

RESOLUTION No. 30392

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A RESOLUTION adopting updated financial policies for the funds of the City of Seattle's various Operating Departments and for the Parking Garage Fund, and superceding Resolution 29951 and Resolution 29771 to the extent inconsistent.

oversize

(FBED)

FBED - DP as amended, G.P.A. RC,
9-24-01 Adopted 9-0

Introduced: <i>9/10</i>	By: <i>Drago</i>
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Law Department

(V)

MC

oversize

San Diego

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Budget &
Economic Development
Office

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Attachments A-K

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RESOLUTION 30392

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A RESOLUTION adopting updated financial policies for funds of the City of Seattle's various Operating Departments and for the Parking Garage Fund, and superceding Resolution 29951 and Resolution 29771 to the extent inconsistent.

WHEREAS, the City Council and the Mayor are committed to high standards of financial management; and

WHEREAS, adopting and periodically updating financial policies are important steps towards assuring consistent and rational financial management; and

WHEREAS, the financial policies of the City's Operating Department Funds and the Parking Garage Fund are essential components of financial policies; and

WHEREAS, the City Council and Mayor have reviewed the financial policies for the City's Operating Department Funds and Parking Garage Fund and wish to update and reaffirm them; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT

Section 1. Seattle Center Operating Fund. The Council adopts the attached policies (Exhibit A) on the Seattle Center Operating Fund. In so doing, the Council reaffirms existing financial policies for this Fund and updates/revises these policies in four ways:

- a) They change references from the "Seattle Center Coliseum" to the "Seattle Center KeyArena," and change "Supersonics" to "Sonics".
- b) A new policy is added (Policy 11) that sets a fund balance target which the Department is allowed to maintain in its operating fund.
- c) A new policy is added (Policy 12) that acknowledges the benefits of diverse revenue sources for the Department.
- d) A new policy is added (Policy 13) that acknowledges the benefits of private funding support.

Section 2. Design, Construction, and Land Use Operating Fund. Resolution 29951 is superceded to the extent inconsistent, and the attached policies (Exhibit B) on the Design, Construction, and Land Use

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1 Operating Fund are hereby adopted by the City Council. In so doing, the Council reaffirms existing
2 financial policies for this Fund and revises these policies in four ways:

- 3 a) In 1999, the City Auditor noted that the use of the term "reserves" in Ordinance 119501 was not in
4 compliance with generally accepted accounting principles. To bring these principles into
5 compliance, the attached policies use the term "set-aside" rather than "reserve."
6 b) Policy 18 requires a financial review for any given regulatory fee if income net of costs and set-
7 asides exceed five percent of the fee revenue, on average, over a two-year period. The former policy
8 set forth in Resolution 29951 required a review if the five percent trigger was reached in any year.
9 c) Policy 20 clarifies that advance notice for use of the staffing stability set-aside be provided to the
10 Finance, Budget, and Economic Development Committee, or its successor committee.
11 d) Resolution 29951 policies are further revised by correcting a reference to "intra-revenue" loans, and
12 making it "inter-revenue" loans (Policy 21).

13
14 Section 3. Parks Operating Fund. The Council adopts the attached policies (Exhibit C) on the Parks
15 Operating Fund. In so doing, the Council reaffirms existing financial policies for this Fund and updates
16 these policies in two ways:

- 17 a) Accounts and subaccounts within the Parks Operating Fund are renamed "accounting units."
18 b) Council Bill 113832 will delete the Municipal Golf Facilities Improvement Subaccount, and so this
19 subaccount is deleted from this set of policies.

20
21 Section 4. Transportation Operating Fund. The Council adopts the attached policies (Exhibit D) on
22 the Transportation Operating Fund. In so doing, the Council reaffirms existing financial policies for this
23 Fund and updates these policies in four ways:

- 24 a) The Waterway Operation and Maintenance Account is renamed the Waterway Operation and
25 Maintenance Subfund.
26 b) Policies 8, 12, and 13 relate to Council Bill 113832, which will clarify allowable revenues to, and
27 expenditures from, the City Street Subfund and the Arterial City Street Subfund.

28

- 1 c) Policies 9 and 14 clarify revenues to, and expenditures from, the Vehicle License Fee Subfund.
2 d) Policy 16 relates to Council Bill 113814, regarding the Transportation Fund's interfund loan.

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4 Section 5. Library Operating Fund. The Council adopts the attached policies (Exhibit E) on the
5 Library Operating Fund. In so doing, the Council reaffirms existing financial policies.

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7 Section 6. Human Services Operating Fund. The Council adopts the attached policies (Exhibit F) on
8 the Human Services Operating Fund and in so doing reaffirms existing financial policies.

9
10 Section 7. Office of Housing Operating Fund. The Council adopts the attached policies (Exhibit G)
11 on the Office of Housing Operating Fund. In so doing, the Council reaffirms existing financial policies.

12
13 Section 8. Fleets and Facilities Fund. The Council adopts the attached policies (Exhibit H). These
14 policies are currently effective for the Fleets Subfund and the Facilities Subfund of the Executive
15 Services Fund. Upon passage of a Council Bill creating a new Fleets and Facilities Fund, these policies
16 will apply to that fund. In adopting these policies, the Council hereby supercedes Resolution 29771 to
17 the extent that it is inconsistent. The attached policies update the relevant sections of Resolution 29771
18 and reiterate the space rent policies adopted in November 2000 via Resolution 30250. In addition, the
19 policies make the following five changes:

- 20 a) The Fleets and Facilities Department (F&FD) policies no longer include a requirement to do cost
21 effectiveness analyses comparing services provided with those of alternative service providers.
22 Instead, there is added to the Citywide cost allocation policies (to be adopted via a separate
23 resolution) a biannual review of central service departments' services and charging methodologies, in
24 which the F&FD will participate.
25 b) Policy 12 regarding the reduction of the vehicle backlog is updated.
26 c) Policy 14 regarding the City's centralized fleet services is updated to include language from
27 Memorandums of Understanding between F&FD and the City's utilities.



1 d) Policy 16 is revised to direct the City Budget Office to track and approve all fleet add: prior to the
2 F&FD placing any fleet add orders.

3 e) Policy 17 is added to state the City's support of clean, energy efficient vehicles.
4

5 Section 9. Department of Information Technology Fund. The Council adopts the attached policies
6 (Exhibit I) on the Department of Information Technology Fund. In so doing, the Council hereby
7 supercedes Resolution 29771 to the extent that it is inconsistent. The attached policies update the
8 relevant sections of Resolution 29771, and no longer include a requirement to do cost effectiveness
9 analyses comparing services provided with those of alternative service providers. Instead, there is added
10 to the Citywide cost allocation policies (to be adopted via a separate resolution) a bi-annual review of
11 central service departments' services and charging methodologies, in which the Department of
12 Information Technology will participate.
13

14 Section 10. Engineering Services Fund. The Council adopts the attached policies (Exhibit J) on the
15 Engineering Services Fund and in so doing reaffirms existing financial policies and updates them in three
16 ways:

17 a) The policies replace outdated references to City officers and organizational units that no longer
18 reflect the City's current organization.

19 b) Policy 4 relates to Council Bill 113814, regarding the Engineering Services Fund's interfund loan.

20 c) Policy 5 is added expressing the intent of Seattle Public Utilities to seek the elimination of this fund,
21 no sooner than 2003.
22

23 Section 11. Parking Garage Fund. The Council adopts the attached policies (Exhibit K) on the
24 Parking Garage Fund and in so doing reaffirms existing financial policies and updates them in two ways:

25 a) Policy 7 is added regarding use of fund balances.

26 b) Policy 8 is added on reporting requirements.
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1 Section 12. Future Review of Attached Policies. The Council finds that the attached policies should
2 be reviewed and updated on a five-year cycle, with the next update scheduled for 2006.

3 ADOPTED by the City Council of the City of Seattle the 24th day of September, 2001.
4 and signed by me in open session in authentication of its adoption this 24th day of September
5 2001.

6 Margaret Clague
7 President _____ of the City Council

8 THE MAYOR CONCURRING:

9 Paul Schell
10 Paul Schell, Mayor

11
12 Filed by me this 2nd day of October, 2001.

13 Scott C.
14 City Clerk

15 (Seal)

16 Attachment A:

- 17 • Exhibit A: Seattle Center Operating Fund Policies
- 18 • Exhibit B: Design, Construction and Land Use Operating Fund Policies
- 19 • Exhibit C: Parks Operating Fund Policies
- 20 • Exhibit D: Transportation Operating Fund Policies
- 21 • Exhibit E: Library Operating Fund Policies
- 22 • Exhibit F: Human Services Operating Fund Policies
- 23 • Exhibit G: Office of Housing Operating Fund Policies
- 24 • Exhibit H: Fleets and Facilities Fund Policies
- 25 • Exhibit I: Department of Information Technology Fund Policies
- 26 • Exhibit J: Engineering Services Fund Policies
- 27 • Exhibit K: Parking Garage Fund Policies

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CITY OF SEATTLE
SEATTLE CENTER FUND [AND THE KEYARENA RENOVATION FUND]

Introduction

The Seattle Center Fund was created in 1964 to separately account for the revenues to the Seattle Center and the expenditures made on behalf of the Seattle Center. Though the Seattle Center receives much of its annual revenue from fees directly related to the Center itself, it is not self-supporting. The General Fund contributes the difference between Seattle Center's expected revenues and its costs.

In 1994, a separate Subfund within the Seattle Center Fund was set up to track the revenues to and expenditures for the KeyArena. In 1997, a new KeyArena Renovation Fund was created.

Fund Structure

Policy 1. Creation of Seattle Center Fund. That as of January 1, 1964, there is hereby created in the City Treasury a special fund designated the "Seattle Center Fund." [Ord 92479]

Policy 2. Creation of KeyArena Subfund of the Seattle Center Fund. The Director of Finance, in consultation with the Seattle Center, is authorized to establish sufficient interest-bearing subfunds of the Seattle Center Operating Fund for the purpose of segregating Seattle Center KeyArena operational expenses and earnings. [Ord 117521]

Policy 3. Creation of the KeyArena Renovation Fund. In order to segregate funds for the contractually required renovation of the KeyArena in 2003, the Executive Services Director [now the Director of Finance], in consultation with the Director of the Seattle Center, is authorized and directed to establish a fund, designated the "KeyArena Renovation Fund." [Ord 118787]

Expenditures

Policy 4. Expenditures from the Seattle Center Operating Fund. From the Seattle Center Fund shall be paid all authorized costs and expenses in connection with the operation and maintenance of the Seattle Center and such other expenditures as may be authorized by ordinance. [Ord 92479]

Policy 5. Expenditures from the KeyArena Subfund. Any unused funds, interest or other investment earnings may be used for the purpose of making principal and interest payments on the LTGO bonds authorized for the KeyArena Redevelopment project, or for other expenses related to the operation of the Seattle Center KeyArena. [Ord 117521]

Policy 6. Expenditures from the KeyArena Renovation Fund. Appropriations made to this fund shall be used solely for the purpose of renovation of the KeyArena including but not limited to those items listed in Subsection X.C of the Premises Use and Occupancy Agreement authorized by Ordinance 117049, as such agreement has been or is henceforth amended. Any income derived from investment of balances in this fund shall be deposited into the same fund and are hereby made available for the purpose of KeyArena renovation. [Ord 118787]

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Revenues

Policy 7. Revenues to the Seattle Center Operating Fund. Into the Seattle Center Fund shall be paid all moneys appropriated thereto and all reimbursements and receipts received in connection with the operation and said Seattle Center including admissions, rentals, parking fees and concession revenues. [Ord 92479]

Policy 8. Revenues to the KeyArena Subfund. Per Policy 2 above, revenues to the KeyArena Subfund will be from KeyArena operational earnings.

Policy 9. Seattle Sonic Games' Admission Tax Revenue. The City Council declares its intent that all Admissions Tax revenue generated by Seattle Sonic games played in the KeyArena be returned to the KeyArena Subfund for the purpose of helping to offset the operating expenses and debt service payments related to the facility. [Ord 120170]

Fund Balances

Policy 10. Key Arena Subfund Fund Balances. Any excess revenues above current operating expenses shall be retained in the Seattle Center KeyArena subfunds to pay future KeyArena maintenance or operating expenses as authorized by the City Council. [Ord 117521]

Policy 11. Seattle Center Operating Fund Balance. The City Council acknowledges that Seattle Center operates in a dynamic commercial marketplace. Revenue and expense variances are part of normal business cycles in the entertainment industry. To help manage these variances, it is appropriate for the Seattle Center to retain a fund balance as a financial tool. It is the intent of the Council that sufficient excess revenues above current operating expenses shall be retained in the Seattle Center Operating Fund to be used to offset the normal variances in business revenues. Based on industry practice, the department will be allowed to retain an amount up to three percent of its earned income as budgeted in the then current Adopted Budget. [New policy]

Other

Policy 12. Diversity of Revenue Sources. The City Council acknowledges that Seattle Center revenue variances are a potential outcome of normal business cycles in the entertainment industry. To encourage more stability in the department's mixture of financial sources, Seattle Center will pursue a diversity of revenue streams. [New Policy]

Policy 13. Recognition of Private Support. Seattle Center relies on significant private contributions and sponsorships to support capital projects and provide free or low cost public programming. The City Council acknowledges that offering naming opportunities for facilities and programs is an appropriate mechanism for recognizing such funds. [New Policy]

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**CITY OF SEATTLE
DESIGN, CONSTRUCTION AND LAND USE FUND**

Introduction

The Construction and Land Use Fund was created in 1980 to account for the revenues and expenditures of the Department of Construction and Land Use (now the Department of Design, Construction and Land Use). This Department provides various administrative, inspection, and enforcement services such as: land use code development, informing the public about land use processes and regulations, review and processing of development applications, inspection of new construction, and enforcement of the City's codes for construction and land use, and for housing and building maintenance.

Definitions

"Direct Costs" are directly related to an activity in a readily measurable degree. [Res 29951]

"Indirect Costs" support a number of activities, but it is not administratively feasible to measure precisely how much of the costs are related to any particular activity. [Res 29951]

"License Fee" is a fee charged for the privilege of engaging in an activity (not merely for owning property). [Res 29951]

"Regulatory Fee" is a fee that is authorized by a City ordinance or other law to pay the costs associated with a regulatory activity or program. [Res 29951]

As of January 1, 1999, the Department of Construction and Land Use shall be known as the Department of Design, Construction and Land Use. As of January 1, 1999, all references to "Construction and Land Use," "Department of Construction and Land Use," "Director of Construction and Land Use," or the "Department of Construction and Land Use Fund" shall be deemed to be references to "Design, Construction and Land Use;" "Department of Design, Construction and Land Use;" "Director of Design, Construction and Land Use;" or the "Department of Design, Construction and Land Use Fund" respectively, except where the historical reference to "Construction and Land Use," "Department of Construction and Land Use," "Director of Construction and Land Use," or the "Department of Construction and Land Use Fund" is called for by context. [Ord 119270]

Fund Structure

Policy 1. Creation of Fund. As of June 4, 1980, there is established in the City Treasury a fund, to be known as the Construction and Land Use Fund [now the Department of Design, Construction and Land Use Fund]. [Ord 109124]

Policy 2. Creation of Set Asides. The Director of Finance shall create within the Department of Design, Construction and Land Use Fund a set aside account. [Ord 119501, Council Bill 113832]

Policy 3. Creation of Housing and Abatement Accounting Unit. A restricted accounting unit designated as the "Housing and Abatement Accounting Unit" is established in the Construction



and Land Use Fund [now the Department of Design, Construction and Land Use Fund]. [Ord 119509, Council Bill 113832]

Expenditures

Policy 4. Expenditures from the Fund. From the Construction and Land Use Fund [now the Department of Design, Construction and Land Use Fund] shall be made such expenditures as may be required and appropriated for the conduct of the department's activities. [Ord 109124]

Policy 5. Allowable Expenditures from the Set Asides. The accumulation of set asides [will be] for the following municipal purposes:

- a) Staff stability – to allow the Department of Design, Construction and Land Use to retain trained staff during cyclical economic downturns so that the experience and abilities of that staff are available to customers when the economy again turns upward.
- b) Technology – to accumulate needed funding to assure that major technology systems of the Department of Design, Construction and Land Use can be upgraded or replaced when necessary.
- c) Technology Currency – to hold funds adequate to accomplish normal personal computer replacements for the Department of Design, Construction and Land Use for a single year so that normal upgrades can occur even in the trough of an economic downturn.
- d) Strategic Planning and Implementation – to allow the Department of Design, Construction and Land Use to plan ahead for continuous process improvements to better serve its customers, and to implement those plans, including staff training and equipment. [Ord 119501, Council Bill 113832]

Policy 6. Authorization for Expenditures from the Set Asides. Expenditures from the set aside account shall be made only when expressly authorized by the City Council either by identification in the budget ordinance or other ordinance, or as set out [in Policy 7] with respect to the staffing stability set aside. [Ord 119501, Council Bill 113832]

Policy 7. Expenditures from the Staffing Stability Set Aside. The Director of the Department of Design, Construction and Land Use may, within the limits of that Department's budgeted expenditure authority, draw on the appropriate subdivision of the staffing stability set aside for the purpose established in [Policy 5a] to pay staffing costs associated with a particular regulatory revenue source, but only when doing so is consistent with the most recently adopted Financial Policies for the Department. [Ord 119501, Council Bill 113832]

