



# Comprehensive Finance Management Policies

## Overview

### Purpose

The Comprehensive Financial Management Policies assembles all of the City’s financial policies in one document. They are the tools used to ensure that the City is financially able to meet its immediate and long-term service objectives. The individual policies contained herein serve as guidelines for both the financial planning and internal financial management of the City.

The City of Bellevue is accountable to its citizens for the use of public dollars. Municipal resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. These policies safeguard the fiscal stability required to achieve the City's goals and objectives.

### Objectives

In order to achieve its purpose, the Comprehensive Financial Management Policies has the following objectives for the City's fiscal performance.

- A. To guide City Council and management policy decisions that has significant fiscal impact.
- B. To set forth operating principles that minimizes the cost of government and financial risk.
- C. To employ balanced and fair revenue policies that provides adequate funding for desired programs.
- D. To maintain appropriate financial capacity for present and future needs.
- E. To promote sound financial management by providing accurate and timely information on the City’s financial condition.
- F. To protect the City's credit rating and provide for adequate resources to meet the provisions of the City’s debt obligations on all municipal debt.
- G. To ensure the legal use of financial resources through an effective system of internal controls.
- H. To promote cooperation and coordination with other governments and the private sector in the financing and delivery of services.

### Significant Changes

The development of the biennial budget provides the opportunity to review the City’s Comprehensive Financial Management Policies and make necessary adjustments due to new or revised City ordinances and policies, State laws, or recommendations made by national accreditation and/or approval authorities. No significant changes for this budget period.



# Comprehensive Finance Management Policies Outline

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  - Resolution 8845, Banking of the Maximum Amount of Levy Capacity



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### I. Financial Planning Policies

The City shall develop and maintain a six-year Financial Forecast that estimates resource and expenditure behavior for the two bienniums beyond the current budget period. This Forecast will provide the City’s decision-makers with an indication of the long-term fiscal impact of current policies and budget decisions. This planning tool must recognize the effects of economic cycles on the demand for services and the City's resources. To this end, the Forecast should differentiate between revenue associated with one-time economic activities and revenues derived as a result of base economic growth. City financial planning should ensure the delivery of needed services (many of which become more critical during economic downturns) by assuring adequate reliance on ongoing resources in order to support continued City services during economic downturns.

The City is a major force in a complex regional economic system. The City must understand and anticipate changes in both regional and national economic trends in order to engage in strategic financial and management planning.

#### A. General Fund:

1. The Finance Department will prepare and maintain a Financial Forecast for General Fund operations based on current service levels and current funding sources. This forecast will include the upcoming biennium as well as the two bienniums beyond the current period (a total of six forecast years). This future-oriented look will provide insight into whether the current mix and level of resources are likely to continue to be sufficient to cover current service levels. The forecast also allows staff and City Council to test various “what-if” scenarios and examine the fiscal impact on future bienniums.
2. The City will constantly test both its planning methodology and use of planning tools in order to provide information that is timely, accurate, and widely disseminated to users throughout the City.
3. Departments will forecast and monitor their respective revenues and expenditures with assistance from the Finance Department. The Finance Department will assist departments in developing appropriate systems for such monitoring and will retain overall fiscal oversight responsibility for the General Fund.
4. The Financial Forecast is updated at least two times each year. Any unexpected changes in economic conditions or other circumstances may prompt more frequent updates. Any significant changes are reported to the Leadership Team, City Manager, and Council.

#### B. Utility Funds:

1. Financial forecasting will be done for the three Utility Funds in a manner similar to the General Fund. The purpose of these forecasts will be to allow the City Council and citizens to evaluate the longer-term financial needs of these programs.



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2. The forecasts should rely on the same basic economic assumptions as the General Fund Forecast. These forecasts will also identify other assumptions used in their preparation and the risks associated with them.
  3. The forecasts must identify how they will impact rate structures.
- C. Parks Enterprise Fund:
1. Financial forecasting will be done for the Parks Enterprise Fund in a manner similar to the General Fund. The purpose of this forecast will be to allow the City Council and citizens to evaluate the longer-term financial needs of the funds' programs.
  2. The forecasts should rely on the same basic economic assumptions as the General Fund Forecast. This forecast will also identify other assumptions used and the risks associated with them.
- D. Development Services Fund:
1. Financial forecasting will be done for the Development Services Fund in a manner similar to the General Fund. The purpose of this forecast will be to allow the City Council and citizens to evaluate the longer-term financial needs of the funds' programs.
  2. The forecasts should rely on the same basic economic assumptions as the General Fund Forecast. This forecast will also identify other assumptions used and the risks associated with them.
- E. Resource/Expenditure Estimating: The financial planning and subsequent budgeting for all funds will be based on the following principles:
1. Resource and expenditure estimates should be prepared on a realistic basis with a target of  $\pm 2$  percent variance from the estimate for resources and  $\pm 1$  percent variance for expenditures.
  2. Expenditure estimates should anticipate contingencies that are reasonably predictable.

## II. General Budget Policies

- A. Resources Greater than Budget Estimates: Resources (fund balance) greater than budget estimates in any internal service fund shall be refunded to the contributing funds unless circumstances warrant retaining such monies for future expenditure in the current fund.
- B. Budget Preparation: Department directors have primary responsibility for formulating budget proposals in line with City Council, Leadership Team, and City Manager priority direction, and for implementing them once they are approved.

The Finance Department is responsible for coordinating the overall preparation and administration of the City's biennial budget and Capital Investment Program Plan. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.



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- The Finance Department assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.
- C. **Public Hearings:** The City Council will hold three public hearings on the budget. The first two will be held sufficiently early in the budget process to allow citizens to influence budget decisions and to allow the Council to indicate special priorities before City staff develops a preliminary budget recommendation. The third and final public hearing will be held shortly after the preliminary budget's initial presentation to the Council and before the Council's final budget deliberations. The final public hearing will be held prior to the time the Council fixes the annual Property Tax levy. If deemed necessary, additional public hearings may be conducted.
  - D. **Overhead and Full Cost Allocation:** Department budgets should be prepared in a manner to reflect the full cost of providing services.
  - E. **Examination of Existing Base Budget:** During each biennial budget development process, the existing base budget will be thoroughly examined to assure removal or reduction of any services that could be eliminated or reduced in cost.
  - F. **Services to Keep Pace With Needs of Community:** The City will strive to ensure that City service priorities keep pace with the dynamic needs of the community by incorporating a service needs review as part of the budget process.
  - G. **Maintenance of Quality Service Programs:** Quality service programs will be offered by the City of Bellevue. If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.
  - H. **Maintenance of Existing Services vs. Additional or Enhanced Service Needs:** Significant annual resource allocations needed to maintain existing service quality will compete directly with investment proposals during the budget evaluation process.
  - I. **Budget Monitoring:** The Finance Department will maintain a system for monitoring the City's budget performance. This system will provide the City Council with quarterly presentations to Council regarding fund level resource collections and department level expenditures. Included will be provisions for amending the budget during the year in order to address unanticipated needs, emergencies, or compliance with State of Washington budgetary statutes. Budget amendments requiring City Council approval will occur through a process coordinated by the Finance Department. Significant financial issues that need to be addressed between regular monitoring reports will be provided to Council as warranted.
  - J. **Performance Budgeting:** Performance measures will be utilized and reported in department budgets. The City will prepare trends, comparisons to other cities, and other financial management tools to monitor and improve service delivery in City programs.
  - K. **Interfund Charges Based on Full Cost:** Interfund charges will be based on recovery of the full costs associated with providing those services. Internal Service Agreements shall be established between vendor and client departments reflecting full cost recovery unless special circumstances exist. Any disputes will be brought to the



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- City Manager or Deputy City Manager for resolution after thorough evaluation by the Finance Department.
- L. Outcome Based Budget Presentation Format: The focus of the City's biennial budget presentation is directed at displaying the City's services plan in Outcome areas to reflect the values of our community and important community-wide priorities recognized by the Council.
  - M. Distinguished Budget Presentation: The City will seek to obtain the Government Finance Officers Association Distinguished Budget Presentation Award for each biennial budget. The Budget will be presented in a way that clearly communicates the budget to members of the public.

### III. Utility & Other Fund Budget Policies

- A. Utilities Department Financial Policies: The Utilities Department Financial Policies, including Solid Waste Reserves policies, were adopted in December 2012, with revisions in December 2013. These policies have been included as Figure 12d.
- B. Building Permit Revenues and Expenditures: Revenues derived from building permit fees shall be designated for the exclusive support of the development activities in the Development Services Fund. This fund will provide permit processing and compliance inspection services. Building permit fees shall include an overhead rate component to recover its share of general overhead costs, as well as department overhead from those departments directly involved in permit processing activities.
- C. Parks Enterprise Revenues and Expenditures: Revenues derived from golf and certain culture and recreation fees shall be designated for the exclusive support of activities in the Parks Enterprise Fund. This fund will maintain and operate the golf course, tennis center, and Robinswood House, administer adult athletic programs, pay approved maintenance services and overhead charges to the General Fund, and fund golf course improvements in the Capital Investment Program Fund. The Parks Enterprise Fund may also charge the General Fund for a portion of their programs that are offered with a "fee subsidy". This charge is designed to allow youth and special populations access to programs at less than full cost, to encourage participation.

### IV. State-Mandated Budget Requirements

Washington State law (RCW 35A.34) specifies requirements that must be followed in budgeting each of the City's funds. The following summarizes the key areas covered in Washington State law:

- A. Key Requirements:
  1. The timing, process, and responsibility for each step.
  2. A standard account classification system prescribed by the State Auditor.
  3. Preparation and filing of a preliminary budget by the chief administrative officer.



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4. A "budget message" from the chief administrative officer explaining the content, financial policies, and major proposed changes.
  5. A public hearing on the proposed preliminary budget conducted before adoption of a final budget, which shall be held on or before the first Monday in December.
  6. Procedures for handling special situations such as mid-biennium emergencies.
  7. Limitations on the expenditure of City funds and procedures for amending the budget.
  8. Quarterly or more frequent reporting to the City's legislative authority on the revenue and expenditure status of each fund.
  9. Budgeting of non-operating/special purpose funds on a different basis from operating budget funds.
- B. Fund Types: The City budgets all funds in accordance with the Optional Municipal Code, Section 35A.34 of the Revised Code of Washington, which is attached as Figure 12b. In accordance with State law, the City prepares its biennial budget on an estimated cash receipts and disbursements basis and by a process that conforms to the stated timing requirements. The only exceptions are the following special purpose funds: special assessment (e.g., Local Improvement District (LID) Bond Fund) and custodial agency funds (e.g., Firemen's Pension Fund), where the City acts in a custodial capacity as the bookkeeper for monies belonging to others. The City maintains three primary types of funds: operating, capital project and other special purpose funds.
1. Operating funds finance the continuous, traditional service delivery functions of a municipality in Washington State. Expenditure authority (appropriations) for each of these funds lapses at the end of each biennium, and a new budget must be adopted by the City Council.
  2. Capital project funds include the General and Utility Capital Investment Program Funds which provide for the City's seven-year capital funding. Capital project fund budgets do not lapse at the end of the biennium, but are carried forward until the monies are fully expended or their objectives are accomplished or abandoned (RCW 35A.34.270).
  3. Special purpose funds are distinguished from operating/budgetary funds by their limited objectives and/or finite life spans. Special purpose fund budgets do not lapse at the end of the biennium, but are carried forward until the monies are fully expended or their objectives are accomplished or abandoned (RCW 35A.34.270). Examples of special purpose funds are the Operating Grants, Donations and Special Reserves Fund, and the Housing Funds.

As required by State law, the 2015-2016 Budget reflects balanced expenditure and revenue estimates for each of the City's funds. Although revenue estimates are made only at the fund level, expenditure budgets are prepared at the department and division level for the purpose of administrative control.



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### V. Budget Development Process

The Finance Department is responsible for coordinating the overall preparation of the City's budgets. To accomplish this, staff issues budget instructions, conducts budget preparation training sessions, and communicates regularly with department staff. Their guidance provides the overall "rules of the game" within which the more detailed budget instructions and coordinating efforts are developed.

The following are the major provisions for a biennial budget in accordance with Section 35A.34 of the Revised Code of Washington.

Major Steps in Budget Preparation	State Law Time Limitations
1. Request by clerk to all department heads and those in charge of municipal offices to prepare detailed estimates of revenues and expenditures for the next biennium.	By second Monday in September.
2. Estimates are to be filed with the clerk.	By fourth Monday in September.
3. Estimates are presented to the city manager (CM) for modifications, revisions or additions. Clerk must submit to CM proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed.	On or before the first business day in the third month prior to beginning of the fiscal year.
4. CM provides the legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current year. CM also provides the legislative body with the proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each such program is proposed to be financed.	No later than the first Monday in October.
5. The legislative body must hold a public hearing on revenue sources for the coming budget, including consideration of possible increases in property tax revenues. (Chapter 251, Laws of 1995, codified as RCW 84.55.120)	Before legislative body votes on property tax levy.
6. CM prepares preliminary budget and budget message and files with the legislative body and city clerk.	At least 60 days before the ensuing fiscal year.



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Major Steps in Budget Preparation	State Law Time Limitations
7. Clerk publishes notice that preliminary budget has been filed and publishes notice of public hearing on final budget once a week for two consecutive weeks.	No later than the first two weeks in November.
8. Setting property tax levies	November 30
9. The legislative body, or a committee thereof, must schedule hearings on the budget or parts of the budget and may require the presence of department heads.	Prior to the final hearing.
10. Copies of proposed (preliminary) budget made available to the public.	No later than six weeks before January 1.
11. Final hearing on proposed budget.	On or before first Monday of December, and may be continued from day-to-day but no later than the 25 <sup>th</sup> day prior to next fiscal biennium.
12. Adoption of Budget.	Following the public hearing and prior to beginning of the ensuing fiscal biennium.
13. Copies of final budget transmitted to the State Auditor's Office.	After adoption.



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The following are key procedural steps in the City's budget development process. Note that the process and dates indicated below match the 2015-2016 process, and may be changed for future processes.

1. In early February, Council validates the seven identified community Outcomes that will frame 2015-2016 Budget, as well as the 2015-2021 Capital Investment Program (CIP) Plan.
2. In February, Council validated the Outcome areas for the upcoming budget.
3. In late March, Budget kick off starts and City Council provides policy direction and priorities during a Workshop for the development of the operating and CIP budgets.
4. Early in the year, an operating and CIP budget survey was conducted. The survey reached a statistically valid sample of Bellevue residents and queried residents on a variety of City services, including how important and satisfied residents were with these services.
5. In late March, the top-line data from the Budget Survey was presented to the Result Teams. In April, the Budget Survey information was presented to the City Council.
6. Revenue and expenditure estimates were developed and updated by the Finance Department throughout the budget process. “Early Outlook” Financial Forecasts were prepared and presented to the Council in April.
7. In April, the Request for Results (RFR) were sent to departments. Departments prepared proposals in response to the RFRs and submitted to Results Teams (RTs).
8. The initial public hearing was held in May and a second public hearing was held in July to provide the public with ample opportunity to comment on recommended programs and/or ideas for new programs.
9. From late May to mid-July, RTs reviewed, ranked and provided feedback to departments regarding their proposals.
10. From mid-July to August, the Leadership Team reviewed the RTs recommendations and provided feedback.
11. In October, the City Manager made final budget decisions and directed preparation of the preliminary budget.
12. During October, preliminary budget documents were prepared, printed, and filed with the City Clerk. This proposed budget was presented to the Council in late October, and copies were made available to the public immediately after the presentation.
13. Between late October and early December, the Council met in a series of budget sessions to review and discuss the proposed budget.



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14. The third and final public hearing was held in November during the time the Council discussed the preliminary budget. Citizens were able to comment on recommended programs and/or ideas for new programs at these public hearings.
15. In early December, the Council adopted the budget by ordinance and established the budget appropriation for the next biennium.
16. The final budget is published and distributed during the first half of the following year. Copies are made available to the public and are available on the City's website.
17. Quarterly monitoring reports are prepared by the Finance Department to report on actual performance compared to budget estimates and to identify any remedial actions that may be needed.
18. As required by State law, a mid-biennium update will occur during the year following adoption of the biennial budget. This update is required by state law and allows for budget modifications and technical adjustments.
19. The budget development process described above is supplemented by information generated by the City's Financial Forecast. The forecast is a financial tool that provides the City's decision-makers with an indication of the long-term fiscal impact of current policies and budget decisions.
20. The budget process is also supplemented by information on service delivery performance and benchmarking with discussions and publication of a Comparative Cities Performance Report and an Annual Performance Report.

#### **VI. Budget Adjustment & Amendment Processes**

Under the provisions of State law and the City's operating procedures, the operating budget may be adjusted or amended in two different ways. Adjustment of the budget involves a reallocation of existing appropriations and does not change the budget "bottom line".

Amendment of the budget involves an addition to or reduction of existing appropriations.

- A. **Adjustment:** Under the first method, departmental expenditures and requirements are monitored throughout the year. Certain departments may develop the need for additional expenditure authority to cover unanticipated costs that cannot be absorbed within the budget, while other departments will not require their full budget authorizations. The Finance Department reviews and analyzes all department and/or fund budgets to determine what adjustments are necessary and whether the adjustments can be made within existing appropriation limits. These changes are then reviewed with the affected department and/or fund managers. When an adjustment is needed, Finance staff will look first to savings within the department; and then transfers between departments. No City Council action is needed as State law allows budget adjustments to be done administratively.
- B. **Amendment:** Amending the City's budget occurs whenever the requested changes from department and/or fund managers will cause the existing appropriation level for the fund to change. This situation generally occurs when the City Council authorizes



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additional appropriation. This is done by an ordinance that amends the original budget and states the sources of funding for the incremental appropriations.

#### VII. Agenda Memorandum Review

The Finance Department will review all agenda items submitted for City Council action. The objective of these reviews will be to ensure compliance with the budget and disclosure of all fiscal issues to the Council. This information will be presented in the fiscal impact section of each agenda memorandum.

#### VIII. Revenue Policies

The City must be sensitive to the balance between the need for services and the City's ability to raise fees, charges, and taxes to support those services.

- A. Mix of Revenues: The City should strive to maintain a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability.
  - 1. Property Taxes and other stable revenues provide a reliable base of revenues during periods of economic downturn.
  - 2. The City's overall revenue structure should be designed to recapture for the City some of the financial benefits resulting from City economic and community development investments.
  - 3. The City will strive to keep a total revenue mix that encourages growth, and keeps Bellevue economically competitive and a City of choice for people to live and do business.
- B. Taxes Should Be Selected for Balance, Applicability, and Probable Economic Impact: The following factors will be considered when the City's taxes are increased, decreased, extended, or changed in any way.
  - 1. Stability of the tax source over its expected life.
  - 2. Suitability for a pledge against future debt, if that is part of the City Council's long-range intent for the revenue source.
  - 3. Spread the tax burden throughout the City's tax base by utilizing a broad array of the tax sources available and by investigating mitigation of inequities and hardships where appropriate (e.g., Property Tax exemptions and deferrals, and utility tax rebates for low-income elderly people). State and local legislative remedies for detrimental tax impacts should be sought where appropriate.
  - 4. Apply the tax impact information for both residential and business taxpayers against a future vision of what the tax policy decision is intended to foster.
- C. Property Tax Revenues for Park Maintenance: Revenues derived from the Property Tax Lid Lift for Park Maintenance, which Bellevue voters approved in November 2008, shall be deposited in the General Fund to pay all costs necessary to fund the maintenance and operating costs of specific park facilities.



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- D. **Charges for Services:** As much as is reasonably possible, City services that provide private benefit should be supported by fees and charges in order to provide maximum flexibility in use of general City taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should recover full costs, including all direct costs, capital costs, department overhead, and Citywide overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for such services. A subsidy of a portion of the costs for such services may be considered when consistent with legal requirements to meet other City interests and objectives, such as remaining competitive within the region.
- E. **Backup Convention Center Financing:** In accordance with Ordinance No. 4094 (passed on 12/4/89) and Ordinance No. 4229 (passed on 3/4/91), 0.01 percent of the City's total gross receipts business and occupation taxing authority of 0.2 percent, is reserved as a backup financing mechanism for the Convention Center should additional financing beyond that contemplated in the adopted Convention Center Financing Plan become necessary. In addition, any additional increase in the City's B&O Tax (measured by gross receipts) shall first require an analysis of the status of the Convention Center Financing Plan. This information must be included in any fiscal impact notes on agenda materials presented to the City Council for the purpose of increasing the B&O Tax rate described above. Ordinance Nos. 4094 and 4229 are attached as Figures in 12e.

#### IX. Operating Policies

The City should accommodate both one-time and ongoing expenditures within current resources, establish and adequately fund reserves, regularly monitor and report on budget performance, evaluate the fiscal impact of new proposals, operate as efficiently as possible, and constantly review City services for appropriateness and effectiveness.

- A. **Expenditures Should be Within Current Resource Projections:** Ongoing expenditures should be equal to or less than ongoing revenues. Each City fund budget must identify ongoing resources that at least match expected ongoing annual requirements. One-time resources and non-recurring ending fund balances will be applied to reserves or to fund one-time expenditures; they will not be used to fund ongoing programs.
- B. **Unrestricted Resources Should Remain Unrestricted:** Unless otherwise stated explicitly by the City Council, unrestricted resources will not be earmarked for specific purposes in the General Fund. This will preserve the ability of the Council to determine the best use of available resources to meet changing service requirements.
- C. **Continual Improvement of Service Delivery:** The City will seek to optimize the efficiency and effectiveness of its services through Business Process Improvement (BPI) efforts, performance budgeting and measuring, and by assessing its services with comparable cities to reduce costs and improve service quality.
- D. **Cash Management:** The Finance Department will develop, maintain, and constantly seek to improve cash management systems which ensure the accurate and timely



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- accounting, investment, and security of all cash assets. All cash received by City departments will be deposited with Finance within 24 hours of receipt.
- E. Cash Reserves: The City will maintain adequate cash reserves in order to reduce the potential need for borrowing or service reductions during periods of economic downturn, natural catastrophe, or for other, one-time extraordinary expenditures. Annually, the City will target 15 percent of General Fund revenues as a General Fund ending balance, commonly known as a reserve.
  - F. Fund Balances: Accruals and non-cash enhancements to revenues will not be made as a means to influence fund balances at year-end or during budget discussions.
  - G. Fixed Asset Inventories: Accurate inventories of all physical assets (including roads infrastructure), their condition, life spans, and cost will be maintained to ensure proper stewardship of public property. The Finance Director will establish policies and appropriate procedures to manage fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories will be taken.
  - H. Allocation of Overhead Costs: Overhead costs will be allocated to determine the full cost of providing services. Overhead costs will be allocated according to consistent methodology developed in consultation between the Finance Department and other operating departments.
  - I. Utility Debt Coverage Ratio Target: The City Council adopted the following debt service coverage policy for the bonds issued by the City's Waterworks Utility on March 7, 1994 by Resolution No. 5759:  
  
"The City Council will establish utility rates/charges and appropriations in a manner intended to achieve a debt service coverage ratio (adjusted by including City taxes as an expense item) of approximately 2.00. The City Council authorizes the Waterworks Utility to utilize this policy in development of pro forma projections which will be disseminated to the bond rating agencies and to the financial community generally."

#### **X. Fund Description & Reserve Policies**

Fund descriptions and reserve policies have been developed in a standard format for all City funds and are included in the 2015-2016 Budget Detail volume.

- A. Fund Descriptions include the following:
  - 1. Fund Type
  - 2. Fund Description
  - 3. Year Created
  - 4. Major Revenue Sources
  - 5. Major Expenditures
  - 6. Fund Custodian
  - 7. Reserve Policy
  - 8. Other Notes



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- B. Reserve Policies include the following:
1. Budgeting for Reserves: The City will maintain and justify budgeted reserves.
  2. Expenditure of Budgeted Reserves: Reserves included in the operating budget shall not be expended without the express written approval of the Finance Director.
  3. Annually the City will target 15 percent of General Fund revenues as a General Fund ending balance. This balance is to protect the City's essential service programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels. Additionally, the ending fund balance, commonly known as a reserve, can be used in the event of a natural catastrophe, counter cyclical basic revenue growth (Property, Sales, and B & O Taxes combined) below 5 percent for the biennium, or because of unfunded federal or state mandates.
  4. The target of 15 percent of annual General Fund revenues as a General Fund reserve shall be sufficient to maintain the City's exceptional bond rating for both its unlimited and limited general obligation tax bonds.

#### **XI. Capital Investment Program Plan Policies**

A number of important policy considerations are the basis for the Capital Investment Program (CIP) Plan. These policies provide guidelines for all financial aspects of the CIP, and ultimately affect the project selection process.

- A. Relationship of Long-Range Plans to the CIP Plan: Virtually all of the projects included in the CIP are based upon formal long-range plans that have been adopted by the City Council. This ensures that the City's Capital Investment Program, which is the embodiment of the recommendations of these individual planning studies, is responsive to the officially stated direction of the City Council as contained in the Comprehensive Plan and supporting documents. Examples of these supporting documents are: Transportation Facility Plans (Central Business District (CBD), Bellevue-Redmond Overlake Transportation Study (BROTS), East Bellevue Transportation Study (EBTS), Newcastle), the Parks and Open Space Plan, the Municipal Facilities Plan, the Fire Master Plan, the CBD Implementation Plan and the Comprehensive Plans of the Water, Sewer, and Storm & Surface Water Utilities. There are exceptions, but they are relatively small when compared to the other major areas of expenditure noted above. These exceptions include activities such as the Neighborhood Enhancement Program (NEP) and the Community Development Program.
- B. Establishing CIP Priorities: The City uses the following basic CIP project prioritization and selection process.
1. Each CIP program area establishes criteria to be used in the prioritization of specific projects submitted for funding. These specific criteria are developed in conjunction with City Council priorities and input from citizens and associated

City boards and commissions (if applicable). The criteria established for this CIP are displayed in the 2015-2021 CIP Plan document in the tab titled “CIP Project Prioritization Criteria”.

2. The Finance Department determines revenue projections available to the non-utility CIP in consultation with various revenue-generating departments and the amount of resources available for new projects for each new seven-year Plan.
  3. The Budget Finance Department, CIP Review Panel and City Manager evaluate the various CIP projects and select those with the highest priority.
  4. Within the available funding, the highest priority projects are then selected and funded in the CIP.
  5. CIP program area managers recommend an expenditure plan to the Finance Department and City Manager, which includes all capital costs and any applicable maintenance and operations (M&O) and/or required short-term financing costs. Program area managers are responsible for the cost estimates of their proposed programs, including future M&O costs related to the implementation of completed projects.
  6. A Preliminary CIP Plan is recommended to the City Council by the City Manager along with the operating budget recommendations.
  7. The City Council reviews the Operating and Preliminary CIP Plan, holds a public hearing(s) to allow for citizen input, makes desired alterations, and then officially adopts the budget and establishes related appropriations as a part of the City’s biennial budget process.
- C. Types of Projects Included in the CIP Plan: The CIP Plan will display, to the maximum extent possible, all major capital projects in which the City is involved. While the following criteria may be used as a general guide to distinguish which projects should be included or excluded from the CIP Plan, there are always exceptions which require management's judgment. For purposes of the CIP Plan, a CIP project is generally defined to be any project that possesses all of the following characteristics:
1. Exceeds a cost of \$100,000
  2. Involves:
    - a. Totally new physical construction,
    - b. Development of a major technology system (technology system is defined as “an integrated set of hardware, software and processes working cohesively to perform a business function”)
    - c. Reconstruction designed to gradually and systematically replace an existing facility or system on a piecemeal basis,
    - d. Replacement of a major component of an existing facility or technology system, or

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- e. Acquisition of land or structures; and
- 3. Involves City funding in whole or in part, or involves no City funds but is the City's responsibility for implementing, such as a 100 percent grant-funded project or 100 percent Local Improvement District funded project.  
Eligible costs include:
  - a. Studies/plans that determine the feasibility and/or support the preliminary design of future CIP projects,
  - b. Pre-design, design, development, right-of-way, construction, inspection, and/or testing, and
  - c. Staff and consultants to deliver the capital project.
- D. Scoping and Costing Based on Predesign Study: It has proven difficult to develop accurate project scopes, cost estimates, and schedules on which no preliminary engineering or community contact work has been done. To address this problem, some projects are initially proposed and funded only for preliminary engineering and planning work. This funding will not provide any monies to develop final plans, specifications, and estimates to purchase rights-of-way or to construct the projects. However, generally, an estimated amount, sufficient to cover these costs based on a rough preliminary estimate is earmarked within the program area.
- E. Required Project Features and Financial Responsibility: If a proposed project will cause a direct impact on other publicly-owned facilities, an equitable shared and funded cost plan must be coordinated between the affected program areas.
- F. Predictability of Project Timing, Cost, and Scope: The predictability of timing and costs of projects is important to specific private developments, such as the provision of street improvements or the extension of major sewer lines or water supply, without which development could not occur. These projects generally involve significant financial contributions from such private development through impact fees, developer extension agreements, LIDs, and other means. Once a project has been approved by the City Council in the CIP, project scheduling is a priority to maintain.

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- G. Local Improvement Districts (LID): This policy limits the use of LIDs to specific instances. Examples of when future LIDs may be formed are as follows: 1) where old agreements exist committing property owners to LID participation on future projects; 2) when current development activity or very recently past development activity has exempted these projects from the assessment of Transportation Impact Fees; 3) when a group of property owners wish to accelerate development of a certain improvement; 4) when a group of property owners desire a higher standard of improvement than the City's project contemplates; or 5) when a group of property owners request City assistance in LID formation to fund internal neighborhood transportation facilities improvements, which may or may not have City funding involved. If City funding is proposed by the project sponsors (property owners), they shall so request of the City Council (through the City Clerk) in writing before any LID promotion activity begins. The City Manager shall analyze such request within 45 days and report his conclusions and recommendation to Council for their consideration. The Council shall by motion affirm or deny the recommendation. The Council's affirmative motion to financially participate shall expire in 180 days, unless the project sponsors have submitted a sufficient LID petition by that time.

In the event the request is for street resurfacing in advance of the City's normal street resurfacing cycle, the City's contribution shall not exceed 50 percent of all project eligible costs.

On capital projects whose financing depends in part on an LID, interim financing will be issued to support the LID's portion of the project budget at the same time or in close proximity to the issuance of the construction contract. The amount of the interim financing shall be the current estimate of the final assessment roll as determined by the administering department.

In the event that the project is 100 percent LID funded, interim financing shall be issued either in phases (i.e., design phase and construction phase) or up front in the amount of the entire estimated final assessment roll, whichever means is estimated to provide the lowest overall cost to the project as determined by the Finance Department.

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

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- I. **Preserve Existing Capital Infrastructure Before Building New Facilities:** It is the City's policy to ensure that adequate resources are allocated to preserve the City's existing infrastructure before targeting resources to build new facilities that also have operating and maintenance obligations. This policy addresses the need to protect the City's historical investment in capital facilities and to avoid embarking on a facility enhancement program, which when coupled with the existing facilities requirements, the City cannot afford to adequately maintain.
- J. **New Facilities Should Be of High Quality, Low Maintenance, Least Cost:** This policy has guided the development and execution of the CIP Plan through an emphasis on lowest life-cycle cost. Projects should only be built if the necessary funding to operate them is provided. Also, priority is given to new facilities that have minimal ongoing maintenance costs so as to limit the impact upon both the CIP and the operating budget.
- K. **Public Input for Capital Projects:** The City makes a serious commitment to public involvement. All of the City's long-range plans have been developed through an extensive citizen involvement program. Citizen involvement occurs at the long-range plan development stage, during CIP review and adoption, during master planning processes, during design and construction of specific projects, and through public processes associated with City boards and commissions. Public hearings are held during the CIP Plan development process to allow the public to comment on the recommended projects. The projects themselves call for an extensive public outreach effort, allowing those most closely effected to influence the design of the projects. While public input is essential to the successful implementation of the CIP Plan, staff and Council must also remain conscious of the overall effect upon costs when responding to requests of project neighbors.
- L. **Basis for Project Appropriations:** During the City Council's biennial CIP Plan review, the City Council will appropriate the estimated project costs for the biennium for all projects in the CIP Plan. Subsequent adjustments to appropriation levels for amendments to the CIP Plan may be made by the City Council at any time.
- M. **Balanced CIP Plan:** The CIP Plan is a balanced seven-year plan. This means that for the entire seven-year period, revenues will be equal to project expenditures in the Plan. It is anticipated that the plan will have more expenditures than revenues in single years of the Plan, but this imbalance will be corrected through the use of interim financing as needed. However, over the life of the seven-year plan, all planned interim debt will be repaid and all Plan expenditures, including interest costs on interim debt will be provided for with identified revenues. Any project funding plan, in which debt is not retired within the current seven-year Plan, must have specific City Council approval.

