

Ordinance No. 119761

Council Bill No. 112949

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# The City of Seattle Council Bill/Ordinance

AN ORDINANCE relating to the Cumulative Reserve Subfund; creating an account within that subfund to hold reserves for revenue stabilization for future operations and establishing standards for the accumulation of those reserves; transferring funds within the accounts of the Cumulative Reserve Subfund and eliminating the Major Maintenance Reserve Account; and amending Sections 5.06.030, 5.80.020, and 5.80.030 of the Seattle Municipal Code in connection therewith.

11-16-99 Budget  
11-22-99 Budget  
11-22-99 Full Co

CF No. \_\_\_\_\_

Date Introduced: <u>10-11-99</u>	
Date 1st Referred: <u>10-11-99</u>	To: (committee) <u>Budget</u>
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: <u>11-22-99</u>	Full Council Vote: <u>9-0</u>
Date Presented to Mayor: <u>11-23-99</u>	Date Approved: <u>11/23/99</u>
Date Returned to City Clerk: <u>11/24/99</u>	Date Published: <u>MP</u> TO FT. <input checked="" type="checkbox"/>
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

This file is complete and ready

*Law Department*

Law Dept. Review

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# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

Dangdam  
Councilmember

## Committee Action:

11-16-99 Budget Committee: Pass As Amended 9-0

11-22-99 Budget: Pass As Amended 9-0

1-22-99 Full Council: Passed 9-0

This file is complete and ready for presentation to Full Council. Committee:

(initial/date)

*Law Department*

Law Dept. Review

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ORDINANCE 119761

1  
2 AN ORDINANCE relating to the Cumulative Reserve Subfund; creating an account within that subfund  
3 to hold reserves for revenue stabilization for future operations and establishing standards for the  
4 accumulation of those reserves; transferring funds within the accounts of the Cumulative Reserve  
5 Subfund and eliminating the Major Maintenance Reserve Account; and amending Sections  
6 5.06.030, 5.80.020, and 5.80.030 of the Seattle Municipal Code in connection therewith.

7  
8 WHEREAS, RCW 35.21.070 and Seattle Municipal Code 5.80.010 include among the permissible uses  
9 of the Cumulative Reserve Subfund the provision of reserves for revenue stabilization for future  
10 operations; and

11  
12 WHEREAS, the City's revenue sources are susceptible to sudden unanticipated shortfalls due to: (1)  
13 economic downturns, (2) changes in State law governing City revenue, or (3) legal judgements;  
14 and

15  
16 WHEREAS, sudden downward adjustments to City spending plans mid-way through a fiscal year in  
17 response to unanticipated revenue shortfalls result in unacceptable disruptions to essential City  
18 services and operations; and

19  
20 WHEREAS, it is the intent of the Mayor and City Council to avoid mid-year reductions to City spending  
21 plans by establishing a reserve that would be used to offset revenue shortfalls, and would be  
22 funded by (1) direct appropriations and (2) tax revenues that are greater than anticipated; and

23  
24 WHEREAS, since Ordinance 116497 was passed in 1992, Seattle Municipal Code 5.80.030D has  
authorized investment earnings attributable to the entire Capital Projects Account in the  
Cumulative Reserve Subfund to be deposited into the Unrestricted Subaccount of the Capital  
Projects Account, but that practice is not clearly reflected in Seattle Municipal Code 5.06.030B;  
and

WHEREAS, when the structure of the Cumulative Reserve Subfund was changed by Ordinance 117977,  
passed in 1995, the cross-references in Section 5.80.030 of the Seattle Municipal Code were not  
updated to be consistent with the new names of the accounts and sub-accounts; Now therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.80.020 of the Seattle Municipal Code is amended as follows:

**5.80.020 Structure of subfund.**



1 The Cumulative Reserve Subfund shall be comprised of (~~two (2)~~) three (3) accounts: the Major  
2 Maintenance Reserve Account, (~~and~~) the Capital Projects Account, with its several sub-accounts, and  
3 the Revenue Stabilization Account.

4 A. The Major Maintenance Reserve Account shall be used to address the City's major  
5 maintenance needs, including the accumulated backlog. Expenditures from the Major Maintenance  
6 Reserve Account shall require an ordinance adopted by a majority of the members of the City Council.