Policy 8. Expenditures from the Housing and Abatement Accounting Unit. From [the Housing and Abatement Accounting Unit] the Director is hereby authorized to pay the costs and expenses incurred for the repair, alteration, improvement, vacation and closure, removal or demolition of any building, structure or other dangerous condition pursuant to the provisions of this Code, or pursuant to any other ordinance administered and enforced by the Director declaring any building, structure or premises to be a public nuisance and ordering the abatement thereof. [Ordinance 119509]

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Expenditures – Flexible Budgeting

Policy 9. Contingent Budget Authority. DCLU shall prepare its budget in a manner that proposes authorizing additional expenditure and positions when warranted by increases in demand for services as indicated by revenues. The budget shall propose contingent budget authority that may be granted in increments of expenditure and full-time positions associated with increments of actual and forecasted revenues in excess of forecast budgeted amounts. For this purpose, a schedule of revenue and contingent budget authority shall be included in DCLU's biennial budget. The contingent budget authority proposed in the budget shall be based on three revenue sources: electrical permit fees, building permit fees, and master use permit fees. The use of contingent budget authority proposed shall not preclude the supplemental budget process, which shall be used for all other needs arising from programmatic, organizational, and other changes related to the scope of services provided by DCLU. [Res 30357]

Policy 10. Revenue Forecasts. To allow prompt response to unanticipated changes in demand, DCLU shall forecast revenue on a bimonthly basis. Revenues shall be forecast over a 12-month cycle and compared to budgeted revenues over the same 12-month period. The budget shall propose a schedule for triggering contingent budget authority based on revenue in excess of the budget forecast. [Res 30357]

Policy 11. Notification of CBO. DCLU shall notify the CBO within two weeks from the date of forecast. Within two weeks of notification by DCLU, the CBO shall evaluate the adequacy of the forecasts and approve the use of contingent expenditure authority, request additional analysis, or deny the additional authority if, in CBO's opinion, the need is not demonstrated. [Res 30357]

Policy 12. Use of Contingent Budget Authority. DCLU shall use contingent budget authority for additional overtime, contracts, temporary employees, regular personnel, or non-personnel services as needed, depending on the expected duration of increased demand and the types of resources available. Specific concurrence by the CBO shall be required for the addition of permanent employees. [Res 30357]

Policy 13. Contingent Budget Authority Between Budget Years. Contingent budget authority shall be allocated between budget years based on the distribution of workload associated with forecasted revenues. [Res 30357]

Revenues

Policy 14. Revenues to the Fund. Into the [Department of Design,] Construction and Land Use Fund shall be deposited all monies received by the Department of [Design] Construction and Land Use from license fees and charges for services and such other monies from such other sources as the City Council may from time to time designate. [Ord 109124]

Policy 15. Revenues to the Set Asides. [The set aside account] shall be funded from regulatory fees and other money allocated thereto. [Ord 119501, Council Bill 113832]

Policy 16. Fee Charges. The Director of [Design,] Construction and Land Use shall charge such fees for licenses, permits, inspections, reviews and other services and approvals as may be provided by ordinance. [Ord 109124]

Policy 17. Revenues to the Housing and Abatement Accounting Unit. Money from the following sources shall be paid into the Housing and Abatement Accounting Unit:



- a) Sums recovered by the City as reimbursement for costs incurred by the City for the repair, alteration, stabilization, improvement, vacation and closure, removal or demolition of buildings or structures in accordance with this Code;
- b) Sums recovered by the City as reimbursement for costs and expenses of abatement of buildings, structures and premises declared to be public nuisances;
- c) The unencumbered balance remaining in the Housing and Abatement Revolving Fund created by Ordinance 106319;
- d) Other sums which may by ordinance be appropriated to or designated as revenue of the account;
- e) Other sums which may by gift, bequest or grant be deposited in the account; and
- f) Fines and penalties collected pursuant to Sections 22.206.280 and 22.208.150 and pursuant to chapter 22.207 [of the Seattle Municipal Code]. [Ordinance 119509]

Fund Balances

Policy 18. Consistent Over-Recovery of Costs. If a regulatory fee consistently produces more income than is needed to pay the costs of the regulatory program, so that over a two-year period the rolling average of income net of costs and set-asides exceeds 5% of the fee revenue, then a review should be undertaken to determine whether one or more of the following steps should be taken:

- a) Adjust the fee or the fee structure;
- b) Expand the services provided;
- c) Refund or credit the excess to the fee payers; or
- d) Use fund balances to further reduce fees in programs where the specific fee payers are relatively constant over the years. [Revised Policy from Res 29951]

Policy 19. Consistent Under-Recovery of Costs. If a regulatory fee consistently produces less income than is needed to pay the costs of the regulatory program, then a review should be undertaken to determine whether one or more of the following steps should be taken:

- a) Subsidize with general fund dollars;
- b) Allocate costs to another existing fee that is authorized for use by that program;
- c) Institute a new fee or surcharge;
- d) Increase fees; or
- e) Lower costs. [Res 29951]

Reporting Requirements

Policy 20. Advance Notice for Use of Staffing Stability Set Aside. The Director shall provide sixty days notice in advance to the chair of the City Council's Finance, Budget, and Economic Development Committee, or its successor committee with responsibility for making recommendations on legislative matters relating to budget and financing, of each proposed use of the staffing stability set aside. [Ord 119501, Council Bill 113832]



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Policy 21. Reporting of Costs and Revenues. The Department will use a single fund accounting system, and enhance the current single fund system to specifically show, on an ongoing basis:

- a) For each revenue source, particularly those receiving and using regulatory fees, revenues and expenditures, balancing revenue sources against appropriate expenditures;
- b) For interest earned on all revenues, the allocation of that interest;
- c) For inter-revenue loans, the interest earned and the allocation of that interest;
- d) For reserve accounts, the revenues, expenditures and fund balances for each reserve account as a separate item, segregated by revenue source and including carry over from previous years;
- e) For each program, a comparison between budgeted and actual revenues and expenditures.

All reports shall reconcile to General Ledger reports and shall be prepared internally on a monthly basis. DCLU shall report to the City Council annually with the budget. The annual report to the Council shall include an analysis of the deferral of revenues. [Revised Policy from Res 29951]

Planning Requirements/Policies

Policy 22. Setting Regulatory Fees. Regulatory fees should be used to pay the direct and indirect costs of the regulatory program for which the fee is authorized. To do so:

- a) The revenue from each type of fee source should be separately tracked;
- b) The program(s) that are authorized to use a fee should be identified;
- c) Direct costs of the authorized program(s) should be documented; and
- d) Indirect costs should be reasonably allocated in a manner that is consistent among all programs, regardless of the type of revenue source supporting them. [Res 29951]

Policy 23. Costs Unrelated to Regulatory Programs. Costs that are neither direct nor indirect costs of regulatory programs should be paid with license fees or general fund dollars. License fees should only be used after consultation with the City Attorney's Office. [Res 29951]

Policy 24. Compare Revenues from and Costs of Regulatory Programs. Revenues from regulatory fees and costs of the associated regulatory programs should be compared at least annually to determine whether they are roughly proportional or whether there is a consistent imbalance. In determining whether revenues and costs are roughly proportional, it is appropriate to consider deferred liabilities and the need for reserves for such things as seasonal or other fluctuations in revenues, acquisition and/or improvement of technology, and strategic planning and implementation, including staff training and equipment.

- a) Spread the funding of the set-aside for staffing stability over at least a four (4) year period starting with 1996, the year funding for these needs was approved or costs began to be incurred, and fund the staffing set-aside at a level consistent with retaining skilled staff for a two year down-turn (the historic duration of a downturn).
- b) For all set-asides, DCLU shall propose financial policies to the City Council at least every biennium when it submits its budget to the City Budget Office, for adoption by resolution, stating:
 - The amount proposed for each set-aside;
 - The rationale for the amount;
 - The time period over which the set-aside will be accumulated;



- The priority for funding each set-aside.
- c) Use of a set-aside shall not continue more than twelve months unless explicitly authorized in the next budget adopted following the beginning of the use of a set-aside. [Revised Policy from Res 29951]

Policy 25. Contingent Budget Reporting. DCLU shall report to the CBO and City Council both predicted and actual revenues on a quarterly basis to indicate whether demand is occurring as expected. [Res 30357]

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**CITY OF SEATTLE
PARK AND RECREATION FUND**

Introduction

The Park and Recreation Fund accounts for the operation and maintenance of the City's parks system, including the Woodland Park Zoo, the Aquarium and the City's golf facilities. The City Charter establishes the fund and requires that the City deposit ten percent of all business and occupation taxes, fines, penalties and other licenses into this fund. This fund also receives usage fees and General Fund support.

The fund contains several accounting units for receiving and disbursing donations and gifts, and annual and lifetime admission pass revenues. These revenues are generally intended for enhanced programs or improvements of specific park facilities, such as the Zoo, the Aquarium, and the Volunteer Park Conservatory, which extend beyond the regular maintenance and operations expenses provided through the fund.

Fund Structure

Policy 1. Creation of Fund. There is hereby established in the City Treasury a Park and Recreation Fund for the operation and maintenance of the park and recreation system of the City. [Charter Article XI Sec. 3]

Policy 2. Creation of Aquarium Enrichment Accounting Unit. There is hereby created within the Park and Recreation Fund an Aquarium Enrichment Accounting Unit. [Policy Revised from Res. 26742]

Policy 3. Creation of Aquarium Donations Accounting Unit. There is hereby established an Aquarium Donations Accounting Unit in the Park and Recreation Fund. [Ord. 107600, Council Bill 113832]

Policy 4. Creation of Zoo Improvement Accounting Unit. There is hereby created in the Park and Recreation Fund a Zoo Improvement Accounting Unit. [Policy Revised from Res. 25573]

Policy 5. Creation of Conservatory Donations Accounting Unit. There is hereby established a Conservatory Donations Accounting Unit in the Park and Recreation Fund. [Ord. 106963, Council Bill 113832]

Expenditures

Policy 6. Expenditures from the Fund. Moneys expended from the Park and Recreation Fund shall be made for the operation and maintenance of the park and recreation system of the City. [Charter Article XI Sec. 3]

Policy 7. Expenditures from the Aquarium Enrichment Accounting Unit: Money in the Aquarium Enrichment Accounting Unit shall be appropriated, from time to time, through the annual budget process, for capital and non-capital improvements to the Seattle Aquarium and its programming, consistent with the requirements of Article XI, Section 3 of the City Charter and



the "Memorandum of Understanding..." authorized by Ordinance 10551. [Policy Revised from Res. 26742]

Note: The Memorandum of Understanding provides for capital and non-capital expenditures. It further calls for non-capital expenditures which, (1) contribute to the improvement and health and well-being of the animal and plant collection at the Aquarium (2) improve the quality, quantity, or variety of the exhibited animal and plant life, while enhancing public understanding and appreciation for the Aquarium and its exhibits; or (3) contribute to the promotion, administration, and development of programs for pass-holders; among other purposes, each of which expenditures may be made whenever, and in the manner, the City deems necessary; Provided, that the City shall seek an advisory recommendation from the Society on how such funds shall be expended prior to their being expended. (MOU, Section III (I))

Policy 8. Expenditures from the Aquarium Donations Accounting Unit: Money in the Aquarium Donations Accounting Unit shall be expended from time to time as appropriated by ordinance for the purpose of financing projects, programs, and exhibits of the Aquarium. [Ord. 107600]

Policy 9. Expenditures from the Zoo Improvement Accounting Unit: Zoo Improvement Accounting Unit funds shall be appropriated in the annual budget for improvement expenses of the Woodland Park Zoo which are not considered part of the regular maintenance and operation expenses, and which

- A. Contribute to the improvement and the health and well-being of the animal collection at the Woodland Park Zoo;
- B. Improve the quality, quantity and variety of the exhibits while enhancing public understanding and appreciation for the zoo and animals;
- C. Contribute to the long-term improvements to the total physical plant of the zoo;
- D. Contribute to the promotion, administration and development of programs for members of "Friends of the Zoo." [Policy Revised from Res. 25573]

Policy 10. Expenditures from the Conservatory Donations Accounting Unit: Money in the Conservatory Donations Accounting Unit shall be expended from time to time as appropriated by ordinance for the purpose of financing projects and improvements at the Volunteer Park Conservatory. [Ord. 106963]

Revenues/Fund Balances

Policy 11. Revenues to Fund: There shall be placed [into the Park and Recreation Fund]; such moneys as may be budgeted annually for such operation; gifts, bequests and devises for park and recreation purposes; revenues from park and recreation properties, facilities and areas; ten percent of the gross receipts of the City from all fines, penalties and licenses; and such other moneys as may be provided by ordinance. [Charter Article XI Sec. 3]

Policy 12. Revenues to the Aquarium Enrichment Accounting Unit: A portion of revenue from the sale of annual and lifetime Aquarium admission passes shall accrue to the Aquarium Enrichment Accounting Unit. [Policy Revised from Res. 26742]



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Policy 13. Revenues to the Aquarium Donations Accounting Unit: Revenue in the form of gifts and donations to the City of Seattle for support of Aquarium programs, projects, and exhibits shall be deposited into the Aquarium Donations Accounting Unit. There shall also be placed in said accounting unit (a) such sums as may be included from time to time in the annual budget; and (b) such sums as may be otherwise appropriated to said accounting unit. [Ord. 107600]

Note: The MOU states that "Funds received by the Society for the benefit of the Aquarium shall constitute and remain funds of the Society and shall not become City funds until they are donated and deposited into the City Treasury; ..." [MOU Section II, C, 2]

Policy 14. Revenues to the Zoo Improvement Accounting Unit: Revenue from the sale of annual and lifetime passes shall accrue to the Zoo Improvement Accounting Unit. [Policy Revised from Res. 25573]

Policy 15. Revenues to the Conservatory Donations Accounting Unit: Gifts and donations made to The City of Seattle for the support of the Volunteer Park Conservatory shall be deposited into the Conservatory Donations Accounting Unit. There shall also be placed in said accounting unit (a) such sums as may be included from time to time in the annual budget; and (b) such sums as may be otherwise appropriated to said accounting unit. [Ord. 106963]

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**CITY OF SEATTLE
TRANSPORTATION FUND**

Introduction

Effective January 1, 1993, the City Council established in the City Treasury the Engineering Services Fund and the Transportation Fund. These two funds allowed for separate accounting, within the Seattle Engineering Department, of predominantly interdepartmental transfers and intradepartmental reimbursements for engineering services on capital improvement projects, and operating revenues and expenditures related to the construction and maintenance of City streets and transportation more generally.

Effective January 1, 1997, City Council created a new department, named Seattle Transportation, based on the Transportation Division of the former Engineering Department. Seattle Transportation, under the direction of the Director of Transportation, is responsible for construction, improvement, repair, maintenance and operation of City streets, bridges, retaining walls, seawalls, traffic control systems and waterways.

The Transportation Fund is comprised of four restricted subfunds and an unrestricted operating subfund. The restricted subfunds, generally, exist to receive specific state-shared or local option revenues whose use is restricted. For example, taxes on the sale, distribution, or use of motor vehicle fuel, or local option Vehicle License Fees. Additional revenues to the fund include, federal and state grants, Public Works Trust Fund loans, various street use and service fees, contributions from public and private partners, and General Fund support.

Fund Structure

Policy 1. Creation of Fund: As of January 1, 1993, there is hereby established in the City Treasury a Transportation Fund. All assets and liabilities of the Engineering Department Operating Fund (established by Ordinance 89913) are hereby transferred to the Transportation Fund. [Ord. 116441]

Policy 2. Creation of Subfunds: The City Street Fund, as established by Ordinance 67365, is hereby re-established as a subfund in the Transportation Fund, to be known as the City Street Subfund, and all assets and liabilities of the City Street Fund shall be transferred to the Transportation Fund, City Street Subfund. [Ord. 116441]

Policy 3. Creation of Subfunds: The Arterial City Street Fund, as established by Ordinance 90497, is hereby re-established as a subfund in the Transportation Fund, to be known as the Arterial City Street Subfund, and all assets and liabilities of the Arterial City Street Fund shall be transferred to the Transportation Fund, Arterial City Street Subfund. [Ord. 116441]

Policy 4. Creation of Subfunds: The Vehicle License Fee Subfund is hereby re-established as a subfund in the Transportation Fund, to be known as the Vehicle License Fee Subfund, and all assets and liabilities of the Vehicle License Fee Fund shall be transferred to the Transportation Fund, Vehicle License Fee Subfund. [Ord. 116441]



Policy 5. Creation of Subfunds: The Waterway Operation and Maintenance Subfund, a restricted subfund, is established in the Transportation Fund. [SMC 16.08.050.; Ord. 118409, 87983, as amended by Council Bill 113832]

Note: On March 5, 2001, Council approved Ordinance 120284 closing and eliminating the Transportation Improvement Fund, the Street Utility Subfund of the Transportation Fund, and the Street Utility Refund Subfund of the Transportation Fund. All assets, liabilities and fund balances remaining in these funds and subfunds were transferred to the Arterial City Street Subfund of the Transportation Fund.