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- N. Use of Debt in the CIP: The CIP is viewed as a long-term program that will continually address capital requirements far into the future. As such, the use of long-term debt has been minimized, allowing the City to put money into actual projects that benefit Bellevue residents and businesses rather than into interest payments to financial institutions. To that end, this policy limits debt to short-term obligations, primarily for cash flow purposes. Debt incurred will be paid back before the end of the current CIP. Finance staff monitors CIP cash flow regularly and utilize fund balances to minimize the amount of borrowing required. Projected financing costs are included within a project in the General Government program area. There are exceptions to this policy for extraordinary circumstances, where Councilmanic or voted long-term debt have been issued to achieve major City goals that otherwise could not have been achieved, or would have been delayed an unacceptable amount of time.
- O. Finance Director's Authority to Borrow: The Finance Director is authorized to initiate interim and long-term borrowing measures, as they become necessary, as identified in the current CIP Plan.
- P. CIP Plan Update and Amendment: The CIP Plan will be updated at least biennially as a part of the City's biennial budget process. The City Council may amend the CIP Plan at any time if a decision must be made and action must be taken before the next CIP review period. The City Council has delegated authority to the City Manager to administratively approve CIP Plan adjustments, except for changes in project scope or changes that total more than 10 percent of a project's adopted CIP Plan budget (unless a 10 percent adjustment is less than \$10,000), or regardless of the percentage, budget changes totaling more than \$100,000. The Council has further authorized the City Manager to administratively approve the acceleration of project schedules so long as they can be accomplished without causing cash flow problems and with the understanding that any controversial issues would be brought before the City Council. All project additions or deletions must be approved by the City Council.
- Q. Formalization of Monetary Agreements: All agreements between the City and outside jurisdictions shall be in writing specifying the financial terms of the agreement, the length of the agreement, and the timing of any required payments. Formalization of these agreements will protect the City's interests. Program areas shall make every effort to promptly request any reimbursements that are due the City. Where revenues from outside jurisdictions are ongoing, these requests shall be made at least quarterly, unless alternative arrangements are approved by the City Manager or City Council.
- R. Projected Grant Revenues: At the Finance Director's discretion, grant-funded capital expenditures are budgeted prior to the specific grant award. City overhead or indirect costs for grant-funded programs will be included in all grant proposals, where permitted. With grant-funded capital acquisitions, the City will attempt to recover ongoing M&O costs, and replacement costs associated with the acquisition.

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- S. **Projected Revenues from Future Land Sales:** The City recognizes that City-owned land is an asset that can be sold to finance CIP projects. With this in mind, the City shall cautiously allow land sale proceeds to be used as a funding source by program areas that have oversight responsibility for the land. The land shall be valued based on an appraisal performed either by the Transportation Department or an outside appraisal company. A conservative value shall be used to provide a cushion for economic shifts. The timing of the proceeds shall be estimated based on the length of time the property is likely to be on the market. However, if the land does not sell in a timely manner or its value turns out to be overestimated, then the program area must either reallocate revenue sources from other projects within its area, find an agreeable replacement funding source, or cease work on the project, if possible.
- T. **Land Sale Remnants:** The City is frequently left with property remnants following the completion of a project that required rights-of-way (ROW) acquisition. These remnants represent an asset to the program area that purchased them. If the project selling the land remnants is still active, the revenue from the sale shall be receipted as land sale proceeds in the project, therefore serving to partially offset the ROW acquisition costs. If the project is already completed at the time of the remnant sale, the land sale proceeds can either be used by the selling program area to help fund another of that program area's projects, or they can be deposited in the Land Purchase Revolving Fund for future use by the purchasing program area.
- U. **Applicable Project Charges:** CIP projects should reflect all costs that can be clearly shown to be necessary and applicable. Staff charges to CIP projects will be limited to time spent actually working on those projects and shall include an overhead factor to cover the applicable portion of that person's operating cost.

## **XII. Intergovernmental Revenues**

Many service costs of the City are influenced by other governments, either because of service overlap or service mandates imposed by the county, state, or federal government. The City should take advantage of opportunities to enhance service delivery through intergovernmental cooperation, shared revenues, and grants while aggressively opposing mandates that distort local service priorities.

- A. **Grants Should Not Fund Ongoing Services:** The City will refrain from using grants to meet ongoing service delivery needs. In the City's financial planning, grants will be treated in the same manner as all other temporary and uncertain resources and will not be used to fund ongoing, basic service needs. With grant-funded capital acquisitions, the City will attempt to recover ongoing maintenance and operating costs, and replacement costs associated with the acquisition.
- B. **Grant Agreements Reviewed for Compliance with Regulations:** All grant agreements will be reviewed by the appropriate City staff, including Finance, City Attorney's Office, and sponsoring department, to ensure compliance with state, federal, and City regulations.



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- C. Budgeting for Grant Expenditures: At the City Manager’s discretion, grant-funded capital expenditures are budgeted prior to the specific grant award. City overhead or indirect costs for grant-funded programs will be included in all grant proposals, where permitted. With grant-funded capital acquisitions, the City will attempt to recover ongoing maintenance and operating costs, and replacement costs associated with the acquisition.
- D. Protecting the City’s Interests: The City will aggressively oppose state or federal actions that mandate expenditures that the City Council considers unnecessary. The City will pursue intergovernmental funding to support the incremental cost of those mandates.
- E. Intergovernmental Agreements: The City will work with other governments to identify the jurisdiction most capable and appropriate to provide specific public services. All intergovernmental agreements and contracts for service delivery will be brought forward to the City Council for approval.

### **XIII. Accounting, Auditing & Financial Reporting Policies**

The City shall maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall City goals and objectives are met.

- A. Accounting Records and Reporting: The City will maintain its accounting records in accordance with state and federal law and regulations. Budgetary reporting will be in accordance with the state’s budget laws and regulations. The City will report its financial condition and results of operations in accordance with state regulations and generally accepted accounting principles (GAAP) applicable to governments.
- B. Auditing: The State Auditor will annually perform the City’s financial and compliance audit. Their opinions will be contained in the City’s Comprehensive Annual Financial Report (CAFR). Results of the annual audit shall be provided to the Council in a timely manner.
- C. Excellence in Financial Reporting: As an additional independent confirmation of the quality of the City’s financial reporting, the City will annually seek to obtain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The CAFR will be presented in a way designed to communicate with citizens about the financial affairs of the City.
- D. Simplified Fund Structure: The City will minimize the number of funds. The funds will be categorized in accordance with generally accepted accounting principles (GAAP) for reporting purposes, although some funds may be functional classifications but may also be referred to by City of Bellevue fund types.



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#### **XIV. Investment Policy**

The City shall maintain a current investment policy. A copy is attached as Figure 12c.

As an additional independent confirmation of the integrity of the City's Investment Policy, the City's policy has been certified by the Municipal Treasurers' Association of the United States and Canada.

#### **XV. Debt Management Policy**

The City shall maintain a current debt policy. A copy is attached as Figure 12c.

#### **XVI. Budget Ordinances**

Budget Ordinances & Resolutions are attached as Figure 12e.

- Ordinance 6198, Human Services Funding
- Ordinance 6199, Basic Life Support Transport Fees
- Ordinance 6200, Updating Development Services Fees
- Ordinance 6201, Water Rates and Charges
- Ordinance 6203, Sewer Rates and Charges
- Ordinance 6204, Storm and Surface Water Rates and Charges
- Ordinance 6205, LID Guaranty Fund
- Ordinance 6206, 2015 Property Taxes
- Ordinance 6207, LTGO Bonds-East Link
- Ordinance 6208, LTGO
- Ordinance 6209, 2015-2016 Budget and 2015-2021 CIP Budget Adoption
- Resolution 8845, Banking of the Maximum Amount of Levy Capacity





## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

#### Chapter 35A.34 RCW; Biennial Budgets

##### Sections:

- 35A.34.010 Legislative intent
- 35A.34.020 Application of chapter
- 35A.34.030 Definitions
- 35A.34.040 Biennial budget authorized -- Limitations
- 35A.34.050 Budget estimates -- Submittal
- 35A.34.060 Budget estimates -- Classification and segregation
- 35A.34.070 Proposed preliminary budget
- 35A.34.080 Preliminary budget
- 35A.34.090 Budget message -- Hearings
- 35A.34.100 Budget -- Notice of hearing
- 35A.34.110 Budget -- Hearing
- 35A.34.120 Budget -- Adoption
- 35A.34.130 Budget -- Mid-biennial review and modification
- 35A.34.140 Emergency expenditures -- Nondebtable emergencies
- 35A.34.150 Emergency expenditures -- Other emergencies -- Hearing
- 35A.34.160 Emergency expenditures -- Warrants -- Payment
- 35A.34.170 Registered warrants -- Payment
- 35A.34.180 Adjustment of wages, hours and conditions of employment
- 35A.34.190 Forms -- Accounting -- Supervision by state
- 35A.34.200 Funds -- Limitations on expenditures -- Transfers and adjustments
- 35A.34.205 Administration, oversight, or supervision of utility -- Reimbursement from utility budget authorized
- 35A.34.210 Liabilities incurred in excess of budget
- 35A.34.220 Funds received from sales of bonds and warrants -- Expenditures
- 35A.34.230 Revenue estimates -- Amount to be raised by ad valorem taxes
- 35A.34.240 Funds -- Quarterly report of status
- 35A.34.250 Contingency fund -- Creation
- 35A.34.260 Contingency fund -- Withdrawals
- 35A.34.270 Unexpended appropriations
- 35A.34.280 Violations and penalties

##### **35A.34.010 Legislative intent**

See RCW 35.34.010.

##### **35A.34.020 Application of chapter**

This chapter applies to all code cities which have by ordinance adopted this chapter authorizing the adoption of a fiscal biennium budget. [1985 c 175 § 34.]

##### **35A.34.030 Definitions**

Unless the context clearly indicates otherwise, the definitions in this section apply throughout this chapter.



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

1. "Clerk" includes the officer performing the functions of a finance or budget director, comptroller, auditor, or by whatever title the officer may be known in any code city.
2. "Department" includes each office, division, service, system, or institution of the city for which no other statutory or charter provision is made for budgeting and accounting procedures or controls.
3. "Legislative body" includes the council, commission, or any other group of officials serving as the legislative body of a code city.
4. "Chief administrative officer" includes the mayor of cities having a mayor-council plan of government, the commissioners in cities having a commission plan of government, the manager, or any other city official designated by the charter or ordinances of such city under the plan of government governing the same, or the budget or finance officer designated by the mayor, manager, or commissioners, to perform the functions, or portions thereof, contemplated by this chapter.
5. "Fiscal biennium" means the period from January 1 of each odd-numbered year through December 31 of the next succeeding even-numbered year.
6. "Fund" and "funds" where clearly used to indicate the plural of "fund" means the budgeting or accounting entity authorized to provide a sum of money for specified activities or purposes.
7. "Funds" where not used to indicate the plural of "fund" means money in hand or available for expenditure or payment of a debt or obligation.
8. Except as otherwise defined in this chapter, municipal accounting terms used in this chapter have the meaning prescribed by the state auditor pursuant to RCW 43.09.200. [1985 c 175 § 35.]

#### **35A.34.040 Biennial budget authorized – Limitations**

All code cities are authorized to establish by ordinance a two-year fiscal biennium budget. The ordinance shall be enacted at least six months prior to commencement of the fiscal biennium and this chapter applies to all code cities which utilize a fiscal biennium budget. Code cities which establish a fiscal biennium budget are authorized to repeal such ordinance and provide for reversion to a fiscal year budget. The ordinance may only be repealed effective as of the conclusion of a fiscal biennium. However, the city shall comply with chapter 35A.33 RCW in developing and adopting the budget for the first fiscal year following repeal of the ordinance. [1985 c 175 § 36.]

#### **35A.34.050 Budget estimates – Submittal**

On or before the second Monday of the fourth month prior to the beginning of the city's next fiscal biennium, or at such other time as the city may provide by ordinance or charter, the clerk shall notify in writing the head of each department of a city to file with the clerk within fourteen days of the receipt of such notification, detailed estimates of the probable revenue from sources



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

other than ad valorem taxation and of all expenditures required by the department for the ensuing fiscal biennium. The notice shall be accompanied by the proper forms provided by the clerk, prepared in accordance with the requirements and classification established by the state auditor. The clerk shall prepare the estimates for interest and debt redemption requirements and all other estimates, the preparation of which falls properly within the duties of the clerk's office. The chief administrative officers of the city shall submit to the clerk detailed estimates of all expenditures proposed to be financed from the proceeds of bonds or warrants not yet authorized, together with a statement of the proposed method of financing them. In the absence or disability of the official or person regularly in charge of a department, the duties required by this section shall devolve upon the person next in charge of such department. [1995 c 301 § 55; 1985 c 175 § 37.]

#### **35A.34.050 Budget estimates – Classification and segregation**

On or before the second Monday of the fourth month prior to the beginning of the city's next fiscal biennium, or at such other time as the city may provide by ordinance or charter, the clerk shall notify in writing the head of each department of a city to file with the clerk within fourteen days of the receipt of such notification, detailed estimates of the probable revenue from sources other than ad valorem taxation and of all expenditures required by the department for the ensuing fiscal biennium. The notice shall be accompanied by the proper forms provided by the clerk, prepared in accordance with the requirements and classification established by the state auditor. The clerk shall prepare the estimates for interest and debt redemption requirements and all other estimates, the preparation of which falls properly within the duties of the clerk's office. The chief administrative officers of the city shall submit to the clerk detailed estimates of all expenditures proposed to be financed from the proceeds of bonds or warrants not yet authorized, together with a statement of the proposed method of financing them. In the absence or disability of the official or person regularly in charge of a department, the duties required by this section shall devolve upon the person next in charge of such department. [1995 c 301 § 55; 1985 c 175 § 37.]

#### **35A.34.060 Budget estimates — Classification and segregation**

All estimates of receipts and expenditures for the ensuing fiscal biennium shall be fully detailed in the biennial budget and shall be classified and segregated according to a standard classification of accounts to be adopted and prescribed by the state auditor after consultation with the Washington finance officers association, the association of Washington cities, and the association of Washington city managers. [1995 c 301 § 56; 1985 c 175 § 38.]

#### **35A.34.070 Proposed preliminary budget**

On or before the first business day in the third month prior to the beginning of the biennium of a city or at such other time as the city may provide by ordinance or charter, the clerk or other person designated by the charter, by ordinances, or by the chief administrative officer of the city shall submit to the chief administrative officer a proposed preliminary budget which shall set forth the complete financial program of the city for the ensuing fiscal biennium, showing the expenditure program requested by each department and the sources of revenue by which each such program is proposed to be financed.



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### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

The revenue section shall set forth in comparative and tabular form for each fund the actual receipts for the last completed fiscal biennium, the estimated receipts for the current fiscal biennium, and the estimated receipts for the ensuing fiscal biennium, which shall include the amount to be raised from ad valorem taxes and unencumbered fund balances estimated to be available at the close of the current fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' revenues to reflect actual and estimated receipts as if it had previously utilized a biennial budgetary process.

The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund the actual expenditures for the last completed fiscal biennium, the appropriations for the current fiscal biennium, and the estimated expenditures for the ensuing fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' expenditures to reflect actual and estimated levels as if it had previously utilized a biennial budgetary process. The expenditure section shall further set forth separately the salary or salary range for each office, position, or job classification together with the title or position designation thereof. However, salaries may be set out in total amounts under each department if a detailed schedule of such salaries and positions be attached and made a part of the budget document. [1985 c 175 § 39.]

#### **35A.34.080 Preliminary budget**

The chief administrative officer shall prepare the preliminary budget in detail, making any revisions or additions to the reports of the department heads deemed advisable by such chief administrative officer. At least sixty days before the beginning of the city's next fiscal biennium the chief administrative officer shall file it with the clerk as the recommendation of the chief administrative officer for the final budget. The clerk shall provide a sufficient number of copies of such preliminary budget and budget message to meet the reasonable demands of taxpayers therefore and have them available for distribution not later than six weeks before the beginning of the city's next fiscal biennium. [1985 c 175 § 40.]

#### **35A.34.090 Budget message — Hearings**

1. In every city, a budget message prepared by or under the direction of the city's chief administrative officer shall be submitted as a part of the preliminary budget to the city's legislative body at least sixty days before the beginning of the city's next fiscal biennium and shall contain the following:
  - a. An explanation of the budget document;
  - b. An outline of the recommended financial policies and programs of the city for the ensuing fiscal biennium;
  - c. A statement of the relation of the recommended appropriation to such policies and programs;
  - d. A statement of the reason for salient changes from the previous biennium in appropriation and revenue items; and



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

- e. An explanation for any recommended major changes in financial policy.
2. Prior to the final hearing on the budget, the legislative body or a committee thereof shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs. [1985 c 175 § 41.]

#### **35A.34.100 Budget — Notice of hearing**

Immediately following the filing of the preliminary budget with the clerk, the clerk shall publish a notice once a week for two consecutive weeks stating that the preliminary budget for the ensuing fiscal biennium has been filed with the clerk, that a copy thereof will be made available to any taxpayer who will call at the clerk's office therefor, that the legislative body of the city will meet on or before the first Monday of the month next preceding the beginning of the ensuing fiscal biennium for the purpose of fixing the final budget, designating the date, time, and place of the legislative budget meeting, and that any taxpayer may appear thereat and be heard for or against any part of the budget. The publication of the notice shall be made in the official newspaper of the city if there is one, otherwise in a newspaper of general circulation in the city. If there is no newspaper of general circulation in the city, then notice may be made by posting in three public places fixed by ordinance as the official places for posting the city's official notices. [1985 c 175 § 42.]

#### **35A.34.110 Budget — Hearing**

The legislative body shall meet on the day fixed by RCW 35A.34.100 for the purpose of fixing the final budget of the city at the time and place designated in the notice thereof. Any taxpayer may appear and be heard for or against any part of the budget. The hearing may be continued from day to day but not later than the twenty-fifth day prior to commencement of the city's fiscal biennium. [1985 c 175 § 43.]

#### **35A.34.120 Budget — Adoption**

Following conclusion of the hearing, and prior to the beginning of the fiscal biennium, the legislative body shall make such adjustments and changes as it deems necessary or proper and, after determining the allowance in each item, department, classification, and fund, shall by ordinance adopt the budget in its final form and content. Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal biennium. Such ordinances may adopt the final budget by reference. However, the ordinance adopting the budget shall set forth in summary form the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined.

A complete copy of the final budget as adopted shall be transmitted to the state auditor and to the association of Washington cities. [1995 c 301 § 57; 1985 c 175 § 44.]

#### **35A.34.130 Budget — Mid-biennial review and modification**

The legislative authority of a city having adopted the provisions of this chapter shall provide by



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

ordinance for a mid-biennial review and modification of the biennial budget. The ordinance shall provide that such review and modification shall occur no sooner than eight months after the start nor later than conclusion of the first year of the fiscal biennium. The chief administrative officer shall prepare the proposed budget modification and shall provide for publication of notice of hearings consistent with publication of notices for adoption of other city ordinances. City ordinances providing for a mid-biennium review and modification shall establish procedures for distribution of the proposed modification to members of the city legislative authority, procedures for making copies available to the public, and shall provide for public hearings on the proposed budget modification. The budget modification shall be by ordinance approved in the same manner as are other ordinances of the city.

A complete copy of the budget modification as adopted shall be transmitted to the state auditor and to the association of Washington cities. [1995 c 301 § 58; 1985 c 175 § 45.]

#### **35A.34.140 Emergency expenditures — Nondebatable emergencies**

Upon the happening of any emergency caused by violence of nature, casualty, riot, insurrection, war, or other unanticipated occurrence requiring the immediate preservation of order or public health, or for the property which has been damaged or destroyed by accident, or for public relief from calamity, or in settlement of approved claims for personal injuries or property damages, or to meet mandatory expenditures required by law enacted since the last budget was adopted, or to cover expenses incident to preparing for or establishing a new form of government authorized or assumed after adoption of the current budget, including any expenses incident to selection of additional or new officials required thereby, or incident to employee recruitment at any time, the city legislative body, upon the adoption of an ordinance, by the vote of one more than the majority of all members of the legislative body, stating the facts constituting the emergency and the estimated amount required to meet it, may make the expenditures therefor without notice or hearing. [1985 c 175 § 46.]

#### **35A.34.150 Emergency expenditures — Other emergencies — Hearing**

If a public emergency which could not reasonably have been foreseen at the time of filing the preliminary budget requires the expenditure of money not provided for in the budget, and if it is not one of the emergencies specifically enumerated in RCW 35A.34.140, the city legislative body before allowing any expenditure therefore shall adopt an ordinance stating the facts constituting the emergency and the estimated amount required to meet it and declaring that an emergency exists.

The ordinance shall not be voted on until five days have elapsed after its introduction, and for passage shall require the vote of one more than the majority of all members of the legislative body of the city.

Any taxpayer may appear at the meeting at which the emergency ordinance is to be voted on and be heard for or against the adoption thereof. [1985 c 175 § 47.]



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

#### **35A.34.160 Emergency expenditures — Warrants — Payment**

All expenditures for emergency purposes as provided in this chapter shall be paid by warrants from any available money in the fund properly chargeable with such expenditures. If, at any time, there is insufficient money on hand in a fund with which to pay such warrants as presented, the warrants shall be registered, bear interest, and be called in the same manner as other registered warrants as prescribed in RCW 35A.21.110. [1985 c 175 § 48.]

#### **35A.34.170 Registered warrants — Payment**

In adopting the final budget for any fiscal biennium, the legislative body shall appropriate from estimated revenue sources available, a sufficient amount to pay the principal and interest on all outstanding registered warrants issued since the adoption of the last preceding budget except those issued and identified as revenue warrants and except those for which an appropriation previously has been made. However, no portion of the revenues which are restricted in use by law may be appropriated for the redemption of warrants issued against a utility or other special purpose fund of a self-supporting nature. In addition, all or any portion of the city's outstanding registered warrants may be funded into bonds in any manner authorized by law. [1985 c 175 § 49.]

#### **35A.34.180 Adjustment of wages, hours and conditions of employment**

Notwithstanding the appropriations for any salary or salary range of any employee or employees adopted in a final budget, the legislative body of any city may, by ordinance, change the wages, hours, and conditions of employment of any or all of its appointive employees if sufficient funds are available for appropriation to such purposes. [1985 c 175 § 50.]

#### **35A.34.190 Forms — Accounting — Supervision by state**

The state auditor is empowered to make and install the forms and classifications required by this chapter to define what expenditures are chargeable to each budget class and to establish the accounting and cost systems necessary to secure accurate budget information. [1995 c 301 § 59; 1985 c 175 § 51.]

#### **35A.34.200 Funds — Limitations on expenditures — Transfers and adjustments**

1. The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal biennium. Unless otherwise ordered by a court of competent jurisdiction, and subject to further limitations imposed by ordinance of the city, the expenditure of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following:
  - a. The total amount appropriated for each fund in the budget for the current fiscal biennium, without regard to the individual items contained therein, except that this limitation does not apply to wage adjustments authorized by RCW 35A.34.180;
  - b. The unexpended appropriation balances of a preceding budget which may be carried forward from prior fiscal periods pursuant to RCW 35A.34.270;



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

- c. Funds received from the sale of bonds or warrants which have been duly authorized according to law;
  - d. Funds received in excess of estimated revenues during the current fiscal biennium, when authorized by an ordinance amending the original budget; and
  - e. Expenditures authorized by budget modification as provided by RCW 35A.34.130 and those required for emergencies, as authorized by RCW 35A.34.140 and 35A.34.150.
2. Transfers between individual appropriations within any one fund may be made during the current fiscal biennium by order of the city's chief administrative officer subject to such regulations, if any, as may be imposed by the city legislative body. Notwithstanding the provisions of RCW 43.09.210 or of any statute to the contrary, transfers, as authorized in this section, may be made within the same fund regardless of the various offices, departments, or divisions of the city which may be affected.
  3. The city legislative body, upon a finding that it is to the best interests of the city to decrease, revoke, or recall all or any portion of the total appropriations provided for any one fund, may, by ordinance, approved by the vote of one more than the majority of all members thereof, stating the facts and findings for doing so, decrease, revoke, or recall all or any portion of an unexpended fund balance, and by said ordinance, or a subsequent ordinance adopted by a like majority, the moneys thus released may be reappropriated for another purpose or purposes, without limitation to department, division, or fund, unless the use of such moneys is otherwise restricted by law, charter, or ordinance. [1985 c 175 § 52.]

#### **35A.34.205 Administration, oversight, or supervision of utility — Reimbursement from utility budget authorized**

Whenever any code city apportions a percentage of the city manager's, administrator's, or supervisor's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the city, or to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the city's current expense fund for the value of such services. [1991 c 152 § 4.]

#### **35A.34.210 Liabilities incurred in excess of budget**

Liabilities incurred by any officer or employee of the city in excess of any budget appropriations shall not be a liability of the city. The clerk shall issue no warrant and the city legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon an order of a court of competent jurisdiction or for emergencies as provided in this chapter. [1985 c 175 § 53.]



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

#### **35A.34.220 Funds received from sales of bonds and warrants — Expenditures**

Moneys received from the sale of bonds or warrants shall be used for no other purpose than that for which they were issued and no expenditure shall be made for that purpose until the bonds have been duly authorized. If any unexpended fund balance remains from the proceeds realized from the bonds or warrants after the accomplishment of the purpose for which they were issued, it shall be used for the redemption of such bond or warrant indebtedness. Where a budget contains an expenditure program to be financed from a bond issue to be authorized thereafter, no such expenditure shall be made or incurred until after the bonds have been duly authorized.

[1985 c 175 § 54.]

#### **35A.34.230 Revenue estimates — Amount to be raised by ad valorem taxes**

At a time fixed by the city's ordinance or city charter, not later than the first Monday in October of the second year of each fiscal biennium, the chief administrative officer shall provide the city's legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current biennium, together with estimates submitted by the clerk under RCW 35A.34.070. The city's legislative body and the city's administrative officer or the officer's designated representative shall consider the city's total anticipated financial requirements for the ensuing fiscal biennium, and the legislative body shall determine and fix by ordinance the amount to be raised the first year of the biennium by ad valorem taxes. The legislative body shall review such information as is provided by the chief administrative officer and shall adopt an ordinance establishing the amount to be raised by ad valorem taxes during the second year of the biennium. Upon adoption of the ordinance fixing the amount of ad valorem taxes to be levied, the clerk shall certify the same to the county legislative authority as required by RCW 84.52.020.

[1985 c 175 § 55.]

#### **35A.34.240 Funds — Quarterly report of status**

At such intervals as may be required by city charter or city ordinance, however, being not less than quarterly, the clerk shall submit to the city's legislative body and chief administrative officer a report showing the expenditures and liabilities against each separate budget appropriation incurred during the preceding reporting period and like information for the whole of the current fiscal biennium to the first day of the current reporting period together with the unexpended balance of each appropriation. The report shall also show the receipts from all sources. [1985 c 175 § 56.]

#### **35A.34.250 Contingency fund — Creation**

Every city may create and maintain a contingency fund to provide moneys with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget, or from which to provide moneys for those emergencies described in RCW 35A.34.140 and 35A.34.150. Such fund may be supported by a budget appropriation from any tax or other revenue source not restricted in use by law, or also may be supported by a transfer from other unexpended or decreased funds made available by ordinance as set forth in RCW 35A.34.200. However, the total amount accumulated



## Comprehensive Finance Management Policies

### Figure 12b Chapter 35A.34 RCW; Biennial Budgets

in such fund at any time shall not exceed the equivalent of thirty-seven and one-half cents per thousand dollars of assessed valuation of property within the city at such time. Any moneys in the emergency fund at the end of the fiscal biennium shall not lapse except upon reappropriation by the council to another fund in the adoption of a subsequent budget. [1985 c 175 § 57.]

#### **35A.34.260 Contingency fund — Withdrawals**

No money shall be withdrawn from the contingency fund except by transfer to the appropriate operating fund authorized by a resolution or ordinance of the legislative body of the city, adopted by a majority vote of the entire legislative body, clearly stating the facts constituting the reason for the withdrawal or the emergency as the case may be, specifying the fund to which the withdrawn money shall be transferred. [1985 c 175 § 58.]

#### **35A.34.270 Unexpended appropriations**

All appropriations in any current operating fund shall lapse at the end of each fiscal biennium. However, this shall not prevent payments in the following biennium upon uncompleted programs or improvements in progress or on orders subsequently filled or claims subsequently billed for the purchase of material, equipment, and supplies or for personal or contractual services not completed or furnished by the end of the fiscal biennium, all of which have been properly budgeted and contracted for prior to the close of such fiscal biennium, but furnished or completed in due course thereafter.

All appropriations in a special fund authorized by ordinance or by state law to be used only for the purpose or purposes therein specified, including any cumulative reserve funds lawfully established in specific or general terms for any municipal purpose or purposes, or a contingency fund as authorized by RCW 35A.34.250, shall not lapse, but shall be carried forward from biennium to biennium until fully expended or the purpose has been accomplished or abandoned, without necessity of reappropriation.

The accounts for budgetary control for each fiscal biennium shall be kept open for twenty days after the close of such fiscal biennium for the purpose of paying and recording claims for indebtedness incurred during such fiscal biennium; any claim presented after the twentieth day following the close of the fiscal biennium shall be paid from appropriations lawfully provided for the ensuing period, including those made available by provisions of this section, and shall be recorded in the accounts for the ensuing fiscal biennium. [1985 c 175 § 59.]

#### **35A.34.280 Violations and penalties**

Upon the conviction of any city official, department head, or other city employee of knowingly failing, or refusing, without just cause, to perform any duty imposed upon such officer or employee by this chapter, or city charter or city ordinance, in connection with the giving of notice, the preparing and filing of estimates of revenues or expenditures or other information required for preparing a budget report in the time and manner required, or of knowingly making expenditures in excess of budget appropriations, the official or employee shall be guilty of a misdemeanor and shall be fined not more than five hundred dollars for each separate violation. [1985 c 175 § 60.]



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

Revised: December, 2010

#### Objectives

This policy sets forth criteria for the operation of the investment portfolio. It will be recognized that the primary objective of the Investment Policy is to establish a conservative set of investment criteria that will prudently protect Bellevue's (hereafter referred to as the City) principal sums and enable the City to generate a market rate of return from its investment activities while assuring adequate liquidity to meet its cash flow needs. All investment activity will be in compliance with RCW 35A.40.050 "Fiscal - Investment of Funds" and any other statutes or regulatory requirements, such as Internal Revenue Codes, which may apply.

#### Scope

This policy guides the investment of all available City funds except it does not include assets held in escrow in order to defease refunded debt, nor does it include retirement funds managed by others such as the state, the Municipal Employees Benefit Trust, and deferred compensation plan providers.

#### Responsibility

Authority to manage the investment program is derived from Bellevue City Code Section 3.37.060. This section gives the Finance Director authority to determine the amount of money available in each fund administered by the City for investment purposes, and the authority to invest such moneys in all forms of investments that are authorized by law. This section also authorizes the Director to designate a subordinate employee(s) to assist in the performance of these duties.

The Finance Director will provide a letter(s) of authorization to individuals or firms on the approved broker/dealer list specifically designating City staff who have the authority to commit the City to investment transactions.

The Finance Director or his/her designee will establish written investment procedures including a glossary of investment terms for the operation of the investment program, consistent with this investment policy.

#### Types of Investment and Diversification

The City may invest in any of the securities identified as eligible investments as defined by RCW 35A.40.050 "Fiscal - Investment of Funds". For purposes of this policy, the major eligible investment categories have been further restricted as follows:



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

1. United States Treasury Debt Obligations
  - Maximum % of Portfolio 100%
  - Maximum Remaining Maturity 5 years
  - Securities will be held by the City's third party custodian in the City's name.
2. United States Agency Securities backed by the full faith and credit of the United States Government for the payment of principal and interest
  - Maximum % of Portfolio 100%
  - Maximum Remaining Maturity 5 years
  - Maximum % of Portfolio Per Issuer 25%
  - Defined by RCW 43.84.080 to include certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States.
  - Does not allow investments in derivatives or securities that derive value and/or yield from an underlying asset unless they fall into one of the following categories: 1) agency obligations that float with interest rates or external indexes such as CMT index, treasury bills, LIBOR, Prime rate and Fed Funds rate; 2) agency security obligations that have call features; and 3) agency security obligations that have step-up features at pre-determined intervals.
  - Interest only and principal only mortgage backed securities, inverse floaters and collateralized mortgage obligations are excluded.
  - Securities will be held by the City's third party custodian in the City's name.
3. United States Agency Coupon Securities (Mortgage-backed Securities Included)
  - Maximum % of Portfolio 100%
  - Maximum Remaining Maturity 5 years
  - Maximum % of Portfolio Per Issuer 25%
  - Defined by RCW 43.84.080 to include obligations of any United States government-sponsored corporation whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
  - Does not allow investments in derivatives or securities that derive value and/or yield from an underlying asset unless they fall into one of the following categories: 1) agency obligations that float with interest rates or external indexes such as CMT index, treasury bills, LIBOR and Fed Funds rate; 2) agency security obligations that have call features; and 3) agency security obligations that have step-up features at pre-determined intervals.
  - Interest only and principal only mortgage backed securities, inverse floaters and collateralized mortgage obligations are excluded.



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

- Securities will be held by the City’s third party custodian in the City’s name.
4. United States Agency Discount Notes
- Maximum % of Portfolio 100%
  - Maximum Remaining Maturity 1 year
  - Maximum % of Portfolio Per Issuer 25%
  - Defined by RCW 43.84.080 to include obligations of any United States government-sponsored corporations whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
  - Securities will be held by the City’s third party custodian in the City’s name.
5. FDIC Guaranteed Senior Unsecured Debt Obligations – TLGP (Treasury Liquidity Guaranty Program) and other federal government guaranteed programs
- Required Investment Rating AAA/Aaa long-term and A-1/ P-1 short-term
  - Maximum % of Portfolio 100%
  - Maximum Remaining Maturity expiration Not to exceed the lesser of the date of FDIC’s guarantee or 5 years
  - Maximum % of Portfolio Per Issuer 5%
  - To be eligible for purchase, the obligations must: 1) be guaranteed by the FDIC, and 2) carry the full faith credit of the United States Government.
  - The note obligations must be issued by corporations organized and operating in the United States.
  - Securities will be held by the City’s third party custodian in the City’s name.
6. Repurchase Agreements secured by United States Government and United States Agency Debt Obligations
- Maximum % of Portfolio 50%
  - Maximum % of Portfolio With any Primary Dealers or Financial Institutions 10%
  - Maximum Remaining Maturity 60 days
  - Maximum Remaining Maturity of Underlying Collateral 5 years
  - Collateral Pricing Daily
  - All US Government Agency collaterals should stay within the 25% per issuer limit.