7 B. The Capital Projects Account shall be comprised of several sub-accounts, including but not  
8 limited to the Real Estate Excise Tax (~~(Account One)~~) I Subaccount; the Real Estate Excise Tax  
9 (~~(Account Two)~~) II Subaccount; and the Unrestricted (~~(A)~~) Subaccount. Expenditures from the Capital  
10 Projects Account shall require an ordinance adopted by a majority of the members of the City Council.

11 C. The Revenue Stabilization Account shall be used for revenue stabilization for future City  
12 operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed by  
13 two-thirds vote unless state law requires a higher super majority vote of the City Council. The Revenue  
14 Stabilization Account shall be funded by (1) transfers by ordinance, and (2) automatic transfer of tax  
15 revenues to the extent described in this section. Upon completion of fiscal year accounting, tax revenues  
16 collected during the closed fiscal year which are in excess of the latest revised estimate of tax revenues  
17 for that closed fiscal year (as published in the current fiscal year adopted budget) shall automatically be  
18 deposited to the Revenue Stabilization Account. Such deposit shall occur at that time the City completes  
19 its accounting for the fiscal year. At no time shall the balance of the Revenue Stabilization Account  
20 exceed two and one-half (2.5) percent of the amount of tax revenues received by the City during the  
21 fiscal year prior to the closed fiscal year. For purposes of this paragraph, the phrase "tax revenues"  
22 means all tax revenues deposited into the General Subfund, including but not limited to, tax revenue

1 from the regular property tax levy, business and occupation tax, utility business taxes, admissions tax,  
2 leasehold excise tax, gambling taxes, and sales and use taxes.

3  
4 Section 2. Section 5.80.030 of the Seattle Municipal Code is amended as follows:

5 **5.80.030 Capital projects subaccounts.**

6 A. The ~~((Unrestricted Account))~~ Major Maintenance Reserve Account shall be comprised of real  
7 estate excise taxes collected on or prior to April 30, 1992, and other moneys designated for that account  
8 by ordinance. Money in the ~~((Unrestricted Account))~~ Major Maintenance Reserve Account derived  
9 from real estate excise taxes collected on or prior to April 30, 1992, shall be expended only for capital  
10 projects contemplated by RCW 82.46.010 and 82.46.035 prior to their 1992 amendments.

11 B. The Real Estate Excise Tax ~~((Account One))~~ I Subaccount shall be comprised of the first one-  
12 quarter (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall  
13 be expended only for the purposes and capital projects contemplated by RCW 82.46.010.

14 C. The Real Estate Excise Tax ~~((Account Two))~~ II Subaccount shall be comprised of the second  
15 one-quarter (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It  
16 shall be used solely for the purposes and capital projects contemplated by RCW 82.46.035.

17 D. The Unrestricted ~~((A))~~ Subaccount ~~((Other))~~ shall, unless provided otherwise by ordinance,  
18 be comprised of revenues from sales of surplus City property, transfers from the General Fund balances,  
19 investment earnings attributable to the Capital Projects ~~((Subfund))~~ Account of the Cumulative Reserve  
20 ~~((Fund))~~ Subfund, and other unrestricted contributions to the Cumulative Reserve ~~((Fund))~~ Subfund.

1 Section 3. Subsection B of Section 5.06.030 of the Seattle Municipal Code is amended as  
2 follows:

3 **5.06.030 Fund investments-Interfund loans.**

4 The Finance Director, after consulting with the Chair of the Finance Committee of the City  
5 Council, may in his or her discretion:

6 \*\*\*

7 B. Apportion earnings and losses to those funds participating in a common investment portfolio.  
8 Those funds listed on Exhibit "A" to this ordinance, as that exhibit may be amended from time to time  
9 by the Finance Director after consulting with the Chair of the Finance Committee of the City Council,  
10 and trust or bond funds shall receive a return in proportion to the amount of money earned by each; and  
11 the remainder shall be allocated to the general fund, except that investment earnings attributable to the  
12 Capital Projects Account of the Cumulative Reserve Subfund shall be deposited in the Unrestricted  
13 Subaccount within that Capital Projects Account, all as authorized by RCW 35.39.034.