Expenditures

Policy 6. Expenditures from Fund: The Transportation Fund may be expended upon vouchers drawn by the Director of Seattle Transportation or an authorized assistant for payroll and fringe benefits, services and charges, supplies, materials and equipment, rents, and other authorized expenditures for Seattle Transportation; for refunds, transfer payments, and other charges incurred by Seattle Transportation, and for appropriations made by ordinance for particular projects from time to time. [Ord. 116441]

Policy 7. Expenditures from the City Street Subfund: The moneys in the City Street Subfund shall be expended in the manner provided by law for the construction, alteration, repair, improvement and maintenance of the city streets or for any other proper city street purpose, said expenditures to be made under the supervision of the Director of Seattle Transportation in such amounts and for such specific works, projects and purposes as shall from time to time hereafter be directed by ordinance. [Ord. 67365, 116441]

Policy 8. Expenditures from the Arterial City Street Subfund: Moneys from the Arterial City Street Subfund shall be expended for the construction, improvement, chip sealing, seal-coating, and repair for arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120; or the payment of any municipal indebtedness which may be incurred in the construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets. [RCW 46.68.110 (4)]

Policy 9: Expenditures from the Vehicle License Fee Subfund: The proceeds from the local option vehicle license fee (1) ...shall be used for transportation purposes only, including but not limited to the following: The operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets ... and other transportation improvements; development and implementation of public transportation and high-capacity transit improvements and programs; and planning, design, and acquisition of right of way and sites for such transportation purposes. (2) ...for transportation uses consistent with the adopted transportation and land use plans of the jurisdiction expending the funds and consistent with any applicable and adopted regional transportation plan for metropolitan planning areas. (8) ...may use all or part...for the amortization of local government general obligation and revenue bonds issued for transportation purposes consistent with the requirements of this section. [RCW 82.80.070]

Policy 10. Expenditures from Waterway Operations and Maintenance Subfund: The subfund shall be charged with the cost of administration, inspection and policing involved in the issuance and continuance of such permits; activities of the City in maintaining waterways as public ways for watercraft and for commerce and navigation; and for maintaining a reserve to clear waterways of vessels that may sink therein and for emergency activities related to waterways and



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navigation. Vouchers for expenditures shall be approved by the Director of Seattle Transportation or his or her designee. [SMC 16.08.050]

Revenues/Fund Balances

Policy 11. Revenues to Fund: There shall be deposited into the Transportation Fund revenues, including, among other sources funds received from taxes on the sale, distribution or use of motor vehicle fuel, from motor vehicle excise taxes designated for street purposes; from payments under grants, assistance, and contracts with the United States, the State of Washington, and other governments for street or transportation purposes; fees, reimbursements for services performed, rents, royalties, sales of assets, and incidental income to Seattle Transportation related to streets or transportation. [Ord. 116441]

Policy 12. Revenues to the City Street Subfund: Into the City Street Subfund the City shall from time to time as received deposit all moneys credited and paid to The City of Seattle from the motor vehicle fuel excise tax imposed by RCW 82.36.020 and the special fuel tax imposed by RCW 82.38.030, and as restricted in RCW 46.68.110(5), and such other moneys as may be directed to be deposited therein by ordinance. [Ord. 116441 as amended by CB 113832]

Policy 13. Revenues to the Arterial City Street Subfund: Into the Arterial City Street Subfund there shall be deposited moneys received by the City as its portion of the motor vehicle fuel excise tax imposed by RCW 82.36.020 and the special fuel tax imposed by RCW 82.38.030, and as restricted in RCW 46.68.110(4) for the construction, improvement and repair of Arterial Highways and City streets, together with such other funds as may be appropriated to such fund by the City. [Ord. 116441 as amended by CB 113832]

Policy 14. Revenues to the Vehicle License Fee Subfund: There shall be deposited moneys received by the City as its portion of the local option vehicle license fee authorized by RCW 82.80.020, together with such other funds as may be appropriated to such fund by the City.

Policy 15. Revenues to Waterway Operations and Maintenance Subfund: All fees collected from waterway use and occupation permits issued under this chapter; reimbursements of expenses incurred by the Port Warden in removal, towing, impoundment of vessels, watercraft or obstructions in waterways and receipts from sale of such vessels, watercraft or obstructions; its proportionate share of interest earnings of invested Transportation Fund balances; and any other moneys accruing from activities under this title in waterways or appropriated or budgeted to such fund, shall be deposited into the Waterway Operations and Maintenance Subfund. If the Waterway Operation and Maintenance Subfund has a credit balance greater than that of the Transportation Fund, the director of Finance shall credit interest to the Subfund at the rate of the City's investment earnings for funds of its size. [SMC 16.08.050]

Fund Balance/Management

Policy 16. Cash Deficit Recovery: The City authorizes the loan of funds from the City's Consolidated (Residual) Cash Portfolio, or its participating Funds, to the Transportation Fund beginning with the effective date of this ordinance and terminating not later than the fourteen-year payback period beginning in 1997, provided that the Transportation Fund make regular annual reductions of the loan balance, in accordance with the following schedule, until such time as the loan is completely repaid.



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Transportation Fund Interfund Loan Repayment Schedule

<u>Year</u>	<u>Target Payment</u>	<u>Year-End Target Balance</u>
2001	\$573,700	(\$5,163,300)
2002	\$573,700	(\$4,589,600)
2003	\$573,700	(\$4,015,900)
2004	\$573,700	(\$3,442,200)
2005	\$573,700	(\$2,868,500)
2006	\$573,700	(\$2,294,800)
2007	\$573,700	(\$1,721,100)
2008	\$573,700	(\$1,147,400)
2009	\$573,700	(\$573,700)
2010	\$573,700	0

The City hereby authorizes and directs the Director of Finance to effectuate this interfund loan through the means of carrying the Transportation Fund in a negative cash position not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000) and hereby authorizes and directs the Director of Transportation or his or her functional successor(s) to effectuate the loan repayment as established above.

To the extent that the tenets above are adhered to, the Transportation Fund shall pay no interest on its negative cash position. [Ord. 118384 amending Ord. 117712, Council Bill 113814]

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**CITY OF SEATTLE
LIBRARY FUND**

Introduction

The Library Fund accounts for the operating costs and revenues of the City's library system. The City Council appropriates funds for the Library's regular operating requirements and the fund receives approximately 98% of its funding from the City's General Subfund. The Library Fund also receives revenue from fines and fees, copy services, discard book sales, grants and reimbursements from the State of Washington and King County, and gifts and contributions from private donors. The gifts and donations to the Library are accounted for in separate subfunds of the Library Fund.

The Library is governed by a five-member Board of Trustees, who are appointed by the Mayor and confirmed by the City Council. The Library Board's authority and responsibilities are established by State statute, and include exclusive control of Library finances, authority to adopt rules and regulations for Library guidance and management, and responsibility for undertaking all actions necessary for the orderly and efficient management and control of the Library.

Fund Structure

Policy 1. Creation of Fund: There shall be a Library Fund.... [City Charter, Article XII, Sec. 1]

Expenditures

Policy 2. Management of Library; Expenditures: The Library Board shall manage and control the public library as provided by State Law and shall alone have authority to expend the Library Fund; the Board shall certify expenditures to the Director of Finance, who shall issue warrants therefor payable out of any money in the Library Fund, not otherwise appropriated. [City Charter, Article XII, Sec. 5]

Policy 3. Library Expenditures: The board shall not make expenditures or incur indebtedness in any year in excess of the amount of money appropriated and/or available for library purposes. [RCW 27.12.240]

Revenues

Policy 4. Revenues to Library Fund: Revenues to the Library fund shall consist of:

First. GIFTS: Such gifts, bequests and devises as may be given, bequeathed or devised to the City of Seattle or any trustee for the uses or purposes of the "Seattle Public Library."

Second. RENTS: The rents, issues and profits derived from any property which may be held or owned in trust for said library by the City or any other trustee.

Third. Such sums as the City Council may provide.

[City Charter, Article XII, Sec. 1]



Policy 5. Revenues to Library Fund: All funds for the library, whether derived from taxation or otherwise, shall be in the custody of the treasurer of the governmental unit, and shall be designated by him in some manner for identification, and shall not be used for any but library purposes. [RCW 27.12.240]

Reporting Requirements

Policy 6. Annual Report of Trustees: At the close of each year the board of trustees of every library shall make a report to the legislative body of the governmental unit wherein the board serves, showing the condition of their trust during the year, the sums of money received for the library fund from taxes and other sources, the sums of money expended and the purposes of the expenditures, the number of books and periodicals on hand, the number added during the year, the number retired, the number loaned out, and such other statistics and information and such suggestions as they deem of public interest. A copy of this report shall be filed with the state librarian. [RCW 27.12.260]

Notes:

Charter as amended at November 2, 1999 election.

Statutory Reference: For provisions regarding the library, see RCW 27.12.190 through 27.12.270.

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**CITY OF SEATTLE
HUMAN SERVICES OPERATING FUND**

Introduction/Policies

In 1974, the Council passed Ordinance 103014, creating the Human Resources Operating Fund. Into this Fund was deposited all revenues and other assets supporting the programs of the Human Resources Department, and from this fund was paid all expenditures and other liabilities of the Department.

In 1991, the Council passed Ordinance 115958, expanding the duties of the Department of Human Resources and renaming it the Department of Housing and Human Services. At that time, the Human Resources Operating Fund was renamed the Housing and Human Services Operating Fund. The revenues and other assets to, and expenditures and other liabilities from, the Fund expanded to including the new housing duties incorporated into the Department

In 1998, the Council passed Ordinance 119273, removing the housing functions from the Department of Housing and Human Services as of January 1, 1999, and placing them into the new Office of Housing within the Executive Department. At that time, the Department of Housing and Human Services Operating Fund was renamed the Human Services Operating Fund. The revenues and other assets to, and expenditures and other liabilities from, the fund contracted to remove the housing functions previously included.

Other than the general policy of having an operating fund for the assets and liabilities of the Human Services Department, there are no formally adopted City financial policies for the Human Services Operating Fund. However, the Department complies with federal, state, and other financial requirements for grant funding. In addition, the Department is guided by its own informal financial practices and policies.

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**CITY OF SEATTLE
HOUSING OPERATING FUND**

Exhibit G

Introduction

Effective January 1, 1999, the Seattle City Council created the Office of Housing in the Executive Department separating it from the Department of Housing and Human Services (which simultaneously became the Human Services Department). To administer the operating funds for the new office, Council created the Housing Operating Fund. The Housing Operating Fund receives its revenue primarily from interfund service charges, and passthroughs of Utility funds (Seattle City Light) for the City's home weatherization program. It also receives revenue from Federal and State grants and the City's General Fund.

Fund Authority

Policy 1. Creation of Fund: There is hereby created a Housing Operating Fund for deposit of funds to be used for operating expenditures of the Office of Housing. [Ord. 119273]

Planning Requirements

Policy 2. Work Program Adopted by Council: The Director of Housing shall submit a preliminary proposed work program for the following year to the City Council no later than October 1st of the current year for review during the budget process. By January 15th the following year, the Director of Housing shall submit a revised proposed work program to the City Council. During the first quarter, the City Council shall adopt a resolution setting the final work program for the Office of Housing. [Ord. 119273]

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**CITY OF SEATTLE
FLEETS AND FACILITIES INTERNAL SERVICES FUND**

Introduction

In November 2000, the Council passed Ordinance 120181 abolishing the Executive Services Department and creating three new departments, including the Fleets and Facilities Department (F&FD). The F&FD has its assets and liabilities accounted for in an internal services fund. The customers of the services provided are for the most part City departments, and occasionally other governmental agencies.

Policies 1 and 2 below anticipate the Council passing legislation later in 2001 that will synch up the City's fund structure for the F&FD with the organizational decisions made last year. Policy 3 states that this fund receives interest earnings on its cash balances. Policy 4 through 16 are updates to the relevant sections of Resolution 29771, adopted in June 1998, which set forth financial policies for the Executive Services Department. Policy 17 is a new policy regarding the City's use of environmentally sound vehicles. Finally, Policy 18 reiterates the space rent policies adopted in November 2000 via Resolution 30250.

Fund Structure

Policy 1. Creation of the Fund. With the 2002 budget legislation, the Council will be asked to act on an ordinance that abolishes the Executive Services Fund and creates a Fleets and Facilities Fund, with separate subfunds for Fleet Services, Facilities Services, and Administrative Services.

Expenditures/Revenues

Policy 2. Expenditures from and Revenues to the Fund. The Fleets and Facilities Fund anticipated in Policy 1 will be used for deposit of revenues for the F&FD and for the payment of expenditures for the Department.

Policy 3. Interest Earnings to the Fund. Per Exhibit A1 to Council Bill 113708, the Fleets and Facilities Fund (currently the Executive Services Department Fund) receives interest earnings on its fund balances.

Planning Requirements/Policies

Policy 4. Use of Debt. F&FD shall adopt a goal of using debt primarily for acquiring assets costing more than \$1 million and having a useful life of five or more years. These assets may also be acquired using cash if supported by fiscal conditions. In limited cases, for policy and/or financial reasons and with Debt Management Policy Advisory Committee approval, F&FD may use debt to fund other assets. The City will not issue debt on behalf of F&FD whose life is longer than the life of the asset being paid for by debt. Cash shall be preferred to debt for financing major maintenance and replacement, and charging options that assume cash financing of these projects shall be provided to the Council.

Policy 5. Contributed Capital. In each case where F&FD receives revenues (via earmarked fund sources or earmarked rate components) to replace capital assets, the department will evaluate the desirability of placing these revenues into a separate cash set aside within the Fleets and



Facilities Fund. These funds may be used for the major maintenance, upgrade, capacity expansion and replacement of assets for which the set aside is maintained. Retroactive to January 1, 1997, contributed capital set asides by customer department will be established for vehicle lease rate revenues.

Policy 6. Intra-Fund Borrowing. The subfunds of F&FD may borrow from each other, but will pay and receive interest at a rate comparable to that earned or paid by the Fleets and Facilities Fund. F&FD will manage financial resources at the subfund level.

Policy 7. Capital Asset Charges. If F&FD acquires a capital asset, it shall recover its costs through its customer charges. Cost recovery will include an interest charge if debt is issued. F&FD will also charge interest on capital assets financed with F&FD cash that are leased by a single customer.

Policy 8. Capital and Major Maintenance Funding. For each subfund, F&FD will propose charges that cash finance major maintenance and replacement demands. Where additional capital is required to finance the long-term (recurring) needs of a subfund, it will be raised by increasing charges for that subfund. If it is available, cash for one-time needs may be borrowed from other F&FD subfunds, with appropriate charges for interest. If a subfund expects revenues in excess of those required to meet its major maintenance and replacement demands, charges will be adjusted downward.

Policy 9. Cost Allocation Policies. F&FD will follow the Citywide policies for cost allocation charges.

Fleet Services Financial Policies

Policy 10. Returning Vehicles that Have Been Replaced. When a department receives a replacement vehicle, that department will turn in to F&FD the vehicle that is being replaced. For short-term needs and during shake-down periods, Fleet Services may, upon request of the user department, allow the department to keep the vehicle being replaced for up to three months, or may loan a vehicle to a department on a temporary basis.

Policy 11. Annual Vehicle Backlog and Replacement Analysis. In conjunction with each biennial budget process F&FD staff will prepare an annual vehicle backlog and replacement analysis and cash flow forecast so that the short and long-term impacts of budget adjustments on vehicle replacement schedules and costs are visible. In general it is the City's policy to replace vehicles when they are fully depreciated, unless there is an operational or long-term financial reason to keep them past their depreciable lives.

Policy 12. Capital Component of Lease Rates. The Council directs the Executive to set the capital component of fleet leasing rates in each year over a biennium to cover the average annual capital replacement needs over the next five years. F&FD will forecast annual capital replacement needs based upon the estimated replacement cost of vehicles becoming fully depreciated. In addition to these routine replacements, it is the Council's direction that Fleet Services plan to reduce the current backlog of past-due fully depreciated vehicles and equipment to zero by 2007. In 2001, this total backlog is estimated to be \$10.6 million. At the end of each year, Fleet Services shall report the progress made toward reaching this goal by providing a Backlog Status Report to all affected department heads and to the City Budget Office. This report will show, by department, the current number of backlog units, their estimated replacement costs, and a comparison to prior years' backlogs since 2001.



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Policy 13. Vehicle Maintenance Labor Charges. Beginning in 1999, F&FD will make two changes to the hourly labor rate methodology for vehicle maintenance in order to more closely align these rates with those employed by the private sector. First, F&FD will include break time in the hours charged to a job. Second, F&FD will institute a two-tiered rate structure, with a lower "equipment servicer" rate for less technical jobs, like changing tires and changing oil.

Policy 14. Centralized City Fleet. The Council reaffirms that the City will have a centralized fleet. Except for donated vehicles in various departments, and except for the specific exceptions described below related to the utilities per Memorandums of Understanding (MOU), the Fleet Services Division of F&FD will manage, replace, and maintain all motorized vehicles and equipment used by City departments. For all General Fund vehicles, vehicle replacement costs will be included in the leasing rates charged. The utilities may finance fleet replacement vehicles with revenue debt. However, the utilities will continue in all other respects to be part of the consolidated Citywide fleet.

- The Vehicle Leasing MOU between F&FD and Seattle Public Utilities (SPU) states the following: All SPU heavy equipment class vehicles that are purchased after December 31, 1998 will be paid for and owned by SPU. SPU will depreciate the heavy equipment class vehicles on its books, and will finance acquisitions of the vehicles as part of its CIP. SPU's Solid Waste Utility will be responsible for the acquisition, management and maintenance of its heavy equipment. F&FD will continue to be responsible for ordering and maintaining replacement and new additions to SPU's Water and Drainage & Wastewater heavy equipment. Upon receipt and acceptance of the new/replacement equipment for Water or Drainage & Wastewater and verification to specifications, F&FD shall pass the invoice for that piece of equipment on to SPU for SPU's direct payment to vendor.
- The Vehicle Leasing MOU between F&FD and Seattle City Light (SCL) states the following: All SCL vehicles that are purchased after December 31, 1998 will be owned by SCL. SCL will depreciate the vehicles on its books, and will finance acquisition of the vehicles as part of its CIP. SCL will continue to be responsible for acquisition and management of heavy-duty vehicles and equipment. F&FD will continue to be responsible for maintenance of heavy-duty equipment. F&FD will continue to be centrally responsible for co-management and maintenance of SCL's fleet of light-duty vehicles. F&FD shall continue to be responsible for procurement and new and replacement light-duty vehicles, including the acquisition of MSO, title and licensing documents on behalf of SCL. Upon receipt and acceptance of the new/replacement equipment and verification to specifications, F&FD shall pass the invoice for such equipment on to SCL for SCL's payment directly to the vendor.