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

- Collateral equal to 102% of the repurchase agreement must be delivered to the City's third party custodian if less than 30 days. If the repurchase agreement is between 30-60 days, collateral equal to 105% of the repurchase agreement must be delivered to the custodian.
  - Securities will be purchased from primary dealers or financial institutions that are members of the Washington Public Depository under a written Master Repurchase Agreement.
  - Only US Treasury, US Government Agency, and US Government Sponsored Corporation securities may be accepted as collateral.
  - Collateral securities will be held by the City's third party custodian, or through a tri-party arrangement in the City's name.
7. Certificates of Deposit, and other Interest Bearing Bank Deposits with financial institutions recognized by the State of Washington Public Deposit Protection Commission (PDPC) as qualified to hold public deposits.
- Maximum % of Portfolio 50%
  - Maximum Remaining Maturity 1 year
  - Maximum % of Portfolio Per Issuer 10%
8. Bankers Acceptances purchased on the secondary market
- Required Investment Rating Rated in the highest tier (e.g., A-1, P-1, F-1 or better) of the accepting bank's short-term obligations by any two nationally recognized statistical rating organizations
  - Maximum % of the Portfolio 15%
  - Maximum Remaining Maturity 6 months
  - Maximum % of Portfolio Per Issuer 5%
  - Securities will be held by the City's third party custodian in the City's name.
9. Commercial Paper Issued by United States Corporations in compliance with the provisions adopted by the State Investment Board RCW 43.84.080 (7).
- Required Investment Rating Rated in the highest tier (e.g., A-1, P-1, F-1 or better) by any two nationally recognized statistical rating organizations
  - Maximum % of Portfolio 15%
  - Maximum Remaining Maturity 90 days



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

- Maximum Percent of Portfolio Per Issuer 5%
- Securities will be held by the City's third party custodian in the City's name.

#### 10. State of Washington Local Governmental Investment Pool

- Maximum % of Portfolio 100%
- A copy of the pool's investment policy must be obtained and reviewed.

The portfolio and issuer limits listed above shall be complied with at the time of a security purchase. However, no sale of securities shall be required to meet revised limits due to a decrease in the total size of the portfolio.

#### Weighted Average Duration and Liquidity

The total portfolio (including short-term money market and cash accounts) will be managed such that the weighted average modified duration does not exceed 2.5 years.

The portfolio should be laddered with staggered maturities to assure that: 1) adequate resources are available to meet cash flow requirements without forced liquidation of investments, and 2) price volatility and reinvestment risks are minimized.

#### Prudence

“Investments shall be made with the same judgement and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering probable safety of their principal as well as probable income to be derived.”

The standard of prudence to be used by employees authorized to commit the City to investment transactions shall be the "prudent person" standard. Employees meeting the prudent person standard shall be relieved of personal responsibility for an individual security's subsequent performance, provided appropriate action is taken to control adverse developments.

#### Performance

The portfolio shall be managed to obtain a market rate of return through budgetary and economic cycles, keeping in mind the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, the market rate of return objective will be the 12-month moving average yield of the U.S. Treasury 2-year Constant Maturity Index for the period of time being evaluated. The goal is for the portfolio to generally perform above the Index.



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

#### **Ethics and Conflicts of Interest**

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

#### **Authorized Financial Dealers/Institutions and Financial Review**

The Finance Director will approve financial institutions to be eligible to conduct investment business with the City. A current list of approved brokerage firms will be maintained by the Finance Director or his/her designee. This list may include primary dealers (government securities reporting to the Market Reports Division of the Federal Reserve Bank of New York), regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capitalization), and national banks.

To become authorized to provide investment services to the City, each institution must provide an annual letter to the City from the individual providing the service certifying that he or she has read the City's investment policy and assures that all transactions with the City will fall within the policy boundaries. This letter shall also certify that the firm and broker assigned to this account have the required credentials and licenses with the NASD, SEC or appropriate agencies and that they must immediately notify the City if at any time the firm or broker is not in compliance with SEC rule 15C3-1, the firm's capital position falls short of the Capital Adequacy or uniform Net Cap Rule standard, or a material control weakness is identified by the firm's independent auditor. In addition, each institution must also provide the City with a copy of their annual audited financial report or Consolidated Report of Condition (call report).

In the case of certificates of deposit, those financial institutions recognized by the PDPC (Public Deposit Protection Commission) are qualified to hold public deposits.

An annual review of the audited financial report or call report of the selected qualified financial institutions will be conducted by Finance staff.

#### **Broker Allocation**

Investment transactions will be based upon the financial institution or brokerage firm that offers the best price to the City on each particular transaction. The City will make its best effort to obtain three bids for purchase or sale of government agency securities other than new issues. If circumstances dictate fewer than three bids due to the volatility of the market place, lack of bids, etc., the Finance Director, Assistant



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

Finance Director or the Treasury Manager has the authority to waive this rule. Generally not all brokers will have the same inventory of agency securities available to sell, but should be able to offer comparable alternatives. Treasury security transactions will be accomplished at or within the bid or asked price spread indicated on the live Bloomberg screens or similar reliable real time investment information service. Issues not actively traded on such services will be subject to the three bid requirement. Bankers Acceptances and Certificates of Deposit (other than a compensating balance CD) also require the acquisition of at least three bids, and acceptance of the most attractive rate from among comparable alternatives. Where two or more institutions or brokers have offered the same low bid, allocation will go to the lowest bidder that has provided the best service to the City.

#### **Custody**

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery versus payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director or his designee as evidenced by confirmations in the City's name.

#### **Investment Committee**

An Investment Committee will be established by the City Manager, and will include at least three members from the business community knowledgeable in the area of institutional investment management. This Committee will periodically meet to review the investment program and make recommendations to the Finance Director with regard to proposed changes to the investment policy.

#### **Internal Control**

Investment procedures will be defined, documented, and implemented by the Finance Director or his/her designee to assure adequate internal control of the investment process.

The Finance Director or his/her designee will establish a process of periodic independent review by an external auditor or competent staff not assigned to the investment function.

The Washington State Auditor's Office will customarily conduct independent annual reviews of the investment function.

#### **Reporting**

Investment reports will be prepared and provided at least quarterly to meet the needs of the users including sufficient detail to provide an accurate and meaningful representation of the portfolio, showing its performance in relation to established benchmarks and its compliance with the investment policy.



## Comprehensive Financial Management Policies

### Figure 12c Investment Policy

#### Policy Adoption

The Investment Policy is adopted by the City Council as part of the biennial budget. The Finance Director has authority to approve changes to this Investment Policy.

#### Summary of Changes to the City’s Investment Policy

1. Actual reference and link to the RCW and the City Code added.
2. Added United States Agency Securities backed by the full faith and credit of the US Government (e.g., Government National Mortgage Association “Ginnie Mae” Small Business Association “SBA”) as a separate eligible investment category. These securities were not specifically identified as eligible investments in the prior version of the Policy.
3. Introduced investments in agency obligations that float with interest rates or external indexes such as CMT index, treasury bills, LIBOR, Prime rate and Fed Funds rate to the Policy. Provided additional diversification and enhance total return.
4. FDIC Guaranteed Senior Unsecured Debt Obligations – TLGP (Treasury Liquidity Guaranty Program) and other federal government guaranteed programs added to the Policy. These high quality investment instruments provide higher return while holding credit ratings comparable with Treasuries.
5. The Maximum percentage of Bankers Acceptances (BAs) purchased on the secondary market was reduced from 50% to 15% percent; and maximum percent per issuer was reduced from 10% to 5%. These changes were made mainly to minimize the risk exposure to BAs as a result of recent financial institute failures.
6. The maximum period/remaining maturity allowed investing in US Treasury debt obligations were reduced from 5.5 years to 5 years. This change was made primarily to make investments in Treasuries consistent with Agency securities.
7. The portfolio’s performance measure was changed from “a band between the average yield of the ninety-day Treasury bill and the 2-year Treasury note” to “12-month moving average yield of the U.S. Treasury 2-year Constant Maturity Index”

Reasons for this change include:

- Due to the change in the final maturity of agencies from 2-5 years in the last 3 years.
- To raise the bar by increasing the standard from the band (90 – 2 years) to the upper range of 2-year Treasury.
- Moving average is a better measure than a snapshot at end of a period reducing volatility and closely mirrors actual portfolio activities In line with GFOA’s best practice and other governments in Washington – consistent with duration.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

Revised: October 2012

#### Background

The City of Bellevue (City) maintains conservative financial policies to assure strong financial health both in the short- and long-term. The City is an infrequent issuer of debt with debt primarily used as a tool to finance large capital investments such as property acquisitions.

Maintaining the City's bond rating is an important objective of the City's financial policies. To this end, the City is constantly working to improve its financial policies, budgets, forecasts, and financial health.

#### Purpose

This policy sets forth the criteria for issuance and repayment of debt. The primary objective of the Debt Policy is to establish criteria that will protect the City's financial integrity while providing a funding mechanism to meet the City's capital needs. The underlying approach of the City is to borrow only for: 1) capital improvements that cannot be funded on a pay-as-you-go basis, and 2) extraordinary circumstances where Councilmanic or voted long-term debt has been issued to achieve major City goals that otherwise could not have been achieved, or would have to be delayed for an unacceptable amount of time. The City will not issue long-term debt to finance current operations.

All debt issued will be in compliance with this policy, Bellevue City Code (BCC) Chapter 2.30 - Registration Procedure for Bonds and Obligations, Chapter 35A.40 Revised Code of Washington (RCW) - Fiscal Provisions Applicable to Code Cities and Chapter 43.80 RCW - Fiscal Agencies along with all other City, State, and Federal laws, rules, and regulations.

#### Scope

This Policy provides general guidance for the issuance and management of all City debt. In addition, it includes the management of all debt absorbed by the City through utility assumptions or the like. It does not include the debt issued by the Bellevue Convention Center Authority.

#### Responsibility

Authority to issue and manage debt is derived from BCC 2.37.030. This section gives the Finance Director authority to act in the capacity of City Treasurer, which includes the duties of debt management.

This section also authorizes the Finance Director to appoint a subordinate employee from the Department to assist in the performance of the duties of City Treasurer. The Finance Director has appointed the Investment and Debt Manager to act as the Debt Manager to assist in the duties of debt issuance, interest payments, principal repayments and other debt-related activities.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

The Finance Director is responsible for assuring that the activities related to the issuance and payment of bonds or other obligations not jeopardize the bond rating.

#### Budgeting and Capital Planning

The City shall develop and maintain a capital planning process such as the biennial Capital Investment Program Plan for consideration and adoption by the City Council as part of the City's budget process. The Finance Department is responsible for coordinating and analyzing the debt requirements. This will include timing of debt, calculation of outstanding debt, debt limitation calculations and compliance, impact on future debt burdens, and current revenue requirements.

Prior to issuance of debt, the City will prepare revenue projections, such as the biennial budget or the Financial Forecast, to ensure that there is adequate revenue to make principal and interest payments.

#### Types of Long-Term Debt

The following is a description of the types of long-term debt the City may issue:

##### 1. General Obligation

This debt is backed by the full faith and credit of the City. The State RCW limits this debt to 2.5% of the assessed valuation of the City for each of three purposes:

##### a. General Purposes

Debt issued in this category can be used for any purpose allowed by law.

##### Non-Voted

The City Council may authorize the issuance of general obligation debt up to 1.5% of the City's assessed value without a vote of the public as long as there is an available source of funding to pay the debt service. This funding source can be the diversion of an existing revenue source or a new revenue coming from the enactment of a new tax or other revenue source. The debt can take the form of bonds, bond anticipation notes, lease-purchase agreements, conditional sales contracts, certificates of participation, or other forms of installment debt.

##### Voted

The City Council may place any general obligation debt issue before the electorate. According to State law, if a debt issue is placed before the City's electorate, it must receive a 60% or greater yes vote and have a turnout of at least 40% of those voting at the previous general election. Voted issues are limited to capital purposes only.

##### b. Open Space and Parks

Debt issued in this category must be used for park and open space and/or



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

recreation facilities. All debt in this category must be approved by the voters.

c. Utilities

Debt issued in this category must be used for utility infrastructure. All debt in this category must be approved by the voters.

2. Revenue Debt

Revenue bonds are generally payable from a designated source of revenue generated by the project which was financed. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

3. Local Improvement District (LID) Debt

LID bonds are payable solely from assessments of property owners within the local improvement district. Similar to revenue debt, no taxing power or general fund pledge is provided as security, and LID bonds are not subject to statutory debt limitations.

The debt is backed by the value of the property within the district and a LID Guaranty Fund. The LID Guaranty Fund is required by State law.

4. Other Financing Contracts and Loan Programs

- a. Lease purchase or financing contracts are payment obligations that represent principal and interest components for which the City receives the property after all payments are made.
- b. Local Option Capital Asset Lending (LOCAL) Program is available for use by the City through the Office of the State Treasurer under RCW 39.94. It is a financing program that allows pooling by the State equipment financing and certain real estate project needs into larger offerings of securities, and allows local government agencies the ability to finance equipment or real estate needs through the State Treasurer's Office subject to existing debt limitations and financial considerations.
- c. Public Works Trust Fund Loans are loans from the Public Works Board, authorized by state statute, RCW 43.155 to provide low interest loans, on a competitive basis, to help local governments address critical infrastructure needs for water, stormwater, roads, bridges, and solid waste/recycling systems.

#### Short-Term Debt and Interim Financing

The City may utilize short-term borrowing in anticipation of long-term bond issuance or to fund cash flow needs in anticipation of tax or other revenue sources.

In accordance with BCC 3.37.070, the Finance Director is authorized to make loans from one City fund to another City fund for periods not exceeding six months. The Finance Director or designee is required to assure that the loaning fund will have adequate cash balances to continue to meet current expenses after the loan is made and until repayment from the receiving fund.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

#### Limitation of Indebtedness

In addition to the limitations required by the RCW, the City’s indebtedness is further limited by this policy to assure strong financial health. The limitations are applied to the assessed value of the City to arrive at a dollar value of indebtedness. For example, the 2011 assessed valuation used to determine the 2012 property tax levy was \$30.98 billion, and the statutory limitation for general obligation debt is 2.5%. Therefore, the City’s statutory debt limitation is \$774.4 million. The following matrix shows the general limitation by type of debt. These limitations may be modified by the City Council up to the statutory limitation at the Council’s discretion.

Type of Debt	Statutory Limitations	Policy Limitations	2012 Bellevue Actual
General Obligation:	2.5%	1.75%	0.61%
Non-Voted	1.5%	1.0%	0.61%
Voted	1.0%	0.75%	0.00%
Open Space and Parks	2.5%	1.75%	0.00%
Utilities	2.5%	1.75%	0.00%
Revenue	no limit	no limit *	NA
Local Improvement District	no limit	no-limit *	NA

\* Revenue and LID debt is not limited because no taxing power or general fund pledge is provided as security.

#### Structure and Term of Debt

##### 1. Debt Repayment

The City shall pay all interest and repay all debt in accordance with the terms of the bond ordinance. The maturity of bonds issued should be the same or less than the expected life of the project for which the bonds were issued. To the extent possible, the City will seek level or declining debt repayment schedules.

##### 2. Variable-Rate Securities

When appropriate, the City may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. However, the City will avoid over use of variable-rate debt due to the potential volatility of such instruments.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

#### Professional Services

The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.

1. Bond Counsel

All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.

2. Financial Advisor

A Financial Advisor(s) will be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring market opportunities, structuring and pricing debt, and preparing official statements of disclosure.

3. Underwriters

An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors. Underwriter(s) will also be used for a competitive sale method. Under a competitive sale, underwriters will submit proposals for the purchase of the new issue of municipal securities electronically and the securities are awarded to the underwriter presenting the lowest true interest cost (TIC) according to stipulated criteria set forth in the notice of sale.

4. Fiscal Agent

A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with Chapter 43.80 RCW, the City will use the Fiscal Agent that is appointed by the State.

5. Other Service Providers

The Finance Director will have the authority to periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, etc.) as necessary to meet legal requirements.

#### Method of Sale

The City will generally issue its debt through a competitive process but may use a negotiated process under the following conditions.

- The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
- At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

- The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
- The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

#### Credit Ratings

The City will maintain good communication with bond rating agencies about its financial condition. This effort will include providing periodic updates on the City's general financial condition, coordinating meetings, and presentations in conjunction with a new issuance. The City will continually strive to maintain the highest possible bond ratings by improving financial policies, budgets, forecasts and the financial health of the City.

Credit enhancements may be used to improve or establish a credit rating on a City debt obligation. Credit enhancements should only be used if cost effective.

#### Refunding Debt

A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will require a present value savings of three percent of the principal amount of the refunding debt being issued.

#### Investment of Bond Proceeds

The City will comply with all applicable Federal, State and Contractual restrictions regarding the investment of bond proceeds including the City of Bellevue Investment Policy.

#### Arbitrage Rebate Monitoring and Reporting

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will pay the amount of the arbitrage to the Federal Government as required by Internal Revenue Service Regulation 1.148-11. The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS regulation. For each bond issue not used within the established time frame, the recordkeeping shall include tracking investment earnings on bond proceeds, calculating rebate payments, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt.

#### Covenant Compliance

The City will comply with all covenants stated in the bond ordinance, contract, etc.



## Comprehensive Finance Management Policies

### Figure 12c Debt Policy

#### Ongoing Disclosure

The Debt Manager shall be responsible for providing annual disclosure information to the Municipal Standards Rulemaking Board (MSRB) as required by state and national regulatory bodies. To comply with the Securities & Exchange Commission Rule 15c2-12 regulations, ongoing disclosure shall occur by the date designated in the bond ordinance, which is currently September 30 of each year. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not reasonably contained within the CAFR.



# Waterworks Utility

## Financial Policies

Figure 12d

Full adoption in December 2012, with revisions in December 2013

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Comprehensive Financial Management Policies  
Figure 12d - Utilities Department Financial Policies

G-3

**INTRODUCTION**

The Waterworks Utility is the financial consolidation of the Sewer, Storm & Surface Water and Water Utilities of the City of Bellevue for debt rating and coverage purposes as established in Ordinance No.'s 2169, 2845, 3158 and 4568. It pledges the strengths and revenues of the three separate Utilities for the common financial good while keeping each Utility financially separate for budgeting, rate-setting, revenues, expenditures, debt and accounting.

These "Financial Policies" apply uniformly to the Sewer, Storm & Surface Water and Water Utilities with few, unique exceptions which are identified separately. This update reflects changes consistent with current long-range financial planning, particularly with regard to renewal and replacement funding, the use of debt and rate policies. They supersede the Financial Policies, which were adopted under Resolution No. 5967 in 1995.

These policies do not stand-alone. They must be taken in context with the other major City and Utilities documents and processes. For instance, each Utility has its own System Plan, which documents its unique objectives, planning, operations and capital needs. These System Plans have historically had a 20-year planning horizon. Future System Plans will need to evaluate long term renewal and replacement of aging facilities, much of which were constructed in the 1950's and 1960's during periods of high growth rates and are approaching the end of their useful life. Life cycle costs should be considered in planning the future capital facilities and infrastructure needs.

The City has a seven-year City-wide Capital Investment Program (CIP) Plan which is updated with each biennial budget cycle. All major City capital projects are included. Generally, they are described as over \$25,000; involving new physical construction, reconstruction or replacement; and involving City funding. The CIP identifies the level and source of funding for each project. The CIP includes specific sections for each Utility which identify near-term capital projects consistent with each current Utility System Plan and several projects of general scope including renewal and rehabilitation, capital upgrades, response to growth and other system needs.

**I. GENERAL POLICIES**

***A. Fiscal Stewardship***

**The Waterworks Utility funds and resources shall be managed in a professional manner in accordance with applicable laws, standards, City financial practices and these Financial Policies.**

Discussion:

It is incumbent on Utility management to provide professional fiscal management of utility funds and resources. This requires thorough knowledge of and conformance with the City financial management processes and systems as well as applicable laws and standards. It also requires on-going monitoring of revenues and expenses in order to make decisions and report to City officials, as needed, regarding the status of Utilities financing. Independent financial review, analysis and recommendations should be undertaken as needed.

## **B. Self-sufficient Funding**

**Each Utility shall remain a self-supporting enterprise fund.**

Discussion:

The revenues to each Utility primarily come from customer charges dependent on established rates. State law requires that utility funds be used only for utility purposes. Since each Utility has somewhat differing service areas, it is essential for ratepayer equity that they be kept financially separate and accountable. The City's General Fund can legally contribute to the Utility funds but does not. The City budgeting process includes a balanced and controlled biennial Utility budget. This requires careful preparation of expense and revenue projections that will be reviewed by City management, the Environmental Services Commission, the general public and the City Council prior to approval of any change in Utility rates.

## **C. Comprehensive Planning Policies**

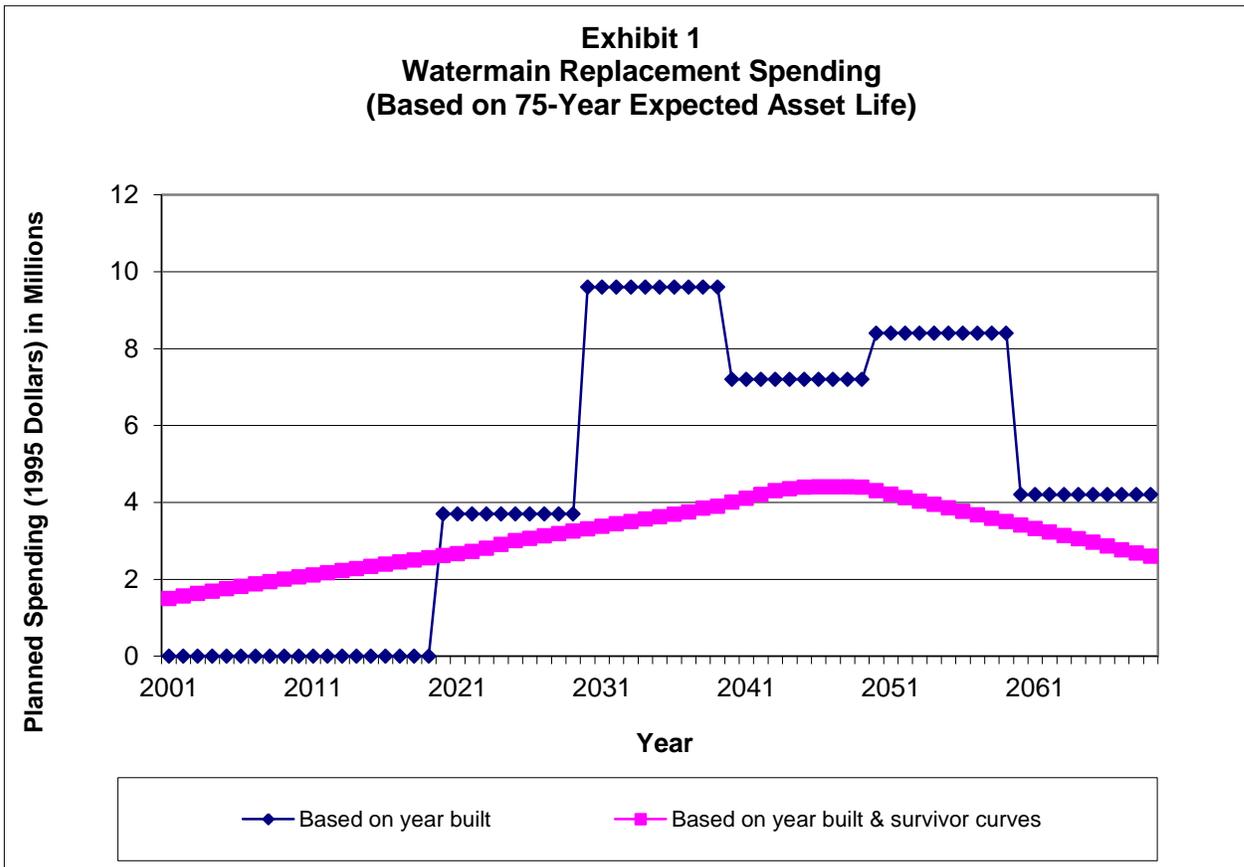
**The Water Utility System Plan shall be updated every six years as required by state statute; the Wastewater and Storm & Surface Water System Plans shall be updated as required by changed conditions or state statute, between every six to ten years. All Utility system plans shall use a 20-year planning horizon or greater, and shall consider life cycle costs to identify funding needs. Studies to analyze specific geographic areas or issues, such as Storm & Surface Water sub-basin plans, Wastewater capacity and flow studies, or Water pressure zone studies will be completed as required using similar criteria for planning infrastructure needs.**

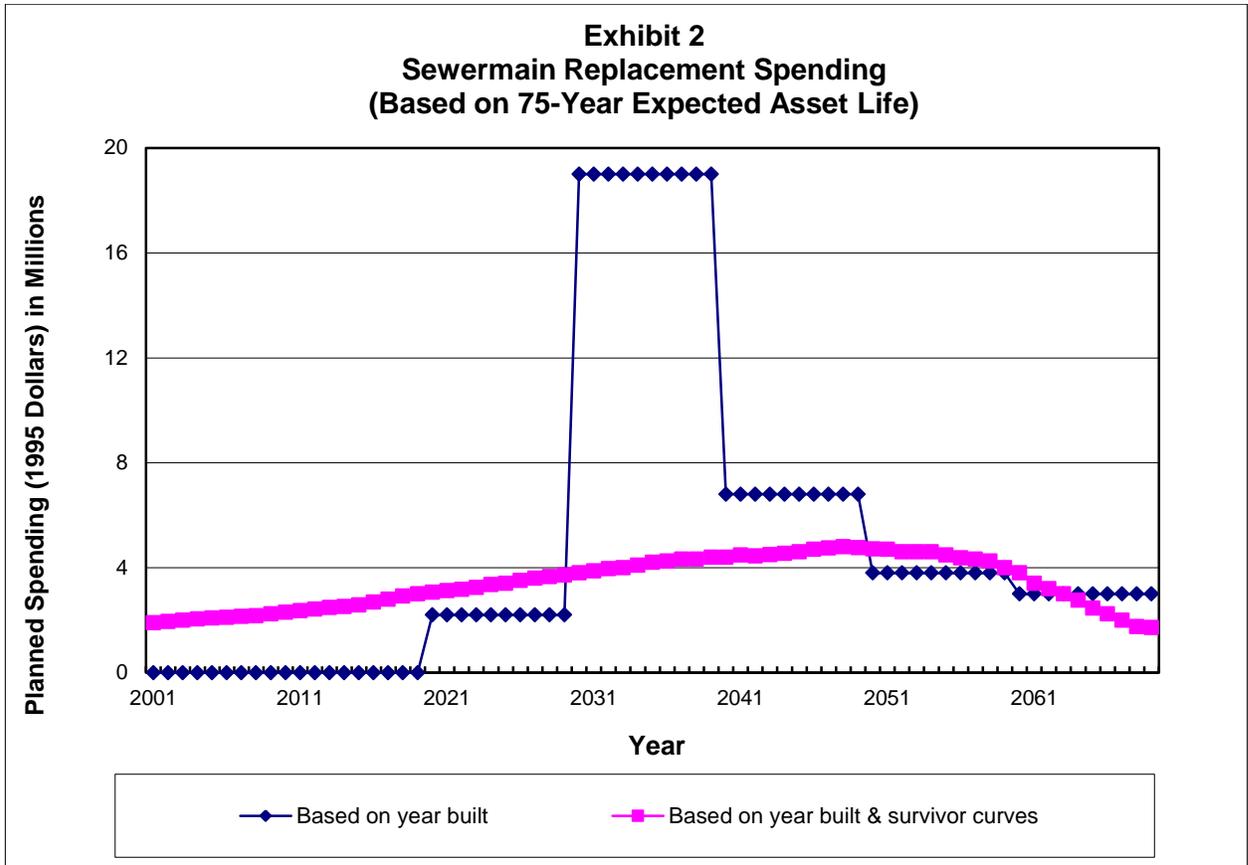
Substantial portions of the City utility systems were constructed in the 1950's and 1960's. These systems are approaching the end of their useful life as illustrated on the following Exhibit 1 - Watermain Replacement Spending and Exhibit 2 - Sewermain Replacement Spending. The storm & surface water infrastructure is of similar age but has not been graphed. It most likely has a relatively shorter expected life span. The object is to determine and follow a survivor curve replacement schedule rather than the replacement schedule based on age alone. Assumptions for survivor curves and useful lives are revisited periodically. These were assessed in 2004 and updated for the most recent engineering and financial findings. Significant changes include the adjustment of replacement costs to current price levels, categorization of pipe assets based on expected useful lives, and replacement of major non-pipe Utility assets such as pump stations and reservoirs. The Exhibits illustrate an example survival replacement curve based on preliminary estimates only. As real needs are determined, they will replace the estimated curves. Renewal and/or replacement will require substantial reinvestment in the future and have major rate impacts if large portions of the systems have to be replaced in relatively short periods of time. The actual useful life of underground utilities is difficult to determine and the best available data is needed to be able to plan for the orderly and timely renewal and/or replacement. For this purpose, the comprehensive plans need to have at least 20 year planning horizons and must address the aging of the Utility systems.

Long term system planning for the Utility systems is required in order to assure that future financial needs are anticipated and equitable funding plans can be developed. In order to keep funding plans current, utility system plans need to be updated between six and ten years. State law requires six years for water system plans. Wastewater system plans are not mandated to be updated on a six year cycle, however updating them between six and ten years is the common

Comprehensive Financial Management Policies  
 Figure 12d - Utilities Department Financial Policies

standard of practice. Stormwater system plans similarly have no state or federal mandate for updating, however with the implementation of the NPDES General Permit, it is reasonable to expect significant changes within two 5-year permit terms to warrant a system plan update. Depending on the significance of the changes, the Storm system plan may require updating sooner than after two 5-year permit cycles. These Financial Policies will be reviewed and updated as needed.





## II. CAPITAL INVESTMENT PROGRAM POLICIES

### A. *General Scope*

**The Utilities Capital Investment Program (CIP) will provide sufficient funds from a variety of sources for implementation of both short- and long-term capital projects identified in each Utility System Plan and the City-wide Capital Investment Program as approved by the City Council.**

**Financial planning for long-term capital investment shall be based on principles that result in smooth rate transitions, maintain high credit ratings, provide for financial flexibility and achieve inter-generational equity.**

Discussion:

These near-term capital projects are usually identified in each Utility system plan which also provides the criteria and prioritization for determining which projects will be constructed. Several projects of general scope are also included to allow for on-going projects that are less specifically identified due to their more inclusive nature.

In addition to these near-term projects, funding should be provided for long-term capital reinvestment in the system to help minimize large rate impacts as the systems near the end of their useful life and have to be renewed or replaced. Ordinance No. 4783 established a Capital Facilities Renewal & Replacement (R&R) Account for each Utility to provide a funding source for this purpose. Other policies describe how this Account is to be funded and expended.

A reinvestment policy by itself, without some form of planned and needed expenditure, could lead to excessive or unneeded expenditures, or conversely unnecessary accumulations of cash reserves. The reinvestment policy needs to tie the planned expenditures over time with a solid, long-term financial plan that is consistent with these policies.

The actual needs for the renewal/replacement expenditures should relate to the on-going need to minimize system maintenance and operating costs consistent with providing safe and reliable service, the age and condition of the system components, and any regulatory or technical obsolescence. In essence, plant should be replaced when it is needed and before it fails. As such, the goal setting measure of how much is an appropriate annual or periodic reinvestment in renewals and replacement of existing assets should be compatible with the age and condition of the infrastructure and its particular circumstances.

Comprehensive Financial Management Policies  
Figure 12d - Utilities Department Financial Policies

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ORIGINAL

WP0459C-ORD  
06/27/95

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4783

AN ORDINANCE creating utility capital replacement accounts for the Water, Sewer and Storm and Surface Water Utilities within the Utility Capital Investment Fund for the purpose of accumulating funding for long term replacement of utility facilities.

WHEREAS, the Utilities 1995 Cost Containment Study prepared by Financial Consulting Solutions Group, Inc. (FCSG) recommends that current utility rates recover from the ratepayers amounts which at a minimum are equal to the depreciated value of the original cost of utility facilities and at a maximum are amounts equal to the replacement value of utility infrastructure; and

WHEREAS, FCSG recommends that utility funds not needed for current expenditure be placed in a replacement account to be used in the future in combination with current revenues and/or debt financing to replace capital facilities nearing the end of their useful life; and

WHEREAS, implementation of FCSG's recommendations would promote intergenerational rate equity and provide more stable rates to customers over the long term; and

WHEREAS, the Council desires to make an initial, 1995 deposit of \$600,000 in savings from the Water Fund into the new capital replacement account for the Water Utility; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The purpose of this ordinance is to establish capital facilities replacement accounts within the Utility Capital Investment Fund in order to assure a future funding source for replacement of utility facilities nearing the end of their useful life. The City Council will determine each year, as part of the adoption of the utilities operating budgets, how much, if any, utility revenue during the upcoming year shall be designated for transfer to a replacement account. The City Council may also authorize the receipt of other funds directly into these capital facility replacement accounts. Once deposited the funds will accumulate with interest. The decision regarding when and how to utilize such accumulated funds for the replacement of utility facilities will be made as part of the Utility Comprehensive Plans and Utility Capital Investment Program approval process.

