you that the largest Pacific Octopus in the world lives under the Narrows Bridge.

Stormwater Operating Fund 410

The stormwater Utility maintains 9 storm ponds, 9 miles of storm pipe, 572 catch basins, two bio-infiltration systems, one stormwater filter system and approximately 20 miles of ditches and flow paths. These activities help preserve the public road system and protect the environment. The city also oversees activities dealing with controlling storm water quality including education, enforcing stormwater codes on construction and new development, monitoring private stormwater systems maintenance, monitoring the effectiveness of city programs, monitoring water quality in the city, participation in WIRA 9 Water Quality Initiative providing coverage for the from the Endangered Species Act claims and reporting to Department of Ecology.

The stormwater utility mitigates the storm water impact of urban living on the environment for \$16 per month per household. The 2018 Budget primarily increased due to expected building growth and new stormwater customers. Rates need to be reviewed for 2019.

Stormwater Operating Fund - 410		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	REVENUE							
2	Beginning Cash and Investments	90,498	102,303	101,824	99,074	102,574	750	0.7%
3	Dept of Ecology Grant					25,000	25,000	
4	Stormwater Charges	350,820	356,042	375,000	365,000	370,200	(4,800)	-1.3%
5	Stormwater Inspection Fees	4,408	4,416	8,000	4,200	16,000	8,000	100.0%
6	LGIP Investment Interest	199	639	800	700	900	100	12.5%
7	PW Eng Civil Allocation	2,079	7,494	6,000	10,000	6,000	-	0.0%
8	Subtotal Stormwater Revenue	357,506	368,592	389,800	379,900	418,100	28,300	7.3%
9	Total Stormwater Sources	448,004	470,895	491,624	478,974	520,674	29,050	5.9%

Stormwater Operating Fund - 410		Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Budget % Change Inc/(Dec)
1	EXPENDITURES							
2	Wages	146,266	149,509	171,034	201,784	194,988	23,954	14.0%
3	Benefits	59,027	59,482	73,932	68,200	82,514	8,582	11.6%
4	Allocations	(14,319)	(15,145)	(21,699)	(22,500)	(15,504)	6,195	-28.5%
5	Total Salaries and Benefits	190,974	193,845	223,267	247,484	261,998	38,731	17.3%
6	Office and Operating Supplies	7,130	6,216	11,510	9,200	11,626	116	1.0%
7	Charges for Services	137,597	161,760	169,053	144,000	181,796	12,743	7.5%
8	Subtotal Operating Expenditures	335,701	361,821	403,830	400,684	455,420	51,590	12.8%
9	Transfer to Equipment Reserve	10,000	10,000	10,000	10,000	10,000	-	0.0%
10	Three Months Reserved Cash and Investment	83,925	90,455	77,794	91,600	113,855	36,061	46.4%
11	Ending Cash and Investments Unreserved	18,378	8,618		(23,310)	(58,601)	(58,601)	
12	Total Ending Cash and Investments	102,303	99,073	77,794	68,290	55,254	(22,540)	-29.0%
13	Total Stormwater Fund Uses	448,004	470,895	491,624	478,974	520,674	29,050	5.9%

Capital Funds

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



River otters (*Lutra canadensis*) although seldom seen, are relatively common throughout Washington in ponds, lakes, rivers, sloughs, estuaries, bays, and in open waters along the coast. River otters have the ability to remain underwater for an alarming eight minutes at a time. When they do this, they can shut both their nostrils and ears tightly.

Real Estate Excise Tax 1 – 311 (REET 1)

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

This Fund is specifically to be used for General Government Capital Projects, Fund 310, and General Government Capital Expenditures in the 510 Fund. The 2018 budget anticipates an increase in revenue due to expected construction and sale of homes.

General Government REET I Fund - 311						Budget %	
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Change Inc/(Dec)
1 REVENUE							
2 Beginning Cash and Investments	186,508	130,257	152,758	165,850	148,850	(3,908)	-2.6%
3 1/4% Real Estate Excise Tax	85,855	163,050	113,000	113,000	200,000	87,000	77.0%
4 LGIP Investment Interest	172	549	700	1,000	2,000	1,300	185.7%
5 Total REET I Revenue	86,027	163,599	113,700	114,000	202,000	88,300	77.7%
6 Total REET I Sources	272,535	293,856	266,458	279,850	350,850	84,392	31.7%

General Government REET I Fund - 311						Budget %	
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change	Change Inc/(Dec)
1 EXPENDITURES							
2 Transfer to 310 Fund	135,277	96,000	123,500	123,500	207,500	84,000	68.0%
3 Transfer to 510 Fund - Police & Fire Equip	7,000	32,000	7,500	7,500		(7,500)	-100.0%
4 Total REET I Expenditures	142,277	128,000	131,000	131,000	207,500	76,500	58.4%
5 Ending Cash and Investments	130,258	165,857	135,458	148,456	143,350	7,892	5.8%
6 Total REET I Uses	272,535	293,857	266,458	279,456	350,850	84,392	31.7%

The **Bohemian Waxwing** (*Bombycilla garrulus*) is an irregular winter visitor from the far North. It comes primarily to states and provinces along the United States/Canada border, a bit farther southward in the West.



Real Estate Excise Tax II

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

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

Midyear in 2011 the Washington State Legislature authorized for five years the usage of up to \$100,000 of REET monies for the maintenance of capital assets. REET II monies in Black Diamond are transferred to Fund 320 for Street and Public Works capital projects. The 2018 budget anticipates an increase in revenue due to expected construction and sale of homes.

Public Works REET II Fund - 321						Budget %
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change Inc/(Dec)
1 REVENUE						
2 Beginning Cash and Investments	155,904	111,911	152,411	165,456	124,230	(28,181) -18.5%
3 1/4% Real Estate Excise Tax	85,855	163,050	113,000	113,000	200,000	87,000 77.0%
4 LGIP Investment Interest	152	495	700	1,000	2,000	1,300 185.7%
5 Total REET II Revenue	86,007	163,545	113,700	114,000	202,000	88,300 77.7%
6 Total REET II Sources	241,911	275,456	266,111	279,456	326,230	60,119 22.6%

Public Works REET II Fund - 321						Budget %
	Actual 2015	Actual 2016	Budget 2017	Year End Est 2017	Budget 2018	Budget \$ Change Inc/(Dec)
1 EXPENDITURES						
2 Trf to Capital Projects			135,226	135,226	143,000	7,774 5.7%
3 Trf to N Commercial Storm Pond					15,000	15,000
4 Trf to Sewer Capital				20,000		
5 Trf to 410 Stormwater Capital	80,000	60,000			15,000	15,000
6 Trf to Street Fund	50,000	50,000				
7 Total REET II Expenditures	130,000	110,000	135,226	155,226	173,000	37,774 27.9%
8 Ending Cash and Investments REET II	111,911	165,456	130,885	124,230	153,230	22,345 17.1%
9 Total REET II Uses	241,911	275,456	266,111	279,456	326,230	60,119 22.6%