14 Section 4. Effective January 1, 2000, all funds held in the Major Maintenance Reserve Account  
15 of the Cumulative Reserve Subfund shall be transferred to the Unrestricted Subaccount within the  
16 Capital Projects Account of the Cumulative Reserve Subfund. All appropriations made in the 2000  
17 adopted budget from the Major Maintenance Reserve Account and all unexpended prior appropriations  
18 from the Major Maintenance Reserve Account shall instead be appropriated from the Unrestricted  
19 Subaccount within the Capital Projects Account.

20  
21 Section 5. Effective January 2, 2000, Section 5.80.020 of the Seattle Municipal Code is  
22 amended as follows:  
23  
24

1           **5.80.020 Structure of subfund.**

2           The Cumulative Reserve Subfund shall be comprised of two (2) (~~three (3)~~) accounts: (~~the~~  
3 ~~Major Maintenance Reserve Account;~~) the Capital Projects Account, with its several sub-accounts, and  
4 the Revenue Stabilization Account.

5           A. (~~The Major Maintenance Reserve Account shall be used to address the City's major~~  
6 ~~maintenance needs, including the accumulated backlog. Expenditures from the Major Maintenance~~  
7 ~~Reserve Account shall require an ordinance adopted by a majority of the members of the City Council.~~

8           ~~——~~ B.) The Capital Projects Account shall be comprised of several sub-accounts, including but not  
9 limited to the Real Estate Excise Tax I Subaccount; the Real Estate Excise Tax II Subaccount; and the  
10 Unrestricted Subaccount. Expenditures from the Capital Projects Account shall require an ordinance  
11 adopted by a majority of the members of the City Council.

12           (~~C~~) B. The Revenue Stabilization Account shall be used for revenue stabilization for future  
13 City operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed  
14 by two-thirds vote unless state law requires a higher super majority vote of the City Council. The  
15 Revenue Stabilization Account shall be funded by (1) transfers by ordinance, and (2) automatic transfer  
16 of tax revenues to the extent described in this section. Upon completion of fiscal year accounting, tax  
17 revenues collected during the closed fiscal year which are in excess of the latest revised estimate of tax  
18 revenues for that closed fiscal year (as published in the current fiscal year adopted budget) shall  
19 automatically be deposited to the Revenue Stabilization Account. Such deposit shall occur at that time  
20 the City completes its accounting for the fiscal year. At no time shall the balance of the Revenue  
21 Stabilization Account exceed two and one-half (2.5) percent of the amount of tax revenues received by  
22 the City during the fiscal year prior to the closed fiscal year. For purposes of this paragraph, the phrase  
23  
24

1 "tax revenues" means all tax revenues deposited into the General Subfund, including but not limited to,  
2 tax revenue from the regular property tax levy, business and occupation tax, utility business taxes,  
3 admissions tax, leasehold excise tax, gambling taxes, and sales and use taxes.

4  
5 Section 6. Effective January 2, 2000, Section 5.80.030 of the Seattle Municipal Code is  
6 amended as follows:

7 **5.80.030 Capital projects subaccounts.**

8 A. ~~((The Major Maintenance Reserve Account shall be comprised of real estate excise taxes  
9 collected on or prior to April 30, 1992, and other moneys designated for that account by ordinance.  
10 Money in the Major Maintenance Reserve Account derived from real estate excise taxes collected on or  
11 prior to April 30, 1992, shall be expended only for capital projects contemplated by RCW 82.46.010 and  
12 82.46.035 prior to their 1992 amendments.~~

13 ~~———— B.))~~The Real Estate Excise Tax I Subaccount shall be comprised of the first one-quarter (1/4) of  
14 one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be expended  
15 only for the purposes and capital projects contemplated by RCW 82.46.010.

16 ~~((C))~~ B. The Real Estate Excise Tax II Subaccount shall be comprised of the second one-quarter  
17 (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be used  
18 solely for the purposes and capital projects contemplated by RCW 82.46.035.

