

HOW TO READ CIP PROJECT DESCRIPTION PAGES

The numbers listed below correspond with the CIP Project and Financing Plan pages **.

1. CIP PROJECT NUMBER: The number within the project category that has been assigned to the project. The number will be assigned during review.

2. YEAR(S) OF PROJECT.

3. FUND NUMBER: A number that identifies the fund that will finance the project.

4. PROJECT NAME: The name of the project described. This name should stay the same from year to year.

5. PROJECT LOCATION: A description or address of the geographic location of the project within the City.

6. PROJECT DESCRIPTION: Describes the major physical features to be included in the project design. These proposed design features have significant impact on the projects cost estimate.

7. PROJECT JUSTIFICATION: This paragraph provides an explanation of why the project is important to the community.

8. PROJECT BENEFITS/ COMPREHENSIVE PLAN: Explains the benefits that the community will derive from having this project completed. May reference comprehensive plan goals or policies.

9. ENVIRONMENTAL REVIEW: Indicates any environmental review associated with the project.

10. PROJECT STATUS: A description of the current status of the project.

11. OPERATION & MAINTENANCE: New or remodeled facilities will require identification of annual operation and maintenance costs. The Operation & Maintenance costs will have to be included in subsequent operating budgets following construction or purchase. Operating & Maintenance costs estimates must be carried over to CIP financing sheets.

12. FUNDING APPROVAL: Indicates funding approval, project phase and amount approved.

13. CIP PROJECT EXPENDITURES: Estimate costs per project per year. Large projects may require two or more years of phased expenditures. There is room for two basic cost areas: Planning and Purchase or Construction.

14. REVENUE: Dollar values, in thousands, are provided by year for each source of anticipated funding for the project. Totals are also provided by year, by source of funding, and by project phase.

**** See pages 56 and 57.**

CIP PROJECT

1. CIP #: _____ 2. YEAR: _____

3. FUND #: _____

4. PROJECT NAME:

5. PROJECT LOCATION:

6. PROJECT DESCRIPTION:

7. PROJECT JUSTIFICATION:

8. PROJECT BENEFIT/
RELATION TO
COMPREHENSIVE PLAN:

9. ENVIRONMENTAL REVIEW REQUIRED: YES _____ NO _____

10. PROJECT STATUS: New CIP Project _____
In Prior Plan & Appropriated _____ Year: _____
Previous Submittal Denied _____ Year: _____
Carried Over from Prior CIP _____ Year: _____

11. OPERATION & MAINTENANCE COSTS: Annual \$ _____
Additional Personnel: _____ Annual Cost \$ _____

12. FUNDING APPROVED FOR: *(check applicable)*
Planning: Feasibility _____ Preliminary Engineering _____
Implementation: Final Design _____ Purchase _____ Construction _____
Funding Amount: Approved \$ _____

CIP FINANCING PLAN

PROJECT NAME:

CIP #: _____

13. CIP PROJECT EXPENDITURES

	2011	2012	2013	2014	2015	2016	TOTAL COSTS
Planning							
Purchase/ Construction							
Operation & Maintenance							

14. REVENUES

	2011	2012	2013	2014	2015	2016	TOTAL REVENUE
Current Expense							
Reserve Fund ☆							
Other Fund							
Grants							
Loans							
Bonds							
Other							
TOTAL:							

☆ Current Expense	(001)	Cemetery Cumulative Reserve	(117)
Current Capital Reserve	(002)	Capital Improvement Fund	(301)
Fire Cumulative Reserve	(010)	Sewer Capital Reserve	(402)
Library	(104)	Garbage Cumulative Reserve	(412)
Library Cumulative Reserve	(105)	Street	(101)
Parks & Rec. Capital Reserve	(311)		

APPENDIX I

CIP Review Process

A. CIP REVIEW PROCESS

This is the 17th year for a formal CIP; the process identified here is a recommended approach and an important element to be revised as the plan is adopted. Each year a review process to update the Capital Improvement Plan is conducted. This process consists of a number of sequential steps:

1. Recommended Staff Changes

City staff reviews the current CIP Plan and suggests alterations in scope, cost, financing sources or schedule for some of the projects currently in the Plan. Then, a list of entirely new CIP projects is considered. Revenue estimates are developed and allocated to the major program areas for which they are targeted. Then, project costs are matched up against available revenues and a preliminary program is outlined. Department managers present their preliminary program to the City Administrator and Mayor for review and changes are made based on overall City goals and priorities. Based on this process, a recommended CIP Plan is published.