Policy 15. Funding for Fleet Adds. Additions to the fleet will be funded with cash from the customer department, or with revenue debt for fleet additions for the utilities. In limited circumstances, and if a customer department's contributed capital set aside is temporarily in excess of needs, that customer department can, with Fleet Services approval, borrow from fleet cash set asides to finance a fleet add. Any borrowings of this sort will be paid back with interest, and will be short-term in nature. Borrowings of this sort will not impair the timing and magnitude of future vehicle replacements.

Policy 16. Tracking and Approval of Fleets Adds. Per the policy in the Citywide budgeting policies, the City Budget Office will track and approve all fleet adds prior to F&FD placing any fleet add orders.



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Policy 17. Use of Environmentally Sound Vehicles. Consistent with the Fleet Management Policy contained in the City's Environmental Management Program, F&FD is committed to excellent environmental performance associated with the purchase and operation of City vehicles and equipment, while also maintaining sound fiscal performance and high customer service. We will continue to improve the fuel efficiency of the fleet, reduce vehicle emissions, test and implement advanced technology vehicles and incorporate best management practices into all aspects of fleet management.

Facilities Services Financial Policies

Policy 18. Rate Methodology for 2001-2002. The Council directs the Executive to develop space rent rates for City departments in the 2001-2002 biennium using the following methodology:

- a) **Space Rent Categories.** The space rent categories will be the same as in the 1999-2000 biennium.
- The Schedule 1 category will include all existing Schedule 1 buildings (the Municipal Building, the Public Safety Building, the Dexter Horton Building, the Alaska Building, and the Arctic Building). In addition, Key Tower and Park 90/5 will be added to Schedule 1, as will the new City Hall and the new Justice Center.
 - Within the existing Schedule 1 category is a Core Storage category (which has lower associated operating costs). This will remain in the 2001-2002 transition period, but will be gradually phased out, since the new downtown buildings will be limited in their storage capacity.
 - Within the Schedule 1 category is also Evidence Storage, used only by the Police Department. This will remain as a category within Schedule 1 in the 2001-2002 biennium.
 - The Schedule 2 category will include all City-owned buildings not included in Schedule 1, such as police stations, fire stations, and the shops (Charles Street, Haller Lake, Sunny Jim, etc.).
 - The Schedule 3 category will continue to be used for all City leases in buildings not owned by the City. The one exception is the Dexter Horton Building, which will be a privately-owned building in the next biennium, but will continue to be included in Schedule 1 for rate-setting purposes.
- b) **Operating Costs.** All building operating costs will be included in the space rent rates. In the cases of Key Tower and Park 90/5, where the buildings' revenues and expenditures are in separate subfunds of the General Fund, only the operating costs net of private tenant revenue will be included in the City's space rent rates.
- c) **Major Maintenance Costs.** Major maintenance costs in Schedule 1 buildings will be included in the space rent rates. For Key Tower and Park 90/5, only the major maintenance costs net of private tenant revenue will be included in the City's space rent rates. Major maintenance costs for Schedule 2 buildings will not be included in the space rent rates, but will be paid for directly by the Cumulative Reserve Subfund of the General Fund.

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- d) Debt Service Costs. Generally, debt service costs will not be included in the space rent rates. Instead, these costs will be recovered via a separate allocation to SCL, SPU, SEATRAN, DCLU, Retirement, and the General Fund. For Key Tower and Park 90/5, only the debt service costs net of private tenant revenue will be recovered via this separate allocation.
- e) Square Footage Estimates. Throughout the 2001-2002 biennium, the square footage used to calculate space rent rate, and to calculate bills for customer departments, will be the actual square footage occupied by department as of February, 2000. In addition, anticipated square footage estimates for (a) the new mounted patrol space; (b) the new state crime lab in Park 90/5, and (c) the new space in the Southwest Precinct will be included in the square footage estimates upon which rates throughout the biennium will be calculated. In order to be consistent among the City-owned buildings, square footage estimates will be based on "rentable" as opposed to "usable" square feet.

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CITY OF SEATTLE
DEPARTMENT OF INFORMATION TECHNOLOGY INTERNAL SERVICES FUND

Introduction

In June of 1999, the Council passed Ordinance 119504 creating a Department of Information Technology and creating a new Technology Operating Fund. The Department of Information Technology (DoIT) has its assets and liabilities accounted for in an internal services fund. The customers of the services provided are for the most part City departments, and occasionally other governmental agencies.

Policies 1 and 2 below reiterate the creation of the Information Technology Fund, per Ordinance 119504. Policy 3 states that this fund receives interest earnings on its cash balances. Policies 4 through 11 are updates to the relevant sections of Resolution 29771, adopted in June 1998, which set forth financial policies for the Executive Services Department.

The Business Management Council of DoIT is working this year on a review of DoIT's financial policies. The results of this work could result in a recommendation to the Council early next year to modifying the financial policies described below.

Fund Structure

Policy 1. Creation of the Fund. Effective January 1, 2001, there is hereby created an Information Technology Fund. [Ord 119504]

Expenditures/Revenues

Policy 2. Expenditures from the Fund. The Information Technology Fund shall be for deposit of funds to be used for operating expenditures of the Department of Information Technology. [Ord 119504]

Policy 3. Interest Earnings to the Fund. Per Exhibit A1 to Council Bill 113708, the Department of Information Technology Fund receives interest earnings on its fund balances.

Planning Requirements

Policy 4. Use of Debt. DoIT shall adopt a goal of using debt primarily for acquiring assets costing more than \$1 million and having a useful life of five or more years. These assets may also be acquired using cash if supported by fiscal conditions. In limited cases, for policy and/or financial reasons and with Debt Management Policy Advisory Committee approval, DoIT may use debt to fund other assets. The City will not issue debt on behalf of DoIT whose life is longer than the life of the asset being paid for by debt. Cash shall be preferred to debt for financing major maintenance and replacement, and charging options that assume cash financing of these projects shall be provided to the Council.

Policy 5. Asset Management and Financing Plan. DoIT shall establish a formal long-term (four years or two biennium budget cycles) Asset Management and Financing Plan to guide the acquisition, replacement, upgrade and disposal of all capital assets except real property. This

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plan will identify the method by which each investment will be financed, and will be reviewed and revised during the biennial budget process.

Policy 6. Separate Cash Accounts. In each case where DoIT receives revenues (via earmarked fund sources or earmarked rate components) to replace capital assets, the department will evaluate the desirability of placing these revenues into a separate cash account within the Information Technology Fund. These funds may be used for the major maintenance, upgrade, capacity expansion and replacement of assets for which the reserve is maintained. Retroactive to January 1, 1997, monitored cash accounts will be established for 800 MHz radios, 800 MHz radio infrastructure, and Channel 28 equipment.

Policy 7. Capital Asset Charges. If DoIT acquires a capital asset, it shall recover its costs through its customer charges. Cost recovery will include an interest charge if debt is issued. DoIT will also charge interest on capital assets financed with DoIT cash which are leased by a single customer. Acquisition of capital assets that serve only one customer should be paid for by the customer directly, or through reserve funds accumulated in DoIT from previous contributions by that customer for other equipment, if the customer so chooses.

Policy 8. Capital and Major Maintenance Funding. DoIT will propose charges that cash finance major maintenance and replacement identified in the relevant Asset Management and Financing Plan. Where additional capital is required to finance the long-term (recurring) requirements, capital will be raised by increasing charges. If revenues are collected in excess of those required for the Asset Management and Financing Plan, charges will be adjusted downward.

Policy 9. Acquisition of Shared Assets Initially Required by One Customer. DoIT may require a customer to fund the acquisition of shared assets that are initially required by only that customer. DoIT shall own the asset and through its charges will repay the acquisition cost, with interest, over the life of the asset.

Policy 10. Selecting a Different Service Provider. If a customer selects a service provider other than DoIT, then that customer shall pay DoIT a pro-rata share of the remaining principal portion of any assets financed through borrowing that they will no longer use, since the City continues to be committed to paying for these assets which were acquired, at last in part, on behalf of the customer.

Policy 11. Cost Allocation Policies. DoIT will follow the Citywide policies for cost allocation charges.

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**CITY OF SEATTLE
ENGINEERING SERVICES FUND**

Introduction

In 1993, the City Council established in the City Treasury the Engineering Services Fund and the Transportation Fund. These two funds allowed for separate accounting of predominantly interdepartmental transfers and intradepartmental reimbursements for engineering services on capital improvement projects, and operating revenues and expenditures related to the construction and maintenance of City streets and transportation more generally.

Effective January 1, 1997 Engineering Services, along with other City functions, were consolidated under the newly created Seattle Public Utilities Department. The City continues to maintain the Engineering Services Fund as a separate internal services fund.

Fund Structure

Policy 1. Creation of Engineering Services Fund: As of January 1, 1993, there is hereby established in the City Treasury a new fund, entitled the Engineering Services Fund. [Ord. 116441] *(Please see the Note below)*

Expenditures

Policy 2. Expenditures: There may be expended from the Engineering Services Fund disbursements authorized by the Director of Seattle Public Utilities or an authorized assistant for payrolls and fringe benefits, services and charges, supplies, materials and equipment, rents, and other authorized expenditures, for Seattle Public Utilities, and for refunds, transfers and other charges due from either division; and appropriations made by particular ordinances for projects from time to time. [Ord. 116441]

Revenues

Policy 3. Source of Revenue: There shall be deposited into the Engineering Services Fund payments, interdepartmental transfers to the Seattle Public Utilities Department, and intradepartmental reimbursements and charges for:

- (a) services performed by Seattle Public Utilities, for the design, construction and management of capital improvement projects; for providing a variety of services, such as drafting, surveying, graphics, materials testing; for consultation and expert and professional services; for legislative and litigation support; and for other services supplied from time to time;
- (b) advances and loans, refunds, receipts of sales, incidental payments and other sums due thereto; and
- (c) such other moneys as the City shall designate from time to time by ordinance, in its annual budgets, or by ordinances making appropriations for particular projects.
[Ord. 116441, as amended by Council Bill 113832]



Fund Balance/Fund Management

Policy 4. Cash Deficit Recovery: The City authorizes the loan of funds from the City's Consolidated (Residual) Cash Portfolio, or its participating Funds, to the Engineering Services Fund beginning with the effective date of this ordinance and terminating not later than the fourteen-year payback period beginning in 1997, provided that the Engineering Services Fund make regular annual reductions of the loan balance, in accordance with the following schedule, until such time as the loan is completely repaid.

Engineering Services Fund Interfund Loan Repayment Schedule

<u>Year</u>	<u>Target Payment</u>	<u>Year-End Target Balance</u>
2001	\$500,000	(\$7,000,000)
2002	\$500,000	(\$6,500,000)
2003	\$500,000	(\$6,000,000)
2004	\$500,000	(\$5,500,000)
2005	\$500,000	(\$5,000,000)
2006	\$1,000,000	(\$4,000,000)
2007	\$1,000,000	(\$3,000,000)
2008	\$1,000,000	(\$2,000,000)
2009	\$1,000,000	(\$1,000,000)
2010	\$1,000,000	\$0

The City hereby authorizes and directs the Director of Finance to effectuate this interfund loan through the means of carrying the Engineering Services Fund in a negative cash position not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) and hereby authorizes and directs the Director of Seattle Public Utilities or his or her functional successor(s) to effectuate the loan repayment as established above.

To the extent that the tenets above are adhered to, the Engineering Services Fund shall pay no interest on its negative cash position. [Ord. 118384 amending Ord. 117712, Council Bill 113814]

Policy 5. Termination of the Fund: It is the intention of Seattle Public Utilities to eliminate the Engineering Services Fund, but no sooner than 2003.

Note: In July 1995, Council eliminated the Engineering Services Fund via Ordinance 117713. This Ordinance was later repealed in November, 1996 (Ordinance 118385), thus restoring the Engineering Services Fund and the originating Ordinance 116441 as cited above.

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**CITY OF SEATTLE
PARKING GARAGE OPERATIONS FUND**

Introduction

The Parking Garage Operations Fund accounts for the revenues and expenditures associated with the parking garage located between Sixth and Seventh Avenues and Pine Street and Olive Way in downtown Seattle, known as the Pacific Place Garage. The City purchased the garage in November, 1998.

Fund Structure

Policy 1. Creation of Fund: The Parking Garage Operations Fund is hereby established. [Ord. 119158]

Expenditures

Policy 2. Expenditures from Fund: All operating expenses of the Garage shall be paid from the Fund. [Ord. 119158]

Policy 3. Transfers for Debt Service Payments: Monies shall be transferred from the Fund to the General Bond Interest and Redemption Fund to make periodic debt service payments. [Ord. 119158]

Revenues

Policy 4. Revenues to Fund: The Fund shall receive all revenue from the parking garage located between Sixth and Seventh Avenues and Pine Street and Olive Way beneath the Pacific Place retail complex in downtown Seattle. [Ord. 119158]

Policy 5. Revenues to Fund: The Fund may receive other monies as authorized by ordinance. [Ord. 119158]

Fund Balances/Fund Management

Policy 6. Receipt of Interest Earnings: The Fund shall receive earnings and pay interest on its positive and negative balances. [Ord. 119158]

Policy 7. Use of Fund Balance: Should rates charged at the garage generate a positive fund balance, the City will reserve and use these resources for revenue stabilization in the event of economic downturn and declining Garage revenues, capital and major maintenance purposes, and/or early retirement of the City's debt obligation incurred for acquiring the Pacific Place Garage. [New Policy]

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Reporting Requirement.

Policy 8. Quarterly Reports: The Fleets and Facilities Department shall report to the Director of Finance and the City Council quarterly on the revenues and expenditures associated with the Pacific Place Garage. [New Policy]

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City of Seattle

Paul Schell, Mayor

Department of Finance
Dwight D. Dively, Director

MEMORANDUM

Date: August 29, 2001

To: Council President Margaret Pageler
Seattle City Council

From: Dwight Dively, Director *DD*
Department of Finance

Subject: **A RESOLUTION adopting updated financial policies for the funds of the City of Seattle's various Operating Departments and for the Parking Garage Fund, and superceding Resolution 29951 and Resolution 29771 to the extent inconsistent.**

I am pleased to submit the attached resolution that we intend to present for Council consideration as part of the Department of Finance's comprehensive review of the City of Seattle's financial policies.

This resolution consolidates, updates, and modifies the financial policies guiding the operating funds of various City departments and the City's Parking Garage Fund. For each fund, the resolution summarizes the proposed changes. The policies themselves are included in the several attachments to the resolution.

We appreciate the Council's consideration of this legislation. If you have any questions regarding this resolution, or about the City's financial policies in general, please call me at 684-5212, or Diane Clausen at 684-8151. Thank you.

cc: Greg Petersen
Diane Clausen
Dave Hennes

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RESOLUTION 30392

1 A RESOLUTION adopting updated financial policies for funds of the City of Seattle's various Operating
2 Departments and for the Parking Garage Fund, and superceding Resolution 29951 and Resolution
3 29771 to the extent inconsistent.

4 WHEREAS, the City Council and the Mayor are committed to high standards of financial management;
and

5 WHEREAS, adopting and periodically updating financial policies are important steps towards assuring
6 consistent and rational financial management; and

7 WHEREAS, the financial policies of the City's Operating Department Funds and the Parking Garage
8 Fund are essential components of financial policies; and

9 WHEREAS, the City Council and Mayor have reviewed the financial policies for the City's Operating
10 Department Funds and Parking Garage Fund and wish to update and reaffirm them; NOW
THEREFORE,

11 BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR
12 CONCURRING, THAT

13 Section 1. Seattle Center Operating Fund. The Council adopts the attached policies (Exhibit A) on
14 the Seattle Center Operating Fund. In so doing, the Council reaffirms existing financial policies for this
15 Fund and updates/revises these policies in four ways:

- 16 a) They change references from the "Seattle Center Coliseum" to the "Seattle Center KeyArena," and
17 change "Supersonics" to "Sonics".
- 18 b) A new policy is added (Policy 11) that sets a fund balance target which the Department is allowed to
19 maintain in its operating fund.
- 20 c) A new policy is added (Policy 12) that acknowledges the benefits of diverse revenue sources for the
21 Department.
- 22 d) A new policy is added (Policy 13) that acknowledges the benefits of private funding support.

23
24 Section 2. Design, Construction, and Land Use Operating Fund. Resolution 29951 is superceded to
25 the extent inconsistent, and the attached policies (Exhibit B) on the Design, Construction, and Land Use

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1 Operating Fund are hereby adopted by the City Council. In so doing, the Council reaffirms existing
2 financial policies for this Fund and revises these policies in four ways:

- 3 a) In 1999, the City Auditor noted that the use of the term "reserves" in Ordinance 119501 was not in
4 compliance with generally accepted accounting principles. To bring these principles into compliance,
5 the attached policies use the term "set-aside" rather than "reserve."
6 b) Policy 18 requires a financial review for any given regulatory fee if income net of costs and set-asides
7 exceed five percent of the fee revenue, on average, over a three-year period. The former policy set
8 forth in Resolution 29951 required a review if the five percent trigger was reached in any year.
9 c) Policy 20 clarifies that advance notice for use of the staffing stability set-aside be provided to the
10 Finance, Budget, and Economic Development Committee, or its successor committee.
11 d) Resolution 29951 policies are further revised by correcting a reference to "intra-revenue" loans, and
12 making it "inter-revenue" loans (Policy 21).