Comprehensive Financial Management Policies  
Figure 12d - Utilities Department Financial Policies

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ORIGINAL

WP0459C-ORD  
06/27/95

Section 2. The following new accounts are established in the Utility Capital Investment Fund:

Capital Facilities Replacement Account - Sewer  
Capital Facilities Replacement Account - Water  
Capital Facilities Replacement Account - Storm and Surface Water

Section 3. There is hereby authorized the 1995 transfer from the Water Utility Operating Fund to the Capital Facilities Replacement Account - Water the amount of \$600,000.

Section 4. This ordinance shall take effect and be in force five days after its passage and legal publication.

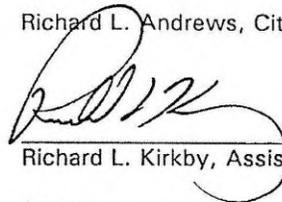
PASSED by the City Council this 24<sup>th</sup> day of July, 1995, and signed in authentication of its passage this 24<sup>th</sup> day of July, 1995.

(SEAL)

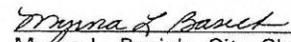
  
\_\_\_\_\_  
Donald S. Davidson, DDS, Mayor

Approved as to form:

Richard L. Andrews, City Attorney

  
\_\_\_\_\_  
Richard L. Kirkby, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published July 28, 1995

**B. Funding Levels**

**Funding for capital investments shall be sustained at a level sufficient to meet the projected 20 year (or longer) capital program costs.**

**Funding from rate revenues shall fund current construction and engineering costs, contributions to the Capital Facilities Renewal and Replacement (R&R) Account, and debt service, if any.**

**Inter-generational equity will be assured by making contributions to and withdrawals from the R&R Account in a manner which produces smooth rate transitions over a 20 year (or longer) planning period.**

**On an annual basis, funding should not fall below the current depreciation of assets expressed in terms of historical costs less any debt principal payments.**

Discussion:

These policies are based on the experience gained by developing a long-term Capital Replacement Funding Plan. In absence of such a plan, the range of capital investment funding should fall between the following minimum and maximum levels:

The minimum annual rate funding level would be based on the current depreciation of assets expressed in terms of historical costs, less any debt principal payments.

The maximum annual rate funding level would be based on the current depreciation of assets expressed in terms of today's replacement costs, less any debt principal payments.

The minimum level based on historical cost depreciation approximates the depletion of asset value. Some of the cost may already be in the rates in the form of debt service. Depreciation less debt principal repayment provides a minimum estimate of the cost of assets used. Any funding level below this amount defers costs to future rate payers and erodes the Utility's equity position, which puts the Utility's financial strength and viability at risk.

The maximum level based on replacement cost depreciation represents full compensation to the utility, in terms of today's value, for the depletion of assets. The replacement cost depreciation, again less debt principal repayment, provides a ceiling to an equitable definition of "cost of service".

The purpose of long-term capital reinvestment planning is to establish a target funding level which is based on need and to assure that funds will be available for projected capital costs in an equitable manner. The best projection of the needed capital reinvestment is based on a "survival curve" approach, approximating the timing and cost of replacing the entire system. This defines the projected financial needs and allows determination of equitable rate levels, funding levels for current capital construction and engineering, contributions to and withdrawals from the R&R Account, and the use of debt, if any. It also provides a means to project depreciation on both historical cost and replacement cost basis which are used to calculate minimum and maximum funding levels, debt to fixed asset ratios, and debt coverage levels, if debt is used. These later measures can be used to assure that the financial plan meets conventional standards.

**C. Use of Debt**

**The Utilities should fund capital investment from rates and other revenue sources and should not plan to use debt except to provide rate stability in the event of significantly changed circumstances, such as disasters or external mandates.**

**Resolution No. 5759 states that the City Council will establish utility rates/charges and appropriations in a manner intended to achieve a debt service coverage ratio (adjusted by including City taxes as an expense item) of approximately 2.00". Please note that the Moody's Investor Services rating should be Aa2 (not Aa as stated in Resolution No. 5759).**

Discussion:

The Utilities are in a strong financial position and have been funding the Utility Capital Investment Program from current revenues for a number of years. The current 20 year and 75 year capital funding plans conclude that the entire long-term renewal and replacement program can be funded without the use of debt if rates are planned and implemented uniformly over a sufficient period. Customers will pay less over the long-term if debt is avoided, unless it becomes truly necessary due to unforeseen circumstances such as a disaster or due to changes in external mandates. Having long-term rate stability also assures inter-generational equity without the use of debt because the rate pattern is similar to that achieved by debt service.

Use of low interest rate debt such as the Public Works Trust Fund loans, by offering repayment terms below market rates, investment earnings or even inflation, should be viewed as a form of grant funding. When available or approved, such sources should be preferred over other forms of rate or debt funding, including use of available resources. Since such reserves would generate more interest earnings than the cost of the loan, the City's customers would be assured to benefit from incurring such debt.

Comprehensive Financial Management Policies  
Figure 12d - Utilities Department Financial Policies

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WP0254C-RES  
03/03/94

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 5759

A RESOLUTION relating to financial policy for the Waterworks Utility and adopting a debt service coverage policy for the Waterworks Utility

WHEREAS, the City of Bellevue is consistently recognized for its prudent financial management; and

WHEREAS, the City of Bellevue's Water and Sewer Bonds are currently rated Aa by Moody's Investor Services and AA- by Standard & Poor's Corporation, which are considered to be excellent ratings; and

WHEREAS, these excellent ratings result in lower interest costs on the City's Water and Sewer bonds, which, in turn, may result in lower water, sewer and storm drainage costs; and

WHEREAS, it is important to the rating agencies and to the financial community that the City articulate its financial goals for its Waterworks Utility; and

WHEREAS, a desirable debt service coverage ratio, the ratio of revenues available for debt service to the annual debt service requirement, positively affects the Utility's bond ratings; and

WHEREAS, the City Council deems it in the City's best interest to establish a debt service coverage policy target for the purpose of protecting its current bond rating and to allow for the development of financial projections,  
NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES  
RESOLVE AS FOLLOWS:

Section 1. The City Council hereby adopts the following debt service coverage policy for the bonds issued by the City's Waterworks Utility.

The City Council will establish utility rates/charges and appropriations in a manner intended to achieve a debt service coverage ratio (adjusted by including City taxes as an expense item) of approximately 2.00. The City Council authorizes the Waterworks Utility to utilize this policy in development of pro

Comprehensive Financial Management Policies  
Figure 12d - Utilities Department Financial Policies

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WP0254C-RES  
03/03/94

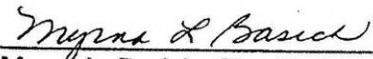
forma projections which will be disseminated to the bond rating agencies and to the financial community generally.

PASSED by the City Council this 7th day of March,  
1994, and signed in authentication of its passage this 8th day of  
March, 1994.

(SEAL)

  
Donald S. Davidson, DDS, Mayor

Attest:

  
Myrna L. Basich, City Clerk

**D. Capital Facilities Renewal & Replacement (R&R) Account**

**1. Sources of Funds**

Revenues to the R&R Account may include planned and one-time transfers from the operating funds, transfers from the CIP Funds above current capital needs, unplanned revenues from other sources, Capital Recovery Charges, Direct Facility Connection Charges and interest earned on the R&R Account.

**2. Use of Funds**

Funds from the R&R Account shall be used for system renewal and replacement as identified in the CIP. Because these funds are invested, they may be loaned for other purposes provided repayment is made consistent with the need for these funds and at appropriate interest rates. Under favorable conditions, these funds may be loaned to call or decrease outstanding debt.

**3. Accumulation of Funds**

The R&R Account will accumulate high levels of funds in advance of major expenses. These funds will provide rate stability over the long-term when used for this purpose and should not be used for rate relief.

Discussion:

Revenues from Capital Recovery Charges, Direct Facility Connection Charges and interest earned on the R&R Account are deposited directly into the R&R Account. Other transfers are dependent on the long-term financial forecast, current revenues and expenses, and CIP cash flows. The long-term financial forecast projects a certain funding level for the transfers to the CIP and the R&R Accounts. Rates should be established consistent with this long-term financial plan and will generate the funds for such transfers. Setting rates at lower levels may result in current rate payers contributing less than their fair share for long-term equity.

R&R Account funds must only be used for the purpose intended; that is, the long-term renewal and replacement of the utility systems. They may be used for other purposes if it is treated as a loan, which is repaid with appropriate interest in time for actual R&R needs for those funds.

These accounts are each projected to accumulate tens of millions of dollars in order to meet the anticipated costs for the actual projects at the time of construction. It is the intent of these policies that these reserve funds will not be used for other purposes or to provide rate relief because that would defeat the long-term equity and could lead to the need for the use of debt to fund the actual needs when they occur.

### **III. SYSTEM EXPANSION AND CONNECTION POLICIES**

#### **A. *Responsibilities***

**Those seeking or who are required to have Utility service are responsible for extending and/or upgrading the existing Utility systems prior to connecting.**

Discussion:

It is the responsibility of the party seeking Utility service to make and pay for any extensions and/or upgrades to the Utility systems that are needed to provide service to their property. The extensions or upgrades must be constructed to City standards and requirements. This is typically accomplished through a Developer Extension Agreement with the City wherein requirements are documented, standards are established, plans are reviewed and construction is inspected and approved. Service will not be provided until these requirements are met.

The philosophical underpinning of this policy is that “growth pays for growth”. Historically, developers constructed much of the City’s utility infrastructure. If the infrastructure eventually would benefit more than the initial developer, the Utility signed a Latecomer Agreement to reimburse the original financier from charges to those connecting and receiving benefit at a later point in time. When the cost to extend and/or upgrade the system to accommodate development or redevelopment is beyond the means of a single developer, the Utility has employed a variety of methods to assist in the construction of the necessary infrastructure. Local Improvement Districts (LID’s) historically have been used to provide financing for infrastructure for new development, with the debt paid over time by the property owners. Most of the older Utilities infrastructure was financed by this method.

The Utility has in some cases up-fronted the infrastructure construction for new development or redevelopment from rate revenues which are later reimbursed with interest, in whole or in part, by subsequent development through direct facility connection charges (see Cost Recovery Policy). Examples are the water and sewer infrastructure for Cougar Mountain housing development and Central Business District (CBD) redevelopment. Another example is the use of the Utility’s debt capacity to provide for development infrastructure whereby the City sells bonds at lower interest rates than can private development, constructs the infrastructure, and collects a rate surcharge from the benefited area to pay off the bonds. Examples of this type of financing include the Lakemont development drainage infrastructure and the Meydenbauer Drainage Pipeline in the CBD.

#### **B. *Cost Recovery***

**The Utility shall establish fees and charges to recover Utility costs related to: (1) development services, and (2) capital facilities that provide services to the property.**

**The Utility may enter into Latecomer Agreements with developers for recovery of their costs for capital improvements, which benefit other properties in accordance with State law. The Utility will add an administrative charge for this service.**

Discussion:

In general, Utility costs related to development services are recovered through a variety of fees and charges. There are fixed rates for some routine services based on historical costs and

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inflation. There are fixed plus direct cost charges and applicable overhead for developer extension projects to cover the lengthy but variable level of development review and inspection typically required to implement these projects. These rates are reviewed periodically to ensure that the cost recovery is appropriate.

When the means of providing the infrastructure to serve a new development or redevelopment are beyond the means of a single developer, the Utility may elect to assist the developer by using: LID's, Latecomer Agreements, special debt (to be paid by special rate surcharges), up-fronting the costs from Utility rate revenues (to be reimbursed by future developers with interest through direct facility connection charges), or other lawful means. It is the intent of this policy to fully recover these costs, including interest, so as to reimburse the general rate payer.

Latecomer charges allow cost recovery for developers and private parties, for facilities constructed at their own expense and transferred to the Utility for general operation. Properties subsequently connecting to those systems will pay a connection charge that will be forwarded to the original individual or developer or the current owner depending on the terms of the Latecomer Agreement. The Utility collects an overhead fee on this charge for processing the agreements and repayments.

**C. Use of Revenues**

**All capital-related revenues such as Capital Recovery Charges and Direct Facility Connection Charges should be deposited in the Capital Facilities Renewal & Replacement Accounts.**

Discussion:

Capital Recovery Charges are collected from all newly developed properties in the form of monthly rate surcharges over a ten year period to reimburse the Utility for historical costs that have been incurred by the general rate base to provide the necessary facilities throughout the service area. These Capital Recovery Charges should be deposited in the Capital Facilities Renewal & Replacement Accounts.

Direct Facility Connection Charges are collected for capital improvements funded by the City as described above in Section 2 under Cost Recovery. The total cost of the improvement is allocated to the area of benefit and distributed on an equitable basis such as per residential equivalent unit. Interest is collected in accordance with State law.

**D. Affordable Housing Consideration**

**The Utility shall base connection charges on the number of units allowed under the basic zoning. Only incremental cost increases will be charged to affordable housing units.**

Discussion:

The City has adopted bonus density incentives for developers to build units specifically for affordable housing. Under historical practices these additional units would have been charged the same connection fee as all other units, resulting in a lower cost per unit for all units. While this is fair, it does not create any incentive to develop affordable housing. By charging only the incremental increased facility cost to the affordable housing units, all developers who include an affordable housing component will experience no increase in cost because of the affordable bonus density units. The cost per unit for affordable units is thereby reduced. The cost per unit

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for all other units, based on underlying land use zoning, remains unchanged.

#### **IV. RATE POLICIES**

##### **A. Rate Levels**

**Rates shall be set at a level sufficient to cover current and future expenses and maintain reserves consistent with these policies and long-term financial forecasts.**

**Changes in rate levels should be gradual and uniform to the extent that costs (including CIP and R&R transfers) can be forecast.**

**Cost increases or decreases for wholesale services shall be passed directly through to Bellevue customers.**

**Local and/or national inflation indices such as the Consumer Price Index (CPI) shall be used as a basis for evaluating rate increases.**

**At the end of the budget cycle, fund balances that are greater than anticipated and other one-time revenues should be transferred to the R&R account until it is shown that projected R&R account funds will be adequate to meet long-term needs, and only then used for rate relief.**

Discussion:

A variety of factors including rate stability, revenue stability, the encouragement of practices consistent with Utility objectives and these Waterworks Utility Financial Policies are considered in developing Utility rates. The general goal is to set rates as low as possible to accomplish the on-going operations, maintenance, repair, long-term renewal and replacement, capital improvements, debt obligations, reserves and the general business of the Utility.

Long-range financial forecast models have been developed for each of the Utilities, which include estimated operating, capital and renewal/replacement costs for a 75 year period in order to plan for funding long-term costs. Operating costs are assumed to remain at the same level of service and don't include impacts of potential changes due to internal, regional or federal requirements. Capital costs, including renewal/replacement, are projected based on existing CIP costs and approximated survival curves for the infrastructure. The models are used to project rate levels that will support the long-term costs and to spread rate increases uniformly over the period. This is consistent with the above policy that changes in rate levels should be gradual and uniform. Uniform rate increases help ensure that each generation of customers bears their fair share of costs for the long-term use and renewal/replacement of the systems.

The biennial budget process provides an opportunity to add to or cut current service levels and programs. The final budget, with the total authorized expenses including transfers to the CIP Fund and the R&R Account, establishes the amount of revenue required to balance the expenses. A balanced budget is required. The budgeted customer service revenue determines the level of new rates. For example, if the current rates do not provide sufficient revenues to meet the projected expenses, the costs have to be reduced or the rates are increased to make up the shortfall.

For purposes of these policies, wholesale costs are defined as costs to the Utilities from other regional agencies such as the Seattle Public Utilities and/or the Cascade Water Alliance (CWA),

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and King County Department of Natural Resources for sewer treatment and any agreed upon Storm & Surface Water programs. Costs which are directly based on the Utilities' revenues or budgets such as taxes, franchise fees and reserve levels that increase proportionally to the wholesale increases are included within the definition of wholesale costs.

**B. Debt Coverage Requirements**

**Utility rates shall be maintained at a level necessary to meet minimum debt coverage levels established in the bond covenants and to comply with Resolution No. 5759 which establishes a target coverage ratio of 2.00.**

Discussion:

Existing revenue bond covenants legally require the City's combined Waterworks Utility, which includes the Water, Sewer and Storm & Surface Water Utilities, to maintain a minimum debt coverage ratio of 1.25 on a combined basis. In 1994, Council also adopted Resolution No. 5759 that established a policy, which mandates the Utilities to maintain a target combined debt coverage ratio of approximately 2.00, to further protect the City's historically favorable Utility revenue bond ratings. Water and Sewer Utility resources are counted in the official coverage calculation though Storm & Surface Water is responsible for the major portion of current outstanding Utility debt. Requiring Storm & Surface Water to separately maintain the minimum 1.25 legal debt coverage level and to move toward the 2.00 level will help ensure that necessary coverage requirements are met, and that customers of the other Utilities will not be unfairly burdened with the cost of meeting this obligation. It also ensures that sufficient coverage is available to the Water and Sewer Utilities if they need to incur debt.

**C. Frequency of Rate Increases**

**Utility rates shall be evaluated annually and adjusted as necessary to meet budgeted expenses including wholesale cost increases and to achieve financial policy objectives.**

Discussion:

In 1996, the City changed to a biennial budget process and adopted a two-year Utilities budget including separate rates for 1997 and 1998. This practice will continue on a biennial basis. However, Utility rates will be evaluated on an annual basis and adjusted as necessary to ensure that they are effectively managed to achieve current and future financial policy objectives. Annual rate reviews will include preparation of forecasts covering a twenty-year period for Utility revenues, expenditures, reserve balances and analysis of the impact of various budgetary elements (i.e. CIP transfers, R&R Account transfers, debt service costs, debt coverage levels, operating expenses, and reserves) on both current and future rate requirements.

**D. Rate Structure - Sewer**

**The Sewer Utility rate structure will be based on a financial analysis considering cost-of-service and other policy objectives, and will provide for equity between customers based on use of the system and services provided.**

Discussion:

In 1993, a Sewer Rate Study was performed that resulted in Council approval of a two-step,

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volume-based rate structure for single-family customers based on winter average metered water volumes instead of the traditional flat rate structure. Flat rate structures were seen as inequitable to low-volume customers who paid the same amount as high volume customers. Rates are based on the level of service used, rather than the availability of service.

The revenue requirements are based on the "average" single-family winter average volume calculated annually from the billing database. The charge for an individual customer is based on their winter average and then charged at that level each bill for the entire year to avoid charging for irrigation use. The customer's winter average is based upon the prior year's three winter bills because the current year's bills include winter months, which would result in the average constantly changing. Customers without prior winter averages to use for a basis are charged at the "average" volume until they establish a "winter-average" or sufficient evidence that their use is significantly different than the "average".

**E. Rate Structure - Storm & Surface Water**

**The Storm & Surface Water Utility rate structure will be based on a financial analysis considering cost-of-service and other policy objectives, and will provide adjustments for actions taken under approved City standards to reduce related service impacts.**

Discussion:

In the existing Storm & Surface Water rate structure, customer classes are defined by categories of development intensity, i.e., *undeveloped*, *lightly developed*, *moderately developed*, *heavily developed* and *very heavily developed*. Based on theoretical run-off coefficients for each of these categories, higher rates are charged for increasing degrees of development to reflect higher run-off resulting from that development. Under this structure, billings for both residential and non-residential customers are determined by total property area and rates assigned to applicable categories of development intensity. Customers providing on-site detention to mitigate the quantity of run-off from their property receive a credit equal to a reduction of one rate level from their actual development intensity. Property classified as "wetlands" is exempt from Storm & Surface Water service charges.

Large properties, over 35,000 square feet, with significantly different levels of intensity of development may be subdivided for rate purposes in accordance with Ordinance No. 4947. In addition, properties with no more than 35,000 square feet of developed area in the light and moderate intensity categories may, at the option of the owner, defer charges for that portion of the property in excess of 66,000 square feet. The property owner may apply for a credit against the Storm & Surface Water charge when they can demonstrate that the hydrologic response of the property is further mitigated through natural conditions, on-site facilities, or actions of the property owner that reduce the City's costs in providing Storm & Surface Water quantity or quality services.

Future design of a water quality rate component will also use cost-of-service principles to assign defined water quality costs to customer classes, according to their proportionate contribution to Utility service demand. It is anticipated that these rate structure revisions will also provide financial incentives to customers taking approved actions to mitigate related water quality impacts.

**F. Rate Structures - Water**

**The water rate structure will be based on a financial analysis considering cost-of service and other policy objectives, and shall support water conservation and wise use of water**

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**resources.**

Discussion:

The water rate structure consists of fixed monthly charges based on the size of the customer's water meter and volume charges, which vary according to customer class and the actual amount of water that the customer uses. There are three different meter rate classifications: domestic, irrigation and fire standby. The different charges are based on a cost-of-service study.

State law and the wholesale water supply contract require the Utility to encourage water conservation and wise use of water resources. Seattle first established a seasonal water volume rate structure for this purpose in 1989 with higher rates in the summer than in the winter. In 1990, based on a water rate study and the desire to provide a conservation-pricing signal to our customers, the City adopted an increasing block rate structure for local volume rates. The rate structure was revised in 1991 to pass through an increase in wholesale water costs, which also included a higher seasonal water rate for summer periods. The block water rate structure was revised again in 1997, to incorporate new cost-of-service results from a 1996 water rate study.

An increasing block rate structure, charges higher unit rates for successively higher water volumes used by the customer. The current rate structure has four rate steps for single-family and three rate steps for multi-family customers, based on metered water volumes. All irrigation-metered water is charged at a separate, higher rate. Because non-residential classes do not fit well in an increasing block rate approach due to wide variations in their size and typical water use requirements, seasonal rates, with and without irrigation, were established for these customers. This rate structure will be thoroughly reviewed, as more historical information is available on the effect of the increasing block and seasonal rate structure.

In 1997, an additional category of fire protection charges was added for structures and facilities that benefit from the City water system but are not otherwise being charged for water service. For example, a number of homes are on private wells but are near a City-provided fire hydrant and enjoy the additional benefit of fire protection yet didn't pay for the benefit on a water bill. The charge is based on an equivalent meter size that would normally serve the facility. It also applies to facilities that have terminated water service but still stand and require fire protection, such as homes or buildings that are not occupied.

**G. Rate Equity**

**The rate structure shall fairly allocate costs between the different customer classes. Funding of the long-term Capital Investment Program also provides for rates that fairly spread costs over current and future customers.**

Discussion:

As required under State law, Utility rates will provide equity in the rates charged to different customer classes. In general, rates by customer class are designed to reflect the contribution by a customer group to system-wide service demand, as determined by cost-of-service analysis. The RCW also authorizes utility rates to be designed to accomplish "any other matters, which present a reasonable difference as a ground for distinction". For example, increasing water rates for irrigation and higher levels of use is allowed to encourage the wise use and conservation of a valuable resource. Formal rate studies are periodically conducted to assure ongoing rate equity between customer classes and guide any future rate modifications necessary to support changing Utility program or policy objectives.

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Contributions from current rates to the R&R Account also provide equity between generations of rate payers by assuring that each user pays their fair share of capital improvements, including renewal and replacement, over the long-term. (See sections B and D under the Capital Investment Program Policies).

**H. Rate Uniformity**

**Rates shall be uniform for all utility customers of the same class and level of service throughout the service area. However, special rates or surcharges may be established for specific areas, which require extraordinary capital investments and/or maintenance costs. Revenues from such special rates or surcharges and expenses from capital investments and/or extraordinary maintenance shall be accounted for in a manner to assure that they are used for the intended purposes.**

Discussion:

The City Water and Sewer Utilities originally formed by assuming ownership of three separate operating water districts and two sewer districts. In the assumption agreements, each included a provision that requires the Utility to uniformly charge all customers of the same class throughout the entire service area. The basic rates are set for all customers, inside and outside of the City, except for local utility taxes in Bellevue, and franchise fees in Clyde Hill, Hunts Point, Medina, and Yarrow Point. Unlike the Water and Sewer Utilities, the Storm & Surface Water Utility only serves areas within the City limits.

Under state law, Utilities are required to charge uniform rates to all customers in a given customer class, regardless of property location within the service area. The only exception permitted is for certain low-income customers (see below).

However, when conditions in particular service areas require extraordinary capital improvement or maintenance costs to be incurred, special rates or surcharges may be adopted to recover those costs directly from properties contributing to the specific service demand, instead of assigning that cost burden to the general Utility rate base. This will only apply for costs above and beyond normal operations, maintenance and capital improvements. For example, rate surcharges are being used to recover debt service costs for capital facilities in Lakemont and the CBD. An additional rate surcharge for Lakemont properties is being collected for extraordinary maintenance costs of the storm water treatment facility.

**I. Rate Assistance**

**Rate assistance programs shall be provided for specific low-income customers as permitted by State law.**

Discussion:

Continual increases in all utility rates have had a significant impact on low-income customers. The City has adopted a rate discount or rebate program for disabled customers and senior citizens over 62 years old and with income below certain levels as permitted under State law and defined in Ordinance No. 4458. It has two levels, one discounting Utility rates by 40 percent and the other level by 75 percent, based on the customer's income level. Customers that indirectly pay for Utility charges through their rent can obtain a rebate for the prior year's Utility charges on the same criteria. The City also rebates 100 percent of the Utility Tax for these customers. The

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cost of this program is absorbed in the overall Utility expenses and is recovered through the rate base. The General Fund provides for the Utility tax relief.

There are other low-income customers who are less than 62 years old and currently receive no Utility rate relief. However, the City has instituted a separate rebate of Utility taxes for qualified low-income citizens.

**V. OPERATING RESERVE POLICIES**

**A. *Operating Reserve Levels***

**The Utilities' biennial budget and rate recommendations shall provide funding for working capital, operating contingency, and plant emergency reserve components on a consolidated basis in accordance with the attached Summary of Recommended Consolidated Reserve Levels table and as subsequently updated.**

Discussion:

Utility resources not spent for operations remain in the fund and are referred to as reserves. At the end of each year, these funds are carried forward to the next year's budget and become a revenue source for funding future programs and operations. Under the terms of this policy, the Utility budget is targeted to include a balance of funds for the specific purposes stated above. While included in the total operating budget, these reserves will only be available for use pursuant to these reserve policies. Setting aside these budget resources in the reserve balance will help to ensure continued financial rate stability in future Utility operations and protect Utility customers from service disruptions that might otherwise result from unforeseen economic or emergency events.

The working capital reserve is maintained to accommodate normal cyclical fluctuations within the two month billing cycle and during the budget year. These are higher for Water than for Sewer and Storm & Surface Water due to more variable revenues and expenditures. They are described in terms of a number of days of working capital as a percentage of a full-year's budget.

The operating contingency reserve protects against adverse financial performance or budget performance due to variations in revenues or expenses. Again, the Water Utility is most susceptible to year-to-year variations in water demand. They are described in terms of percentages of budgeted wholesale costs and operations and maintenance (O&M) costs.

The plant emergency contingency reserve provides protection against a system failure at some reasonable level. The Storm & Surface Water Utility requires the largest reserve due to the risk of major flood damage to Utility facilities. Water and Sewer Utilities protect against the cost of a major main break or failure. These do not protect against the loss of facilities that are covered by the City's Self-Insurance to which the Utilities pay annual premiums nor are they sufficient to respond to a major disaster, such as a major earthquake.

The reserves of the three utilities have historically been treated separately. This protects against cross-subsidy, thereby retaining rate equity for each utility, each of which has different customers. However, it results in higher reserve targets, with more funds retained than otherwise may be needed. Sharing risks among utilities can reduce reserves. This does not require that reserves actually be consolidated into a single fund, but simply that individual reserve targets reflect the strength provided by the availability of cross-utility support. Under the "consolidated" scenario,

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cash shortfalls in one reserve could be funded through inter-utility loans, to be repaid from future rates. The likelihood that a serious shortfall would occur in more than one fund at the same time is slight and the benefits of lower overall reserve levels will benefit rate payers. Also, the rate policies and the debt coverage policy will ensure that there will be a strong financial response to any significant shortfall. The risk is considered a prudent financial policy.

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City of Bellevue  
 Summary of Recommended Consolidated Reserve Levels

Type of Reserve	Water		Wastewater		Storm Drainage	
	Basis	Level	Basis	Level	Basis	Level
Working Capital – Reserves against revenue and expense fluctuations within the 2 month billing cycle and during the budget year.	48 days of budgeted O&M costs (excludes debt service, capital funding).	\$4,609,100	30 days of Metro costs and 20 days of City O&M costs (excludes debt service, capital funding).	\$2,877,800	29 days of budgeted O&M costs (excludes debt service, capital funding).	\$841,800
Operating Contingency – Reserves against annual budget shortfalls due to poor financial performance.	7.5% of water purchase costs and 1.1% of other water O&M costs.	\$3,252,200	2% of Metro costs and 5% of other wastewater O&M costs.	\$1,113,200	2.5% of O&M costs.	\$264,900
Plant Emergency Contingency – Reserves against failure of a major facility or piece of equipment.	Cost for repair of water main break.	\$100,000	Cost of repair for wastewater main break.	\$100,000	\$500,000 based on potential net cost of flood damage.	\$500,000
Less: Allowance for duplicating or offsetting reserves	None.	\$0	Working Capital and Operating Contingency include offsetting reserves equal to 2% of all O&M.	\$(775,300)	None.	\$0
Less: Allowance for consolidating reserves	2.5% of City O&M for interfund charges between utilities.	\$(445,400)	1% City O&M for interfund charges between utilities.	\$(112,600)	1% of City O&M for interfund charges between utilities.	\$(105,900)
	Share of reduced plant emergency reserve.	\$(15,000)	Share of reduced plant emergency reserve.	\$(15,000)	Share of reduced plant emergency reserve.	\$(70,000)
	Lesser of min. working capital or plant emergency reserves.	\$(85,000)	Lesser of min. working capital or plant emergency reserves.	\$(85,000)	Lesser of min. working capital or plant emergency reserves.	\$(220,000)
<b>Total</b>		<b>\$7,415,900</b>		<b>\$3,103,100</b>		<b>\$1,210,800</b>

Note: Reserve levels based on amended 2012 utility budgets.

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For this purpose, O&M costs are the entire annual operating budget of the Utility less the annual debt service, Capital Investment Program transfers and R&R Account transfers. Independent reserve levels are the levels that would be required by an individual Utility Fund (Water, Sewer and Storm & Surface Water) at any point in time to cover financial obligations if any one of the three reserve components were called for; i.e., working capital, operating contingency or plant emergency. At any single time, the full independent reserve levels should be available for the individual stated purpose, again because it is unlikely that all three components would be called for at once. For example, the Water Utility needs \$100,000 available for an emergency repair but it is not likely that the Sewer Utility will need \$100,000 and the Storm & Surface Water Utility will need \$500,000 all at the same point in time.

The consolidated basis is for budget and rate setting purposes only, to reduce the total revenue requirement by considering the reserve risk shared between the three utilities. The dual reserve levels should be considered as circumstances evolve.

In 2004, the Financial Consulting Solution Group (FCSG) performed an analysis of recommended changes to the Water Utility's working capital and operating contingency reserves to reflect the new wholesale water contract with CWA and to update reserve levels for current conditions. Under the new contract, billing practices for wholesale costs have changed as follows:

1. CWA payment occurs before the associated revenues are collected, resulting in a greater lag between wholesale expense and when revenues are collected.
2. CWA payments are distributed over the whole year based on predetermined percentages and not based on actual consumption during the year. Due to seasonal revenue variation, there is an accumulative deficit in revenues prior to the peak revenue period.

In addition, the total costs to Bellevue are now largely fixed for the year due to the "take or pay" nature of the contract between CWA and Seattle Public Utilities. This shifts the risk during a poor water sales year to the City since there will not be a corresponding reduction in water purchase costs when water sales are down.

Changes in both billing practices as well as the fixed nature of the wholesale costs will result in an increase in required reserves for working capital and operating contingency for the Water Fund.

As part of their 2004 analysis, FCSG recommended increasing working capital operating reserve requirements for the Water fund from 48 days of budgeted O&M costs (excluding debt service and capital funding) to 70 days. The change was primarily related to an expected increase in seasonal revenue variation resulting from Cascade's fixed monthly billing percentages. However, our experience has been that since implementing the change in 2005 there has been essentially no increase in seasonal revenue variation. As a result, beginning in 2011, working capital operating reserve requirements for the Water fund will be reduced from 70 days of budgeted O&M costs (excluding debt service and capital funding) to the original level of 48 days.

### **B. Management of Operating Reserves**

**Related to the recommended target reserve levels, a working range of reserves is established with minimum and target levels. Management of reserves will be based on the level of reserves with respect to these thresholds, as follows:**

**Above target - Reserve levels will be reduced back to the target level by transferring excess funds to the R&R Accounts in a manner consistent with the long-range financial**

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plan.

**Between Minimum and Target - Rate increases would be imposed sufficient to ensure that: 1) reserves would not fall below the minimum in an adverse year; and 2) reserves would recover 50% of the shortfall from target levels in a normal year. Depending on the specific circumstances, either of these may be the constraint, which defines the rate increase needed.**

**Below Minimum - Rate increases would be imposed sufficient to ensure that even with adverse financial performance, reserves would return at least to the minimum at the end of the following year. To meet this "worst case" standard, a year of normal performance would be likely to recover reserve levels rapidly toward target levels.**

**Negative Balance - Reserves would be borrowed from another utility to meet working capital needs. Similar to the "below minimum" scenario, rate increases would be imposed sufficient to ensure that even with adverse financial performance, reserves would return from the negative balance to at least the minimum target at the end of the following year, which would allow for loan repayment within that time frame.**

Discussion:

"Adverse financial performance" or "worst case" are defined by the 95% confidence interval based on historical patterns. The worst case year is currently defined as a year with sales volumes 15% below the sales volume for a normal year. This was determined by using statistical measurements of sales volumes for 18 years with a 95% confidence interval. That is, in any given year there is only a 5% chance that the worst case year would be more than 15% below the normal year. Another way to say the same thing is that in 19 out of 20 years the worst case year would not be more than 15% below the normal year.