Fund 310 - General Government Capital Projects

Project Name	Project		Source of Revenue					Source of Expenditures		
	#	Note	Beg C&I	REET I Trf In	Grants	Trails Rev/Trf In	Total Revenue	Expenditure	Trf Out	Total Expenditure
1 Ginder Creek Trails	P1		64,939		15,000	9,000	88,939	88,939		88,939
2 Grant Matching	P3			2,500			2,500	2,500		2,500
3 Parks Plan Update	P4	Update		20,000			20,000	20,000		20,000
4 Cemetery Niche Wall	P6			20,000			20,000	20,000		20,000
5 - Additional for Wall	Add	Update		5,000			5,000	5,000		5,000
6 Fire Engine	F1			85,000		475,000	560,000	560,000		560,000
7 Police Technology	L1			25,000			25,000	25,000		25,000
8 General Government Technology	G1			25,000			25,000	25,000		25,000
9 - Additional Technology	Add	Update		20,000			20,000	20,000		20,000
10 General Government Renovation	G2			5,000			5,000	5,000		5,000
11 Total Gen Govt Projects			64,939	207,500	15,000	484,000	771,439	771,439	0	771,439

Fund 320 - Public Works Capital Projects

	Project		Source of Revenue					Source of Expenditures		
	#	Note	Beg C&I	REET I Trf In	Grants	Trf In Traf Mit	Total Revenue	Expenditure	Trf Out	Total Expenditure
1 Gen Street Improvements	T1			30,000			30,000	30,000		30,000
2 224th Guardrail @ Cov Creek	T5	Defer					0			0
3 224th Chip Seal	T6	Update		18,000	102,000		120,000	120,000		120,000
4 Roberts Drive Rehabilitation	T8	Defer					0			0
5 232nd Ave SE Asphalt Overlay	T9	Update		30,000	170,000		200,000	200,000		200,000
6 Grant Matching	T13			40,000			40,000	40,000		40,000
7 Lawson St Sidewalks	T14	Defer					0			0
8 Park St Intersection Improv.	TIP4	Update				30,000	30,000	30,000		30,000
9 Total PW Capital Projects				118,000	272,000	30,000	420,000	420,000	0	420,000

WSFFA Partners - Fund 402 Capital Projects

	Project		Source of Revenue					Source of Expenditures				
	#	Note	Beg C&I		Grants	Partners	Total Revenue	Expenditure	Trf Out	Total Expenditures	Ending Fund Balance	Total Uses
1 WSFFA Deposit			70,000				70,000				70,000	70,000
2 Supply Pipes & Pumps	W2	Update				1,572,000	1,572,000	1,572,000		1,572,000		1,572,000
3 Trans Main to City	W2	Update				280,000	280,000	280,000		280,000		280,000
4 Spring Source Rehab	W2	Update				165,000	165,000	165,000		165,000		165,000
5 Total WSFFA Projects			70,000	0	0	2,017,000	2,087,000	2,017,000		2,017,000	70,000	2,087,000

Water Capital Projects - 404

- 1 Water Comp Plan
- 2 Asbestos Main repl
- 3 Asbestos Main repl
- 4 Recoat .5 MG Reservoir
- 5 Water Capital Reserves
- 6 **Total Water Capital Projects**

Project		Source of Revenue					Source of Expenditures				
#	Note	Beg C&I	Trf In Wtr Res	Interest Income	Connection Charge	Total Revenue	Expenditure	Trf Out	Total Expenditure	EFB	Total Uses
W3	Update		50,000			50,000	50,000		50,000		50,000
W5			3,000			3,000	3,000		3,000		3,000
add	Update		75,000			75,000	75,000		75,000		75,000
W6	Defer					0			0	0	0
		196,000	125,000	3,000	200,000	524,000		128,000	128,000	396,000	524,000
		196,000	253,000	3,000	200,000	652,000	128,000	128,000	256,000	396,000	652,000

Sewer Capital Projects - 408

- 1 Sewer Fac/Fen/Gate
- 2 Cedarbrook Eng
- 3 Sewer Capital Reserves
- 4 **Total Sewer Capital Projects**

Project		Source of Revenue					Source of Expenditures				
#	Note	Beg C&I	Trf In RII	Loan Repay	Int & Conn Chg	Total Revenue	Expenditure	Trf Out	Total Expenditure	EFB	Uses
S1	Update		15,000			15,000	15,000		15,000		15,000
S3	Carry ov	35,000				35,000	35,000		35,000		35,000
		368,500		35,200	57,000	460,700		130,000	130,000	330,700	460,700
		403,500	15,000	35,200	57,000	510,700	50,000	130,000	180,000	330,700	510,700

Stormwater Capital Projects - 410

- 1 Covington Creek Culv-Eng
- 2 Covington Creek Culv-Const.
- 3 N Comm Storm Pond-Eng
- 4 N CSPond K/C Opp. Grant
- 5 N CSPond K/C WQ Grant
- 6 N CSPond DOE Grant
- 7 **Total Stormwater Capital Prj.**

Project		Source of Revenue					Source of Expenditures				
#	Note	Beg C&I	Trf In RII	DOE Grant	K/C W/Q & Opp. Grant	Total Revenue	Expenditure	Trf Out	Total Expenditure	EFB	Uses
D2	Defer					0			0		
D2	Defer					0			0		
D3	Carry over		15,000			15,000	15,000		15,000		15,000
D3	Update				80,000	80,000	80,000		80,000		80,000
D3	Update				243,643	243,643	243,643		243,643		243,643
D3	Update			676,357		676,357	676,357		676,357		676,357
			15,000	676,357	323,643	1,015,000	1,015,000	0	1,015,000	0	1,015,000



The **Pacific Banana Slug** is the second-largest species of terrestrial slug in the world, growing up to 9.8 inches long. Banana slugs have been used as food by Yurok Indians of the North Coast and by German immigrants in the 19th and early 20th centuries.



City of Black Diamond

Financial Management Policies

Per Resolution 08-560

Updated for Long Term Planning Per Resolution 13-866

Background and Purpose

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

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

Operating Budget Policies

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

Citizen Involvement

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

Service Level Determinations

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

Conservative Budgeting

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

Long Term Financial Planning

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

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

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

*Note: See, Government Finance Officers Association, Long-Term Financial Planning for Governments, www.gfoa.org/ltfp-ltftp@gfoa.org.

Maintenance of Facilities and Equipment

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

Sustainable Revenue Sources

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

Cost Recovery

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

Fund Balance Reserve Policies

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

Operating Fund Balance Reserves

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

Contingency Reserve Fund

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

Utility Operating Policies

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

Utility Rates and Fees

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

Utility Fund Reserves

All utilities will be operated in a manner to ensure an ending annual reserved fund balance in an amount equal to 90 days of annual operational appropriations. In the event that the fund balance falls below that amount or a new utility is formed, the city will work to restore the balance to that level with cost

reductions, rate increases and other measures within five fiscal years. The city may use reserves to “smooth” rate increases over a period of years and avoid large jumps in ratepayer bills.