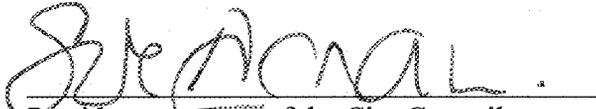
19 ~~((D))~~ C. The Unrestricted Subaccount shall, unless provided otherwise by ordinance, be  
20 comprised of revenues from sales of surplus City property, transfers from the General Fund balances,  
21 investment earnings attributable to the Capital Projects Account of the Cumulative Reserve Subfund,  
22 and other unrestricted contributions to the Cumulative Reserve Subfund.

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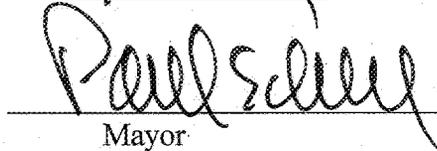
Section 7. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 8. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

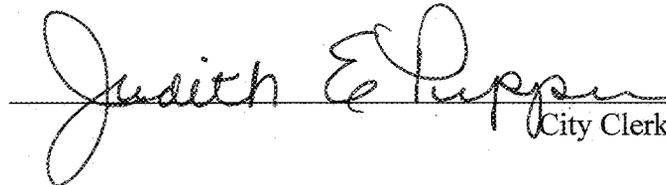
Passed by the City Council the 22<sup>nd</sup> day of November 1999, and signed by me in open session in authentication of its passage this 22<sup>nd</sup> day of November, 1999.

  
\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this 23 day of November, 1999.

  
\_\_\_\_\_  
Mayor

Filed by me this 24 day of November, 1999.

  
\_\_\_\_\_  
City Clerk

(Seal)



City of Seattle  
City Budget Office

Joan Walters, Budget Director  
Paul Schell, Mayor



October 8, 1999

Seattle City Council President Sue Donaldson  
Honorable Members of the City Council  
600 Fourth Avenue, Suite 1100  
Seattle, WA 98104

SUBJECT: Ordinance Creating the Revenue Stabilization Account

Dear Council President Donaldson and Members of the City Council:

As you know, the City is currently benefiting from exceptionally strong economic performance. However, the sustainability of this performance is a major question as the City looks to the future. Conventional wisdom dictates a conservative approach that recognizes the speed with which a downturn can occur. Consequently, the Mayor proposes creating a Revenue Stabilization Account in the Cumulative Reserve Subfund to cushion the City from impact of sudden revenue changes that could undermine our ability to maintain services to our citizens. An ordinance creating that Account is enclosed.

In addition, this ordinance proposes technical changes to the structure of the Cumulative Reserve Subfund. These changes include the elimination of the Major Maintenance account as well as other administrative changes. These changes do not affect any current plans for spending on major maintenance or other capital projects.

I respectfully request your approval of the enclosed ordinance. Should you have any questions, please do not hesitate to e-mail or call me at 615.0922. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Joan Walters".

Joan Walters  
Director, City Budget Office

cc: Dwight Dively, Director, ESD



ORDINANCE \_\_\_\_\_

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2  
3 AN ORDINANCE relating to the Cumulative Reserve Subfund; creating an account within that subfund  
4 to hold reserves for revenue stabilization for future operations and establishing standards for the  
5 accumulation of those reserves; transferring funds within the accounts of the Cumulative Reserve  
6 Subfund and eliminating the Major Maintenance Reserve Account; and amending Sections  
7 5.06.030, 5.80.020, and 5.80.030 of the Seattle Municipal Code in connection therewith.

8 WHEREAS, RCW 35.21.070 and Seattle Municipal Code 5.80.010 include among the permissible uses  
9 of the Cumulative Reserve Subfund the provision of reserves for revenue stabilization for future  
10 operations; and

11 WHEREAS, the City's revenue sources are susceptible to sudden unanticipated shortfalls due to: (1)  
12 economic downturns, (2) changes in State law governing City revenue, or (3) legal judgements;  
13 and

14 WHEREAS, sudden downward adjustments to City spending plans mid-way through a fiscal year in  
15 response to unanticipated revenue shortfalls result in unacceptable disruptions to essential City  
16 services and operations; and