Maintaining the 95% confidence interval, as more and more data becomes available, a worst case year could change upward or downward from the 15% variation from a normal year.

The recommended reserve policies are premised on the vital expectation that reserves are to be used and reserve-levels will fluctuate. Although budget and rate planning are expected to use the target reserve number, reserve levels planned to remain static are by definition unnecessary. It is therefore important to plan for managing the reserves within a working range between the minimum and target levels as stated in the above policies. There may be situations in short-range financial planning where reserves are maintained above target levels to overcome peaks in actual expenses.

In the event of an inter-utility loan, the balance for the borrowing utility would essentially be any cash balance less the amount owed. The lending utility would count the note as a part of its reserves, so that it does not unnecessarily increase rates to replenish reserves that are loaned.

In this management approach, there is still a risk that a major plant emergency could exceed the amount reserved. Such a major shortfall would require rate action to assure a certain level of replenishment in one year. To avoid rate spikes due to this type of action, they should be considered on a case-by-case basis. This will provide the flexibility to use debt or capital reserves in lieu of operating reserves to cover the cost and allow a moderated approach to replenishing reserves out of rates.

**C. *Asset Replacement Reserves***

**Utility funds will maintain separate Asset Replacement Accounts to provide a source of funding for future replacement of operating equipment and systems.**

**Anticipated replacement costs by year for the upcoming 20-year period, for all Utility asset and equipment items, will be developed as a part of each biennial budget preparation process. Budgeted contribution to the Asset Replacement Account will be based on the annual amount needed to maintain a positive cash flow balance in the Asset Replacement Account over the 20-year forecast period. At a minimum, the ending Asset Replacement Account balance in each Utility will equal, on average, the next year's projected replacement costs for that fund.**

**The Utilities Department will observe adopted Equipment Rental Fund (ERF) and Information Services budget policies and procedures in formulating recommendations regarding specific equipment items to be replaced.**

Discussion:

Providing reserves for equipment and information technology systems replacement allows monies to be set aside over the service life of these items to pay for their eventual replacement and alleviate one-time rate impacts that these purchases might otherwise require. Annual revenues set aside for this purpose will be based on aggregate Utility asset replacement cash flow needs over the long-term forecast period, instead of individual asset replacement amounts. This strategy will allow Utilities to minimize the progressive build-up of excess Asset Replacement Account balances that would result from creating and funding separate reserve accounts for individual Utility asset and equipment items.

## SOLID WASTE RESERVES POLICY

### RESERVE LEVELS

Consistent with other Utility funds, this policy recommends that some resources be budgeted as reserves to provide funding for working capital and emergencies. Setting aside reserves will help to ensure continued financial rate stability in future Solid Waste operations, and protect customers from service disruptions that might otherwise result from unforeseen economic or emergency events. While included in the total operating budget, these reserves will only be available for use pursuant to these reserve policies.

The Solid Waste Fund provides funding for two main functions:

1. Administration of the Solid Waste Collection Contract (Contract) and related outreach, education and technical assistance activities; and,
2. Administration of waste prevention and recycling grant-funded projects.

The fund's two sources of income are fees and grant monies, as described below:

1. Administrative Fees: These are paid into the Solid Waste Fund by the solid waste collection contractor per the terms of the Contract. These funds provide the base funding for personnel, supplies, programs and activities.
2. Grants: The Solid Waste Fund receives grant dollars from several agencies for waste prevention and recycling projects. Grant agencies reimburse the Solid Waste Fund for project expenses quarterly or annually, depending on the terms of the grant agreement.

Reserve components are as follows:

1. **Working Capital.** Working capital reserves are necessary to accommodate normal cyclical fluctuations within the Solid Waste fund. There are two elements for this reserve component; one element supports Solid Waste Management and the other supports the grant-funded programs.

The solid waste collection/disposal and recycling programs have predictable revenues and expenditures. However, the Solid Waste Fund has a single revenue source, its solid waste collection contractor. Two consecutive withheld payments would deplete and exceed a typical 45-day reserve. Therefore the reserve is set at 75 days.

The grant-funded programs are pre-funded by the Solid Waste fund and reimbursement requests are made quarterly or annually, depending on the grant agency agreement. While most grant agencies pay reimbursement requests within 45 days of receipt, the existing reimbursement billing schedule can result in carrying project expenses for up to a year before funds are received. For this reason, reserves equal to 100% of anticipated grant funding are included to support cash-flow.

2. **Emergencies.** A reserve component has historically been used by the Solid Waste Fund to pay for recovery from emergencies such as windstorms, and therefore has been viewed as a necessary element of the Solid Waste Fund Reserve Policy. While the Emergency Reserve portion of the Solid Waste Fund is too small to fully support debris management in a major disaster, it is reasonable to expect to use it for smaller recovery efforts. The Solid Waste Fund has been used three times for windstorm recovery in the past two decades. The cost of these activities has ranged from \$30,000 to \$75,000 on a per event basis. It seems prudent to prepare for a "reasonable worst case" scenario rather than a least cost scenario. Therefore, a \$75,000 plus inflation target has been selected. The basis for this component is the cost of a supplemental

windstorm debris pick-up by a contractor. This reserve level amount is adjusted by the annual CPI. However, the amount is effectively \$0 due to reserve consolidation.

**Consolidated Reserve**

A consolidated reserve that compensates for duplicate reserves could be used to reduce the target reserve level. The emergencies reserve and the operating expenses reserve are consolidated at the emergencies reserve level, which is the higher of the two. Further consolidation is not recommended as the grant cash flow reserve is in use constantly throughout the year.

**Other Reserve Components**

No reserve components are necessary for capital expenditures, operating contingency, debt service, liability or asset replacement since the majority of the operations are contracted and are not the City's responsibility. Reserves will be updated at each biennial budget development period.

<b><u>Target Solid Waste Reserves</u></b>			
<b><u>Type of Reserve</u></b>	<b><u>Basis</u></b>	<b><u>2013 Level</u></b>	<b><u>2014 Level</u></b>
<b>WORKING CAPITAL</b> – Reserves against revenue and expense fluctuations			
- Solid Waste collection/disposal and recycling programs	75 days of budgeted O&M	\$139,007	\$143,674
- Grant funded programs	100% of anticipated grant budget	\$327,669	\$323,400
<b>EMERGENCIES</b>	\$75,000 (2012 dollars) adjusted for annual CPI	\$76,575	\$78,413
<b>CONSOLIDATED RESERVE ADJ</b>		(\$76,575)	(\$78,413)
<b>Target Reserve</b>		<b>\$466,676</b>	<b>\$467,074</b>

**MANAGEMENT OF THE RESERVE:**

The current Solid Waste Fund Reserve Policy is premised on the expectation that the reserves are to be used and reserve levels will fluctuate. It is therefore important to plan for managing the reserves within a working range. There may be situations in short-range financial planning where reserves are maintained above or below target levels.

The target reserve level will be established during the budget development process. Related to the recommended target reserve levels, a working range of reserves is established with minimum and target

levels. Management of the reserves will be based on the level of reserves with respect to these thresholds, as follows:

Above Target – Since the Solid Waste Fund does not have R & R accounts to transfer excess funds to, reserve levels will be held in the Solid Waste Fund until sufficient amount has accumulated to be budgeted and used for one of the following:

- Return funds to customers through decreased rates
- Provide additional services to customers
- Fund a high priority project

Between Minimum and Target – Rate increases would be implemented sufficient to ensure that:

1. Reserves would not fall below the minimum in an adverse year; and
2. Reserves would recover 50% of the shortfall from target levels in a normal year.

Depending on the specific circumstances, either of these may be the constraint that describes the rate increase needed.

Below Minimum – Rate increases would be implemented sufficient to ensure that even with adverse financial performance, reserves would return at least to the minimum at the end of the following year. To meet this “worst case” standard, a year of normal performance would be likely to recover reserve levels toward target levels.

Negative Balance – Reserves would be borrowed from another fund within the City to meet working capital needs. As with the “below minimum” scenario, rate increases would be implemented sufficient to ensure that even with adverse financial performance, reserves would return from the negative balance to at least the minimum target at the end of the following year, which would allow for loan repayment within that time frame.

Surplus funds are those funds over and above the target reserve level. As part of the biennial budget review, Council would direct the use of excess reserves.

The reserve minimum is the amount needed to maintain cash flow needs over the course of the year. This would be the amount of the grant cash flow reserve, plus the working capital reserve.

0212C  
11/29/89

## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4094

AN ORDINANCE approving a Convention Center Backup Financing Plan and stating the intent of the City Council to reserve a portion of the City's Business & Occupation Tax capacity for Convention Center purposes.

WHEREAS, on March 20, 1989, the City Council adopted Resolution No. 5114 regarding the Bellevue Convention Center Project; and

WHEREAS, consistent with that resolution, staff has prepared additional information on the financing of the Project; and

WHEREAS, a Backup Financing Task Force was formed by the City Manager to prepare recommendations on establishing backup financing mechanism(s) to stand between the Convention Center debt and expense requirements and the City's General Fund; and

WHEREAS, the final recommendations of the Backup Financing Task Force, dated September 8, 1989, were reviewed and approved by the Convention Center Citizens Committee; and

WHEREAS, the Council Civic Center Committee approved forwarding those recommendations to the full City Council for incorporation into the Convention Center finance plan as an unprioritized array of sixteen fallback options to stand between the Convention Center project expenses and the City's General Fund; and

WHEREAS, the final Task Force report recommended that the City reserve .0001 of the City's Business and Occupation Tax capacity as a backup finance tool for the Bellevue Convention Center Project; and

WHEREAS, under RCW 35.21.710, the taxing authority granted the City for taxes upon business activities measured by gross receipts or gross income from sales cannot exceed a rate of .002, except upon an approval by majority vote of the qualified voters of the City; and

WHEREAS, the current Business and Occupation Tax in the City on activities measured by gross receipts or gross income from sales is .001496, leaving an unlevied capacity of .000504; and

WHEREAS, the City Council desires to reserve from its unlevied capacity a rate of .0001 for Convention Center purposes; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The Convention Center Backup Financial Plan, a copy of which has been given Clerk's Receiving No. 14956 is hereby adopted.

0212C  
11/29/89

Section 2. The City Council hereby states its intent to reserve a rate of .0001 from the City's unlevied capacity under RCW 35.21.710 for business and occupation taxes upon business activities measured by gross receipts or gross income from sales of tangible personal property.

Section 3. This ordinance shall take effect and be in force five days after its passage and legal publication.

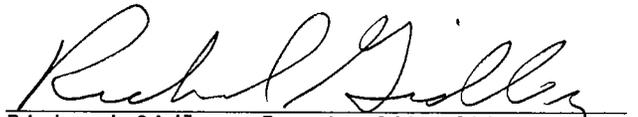
PASSED by the City Council this 4<sup>th</sup> day of December, 1989, and signed in authentication of its passage this 4<sup>th</sup> day of December, 1989.

(SEAL)

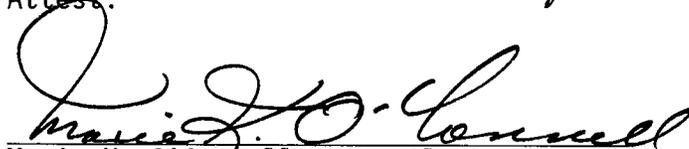
  
Nan Campbell, Mayor

Approved as to form:

Richard L. Andrews, City Attorney

  
Richard L. Andrews, City Attorney

Attest:

  
Marie K. O'Connell, City Clerk

Published December 9, 1989

1247C  
02/15/91

## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4229

AN ORDINANCE regarding the Convention Center Back Up Financing Plan; adding a business and occupation tax to the recommended financing mechanisms under the Plan; stating the intention of the City Council to provide the Convention Center first priority call on certain unused city business and occupation tax capacity; and directing the City Manager to issue an administrative order regarding staff reporting requirements on all agenda materials relating to matters involving use of city business and occupation tax authority.

WHEREAS, on December 4, 1989, the City Council adopted Ordinance No. 4094 approving a Convention Center Back Up Financing Plan, and stating the intent of the City Council to reserve a portion of the City's business and occupation tax capacity for convention center purposes; and

WHEREAS, the City Council Civic Center Committee has recommended to the full City Council that Ordinance No. 4094 be amended to provide:

A) That additional protection be provided to the City's General Fund by providing that the Convention Center has first priority on the City's unused business and occupation tax capacity under RCW 35.21.710 over and above that reservation of capacity provided for under Ordinance No. 4094; and

B) That the Back Up Financing Plan be supplemented with a provision designating as a recommended financing mechanism a business tax on businesses within a geographic area benefiting from the Convention Center Project; and

WHEREAS, the Council also desires that in connection with any future proposals that involve the use of City business and occupation tax authority measured by gross receipts, the staff will so report to the Council on such proposed use in the appropriate agenda materials; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The Convention Center Back Up Financing Plan, as adopted by Ordinance No. 4094 and given Clerk's receiving No. 14955, is hereby supplemented with the following financing mechanism:

Levy a business and occupation tax (other than a tax upon business activities consisting of the making of retail sales of tangible personal property measured by gross receipts or gross income from such

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02/15/91

sales) on business located within a geographical area which benefits from the Convention Center.

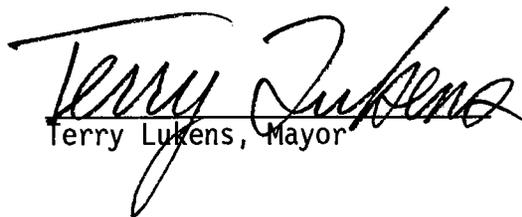
Section 2. Section 2 of Ordinance No. 4094 is hereby amended to read as follows:

The City Council hereby states its intent to reserve a rate of .0001 from the City's unlevied capacity under RCW 35.21.710 for business and occupation taxes upon business activities measured by gross receipts or gross income from sales of tangible personal property; and further states its intent that the Convention Center has first priority call on any additional, unlevied business and occupation tax capacity under RCW 35.21.710.

Section 3. The City Manager is hereby directed to issue an administrative order regarding any proposed use of the City's business and occupation tax capacity, and providing that whenever an item is included on the Council agenda which would include the use of any City business and occupation tax capacity, the agenda materials prepared by staff shall include a section indicating that such use is proposed and describing the nature and extent of such use. Further, the agenda materials shall address the financial status of the Meydenbauer Center.

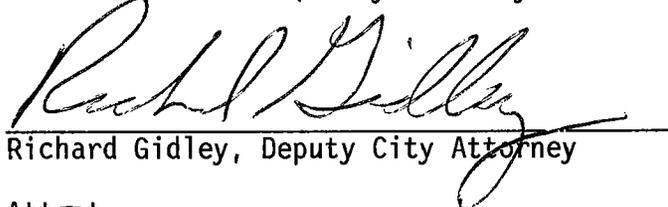
PASSED by the City Council this 4<sup>th</sup> day of March, 1991, and signed in authentication of its passage this 4<sup>th</sup> day of March, 1991.

(SEAL)

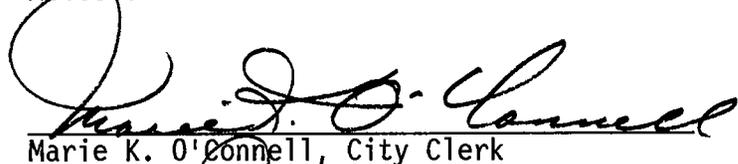
  
Terry Lukens, Mayor

Approved as to form:

Richard L. Andrews, City Attorney

  
Richard L. Andrews, City Attorney

Attest:

  
Marie K. O'Connell, City Clerk

Published March 8, 1991

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6198

AN ORDINANCE adopting the Human Services Commission's 2015-2016 Human Services funding recommendations and authorizing the City Manager to enter into contracts with local human services agencies in accordance with the recommendations.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The City Council adopts the 2015-2016 Human Services Fund recommendations as developed by the City of Bellevue Human Services Commission, to act as guidelines for the allocation of 2015 and 2016 General Fund money, as such funding becomes available.

Section 2. The City Manager or his designee is hereby authorized to enter into contracts with local human services agencies to carry out the services described in the recommendations in the amount of funding specified for each agency.

Section 3. This ordinance shall take effect and be in force five (5) days after passage and legal publication.

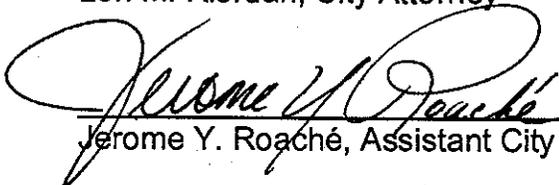
Passed by the City Council this 1<sup>st</sup> day of December, 2014 and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

(SEAL)

  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:

Lori M. Riordan, City Attorney

  
\_\_\_\_\_  
Jerome Y. Roaché, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014.



**ORIGINAL**

1436-ORD  
11/26/14

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6199

AN ORDINANCE amending Ordinance No. 6029A, codified on Bellevue City Code 4.50.010 (A) by increasing the Basic Life Support (BLS) Transport fees from \$600 to \$638 and the mileage rate from \$14 per mile to \$15 per mile.

WHEREAS, the City of Bellevue currently provides basic life support ("BLS") emergency medical services ("EMS") and BLS emergency medical services transport ("BLS Transport") for charge of \$600 and mileage rate of \$14 per mile; and

WHEREAS, pursuant to RCW 35A.11.020, as an exercise of the power granted by RCW 35.27.370(15), the City Council of the City of Bellevue has discretion to charge fees to those receiving EMS Transport from the City; and

WHEREAS, a portion of the taxes paid by City residents and residents within the Extended Bellevue Fire Service Area contribute to the General Fund and to the provision of BLS and BLS Transport costs; and

WHEREAS, the City Council finds that those benefiting from the City's BLS Transport should be charged a fee, adjusted by inflation since the original fee took effect, to reimburse the City for at least some portion of the cost of the BLS Transport; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS: Ordinance No. 6029A Codified as Bellevue City Code 4.50.010:

Section 1. Bellevue City Code 4.50.010(A) is hereby amended to read as follows:

BLS Transport user fee imposed.

A. All persons receiving basic life support emergency medical services transport ("BLS Transport") by the City shall be charged and billed a BLS Transport user fee ("the Fee"). The initial Fee is set at \$638 per transport plus \$15.00 per mile. The Fee may be adjusted in the future as necessary by the City Council. The City Manager or his/her designee shall establish a procedure to implement, bill, and collect Fees.

Section 2. This ordinance shall take effect and be in force thirty (30) days after passage by the City Council.

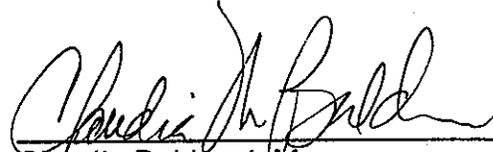
**ORIGINAL**

Comprehensive Financial Management Policies

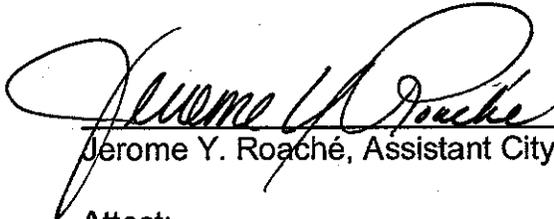
1436-ORD  
11/26/14

Passed by the City Council this 1<sup>st</sup> day of December, 2014  
and signed in authentication of its passage this 1<sup>st</sup> day of December,  
2014.

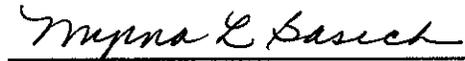
(SEAL)

  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:  
Lori M. Riordan, City Attorney

  
\_\_\_\_\_  
Jerome Y. Roaché, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk  
Published December 4, 2014,

**ORIGINAL**

1435-ORD  
11/25/2014

CITY OF BELLEVUE, WASHINGTON  
ORDINANCE NO. 6200

AN ORDINANCE regarding development services under the Bellevue City Code; fees for applications requiring construction, land use, fire, survey, sign, transportation, utility, and clearing & grading review and inspection services; repealing Ordinance No. 6140.

WHEREAS, certain fees and charges are required and assessed by the City of Bellevue, Development Services Department for permits and services in the conduct of municipal services and business; and

WHEREAS, the City Council considers the following fees and charges established herein to be adequate and appropriate.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Scope of Ordinance

This ordinance establishes fees collected by the Development Services Department for development services. Additional fees collected by the Development Services Department for other review authorities are established under separate ordinances or administrative rules as noted in this ordinance. For the purpose of this ordinance, the term "the Director" means the Director of the Development Services Department or the Director's authorized representative. The term "appropriate Director" means the Director of the appropriate reviewing authority or the appropriate Director's authorized representative. The term "each Director" means the Director of the Development Services Department, the Fire Chief, the Director of the Transportation Department, and/or the Director of the Utilities Department or authorized representatives. The term "Building Official" means the Building Official or the Building Official's authorized representative.

Section 2. Administration

Each Director is authorized to interpret the provisions of the appropriate section of this ordinance and may issue rules for its administration. This includes, but is not limited to, correcting errors and omissions and adjusting fees to match the scope of the project. The fees established here will be reviewed annually, and, effective January 1 of each year, may be administratively increased or decreased by an adjustment to reflect the current published annual change in the Seattle Consumer Price Index for Wage Earners and Clerical Workers as needed in order to maintain the cost recovery objectives established by the City Council.

Section 3. Responsibility for Payment of Fees

For the purposes of this ordinance, the term "applicant" means the person or organization who paid the fee and/or is responsible for the ongoing payment of the fees. Both the applicant and the owner of the property, for which the permit or approval is required, are individually responsible for the payment of the fees administered under this ordinance.

1. Fee Requirements: The following applies to the payment of fees and charges:

a. No application for a permit, approval, or service under the Bellevue City Code will be accepted by the City unless all fees required at submittal by any City Code or regulation have been paid.

b. No plans or specifications relating to any application filed with the City under the Bellevue City Code will be reviewed by the City until all fees required for review by any City code or regulation have been paid.

c. No final decision on an application for a permit or approval will be made until all fees required by any City code or regulation have been paid, except as authorized by the appropriate Director.

d. No final inspection will be done nor temporary, or final certificate of occupancy issued, nor Utilities project acceptance granted until all fees required by any City code or regulation to be paid prior to such final inspection, issuance of certificate of occupancy, or acceptance have been paid.

e. All fees due on any application or permit that has expired by code are due 30 days from the date of expiration.

2. Billings: Periodic billings for development services for the previous calendar month will be sent on or about the 10th of the current month and are due and payable by the 1st of the following month. The final payment is due at the time of issuance, as established in the conditions for the approval, prior to the issuance of the temporary or final certificate of occupancy, or as authorized by the appropriate Director.

3. Outstanding Fees and Charges: Any account receivable greater than 30 days past the due date is considered delinquent. The following provisions apply to delinquent payments:

a. Review of the application may be stopped. Review on any active application dependent on the suspended application may be stopped. Review will resume when all delinquent fees are paid in full.

## Comprehensive Financial Management Policies

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b. If any required fee is not paid within ninety (90) of the date due, the appropriate Director may cancel the application. Any active application dependent on the canceled application may also be canceled.

c. An issued permit or approval may be revoked. Review on any active application dependent on the revoked permit or approval may be stopped by the appropriate Director until all delinquent fees are paid in full.

d. If the work is underway, the appropriate Director may issue a stop work order.

e. Any account receivable balance sixty (60) days past the invoice date will be levied a late fee of \$25.00, or 1.0% of the outstanding balance, whichever is greater.

f. The City has no responsibility for any damages resulting to an applicant from a stop-work order or cessation of review.

g. The appropriate Director may take other appropriate actions to collect amounts due, including but not limited to, assignment of delinquent fees to a collection agency.

4. Collection Agency: If the City assigns a delinquent amount to a collection agency, the appropriate Director can add a reasonable fee in accordance with RCW 19.16.500.

5. Insufficient Funds: Any applicant whose payment of fees is returned to the City for Non-Sufficient Funds, or whose credit card payment is denied, will be charged the City standard insufficient funds fee. The original fees and the returned check fee are due and payable within five (5) working days of notification. Review of the project will be stopped or a stop-work order posted on the site. The appropriate Director may take other appropriate actions to collect amounts due.

6. Disputes: If a dispute arises as to the validity, or correct amount, of a fee, the fee determined by the City must be paid before the City will conduct any further review, inspection, or service. The fee may be paid under protest, in which case the applicant must specify, in writing within thirty (30) days of the date paid, the reason why such fee is not due or is due in a different amount than requested by the City. The written request must be submitted to the appropriate Director. Within thirty (30) days of the written request the appropriate Director will make a final determination of whether the fee is due, or if the dispute is as to the amount of the fee, a final determination as to the amount due. There is no administrative appeal of that decision.

7. Fee Responsibility Changes: If the original applicant or owner sells or otherwise transfers their interest in a project, they are required to notify the City. They remain liable for fees and charges associated with development services which

# Comprehensive Financial Management Policies

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were incurred prior to the date the City is notified in writing that the fee responsibility has changed. The new applicant or owner is also responsible for such fees and if the same are not paid the appropriate Director may stop review of the project or revoke any permit or approval.

8. Cancellation/Withdrawal/Denial/Expiration: When no permit or approval is issued, or when an applicant withdraws an application prior to approval, or when an application or permit expires by code, the applicant and owner remain individually responsible for payment of all appropriate fees.

9. Low-income Tenant Relocation Assistance: If a fee is owed pursuant to the City's low-income tenant relocation assistance ordinance, Bellevue City Code Chapter 9.21, and permits are submitted to demolish, rehabilitate, or change the use of structures at the site, the Director may withhold review or issuance of the permits until the required relocation assistance fee is paid.

## Section 4. General Provisions for all Permits, Approvals and Development Services Fees

1. Fee Calculation: The fees for applications for development services established or referenced in this ordinance will be calculated using the fee schedule in effect at the time the review, inspection, or service is performed and/or due. Each application stands alone and is considered individually for the purpose of calculating fees.

2. City Projects: The Departments of Development Services, Fire, Transportation, and Utilities will collect all appropriate fees for utility-funded, Capital Investment Program, and Special Purpose Fund projects except as authorized by the appropriate Director.

3. Refunds: Any fee established in this ordinance which was erroneously paid or collected will be refunded. Table 1 is used to calculate refunds for applications or issued permits or approvals which are withdrawn, canceled, denied or expired.

Table 1 – Calculating Refunds				
<u>Stage in Review Process</u>				
<u>Type of Fee</u>	<u>No time in Review</u>	<u>Review Started</u>	<u>Review Completed</u>	<u>Expired by Code</u>
Operations fee	No refund	No refund	No refund	No refund
Flat review fee or review fee based on valuation, fixtures, devices, size, lots	20% non-refundable, 80% refundable	20% non-refundable, % of review not completed refundable	No refund	No refund
Review fee based on hourly billing	Balance of deposit	Balance of deposit	Balance of deposit	No refund

# Comprehensive Financial Management Policies

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<u>Stage in Construction Process</u>				
<u>Type of Fee</u>	<u>No Work Started</u>	<u>Work Started</u>	<u>Construction Completed</u>	<u>Expired By Code</u>
State Building Code	No refund	No refund	No refund	No refund
Flat inspection fee or inspection fee based on valuation, fixtures, devices, size	20% non-refundable, 80% refundable	20% non-refundable, % of inspections not completed refundable	No refund	No refund
Inspection fee based on hourly billing	Balance of deposit	Balance of deposit	Balance of deposit	No refund

a. Refunds for fees collected by the Development Services Department and not specifically mentioned herein will be refunded at the direction of the appropriate Director or specific ordinance.

b. No refund less than \$10.00 (combined from all departments) will be processed, except as authorized by the appropriate Director. No balance due on a canceled application or permit less than \$10.00 (combined from all departments) will be collected.

c. Before any refund is released to the applicant the following will be deducted from the refund amount: all fees or charges owed on the subject application or permit; all fees or charges owed on any associated application or permit; all monthly billed fees owed more than 60 days; any fees or charges that have been assigned to a collection agency.

4. Exempt Activities: No fee established by this Ordinance will apply to a private project which is a part of a stream enhancement program approved by the Director or as authorized by the City Manager.

5. Over-the-Counter Issuance: If a permit that usually requires plan review is issued over-the-counter, the review fee is not charged.

6. Reinspection Fee: In instances where reinspection fees have been assessed, no additional inspection of the work is performed until the required fees are paid.

7. Expedited Review: The fee to expedite the review of an application, as approved by the appropriate Director, is determined by each Director in order to recover City costs.

8. Add-on Fees: Fees due after issuance as a result of a field inspection that identified a scope of work different from the work permitted are due and payable within five (5) working days of notification.

9. Multi-building Projects: Separate building, mechanical, electrical, plumbing, fire protection, and side sewer permits are required for each building in a multi-building complex.

10. Work Without a Permit or Approval: It is unlawful to proceed with any work or any portion of any construction, installation, alteration, repair, or use when the required fee has not been paid and the permit or approval issued. When work for which a permit or approval is required by the Bellevue City Code, regulation, or standard is started or proceeded with prior to obtaining that permit or approval, a penalty may be levied in an amount up to double the fee required for the work unlawfully conducted, as determined by the appropriate Director. This provision does not apply to emergency work when it is proved to the satisfaction of the appropriate Director that such work was urgently necessary and that it was not practical to obtain a permit before the commencement of the work. In all such cases, a permit must be obtained as soon as it is practical to do so; and if there is an unreasonable delay in obtaining the permit, a double fee (as provided in this ordinance) will be charged. The payment of this double fee does not relieve any person from fully complying with the requirements of the Bellevue City Code in the execution of the work or from any other penalties prescribed by law. Such person may also be required to reimburse the City for all expenses related to any enforcement proceedings as determined by the appropriate Director.

11. Consultants: The applicant bears the cost of retaining consultants when the City determines it is necessary to obtain required technical expertise.

12. Recording Fees: The applicant bears the cost of fees associated with the recording of documents with King County.

13. Environmental Impact Statements: The applicant bears the cost of all City expenses related to the Environmental Impact Statement and the cost of retaining consultants.

14. Plat Engineering: The applicant bears the cost of all City expenses related to the engineering of the plat, including but not limited to, the cost of retaining consultants or special inspectors.

15. Definition of Development Service Fee-Based Activity: The fees established herein apply to any activity performed by development services staff required to reach a final decision on an application and to reach the final approval of the work authorized by an issued permit, commonly called "review" and "inspection". This includes, but is not limited to, review of plans and specifications, site visits, public involvement and public hearings, preconstruction meetings, inspections, reinspections, and occupancy requirements. Fees for staff activity related to appeals of decisions will be allocated in accordance with Subsection 16 below.

16. Fees for Activities Related to Appeals: Fees for staff time related to appeal hearings and resolution of appeals will be charged to the applicant.

Provided, that if an applicant appeals the City decision or recommendation and is the substantially prevailing party on appeal, fees related to the appeal hearings and resolution of appeals will be charged to the City's General Fund. Whether an applicant is the substantially prevailing party will be determined by the Hearing Examiner.

Section 5. General Provisions for Construction Permit Fees

1. Scope: These general provisions apply to all permits issued by the Building Section of the Development Services Department.

2. Operations Fee: Table 2 is used to calculate the operations fee on permits issued by the Building Section of the Development Services Department. The fee is due at submittal.

Table 2 - Operations Fee	
<u>Type</u>	<u>Fee</u>
Accessory Dwelling Unit Registration	\$34
Commercial Construction Permits – major	\$485
Commercial Construction Permits – medium and minor	\$34
Demolition and Foundation Permits	\$34
Demolition – over the counter	\$6
Mechanical, Electrical, Plumbing Permits — plan review	\$34
Mechanical, Electrical, Plumbing Permits — over-the-counter	\$6
Pools and Spa Permits <sup>A</sup>	\$34
Wireless Communication Facility	\$34
Sign Permits	\$34
Single Family Construction Permits <sup>A</sup>	\$34

<sup>A</sup>The operations fee for an application that usually requires plan review will be \$6.00 when the permit is issued over-the-counter.

3. Miscellaneous Inspections and Other Fees: Table 3 is used to calculate fees for miscellaneous inspections and additional plan review.

Table 3 - Miscellaneous Inspections and Other Fees			
<u>Type</u>	<u>Per Hour</u>	<u>Minimum Fee</u>	<u>Due</u>
Plan review resulting from changes to approved plans (in addition to the normal fees associated with a change in scope of work)	\$102	.5 hour	At revision issuance
Plan review for predevelopment services or when an applicant requests consulting services during a land use application.	\$102	N/A	2 hour deposit at application and in monthly billing
Inspection outside normal hours (in addition to the normal inspection fee)	\$102	2 hours	Within 5 days of notification
Reinspection fee (in addition to the normal inspection fee)	\$102	1 hour	Within 5 days of notification

### Section 6. Building Permits

1. Scope: The fees and provisions established here apply to the installation, relocation, addition, demolition, or repair of construction work that requires a permit.