2. City Council Project Suggestions

The Mayor requests that each Council Committee submit project ideas and/or suggestions for staff consideration during the internal development of the CIP Plan.

3. Staff Presentation to the City Council

The Council receives the staff's CIP Plan and begins discussing the content. Staff makes presentations detailing the Plan's content and areas of change from the previous Plan.

4. Public Presentations and Feedback

Staff also offers to conduct informational meetings with community groups and the general citizenry. The CIP review will be built into the regular scheduled Neighborhood Planning Committee meetings each spring. Suggested changes to the CIP Plan, which arise from these sessions, are forwarded to the City Council.

5. Public Hearings

- a. The Planning Commission conducts one public hearing and recommends adoption of the CIP along with modifications based on testimony and discussion at the public hearings.
- b. The City Council conducts one or more public hearings at which the public may give testimony and offer suggested changes to the CIP Plan.

6. City Council Review and Adoption

After considering all public testimony, the City Council makes their desired alterations to the CIP Plan, adopts the resolution, and directs staff to prepare a published document containing the newly revised Final CIP Plan and formally incorporating this in the City's Comprehensive Plan.

B. HOW CITIZENS CAN GET INVOLVED

The Mayor and the City Council require that staff seek information from the public in several areas to help design a CIP Plan that truly responds to the needs of our community. Input is especially desired in the following areas:

1. General Category Priorities (see following on "Prioritizing")

What project categories are of highest priority? In other words, are better roads, more or better parks, or better police or fire protection facilities more important?

2. Specific Project Priorities (see following on "Prioritizing")

Which specific projects are most important? Which projects, if any, in our existing CIP Plan are unnecessary?

3. CIP Policies

The CIP Plan contains policy statements that are, in essence, the overall rules by which the CIP process operates. They establish the parameters for project selection and funding and funding allocation decisions. Should any of these "rules" be altered?

4. Financing

The Council needs to hear your ideas on CIP financing. Can you suggest additional revenue sources that should or should not be used?

There are a number of ways that citizens and community groups may provide this information. They can testify at the public hearings, respond to a questionnaire, attend Neighborhood Planning Committee meetings, write letters, telephone specific staff members, and/or make personal contact with staff or individual Council members.

C. PRIORITIZING

1. Non-Numerical Approach

The non-numerical approach acknowledges the many factors, which compete in defining a project priority. The variables considered when determining a particular project priority may change with each project. Comparing priorities among different types of projects becomes a difficult task. Departments e.g. could be instructed to evaluate and prioritize their capital projects based on the following:

- Relationship to recognized city-wide plans (i.e. comprehensive plan) and Council policies;
- Relationship to departmental goals and facility plans;
- Cost effectiveness;
- Full cost of project, including operating and maintenance costs; and
- Impact on level & quality of services to the public.

These criteria, while valid, do not provide data on each project, which can be accurately compared from project to project. The non-numerical approach provides useful information on individual projects but is of limited usefulness in prioritizing capital projects on a citywide basis.

2. Point System Approach

One strong recommendation for the CIP is to establish and use a point system as an initial screening mechanism for project. The objective of the point system approach is to provide a means of standardizing recommendations by which all projects submitted by a department are subject to a uniform procedure. The purpose of such an approach is to develop a weighted score for each submitted project that reflects the relative relationship of the project to other projects. That criterion which is judged to be most important or most significant as a determining factor in establishing capital improvements priorities is given the highest score and all other factors are then ranked in relation to this score.

Thus "protection of life and maintenance of public health" may be ranked as the most important criteria and given a score of 100. "Conservation of resources" may be judged to be nearly as important, and therefore, given a score of 90. On the other hand, "aesthetic and cultural values" may be ranked relatively low, scoring only 20 points.