Debt Management Policies

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

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

Interfund Loans

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

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

Bond Rating

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

Cash Management and Investment Policies

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

Cash Sufficiency

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

Investment Goals

The city’s idle cash will be invested on a continuous basis to maximize income. Priority will be given to legality of investment practices, the safety of the asset, followed by liquidity in case a need arises where the

city needs access to the funds, followed by yield or return.

Allocation of Investment Income

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

Alternative Financing Schemes and Derivative Products

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

Capital Projects and Planning Policies

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

Capital Improvement Plan

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

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

Capital Improvement Plan (CIP) Participation

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

- a) The Capital Improvement Plan shall be provided to the City Council in a timely manner to allow time for the Council members to review the proposal with constituents before it is considered for adoption.
- b) Council study sessions on the Capital Improvement Plan will occur during the budget deliberations and shall be open to the public and advertised sufficiently in advance of the meetings to allow for the attendance of interested citizens.
- c) Prior to the adoption of the budget and Capital Improvement Plan, the City Council shall hold noticed public hearings to provide opportunities for citizens to express their opinions on the proposed plan.

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

Internal Consistency

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

Funding Sources

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

Relationship between Operating Budget and Capital Improvement Plan

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

Accounting, Financial Reporting and Auditing Policies
--

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

Accounting and Budgeting System

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

Financial Reporting

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

Annual Report-Will be completed by May 30th and is distributed to the City Council, departments and the State Auditor’s Office.

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

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

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

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



Very shy of humankind, Bigfoot enjoys a peaceful lifestyle in the Black Diamond area.

ORDINANCE NO. 17-1097

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLACK DIAMOND, KING COUNTY, WASHINGTON, ADOPTING THE BUDGET FOR CALENDAR YEAR 2018

WHEREAS, the Preliminary Budget was submitted to the City Council by the Mayor on November 2, 2017, and

WHEREAS, the City Council held Workstudy meetings on public hearings on the Budget on September 28, 2017, October 19, 2017, October 28, 2017 and November 9, 2017 and held Public hearings on November 9, 2017, November 16, 2017 and December 4, 2017; and

WHEREAS, the 2016 Budget must be adopted by 12/31/2015 for the City to have legal authority to pay employees and/or bills beginning January 1, 2016; and

WHEREAS, a copy of the Budget document was on file with the City Clerk for examination by the public during the time it was being considered by the City Council; now, therefore,

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

Section 1. The annual budget of the City of Black Diamond for the 2018 calendar year, a reference copy of the document which is on file with the City Clerk and is posted on the city website, is hereby adopted at the fund level as the annual budget for the City of Black Diamond for the calendar year 2018.

Section 2. The budget and information contained herein remain provisional to the extent they are subject to mandatory bargaining with the City's collectively bargained employees as required by Washington law.


Section 3. The total estimated revenue from all sources and expenditures by fund as set forth in the 2018 budget document is adopted as follows:

City of Black Diamond 2018 Budget	Estimated Revenue	Estimated Expenditures
001 General Fund	7,514,474	7,514,474
101 Street Fund	402,575	402,575
107 Fire Impact Fees Fund	476,270	476,270
108 Transportation Benefit District Fund	125,717	125,717
109 Traffic Mitigation Fees Fund	234,640	234,640
401 Water Fund	4,058,748	4,058,748
407 Sewer Fund	1,651,880	1,651,880
410 Stormwater Fund	1,535,674	1,535,674
310 General Government Capital Projects Fund	1,122,289	1,122,289
320 Street and Public Works Capital Projects Fund	746,230	746,230
510 Internal Service Fund	357,930	357,930
Total 2018 Budget	\$18,226,427	\$18,226,427

Section 4. This Ordinance shall include the 2018 Salary Schedule as shown in the attachment as Exhibit A.

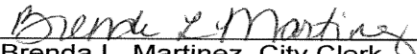
Section 5. This Ordinance shall be in full force and effect five days after its passage, approval, posting and publication in summary form as provided by law.

Passed by a majority of the City Council at a regular meeting on 7th day of December 2017.



Mayor Carol Benson

Attest:



Brenda L. Martinez, City Clerk

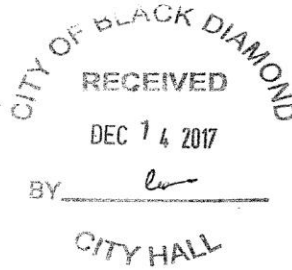
APPROVED AS TO FORM:

David Linehan, City Attorney

**King County**

Department of Assessments
Accounting Division
500 Fourth Avenue, ADM-AS-0725
Seattle, WA 98104-2384

(206) 263-2308 FAX (206) 296-0106
Email: assessor.info@kingcounty.gov
<http://www.kingcounty.gov/assessor/>



John Wilson
Assessor

CERTIFICATION OF ASSESSED VALUATION

I, John Wilson, King County Assessor, pursuant to the duty imposed upon me by RCW 84.48.130, certify that the assessed valuation of all the taxable property situated within the boundaries of the City of Black Diamond for the assessment year 2017 and tax year 2018 is \$757,566,459 and is recorded as such in the King County Assessment Roll.

The above valuation is based upon the values established and certified in the 2017 assessment year and certified to the King County Board of Equalization on October 4, 2017 pursuant to RCW 84.40.320.

This valuation includes \$5,385,698 which is the value of new construction and improvements to property in 2017, plus any increase in the value of state-assessed property included in the certificate of values from the Washington State Department of Revenue received November 28, 2017.

The value herein certified to you has been adjusted to exclude \$4,319,169, which is exempt from taxation pursuant to RCW 84.36.381, and does not include all changes that may be ordered by the King County Board of Equalization, which is now in session and will remain so for an undetermined period of time.

Dated this 11th day of December, 2017.