2. Determination of Value or Valuation: The determination of the value or valuation under any of the provisions of this ordinance, unless otherwise noted, will be made on the basis of building valuation data published by a nationally recognized code organization, or other valuation criteria approved by the appropriate Director, including a regional modifier from a nationally recognized organization. The valuation to be used in computing the plan review and permit fees will be the total value of all construction work, including labor and materials, for which the permit is issued, as well as all finish work, painting, roofing, electrical, plumbing, heating, air conditioning, elevators, fire-extinguishing systems, or any other permanent work or permanent equipment. The "gross area" used in conjunction with the building valuations, means the total areas of all floors — measured from the exterior face, outside dimensions, or exterior column line of a building — including basements, cellars, and balconies but not including unexcavated areas. Where walls and columns are omitted in the construction of a building, such as an open shed or marquee, the exterior wall of the open side or sides will be considered the edge of the roof. When the value is unknown it will be determined by the appropriate Director.

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3. Inspection Fee Schedule: Table 4 is used to calculate the building inspection fee once the determination of value has been made. The inspection fee is due at issuance.

Table 4 – Building Inspection Fees Based on Valuation	
<u>Total Valuation</u>	<u>Fee</u>
\$1 to \$500	\$33.00
\$501 to \$2,000	\$33.00 for the first \$500 plus \$4.79 prorated for each additional \$100 to and including \$2,000
\$2,001 to \$25,000	\$104.85 for the first \$2,000 plus \$19.18 prorated for each additional \$1,000 to and including \$25,000
\$25,001 to \$50,000	\$545.99 for the first 25,000 plus \$14.28 prorated for each additional \$1,000 to and including \$50,000
\$50,001 to \$100,000	\$902.99 for the first \$50,000 plus \$9.24 prorated for each additional \$1,000 to and including \$100,000
\$100,001 to \$1,000,000	\$1,364.99 for the first \$100,000 plus \$8.07 prorated for each additional \$1,000 to and including \$1,000,000
\$1,000,001 to \$5,000,000	\$8,627.99 for the first \$1,000,000 plus \$4.79 prorated for each additional \$1,000 to and including \$5,000,000
\$5,000,001 to \$50,000,000	\$27,787.99 for the first \$5,000,000 plus \$4.21 prorated for each additional \$1,000 to and including \$50,000,000
\$50,000,001 and above	\$217,237.99 for the first \$50,000,000 plus \$3.62 prorated for each additional \$1,000 thereafter

4. Plan Review Fees: When the plans and/or specifications describing the proposed construction are reviewed by the Building Official, the fee will be 65 percent of the building inspection fee as shown on Table 4 and is due at issuance. A plan review estimate is due at submittal, and any excess of the estimate over the plan review fee owed will be credited to the issuance fees. If the estimate is insufficient to cover the plan review fee, the applicant will pay the amount of the insufficiency at the time of issuance.

5. New Single Family Dwelling: The plan review and inspection fees for a new single family dwelling are 85 percent of the total fees calculated per subsection 3 and 4 above.

6. State Building Code Fee: The state building code fee is collected at issuance for the state on all building, spa, satellite dish, antenna, and demolition permits at the rate of \$4.50 each. The fee for multi-family building permits is \$4.50 for the first unit and \$2.00 for each additional unit. The fee is due at issuance.

7. Rounding: The total of the inspection fee or plan review fee will be rounded to the nearest whole dollar.

8. Single Family Combination New Construction Permits: The fee for the mechanical and plumbing inspections of a single family combination new construction permit are each 11% of the building permit fee. The fee for the electrical inspections is 9% of the permit fee. These fees are due at issuance and are in addition to the building permit fee.

9. Fees for Miscellaneous Permits: Table 5 is used to calculate fees for miscellaneous construction permits.

Table 5 - Miscellaneous Permits		
Type	Fee	Due at
	Plan Review Fees	
Demolition Permit	\$71	Submittal
Mechanical, Electrical, Plumbing <sup>A</sup>	\$102	Submittal
Wireless Communication Facility	\$337	Submittal
	Inspection Fees	
Demolition Permit	\$41	Issuance
Re-roof Permit	\$204	Issuance
Wireless Communication Facility	\$82	Issuance

<sup>A</sup>This fee is charged when the scope of the work requires building review.

#### Section 7. Electrical Permits

1. Scope: The fees established here apply to the installation, relocation, addition, or repair of electrical work that requires a permit.

2. Inspection Fee Schedule: Table 6 is used to calculate inspection fees for the installation, replacement, relocation, or repair of each electrical service, system, circuit, appliance and other electrical work once the determination of value has been made. Valuation is determined based on the prevailing fair market value of the materials, labor, and equipment needed to complete the work.

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<u>Total Valuation</u>	<u>Fee</u>
up to \$500	\$53.00
\$501 to \$2,000	\$53.00 for the first \$500 plus \$8.09 prorated for each additional \$100 up to and including \$2,000
\$2001 to \$25,000	\$174.35 for the first \$2,000 plus \$23.85 prorated for each additional \$1,000 up to and including \$25,000
\$25,001 to \$50,000	\$722.90 for the first \$25,000 plus \$21.39 prorated for each additional \$1,000 up to and including \$50,000
\$50,001 to \$100,000	\$1,257.65 for the first \$50,000 plus \$14.65 prorated for each additional \$1,000 up to and including \$100,000
\$100,001 and above	\$1,990.15 for the first \$100,000 plus \$12.66 prorated for each additional \$1,000 thereafter

3. Plan Review Fee: When plans and/or specifications describing the electrical installation are reviewed by the Building Official, the fee will be 10 percent, with a minimum of \$30.00, of the fee calculated for the electrical inspection based on such plans and/or specifications. The plan review fee is due at issuance and is in addition to the inspection fee. A plan review estimate is due at submittal, and any excess of the estimate over the plan review fee owed will be credited to the issuance fees. If the estimate is insufficient to cover the plan review fee, the applicant will pay the amount of the insufficiency at the time of issuance.

4. Miscellaneous Electrical Inspection Fees: Table 7 is used to calculate inspection fees for miscellaneous electrical permits. The fees are due at issuance.

<u>Type</u>	<u>Fee</u>
Carnivals - including art and street fairs, haunted houses, amusement rides, and other temporary events	\$138
Limited Voltage	25% of Table 6, with a \$37 minimum
Signs - new circuit installation	\$53
Hot Tubs and Spas issued without plan review	\$65
Fire Alarm Pre Wire / Transmitter	\$102

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Table 7 – Miscellaneous Electrical Inspection Fees	
Type	Fee
Temporary Power	\$53 125 amperes & below
	\$83 126-200 amperes
	\$119 201-400 amperes
	Table 6 over 400 amperes
Vehicle Charging Station	\$102
Work in Right of Way	\$204

Section 8. Mechanical Permits

1. Scope: The fees established here apply to the installation, relocation, addition, or repair of mechanical work that requires a permit.
2. Wiring: The fees established in this subsection do not include the electrical wiring, which requires a separate permit.
3. Single-Family Inspection Fee Schedule: Table 8 is used to calculate the fees for miscellaneous single-family mechanical permits. The fees are due at issuance.

Table 8 – Mechanical Inspection Fees – Single Family	
Type	Fee
Air Conditioners with or without duct work	\$40 each
Appliance Vents	\$24 per vent
Bath, Laundry, Kitchen, or Whole House Fans	\$24 each
Duct Work Only	\$40 per permit
Furnace - up to and including 100,000 B.T.U.s - including duct work and piping	\$40
Furnace - over 100,000 B.T.U.s - including duct work and piping	\$53
Gas Piping Only - no fixture installation	\$40 per permit
Gas Appliances with gas piping	\$40 each appliance
Heat pumps with or without duct work	\$40 each
Wood Stoves or Heaters including gas piping	\$31

4. Fire Protection Sprinkler Systems: Table 9 is used to calculate mechanical inspection fees for water and chemical nozzle systems in a single-family residence. The inspection fee is due at issuance.

Table 9 – Fire Protection Sprinkler Systems – Single Family	
Size	Fee
16 to 50 heads	\$65
51 to 100 heads	\$65 plus \$1.19 per head
101 or more heads	\$125 plus \$.87 per head

5. Fixed Fire Suppression Systems: The mechanical review fee for a fixed fire suppression system is \$33.00 and is due at submittal. The mechanical inspection fee is \$63.00 and is due at issuance.

6. Commercial Inspection Fee Schedule: Table 10 is used to calculate inspection fees for the installation, replacement, relocation, or repair of each commercial heating, ventilation, air-conditioning, or freezing unit or system, and other mechanical equipment once the determination of value has been made. Valuation is determined based on the prevailing fair market value of the materials, labor, and equipment needed to complete the work. The inspection fee is due at issuance.

Table 10- Mechanical Inspection Fees Based on Valuation	
Total Valuation	Fee
up to \$1,000	\$40.00
\$1,001 to \$100,000	\$40.00 for the first \$1,000 plus \$22.93 prorated for each additional \$1,000 up to and including \$100,000
\$100,001 and above	\$2,310.07 for the first \$100,000 plus \$16.97 prorated for each additional \$1,000 thereafter

7. Commercial Plan Review Fee: When plans and/or specifications describing the mechanical installation are reviewed by the Building Official, the fee is 50 percent of the fee calculated for the mechanical inspection based on such plans and/or specifications. The plan review fee is due at issuance and is in addition to the inspection fee. A plan review estimate is due at submittal, and any excess of the estimate over the plan review fee owed will be credited to the issuance fees. If the estimate is insufficient to cover the plan review fee, the applicant will pay the amount of the insufficiency at the time of issuance.

8. Exemptions: A permit is not required for the replacement of range tops, gas dryers, or gas logs which have no additional gas piping.

### Section 9. Plumbing Permits

1. Scope: The fees established here apply to the installation, relocation, addition, or repair of plumbing work that requires a permit.

2. Fixtures: For the purposes of this ordinance, "fixture" means and includes any appliance which connects to water, drain, or vent.

3. Fee Schedule: Table 11 is used to calculate plumbing fees. The plan review fee is due at issuance and is in addition to the inspection fee. A plan review estimate is due at submittal, and any excess of the estimate over the plan review fee owed will be credited to the issuance fees. If the estimate is insufficient to cover the plan review fee, the applicant will pay the amount of the insufficiency at the time of issuance.

Table 11 — Plumbing Inspection Fees		
<u>Total Valuation</u>	<u>Fee</u>	<u>Due At</u>
First Fixture	\$35.00	Issuance
Each Additional Fixture	\$12.00	Issuance
<b>Piping Fees</b>		
<u>Pipe Size</u>	<u>Fee</u>	<u>Due At</u>
3/4" - 1"	\$31.00	Issuance
1 1/4" - 1 1/2"	\$41.00	Issuance
2"	\$54.00	Issuance
3"	\$67.00	Issuance
4"	\$86.00	Issuance
each additional inch over 4"	\$15.00	Issuance
Medical Gas Piping per system	\$15.00	Issuance
per outlet	\$1.05	Issuance
<b>Plumbing Plan Review Fees</b>		
Commercial - first 20 fixtures	\$35.00	Issuance
Each additional 10 fixtures or fraction thereof	\$16.84	Issuance
Each additional floor above the first floor	\$16.84	Issuance

4. Exemptions: The replacement of a residential toilet, wash basin, drinking fountain, urinal, bidet, dishwasher, bar sink, laundry tub, or kitchen sink with a like fixture in the same location does not require a permit. The replacement of a commercial toilet, wash basin, drinking fountain, urinal, residential-type dishwasher, bar sink, or a residential-type kitchen sink (36" x 24" x 8" or smaller) with a like fixture in the same location does not require a permit.

**Section 10. Clearing & Grading Fees**

1. Scope: The fees established here apply to development services by the Clearing & Grading section of the Development Services Department.

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2. Operations Fee: Table 12 is used to calculate the operations fee on clearing and grading permits. The operations fee is due at submittal.

Table 12 – Clearing and Grading Permits Operations Fee	
Type	Fee
Clearing & Grading and Vegetation Permits	\$34
Plat Infrastructure Permit	\$485

3. Review Fee Schedule: Table 13 is used to calculate fees for clearing and grading review of applications.

Table 13 – Clearing & Grading Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Boundary Line Adjustment	\$48			Submittal
Clearing & grading-commercial		\$95	\$285	Submittal and in monthly billings
Clearing & grading – residential minor <sup>A</sup>	\$133			Submittal
Clearing & grading in critical areas	\$190			Submittal
Commercial construction – major	\$133			Submittal
Commercial construction – medium <sup>A</sup>	\$447			Submittal
Commercial construction - minor	\$48			Submittal
Conditional Use		\$95	\$190	Submittal and in monthly billings
Critical Areas		\$95	\$190	Submittal and in monthly billings
Demolition Permit <sup>B</sup>	\$95			Submittal
Design Review		\$95	\$285	Submittal and in monthly billings
Detention Vault	\$86			Submittal

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Table 13 – Clearing & Grading Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Environmental Impact Statement	\$95			Submittal
Land Use Approval Amendment		\$95	\$190	Submittal and in monthly billings
Master Plan Development		\$95	\$285	Submittal and in monthly billings
Planned Unit Development		\$95	\$665	Submittal and in monthly billings
Plat – final	\$48			Submittal
Plat – preliminary		\$95	\$475	Submittal and in monthly billings
Plat Infrastructure		\$95	\$1,425	Submittal and in monthly billings
Predevelopment Services		\$95	\$95	Submittal and in monthly billings
Preliminary SEPA Determination	\$48			Submittal
Right-of-Way Use <sup>A</sup>	\$95			Issuance
Shoreline Exemption	\$48			Submittal
Shoreline Substantial Development	\$48			Submittal
Shoring	\$133			Submittal
Short plat – final	\$48			Submittal
Short Plat – preliminary		\$95	\$285	Submittal and in monthly billings
Single Family – addition <sup>A</sup>	\$95			Submittal
Single Family – new residence	\$143			Submittal

<sup>A</sup>This fee is charged when the scope of the work requires clearing & grading review.

<sup>B</sup>This fee is charged when the scope of the work includes SEPA.

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4. Inspection Fee Schedule: Table 14 is used to calculate the fees for clearing & grading and vegetation inspections.

Table 14 — Clearing & Grading Inspections			
Type	Fee	Due At	
Clearing & Grading – with SEPA	\$99	Issuance	
Clearing & Grading – without SEPA	\$436	Issuance	
Clearing & Grading – in critical area	\$99	Issuance	
Commercial Construction – medium or minor <sup>A</sup>	\$99	Issuance	
Demolition Permit <sup>A</sup>	\$50	Issuance	
Detention Vault	\$99	Issuance	
Plat Infrastructure – short plat	\$485	Issuance	
Plat Infrastructure – subdivision	\$970	Issuance	
Single Family – Additions <sup>A</sup>	\$99	Issuance	
Minor clearing and grading without building permit	\$218	Issuance	
Single Family – New Residence	\$446	Issuance	
Vegetation – Single Family	\$99	Issuance	
Vegetation – Protected Area or Commercial	\$99	Issuance	
Wireless Communication Facility <sup>A</sup>	\$99	Issuance	
Miscellaneous Inspections			
Type	Per Hour	Minimum Fee	Due
Inspection outside normal hours (in addition to the normal inspection fee)	\$99	2 hours	Within 5 days of notification
Reinspection fee (in addition to the normal inspection fee)	\$99	1 hour	Within 5 days of notification

<sup>A</sup>This fee is charged when the scope of the work requires clearing & grading inspections.

Section 11. Fire Prevention Fees

1. Scope: The fees established here apply to development services by the Fire Prevention Office of the Fire Department.

2. Review Fee Schedule: Table 15 is used to calculate the fees for Fire Department review of applications.

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Table 15 – Fire Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Building Radio Coverage		\$144	\$374	Submittal
Commercial Construction – major		\$144	\$720	Submittal and in monthly billings
Commercial Construction – medium	\$346			Submittal
Commercial Construction – minor <sup>A</sup>	\$144			Submittal
Conditional Use		\$144	\$144	Submittal and in monthly billing
Demolition Permit	\$72			Submittal
Design Reviews		\$144	\$432	Submittal and in monthly billings
Detention Vaults	\$115			Submittal
Electrical Fire Alarms - Quick Review	½ normal fee			Submittal
Electrical Fire Alarms - valuation ≤ \$25,000 plus .72 per device	\$154			Submittal
Electrical Fire Alarms - valuation > \$25,000 plus .84 per device	\$317			Submittal
Fixed Fire Suppression System	\$217			Submittal
Land Use Approval Amendment	\$144			Submittal
Master Plan Development		\$144	\$432	Submittal and in monthly billings
Mechanical <sup>A</sup>	\$389			Submittal
Planned Unit Development		\$144	\$288	Submittal and in monthly billings
Plat - final	\$216			Submittal

Table 15 – Fire Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Plat – preliminary		\$144	\$288	Submittal and in monthly billings
Plat Infrastructure		\$144	\$144	Submittal and in monthly billings
Predevelopment Services		\$144	\$288	Submittal and in monthly billing
Preliminary SEPA Determination	\$144			Submittal
Short Plat – final	\$115			Submittal
Short Plat – preliminary	\$288			Submittal
Single Family – addition <sup>A</sup>	\$173			Submittal
Single Family – new residence	\$144			Submittal
Smoke Control System		\$144	\$3600	Submittal and in monthly billings
Temporary Use	\$72			Submittal
Tenant Improvement <sup>A</sup>	\$173			Submittal
Tenant Improvement – Initial Build Out or Change of Use	\$216			Submittal
Underground Sprinkler Mains	\$533			Submittal
Utility Extension Agreements – Water		\$144	\$144	Submittal and in monthly billings
Wireless Communication Facility	\$86			Submittal
Fire Protection Sprinkler Systems				
	Single Family	Commercial	Due At	
1-25 Heads	\$144	\$0	Submittal	
26 - 50 heads	\$144	\$144	Submittal	
51 -100 heads	\$230	\$230	Submittal	
101 - 1,000 heads	\$432	\$662	Submittal	

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Table 15 – Fire Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
over 1,000 heads		--	\$3,024	Submittal

<sup>A</sup> This fee is charged when the scope of work requires Fire review.

3. Inspection Fee Schedule: Table 16 is used to calculate the fees for Fire Department inspections.

Table 16 – Fire Inspections				
Type	Flat	Hourly Rate	Deposit	Due At
Building Radio Coverage	\$576			Issuance
Commercial Construction – major		\$144	\$288	Issuance and in monthly billings
Commercial Construction – medium	\$288			Issuance
Commercial Construction – minor <sup>A</sup>	\$288			Issuance
Demolition Permit <sup>A</sup>	\$72			Issuance
Fixed Fire Suppression System	\$288			Issuance
Mechanical <sup>A</sup>	\$230			Issuance
Smoke Control System		\$144	\$720	Issuance and in monthly billings
Temporary Use <sup>A</sup>	\$144			Submittal
Tenant Improvement <sup>A</sup>	\$317			Issuance
Tenant Improvement – Initial Build Out or Change of Use	\$418			Issuance
Underground Sprinkler Mains		\$144	\$288	Issuance and in monthly billings

<sup>A</sup>This fee is charged when the scope of work requires Fire inspections.

4. Fire Alarm Device Inspection Fees: Table 17 is used to calculate the inspection fee for fire alarm devices based on valuation. A device is any system component intended or designed to initiate a signal, whether it be automatic or manual, as part of a fire alarm system. The inspection fee is due at issuance.

Table 17 – Fire Alarm Inspection Fees
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<u>Total Valuation</u>	<u>Fee</u>
Pre-wire	\$144.00
up to \$500	\$166.00
\$501 to \$2,000	\$166.00 for the first \$500 plus \$4.55 prorated for each additional \$100 up to and including \$2,000 plus .72 per device
\$2,001 to \$25,000	\$234.26 for the first \$2,000 plus \$15.71 prorated for each additional \$1,000 up to and including \$25,000 plus .72 per device
\$25,001 to \$50,000	\$595.60 for the first \$25,000 plus \$14.20 prorated for each additional \$1,000 up to and including \$50,000 plus .84 per device
\$50,001 to \$100,000	\$950.61 for the first \$50,000 plus \$9.64 prorated for each additional \$1,000 up to and including \$100,000 plus .84 per device
\$100,001 and above	\$1,432.58 for the first \$100,000 plus \$7.24 prorated for each additional \$1,000 plus .84 per device

5. Fire Protection Sprinkler Systems: Table 18 is used to calculate the inspection fee for water or chemical nozzle fire protection sprinkler systems. The inspection fee is due at issuance.

<u>Number of Heads</u>	<u>Fee</u>
1-15	\$222
16-50	\$276
51-100	\$372 plus 1.12 each head over 50
101-1,000	\$552 plus .96 for each head over 100
1,001 and above	\$2,348 plus .90 for each head over 1,000

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6. Miscellaneous Inspections: Table 19 is used to calculate the fees for miscellaneous inspections.

Table 19 — Miscellaneous Inspections			
Type	Per Hour	Minimum Fee	Due
Plan review resulting from changes to approved plans on application types with other than hourly billing (in addition to the normal fees associated with a change in scope of work)	\$144	.5 hour	At revision issuance
Inspection outside normal hours (in addition to the normal inspection fee)	\$169	2 hours	Within 5 days of notification
Reinspection fee (in addition to the normal inspection fee)	\$144	1 hour	Within 5 days of notification

Section 12. Land Use Fees

1. Scope: The fees established here apply to development services by the Land Use section in the Development Services Department.

2. Certificate of Occupancy Inspections: The landscape inspection for the temporary or final certificate of occupancy is charged at the appropriate hourly rate.

3. Review Fee Schedule: Table 20 is used to calculate the fees for Land Use review of an application.

Table 20 — Land Use Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Boundary Line Adjustment <sup>B C</sup>		\$158	\$474	Submittal and in monthly billings
Bridle Trails Tree Removal - Major	\$237			Submittal
Bridle Trails Tree Removal - Minor	\$111			Submittal
Child care registration	\$237			Submittal
Clearing & grading – critical area	\$316			Submittal

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Table 20 — Land Use Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Clearing & grading —commercial		\$158	\$316	Submittal and in monthly billings
Clearing & grading – residential major	\$237			Submittal
Clearing & grading – residential minor	\$111			Submittal
Commercial construction – medium		\$158	\$316	Submittal and in monthly billings
Commercial construction – major		\$158	\$1,264	Submittal and in monthly billings
Commercial construction – minor	\$316			Submittal
Comprehensive Plan Amendment		\$158	\$632	Submittal and in monthly billings
Conditional Use		\$158	\$2,370	Submittal and in monthly billings
Demolition Permit	\$284			Submittal
Design Review		\$158	\$5,688	Submittal and in monthly billings
Detention Vault	\$111			Submittal
Environmental Impact Statement		\$158	\$5,688	Submittal and in monthly billings
Home Occupation	\$822			Submittal
Land Use Approval Amendment		\$158	\$2,370	Submittal and in monthly billings
Land Use Code Exemption		\$158	\$474	Submittal and in monthly billings
Land Use Code Interpretation		\$158	\$316	Submittal and in monthly billings
Master Plan Development		\$158	\$5,688	Submittal and in monthly billings
Mechanical <sup>A</sup>	\$316			Submittal
Mechanical-Quick Review <sup>A</sup>	\$79			Submittal
Noise – Amplified Sound	\$126			Submittal

Table 20 — Land Use Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Planned Unit Development		\$158	\$5,688	Submittal and in monthly billings
Plat – final <sup>BD</sup>		\$158	\$2,370	Submittal and in monthly billings
Plat – preliminary <sup>B</sup>		\$158	\$5,688	Submittal and in monthly billings
Plat Infrastructure		\$158	\$632	Submittal and in monthly billings
Portable Building Foundation	\$126			Submittal
Predevelopment Services		\$158	\$316	Submittal and in monthly billings
Preliminary SEPA Determination		\$158	\$1,264	Submittal and in monthly billings
Rezone		\$158	\$1,264	Submittal and in monthly billings
Shoreline Exemption	\$284			Submittal
Shoreline Exemption – SEPA		\$158	\$316	Submittal and in monthly billings
Shoreline Substantial Development		\$158	\$790	Submittal and in monthly billings
Shoring	\$126			Submittal
Short Plat – final <sup>BD</sup>		\$158	\$790	Submittal and in monthly billings
Short Plat – preliminary <sup>B</sup>		\$158	\$1,264	Submittal and in monthly billings
Sign – temporary	\$284			Submittal
Sign – with Building Permit	\$553			Submittal
Sign Approval	\$395			Submittal
Single family – addition	\$379			Submittal
Single family – addition (quick review)	\$111			Submittal
Single family – new residence	\$948			Submittal

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Table 20 — Land Use Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Single family – interior remodel <sup>A</sup>	\$79			Submittal
Status Letter	\$316			Submittal
Temporary Use	\$126			Submittal
Tenant Improvement <sup>A</sup>	\$205			Submittal
Tenant Improvement – Initial Build out or Change in Use	\$600			Submittal
Variances		\$158	\$1,264	Submittal and in monthly billings
Vegetation – Commercial with or without Protected Area		\$158	\$316	Submittal and in monthly billings
Vendor Cart	\$316			Submittal
Wireless Communication Facility-in Row		\$158	\$790	Submittal and in monthly billings
Wireless Communication Facility on Private/Public Property		\$158	\$632	Submittal and in monthly billings

<sup>A</sup> This fee is charged when the scope of work requires Land Use review.

<sup>B</sup> The fee for Survey Review is hourly at \$128 per hour with a \$1,024 deposit. The fee is due at submittal and in monthly billings.

<sup>C</sup> The fee deposit for Survey Review is charged only when the type of work is non-single family.

<sup>D</sup> This fee is charged when the scope of work requires Survey review.

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4. Public Notice Signs: The cost of the legally required public notice signs will be borne by the applicant.

Section 13. Transportation Department Fees

1. Scope: The fees established here apply to development services by the development review, survey, and right-of-way use sections of the Transportation Department.

2. Additional Fees and Charges: In addition to the fees established herein, applicants will pay location-specific traffic impact fees as established by separate ordinance.

3. Development Review Fee Schedule: Table 21 is used to calculate fees for the review of applications by the development review section of the Transportation Department.

Type	Flat	Hourly Rate	Deposit	Due At
Clearing & Grading -- commercial		\$164	\$164	Submittal and in monthly billings
Commercial Construction -- major		\$164	\$820	Submittal and in monthly billings
Commercial Construction -- medium		\$164	\$82	Submittal and in monthly billings
Commercial Construction -- minor <sup>A</sup>	\$164			Submittal
Comprehensive Plan Amendments		\$164	\$82	Submittal and in monthly billings
Conditional Use --		\$164	\$1,640	Submittal and in monthly billings
Conditional Use -- administrative		\$164	\$984	Submittal and in monthly billings
Conditional Use - shoreline		\$164	\$164	Submittal and in monthly billings
Design Review		\$164	\$4,100	Submittal and in monthly billings
Detention Vaults	\$131			Submittal
Environmental Impact Statement		\$164	\$5,904	Submittal and in monthly billings

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Type	Flat	Hourly Rate	Deposit	Due At
Land Use Approval Amendment		\$164	\$328	Submittal and in monthly billings
Master Plan Development		\$164	\$4,100	Submittal and in monthly billings
Planned Unit Developments – with and without platting <sup>A</sup>		\$164	\$3,280	Submittal and in monthly billings
Plat Infrastructure		\$164	\$820	Submittal and in monthly billings
Predevelopment Services		\$164	\$328	Submittal and in monthly billings
Preliminary SEPA Determination		\$164	\$328	Submittal and in monthly billings
Rezone		\$164	\$82	Submittal and in monthly billings
Shoring		\$164	\$82	Submittal and in monthly billings
Short Plat – final		\$164	\$164	Submittal and in monthly billings
Short Plat – preliminary <sup>A</sup>		\$164	\$820	Submittal and in monthly billings
Subdivision – final		\$164	\$328	Submittal and in monthly billings
Subdivision – preliminary <sup>A</sup>		\$164	\$1,640	Submittal and in monthly billings
Variance	\$66			Submittal

<sup>A</sup>This fee is charged when the scope of work requires Transportation review.

4. Traffic Model Run Fee: The fee for each traffic model run, which provides information used to analyze the traffic impacts of a proposed development, is \$1,960. The model run will not be processed until the fee is paid.

5. Right-of-Way Use Review Fee Schedule: Table 22 is used to calculate the fee for the review of applications by the right-of-way use section of the Transportation Department.

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Type	Flat	Hourly Rate	Deposit	Due at
Wireless Communication Facility in ROW	\$98			Submittal
Government City Project		\$164	\$0	Monthly billings
Commercial Project		\$164	\$328	Submittal and in monthly billings
Conditional Use <sup>B</sup>		\$164	\$164	Submittal and in monthly billings
Demolition Permit	\$66			Submittal
Franchise		\$164	\$0	Monthly billings
Predevelopment Services		\$164	\$82	Submittal and in monthly billings
Single Family	\$262			Submittal
Street Use Lane Closure <sup>A</sup>	\$197			Submittal
Temporary Use	\$49			Submittal

<sup>A</sup>Fees waived for Block Parties

<sup>B</sup>This fee is charged when the scope of work requires Right-of-Way Use review.

6. Inspection Fee Schedule: Table 23 is used to calculate fees for Transportation Department inspections. The fees are due at issuance and in monthly billings.

Type	Flat	Hourly Rate	Deposit	Due At
Government City Project		\$164	\$0	Monthly billings
Commercial Development		\$164	\$656	Issuance and in monthly billings
Franchise		\$164	\$0	Monthly billings
Street Use Lane Closure		\$164	\$0	Issuance and in monthly billings
Single Family		\$164	\$82	Issuance and in monthly billings

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Type	Flat	Hourly Rate	Deposit	Due At
Single Family –Existing Quick Review	\$246			Issuance
Signal Crews		\$164	\$0	Issuance and in monthly billings
Inspections that require overtime by Transportation inspectors such as after normal hours, weekends, and holidays.		\$189	\$0	Monthly billings

7. Additional Fees and Charges for Right-of-Way Use: In addition to the review and inspection fees established herein, Table 24 is used to calculate additional fees and charges.

Type	Fee	Due At
Street Cut Fee <sup>A</sup>		
Less than 100 sq. feet or less than 100 linear feet	\$64	Issuance
More than 100 sq. feet or more than 100 linear fee for each 100 feet	\$131	Issuance
Lease Fees	1% of the market value of the encumbered square feet	per Month
Police Escort (minimum 4 hours per officer, actual time charged in excess of 4 hours)	Current rate established by union contract	Issuance and in monthly billings
Planned Signal Outage	\$500 per 24 Hour occurrence/ intersection	Issuance

<sup>A</sup>Fees doubled for streets less than 60 months old.

8. Reimbursement: In addition to the fees established herein, the applicant will reimburse the City for the actual costs of work performed by the City, or contractors employed by the City, to repair or replace damages.

Comprehensive Financial Management Policies

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Section 14. Utility Department Fees

1. Scope: The fees established here apply to development services by the Utility Department and to the installation of water services.

2. Review Fee Schedule: Table 25 is used to calculate fees for the review of applications by the Utilities Department.

Table 25– Utility Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Boundary Line Adjustment	\$178			Submittal
Clearing & Grading - commercial		\$137	\$137	Submittal and in monthly billing
Commercial Construction –medium	\$137			Submittal
Commercial Construction – minor	\$96			Submittal
Commercial Construction –major	\$274			Submittal
Comprehensive Plan Amendments		\$137	\$69	Submittal and in monthly billings
Conditional Use		\$137	\$69	Submittal and in monthly billings
Demolition Permit	\$103			
Design Review		\$137	\$685	Submittal and in monthly billings
Detention Vault	\$192			Submittal
Environmental Impact Statement		\$137	\$69	Submittal and in monthly billings

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Table 25– Utility Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Fire Protection Sprinkler System over 15 heads -Commercial	\$82			Submittal
Land Use Approval Amendment		\$137	\$137	Submittal and in monthly billings
Master Plan Development		\$137	\$685	Submittal and in monthly billings
Planned Unit Development		\$137	\$1,370	Submittal and in monthly billings
Plat – final		\$137	\$411	Submittal and in monthly billings
Plat – preliminary		\$137	\$1,370	Submittal and in monthly billings
Plat Infrastructure		\$137	\$69	Submittal and in monthly billings
Portable Building Foundation	\$69			Submittal
Predevelopment Services		\$137	\$206	Submittal and in monthly billings
Preliminary SEPA Determination	\$274			Submittal

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Table 25– Utility Review Fees				
Type	Flat	Hourly Rate	Deposit	Due At
Rezone		\$137	\$69	Submittal and in monthly billings
Shoreline - Substantial Development	\$137			Submittal
Shoreline Exemption	\$69			Submittal
Shoring		\$137	\$69	Submittal and in monthly billings
Short plat – final		\$137	\$137	Submittal and in monthly billings
Short Plat – preliminary		\$137	\$411	Submittal and in monthly billings
Single Family — addition	\$55			Submittal
Single family - new residence	\$137			Submittal
Tenant Improvement <sup>A</sup>	\$137			Submittal
Tenant Improvement – Initial Build Out or Change of Use	\$137			Submittal
Underground Sprinkler Mains	\$69			Submittal
Utility Extension — Sewer		\$137	\$1,370	Submittal and in monthly billings

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Type	Flat	Hourly Rate	Deposit	Due At
Utility Extension — Storm		\$137	\$2,192	Submittal and in monthly billings
Utility Extension — Water		\$137	\$1,370	Submittal and in monthly billings
Wireless Communication Facility	\$82			Submittal

<sup>A</sup>This fee is charged when the scope of work requires Utility review.

3. Side Sewer and Storm Connection Permits: Table 26 is used to calculate fees for the review and inspection of connection permits by the Utility Department.