13
14 Section 3. Parks Operating Fund. The Council adopts the attached policies (Exhibit C) on the Parks
15 Operating Fund. In so doing, the Council reaffirms existing financial policies for this Fund and updates
16 these policies in two ways:

- 17 a) Accounts and subaccounts within the Parks Operating Fund are renamed "accounting units."
18 b) Council Bill _____ will delete the Municipal Golf Facilities Improvement Subaccount, and so
19 this subaccount is deleted from this set of policies.

20
21 Section 4. Transportation Operating Fund. The Council adopts the attached policies (Exhibit D) on
22 the Transportation Operating Fund. In so doing, the Council reaffirms existing financial policies for this
23 Fund and updates these policies in four ways:

- 24 a) The Waterway Operation and Maintenance Account is renamed the Waterway Operation and
25 Maintenance Subfund.
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- 1 b) Policies 8, 12, and 13 relate to Council Bill _____, which will clarify allowable revenues to,
- 2 and expenditures from, the City Street Subfund and the Arterial City Street Subfund.
- 3 c) Policies 9 and 14 clarify revenues to, and expenditures from, the Vehicle License Fee Subfund.
- 4 d) Policy 16 relates to Council Bill _____, regarding the Transportation Fund's interfund loan.

5
6 Section 5. Library Operating Fund. The Council adopts the attached policies (Exhibit E) on the
7 Library Operating Fund. In so doing, the Council reaffirms existing financial policies.

8
9 Section 6. Human Services Operating Fund. The Council adopts the attached policies (Exhibit F) on
10 the Human Services Operating Fund and in so doing reaffirms existing financial policies.

11
12 Section 7. Office of Housing Operating Fund. The Council adopts the attached policies (Exhibit G)
13 on the Office of Housing Operating Fund. In so doing, the Council reaffirms existing financial policies.

14
15 Section 8. Fleets and Facilities Fund. The Council adopts the attached policies (Exhibit H). These
16 policies are currently effective for the Fleets Subfund and the Facilities Subfund of the Executive Services
17 Fund. Upon passage of a Council Bill creating a new Fleets and Facilities Fund, these policies will apply
18 to that fund. In adopting these policies, the Council hereby supercedes Resolution 29771 to the extent
19 that it is inconsistent. The attached policies update the relevant sections of Resolution, 29771 and reiterate
20 the space rent policies adopted in November 2000 via Resolution 30250. In addition, the policies make
21 the following five changes:

- 22 a) The Fleets and Facilities Department (F&FD) policies no longer include a requirement to do cost
23 effectiveness analyses comparing services provided with those of alternative service providers.
24 Instead, there is added to the Citywide cost allocation policies (to be adopted via a separate
25 resolution) a biannual review of central service departments' services and charging methodologies, in
26 which the F&FD will participate.

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- 1 b) Policy 12 regarding the reduction of the vehicle backlog is updated.
- 2 c) Policy 14 regarding the City's centralized fleet services is updated to include language from
- 3 Memorandums of Understanding between F&FD and the City's utilities.
- 4 d) Policy 16 is revised to direct the City Budget Office to track and approve all fleet adds prior to the
- 5 F&FD placing any fleet add orders.
- 6 e) Policy 17 is added to state the City's support of clean, energy efficient vehicles.

7
8 Section 9. Department of Information Technology Fund. The Council adopts the attached policies
9 (Exhibit I) on the Department of Information Technology Fund. In so doing, the Council hereby
10 supercedes Resolution 29771 to the extent that it is inconsistent. The attached policies update the relevant
11 sections of Resolution 29771, and no longer include a requirement to do cost effectiveness analyses
12 comparing services provided with those of alternative service providers. Instead, there is added to the
13 Citywide cost allocation policies (to be adopted via a separate resolution) a bi-annual review of central
14 service departments' services and charging methodologies, in which the Department of Information
15 Technology will participate.

16
17 Section 10. Engineering Services Fund. The Council adopts the attached policies (Exhibit J) on the
18 Engineering Services Fund and in so doing reaffirms existing financial policies and updates them in three
19 ways:

- 20 a) The policies replace outdated references to City officers and organizational units that no longer reflect
- 21 the City's current organization.
- 22 b) Policy 4 relates to Council Bill _____, regarding the Engineering Services Fund's interfund
- 23 loan.
- 24 c) Policy 5 is added expressing the intent of Seattle Public Utilities to seek the elimination of this fund,
- 25 no sooner than 2003.

26
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1 Section 11. Parking Garage Fund. The Council adopts the attached policies (Exhibit K) on the
2 Parking Garage Fund and in so doing reaffirms existing financial policies and updates them in two ways:

- 3 a) Policy 7 is added regarding use of fund balances.
4 b) Policy 8 is added on reporting requirements.

5
6 Section 12. Future Review of Attached Policies. The Council finds that the attached policies should
7 be reviewed and updated on a five-year cycle, with the next update scheduled for 2006.

8 ADOPTED by the City Council of the City of Seattle the _____ day of _____, 2001,
9 and signed by me in open session in authentication of its adoption this _____ day of _____
10 2001.

11 _____
12 President _____ of the City Council

13 THE MAYOR CONCURRING:

14
15 _____
16 Paul Schell, Mayor

17 Filed by me this _____ day of _____, 2001.

18 _____
19 City Clerk

20 (Seal)

21 **Attachment A:**

- 22 • Exhibit A: Seattle Center Operating Fund Policies
- Exhibit B: Design, Construction and Land Use Operating Fund Policies
- 23 • Exhibit C: Parks Operating Fund Policies
- Exhibit D: Transportation Operating Fund Policies
- Exhibit E: Library Operating Fund Policies
- Exhibit F: Human Services Operating Fund Policies
- 24 • Exhibit G: Office of Housing Operating Fund Policies
- Exhibit H: Fleets and Facilities Fund Policies
- 25 • Exhibit I: Department of Information Technology Fund Policies
- Exhibit J: Engineering Services Fund Policies
- 26 • Exhibit K: Parking Garage Fund Policies

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**CITY OF SEATTLE
SEATTLE CENTER FUND [AND THE KEYARENA RENOVATION FUND]**

Introduction

The Seattle Center Fund was created in 1964 to separately account for the revenues to the Seattle Center and the expenditures made on behalf of the Seattle Center. Though the Seattle Center receives much of its annual revenue from fees directly related to the Center itself, it is not self-supporting. The General Fund contributes the difference between Seattle Center's expected revenues and its costs.

In 1994, a separate Subfund within the Seattle Center Fund was set up to track the revenues to and expenditures for the KeyArena. In 1997, a new KeyArena Renovation Fund was created.

Fund Structure

Policy 1. Creation of Seattle Center Fund. That as of January 1, 1964, there is hereby created in the City Treasury a special fund designated the "Seattle Center Fund." [Ord 92479]

Policy 2. Creation of KeyArena Subfund of the Seattle Center Fund. The Director of Finance, in consultation with the Seattle Center, is authorized to establish sufficient interest-bearing subfunds of the Seattle Center Operating Fund for the purpose of segregating Seattle Center KeyArena operational expenses and earnings. [Ord 117521]

Policy 3. Creation of the KeyArena Renovation Fund. In order to segregate funds for the contractually required renovation of the KeyArena in 2003, the Executive Services Director [now the Director of Finance], in consultation with the Director of the Seattle Center, is authorized and directed to establish a fund, designated the "KeyArena Renovation Fund." [Ord 118787]

Expenditures

Policy 4. Expenditures from the Seattle Center Operating Fund. From the Seattle Center Fund shall be paid all authorized costs and expenses in connection with the operation and maintenance of the Seattle Center and such other expenditures as may be authorized by ordinance. [Ord 92479]

Policy 5. Expenditures from the KeyArena Subfund. Any unused funds, interest or other investment earnings may be used for the purpose of making principal and interest payments on the LTGO bonds authorized for the KeyArena Redevelopment project, or for other expenses related to the operation of the Seattle Center KeyArena. [Ord 117521]

Policy 6. Expenditures from the KeyArena Renovation Fund. Appropriations made to this fund shall be used solely for the purpose of renovation of the KeyArena including but not limited to those items listed in Subsection X.C of the Premises Use and Occupancy Agreement authorized by Ordinance 117049, as such agreement has been or is henceforth amended. Any income derived from investment of balances in this fund shall be deposited into the same fund and are hereby made available for the purpose of KeyArena renovation. [Ord 118787]



Revenues

Policy 7. Revenues to the Seattle Center Operating Fund. Into the Seattle Center Fund shall be paid all moneys appropriated thereto and all reimbursements and receipts received in connection with the operation and said Seattle Center including admissions, rentals, parking fees and concession revenues. [Ord 92479]

Policy 8. Revenues to the KeyArena Subfund. Per Policy 2 above, revenues to the KeyArena Subfund will be from KeyArena operational earnings.

Policy 9. Seattle Sonic Games' Admission Tax Revenue. The City Council declares its intent that all Admissions Tax revenue generated by Seattle Sonic games played in the KeyArena be returned to the KeyArena Subfund for the purpose of helping to offset the operating expenses and debt service payments related to the facility. [Ord 120170, Council Bill _____]

Fund Balances

Policy 10. Key Arena Subfund Fund Balances. Any excess revenues above current operating expenses shall be retained in the Seattle Center KeyArena subfunds to pay future KeyArena maintenance or operating expenses as authorized by the City Council. [Ord 117521]

Policy 11. Seattle Center Operating Fund Balance. The City Council acknowledges that Seattle Center operates in a dynamic commercial marketplace. Revenue and expense variances are part of normal business cycles in the entertainment industry. To help manage these variances, it is appropriate for the Seattle Center to retain a fund balance as a financial tool. It is the intent of the Council that sufficient excess revenues above current operating expenses shall be retained in the Seattle Center Operating Fund to be used to offset the normal variances in business revenues. Based on industry practice, the department will be allowed to retain an amount up to three percent of its earned income as budgeted in the then current Adopted Budget. [New policy]

Other

Policy 12. Diversity of Revenue Sources. The City Council acknowledges that Seattle Center revenue variances are a potential outcome of normal business cycles in the entertainment industry. To encourage more stability in the department's mixture of financial sources, Seattle Center will pursue a diversity of revenue streams. [New Policy]

Policy 13. Recognition of Private Support. Seattle Center relies on significant private contributions and sponsorships to support capital projects and provide free or low cost public programming. The City Council acknowledges that offering naming opportunities for facilities and programs is an appropriate mechanism for recognizing such funds. [New Policy]

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**CITY OF SEATTLE
DESIGN, CONSTRUCTION AND LAND USE FUND**

Introduction

The Construction and Land Use Fund was created in 1980 to account for the revenues and expenditures of the Department of Construction and Land Use (now the Department of Design, Construction and Land Use). This Department provides various administrative, inspection, and enforcement services such as: land use code development, informing the public about land use processes and regulations, review and processing of development applications, inspection of new construction, and enforcement of the City's codes for construction and land use, and for housing and building maintenance.

Definitions

"Direct Costs" are directly related to an activity in a readily measurable degree. [Res 29951]

"Indirect Costs" support a number of activities, but it is not administratively feasible to measure precisely how much of the costs are related to any particular activity. [Res 29951]

"License Fee" is a fee charged for the privilege of engaging in an activity (not merely for owning property). [Res 29951]

"Regulatory Fee" is a fee that is authorized by a City ordinance or other law to pay the costs associated with a regulatory activity or program. [Res 29951]

As of January 1, 1999, the Department of Construction and Land Use shall be known as the Department of Design, Construction and Land Use. As of January 1, 1999, all references to "Construction and Land Use," "Department of Construction and Land Use," "Director of Construction and Land Use," or the "Department of Construction and Land Use Fund" shall be deemed to be references to "Design, Construction and Land Use;" "Department of Design, Construction and Land Use;" "Director of Design, Construction and Land Use;" or the "Department of Design, Construction and Land Use Fund" respectively, except where the historical reference to "Construction and Land Use," "Department of Construction and Land Use," "Director of Construction and Land Use," or the "Department of Construction and Land Use Fund" is called for by context. [Ord 119270]

Fund Structure

Policy 1. Creation of Fund. As of June 4, 1980, there is established in the City Treasury a fund, to be known as the Construction and Land Use Fund [now the Department of Design, Construction and Land Use Fund]. [Ord 109124]

Policy 2. Creation of Set Asides. The Director of Finance shall create within the Department of Design, Construction and Land Use Fund a set aside account. [Ord 119501, Council Bill

Policy 3. Creation of Housing and Abatement Accounting Unit. A restricted accounting unit designated as the "Housing and Abatement Accounting Unit" is established in the Construction



and Land Use Fund [now the Department of Design, Construction and Land Use Fund]. [Ord 119509, Council Bill _____]

Expenditures

Policy 4. Expenditures from the Fund. From the Construction and Land Use Fund [now the Department of Design, Construction and Land Use Fund] shall be made such expenditures as may be required and appropriated for the conduct of the department's activities. [Ord 109124]

Policy 5. Allowable Expenditures from the Set Asides. The accumulation of set asides [will be] for the following municipal purposes:

- a) Staff stability – to allow the Department of Design, Construction and Land Use to retain trained staff during cyclical economic downturns so that the experience and abilities of that staff are available to customers when the economy again turns upward.
- b) Technology – to accumulate needed funding to assure that major technology systems of the Department of Design, Construction and Land Use can be upgraded or replaced when necessary.
- c) Technology Currency – to hold funds adequate to accomplish normal personal computer replacements for the Department of Design, Construction and Land Use for a single year so that normal upgrades can occur even in the trough of an economic downturn.
- d) Strategic Planning and Implementation – to allow the Department of Design, Construction and Land Use to plan ahead for continuous process improvements to better serve its customers, and to implement those plans, including staff training and equipment. [Ord 119501, Council Bill _____]

Policy 6. Authorization for Expenditures from the Set Asides. Expenditures from the set aside account shall be made only when expressly authorized by the City Council either by identification in the budget ordinance or other ordinance, or as set out [in Policy 7] with respect to the staffing stability set aside. [Ord 119501, Council Bill _____]

Policy 7. Expenditures from the Staffing Stability Set Aside. The Director of the Department of Design, Construction and Land Use may, within the limits of that Department's budgeted expenditure authority, draw on the appropriate subdivision of the staffing stability set aside for the purpose established in [Policy 5a] to pay staffing costs associated with a particular regulatory revenue source, but only when doing so is consistent with the most recently adopted Financial Policies for the Department. [Ord 119501, Council Bill _____]

Policy 8. Expenditures from the Housing and Abatement Accounting Unit. From [the Housing and Abatement Accounting Unit] the Director is hereby authorized to pay the costs and expenses incurred for the repair, alteration, improvement, vacation and closure, removal or demolition of any building, structure or other dangerous condition pursuant to the provisions of this Code, or pursuant to any other ordinance administered and enforced by the Director declaring any building, structure or premises to be a public nuisance and ordering the abatement thereof. [Ordinance 119509]

Expenditures – Flexible Budgeting



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Policy 9. Contingent Budget Authority. DCLU shall prepare its budget in a manner that proposes authorizing additional expenditure and positions when warranted by increases in demand for services as indicated by revenues. The budget shall propose contingent budget authority that may be granted in increments of expenditure and full-time positions associated with increments of actual and forecasted revenues in excess of forecast budgeted amounts. For this purpose, a schedule of revenue and contingent budget authority shall be included in DCLU's biennial budget. The contingent budget authority proposed in the budget shall be based on three revenue sources: electrical permit fees, building permit fees, and master use permit fees. The use of contingent budget authority proposed shall not preclude the supplemental budget process, which shall be used for all other needs arising from programmatic, organizational, and other changes related to the scope of services provided by DCLU. [Res 30357]

Policy 10. Revenue Forecasts. To allow prompt response to unanticipated changes in demand, DCLU shall forecast revenue on a bimonthly basis. Revenues shall be forecast over a 12-month cycle and compared to budgeted revenues over the same 12-month period. The budget shall propose a schedule for triggering contingent budget authority based on revenue in excess of the budget forecast. [Res 30357]

Policy 11. Notification of CBO. DCLU shall notify the CBO within two weeks from the date of forecast. Within two weeks of notification by DCLU, the CBO shall evaluate the adequacy of the forecasts and approve the use of contingent expenditure authority, request additional analysis, or deny the additional authority if, in CBO's opinion, the need is not demonstrated. [Res 30357]

Policy 12. Use of Contingent Budget Authority. DCLU shall use contingent budget authority for additional overtime, contracts, temporary employees, regular personnel, or non-personnel services as needed, depending on the expected duration of increased demand and the types of resources available. Specific concurrence by the CBO shall be required for the addition of permanent employees. [Res 30357]

Policy 13. Contingent Budget Authority Between Budget Years. Contingent budget authority shall be allocated between budget years based on the distribution of workload associated with forecasted revenues. [Res 30357]

Revenues

Policy 14. Revenues to the Fund. Into the [Department of Design,] Construction and Land Use Fund shall be deposited all monies received by the Department of [Design] Construction and Land Use from license fees and charges for services and such other monies from such other sources as the City Council may from time to time designate. [Ord 109124]