John Wilson, King County Assessor

MPD Funding Agreement

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

RECITALS

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

satisfies Ordinances Nos. 10-946 and No-947; and

- I. WHEREAS, the City, BD Village and BD Lawson intend for this Agreement to replace and supersede the Staff and Facilities Funding Agreement and the First Amendment in their entireties; and
- J. WHEREAS, the City, BD Village and BD Lawson recognize that while the City currently does not have sufficient revenues to pay for the staff necessary to effectively and efficiently handle its current workload, the parties expect that the Villages MPD and Lawson Hills MPD will produce revenue for the City and, as a result, that the need for some portions of the funding under this MPD Funding Agreement will be reduced over time and ultimately eliminated; and
- K. WHEREAS, the City, BD Village and BD Lawson acknowledge that revenue from the Villages MPD and Lawson Hills MPD, including sales tax, real estate excise tax, utility taxes, franchise fees, business license revenues, increased property tax receipts associated with higher land value, and other revenues from any business or land use, as well as the BD Village's and BD Lawson's infrastructure obligations imposed by the Villages MPD Approval and Lawson Hills MPD Approval, respectively, are expected to be sufficient to maintain the Village MPD's and Lawson Hills MPD's proportionate share of the City's adopted staffing levels of service and capital facility needs; and
- L. WHEREAS, on an ongoing basis, the City, BD Village and BD Lawson agree to manage their operations in a fiscally responsible manner; and
- M. WHEREAS, the City, BD Village, and BD Lawson hereby agree that the purpose of this MPD Funding Agreement is to create an instrument to fund City staff as necessary to implement the Villages MPD and The Villages Development Agreement as well as the Lawson Hills MPD and the Lawson Hills Development Agreement; and
- N. WHEREAS, the City, BD Village and BD Lawson hereby also agree that the intent of this MPD Funding Agreement includes the following: (i) to create a mechanism to reduce the Developer's Total Funding Obligation (as defined below) by ultimately eliminating the Developer's funding of City Staffing Shortfalls (as defined below) and instead funding one hundred percent (100%) of such City staff with City revenue; (ii) to establish a hierarchy of City staff necessary to provide basic administrative services within the City and for sufficient City staff to implement the Villages MPD and Lawson Hills MPD, The Villages Development Agreement and Lawson Hills Development Agreement, and to review and process implementing development permits for the Villages MPD and Lawson Hills MPD; (iii) to ensure funding of City staff assigned to the Master Development Review Team ("MDRT") to be established as defined herein; (iv) to provide the ability for the City to use consultants for professional review support related to the Villages MPD's and Lawson Hills MPD's implementing development permits; (iv) to provide the ability for the City to be able to quickly adapt to differing levels of work associated with the Villages MPD and Lawson Hills MPD without hiring permanent staff; and (vi) to allow efficient and consolidated review of implementing development permits for the Villages MPD under The Villages Development Agreement and City code as well as the Lawson Hills MPD under the Lawson Hills Development Agreement and City code; and
- O. WHEREAS, the City, BD Village and BD Lawson further agree that this MPD Funding Agreement is intended to cover three types of costs: (i) certain City staffing costs on an interim basis (i.e., City Staffing Shortfalls as defined below); (ii) MDRT Costs (as defined below); and

(iii) any fiscal shortfalls created by the Villages MPD pursuant to Condition of Approval 156 of Ordinance No. 10-946 and the Lawson Hills MPD pursuant to Condition of Approval 160 of Ordinance No. 10-947 (defined hereinafter as “**City Fiscal Shortfalls**”).

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

AGREEMENT

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

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

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

- a. **Reduction of City Staffing Shortfalls.** If the most recent Fiscal Analysis (as defined below) or Annual Review (as defined below), whichever is more current, projects a fiscal benefit for the City, then the City and Developer shall promptly meet and negotiate in good faith to determine whether and when the salary and benefit costs of one or more City staff positions identified on Exhibit C should be funded by the City. If so, then the City shall identify the appropriate City staff position to be removed from the Developer’s Total Funding Obligation under this Agreement whether or not the Wind-Down timing threshold associated with such City staff position (identified in Section 2(c)) has been triggered.

- b. **Voluntary Agreement.** The parties acknowledge that the Developer's commitment to fund City Staffing Shortfalls is a voluntary agreement into which the Developer freely enters pursuant to state law.
- c. **Wind-Down and Wind-Up.** In recognition that: a) the Villages MPD and Lawson Hills MPD build-out may fluctuate to follow market demands; and b) the voluntary nature of the Developer's City Staffing Shortfalls funding obligation, BD Village or BD Lawson may provide notice to the City of Wind-Downs and Wind-Ups of certain City staff positions outlined in Exhibit C.
- i. Wind-Down Notices shall be delivered to the City and shall state that BD Village and/or BD Lawson intends on a date certain to cease paying for certain City Staffing Shortfall positions. In order to be effective, a Wind-Down Notice must comply with the following provisions:
 - ii. No Wind-Down Notice may be delivered to the City or otherwise be effective during the first twelve months following the Effective Date of this Agreement. Thereafter, the date certain required to be identified in a Wind-Down Notice may not be sooner than six months after delivery of the Wind-Down Notice to the City.
 - iii. During months 13 through 18 following the Effective Date, only Support Staff positions identified on Exhibit C may be subject to a Wind-Down Notice from BD Village or BD Lawson.
 - iv. During months 19 through 24 following the Effective Date, some or all Support Staff positions and/or Essential Staff positions identified on Exhibit C may be subject to a Wind-Down Notice from BD Village or BD Lawson. This notice may require Wind-Down of the identified Support Staff and Essential Staff simultaneously.
 - v. After month 25 following the Effective Date, Support Staff, Essential Staff, and/or Core Staff positions may be subject to a Wind-Down Notice from BD Village or BD Lawson, which Notice may require wind-down of identified City staff simultaneously.
 - vi. Upon receipt of a Wind-Down Notice and compliance by BD Villages or BD Lawson as appropriate with the above criteria, the City shall thereafter be responsible to determine whether it wants to continue funding the subject staff position(s). Wind-down shall include both the staff position and any related FFE costs.
 - vii. Wind-Up Notices shall state that BD Village and/or BD Lawson intends to re-initiate payment of certain City Staffing Shortfall costs and request the rehiring of certain City staff or consultant positions.
 - viii. If no Core Staff position has received a Wind-Down Notice pursuant to subsection (c) above, then City shall complete the hiring of City staff or consultants positions identified in the Wind-Up Notice within six (6) months after receipt of the Notice. In the event the Wind-Up Notice requests Essential Staff or Support Staff, then City shall complete the hiring of the staff and consultants positions identified in the Notice within nine (9) months after receipt of the Notice unless otherwise agreed to by the Developer.

- ix. If any Core Staff position has received a Wind-Down Notice pursuant to subsection (c) above, then City shall complete the hiring of staff or consultants positions identified in a Wind-Up Notice within twelve (12) months after receipt of the Wind-Up Notice unless otherwise agreed to by the Developer. In such circumstances, Developer may request rehire of Core Staff positions only or may request Core Staff positions plus Essential Staff positions and/or Support Staff positions.

3. **Master Development Review Team.** The primary function of the MDRT is to process, review, and implement development permits and development agreements of the Villages MPD and the Lawson Hills MPD. The MDRT shall become effective upon approval of The Villages or Lawson Hills Development Agreement, provided that if an additional staff member or consultant has not yet been hired, the City agrees to review and process implementing development permits using City staff funded pursuant to the City Staffing Funding Shortfalls section outlined above.

- a. **MDRT Composition.** The MDRT shall initially be comprised of the following current positions, or their functional equivalent: (i) City's Economic Development Director; (ii) the City's Community Development Director; (iii) the City's MPD planner; (iv) a new City administrative support position; (v) necessary consultants as determined in the City's sole, reasonable discretion after consultation with the Developer; and (vi) additional City staff as identified by the Developer through the Annual Review described in Section 6. The MDRT composition may be modified by mutual agreement of the

parties. In recognition of the advantage of both parties of ensuring continuity through the review and processing of implementing development permits, the City may choose to offer multiyear employment contracts to some or all members of the MDRT; provided, however, that such contracts shall not increase Developer's Total Funding Obligation nor impair Developer's ability to exercise its rights pursuant to Section 2(c) ("Wind-Down and Wind-Up") as set forth herein.