Review Fees			
Type	Side Sewer Flat Fee	Storm Connection Flat Fee	Due at
Addition or revision to existing	\$274	N/A	Submittal
Commercial or Multifamily with or without work in the right-of-way	\$274	\$589	Submittal
Grease Interceptor or Oil Separator	\$274	N/A	Submittal
On-site Multi-use with or without work in the right-of-way	\$274	\$589	Submittal
Single Family with or without work in the right-of-way	\$274	\$206	Submittal
Inspection Fees			
Type	Fee	Due at	
Addition or revision to existing	\$206	Submittal	
Commercial or Multifamily with work in the right-of-way	\$548	Submittal	
Commercial or Multifamily without work in the right-of-way	\$343	Submittal	
Grease Interceptor or Oil Separator	\$206	Submittal	

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Table 26 — Side Sewer and Storm Connection Permits		
Inspection Fees		
Type	Fee	Due at
On-site multi-use with work in the right-of-way	\$548	Submittal
On-site multi-use without work in the right-of-way	\$343	Submittal
Single Family with work in the right-of-way	\$411	Submittal
Single Family without work in the right-of-way	\$206	Submittal

4. Utility Extension Inspections and Other Fees: Table 27 is used to calculate fees for Utility extension inspections and other fees for Utility Department Services.

Table 27 – Utility Extension Inspections and Other Fees			
Type	Hourly Rate	Deposit	Due At
Utility Extension – Water	\$137	\$0	Monthly billings
Utility Extension – Sewer	\$137	\$0	Monthly billings
Utility Extension – Storm	\$137	\$0	Monthly billings
Water main shutdown — when required in conjunction with a utility extension	\$137	\$0	Monthly billings
Any inspection on a Utilities permit that requires overtime by Utilities Inspectors such as after normal hours, weekends and holidays <sup>A</sup>	\$162	N/A	Monthly billings

<sup>A</sup>A two (2) hour minimum for night, weekend and holiday inspection is required.

5. Water Service and Meter Installation: Table 28 is used to calculate the fees for the installation, upgrade, or abandonment of water services and/or meters.

Table 28 Water Service and Meter Installation Fees			
Type	Review	Installation Minimum Fee <sup>A</sup>	Due At
¾" Drop-In Meter	\$137	\$221	Submittal
1" Drop-In Meter	\$137	\$233	Submittal
1 ½" Drop-In Meter	\$137	\$474	Submittal

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Table 28 Water Service and Meter Installation Fees			
<u>Type</u>	<u>Review</u>	<u>Installation Minimum Fee<sup>A</sup></u>	<u>Due At</u>
2" Drop-In Meter — domestic or Combo Fire/Domestic	\$137	\$579	Submittal
2" Drop-In Turbo Meter — Irrigation or Fire Only	\$137	\$746	Submittal
¾" Full Service with Meter	\$137	\$1,459	Submittal
1" Full Service with meter	\$137	\$1,698	Submittal
1 ½" Full Service with meter	\$137	\$2,961	Submittal
2" Full Service with meter — Domestic or Combo Fire/Domestic	\$137	\$3,075	Submittal
2" Full Service with Turbo Meter – Irrigation or Fire Only	\$137	\$3,075	Submittal
Upgrade of ¾" X 1" service to 1" X 1" including meter	\$137	\$428	Submittal
Service Abandonment	\$164	\$428	Submittal
Right-of-Way permit from King County		Current rate established by King County	Submittal

<sup>A</sup>Costs in excess of these charges may be billed to the applicant. The minimum fee is 100% refundable if the installation request is canceled.

6. Additional Charges: In addition to the fees established herein, applicants will pay all appropriate direct or regional facility charges, as established by ordinance or administrative rule.

7. Latecomer Administrative Fee: The fee for the administration of the latecomer agreements is \$350 per payment, or 15% of the payment, whichever is smaller. This fee is collected from the applicant at the time of the latecomer payment.

Section 15. In the event of any conflict between this ordinance and Ordinance No. 5009 the fees and provisions in this ordinance shall prevail.

Section 16. Ordinance No. 6140 is repealed effective January 1, 2015.

Comprehensive Financial Management Policies

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**ORIGINAL**

Section 17. The fees and procedures adopted by this ordinance shall take effect January 1, 2015.

Section 18. This ordinance shall take effect and be in force five (5) days after passage and legal publication.

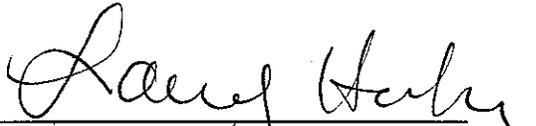
PASSED by the City Council this 14<sup>th</sup> day of December, 2014, and signed in authentication of its passage this 14<sup>th</sup> day of December, 2014.

(SEAL)

  
Claudia Balducci

Approved as to form:

Lori M. Riordan, City Attorney

  
Lacey Hatch, Assistant City Attorney

Attest:

  
Myrna L. Basich, City Clerk

Published December 4, 2014.

**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6201

AN ORDINANCE establishing revised cost-of-service based charges for water service, water consumption, and water standby capacity; repealing Ordinance No. 6085; providing for severability; and establishing an effective date.

WHEREAS, a cost-of-service study was prepared and completed identifying the cost of providing water service by customer class; and

WHEREAS, the water rate structure was redesigned to reflect the cost-of-service study findings; and

WHEREAS, the results of the cost of service study and new water rate design were reviewed by the Environmental Services Commission; and

WHEREAS, the Environmental Services Commission has reviewed the Water Utility budget and revised cost-of-service rate proposal, held a public hearing thereon and recommended approval of the proposal; and

WHEREAS, it is in the public interest to provide for the following schedule of revised charges for water service, water consumption and water standby capacity for the Water Utility of the City of Bellevue; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Charges Established. The charges set forth herein for water service, water consumption, and water standby capacity are hereby established and shall be collected from each user of water services provided by the Water Utility of the City of Bellevue.

Section 2. Meter Service Charges.

A. Meter Service Charges – General. The meter service charges per bimonthly billing period for each user of water service shall be as follows:

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<u>Domestic Meter Size</u>	<u>Bimonthly Service Charge Per Meter in Operation</u>	
	<u>2015</u>	<u>2016</u>
5/8" or 3/4"	\$40.19	\$42.28
1"	\$71.13	\$74.83
1 1/2"	\$120.34	\$126.60
2"	\$184.94	\$194.56
3"	\$404.04	\$425.05
4"	\$595.27	\$626.22
6"	\$1,114.24	\$1,172.18
8"	\$1,733.40	\$1,823.54
10"	\$2,434.58	\$2,561.18

B. Residential Combo Meters - Oversized domestic meters required in designated residential structures to provide fire sprinkler capability.

<u>Combo Meter Size</u>	<u>Bimonthly Service Charge Per Meter in Operation</u>	
	<u>2015</u>	<u>2016</u>
1"	\$43.12	\$45.36
1 1/2"	\$47.44	\$49.91
2"	\$66.44	\$69.89

C. Irrigation meters - City-owned meters that are used for measuring water used strictly for outside irrigation.

<u>Irrigation Meter Size</u>	<u>Bimonthly Service Charge Per Meter in Operation</u>	
	<u>2015</u>	<u>2016</u>
5/8" or 3/4"	\$40.19	\$42.28
1"	\$71.13	\$74.83
1 1/2"	\$120.34	\$126.60
2"	\$184.94	\$194.56
3"	\$404.04	\$425.05
4"	\$595.27	\$626.22
6"	\$1,114.24	\$1,172.18
8"	\$1,733.40	\$1,823.54
10"	\$2,434.58	\$2,561.18

Section 3. Water Consumption Charges. The water consumption charges per bimonthly billing period for each user of water service shall be as follows:

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A. Single Family Residential

<u>Cubic Feet Consumed</u>	<u>Charge Per Hundred Cubic Feet of Water</u>	
	<u>2015</u>	<u>2016</u>
0 to 1,100	\$3.16	\$3.32
1,101 to 1,700	\$4.00	\$4.21
1,701 to 4,500	\$5.26	\$5.53
4,501 and over	\$7.50	\$7.89

B. Multifamily Residential Structure or Facility

<u>Consumption</u>	<u>Charge Per Hundred Cubic Feet of Water</u>	
	<u>2015</u>	<u>2016</u>
All non-summer consumption	\$3.96	\$4.17
All summer consumption	\$5.42	\$5.70

Where summer consumption is defined in Subsection 1 below.

1. For purposes of these charges, summer consumption shall mean that volume recorded on two normal bimonthly meter readings during the months of July through October or readings during this period for other billing purposes, such as, but not limited to, customer changes.

For purposes of these charges, a "multifamily residential structure or facility" shall mean any residential structure or facility containing two or more dwelling units, including, but not limited to, duplexes, triplexes, apartment buildings, condominiums, and parcels containing two or more separate dwelling units served through a single meter, but shall not include hotels, motels or trailer parks. Mixed use structures that include both multi-family dwelling units and commercial non-residential units and that are served by one water meter shall be billed as multi-family.

C. Non-Residential

<u>Consumption</u>	<u>Charge Per Hundred Cubic Feet of Water</u>	
	<u>2015</u>	<u>2016</u>
All non-summer consumption	\$3.98	\$4.19
All summer consumption	\$5.45	\$5.73

Where summer consumption is defined in Subsection 1 below.

1. For purposes of these charges, summer consumption shall mean that volume recorded on two normal bimonthly meter readings during the months of July through October or readings during this period for other billing purposes, such as, but not limited to, customer changes.

D. Irrigation Water Consumption.

For volumes measured by irrigation meters or other meter arrangements that can be used for measuring water used strictly for outside irrigation.

<u>Consumption</u>	<u>Charge Per Hundred Cubic Feet of Water</u>	
	<u>2015</u>	<u>2016</u>
All irrigation consumption	\$7.39	\$7.77

Section 4. Service Charges for Water Standby Capacity for Private Fire Protection. The service charges for water standby capacity for private fire protection per bimonthly billing period shall be as follows:

<u>Line Size</u>	<u>Bimonthly Service Charge</u>	
	<u>2015</u>	<u>2016</u>
5/8" or 3/4"	\$22.01	\$23.15
1"	\$25.56	\$26.89
1 1/2"	\$29.21	\$30.73
2"	\$39.19	\$41.23
3"	\$112.55	\$118.40
4"	\$139.72	\$146.99
6"	\$203.17	\$213.73
8"	\$275.60	\$289.93
10"	\$339.04	\$356.67

Section 5. User Charges. The charges for each water service user shall be the sum of the meter service charge in Section 2 plus the appropriate water service charge or charges in Section 3 plus the water standby capacity charges in Section 4, all multiplied by the percentage indicated below for that city or town:

<u>City or Town</u>	<u>Percentage</u>
Bellevue	112.2708%
Clyde Hill	125.6380%
Hunts Point	121.6158%
Medina	117.8432%
Yarrow Point	119.3238%

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<u>City or Town</u>	<u>Percentage</u>
Kirkland	112.2708%
Issaquah	112.2708%
Unincorporated King County	112.2708%

provided that the percentages set forth above may be administratively adjusted by the Utilities Department Director to reflect any increase or decrease in any franchise fee required to be paid to such city or town by the Utility.

Section 6. Severability. If any section of this ordinance or any portion of any section of this ordinance, or its application to any person or circumstances is held invalid, the remainder of the ordinance or the application of the provision to other persons and circumstances, shall not be affected.

Section 7. Repeal. Ordinance No. 6085 is repealed effective January 1, 2015 provided, however, that any charges made for water service under Ordinance No. 6085 is not invalidated by the repeal of that ordinance.

Section 8. Effective Date. Sections 1-7 of this ordinance shall take effect on January 1, 2015, shall apply to service provided on and after that date and shall supersede all existing schedules of charges as of that date. The specific water service charges for 2015 shall take effect on January 1, 2015 and shall remain in effect through and including December 31, 2015. The specific water charges for 2016, as hereinbefore indicated, shall take effect on January 1, 2016 and shall remain in effect until amended by the City Council.

Section 9. This ordinance shall take effect and be in force five days after its passage and legal publication.

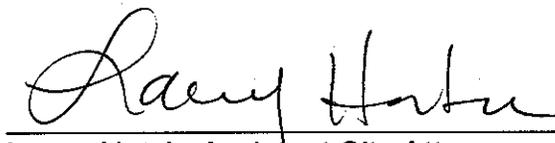
**ORIGINAL**

PASSED by the City Council this 1st day of December, 2014, and signed in authentication of its passage this 1st day of December, 2014.

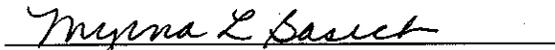
(SEAL)

  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:  
Lori Riordan, City Attorney

  
\_\_\_\_\_  
Lacey Hatch, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014.

**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6203

AN ORDINANCE establishing revised sewerage service charges; repealing Ordinance No. 6086; providing for severability; and establishing an effective date.

WHEREAS, the Environmental Services Commission has reviewed the Sewer Utility budget and rate proposal, held a public hearing thereon and recommended approval of the proposal; and

WHEREAS, it is in the public interest to establish the following amended schedule of rates and charges for the sewerage service area for the Sewer Utility of the City of Bellevue; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Charges Established. There are hereby established and shall be collected from each user in the sewerage service area for the Sewer Utility of the City of Bellevue sewerage service charges as hereinafter provided.

Section 2. Single Family Residential Structures.

A. The service charge for single-family residential units shall be \$84.06 per bimonthly billing period in 2015 and \$84.06 per bimonthly billing period in 2016, plus a volume charge based on the bimonthly winter-average water consumption for the structure, as follows:

<u>Winter-Average Cubic Feet Consumed</u>	<u>Charge Per Hundred Cubic Feet of Water</u>	
	<u>2015</u>	<u>2016</u>
0 to 5,000	\$3.64	\$3.92
Over 5,000	\$4.70	\$5.06

B. For purposes of these charges, winter-average consumption is the average bimonthly water volume recorded on three normal meter readings during the period of December 15 through June 15 of the preceding year. Winter-average consumption for each residence will be recomputed before the start of each year and that volume will be used to compute the bimonthly sewer volume charge for the residence for the entire calendar year.

C. For those residences that are not Bellevue water customers, actual meter reading data necessary to compute the residence's winter-average water

consumption will be obtained from the customer's water district, whenever possible. Where that data is unavailable and for new structures where water consumption data necessary to compute actual winter-average consumption has not been recorded, bimonthly sewer volume charges for the residence will be based on Bellevue's system-wide winter-average residential consumption of 1,500 cubic feet for a two-month period.

**Section 3. Multifamily Residential Structures or Facilities.**

The service charge for each multifamily residential structure or facility shall be \$90.12 for 2015, and \$92.82 for 2016 per bimonthly billing period for each dwelling unit, plus \$7.43 for 2015 and \$7.65 for 2016 per 100 cubic feet of water consumed by such structure or facility in excess of 1,100 cubic feet per dwelling unit during each bimonthly billing period.

For the purposes of this Section 3, "multifamily residential structure or facility" shall mean any residential structure or facility containing two or more dwelling units, including but not limited to duplexes, triplexes, apartment buildings, condominiums, and parcels containing two or more separate dwelling units, but shall not include hotels, motels or trailer parks. Mixed-use structures that include both multi-family dwelling units and commercial non-residential units and that are served by one water meter shall be billed as multi-family.

**Section 4. Non-residential Structures or Facilities.**

A. The service charge for non-residential structures or facilities shall be based on water consumption by each structure or facility and shall be computed as follows:

\$8.90 for 2015, and \$9.17 for 2016 per 100 cubic feet of water consumption per bimonthly billing period.

Provided, there shall be a minimum charge of \$138.54 for 2015 and \$142.70 for 2016 per bimonthly billing period.

For purposes of this Section 4, "non-residential structure or facilities" shall mean any structure or facility not governed by Section 2 or Section 3 of this ordinance and shall include, but not be limited to, any commercial, industrial, business, trade, school or municipal structure or facility.

**Section 5. King County/METRO Charges.** In addition to these rates and charges for sewerage service established in this ordinance, or otherwise established by the City, the following King County/METRO charges are imposed to ensure compliance with Section 204 of Public Law 92-500 (22 U.S.C. 1251) CFR Part 35, Subpart E:

A. A "surcharge" in an amount to be determined as provided in King County/METRO Resolution Nos. 2315 and 2557 (now incorporated into Title 28 of the King County Code, Chapter 28.84.060), as now constituted or hereafter amended, said charge to be added to the customer's regular bill.

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11/26/14

B. An "Industrial Cost Recovery (ICR)" charge in an amount to be determined as provided in King County/METRO Resolution Nos. 2556 and 3374 (now incorporated into Title 28 of the King County Code, Chapter 28.84.060), as now constituted or hereafter amended, said charge to be billed separately to qualifying industrial customers on an annual basis.

C. An administrative charge of \$17.11 shall be added to each customer bill that contains a King County/METRO "surcharge" or "ICR charge."

D. The City of Bellevue, in cooperation with King County/METRO, shall maintain such records as are necessary to document that its sewerage charges comply with the above-cited federal laws and regulations and King County/METRO regulations.

Section 6. User Charges. The charges for each user shall be the sum of any applicable charges under Sections 2, 3, 4 and 5 multiplied by the percentage indicated below for that city or town:

Bellevue	105.4856%
Clyde Hill	110.3273%
Hunts Point	107.2506%
Medina	104.3408%
Yarrow Point	105.4856%
All Other	100.0000%

provided that the percentages set forth above may be administratively adjusted by the Utilities Department Director to reflect any increase or decrease in any franchise fee required to be paid to such city or town by the Utility.

Section 7. The Utilities Department Director shall have authority under this ordinance to adopt procedures necessary for the efficient and equitable administration of the sewer rate structure.

Section 8. Severability. If any section of this ordinance, or any portion of any section of this ordinance, or its application to any person or circumstance, is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances, shall not be affected.

Section 9. Repeal. Ordinance No. 6086 is repealed as of January 1, 2015; provided, however, that any charges made for sewerage service under Ordinance No. 6086 are not invalidated by the repeal of that ordinance.

Section 10. Effective Date. Sections 1-9 of this ordinance shall take effect on January 1, 2015, shall apply to service provided on and after that date and shall supercede all existing schedules of charges as of that date. The specific sewerage service charges for 2015, as hereinbefore indicated, shall take effect on January 1,

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2015 and shall remain in effect through and including December 31, 2015. The specific sewage service charges for 2016, as hereinbefore indicated, shall take effect on January 1, 2016, and shall remain in effect until amended by the City Council.

Section 11. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

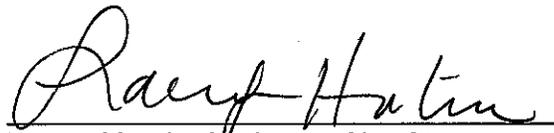
PASSED by the City Council this 1<sup>st</sup> day of December, 2014, and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

(SEAL)

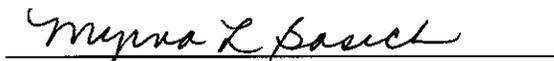
  
Claudia Balducci, Mayor

Approved as to form:

\_\_\_\_\_  
Lori Riordan, City Attorney

  
Lacey Hatch, Assistant City Attorney

Attest:

  
Myrna L. Basich, City Clerk

Published December 4, 2014.

**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6204

AN ORDINANCE establishing revised storm and surface water drainage rates and charges for the Storm & Surface Water Utility of the City of Bellevue; repealing Ordinance No. 6087; providing for severability; and establishing an effective date.

WHEREAS, the Environmental Services Commission has reviewed the Storm & Surface Water Utility budget and rate proposal, held a public hearing thereon and recommended approval of the proposal, and

WHEREAS, it is in the public interest to establish the following amended schedule of rates and charges for the Storm and Surface Water Utility of the City of Bellevue; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Definitions. The following words when used herein shall have the meanings indicated, unless the context clearly indicates otherwise:

- a. Hydrologic Response – The manner and means by which storm water collects upon real property and is conveyed from real property, and which is a function dependent upon a number of interacting factors, including, but not limited to, topography, vegetation, surficial geologic conditions, antecedent soil moisture conditions and ground water conditions. The principle measures of the hydrological system may be stated in terms of total runoff volume, as a percentage of total precipitation which runs off, or in terms of the peak rate of flow generated in the event of a storm of given duration and intensity, or statistical interval of return (frequency).
- b. Total Flow – The accumulative volume of water discharged from a property, basin, or water shed. The total flow is quantified in measures such as cubic feet or gallons of water.
- c. Peak Flow – The highest momentary rate of water flow, measured or estimated in cubic feet of water per second or gallons of water per minute. It is differentiated from total flow volume by the introduction of a unit of time measure during which the maximum rate of flow is measured, calculated, or estimated.
- d. Contributors of Drainage Waters – Shall include all real properties within the City from which flows storm or surface waters, or waters supplied by Municipal or private sources which exit the property as surface flows

and/or enter the storm and surface water utility system of the City of Bellevue.

- e. Beneficiaries of Drainage Service – Shall include all real properties within the City of Bellevue which benefit by the provision, maintenance, operation and improvement of the storm and surface water control system by the City of Bellevue, regardless of how that system may be constituted. Such benefits may include, but are not limited to, the provision of adequate systems of collection, conveyance, detention, treatment and release of storm water, the reduction of hazard to property and life resulting from storm water runoff, improvement in the general health and welfare through the reduction of undesirable storm water conditions, improvements in the water quality in the storm and surface water system and its receiving waters, and the limitation of potentially harmful land uses and land alteration activities which might otherwise negatively impact the storm and surface water system.
- f. Impervious Surfaces – Those hard surfaced areas which either prevent or retard the entry of water into the soil mantle, as it entered under natural conditions pre-existent to development, and/or cause water to run off the surface in greater quantities or at an increased rate of flow from that present under natural conditions pre-existent to development. Common impervious surfaces include, but are not limited to, rooftops, concrete or asphalt sidewalks and paving, walkways, patio areas, driveways, parking lots or storage areas and gravel, oiled, macadam or other surfaces which similarly impact the natural infiltration or runoff patterns which existed prior to development.

Section 2. Classification of Property. All real property in the City of Bellevue shall be classified by the Storm and Surface Water Utility according to the square footage of area of the property and the intensity of the development set forth below:

- a. Wetlands – Real property or a portion of real property that has been designated as “wetlands” pursuant to City of Bellevue Land Use Code (LUC) Ch. 20.25H. Such property shall continue to be charged under its existing classification until it has been specifically designated as “wetlands” pursuant to LUC Ch. 20.25H, now or as hereafter amended.
- b. Undeveloped – Real property which is undeveloped and unaltered by buildings, roads, or impervious surfaces which significantly change the hydrology of the property from its natural state.
- c. Light Development – Developed real property which has impervious surfaces of less than 20% of the total square footage area of the property.
- d. Moderate Development – Developed real property which has impervious surfaces of less than 40% of the total square footage area of the property.

- e. Heavy Development – Developed real property which has impervious surfaces between 40% and 70% of the total square footage area of the property.
- f. Very Heavy Development – Developed real property which has impervious surfaces of more than 70% of the total square footage area of the property.

Section 3. Reclassification and Combined Classification. The Storm and Surface Water Utility may reclassify an individual parcel of property to the next lower classification of intensity than would be indicated by its percentage of impervious surfaces based on hydrological data to be submitted by the property owner or his agent to the Utility, which demonstrates a hydrological response substantially similar to that of a parcel of property of such lower classification of intensity.

The City Council finds that, in the case of some parcels of property of more than 35,000 square feet in size, in addition to the conditions set forth in paragraph 1 of this section, there may be intensities of development on portions of such parcels of property which differ significantly from other portions of such property in terms of hydrologic response. To provide for consideration of the variation in intensity of development which may be present on such parcels of property, the Storm and Surface Water Utility may classify portions of such parcels of property in any of the classifications defined in Section 2 on the basis of hydrological response. Provided, however, that at least 35,000 square feet shall be classified in the most intense classification appropriate to a portion of the parcel of property.

The City Council further finds that the total area subject to the “combined” calculation for large lots may, at the option of the property owner, be capped at 66,000 square feet (excluding wetlands) for properties with no more than 35,000 square feet of developed area in the “light” or “moderate” intensity categories. The charges for the remaining undeveloped land may be deferred, at the option of the property owner, to the date of development of the property or to the date of closing on the sale of the property, whichever is earlier, and collected by the Utility, with interest accruing from the initial date of deferral at the prevailing interest rate for City bonded indebtedness. The Utilities Department Director is authorized to develop and adopt procedures for the implementation of the capping option and deferred charges, including recording of a notice of such deferred charges on the title of such property.

The City Council further finds that those properties that qualify under this section may have a lesser impact on storm water quantity. Where the owner demonstrates that the hydrological response of the property is further mitigated through natural conditions, on-site facilities or actions of the property owner that reduce the City's costs in providing surface water quantity or quality services, the property owner may apply for a credit against the surface water charge otherwise

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applying to the property. The Utilities Department Director is authorized to develop and adopt procedures for the implementation of the provision of such credits.

Section 4. Charges Established. There is hereby levied upon all real property within the City of Bellevue which contributes drainage water to or which benefits from the function of the Storm and Surface Water Utility of the City of Bellevue, and there shall be collected from the owners thereof, bimonthly service charges based on the square footage of the properties and on the appropriate intensity of development classification(s) of such properties, such that for each 2,000 square feet of area or increments thereof, the property shall be charged a bimonthly amount for 2015 and 2016 as follows:

<u>Year</u>	<u>Wetlan</u>	<u>Undevelope</u>	<u>Light</u> <u>Developmen</u>	<u>Moderate</u> <u>Developmen</u>	<u>Heavy</u> <u>Developmen</u>	<u>Very Heavy</u> <u>Developmen</u>
	<u>d</u>	<u>d</u>	<u>t</u>	<u>t</u>	<u>t</u>	<u>t</u>
2015	\$0.00	\$0.82	\$5.92	\$7.39	\$11.08	\$14.75
2016	\$0.00	\$0.85	\$6.16	\$7.69	\$11.53	\$15.35

and each account shall be charged an additional bimonthly customer charge in the amount of \$4.91 per billing in 2015 and \$5.11 per billing in 2016.

Section 5. User Charges. The charges for each user inside the city limits of Bellevue shall be the sum of the charges in Section 4, all multiplied by 105.3648%.

Section 6. Severability. If any section of this ordinance, or any portion of any section of this ordinance, or its application to any person or circumstance, is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances, shall not be affected.

Section 7. Repeal. Ordinance No. 6087 is repealed as of January 1, 2015; provided, however, that any charges made under Ordinance No. 6087 are not invalidated by the repeal of those ordinances.

Section 8. Effective Date. The revised bimonthly service charges and bimonthly customer charges established in Section 4 of this ordinance and the user charges established in Section 5 of this ordinance shall take effect on January 1, 2015, shall apply to service provided on and after that date, and shall supercede all existing schedules of charges as of that date. The specific charges for 2015, as hereinbefore indicated, shall take effect on January 1, 2015 and shall remain in effect through and including December 31, 2015. The specific charges for 2016, as hereinbefore indicated, shall take effect on January 1, 2016 and remain in effect until amended by the City Council.

Section 9. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

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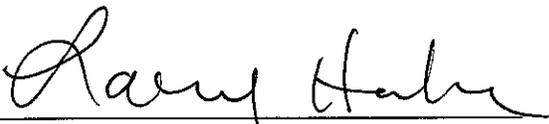
**ORIGINAL**

PASSED by the City Council this 1st day of December, 2014, and signed in authentication of its passage this 1st day of December, 2014.

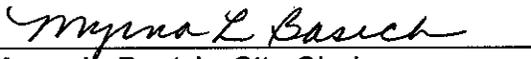
(SEAL)

  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:  
Lori Riordan, City Attorney

  
\_\_\_\_\_  
Lacey Hatch, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014.



**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6205

AN ORDINANCE authorizing the transfer of funds from the Local Improvement District (LID) Guaranty Fund to the General Fund and establishing an effective date.

WHEREAS, the City of Bellevue maintains a local improvement district guaranty fund pursuant to RCW 35.54.010; and

WHEREAS, the City Finance Director has certified that the guaranty fund has sufficient funds currently on hand to meet all valid outstanding obligations of the fund and all other obligations of the fund reasonably expected to be incurred in the near future; and

WHEREAS, the Tax Reform Act of 1986 requires that the investment of certain money in the guaranty fund be restricted if the City maintains an amount in such fund in excess of 10% of the amount of the outstanding obligations secured by such fund; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The City Finance Director is hereby authorized and directed to transfer from the LID Guaranty Fund to the General Fund the total amount of \$400,000, which is a portion of the estimated amount by which the LID Guaranty Fund reserves exceed 10% of the amount of the outstanding obligations secured by such fund.

Section 2. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

**ORIGINAL**

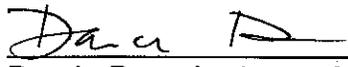
Passed by the City Council this 14 day of December, 2014  
and signed in authentication of its passage this 15 day of December,  
2014.

(SEAL)

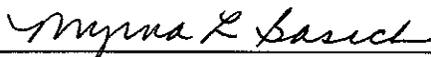
  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:

Lori M. Riordan, City Attorney

  
\_\_\_\_\_  
Darcie Durr, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014,

**ORIGINAL**

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CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6206

AN ORDINANCE establishing the amount of property taxes to be levied for the year 2015, the first year of the City of Bellevue's 2015-2016 fiscal biennium.

WHEREAS, RCW 35A.34.230 requires the City Council to consider the City's total anticipated financial requirements for the ensuing fiscal year and to determine and establish by ordinance the amount to be raised by ad valorem property taxes for 2015, and to certify the same to the Clerk of the King County Council; and

WHEREAS, the City Council held a final public hearing on November 17, 2014 to consider the 2015-2016 biennial budget, including revenue sources pursuant to RCW 84.55.120; and

WHEREAS, the estimated assessed valuation of all taxable property within the City as determined by the King County Assessor is \$41,159,679,626; and

WHEREAS, the Bellevue voters approved a \$4,049,000 parks and natural areas property tax levy lid lift in the November 4, 2008 general election ("Parks and Natural Areas Measure"); now therefore

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. There is hereby levied, and established to be raised by regular ad valorem property taxes for 2015, the amount of \$36,199,782. This property tax levy represents an increase of \$346,794 or 1% from the annual allowable increase plus an additional \$693,589 or 2% of banked capacity for a total increase of \$1,040,383 or 3% over the 2014 levy other than that from new construction, annexations and refund amounts.

2015 Regular Levy	\$36,199,782
Less 2014 Regular Property Tax Levy	(\$34,679,425)
Less New Construction Levy	(\$418,009)
Less Annexation Levy	---
Less Refund Levy	<u>(\$61,965)</u>
Property Tax Increase	\$1,040,383
% Increase	3.0%

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The total change in 2015 for property taxes levied hereunder, including the increase resulting from the addition of new construction and improvements to property, any increase in the value of state-assessed property, and allowed adjustments for annexations and refunds, is \$1,520,357 or a 4.4% increase over the 2014 property tax levy, as shown on the following page.

		<u>% Increase (Decrease)</u>
2015 Regular Property Tax Levy	\$34,679,425	
Plus New Construction Levy	418,009	1.2%
Plus Annexation Levy	—	0%
Plus Refund Levy	61,965	0.2%
Plus 1% Annual Allowable	346,794	1.0%
Plus Use of 2% Banked Capacity	<u>693,589</u>	<u>2.0%</u>
<b>2015 Regular Levy</b>	<b>\$36,199,782</b>	<b>4.4%</b>

The 2015 regular property tax levy reflects the final state-assessed value certified by the King County Assessor's Office.

Section 2. There is hereby levied a voted property tax of \$4,049,000 as passed by the voters in the November 4, 2008 general election for the Parks and Natural Areas Measure. This measure includes a capital component of \$3,389,000 annually for 20 years and maintenance and operating component of \$660,000 annually with no time limitation.

Section 3. The City Clerk is directed to transmit a certified copy of this ordinance to the Office of the Auditor of the State of Washington, Division of Municipal Corporations. The Clerk is further directed to transmit a certified copy of this ordinance to the Council Administrator – Clerk of the King County Council and to the King County Assessor on or before December 5, 2014.

Section 4. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

**ORIGINAL**

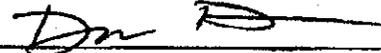
1438-ORD  
11/26/2014

Passed by the City Council this 1<sup>st</sup> day of December, 2014, and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

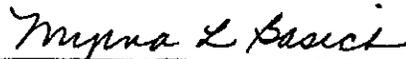
(SEAL)

  
\_\_\_\_\_  
Claudia Baiducci, Mayor

Approved as to form:  
Lori M. Riordan, City Attorney

By:   
\_\_\_\_\_  
Darcie Durr, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014

# Comprehensive Financial Management Policies

**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6207

AN ORDINANCE providing for the issuance of limited tax general obligation bonds of the City in the aggregate principal amount of not to exceed \$19,000,000 for the purpose of providing funds to acquire property, to capitalize interest and to pay issuance costs; providing for the disposition of the proceeds of sale of such bonds; and delegating the authority to approve the method of sale for and final terms of the bonds.