17 WHEREAS, it is the intent of the Mayor and City Council to avoid mid-year reductions to City spending  
18 plans by establishing a reserve that would be used to offset revenue shortfalls, and would be  
19 funded by (1) direct appropriations and (2) tax revenues that are greater than anticipated; and

20 WHEREAS, since Ordinance 116497 was passed in 1992, Seattle Municipal Code 5.80.030D has  
21 authorized investment earnings attributable to the entire Capital Projects Account in the  
22 Cumulative Reserve Subfund to be deposited into the Unrestricted Subaccount of the Capital  
23 Projects Account, but that practice is not clearly reflected in Seattle Municipal Code 5.06.030B;  
24 and

WHEREAS, when the structure of the Cumulative Reserve Subfund was changed by Ordinance 117977,  
passed in 1995, the cross-references in Section 5.80.030 of the Seattle Municipal Code were not  
updated to be consistent with the new names of the accounts and sub-accounts; Now therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.80.020 of the Seattle Municipal Code is amended as follows:

**5.80.020 Structure of subfund.**



1 The Cumulative Reserve Subfund shall be comprised of ~~((two (2)))~~ three (3) accounts: the Major  
2 Maintenance Reserve Account, ~~((and))~~ the Capital Projects Account, with its several sub-accounts, and  
3 the Revenue Stabilization Account.

4 A. The Major Maintenance Reserve Account shall be used to address the City's major  
5 maintenance needs, including the accumulated backlog. Expenditures from the Major Maintenance  
6 Reserve Account shall require an ordinance adopted by a majority of the members of the City Council.

7 B. The Capital Projects Account shall be comprised of several sub-accounts, including but not  
8 limited to the Real Estate Excise Tax ~~((Account One))~~ I Subaccount; the Real Estate Excise Tax  
9 ~~((Account Two))~~ II Subaccount; and the Unrestricted ~~((A))~~ Subaccount. Expenditures from the Capital  
10 Projects Account shall require an ordinance adopted by a majority of the members of the City Council.

11 C. The Revenue Stabilization Account shall be used for revenue stabilization for future City  
12 operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed by  
13 three-fourths vote of the City Council. The Revenue Stabilization Account shall be funded by (1)  
14 transfers by ordinance, and (2) automatic transfer of tax revenues to the extent described in this section.  
15 Upon completion of fiscal year accounting, tax revenues collected during the closed fiscal year which are  
16 in excess of the latest revised estimate of tax revenues for that closed fiscal year (as published in the  
17 current fiscal year adopted budget) shall automatically be deposited to the Revenue Stabilization  
18 Account. Such deposit shall occur at that time the City completes its accounting for the fiscal year. At  
19 no time shall the balance of the Revenue Stabilization Account exceed two and one-half (2.5) percent of  
20 the amount of tax revenues received by the City during the prior fiscal year. For purposes of this  
21 paragraph, the phrase "tax revenues" means all revenues deposited into the General Subfund, including  
22 but not limited to, revenue from the regular property tax levy, business and occupation tax, utility  
23 business taxes, admissions tax, leasehold excise tax, gambling taxes, and sales and use taxes.

1  
2  
3 Section 2. Section 5.80.030 of the Seattle Municipal Code is amended as follows:

4 **5.80.030 Capital projects subaccounts.**

5 A. The (~~Unrestricted Account~~) Major Maintenance Reserve Account shall be comprised of real  
6 estate excise taxes collected on or prior to April 30, 1992, and other moneys designated for that account  
7 by ordinance. Money in the (~~Unrestricted Account~~) Major Maintenance Reserve Account derived  
8 from real estate excise taxes collected on or prior to April 30, 1992, shall be expended only for capital  
9 projects contemplated by RCW 82.46.010 and 82.46.035 prior to their 1992 amendments.

10 B. The Real Estate Excise Tax (~~Account One~~) I Subaccount shall be comprised of the first one-  
11 quarter (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall  
12 be expended only for the purposes and capital projects contemplated by RCW 82.46.010.

13 C. The Real Estate Excise Tax (~~Account Two~~) II Subaccount shall be comprised of the second  
14 one-quarter (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It  
15 shall be used solely for the purposes and capital projects contemplated by RCW 82.46.035.