- i. For purposes of this Agreement, consultants include, but are not limited to, professional engineering firms, planning and transportation firms, and the City Attorney (which, for purposes of this Agreement, includes any attorney or professional staff in the City Attorney's law firm) and other legal consultants when performing services related to The Villages MPD and Lawson Hills MPD.
- b. **MDRT Costs.** The Developer shall fund one hundred percent (100%) of the costs of the MDRT by paying: (i) the salary and benefit costs of City Staff MDRT members identified in Section 3(a), less any amounts actually received by the City from others pursuant to Section 2; (ii) the actual amounts invoiced by consultants; and (iii) the FFE associated with such City Staff MDRT members (the "**MDRT Costs**"). MDRT Costs shall also initially include the purchase of three (3) vehicles exclusively for the MDRT – two (2) pool vehicles and one (1) inspection vehicle – the costs of which shall not exceed \$125,000.00 in total. In determining such vehicle purchases, the City shall consider the purchase of hybrid or similar "green" vehicles. Thereafter, the MDRT's FFE shall include all costs associated with the ongoing expense and maintenance of these three (3) vehicles.
- i. **MDRT Cost Allocation.** The City shall allocate MDRT Costs to BD Village and BD Lawson on a proportionate share basis based on time spent.

- c. **Reduction or Elimination of MDRT Costs.** In recognition that the Villages MPD and Lawson Hills MPD build-out may fluctuate to follow market demands, the Parties acknowledge and agree that BD Village and/or

BD Lawson may elect to reduce, or eliminate, MDRT staffing during the Annual Review described in Section 6. If, during Annual Review, BD Village and/or BD Lawson elect to cease paying all MDRT Costs for a given calendar year, the City's obligations under this Section 3 shall also cease for such calendar year.

- d. **City Fee Provision.** In consideration for the Developer's funding of the MDRT and paying the MDRT Costs, the City shall not collect permit or administrative fees or deposits otherwise applicable to implementing project permits sought for the Villages MPD or the Lawson Hills MPD, except for: (i) fees or other charges as required by this Agreement, (ii) fees associated with building permits provided building staff is not included within the MDRT, and (iii) pass-through fees collected by the City for another jurisdiction or entity (e.g., State of Washington building permit surcharge); provided, however, that this subsection 3(d) shall be void and Developer shall be fully responsible for all permit and administrative fees or deposits otherwise applicable to implementing

project permits sought for the Villages MPD, the Lawson Hills MPD, and any other property within the City if BD Village or BD Lawson elects to cease paying all MDRT Costs pursuant to Section 3(c).

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

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

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

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

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

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

7. Payment Procedure.

- a. **Monthly Fixed Amount.** During Annual Review, City and Developer shall mutually agree to and determine a monthly fixed amount that the Developer shall deposit with the City by the first (1st) day of each month to cover one-twelfth of the Developer's Total Funding Obligation for that given year (the "**Monthly Fixed Amount**"). Such Monthly Fixed Amount is subject to modification between Annual Reviews upon mutual written agreement of the parties.

- b. **Consultant Deposit.** Within forty-five (45) days of the Effective Date, Developer shall provide to the City funds in the amount of fifty thousand dollars (\$50,000.00) (the “**Consultant Deposit**”) as a security deposit for ongoing consulting fees and costs incurred under the MDRT for the Villages MPD and/or Lawson Hills MPD implementing development permit review and processing. The City shall invoice the Developer monthly for actual consulting costs paid, which Developer shall pay in the normal course of business. If Developer fails to pay any such invoices within forty-five (45) days, City shall be entitled to deduct the full amount of any such invoices from the security deposit referenced above. In such event, Developer shall replenish the full amount deducted from the security deposit within ten (10) days. The City shall place the Consultant Deposit in an interest bearing account. The City shall relinquish the Consultant Deposit and any accrued interest to the Developer by the later of thirty (30) days after terminating this Agreement or thirty (30) days after payment of all Consultant invoices for services performed prior to the effective date of a Wind-Down Notice from the Developer for all consultants. The amount of funds to be retained as a Consultant Deposit shall be reviewed by the parties during the Annual Review.
- c. **Quarterly Accounting.** Within fifteen (15) days after the last day of each calendar quarter, the City shall provide BD Village and BD Lawson with an accounting for the previous quarter (the “**Quarterly Accounting**”). This Quarterly Accounting shall include actual monthly costs of City staff positions included within the Developer’s Total Funding Obligation as well as any credits due under the Non-MPD Related Credit Procedure (Section 8) from the previous calendar quarter. In addition, the Quarterly Accounting shall include reports with descriptions for each MDRT member (including City staff and consultants) depicting the amount of time that each MDRT member allocated to MDRT activities during the previous quarter. Any refund or additional amount due shall be invoiced to the Developer, which shall either reduce the next Monthly Fixed Amount due from the Developer or the Developer shall promptly pay the additional amount due with the next Monthly Fixed Amount due within forty-five (45) days. If the Quarterly Accounting shows a deviation of greater than ten (10) percent between actual monthly costs and the Monthly Fixed Amount, the City and Developer shall promptly meet to discuss in good faith whether the Monthly Fixed amount should be adjusted upward or downward for the remainder of the applicable calendar year.
- d. **Third Party Payment.** If a Third Party submits to the City a Villages MPD-related implementing development permit application (e.g., building permits) or Lawson Hills MPD-related implementing development permit application that is reviewed by the MDRT, the City shall invoice directly the Third Party for the MDRT’s costs of such review on a monthly basis together with such Third Party’s proportionate share of any MDRT Costs described in Section 3(b) above. Each quarter, the City shall deduct the total payments received from such Third Parties from the Developer’s Monthly Fixed Amount. The City shall exercise its best efforts to identify separately in the Quarterly Accounting the deductions associated with Village MPD-related implementing development permit applications and the deductions associated with Lawson Hills MPD- related implementing development permit applications.
8. **Non-MPD Related Credit Procedure.** As part of the Quarterly Accounting, the City shall account for any non-Villages MPD and non-Lawson Hills MPD related permit revenue over five hundred dollars (\$500.00) that was received by the City as a result of City staff positions listed on Exhibit C. The Quarterly Accounting shall show the City providing the Developer a credit towards the following month’s Monthly Fixed Amount by that amount of non-Villages MPD and non-Lawson Hills MPD related permit revenue received by the City, provided City staff positions funded by this Agreement worked on that non-Villages MPD and non-Lawson Hills MPD permit.
9. **Building Permit Surcharge.** As anticipated in the Staff and Facilities Funding Agreement, but only to the extent

permitted by law or other agreement between Developer and its purchasers and only then if the City Council adopts a resolution, the City hereby agrees to apply a per dwelling unit or equivalent fee on each future building permit issued within the Villages MPD and the Lawson Hills MPD. This fee is intended to recapture the costs incurred by the Developer under the Staff and Facilities Funding Agreement (the “**Surcharge**”), and shall only be assessed on building permits for new construction within The Villages MPD or the Lawson Hills MPD. Remodels, tenant improvements, or reconstruction due to fire damage or other catastrophe shall not be assessed the Surcharge. This Surcharge shall also not apply to Public Uses as defined in The Villages Development Agreement or Lawson Hills Development Agreement.