WHEREAS, the City Council of the City of Bellevue, Washington (the "City"), has determined that it is in the public interest to acquire certain real property located at 11101 NE 6th Street, Bellevue, Washington, from King County (the "County"); and

WHEREAS, the City and the County have negotiated an intergovernmental land transfer agreement for the purchase price of \$17,950,000.00, based on an appraised value of the property; and

WHEREAS, in order to provide the funds required to purchase such property, the City now desires to authorize the issuance of limited tax general obligation bonds in the principal amount of not to exceed \$19,000,000 and to authorize the sale of the bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and/or the Finance Director of the City, or his or her designee (each, a "Designated Representative"), for a limited time, to select the method of bond sale that is in the best interests of the City (if any) and to approve the interest rates, maturity dates, redemption terms and principal maturities for the Bonds within the parameters set by this ordinance; and

WHEREAS, the Bonds authorized herein shall be sold by either a competitive sale or negotiated sale as herein provided; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms. As used in this ordinance, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

**Approved Bid** means the winning bid submitted for the Bonds.

**Bond Purchase Contract** means the contract for the purchase of the Bonds, if any, between the Underwriter and the City, executed pursuant to Section 12 of this ordinance.

**Bond Register** means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

**Bond Registrar** means, initially, the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

**Bonds** mean the not to exceed \$19,000,000 aggregate principal amount of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015\_\_\_ issued pursuant to this ordinance.

**Bond Year** means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

**CEDE & Co.** means the nominee of The Depository Trust Company.

**City** means the City of Bellevue, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

**City Council** means the legislative authority of the City as the same shall be duly and regularly constituted from time to time.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**Commission** means the Securities and Exchange Commission.

**Debt Service Fund** means the Interest and Debt Redemption Regular Levy Fund of the City.

**Designated Representative** means the City Manager and/or the Finance Director of the City or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

**DTC** means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

**Finance Director** means the Finance Director of the City and any successor to the functions of such office.

**Financial Advisor** means Piper Jaffray & Co., Seattle, Washington, or its successor.

**Fund** means the City's General CIP Fund as described in Section 8 hereof.

**Government Obligations** means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be hereafter amended or restated.

**Letter of Representations** means the Blanket Letter of Representations from the City to DTC.

**MSRB** means the Municipal Securities Rulemaking Board or any successor to its functions.

**Net Proceeds**, when used with reference with the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

**Notice of Sale** means the notice of bond sale authorized to be given in Section 12 of this ordinance.

**Private Person** means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a short-term basis in accordance with regulations under the Code if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

**Project** means the acquisition of certain real property located at 11101 NE 6<sup>th</sup> Street, Bellevue, Washington, from King County as provided in the

Intergovernmental Land Transfer Agreement, by and between King County and the City, as the same may be amended from time to time.

**Registered Owner** means the person in whose name a Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Underwriter** means the initial purchaser of the Bonds, as selected by the Designated Representative.

**Interpretation.** In this ordinance, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

**Section 2. Findings.** The City Council hereby finds that it is in the public interest for the City to issue the Bonds to finance and/or reimburse a portion of the costs of the Project. If the City Council shall determine that it has become impractical to complete any portion of the Project by reason of changed conditions, the City shall not be required to complete such portions of the Project. If the Project has been completed or duly provided for, or found to be impractical, the City Council may apply the Bond proceeds or any portion thereof to the redemption of the Bonds or to other capital purposes as the City Council, in its discretion, shall determine.

**Section 3. Authorization of Bonds and Description of Bonds.** The City is hereby authorized to issue and sell the Bonds in one or more series in the aggregate

principal amount of not to exceed \$19,000,000 to provide funds to finance and/or reimburse costs of the Project, capitalize interest on the Bonds and pay costs of issuance of the Bonds. The Bonds shall be general obligations of the City; shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015\_\_", with such designation as determined to be necessary by the Designated Representative; shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable on the dates and at rates set forth in the Approved Bid or Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12. The Bonds of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Notice of Sale for the Bonds and the Approved Bid or Bond Purchase Contract. The Bonds authorized herein may be combined with other limited tax general obligation bonds of the City and sold as a single series and issue if determined to be in the best interest of the City.

Section 4. Registration, Transfer and Payment of Bonds.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of the state fiscal agency. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 13 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and

discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 5. Redemption and Purchase.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Notice of Sale or Bond Purchase Contract approved by the Designated Representative pursuant to Section 12 of this ordinance. The Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12 of this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry only form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of

\$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held in book-entry only form, notice of redemption (which notice may be conditional on the receipt of sufficient funds for redemption or otherwise) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in book-entry only form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (E) any conditions to redemption, and
- (F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, unless such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are

to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given as aforesaid, or if the conditions to redemption have been satisfied or waived, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 13 and to the Underwriter and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of the Bonds. The Bonds shall be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON  
CITY OF BELLEVUE  
LIMITED TAX GENERAL OBLIGATION BOND, 2015\_\_

INTEREST RATE: %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Bellevue, Washington, a municipal corporation organized and existing under the laws and Constitution of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount specified above, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from \_\_\_\_\_, 2015, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above payable \_\_\_\_\_ 1, 20\_\_, and semiannually thereafter on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 until payment of the principal sum has been made or duly provided for. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

This bond is one of an authorized issue of limited tax general obligation bonds of the City of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$ \_\_\_\_\_, issued pursuant to Ordinance No. \_\_\_\_\_ of the City, passed on December 1, 2014 (the "Bond Ordinance"), to finance or reimburse the City for costs related to acquiring property, capitalizing interest and to paying costs of issuance of the Bonds, as further provided in the Bond Ordinance.

The bonds of this issue are subject to redemption prior to their stated maturities as provided in the Bond Ordinance.

The City has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to cities without a vote of the electorate, upon all the property subject to

taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The bonds of this issue have not been designated by the City as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Reference is made to the Bond Ordinance as more fully describing the covenants with and the rights of Registered Owners of the bonds or registered assigns and the meanings of capitalized terms appearing on this bond which are defined in such ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City, that all acts, conditions and things required to be done precedent to and in the issuance of this bond and the bonds of this issue have happened, been done and performed, and that this bond and the bonds of this issue do not exceed any constitutional or statutory limitations.

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the Clerk of the City, and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

[SEAL]

CITY OF BELLEVUE, WASHINGTON

By \_\_\_\_\_ /s/ manual or facsimile  
Mayor

ATTEST:

                  /s/ manual or facsimile                    
City Clerk

The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on each Bond:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015, dated \_\_\_\_\_, 2015.

WASHINGTON STATE FISCAL AGENT,  
as Registrar

By \_\_\_\_\_  
Authorized Officer

Section 7. Execution of the Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the City by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the City.

Only Bonds that bear a Certificate of Authentication in the form set forth in Section 6, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this ordinance.

In case either of the officers of the City who shall have executed the Bonds shall cease to be such officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as

though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer.

Section 8. Disposition of Bond Proceeds. At the time of delivery of the Bonds, the proceeds of the Bonds shall be deposited in the Fund. Amounts deposited in the Fund shall be used to finance, refinance and/or reimburse costs of the Project and to pay the costs of issuing the Bonds, and are appropriated for such purposes.

Money remaining in the Fund after all of such costs have been financed, refinanced or reimbursed may be used to pay costs of other legally authorized capital expenditures of the City or shall be deposited into the Debt Service Fund. Money in the Fund may be invested as permitted by law and the investment policy of the City. All interest earned and profits derived from such investments shall be retained in and become a part of the Fund or deposited into the Debt Service Fund.

Section 9. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Bonds to the initial purchasers thereof, would have caused the Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bonds.

(b) *Private Person Use Limitation for Bonds.* The City covenants that for as long as the Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived

from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the Project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds allocable to the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project funded by the proceeds of the Bonds relate. The City further covenants that it will comply with any limitations on the use of the Project funded by the proceeds of the Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds.

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

(d) *No Designation under Section 265(b).* The City does not designate the Bonds issued pursuant to this ordinance as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The Debt Service Fund has been established by the City and shall be drawn upon for the purpose of paying the principal of and interest on the Bonds.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy

an ad valorem tax, within and as a part of the tax levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. Money in the Debt Service Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City money. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the owners of all Bonds so provided for within 20 days of the defeasance and to each party entitled to receive notice in accordance with Section 13 of this ordinance.

Section 12. Sale of the Bonds; Official Statement. Market conditions are fluctuating and, as a result, the most favorable market conditions may best be achieved by either a negotiated sale or a competitive sale, depending on then applicable market conditions. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to approve the method of sale and to approve the final interest rates, maturity dates, redemption terms and principal maturities for the Bonds. The Designated Representative may also determine the date to which interest on the Bonds shall be capitalized and determine to combine the Bonds authorized herein with other authorized limited tax general obligation bonds of the City and to sell such

bonds as a single series and issue. The Designated Representative is hereby authorized to approve a competitive bond sale or a negotiated bond sale, as set forth below.

(a) *Competitive Bond Sale.* If the Designated Representative determines that the Bonds are to be sold at a competitive public sale, the Designated Representative or his designee shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in the amount determined to be necessary accompany each bid; (4) cause notice of the public sale to be given (the "Notice of Sale"); and (5) provide for such other matters pertaining to the public sale as he deems necessary or desirable. The Designated Representative shall cause the Notice of Sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable.

Upon the date and time established for the receipt of bids for the Bonds, the Designated Representative or his designee shall open the bids and shall cause the bids to be mathematically verified. The Bonds shall be sold to the bidder offering to purchase them at the lowest true interest cost to the City; *provided, however,* that the Designated Representative reserves the right to reject any and all bids for the Bonds and also may waive any irregularity or informality in any bid.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to accept an Approved Bid for the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$19,000,000;
- (2) the final maturity date for the Bonds is no later than December 1, 2035;
- (3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120%; and
- (4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(b) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds are to be sold by negotiated sale, the Designated Representative shall solicit bond underwriting proposals and shall select the Underwriter that submits the proposal that is in the best interest of the City. The Bonds shall be sold to the Underwriter pursuant to the terms of the Bond Purchase Contract.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to enter into the Bond Purchase

Contract with the Underwriter to issue and sell the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$19,000,000;
- (2) the final maturity date for the Bonds is no later than December 1, 2035;
- (3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120%; and
- (4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(c) *Report to Council; Expiration of Authority.* Following the sale of the Bonds, the Designated Representative shall provide a report to the Council, describing the method of sale and final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 12 shall expire one year after the effective date of this ordinance. If an Approved Bid or Bond Purchase Contract has not been accepted within one year after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 12.

(d) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the successful bidder or Underwriter thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds.

(e) *Preliminary and Final Official Statements.* The City authorizes the Finance Director to approve the preliminary official statement for the Bonds and authorizes the distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the Finance Director is hereby authorized to deem the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds. The City agrees to cooperate with the successful bidder or Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and

in sufficient time to accompany any confirmation that requests payment from any customer of the successful bidder or Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City's Finance Director is authorized to approve, supplement or amend the final official statement.

Section 13. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2015 for the fiscal year ended December 31, 2014):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute);
2. The assessed valuation of taxable property in the City;
3. Ad valorem taxes due and percentage of taxes collected;
4. Property tax levy rate per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the City.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the end of nine months after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB or filed with the Commission.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves or property secures payment of the Bonds.

(d) *Notification Upon Failure to Provide Financial Data.* The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The City's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c) and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 14. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the City in connection with preparation and authentication of the replacement Bond or Bonds and upon his or

**ORIGINAL**

her filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

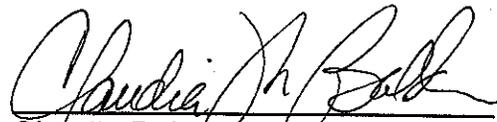
Section 15. General Authorization; Ratification of Prior Acts. The City Manager and Finance Director, and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 16. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 17. Effective Date. This ordinance shall become effective five days after its passage and publication, as required by law.

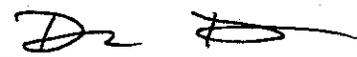
Passed by the City Council this 14 day of December, 2014 and signed in authentication of its passage this 14 day of December, 2014.

(SEAL)

  
Claudia Balducci, Mayor

Approved as to form:

Lori M. Riordan, City Attorney

  
Darcie Durr, Assistant City Attorney

Attest:

  
Myrna L. Basich, City Clerk

Published December 4, 2014.

**ORIGINAL**1437-ORD  
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## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6208

AN ORDINANCE providing for the issuance and sale of one or more series of limited tax general obligation bonds of the City in the aggregate principal amount of not to exceed \$74,000,000 for the purpose of providing funds to finance, reimburse or refinance a portion of the cost of the City's capital improvement program including capitalizing interest; providing for the disposition of the proceeds of sale of such bonds; and delegating the authority to approve the method of sale for and form and terms of the bonds.

WHEREAS, the City Council of the City of Bellevue, Washington (the "City"), has determined that it is in the public interest to finance or refinance interfund loans made to finance a portion of the costs of its Capital Improvement Program ("CIP") Plan, including street, sidewalk and other capital improvements (collectively, the "Project"); and

WHEREAS, the City is authorized by chapters 35A.40 and 39.46 RCW to borrow money and issue general obligation bonds to finance the costs of the Project; and

WHEREAS, the Council deems it in the best interest of the City to issue limited tax general obligation bonds in the aggregate principal amount of not to exceed \$74,000,000 (the "Bonds") to provide financing for the Project, and to pay costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and/or the Finance Director of the City, or his or her designee (each, a "Designated Representative"), for a limited time, to select the method of bond sale that is in the best interests of the City (if any) and to approve the interest rates, maturity dates, redemption terms, tax status, and principal maturities for the Bonds within the parameters set by this ordinance; and

WHEREAS, the Bonds authorized herein shall be sold by either a competitive sale or negotiated sale as herein provided; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms. As used in this ordinance, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

**Approved Bid** means the winning bid submitted for the Bonds.

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**Bond Purchase Contract** means the contract for the purchase of the Bonds, if any, between the Underwriter and the City, executed pursuant to Section 12 of this ordinance.

**Bond Register** means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

**Bond Registrar** means, initially, the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

**Bonds** mean the not to exceed \$74,000,000 aggregate principal amount of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015, authorized to be issued in one or more series pursuant to this ordinance.

**Bond Year** means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of any series of Tax-Exempt Bonds or the date that is five years after the date of issuance of any Tax-Exempt Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Tax-Exempt Bonds.

**CEDE & Co.** means the nominee of The Depository Trust Company.

**City** means the City of Bellevue, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

**City Council** means the legislative authority of the City as the same shall be duly and regularly constituted from time to time.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto, to the extent applicable to the Tax-Exempt Bonds.

**Commission** means the Securities and Exchange Commission.

**Debt Service Fund** means the Interest and Debt Redemption Regular Levy Fund of the City.

**Designated Representative** means the City Manager and/or the Finance Director of the City or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

**DTC** means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

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**Finance Director** means the Finance Director of the City and any successor to the functions of such office.

**Financial Advisor** means Piper Jaffray & Co., Seattle, Washington, or its successor.

**Fund** means the City's General CIP Fund as described in Section 8 hereof.

**Government Obligations** means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be hereafter amended or restated.

**Letter of Representations** means the Blanket Letter of Representations from the City to DTC.

**MSRB** means the Municipal Securities Rulemaking Board or any successor to its functions.

**Net Proceeds**, when used with reference to any series of Tax-Exempt Bonds, means the principal amount of such Tax-Exempt Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

**Notice of Sale** means the notice of bond sale authorized to be given in Section 12 of this ordinance.

**Private Person** means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a short-term basis in accordance with regulations under the Code if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

**Project** means constructing, acquiring, improving and equipping a portion of the City's Capital Improvement Program Plan.

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**Registered Owner** means the person in whose name a Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Taxable Bonds** means any Bonds determined to be issued on a taxable basis pursuant to Section 12.

**Tax-Exempt Bonds** mean any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 12.

**Underwriter** means the initial purchaser of the Bonds, as selected by the Designated Representative.

**Interpretation.** In this ordinance, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

**Section 2. Findings.** The City Council hereby finds that it is in the public interest for the City to issue the Bonds to finance a portion of the costs of the Project. If the City Council shall determine that it has become impractical to acquire any portion of the Project by reason of changed conditions, the City shall not be required to acquire such portions of the Project. If all of the Project has been acquired or constructed or duly provided for, or found to be impractical, the City Council may apply the Bond proceeds or any portion thereof to the redemption of the Bonds or to other capital purposes as the City Council, in its discretion, shall determine.

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Section 3. Authorization of Bonds and Description of Bonds. The City is hereby authorized to issue and sell the Bonds in one or more series in the aggregate principal amount of not to exceed \$74,000,000 to provide funds to finance and/or reimburse costs of the Project, capitalize interest on the Bonds, and to pay costs of issuance of the Bonds. The Bonds shall be general obligations of the City; shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015", with such additional series designation or other designation as determined to be necessary by the Designated Representative; shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable on the dates and at rates set forth in the Approved Bid or Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12. The Bonds of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Notice of Sale for the Bonds and the Approved Bid or Bond Purchase Contract. The Bonds authorized herein may be combined with other limited tax general obligation bonds of the City and sold as a single series and issue if determined to be in the best interest of the City.

### Section 4. Registration, Transfer and Payment of Bonds.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of the state fiscal agency. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 13 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as

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described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

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(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

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(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

### Section 5. Redemption and Purchase.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of a series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Notice of Sale or Bond Purchase Contract approved by the Designated Representative pursuant to Section 12 of this ordinance. The Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12 of this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry only form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c) or otherwise as provided in the Bond Purchase Contract or Approved Bid. Except as otherwise provided in the Bond Purchase Contract or Approved Bid, if the City redeems at any one time fewer than all of the Bonds having the same series and maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the

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then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) **Official Notice.** For so long as the Bonds are held in book-entry only form, notice of redemption (which notice may be conditional on the receipt of sufficient funds for redemption or otherwise) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in book-entry only form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (E) any conditions to redemption, and
- (F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, unless such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional

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redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) **Effect of Notice; Bonds Due.** If an unconditional notice of redemption has been given as aforesaid, or if the conditions to redemption have been satisfied or waived, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) **Additional Notice.** In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 13 and to the Underwriter and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) **Amendment of Notice Provisions.** The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

**Section 6. Form of the Bonds.** The Bonds shall be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

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CITY OF BELLEVUE  
LIMITED TAX GENERAL OBLIGATION BOND, 2015[A/B]((TAXABLE))

INTEREST RATE: %                      MATURITY DATE:                      CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Bellevue, Washington, a municipal corporation organized and existing under the laws and Constitution of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount specified above, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from \_\_\_\_\_, 20\_\_\_\_, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above payable \_\_\_\_\_ 1, 20\_\_\_\_, and semiannually thereafter on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 until payment of the principal sum has been made or duly provided for. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

This bond is one of an authorized issue of limited tax general obligation bonds of the City of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$ \_\_\_\_\_, issued pursuant to Ordinance No. \_\_\_\_\_ of the City, passed on December 1, 2014 (the "Bond Ordinance"), to finance, reimburse or refinance a portion of the costs of the City's Capital Improvement Program Plan, capitalize interest and to pay costs of issuance of the Bonds, as further provided in the Bond Ordinance. [Pursuant to the Bond Ordinance, the City also has authorized the issuance of its Limited Tax General Obligation Bonds, 2015[A/B]((Taxable)) in the aggregate principal amount of \$ \_\_\_\_\_ for this purpose.]

The bonds of this issue are subject to redemption prior to their stated maturities as provided in the Bond Ordinance.

The City has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to cities without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full

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faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The bonds of this issue have not been designated by the City as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Reference is made to the Bond Ordinance as more fully describing the covenants with and the rights of Registered Owners of the bonds or registered assigns and the meanings of capitalized terms appearing on this bond which are defined in such ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City, that all acts, conditions and things required to be done precedent to and in the issuance of this bond and the bonds of this issue have happened, been done and performed, and that this bond and the bonds of this issue do not exceed any constitutional or statutory limitations.

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the Clerk of the City, and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

[SEAL]

CITY OF BELLEVUE, WASHINGTON

By           /s/ manual or facsimile            
Mayor

ATTEST:

          /s/ manual or facsimile            
City Clerk

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The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on each Bond:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015[A/B] [(Taxable)], dated \_\_\_\_\_, 2015.

WASHINGTON STATE FISCAL AGENT, as  
Registrar

By \_\_\_\_\_  
Authorized Officer

Section 7. Execution of the Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the City by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the City.

Only Bonds that bear a Certificate of Authentication in the form set forth in Section 6, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this ordinance.

In case either of the officers of the City who shall have executed the Bonds shall cease to be such officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer.

Section 8. Disposition of Bond Proceeds. At the time of delivery of the Bonds, the proceeds of the Bonds shall be deposited in the Fund. Amounts deposited in the

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Fund shall be used to finance, refinance and/or reimburse costs of the Project, to capitalize interest on the Bonds, and to pay the costs of issuing the Bonds, and are appropriated for such purposes.

Money remaining in the Fund after all of such costs have been financed, refinanced or reimbursed may be used to pay costs of other legally authorized capital expenditures of the City or shall be deposited into the Debt Service Fund. Money in the Fund may be invested as permitted by law and the investment policy of the City. All interest earned and profits derived from such investments shall be retained in and become a part of the Fund or deposited into the Debt Service Fund.

Section 9. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on any Tax-Exempt Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on such Tax-Exempt Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of Tax-Exempt Bonds or any other funds of the City which may be deemed to be proceeds of any Tax-Exempt Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Tax-Exempt Bonds to the initial purchasers thereof, would have caused the Tax-Exempt Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Tax-Exempt Bonds.

(b) *Private Person Use Limitation for Tax-Exempt Bonds.* The City covenants that for as long as any Tax-Exempt Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Tax-Exempt Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Tax-Exempt Bonds are allocable to any Private Person Use; and

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(4) More than five percent of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the Project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Tax-Exempt Bonds allocable to the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project funded by the proceeds of the Tax-Exempt Bonds relate. The City further covenants that it will comply with any limitations on the use of the Project funded by the proceeds of the Tax-Exempt Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Tax-Exempt Bonds.

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

(d) *No Designation under Section 265(b).* The City does not designate the Tax-Exempt Bonds issued pursuant to this ordinance as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The Debt Service Fund has been established by the City and shall be drawn upon for the purpose of paying the principal of and interest on the Bonds.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an ad valorem tax, within and as a part of the tax levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. Money in the Debt Service Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be

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lawful for the investment of City money. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the owners of all Bonds so provided for within 20 days of the defeasance and to each party entitled to receive notice in accordance with Section 13 of this ordinance.

Section 12. Sale of the Bonds; Official Statement. Market conditions are fluctuating and, as a result, the most favorable market conditions may best be achieved by either a negotiated sale or a competitive sale, depending on then applicable market conditions. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to approve the method of sale and to approve the final interest rates, maturity dates, redemption terms and principal maturities for the Bonds. The Designated Representative may also determine the date to which interest on the Bonds shall be capitalized, whether the Bonds shall be issued in one or more series, to determine whether the Bonds (or the Bonds of a series) shall be issued as Taxable Bonds or Tax-Exempt Bonds, to combine the Bonds authorized herein with other authorized limited tax general obligation bonds of the City and to sell such bonds as a single series and issue. The Designated Representative is hereby authorized to approve a competitive bond sale or a negotiated bond sale, as set forth below.

(a) *Competitive Bond Sale.* If the Designated Representative determines that the Bonds are to be sold at a competitive public sale, the Designated Representative or

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his designee shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in the amount determined to be necessary accompany each bid; (4) cause notice of the public sale to be given (the "Notice of Sale"); and (5) provide for such other matters pertaining to the public sale as he deems necessary or desirable. The Designated Representative shall cause the Notice of Sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable.

Upon the date and time established for the receipt of bids for the Bonds, the Designated Representative or his designee shall open the bids and shall cause the bids to be mathematically verified. The Bonds shall be sold to the bidder offering to purchase them at the lowest true interest cost to the City; *provided, however*, that the Designated Representative reserves the right to reject any and all bids for the Bonds and also may waive any irregularity or informality in any bid.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to accept an Approved Bid for the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$74,000,000;
- (2) the final maturity date for the Bonds is no later than December 1, 2035;
- (3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120; and
- (4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(b) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds are to be sold by negotiated sale, the Designated Representative shall solicit bond underwriting proposals and shall select the Underwriter that submits the proposal that is in the best interest of the City. The Bonds shall be sold to the Underwriter pursuant to the terms of the Bond Purchase Contract.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to enter into the Bond Purchase Contract with the Underwriter to issue and sell the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$74,000,000;

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(2) the final maturity date for the Bonds is no later than December 1, 2035;

(3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120%; and

(4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(c) *Report to Council; Expiration of Authority.* Following the sale of the Bonds, the Designated Representative shall provide a report to the Council, describing the method of sale and final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 12 shall expire one year after the effective date of this ordinance. If an Approved Bid or Bond Purchase Contract has not been accepted within one year after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 12.

(d) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the successful bidder or Underwriter thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds.

(e) *Preliminary and Final Official Statements.* The City authorizes the Finance Director to approve the preliminary official statement for the Bonds and authorizes the distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the Finance Director is hereby authorized to deem the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds. The City agrees to cooperate with the successful bidder or Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the successful bidder or Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City's Finance Director is authorized to approve, supplement or amend the final official statement.

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### Section 13. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2015 for the fiscal year ended December 31, 2014):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute);
2. The assessed valuation of taxable property in the City;
3. Ad valorem taxes due and percentage of taxes collected;
4. Property tax levy rate per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the City.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the end of nine months after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB or filed with the Commission.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;

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- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds;
- Modifications to the rights of Bondholders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves or property secures payment of the Bonds.

(d) *Notification Upon Failure to Provide Financial Data.* The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an

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electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The City's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c) and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 14. *Lost or Destroyed Bonds.* If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the City in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

Section 15. *General Authorization; Ratification of Prior Acts.* The City Manager and Finance Director, and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated

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by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 16. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 17. Effective Date. This ordinance shall become effective five days after its passage and publication, as required by law.

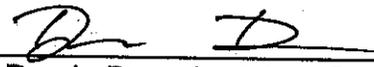
Passed by the City Council this 1<sup>st</sup> day of December, 2014, and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

(SEAL)

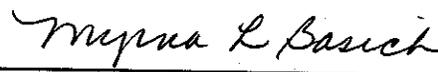
  
\_\_\_\_\_  
Claudia Balducci, Mayor

APPROVED AS TO FORM:

Lori M. Riordan, City Attorney

By:   
\_\_\_\_\_  
Darcie Durr, Assistant City Attorney

ATTEST:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014

**ORIGINAL**

1427-ORD  
12/01/14

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6209

AN ORDINANCE adopting the City of Bellevue's 2015-2016 Budget and 2015-2021 Capital Investment Program Plan; setting forth the estimated revenues and appropriations; establishing job classifications and pay ranges; and establishing an effective date.

WHEREAS, a preliminary biennium budget for 2015-2016 was prepared and filed with the City Clerk as required by law; and

WHEREAS, public hearings were held by the City Council on the preliminary biennium budget and the preliminary 2015-2021 Capital Investment Program Plan, at which time comments for or against any part of the preliminary biennium budget and the preliminary 2015-2021 Capital Investment Program Plan were heard; and

WHEREAS, on May 19, July 7, and November 17, 2014, the City Council held a public hearing upon notice as prescribed by law, and met for the purpose of setting the final budget of the city for the 2015-2016 fiscal biennium and the 2015-2021 Capital Investment Program Plan; and

WHEREAS, the City Council has made adjustments and changes as it deemed necessary or proper and desires to adopt the 2015-2016 Budget and the 2015-2021 Capital Investment Program Plan; and to appropriate monies to each of the City's funds in order to fund expenditures authorized in the 2015-2016 Budget and the 2015-2021 Capital Investment Program Plan; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Estimated Revenues and Appropriation.

(a). The 2015-2016 Estimated Revenues and Appropriation for each Operating Fund are as follows:

<u>Operating Funds</u>	<u>2015-2016 Budget</u>
General Fund	\$384,403,541
Development Services Fund	54,954,939
Equipment Rental Fund	29,660,587
Facilities Services Fund	15,190,194
Franchise Fund	0
General Self-Insurance Fund	8,920,442
Health Benefits Fund	56,104,957
Hotel/Motel Tax Fund	29,664,500

Comprehensive Financial Management Policies

1427-ORD  
12/01/14

Human Services Fund	9,457,732
Information Technology Fund	34,274,775
Land Purchase Revolving Fund	3,695,620
LEOFF I Medical Reserve Fund	7,640,125
Marina Fund	1,662,131
Park M&O Reserve Fund	6,774,204
Parks Enterprise Fund	13,846,080
Sewer Utility Fund	124,029,731
Solid Waste Fund	3,244,443
Storm & Surface Water Utility Fund	49,217,738
Unemployment Compensation Fund	899,154
Water Utility Fund	115,017,251
Worker's Compensation Fund	5,492,622
<b>Total Operating Budget</b>	<b>\$954,149,766</b>

(b). The 2015-2016 Estimated Revenues and Appropriation for each Special Purpose Fund are as follows:

<u>Special Purpose Funds</u>	<u>2015-2016 Budget</u>
Firemen's Pension Fund	\$7,194,844
Housing Fund	5,305,269
Interest & Debt Redemption - Regular Fund	31,934,994
LID Control Fund	1,011,954
LID Guaranty Fund	1,054,956
Operating Grants, Donations, and Special Reserves Fund	5,950,873
<b>Total Special Purpose Budget</b>	<b>\$52,452,890</b>

(c). The 2015-2016 Estimated Revenues and Appropriation for each Capital Projects Fund are as follows:

<u>Capital Projects Funds</u>	<u>2015-2016 Budget</u>
General Capital Investment Program Fund	\$226,597,222
Utility Capital Investment Program Fund	225,853,105
<b>Total Capital Projects Budget</b>	<b>\$452,450,327</b>

The appropriations authorized in subsection (c) above shall be for the purpose of funding those projects set forth in the 2015-2021 Capital Investment Program Plan of the City of Bellevue, Washington, a copy of which has been given Clerk's Receiving No. 53031.

**ORIGINAL**

Section 2. The job classifications and pay ranges for employees of the City, as set forth in the 2015 City of Bellevue Pay Plans, are hereby adopted as part of the biennium budget.

Section 3. All employees who are members of a bargaining unit shall receive such pay and benefits as are provided for in the appropriate collective bargaining agreement.

Section 4. The provisions of Sections 1-3 of this ordinance shall take effect on January 1, 2015.

Section 5. The City Clerk is directed to transmit a certified copy of this ordinance to the Office of the Auditor of the State of Washington, Division of Municipal Corporations and to the Association of Washington Cities.

Section 6. This ordinance shall take effect and be in force five (5) days after its passage and legal publication.

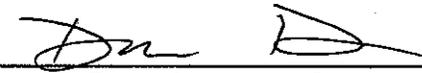
Passed by the City Council this 14<sup>th</sup> day of December, 2014 and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

(SEAL)

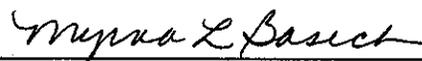
  
\_\_\_\_\_  
Claudia Balducci, Mayor

Approved as to form:

Lori M. Riordan, City Attorney

  
\_\_\_\_\_  
Darcie Durr, Assistant City Attorney

Attest:

  
\_\_\_\_\_  
Myrna L. Basich, City Clerk

Published December 4, 2014.



**ORIGINAL**

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 8845

A RESOLUTION providing for the banking of levy capacity pursuant to RCW 84.55.092.

WHEREAS, on November 29, 2007 the Washington State Legislature enacted legislation to impose a 1% property tax increase limit; and

WHEREAS, the City Council finds future substantial need exists to bank the maximum amount of levy capacity available in order to ensure sufficient capacity to fund operating costs of new facilities, maintain current levels of service, and to meet any potential future economic downturn; and

WHEREAS, it is the intent of the City Council to preserve the total maximum amount of levy capacity available to it pursuant to existing law or as hereafter enacted or amended; and

WHEREAS, the City Council held a final public hearing on November 17, 2014 for the 2015-2016 biennial budget; and

WHEREAS, the City Council finds that in order to provide funding for ongoing maintenance and operating costs of facilities and to maintain service for residents, the property tax levy should be increased by \$1,040,383 or 3%. This increase consists of \$346,794 from the annual allowable increase and plus an additional \$693,589 from previously banked capacity; and

WHEREAS, the Bellevue voters approved a \$4,049,000 parks and natural areas property tax levy lid lift in the November 4, 2008 general election; now, therefore

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. It is the intent of the City Council to preserve all of its available banked capacity, pursuant to RCW 84.55.005; 84.55.0101 and 84.55.092, of \$8,732,865, and all available but unused capacity is hereby banked. This number does not include the \$346,794 annual allowable increase or the \$693,589 of previously banked and used capacity.

Section 2. The real property tax levy established by the Council pursuant to Ordinance No. 6206 adopted on the same date noted below includes a \$1,040,383 or (3%) increase in the property tax levy, other than any increase resulting from the addition of new construction and improvements to property, any increase in the value of state-assessed property, allowed adjustments for

**ORIGINAL**

3110-RES  
11/25/2014

annexations, and refunds. The property tax levy increase breakdown is provided below.

1% Annual Allowable	346,794	1.0%
Use of 2% Banked Capacity	<u>693,589</u>	<u>2.0%</u>
Total Levy Increase	1,040,383	3.0%

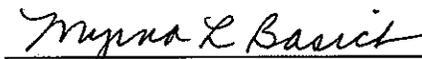
Section 3. The City Clerk is directed to transmit a certified copy of this resolution to the Council Administrator – Clerk of the King County Council and to the King County Assessor on or before December 5, 2014, showing its adoption. The Clerk is further directed to transmit a certified copy of this resolution to the Office of the Auditor of the State of Washington, Division of Municipal Corporations.

Passed by the City Council this 1<sup>st</sup> day of December, 2014, and signed in authentication of its passage this 1<sup>st</sup> day of December, 2014.

(SEAL)

  
Claudia Balducci, Mayor

Attest:

  
Myrna L. Basich, City Clerk