16 D. The Unrestricted (~~A~~) Subaccount (~~Other~~) shall, unless provided otherwise by ordinance, be  
17 comprised of revenues from sales of surplus City property, transfers from the General Fund balances,  
18 investment earnings attributable to the Capital Projects (~~Subfund~~) Account of the Cumulative Reserve  
19 (~~Fund~~) Subfund, and other unrestricted contributions to the Cumulative Reserve (~~Fund~~) Subfund.

20  
21  
22 Section 3. Subsection B of Section 5.06.030 of the Seattle Municipal Code is amended as follows:

23 **5.06.030 Fund investments-Interfund loans.**

1 The Finance Director, after consulting with the Chair of the Finance Committee of the City  
2 Council, may in his or her discretion:

3 \*\*\*

4 B. Apportion earnings and losses to those funds participating in a common investment portfolio.  
5 Those funds listed on Exhibit "A" to this ordinance, as that exhibit may be amended from time to time  
6 by the Finance Director after consulting with the Chair of the Finance Committee of the City Council,  
7 and trust or bond funds shall receive a return in proportion to the amount of money earned by each; and  
8 the remainder shall be allocated to the general fund, except that investment earnings attributable to the  
9 Capital Projects Account of the Cumulative Reserve Subfund shall be deposited in the Unrestricted  
10 Subaccount within that Capital Projects Account, all as authorized by RCW 35.39.034.

11  
12 Section 4. Effective January 1, 2000, all funds held in the Major Maintenance Reserve Account  
13 of the Cumulative Reserve Subfund shall be transferred to the Unrestricted Subaccount within the  
14 Capital Projects Account of the Cumulative Reserve Subfund. All appropriations made in the 2000  
15 adopted budget from the Major Maintenance Reserve Account and all unexpended prior appropriations  
16 from the Major Maintenance Reserve Account shall instead be appropriated from the Unrestricted  
17 Subaccount within the Capital Projects Account.

18  
19 Section 5. Effective January 2, 2000, Section 5.80.020 of the Seattle Municipal Code is amended  
20 as follows:

21 **5.80.020 Structure of subfund.**  
22  
23  
24

1 The Cumulative Reserve Subfund shall be comprised of two (2) (~~three (3)~~) accounts: (~~the~~  
2 ~~Major Maintenance Reserve Account,~~) the Capital Projects Account, with its several sub-accounts, and  
3 the Revenue Stabilization Account.

4 A. (~~The Major Maintenance Reserve Account shall be used to address the City's major~~  
5 ~~maintenance needs, including the accumulated backlog. Expenditures from the Major Maintenance~~  
6 ~~Reserve Account shall require an ordinance adopted by a majority of the members of the City Council.~~

7 ~~———B.)~~ The Capital Projects Account shall be comprised of several sub-accounts, including but not  
8 limited to the Real Estate Excise Tax I Subaccount; the Real Estate Excise Tax II Subaccount; and the  
9 Unrestricted Subaccount. Expenditures from the Capital Projects Account shall require an ordinance  
10 adopted by a majority of the members of the City Council.

11 ~~(C)~~ B. The Revenue Stabilization Account shall be used for revenue stabilization for future City  
12 operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed by  
13 three-fourths vote of the City Council. The Revenue Stabilization Account shall be funded by (1)  
14 transfers by ordinance, and (2) automatic transfer of tax revenues to the extent described in this section.  
15 Upon completion of fiscal year accounting, tax revenues collected during the closed fiscal year which are  
16 in excess of the latest revised estimate of tax revenues for that closed fiscal year (as published in the  
17 current fiscal year adopted budget) shall automatically be deposited to the Revenue Stabilization  
18 Account. Such deposit shall occur at that time the City completes its accounting for the fiscal year. At  
19 no time shall the balance of the Revenue Stabilization Account exceed two and one-half (2.5) percent of  
20 the amount of tax revenues received by the City during the prior fiscal year. For purposes of this  
21 paragraph, the phrase "tax revenues" means all revenues deposited into the General Subfund, including  
22 but not limited to, revenue from the regular property tax levy, business and occupation tax, utility  
23 business taxes, admissions tax, leasehold excise tax, gambling taxes, and sales and use taxes.  
24