- a. **Surcharge Calculation.** The Surcharge for the Villages MPD (the “**Village Surcharge**”) shall be calculated based on the costs incurred by BD Village from execution date of the Staff and Facilities Funding Agreement to the execution date of The Villages Development Agreement divided by the number of dwelling units or an equivalent thereof. BD Village shall determine the unit number to be included within the calculation of the Village Surcharge prior to the City’s issuance of the first building permit for the Villages MPD. As part of the Annual Review, BD Village may request to modify how the Village Surcharge is assessed, such as removing commercial development from the Village Surcharge. The Surcharge for the Lawson Hills MPD (the “**Lawson Surcharge**”) shall be calculated based on the costs incurred by BD Lawson from execution date of the Staff and Facilities Funding Agreement to the execution date of the Lawson Hills Development Agreement divided by the number of dwelling units or an equivalent thereof. BD Lawson shall determine the unit number to be included within the calculation of the Lawson Surcharge prior to the City’s issuance of the first building permit for the Lawson Hills MPD. As part of the Annual Review, BD Lawson may request to modify how the Lawson Surcharge is assessed, such as removing commercial development from the Lawson Surcharge
- b. **Surcharge Accounting.** Within sixty (60) days following execution of The Villages Development Agreement or the Lawson Hills Development Agreement, the City shall provide BD Village or BD Lawson, respectively, with an accounting of all costs incurred by such party under the Staff and Facilities Funding Agreement and the First Amendment. Within thirty (30) days of receipt of the City’s accounting, BD Village or BD Lawson shall review the cost figures and provide the City with the fee structure for the Village Surcharge or Lawson Surcharge, respectively, based on this final cost.
- c. **Surcharge Collection.** The City will collect the Village Surcharge and Lawson Surcharge for BD Village and BD Lawson, respectively, at the issuance of each building permit within the Villages MPD and Lawson Hills MPD, as applicable. As a part of the Quarterly Accounting, the City shall provide an accounting to BD Village and BD Lawson of the Village and Lawson Surcharges collected and the amount due to the BD Village and BD Lawson, respectively. The City shall issue a check in this amount to BD Village and BD Lawson within thirty (30) days of the Quarterly Accounting’s issuance.
- d. **Surcharge Indemnity.** BD Village shall indemnify, defend and hold harmless the City, its officers, officials, and employees from and against any and all claims, losses, damages, liabilities, actions, and judgments of third parties (including reasonable attorney and expert witness fees) arising out of, relating to, resulting from, or caused by the City’s application of the Village Surcharge to the Villages MPD building permits. Similarly, BD Lawson shall indemnify, defend and hold harmless the City, its officers, officials, and employees from and against any and all claims, losses, damages, liabilities, actions, and judgments of third parties (including reasonable attorney and expert witness fees) arising out of, relating to, resulting from, or caused by the City’s application of the Lawson Surcharge to the Lawson Hills MPD building permits.

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

a. **Security Schedule.** The Developer shall provide security as follows:

- i. Commencing on the Effective Date and until December 31, 2011, collectively BD Village and BD Lawson shall provide security of three million dollars (\$3,000,000.00). To meet this obligation, BD Village and BD Lawson shall collectively provide to the City a letter of credit in a form reasonably acceptable to the City evidencing cash or other liquid assets in the minimum amount of two million dollars (\$2,000,000.00). BD Village shall also provide a first position deed of trust to the City on King County Parcel Nos. 0221069024, 0221069030, and 1121069006 of at least one million dollars (\$1,000,000.00) no later than the Effective Date (the "**Deed of Trust**") in the form attached hereto as Exhibit D.
- ii. For the calendar year 2012, following the Annual Review in year 2011 and until December 31, 2013, BD Village and BD Lawson collectively shall provide a letter of credit to the City totaling 125% of its projected annual City Staffing Shortfalls and MDRT Costs less consultant costs. The City shall automatically release the Deed of Trust when this letter of credit is renewed on December 31, 2011.
- iii. Thereafter, the City and Developer shall negotiate renewed and extended security in an amount equal to at least 100% of the projected annual City Staffing Shortfalls and MDRT Costs less consultant costs up to a maximum of two million dollars (\$2,000,000.00), after consideration of the extent of development completed at that time.

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

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

- a. **Support Staff:** Those positions identified on Exhibit C.
- b. **Essential Staff:** Those positions identified on Exhibit C.
- c. **Core Staff:** Those positions identified on Exhibit C.
- d. **Third Party:** Any party other than BD Village or BD Lawson submitting permit applications for development within the Villages MPD or the Lawson Hills MPD.
- e. **MPD:** Master Planned Development.
- f. **Phase:** The Villages MPD and the Lawson Hills MPD are collectively planned in four Phases: Phase 1A, Phase 1B, Phase 2, and Phase 3. The land areas for each Phase, together with infrastructure plans for each Phase, are shown in Chapter 9 of The Villages Master Planned Development Application dated

December 31, 2009 and Chapter 9 of the Lawson Hills Master Planned Development Application dated December 31, 2009.

- g. Non-Villages MPD and Non-Lawson Hills MPD related permit revenue: Fees generated by permit applications for development not located within the Villages MPD or the Lawson Hills MPD.

12. Term.

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

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

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

If to BD Village:

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

With Copy to:

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

If to BD Lawson:

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

With Copy to:

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

To the City:

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

With Copy to:

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

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

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

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

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

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

19. **Severability: Captions.** In the event that any clause or provision of this Agreement should be held to be void, voidable, illegal, or unenforceable, the remaining portions of this Agreement shall remain in full force and effect. In lieu of each clause or provision that is determined to be void, voidable, illegal, or unenforceable, there shall be added as a part of this Agreement a similar clause or provision as similar as possible that is legal, valid, and enforceable. Headings or

captions in this Agreement are added as a matter of convenience only and in no way define, limit or otherwise affect the construction or interpretation of this Agreement.

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

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

breach of any provision of the Agreement will not be deemed to be a waiver of any other or subsequent breach and will not be construed to be a modification of the terms of this Agreement.

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

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

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

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

BD VILLAGE PARTNERS, LP

By: Yarrow Bay Development, LLC, its general partner By: BRNW, Inc., its
member

By: _____ Brian Ross,
President

Date: _____

BD LAWSON PARTNERS, LP

By: Yarrow Bay Development, LLC, its general partner By: BRNW, Inc., its
member

By: _____ Brian Ross,
President

Date: _____

CITY OF BLACK DIAMOND

Rebecca Olness, Mayor

Date: _____

Attest:

City Clerk

CITY STAFF POSITIONS & DESIGNATIONS

CORE STAFF

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

ESSENTIAL STAFF

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

SUPPORT STAFF

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

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

24301 Roberts Drive
PO Box 599
Black Diamond, WA 98010
Phone: (360) 886-5700
Fax: (360) 886-2592
Class: Code

Form of Government: Mayor-Council

Model Traffic Ordinance: No

Wards: No

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

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

Web Site: www.ci.blackdiamond.wa.us

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

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

Work Sessions: On 2nd Thursdays – 6:00pm

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

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

Population and land area: The population of Black Diamond is approximately 4,335 (2017). The amount of land area in Black Diamond is 5.207 sq. miles. The amount of surface water is 0.132 sq. miles. Black Diamond elevation is 628 feet above sea level.