Policy 15. Revenues to the Set Asides. [The set aside account] shall be funded from regulatory fees and other money allocated thereto. [Ord 119501, Council Bill _____]

Policy 16. Fee Charges. The Director of [Design,] Construction and Land Use shall charge such fees for licenses, permits, inspections, reviews and other services and approvals as may be provided by ordinance. [Ord 109124]

Policy 17. Revenues to the Housing and Abatement Accounting Unit. Money from the following sources shall be paid into the Housing and Abatement Accounting Unit:



- a) Sums recovered by the City as reimbursement for costs incurred by the City for the repair, alteration, stabilization, improvement, vacation and closure, removal or demolition of buildings or structures in accordance with this Code;
- b) Sums recovered by the City as reimbursement for costs and expenses of abatement of buildings, structures and premises declared to be public nuisances;
- c) The unencumbered balance remaining in the Housing and Abatement Revolving Fund created by Ordinance 106319;
- d) Other sums which may by ordinance be appropriated to or designated as revenue of the account;
- e) Other sums which may by gift, bequest or grant be deposited in the account; and
- f) Fines and penalties collected pursuant to Sections 22.206.280 and 22.208.150 and pursuant to chapter 22.207 [of the Seattle Municipal Code]. [Ordinance 119509]

Fund Balances

Policy 18. Consistent Over-Recovery of Costs. If a regulatory fee consistently produces more income than is needed to pay the costs of the regulatory program, so that over a two-year period the rolling average of income net of costs and set-asides exceeds 5% of the fee revenue, then a review should be undertaken to determine whether one or more of the following steps should be taken:

- a) Adjust the fee or the fee structure;
- b) Expand the services provided;
- c) Refund or credit the excess to the fee payers; or
- d) Use fund balances to further reduce fees in programs where the specific fee payers are relatively constant over the years. [Revised Policy from Res 29951]

Policy 19. Consistent Under-Recovery of Costs. If a regulatory fee consistently produces less income than is needed to pay the costs of the regulatory program, then a review should be undertaken to determine whether one or more of the following steps should be taken:

- a) Subsidize with general fund dollars;
- b) Allocate costs to another existing fee that is authorized for use by that program;
- c) Institute a new fee or surcharge;
- d) Increase fees; or
- e) Lower costs. [Res 29951]

Reporting Requirements

Policy 20. Advance Notice for Use of Staffing Stability Set Aside. The Director shall provide sixty days notice in advance to the chair of the City Council's Finance, Budget, and Economic Development Committee, or its successor committee with responsibility for making recommendations on legislative matters relating to budget and financing, of each proposed use of the staffing stability set aside. [Ord 119501, Council Bill _____]



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Policy 21. Reporting of Costs and Revenues. The Department will use a single fund accounting system, and enhance the current single fund system to specifically show, on an ongoing basis:

- a) For each revenue source, particularly those receiving and using regulatory fees, revenues and expenditures, balancing revenue sources against appropriate expenditures;
- b) For interest earned on all revenues, the allocation of that interest;
- c) For inter-revenue loans, the interest earned and the allocation of that interest;
- d) For reserve accounts, the revenues, expenditures and fund balances for each reserve account as a separate item, segregated by revenue source and including carry over from previous years;
- e) For each program, a comparison between budgeted and actual revenues and expenditures.

All reports shall reconcile to General Ledger reports and shall be prepared internally on a monthly basis. DCLU shall report to the City Council annually with the budget. The annual report to the Council shall include an analysis of the deferral of revenues. [Revised Policy from Res 29951]

Planning Requirements/Policies

Policy 22. Setting Regulatory Fees. Regulatory fees should be used to pay the direct and indirect costs of the regulatory program for which the fee is authorized. To do so:

- a) The revenue from each type of fee source should be separately tracked;
- b) The program(s) that are authorized to use a fee should be identified;
- c) Direct costs of the authorized program(s) should be documented; and
- d) Indirect costs should be reasonably allocated in a manner that is consistent among all programs, regardless of the type of revenue source supporting them. [Res 29951]

Policy 23. Costs Unrelated to Regulatory Programs. Costs that are neither direct nor indirect costs of regulatory programs should be paid with license fees or general fund dollars. License fees should only be used after consultation with the City Attorney's Office. [Res 29951]

Policy 24. Compare Revenues from and Costs of Regulatory Programs. Revenues from regulatory fees and costs of the associated regulatory programs should be compared at least annually to determine whether they are roughly proportional or whether there is a consistent imbalance. In determining whether revenues and costs are roughly proportional, it is appropriate to consider deferred liabilities and the need for reserves for such things as seasonal or other fluctuations in revenues, acquisition and/or improvement of technology, and strategic planning and implementation, including staff training and equipment.

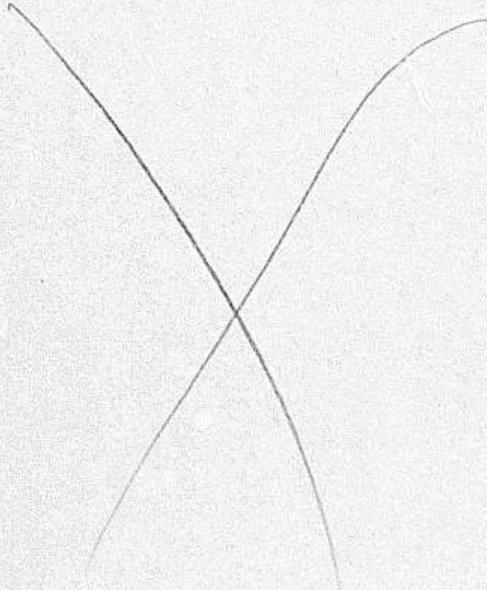
- a) Spread the funding of the set-aside for staffing stability over at least a four (4) year period starting with 1996, the year funding for these needs was approved or costs began to be incurred, and fund the staffing set-aside at a level consistent with retaining skilled staff for a two year down-turn (the historic duration of a downturn).
- b) For all set-asides, DCLU shall propose financial policies to the City Council at least every biennium when it submits its budget to the City Budget Office, for adoption by resolution, stating:
 - The amount proposed for each set-aside;
 - The rationale for the amount;
 - The time period over which the set-aside will be accumulated;



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- The priority for funding each set-aside.
- c) Use of a set-aside shall not continue more than twelve months unless explicitly authorized in the next budget adopted following the beginning of the use of a set-aside. [Revised Policy from Res 29951]

Policy 25. Contingent Budget Reporting. DCLU shall report to the CBO and City Council both predicted and actual revenues on a quarterly basis to indicate whether demand is occurring as expected. [Res 30357]



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**CITY OF SEATTLE
PARK AND RECREATION FUND**

Introduction

The Park and Recreation Fund accounts for the operation and maintenance of the City's parks system, including the Woodland Park Zoo, the Aquarium and the City's golf facilities. The City Charter establishes the fund and requires that the City deposit ten percent of all business and occupation taxes, fines, penalties and other licenses into this fund. This fund also receives usage fees and General Fund support.

The fund contains several accounting units for receiving and disbursing donations and gifts, and annual and lifetime admission pass revenues. These revenues are generally intended for enhanced programs or improvements of specific park facilities, such as the Zoo, the Aquarium, and the Volunteer Park Conservatory, which extend beyond the regular maintenance and operations expenses provided through the fund.

Fund Structure

Policy 1. Creation of Fund. There is hereby established in the City Treasury a Park and Recreation Fund for the operation and maintenance of the park and recreation system of the City. [Charter Article XI Sec. 3]

Policy 2. Creation of Aquarium Enrichment Accounting Unit. There is hereby created within the Park and Recreation Fund an Aquarium Enrichment Accounting Unit. [Policy Revised from Res. 26742]

Policy 3. Creation of Aquarium Donations Accounting Unit. There is hereby established an Aquarium Donations Accounting Unit in the Park and Recreation Fund. [Ord. 107600, Council Bill _____]

Policy 4. Creation of Zoo Improvement Accounting Unit. There is hereby created in the Park and Recreation Fund a Zoo Improvement Accounting Unit. [Policy Revised from Res. 25573]

Policy 5. Creation of Conservatory Donations Accounting Unit. There is hereby established a Conservatory Donations Accounting Unit in the Park and Recreation Fund. [Ord. 106963, Council Bill _____]

Expenditures

Policy 6. Expenditures from the Fund. Moneys expended from the Park and Recreation Fund shall be made for the operation and maintenance of the park and recreation system of the City. [Charter Article XI Sec. 3]

Policy 7. Expenditures from the Aquarium Enrichment Accounting Unit. Money in the Aquarium Enrichment Accounting Unit shall be appropriated, from time to time, through the annual budget process, for capital and non-capital improvements to the Seattle Aquarium and its programming, consistent with the requirements of Article XI, Section 3 of the City Charter and



the "Memorandum of Understanding..." authorized by Ordinance 110551. [Policy Revised from Res. 26742]

Note: The Memorandum of Understanding provides for capital and non-capital expenditures. It further calls for non-capital expenditures which, (1) contribute to the improvement and health and well-being of the animal and plant collection at the Aquarium (2) improve the quality, quantity, or variety of the exhibited animal and plant life, while enhancing public understanding and appreciation for the Aquarium and its exhibits; or (3) contribute to the promotion, administration, and development of programs for pass-holders; among other purposes, each of which expenditures may be made whenever, and in the manner, the City deems necessary; Provided, that the City shall seek an advisory recommendation from the Society on how such funds shall be expended prior to their being expended. (MOU, Section III (I))

Policy 8. Expenditures from the Aquarium Donations Accounting Unit: Money in the Aquarium Donations Accounting Unit shall be expended from time to time as appropriated by ordinance for the purpose of financing projects, programs, and exhibits of the Aquarium. [Ord. 107600]

Policy 9. Expenditures from the Zoo Improvement Accounting Unit: Zoo Improvement Accounting Unit funds shall be appropriated in the annual budget for improvement expenses of the Woodland Park Zoo which are not considered part of the regular maintenance and operation expenses, and which

A. Contribute to the improvement and the health and well-being of the animal collection at the Woodland Park Zoo;

B. Improve the quality, quantity and variety of the exhibits while enhancing public understanding and appreciation for the zoo and animals;

C. Contribute to the long-term improvements to the total physical plant of the zoo;

D. Contribute to the promotion, administration and development of programs for members of "Friends of the Zoo."
[Policy Revised from Res. 25573]

Policy 10. Expenditures from the Conservatory Donations Accounting Unit: Money in the Conservatory Donations Accounting Unit shall be expended from time to time as appropriated by ordinance for the purpose of financing projects and improvements at the Volunteer Park Conservatory. [Ord. 106963]

Revenues/Fund Balances

Policy 11. Revenues to Fund. There shall be placed [into the Park and Recreation Fund]: such moneys as may be budgeted annually for such operation; gifts, bequests and devises for park and recreation purposes; revenues from park and recreation properties, facilities and areas; ten percent of the gross receipts of the City from all fines, penalties and licenses; and such other moneys as may be provided by ordinance. [Charter Article XI Sec. 3]

Policy 12. Revenues to the Aquarium Enrichment Accounting Unit: A portion of revenue from the sale of annual and lifetime Aquarium admission passes shall accrue to the Aquarium Enrichment Accounting Unit. [Policy Revised from Res. 26742]



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Policy 13. Revenues to the Aquarium Donations Accounting Unit: Revenue in the form of gifts and donations to the City of Seattle for support of Aquarium programs, projects, and exhibits shall be deposited into the Aquarium Donations Accounting Unit. There shall also be placed in said accounting unit (a) such sums as may be included from time to time in the annual budget; and (b) such sums as may be otherwise appropriated to said accounting unit. [Ord. 107600]

Note: The MOU states that "Funds received by the Society for the benefit of the Aquarium shall constitute and remain funds of the Society and shall not become City funds until they are donated and deposited into the City Treasury; ..." [MOU Section II, C, 2]

Policy 14. Revenues to the Zoo Improvement Accounting Unit: Revenue from the sale of annual and lifetime passes shall accrue to the Zoo Improvement Accounting Unit. [Policy Revised from Res. 25573]

Policy 15. Revenues to the Conservatory Donations Accounting Unit: Gifts and donations made to The City of Seattle for the support of the Volunteer Park Conservatory shall be deposited into the Conservatory Donations Accounting Unit. There shall also be placed in said accounting unit (a) such sums as may be included from time to time in the annual budget; and (b) such sums as may be otherwise appropriated to said accounting unit. [Ord. 106963]

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**CITY OF SEATTLE
TRANSPORTATION FUND**

Introduction

Effective January 1, 1993, the City Council established in the City Treasury the Engineering Services Fund and the Transportation Fund. These two funds allowed for separate accounting, within the Seattle Engineering Department, of predominantly interdepartmental transfers and intradepartmental reimbursements for engineering services on capital improvement projects, and operating revenues and expenditures related to the construction and maintenance of City streets and transportation more generally.

Effective January 1, 1997, City Council created a new department, named Seattle Transportation, based on the Transportation Division of the former Engineering Department. Seattle Transportation, under the direction of the Director of Transportation, is responsible for construction, improvement, repair, maintenance and operation of City streets, bridges, retaining walls, seawalls, traffic control systems and waterways.

The Transportation Fund is comprised of four restricted subfunds and an unrestricted operating subfund. The restricted subfunds, generally, exist to receive specific state-shared or local option revenues whose use is restricted. For example, taxes on the sale, distribution, or use of motor vehicle fuel, or local option Vehicle License Fees. Additional revenues to the fund include, federal and state grants, Public Works Trust Fund loans, various street use and service fees, contributions from public and private partners, and General Fund support.

Fund Structure

Policy 1. Creation of Fund: As of January 1, 1993, there is hereby established in the City Treasury a Transportation Fund. All assets and liabilities of the Engineering Department Operating Fund (established by Ordinance 89913) are hereby transferred to the Transportation Fund. [Ord. 116441]

Policy 2. Creation of Subfunds: The City Street Fund, as established by Ordinance 67365, is hereby re-established as a subfund in the Transportation Fund, to be known as the City Street Subfund, and all assets and liabilities of the City Street Fund shall be transferred to the Transportation Fund, City Street Subfund. [Ord. 116441]

Policy 3. Creation of Subfunds: The Arterial City Street Fund, as established by Ordinance 90497, is hereby re-established as a subfund in the Transportation Fund, to be known as the Arterial City Street Subfund, and all assets and liabilities of the Arterial City Street Fund shall be transferred to the Transportation Fund, Arterial City Street Subfund. [Ord. 116441]

Policy 4. Creation of Subfunds: The Vehicle License Fee Subfund is hereby re-established as a subfund in the Transportation Fund, to be known as the Vehicle License Fee Subfund, and all assets and liabilities of the Vehicle License Fee Fund shall be transferred to the Transportation Fund, Vehicle License Fee Subfund. [Ord. 116441]



Policy 5. Creation of Subfunds: The Waterway Operation and Maintenance Subfund, a restricted subfund, is established in the Transportation Fund. [SMC 16.08.050.; Ord. 118409, 87983, as amended by Council Bill _____]

Note: On March 5, 2001, Council approved Ordinance 120284 closing and eliminating the Transportation Improvement Fund, the Street Utility Subfund of the Transportation Fund, and the Street Utility Refund Subfund of the Transportation Fund. All assets, liabilities and fund balances remaining in these funds and subfunds were transferred to the Arterial City Street Subfund of the Transportation Fund.

Expenditures

Policy 6. Expenditures from Fund: The Transportation Fund may be expended upon vouchers drawn by the Director of Seattle Transportation or an authorized assistant for payroll and fringe benefits, services and charges, supplies, materials and equipment, rents, and other authorized expenditures for Seattle Transportation; for refunds, transfer payments, and other charges incurred by Seattle Transportation, and for appropriations made by ordinance for particular projects from time to time. [Ord. 116441]

Policy 7. Expenditures from the City Street Subfund: The moneys in the City Street Subfund shall be expended in the manner provided by law for the construction, alteration, repair, improvement and maintenance of the city streets or for any other proper city street purpose, said expenditures to be made under the supervision of the Director of Seattle Transportation in such amounts and for such specific works, projects and purposes as shall from time to time hereafter be directed by ordinance. [Ord. 67365, 116441]

Policy 8. Expenditures from the Arterial City Street Subfund: Moneys from the Arterial City Street Subfund shall be expended for the construction, improvement, chip sealing, seal-coating, and repair for arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120; or the payment of any municipal indebtedness which may be incurred in the construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets. [RCW 46.68.110 (4)]

Policy 9: Expenditures from the Vehicle License Fee Subfund: The proceeds from the local option vehicle license fee (1) ...shall be used for transportation purposes only, including but not limited to the following: The operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets ... and other transportation improvements; development and implementation of public transportation and high-capacity transit improvements and programs; and planning, design, and acquisition of right of way and sites for such transportation purposes. (2) ...for transportation uses consistent with the adopted transportation and land use plans of the jurisdiction expending the funds and consistent with any applicable and adopted regional transportation plan for metropolitan planning areas. (8) ...may use all or part...for the amortization of local government general obligation and revenue bonds issued for transportation purposes consistent with the requirements of this section. [RCW 82.80.070]

Policy 10. Expenditures from Waterway Operations and Maintenance Subfund: The subfund shall be charged with the cost of administration, inspection and policing involved in the issuance and continuance of such permits; activities of the City in maintaining waterways as public ways for watercraft and for commerce and navigation; and for maintaining a reserve to clear waterways of vessels that may sink therein and for emergency activities related to waterways and



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navigation. Vouchers for expenditures shall be approved by the Director of Seattle Transportation or his or her designee. [SMC 16.08.050]

Revenues/Fund Balances

Policy 11. Revenues to Fund: There shall be deposited into the Transportation Fund revenues, including, among other sources funds received from taxes on the sale, distribution or use of motor vehicle fuel, from motor vehicle excise taxes designated for street purposes; from payments under grants, assistance, and contracts with the United States, the State of Washington, and other governments for street or transportation purposes; fees, reimbursements for services performed, rents, royalties, sales of assets, and incidental income to Seattle Transportation related to streets or transportation. [Ord. 116441]

Policy 12. Revenues to the City Street Subfund: Into the City Street Subfund the City shall from time to time as received deposit all moneys credited and paid to The City of Seattle from the motor vehicle fuel excise tax imposed by RCW 82.36.020 and the special fuel tax imposed by RCW 82.38.030, and as restricted in RCW 46.68.110(5), and such other moneys as may be directed to be deposited therein by ordinance. [Ord. 116441 as amended by CB _____]

Policy 13. Revenues to the Arterial City Street Subfund: Into the Arterial City Street Subfund there shall be deposited moneys received by the City as its portion of the motor vehicle fuel excise tax imposed by RCW 82.36.020 and the special fuel tax imposed by RCW 82.38.030, and as restricted in RCW 46.68.110(4) for the construction, improvement and repair of Arterial Highways and City streets, together with such other funds as may be appropriated to such fund by the City. [Ord. 116441 as amended by CB _____]

Policy 14. Revenues to the Vehicle License Fee Subfund: There shall be deposited moneys received by the City as its portion of the local option vehicle license fee authorized by RCW 82.80.020, together with such other funds as may be appropriated to such fund by the City.