1 Section 6. Effective January 2, 2000, Section 5.80.030 of the Seattle Municipal Code is amended  
2 as follows:

3 **5.80.030 Capital projects subaccounts.**

4 A. ~~((The Major Maintenance Reserve Account shall be comprised of real estate excise taxes  
5 collected on or prior to April 30, 1992, and other moneys designated for that account by ordinance.  
6 Money in the Major Maintenance Reserve Account derived from real estate excise taxes collected on or  
7 prior to April 30, 1992, shall be expended only for capital projects contemplated by RCW 82.46.010 and  
8 82.46.035 prior to their 1992 amendments.~~

9 ~~—— B.))~~ The Real Estate Excise Tax I Subaccount shall be comprised of the first one-quarter (1/4) of  
10 one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be expended  
11 only for the purposes and capital projects contemplated by RCW 82.46.010.

12 ~~((C))~~ B. The Real Estate Excise Tax II Subaccount shall be comprised of the second one-quarter  
13 (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be used  
14 solely for the purposes and capital projects contemplated by RCW 82.46.035.

15 ~~((D))~~ C. The Unrestricted Subaccount shall, unless provided otherwise by ordinance, be  
16 comprised of revenues from sales of surplus City property, transfers from the General Fund balances,  
17 investment earnings attributable to the Capital Projects Account of the Cumulative Reserve Subfund,  
18 and other unrestricted contributions to the Cumulative Reserve Subfund.

19  
20 Section 7. Any act consistent with the authority and prior to the effective date of this ordinance  
21 is hereby ratified and confirmed.

1 Section 8. This ordinance shall take effect and be in force thirty (30) days from and after its  
2 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after  
3 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

4 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 1999, and signed by me in open  
5 session in authentication of its passage this \_\_\_\_ day of \_\_\_\_\_, 1999.

6  
7 \_\_\_\_\_  
President \_\_\_\_\_ of the City Council

8 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 1999.

9  
10 \_\_\_\_\_  
Mayor

11  
12 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 1999.

13  
14 \_\_\_\_\_  
City Clerk

15 (Seal)

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**STATE OF WASHINGTON - KING COUNTY**

112990

City of Seattle, City Clerk

—ss.

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:119781 ORD IN FUL

was published on

12/20/99

The amount of the fee charged for the foregoing publication is the sum of \$ \_\_\_\_\_, which amount has been paid in full.

*H. Patterson*

Subscribed and sworn to before me on

12/20/99

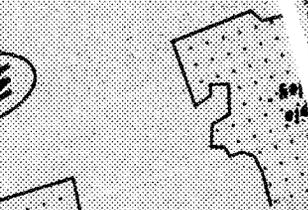
*McCarthy*

Notary Public for the State of Washington,  
residing in Seattle

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 Granite  
 Gold Bl  
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 Centralia  
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 Castle Rock  
 Carbonado  
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 Bremerton  
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**City of Seattle**  
ORDINANCE 119761

AN ORDINANCE relating to the Cumulative Reserve Subfund, creating an account within that subfund for future operations and establishing standards for the accumulation of those reserves; transferring funds within the accounts of the Cumulative Reserve Subfund and eliminating the Major Maintenance Reserve Account; and amending Sections 5.06.030, 5.80.020, and 5.80.030 of the Seattle Municipal Code in connection therewith.

WHEREAS RCW 35.21.070 and Seattle Municipal Code 5.80.010 include among the permissible uses of the Cumulative Reserve Subfund the provision of reserves for revenue stabilization for future operations; and

WHEREAS the City's revenue sources are susceptible to sudden unanticipated shortfalls due to (1) economic downturns, (2) changes in State law governing revenue, or (3) legal judgments; and

WHEREAS sudden downward adjustments to City spending plans midway through a fiscal year in response to unanticipated revenue shortfalls result in unacceptable disruptions to essential City services and operations; and