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

Black Diamond Historical Business District**Lake Sawyer Regional Park****Flaming Geyser State Park****Black Diamond Historical Museum**

PO Box 232
32627 Railroad Ave at Baker Street
Black Diamond WA 98010
Phone: 360-886-2142

This museum in the old Railroad Depot has exhibits of 19th century machinery, coal mining, a jail and much more. Open on Weekends 12 – 3 and Thursdays 9 – 3 ** Free Admission**

Estimated median household income in 2016: \$76,763 (it was \$67,092 in 2000)

Black Diamond:  \$76,763

WA:  \$67,106

Estimated per capita income in 2016: \$37,886 (it was \$26,936 in 2000)

[Black Diamond city income, earnings, and wages data](#)

Estimated median house or condo value in 2016: \$386,624 (it was \$182,100 in 2000)

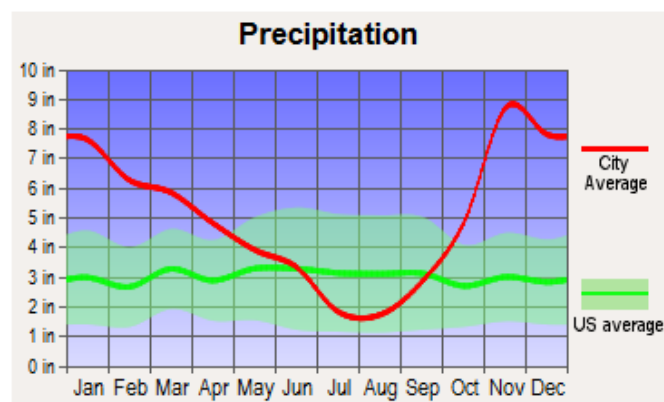
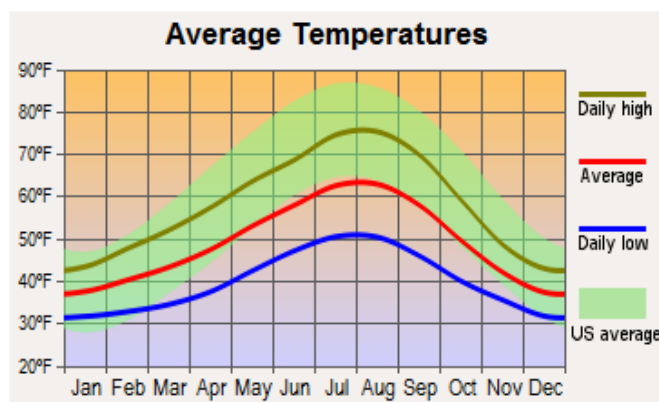
Black Diamond:  \$386,624

WA:  \$306,400

Mean prices in 2016: All housing units: \$463,507; Detached houses: \$473,778; Mobile homes: \$95,498

Median gross rent in 2016: \$1,101.

Mar. 2016 cost of living index in Black Diamond: 114.1 (more than average, U.S. average is 100)



Most common last names in Black Diamond, WA among deceased individuals

Last name	Count	Lived (average)
Johnson	6	73.7 years
Zumek	6	76.3 years
Davis	5	83.4 years
Lucchesi	5	83.6 years
Parkin	5	75.8 years
Darby	4	72.5 years
Chilcott	4	73.7 years
Anderson	4	76.2 years
Erickson	4	76.5 years
Benedetti	4	80.3 years

Source, City-Data

Property Tax and Sales Tax History**Property Taxes**

	Assessed Valuation	Construction	New Final Assessed Valuation	Levy Rate
2000	294,620,050	8,162,011	302,782,061	2.206
2001	322,721,666	11,613,750	334,335,416	2.196
2002	353,992,917	4,667,520	358,660,437	2.097
2003	356,571,798	2,394,661	358,966,459	1.981
2004	401,497,572	1,943,946	403,441,518	1.904
2005	427,240,702	4,372,118	431,612,820	2.032
2006	446,214,893	3,578,995	449,793,888	2.003
2007	497,642,229	2,397,737	500,039,966	1.839
2008	560,299,568	7,314,478	567,614,046	1.651
2009	626,088,991	10,806,265	636,895,256	1.521
2010	552,382,312	2,739,869	555,122,181	1.777
2011	529,857,064	3,058,528	532,915,592	2.570
2012	536,580,666	2,514,106	539,094,772	2.593
2013	499,553,614	1,641,937	501,195,551	2.830
2014	548,399,243	4,187,903	552,587,146	2.620
2015	593,190,272	2,052,701	595,242,973	2.425
2016	660,150,221	4,916,109	659,796,088	2.242
2017	709,633,018	5,959,915	715,592,933	2.125
2018	752,180,761	5,385,698	757,566,459	2.030

Sales Taxes

Year	Sales Taxes
2000	178,553
2001	171,913
2002	202,713
2003	178,703
2004	230,263
2005	227,760
2006	289,613
2007	305,497
2008	286,610
2009	249,526
2010	265,177
2011	297,333
2012	262,974
2013	290,795
2014	302,927
2015	311,929
2016	447,176
2017	599,718

2018 Employee Allocations by Funding Source							
Positions	Full Time Equivalent (FTE)	Funding Agreement	General Fund	Street Fund	Water Fund	Sewer Fund	Storm water Fund
City Clerk							
City Clerk/HR Manager	1.00	0.25	0.45		0.10	0.10	0.10
Administrative Assistant II	1.00		0.10		0.30	0.30	0.30
Deputy City Clerk	1.00		0.50	0.04	0.15	0.15	0.16
Total City Clerk	3.00	0.25	1.05	0.04	0.55	0.55	0.56
Finance Department							
Finance Director	1.00		0.70		0.10	0.10	0.10
Deputy Finance Director	1.00		0.72		0.09	0.10	0.09
Senior Accountant	1.00		0.60	0.04	0.12	0.12	0.12
Total Finance	3.00		2.02	0.04	0.31	0.32	0.31
Information Technology							
Information Service Manager	0.75	0.10	0.41	0.02	0.08	0.08	0.06
Total Info Technology	0.75	0.10	0.41	0.02	0.08	0.08	0.06
Police Department							
Police Chief	1.00		1.00				
Police Commander	1.00		1.00				
Sergeant	2.00		2.00				
Police Officers	5.00		5.00				
Police Records Coordinator	1.00		1.00				
Police Clerk	0.73		0.73				
Total Police Department	10.73		10.73				
Municipal Court							
Court Administrator	1.00		1.00				
Court Clerk	1.00		1.00				
Total Court	2.00		2.00				
Community Development							
Community Development Director	1.00		1.00				
Sr. Planner	1.00		1.00				
Building Official (new)	1.00		1.00				
Permit Technician Supervisor	1.00		1.00				
Permit Technician	1.00		1.00				
Total Community Development	5.00		5.00				
Master Dev Review Team (MDRT)							
MDRT & Economic Dev Director	1.00	1.00					
Construction Inspector Supervisor	1.00	1.00					
Construction Inspector (new)	1.00	1.00					
Senior Accountant	0.75	0.75					
Total MDRT Review Team	3.75	3.75					
Facilities Department							
Facilities Equipment Coordinator	1.00		0.80	0.05	0.05	0.05	0.05
Total Facilities	1.00		0.80	0.05	0.05	0.05	0.05
Public Works							
Public Works Director	1.00		0.06	0.26	0.23	0.23	0.22
Capital Project/Program Manager	1.00			0.25	0.25	0.25	0.25
Utilities Supervisor	1.00		0.05	0.23	0.24	0.24	0.24
Utility Worker	2.00		0.10	0.4	0.5	0.5	0.5
Utilities Operator	1.00		0.10	0.15	0.25	0.25	0.25
Seasonal Maintenance	0.33		0.16	0.06	0.06		0.05
Total Public Works	6.33		0.47	1.35	1.53	1.47	1.51
Total Budget Positions (FTE's)	35.56	4.10	22.48	1.50	2.52	2.47	2.49