Policy 15. Revenues to Waterway Operations and Maintenance Subfund: All fees collected from waterway use and occupation permits issued under this chapter; reimbursements of expenses incurred by the Port Warden in removal, towing, impoundment of vessels, watercraft or obstructions in waterways and receipts from sale of such vessels, watercraft or obstructions; its proportionate share of interest earnings of invested Transportation Fund balances; and any other moneys accruing from activities under this title in waterways or appropriated or budgeted to such fund, shall be deposited into the Waterway Operations and Maintenance Subfund. If the Waterway Operation and Maintenance Subfund has a credit balance greater than that of the Transportation Fund, the director of Finance shall credit interest to the Subfund at the rate of the City's investment earnings for funds of its size. [SMC 16.08.050]

Fund Balance/Management

Policy 16. Cash Deficit Recovery: The City authorizes the loan of funds from the City's Consolidated (Residual) Cash Portfolio, or its participating Funds, to the Transportation Fund beginning with the effective date of this ordinance and terminating not later than the fourteen-year payback period beginning in 1997, provided that the Transportation Fund make regular annual reductions of the loan balance, in accordance with the following schedule, until such time as the loan is completely repaid.



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Transportation Fund Interfund Loan Repayment Schedule

Year	Target Payment	Year-End Target Balance
2001	\$573,700	(\$5,163,300)
2002	\$573,700	(\$4,589,600)
2003	\$573,700	(\$4,015,900)
2004	\$573,700	(\$3,442,200)
2005	\$573,700	(\$2,868,500)
2006	\$573,700	(\$2,294,800)
2007	\$573,700	(\$1,721,100)
2008	\$573,700	(\$1,147,400)
2009	\$573,700	(\$573,700)
2010	\$573,700	0

The City hereby authorizes and directs the Director of Finance to effectuate this interfund loan through the means of carrying the Transportation Fund in a negative cash position not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000) and hereby authorizes and directs the Director of Transportation or his or her functional successor(s) to effectuate the loan repayment as established above.

To the extent that the tenets above are adhered to, the Transportation Fund shall pay no interest on its negative cash position. [Ord. 118384 amending Ord. 117712, Council Bill _____]

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**CITY OF SEATTLE
LIBRARY FUND**

Introduction

The Library Fund accounts for the operating costs and revenues of the City's library system. The City Council appropriates funds for the Library's regular operating requirements and the fund receives approximately 98% of its funding from the City's General Subfund. The Library Fund also receives revenue from fines and fees, copy services, discard book sales, grants and reimbursements from the State of Washington and King County, and gifts and contributions from private donors. The gifts and donations to the Library are accounted for in separate subfunds of the Library Fund.

The Library is governed by a five-member Board of Trustees, who are appointed by the Mayor and confirmed by the City Council. The Library Board's authority and responsibilities are established by State statute, and include exclusive control of Library finances, authority to adopt rules and regulations for Library guidance and management, and responsibility for undertaking all actions necessary for the orderly and efficient management and control of the Library.

Fund Structure

Policy 1. Creation of Fund: There shall be a Library Fund.... [City Charter, Article XII, Sec. 1]

Expenditures

Policy 2. Management of Library Expenditures: The Library Board shall manage and control the public library as provided by State Law and shall alone have authority to expend the Library Fund; the Board shall certify expenditures to the Director of Finance, who shall issue warrants therefor payable out of any money in the Library Fund, not otherwise appropriated. [City Charter, Article XII, Sec. 5]

Policy 3. Library Expenditures: The board shall not make expenditures or incur indebtedness in any year in excess of the amount of money appropriated and/or available for library purposes. [RCW 27.12.240]

Revenues

Policy 4. Revenues to Library Fund: Revenues to the Library fund shall consist of:

First. GIFTS: Such gifts, bequests and devises as may be given, bequeathed or devised to the City of Seattle or any trustee for the uses or purposes of the "Seattle Public Library."

Second. RENTS: The rents, issues and profits derived from any property which may be held or owned in trust for said library by the City or any other trustee.

Third. Such sums as the City Council may provide.

[City Charter, Article XII, Sec. 1]



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Policy 5. Revenues to Library Fund: All funds for the library, whether derived from taxation or otherwise, shall be in the custody of the treasurer of the governmental unit, and shall be designated by him in some manner for identification, and shall not be used for any but library purposes. [RCW 27.12.240]

Reporting Requirements

Policy 6. Annual Report of Trustees: At the close of each year the board of trustees of every library shall make a report to the legislative body of the governmental unit wherein the board serves, showing the condition of their trust during the year, the sums of money received for the library fund from taxes and other sources, the sums of money expended and the purposes of the expenditures, the number of books and periodicals on hand, the number added during the year, the number retired, the number loaned out, and such other statistics and information and such suggestions as they deem of public interest. A copy of this report shall be filed with the state librarian. [RCW 27.12.260]

Notes:

Charter as amended at November 2, 1999 election.

Statutory Reference: For provisions regarding the library, see RCW 27.12.190 through 27.12.270.

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**CITY OF SEATTLE
HUMAN SERVICES OPERATING FUND**

Introduction/Policies

In 1974, the Council passed Ordinance 103014, creating the Human Resources Operating Fund. Into this Fund was deposited all revenues and other assets supporting the programs of the Human Resources Department, and from this fund was paid all expenditures and other liabilities of the Department.

In 1991, the Council passed Ordinance 115958, expanding the duties of the Department of Human Resources and renaming it the Department of Housing and Human Services. At that time, the Human Resources Operating Fund was renamed the Housing and Human Services Operating Fund. The revenues and other assets to, and expenditures and other liabilities from, the Fund expanded to including the new housing duties incorporated into the Department

In 1998, the Council passed Ordinance 119273, removing the housing functions from the Department of Housing and Human Services as of January 1, 1999, and placing them into the new Office of Housing within the Executive Department. At that time, the Department of Housing and Human Services Operating Fund was renamed the Human Services Operating Fund. The revenues and other assets to, and expenditures and other liabilities from, the fund contracted to remove the housing functions previously included.

Other than the general policy of having an operating fund for the assets and liabilities of the Human Services Department, there are no formally adopted City financial policies for the Human Services Operating Fund. However, the Department complies with federal, state, and other financial requirements for grant funding. In addition, the Department is guided by its own informal financial practices and policies.

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**CITY OF SEATTLE
HOUSING OPERATING FUND**

Introduction

Effective January 1, 1999, the Seattle City Council created the Office of Housing in the Executive Department separating it from the Department of Housing and Human Services (which simultaneously became the Human Services Department). To administer the operating funds for the new office, Council created the Housing Operating Fund. The Housing Operating Fund receives its revenue primarily from interfund service charges, and passthroughs of Utility funds (Seattle City Light) for the City's home weatherization program. It also receives revenue from Federal and State grants and the City's General Fund.

Fund Authority

Policy 1. Creation of Fund: There is hereby created a Housing Operating Fund for deposit of funds to be used for operating expenditures of the Office of Housing. [Ord. 119273]

Planning Requirements

Policy 2. Work Program Adopted by Council: The Director of Housing shall submit a preliminary proposed work program for the following year to the City Council no later than October 1st of the current year for review during the budget process. By January 15th the following year, the Director of Housing shall submit a revised proposed work program to the City Council. During the first quarter, the City Council shall adopt a resolution setting the final work program for the Office of Housing. [Ord. 119273]



**CITY OF SEATTLE
FLEETS AND FACILITIES INTERNAL SERVICES FUND**

Introduction

In November 2000, the Council passed Ordinance 120181 abolishing the Executive Services Department and creating three new departments, including the Fleets and Facilities Department (F&FD). The F&FD has its assets and liabilities accounted for in an internal services fund. The customers of the services provided are for the most part City departments, and occasionally other governmental agencies.

Policies 1 and 2 below anticipate the Council passing legislation later in 2001 that will synch up the City's fund structure for the F&FD with the organizational decisions made last year. Policy 3 states that this fund receives interest earnings on its cash balances. Policy 4 through 16 are updates to the relevant sections of Resolution 29771, adopted in June 1998, which set forth financial policies for the Executive Services Department. Policy 17 is a new policy regarding the City's use of environmentally sound vehicles. Finally, Policy 18 reiterates the space rent policies adopted in November 2000 via Resolution 30250.

Fund Structure

Policy 1. Creation of the Fund. With the 2002 budget legislation, the Council will be asked to act on an ordinance that abolishes the Executive Services Fund and creates a Fleets and Facilities Fund, with separate subfunds for Fleet Services, Facilities Services, and Administrative Services.

Expenditures/Revenues

Policy 2. Expenditures from and Revenues to the Fund. The Fleets and Facilities Fund anticipated in Policy 1 will be used for deposit of revenues for the F&FD and for the payment of expenditures for the Department.

Policy 3. Interest Earnings to the Fund. Per Exhibit A1 to Council Bill 113708, the Fleets and Facilities Fund (currently the Executive Services Department Fund) receives interest earnings on its fund balances.

Planning Requirements/Policies

Policy 4. Use of Debt. F&FD shall adopt a goal of using debt primarily for acquiring assets costing more than \$1 million and having a useful life of five or more years. These assets may also be acquired using cash if supported by fiscal conditions. In limited cases, for policy and/or financial reasons and with Debt Management Policy Advisory Committee approval, F&FD may use debt to fund other assets. The City will not issue debt on behalf of F&FD whose life is longer than the life of the asset being paid for by debt. Cash shall be preferred to debt for financing major maintenance and replacement, and charging options that assume cash financing of these projects shall be provided to the Council.

Policy 5. Contributed Capital. In each case where F&FD receives revenues (via earmarked fund sources or earmarked rate components) to replace capital assets, the department will evaluate the desirability of placing these revenues into a separate cash set aside within the Fleets and



Facilities Fund. These funds may be used for the major maintenance, upgrade, capacity expansion and replacement of assets for which the set aside is maintained. Retroactive to January 1, 1997, contributed capital set asides by customer department will be established for vehicle lease rate revenues.

Policy 6. Intra-Fund Borrowing. The subfunds of F&FD may borrow from each other, but will pay and receive interest at a rate comparable to that earned or paid by the Fleets and Facilities Fund. F&FD will manage financial resources at the subfund level.

Policy 7. Capital Asset Charges. If F&FD acquires a capital asset, it shall recover its costs through its customer charges. Cost recovery will include an interest charge if debt is issued. F&FD will also charge interest on capital assets financed with F&FD cash that are leased by a single customer.

Policy 8. Capital and Major Maintenance Funding. For each subfund, F&FD will propose charges that cash finance major maintenance and replacement demands. Where additional capital is required to finance the long-term (recurring) needs of a subfund, it will be raised by increasing charges for that subfund. If it is available, cash for one-time needs may be borrowed from other F&FD subfunds, with appropriate charges for interest. If a subfund expects revenues in excess of those required to meet its major maintenance and replacement demands, charges will be adjusted downward.

Policy 9. Cost Allocation Policies. F&FD will follow the Citywide policies for cost allocation charges.

Fleet Services Financial Policies

Policy 10. Returning Vehicles that Have Been Replaced. When a department receives a replacement vehicle, that department will turn in to F&FD the vehicle that is being replaced. For short-term needs and during shake-down periods, Fleet Services may, upon request of the user department, allow the department to keep the vehicle being replaced for up to three months, or may loan a vehicle to a department on a temporary basis.

Policy 11. Annual Vehicle Backlog and Replacement Analysis. In conjunction with each biennial budget process F&FD staff will prepare an annual vehicle backlog and replacement analysis and cash flow forecast so that the short and long-term impacts of budget adjustments on vehicle replacement schedules and costs are visible. In general it is the City's policy to replace vehicles when they are fully depreciated, unless there is an operational or long-term financial reason to keep them past their depreciable lives.

Policy 12. Capital Component of Lease Rates. The Council directs the Executive to set the capital component of fleet leasing rates in each year over a biennium to cover the average annual capital replacement needs over the next five years. F&FD will forecast annual capital replacement needs based upon the estimated replacement cost of vehicles becoming fully depreciated. In addition to these routine replacements, it is the Council's direction that Fleet Services plan to reduce the current backlog of past-due fully depreciated vehicles and equipment to zero by 2007. In 2001, this total backlog is estimated to be \$10.6 million. At the end of each year, Fleet Services shall report the progress made toward reaching this goal by providing a Backlog Status Report to all affected department heads and to the City Budget Office. This report will show, by department, the current number of backlog units, their estimated replacement costs, and a comparison to prior years' backlogs since 2001.



Policy 13. Vehicle Maintenance Labor Charges. Beginning in 1999, F&FD will make two changes to the hourly labor rate methodology for vehicle maintenance in order to more closely align these rates with those employed by the private sector. First, F&FD will include break time in the hours charged to a job. Second, F&FD will institute a two-tiered rate structure, with a lower "equipment servicer" rate for less technical jobs, like changing tires and changing oil.

Policy 14. Centralized City Fleet. The Council reaffirms that the City will have a centralized fleet. Except for donated vehicles in various departments, and except for the specific exceptions described below related to the utilities per Memorandums of Understanding (MOU), the Fleet Services Division of F&FD will manage, replace, and maintain all motorized vehicles and equipment used by City departments. For all General Fund vehicles, vehicle replacement costs will be included in the leasing rates charged. The utilities may finance fleet replacement vehicles with revenue debt. However, the utilities will continue in all other respects to be part of the consolidated Citywide fleet.

- The Vehicle Leasing MOU between F&FD and Seattle Public Utilities (SPU) states the following: All SPU heavy equipment class vehicles that are purchased after December 31, 1998 will be paid for and owned by SPU. SPU will depreciate the heavy equipment class vehicles on its books, and will finance acquisitions of the vehicles as part of its CIP. SPU's Solid Waste Utility will be responsible for the acquisition, management and maintenance of its heavy equipment. F&FD will continue to be responsible for ordering and maintaining replacement and new additions to SPU's Water and Drainage & Wastewater heavy equipment. Upon receipt and acceptance of the new/replacement equipment for Water or Drainage & Wastewater and verification to specifications, F&FD shall pass the invoice for that piece of equipment on to SPU for SPU's direct payment to vendor.
- The Vehicle Leasing MOU between F&FD and Seattle City Light (SCL) states the following: All SCL vehicles that are purchased after December 31, 1998 will be owned by SCL. SCL will depreciate the vehicles on its books, and will finance acquisition of the vehicles as part of its CIP. SCL will continue to be responsible for acquisition and management of heavy-duty vehicles and equipment. F&FD will continue to be responsible for maintenance of heavy-duty equipment. F&FD will continue to be centrally responsible for co-management and maintenance of SCL's fleet of light-duty vehicles. F&FD shall continue to be responsible for procurement and new and replacement light-duty vehicles, including the acquisition of MSO, title and licensing documents on behalf of SCL. Upon receipt and acceptance of the new/replacement equipment and verification to specifications, F&FD shall pass the invoice for such equipment on to SCL for SCL's payment directly to the vendor.

Policy 15. Funding for Fleet Adds. Additions to the fleet will be funded with cash from the customer department, or with revenue debt for fleet additions for the utilities. In limited circumstances, and if a customer department's contributed capital set aside is temporarily in excess of needs, that customer department can, with Fleet Services approval, borrow from fleet cash set asides to finance a fleet add. Any borrowings of this sort will be paid back with interest, and will be short-term in nature. Borrowings of this sort will not impair the timing and magnitude of future vehicle replacements.

Policy 16. Tracking and Approval of Fleets Adds. Per the policy in the Citywide budgeting policies, the City Budget Office will track and approve all fleet adds prior to F&FD placing any fleet add orders.



Policy 17. Use of Environmentally Sound Vehicles. Consistent with the Fleet Management Policy contained in the City's Environmental Management Program, F&FD is committed to excellent environmental performance associated with the purchase and operation of City vehicles and equipment, while also maintaining sound fiscal performance and high customer service. We will continue to improve the fuel efficiency of the fleet, reduce vehicle emissions, test and implement advanced technology vehicles and incorporate best management practices into all aspects of fleet management.