WHEREAS it is the intent of the Mayor and City Council to avoid mid-year reductions to City spending plans by establishing a reserve that would be used to offset revenue shortfalls and would be funded by (1) direct appropriations and (2) tax revenues that are greater than anticipated; and

WHEREAS since Ordinance 116497 was passed in 1992, Seattle investment earnings attributable to the entire Capital Projects Subfund and the Cumulative Reserve Subfund have been deposited into the restricted Subaccount of the Capital Projects Account, but that practice is not

**TERFUND LOANS**  
The Finance Director, after consulting with the Chair of the Finance Committee of the City Council, may in his or her discretion:

B. Apportion earnings and losses to those funds participating in a common investment portfolio. Those funds listed on Exhibit "A" to this ordinance, as that exhibit may be amended from time to time by the Finance Director after consulting with the Chair of the Finance Committee of the City Council, and trust or bond funds shall receive a return in proportion to the amount of money earned by each; and the remainder shall be allocated to the general fund, except that investment earnings attributable to the Capital Projects Account shall be deposited in the Unrestricted Subaccount created in the Capital Projects Account, all as authorized by RCW 35.29.034.

Section 4. Effective January 1, 2000, all funds held in the Major Maintenance Reserve Account of the Cumulative Reserve Subfund shall be transferred to the Unrestricted Subaccount within the Capital Projects Account of the Cumulative Reserve Subfund. All appropriations made in the 2000 adopted budget from the Major Maintenance Reserve Account and all unexpended prior appropriations from the Major Maintenance Reserve Account shall instead be appropriated from the Unrestricted Subaccount within the Capital Projects Account.

Section 5. Effective January 2, 2000, Section 5.80.020 of the Seattle Municipal Code is amended as follows:  
5.80.020 STRUCTURE OF SUBFUND.

The Cumulative Reserve Subfund shall be comprised of two (2) (three (3)) accounts: (A) the Major Maintenance Reserve Account; (B) the Capital Projects Account; and (C) the Revenue Stabilization Account.

A. (The Major Maintenance Reserve Account shall be used to address the City's major maintenance needs, including the accumulated backlog. Expenditures from the Major Maintenance Reserve Account shall require an ordinance adopted by a majority of the members of the City Council.

B. (The Capital Projects Account shall be comprised of several sub-accounts, including but not limited to the Real Estate Excise Tax I Subaccount; the Unrestricted Subaccount; Expenditures from the Capital Projects Account shall require an ordinance adopted by a majority of the members of the City Council.

C. (1) The Revenue Stabilization Account shall be used for revenue stabilization for future City operations. Expenditures from the Revenue Stabilization Account shall require an ordinance passed by a two-thirds vote majority of the City Council. The Revenue Stabilization Account shall be funded by (1) transfers from tax revenues to the extent described in this ordinance; and (2) automatic transfer of tax revenues collected during the closed fiscal year which are in excess of the latest revised estimate of tax revenues for that closed fiscal year (as published in the current fiscal year adopted budget) shall automatically occur. Such deposits into the Stabilization Account by the City shall occur at that time the City completes its accounting for the Revenue Stabilization Account and shall be deposited into the Revenue Stabilization Account in excess of two and one-half (2.5) percent of the City during the fiscal year prior to the closed fiscal year. For purposes of this paragraph, the phrase "tax revenues" means all tax revenues deposited into the General Subfund, including but not limited to: tax revenue from the regular property tax levy; business and occupation tax; utility business taxes; admissions tax; leasehold excise tax; gambling taxes; and sales and use taxes.

Section 6. Effective January 2, 2000, Section 5.80.030 of the Seattle Municipal Code is amended as follows:  
5.80.030 CAPITAL PROJECTS SUBACCOUNTS.

A. (The Major Maintenance Reserve Account shall be comprised of real estate excise taxes collected on or prior to April 30, 1992, and other moneys designated for that account by ordinance. Money collected on or prior to April 30, 1992, shall be deposited into the Capital Projects Subaccount created by RCW 82.46.010 and 82.48.005 prior to their 1992 amendments.

B. (The Real Estate Excise Tax I Subaccount shall be comprised of the first quarter (1/4) of one (1) percent excise tax on real estate sales collected on or after May 1, 1992. It shall be expended only for