Positions in the 2018 Budget	2018 Salary Schedule	Step 1	Step 2	Step 3	Step 4	5 & On
	City Administrator	9,345	9,649	10,112	10,478	10,848
	Assistant City Administrator	8,033	8,435	8,837	9,238	9,640
✓	Court Administrator	5,891	6,159	6,427	6,694	6,962
	Court Clerk (hourly)	18.54	20.09	21.63	23.18	24.72
✓	Court Clerk	3,213	3,482	3,749	4,017	4,284
	Accounts Payable Clerk (hourly)	17.91	19.34	20.89	22.56	24.93
✓	MDRT & Economic Director	7,498	7,899	8,301	8,703	9,104
	City Attorney	8,161	8,569	8,997	9,447	9,919
✓	City Clerk/HR Manager	7,498	7,899	8,301	8,703	9,104
✓	Deputy City Clerk	4,499	4,814	5,128	5,443	5,757
✓	Finance Director	7,498	7,899	8,301	8,703	9,104
✓	Deputy Finance Director	6,631	7,013	7,396	7,778	8,161
	Utility Clerk	3,213	3,481	3,749	4,017	4,284
✓	Senior Accountant	4,499	4,814	5,128	5,443	5,757
✓	Senior Accountant (hourly)	25.79	27.08	28.43	29.86	31.35
	Accountant I Journey (hourly)	16.61	17.43	18.30	19.22	20.18
✓	Administrative Assistant II	3,213	3,481	3,749	4,017	4,284
	Administrative Assistant I	2,356	2,544	2,731	2,919	3,106
✓	Information Services Manager	6,962	7,364	7,766	8,167	8,569
✓	Police Chief	10,236	10,585	11,008	11,287	11,692
✓	Police Commander	9,194	9,514	9,794	10,074	10,398
✓	Police Sergeant	8,292	8,757	-	-	-
✓	Police Officer	5,037	5,645	6,255	6,863	7,440
✓	Police Records Coordinator	4,499	4,814	5,128	5,443	5,757
✓	Police Clerk (hourly)	15.05	16.51	17.96	18.98	20.87
✓	Facilities Equipment Coordinator	4,499	4,814	5,128	5,443	5,757
	Human Resources Director	7,498	7,899	8,301	8,703	9,104
✓	Community Dev/Nat Resources Director	7,498	7,899	8,301	8,703	9,104
✓	Permit Center Supervisor	5,891	6,159	6,427	6,694	6,962
✓	Permit Technician	4,499	4,814	5,128	5,443	5,757
	Permit Technician (hourly)	25.95	27.77	29.59	31.40	33.22
	Compliance Officer	4,499	4,814	5,128	5,443	5,757
✓	Senior Planner	5,355	5,622	5,903	6,198	6,508
	Planner	4,499	4,814	5,128	5,443	5,757
	Associate Planner	4,482	4,707	4,942	5,189	5,448
	Assistant Planner	4,181	4,391	4,610	4,840	5,082
✓	Building Official	6,962	7,364	7,766	8,167	8,569
	Parks Department Director	7,498	7,899	8,301	8,703	9,104
✓	Public Works Director	7,498	7,899	8,301	8,703	9,104
✓	Utilities Superintendent	6,962	7,364	7,766	8,167	8,569
✓	Construction Inspector Supervisor	6,962	7,364	7,766	8,167	8,569
✓	Construction Inspector	5,570	5,892	6,213	6,534	6,855
✓	Public Utilities Operator	4,713	4,794	4,889	4,982	5,076
✓	Capital Projects Program Manager	5,355	5,622	5,903	6,198	6,508
	Public Works Administrative Asst. 3	4,250	4,463	4,686	4,920	5,167
✓	Utility Worker-Facility/Eq/Utility Worker	3,323	3,644	3,965	4,287	4,629
✓	Utility Worker Seasonal (hourly)	13.24		-	-	-



CITY OF BLACK DIAMOND

2017 Calendar for 2018 Budget Meetings

As Adopted by Resolution 17-1178

	Process	Work Study	City Council	State Law Limitations
1	Budget CALL: Budget requests and instructions go out to all departments			By Sept 11
2	Estimates to be filed with Finance/ City Clerk			Before Sept 25
3	<u>Special Meeting</u> Workstudy 6pm - CAO provides Council with current info on Revenue from all sources as adopted in 2017 Budget, provides the Clerk's proposed Prelim 2018 Budget for General Fund and 2018 Budget totals for all funds including debt service.	Sept 28		October 2
4	City Clerk Submits to CAO the proposed prelim budget setting forth the complete financial program			October 2
5	Workstudy Meeting 5:30 – General Fund Budget REV and EXP for Public Safety, Com Dev, Parks etc.	Oct 19		Oct 16 – Nov 15
6	<u>Special Meeting</u> - Workstudy – Public Works Budgets for REV and EXP for Street, Water, Sewer, Stormwater, REET 1&2 and Gen Govt, Utilities, Capital Projects and Debt Service.	Oct 26		Oct 16 – Nov 15
7	Mayor prepares Preliminary Budget and message and files with Council and Clerk		Nov 2	Nov 2
8	City Clerk publishes notice of Public Hearing on 2018 Budget and filing of Preliminary Budget – once a week for 2 consecutive weeks			Nov 2 – Nov 20
9	<u>Special Meeting</u> - Public Hearing on Revenue Sources including possible increases in Property Tax.	Nov 9	Nov 9	Oct 16 – Nov 15
10	Copies of Preliminary Budget made available to the public		Nov 16	Nov 20
11	Preliminary 2018 Budget Document ready. City Council holds 1 st Public Hearing on 2018 Budget		Nov 16	Nov 2 – Nov 29
12	Adopt Property Tax 2018, forward to King County by 11/30/2017		Nov 16	Nov 30
13	<u>Special Meeting</u> - Final Budget Hearing on 2018 Budget		Dec 4	Dec 4
14	File Property tax worksheet and Ordinances with King County			Dec 4
15	City Council adopts Final 2018 Budget and submits to State Auditor and Association of Washington Cities		Dec 7 or 21	Dec 29