Facilities Services Financial Policies

Policy 18. Rate Methodology for 2001-2002. The Council directs the Executive to develop space rent rates for City departments in the 2001-2002 biennium using the following methodology:

- a) **Space Rent Categories.** The space rent categories will be the same as in the 1999-2000 biennium.
- The Schedule 1 category will include all existing Schedule 1 buildings (the Municipal Building, the Public Safety Building, the Dexter Horton Building, the Alaska Building, and the Arctic Building). In addition, Key Tower and Park 90/5 will be added to Schedule 1, as will the new City Hall and the new Justice Center.
 - Within the existing Schedule 1 category is a Core Storage category (which has lower associated operating costs). This will remain in the 2001-2002 transition period, but will be gradually phased out, since the new downtown buildings will be limited in their storage capacity.
 - Within the Schedule 1 category is also Evidence Storage, used only by the Police Department. This will remain as a category within Schedule 1 in the 2001-2002 biennium.
 - The Schedule 2 category will include all City-owned buildings not included in Schedule 1, such as police stations, fire stations, and the shops (Charles Street, Haller Lake, Sunny Jim, etc.).
 - The Schedule 3 category will continue to be used for all City leases in buildings not owned by the City. The one exception is the Dexter Horton Building, which will be a privately-owned building in the next biennium, but will continue to be included in Schedule 1 for rate-setting purposes.
- b) **Operating Costs.** All building operating costs will be included in the space rent rates. In the cases of Key Tower and Park 90/5, where the buildings' revenues and expenditures are in separate subfunds of the General Fund, only the operating costs net of private tenant revenue will be included in the City's space rent rates.
- c) **Major Maintenance Costs.** Major maintenance costs in Schedule 1 buildings will be included in the space rent rates. For Key Tower and Park 90/5, only the major maintenance costs net of private tenant revenue will be included in the City's space rent rates. Major maintenance costs for Schedule 2 buildings will not be included in the space rent rates, but will be paid for directly by the Cumulative Reserve Subfund of the General Fund.



- d) Debt Service Costs. Generally, debt service costs will not be included in the space rent rates. Instead, these costs will be recovered via a separate allocation to SCL, SPU, SEATRAN, DCLU, Retirement, and the General Fund. For Key Tower and Park 90/5, only the debt service costs net of private tenant revenue will be recovered via this separate allocation.
- e) Square Footage Estimates. Throughout the 2001-2002 biennium, the square footage used to calculate space rent rate, and to calculate bills for customer departments, will be the actual square footage occupied by department as of February, 2000. In addition, anticipated square footage estimates for (a) the new mounted patrol space; (b) the new state crime lab in Park 90/5, and (c) the new space in the Southwest Precinct will be included in the square footage estimates upon which rates throughout the biennium will be calculated. In order to be consistent among the City-owned buildings, square footage estimates will be based on "rentable" as opposed to "usable" square feet.

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CITY OF SEATTLE
DEPARTMENT OF INFORMATION TECHNOLOGY INTERNAL SERVICES FUND

Introduction

In June of 1999, the Council passed Ordinance 119504 creating a Department of Information Technology and creating a new Technology Operating Fund. The Department of Information Technology (DoIT) has its assets and liabilities accounted for in an internal services fund. The customers of the services provided are for the most part City departments, and occasionally other governmental agencies.

Policies 1 and 2 below reiterate the creation of the Information Technology Fund, per Ordinance 119504. Policy 3 states that this fund receives interest earnings on its cash balances. Policies 4 through 11 are updates to the relevant sections of Resolution 29771, adopted in June 1998, which set forth financial policies for the Executive Services Department.

The Business Management Council of DoIT is working this year on a review of DoIT's financial policies. The results of this work could result in a recommendation to the Council early next year to modifying the financial policies described below.

Fund Structure

Policy 1. Creation of the Fund. Effective January 1, 2001, there is hereby created an Information Technology Fund. [Ord 119504]

Expenditures/Revenues

Policy 2. Expenditures from the Fund. The Information Technology Fund shall be for deposit of funds to be used for operating expenditures of the Department of Information Technology. [Ord 119504]

Policy 3. Interest Earnings to the Fund. Per Exhibit A1 to Council Bill _____, the Department of Information Technology Fund receives interest earnings on its fund balances.

Planning Requirements

Policy 4. Use of Debt. DoIT shall adopt a goal of using debt primarily for acquiring assets costing more than \$1 million and having a useful life of five or more years. These assets may also be acquired using cash if supported by fiscal conditions. In limited cases, for policy and/or financial reasons and with Debt Management Policy Advisory Committee approval, DoIT may use debt to fund other assets. The City will not issue debt on behalf of DoIT whose life is longer than the life of the asset being paid for by debt. Cash shall be preferred to debt for financing major maintenance and replacement, and charging options that assume cash financing of these projects shall be provided to the Council.

Policy 5. Asset Management and Financing Plan. DoIT shall establish a formal long-term (four years or two biennium budget cycles) Asset Management and Financing Plan to guide the acquisition, replacement, upgrade and disposal of all capital assets except real property. This



plan will identify the method by which each investment will be financed, and will be reviewed and revised during the biennial budget process.

Policy 6. Separate Cash Accounts. In each case where DoIT receives revenues (via earmarked fund sources or earmarked rate components) to replace capital assets, the department will evaluate the desirability of placing these revenues into a separate cash account within the Information Technology Fund. These funds may be used for the major maintenance, upgrade, capacity expansion and replacement of assets for which the reserve is maintained. Retroactive to January 1, 1997, monitored cash accounts will be established for 800 MHz radios, 800 MHz radio infrastructure, and Channel 28 equipment.

Policy 7. Capital Asset Charges. If DoIT acquires a capital asset, it shall recover its costs through its customer charges. Cost recovery will include an interest charge if debt is issued. DoIT will also charge interest on capital assets financed with DoIT cash which are leased by a single customer. Acquisition of capital assets that serve only one customer should be paid for by the customer directly, or through reserve funds accumulated in DoIT from previous contributions by that customer for other equipment, if the customer so chooses.

Policy 8. Capital and Major Maintenance Funding. DoIT will propose charges that cash finance major maintenance and replacement identified in the relevant Asset Management and Financing Plan. Where additional capital is required to finance the long-term (recurring) requirements, capital will be raised by increasing charges. If revenues are collected in excess of those required for the Asset Management and Financing Plan, charges will be adjusted downward.

Policy 9. Acquisition of Shared Assets Initially Required by One Customer. DoIT may require a customer to fund the acquisition of shared assets that are initially required by only that customer. DoIT shall own the asset and through its charges will repay the acquisition cost, with interest, over the life of the asset.

Policy 10. Selecting a Different Service Provider. If a customer selects a service provider other than DoIT, then that customer shall pay DoIT a pro-rata share of the remaining principal portion of any assets financed through borrowing that they will no longer use, since the City continues to be committed to paying for these assets which were acquired, at last in part, on behalf of the customer.

Policy 11. Cost Allocation Policies. DoIT will follow the Citywide policies for cost allocation charges.

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**CITY OF SEATTLE
ENGINEERING SERVICES FUND**

Introduction

In 1993, the City Council established in the City Treasury the Engineering Services Fund and the Transportation Fund. These two funds allowed for separate accounting of predominantly interdepartmental transfers and intradepartmental reimbursements for engineering services on capital improvement projects, and operating revenues and expenditures related to the construction and maintenance of City streets and transportation more generally.

Effective January 1, 1997 Engineering Services, along with other City functions, were consolidated under the newly created Seattle Public Utilities Department. The City continues to maintain the Engineering Services Fund as a separate internal services fund.

Fund Structure

Policy 1. Creation of Engineering Services Fund: As of January 1, 1993, there is hereby established in the City Treasury a new fund, entitled the Engineering Services Fund. [Ord. 116441] *(Please see the Note below)*

Expenditures

Policy 2. Expenditures: There may be expended from the Engineering Services Fund disbursements authorized by the Director of Seattle Public Utilities or an authorized assistant for payrolls and fringe benefits, services and charges, supplies, materials and equipment, rents, and other authorized expenditures, for Seattle Public Utilities, and for refunds, transfers and other charges due from either division; and appropriations made by particular ordinances for projects from time to time. [Ord. 116441]

Revenues

Policy 3. Source of Revenue: There shall be deposited into the Engineering Services Fund payments, interdepartmental transfers to the Seattle Public Utilities Department, and intradepartmental reimbursements and charges for:

- (a) services performed by Seattle Public Utilities, for the design, construction and management of capital improvement projects; for providing a variety of services, such as drafting, surveying, graphics, materials testing; for consultation and expert and professional services; for legislative and litigation support; and for other services supplied from time to time;
- (b) advances and loans, refunds, receipts of sales, incidental payments and other sums due thereto; and
- (c) such other moneys as the City shall designate from time to time by ordinance, in its annual budgets, or by ordinances making appropriations for particular projects.
[Ord. 116441, as amended by Council Bill 113814]



Fund Balance/Fund Management

Policy 4. Cash Deficit Recovery: The City authorizes the loan of funds from the City's Consolidated (Residual) Cash Portfolio, or its participating Funds, to the Engineering Services Fund beginning with the effective date of this ordinance and terminating not later than the fourteen-year payback period beginning in 1997, provided that the Engineering Services Fund make regular annual reductions of the loan balance, in accordance with the following schedule, until such time as the loan is completely repaid.

Engineering Services Fund Interfund Loan Repayment Schedule

<u>Year</u>	<u>Target Payment</u>	<u>Year-End Target Balance</u>
2001	\$500,000	(\$7,000,000)
2002	\$500,000	(\$6,500,000)
2003	\$500,000	(\$6,000,000)
2004	\$500,000	(\$5,500,000)
2005	\$500,000	(\$5,000,000)
2006	\$1,000,000	(\$4,000,000)
2007	\$1,000,000	(\$3,000,000)
2008	\$1,000,000	(\$2,000,000)
2009	\$1,000,000	(\$1,000,000)
2010	\$1,000,000	\$0

The City hereby authorizes and directs the Director of Finance to effectuate this interfund loan through the means of carrying the Engineering Services Fund in a negative cash position not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) and hereby authorizes and directs the Director of Seattle Public Utilities or his or her functional successor(s) to effectuate the loan repayment as established above.

To the extent that the tenets above are adhered to, the Engineering Services Fund shall pay no interest on its negative cash position. [Ord. 118384 amending Ord. 117712, Council Bill 113814]

Policy 5. Termination of the Fund: It is the intention of Seattle Public Utilities to eliminate the Engineering Services Fund, but no sooner than 2003.

Note: In July 1995, Council eliminated the Engineering Services Fund via Ordinance 117713. This Ordinance was later repealed in November, 1996 (Ordinance 118385), thus restoring the Engineering Services Fund and the originating Ordinance 116441 as cited above.

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**CITY OF SEATTLE
ENGINEERING SERVICES FUND**

Introduction

In 1993, the City Council established in the City Treasury the Engineering Services Fund and the Transportation Fund. These two funds allowed for separate accounting of predominantly interdepartmental transfers and intradepartmental reimbursements for engineering services on capital improvement projects, and operating revenues and expenditures related to the construction and maintenance of City streets and transportation more generally.

Effective January 1, 1997 Engineering Services, along with other City functions, were consolidated under the newly created Seattle Public Utilities Department. The City continues to maintain the Engineering Services Fund as a separate internal services fund.

Fund Structure

Policy 1. Creation of Engineering Services Fund: As of January 1, 1993, there is hereby established in the City Treasury a new fund, entitled the Engineering Services Fund. [Ord. 116441] *(Please see the Note below)*

Expenditures

Policy 2. Expenditures: There may be expended from the Engineering Services Fund disbursements authorized by the Director of Seattle Public Utilities or an authorized assistant for payrolls and fringe benefits, services and charges, supplies, materials and equipment, rents, and other authorized expenditures, for Seattle Public Utilities, and for refunds, transfers and other charges due from either division; and appropriations made by particular ordinances for projects from time to time. [Ord. 116441]

Revenues

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- (a) services performed by Seattle Public Utilities, for the design, construction and management of capital improvement projects; for providing a variety of services, such as drafting, surveying, graphics, materials testing; for consultation and expert and professional services; for legislative and litigation support; and for other services supplied from time to time;
- (b) advances and loans, refunds, receipts of sales, incidental payments and other sums due thereto; and
- (c) such other moneys as the City shall designate from time to time by ordinance, in its annual budgets, or by ordinances making appropriations for particular projects.
[Ord. 116441, as amended by Council Bill _____]

Fund Balance/Fund Management



Policy 4. Cash Deficit Recovery: The City authorizes the loan of funds from the City's Consolidated (Residual) Cash Portfolio, or its participating Funds, to the Engineering Services Fund beginning with the effective date of this ordinance and terminating not later than the fourteen-year payback period beginning in 1997, provided that the Engineering Services Fund make regular annual reductions of the loan balance, in accordance with the following schedule, until such time as the loan is completely repaid.

Engineering Services Fund Interfund Loan Repayment Schedule

<u>Year</u>	<u>Target Payment</u>	<u>Year-End Target Balance</u>
2001	\$500,000	(\$7,000,000)
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2008	\$1,000,000	(\$2,000,000)
2009	\$1,000,000	(\$1,000,000)
2010	\$1,000,000	\$0

The City hereby authorizes and directs the Director of Finance to effectuate this interfund loan through the means of carrying the Engineering Services Fund in a negative cash position not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) and hereby authorizes and directs the Director of Seattle Public Utilities or his or her functional successor(s) to effectuate the loan repayment as established above.

To the extent that the tenets above are adhered to, the Engineering Services Fund shall pay no interest on its negative cash position. [Ord. 118384 amending Ord. 117712, Council Bill

Policy 5. Termination of the Fund: It is the intention of Seattle Public Utilities to eliminate the Engineering Services Fund, but no sooner than 2003.

Note: In July 1995, Council eliminated the Engineering Services Fund via Ordinance 117713. This Ordinance was later repealed in November, 1996 (Ordinance 118385), thus restoring the Engineering Services Fund and the originating Ordinance 116441 as cited above.

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**CITY OF SEATTLE
PARKING GARAGE OPERATIONS FUND**

Introduction

The Parking Garage Operations Fund accounts for the revenues and expenditures associated with the parking garage located between Sixth and Seventh Avenues and Pine Street and Olive Way in downtown Seattle, known as the Pacific Place Garage. The City purchased the garage in November, 1998.

Fund Structure

Policy 1. Creation of Fund: The Parking Garage Operations Fund is hereby established. [Ord. 119158]

Expenditures

Policy 2. Expenditures from Fund: All operating expenses of the Garage shall be paid from the Fund. [Ord. 119158]

Policy 3. Transfers for Debt Service Payments: Monies shall be transferred from the Fund to the General Bond Interest and Redemption Fund to make periodic debt service payments. [Ord. 119158]

Revenues

Policy 4. Revenues to Fund: The Fund shall receive all revenue from the parking garage located between Sixth and Seventh Avenues and Pine Street and Olive Way beneath the Pacific Place retail complex in downtown Seattle. [Ord. 119158]

Policy 5. Revenues to Fund: The Fund may receive other monies as authorized by ordinance. [Ord. 119158]

Fund Balances/Fund Management

Policy 6. Receipt of Interest Earnings: The Fund shall receive earnings and pay interest on its positive and negative balances. [Ord. 119158]

Policy 7. Use of Fund Balance: Should rates charged at the garage generate a positive fund balance, the City will reserve and use these resources for revenue stabilization in the event of economic downturn and declining Garage revenues, capital and major maintenance purposes, and/or early retirement of the City's debt obligation incurred for acquiring the Pacific Place Garage. [New Policy]

Reporting Requirements

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Policy 8. Quarterly Reports: The Fleets and Facilities Department shall report to the Director of Finance and the City Council quarterly on the revenues and expenditures associated with the Pacific Place Garage. [New Policy]

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STATE OF WASHINGTON - KING COUNTY

--SS.

136905
PUBLICATION
City of Seattle, Clerk's Office

No. TITLE-ONLY

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

CTOT:30396,92,88,87 TITLE

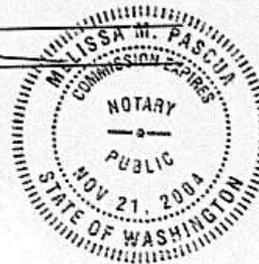
was published on

10/10/01

J. Stedman
Subscribed and sworn to before me on

10/10/01

Melissa M. Pascia
Notary public for the State of Washington,
residing in Seattle



Affidavit of Publication

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State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following resolutions, passed by the City Council on September 24, 2001, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 624-3344.

RESOLUTION NO. 30396

A RESOLUTION authorizing the submission of a grant application to the U.S. Geological Survey for financial assistance under the National Earthquake Hazards Reduction Program External Research Program.

RESOLUTION NO. 30393

A RESOLUTION adopting updated financial policies for funds of the City of Seattle's various Operating Departments and for the Parking Garage Fund, and superseding Resolution 29961 and Resolution 29771 to the extent inconsistent.

RESOLUTION NO. 30388

A RESOLUTION adopting a work program resulting from the review of the City's financial policies.

RESOLUTION NO. 30387

A RESOLUTION reaffirming policies regarding the establishment and management of Local Improvement Districts (LIDs) for the City of Seattle.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of official publication in Daily Journal of Commerce, Seattle, October 10, 2001. 10/10(136808CI)

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