In the elevation process, projects proposed within a given category are compared. Generally, the highest ratings in the category are assigned to projects receiving the highest numeric scores. In a simplified world, setting priorities among all projects thus rated (those submitted from all categories) would be easy; highest-ranked proposals in each category would be combined, based on their respective evaluation scores, into an overall priority list. In reality, though, other factors must be taken into account in assigning priorities. Some of these might include:

- Interagency agreements. Example: an agreement between the City and Port district to cooperatively develop a new street.
- Emergent needs. Example: the increasing number of citizen claims resulting from sewer back-ups caused by system overload.
- Funding availability in a particular category. Example: a new referendum passed to fund wetlands protection projects.
- Unusual or unexpected opportunities.

In addition, a second look for related projects among the categories might suggest priority adjustments to facilitate time-and-money-saving coordination of two or more projects. For example, a longer-range (5 or 6 years) utility project might be advanced in order to coincide with a high priority street repair activity in the same neighborhood. Utility, road, and neighborhood park improvements might be "packaged" together to encourage home repair and upgrading in a targeted area of the community.

The careful questioning and probing of proposals helps assure that projects are clearly justifiable. In some cases, more appropriate alternatives may be identified. For example, rebuilding an existing fire truck's engine, transmission, and pump will accomplish the same goal, with a more favorable cost/benefit ratio, as the purchase of a new truck. Similarly, the gradual replacement of the jurisdiction's water meters should be considered a recurring maintenance, rather than capital, expense. The effect of delay or deferral of a particular project can be carefully examined. For instance, delay in insulating and re-roofing a library may have a much greater potential for causing financial loss and public inconvenience than would deferral of a similar project on a truck storage building.

APPENDIX II

Revenue Sources Primer

I. PAY-AS-YOU-GO

DESCRIPTION	ADVANTAGES	DISADVANTAGES	APPLICABILITY
Financing from sales tax, current revenues-property tax, user fees, service charges-paying cash instead of borrowing.	Saves interest costs. Protects borrowing capacity. Avoids costs of marketing bond issues, bond underwriter and legal fees.	Requires available uncommitted cash. Puts heavy burden on project year, and creates widely varying cycles of expenditures. May require a tax increase for current residents, with no later burden on newcomers. "Savings" for a major project may increase future costs due to inflation.	Unlimited, most applicable to smaller projects.

A. TAXES

Tax assessments levied for the support of the governmental unit.

1. General Property Taxes

Ad valorem taxes levied on assessed valuation of real and personal property.

The City Council determined that the City of Burlington did require an increase in property tax revenue from the previous year, and also will receive an increase resulting from the addition of new construction and improvements to property.

Statute (RCW 84.52.043) limits the city share of regular local property tax levies to \$3.375 per \$1,000 of assessed value.

The current levy rate for the City of Burlington is \$1.8661 per \$1,000 of assessed value. For comparison, last year's levy rate was \$1.6943 per 1,000 of assessed value.

The aggregate of regular property tax levies is limited by the constitution to no more than 1% of true and fair value of real and personal property.

Voters may approve excess property tax levies over the constitutional and statutory limits for a number of years to pay off general obligation bonds for construction, or a single year levy (two years for school districts) for general operating purposes. The constitution requires a 40% voter turnout from the previous general election and a 60% favorable majority vote. [RCW 41 & 84]

2. Local Sales Tax

Taxes imposed on the sale or consumption of goods and/or services generally, with a few exceptions (e.g. food). The City's current sales tax rate of 8.2% is distributed as follows:

State of Washington	6.5%
City of Burlington	1.0%
Transportation (SKAT)	0.4%
Criminal Justice	0.1%
Mental Health	0.1%
Communications (E911)	<u>0.1%</u>
Total	<u>8.2%</u>

3. Lodging Excise Taxes (referred to as Hotel/Motel Tax).

Various taxes are imposed on the cost of lodging at hotels, motels, rooming house, tourist court, trailer camp and similar establishments. The amount charged by the City of Burlington is 4%. The first 2% of the tax shall be deducted from the amount of tax the seller (motel) would otherwise be required to collect and pay the Department of Revenue under Chapter 82.08 RCW. On behalf of the Department of Revenue, the State Treasurer distributes these taxes back to the city, town, or county of origin to be used for the following purposes: construction promotion and development; and other special purposes as specifically provided by state statute. [RCW 67]

4. Business & (Utility) Taxes

Business taxes imposed on privately owned utilities. Legislatively limited to 6%, our rates are: 3% for electric, 3% on gas companies, 3% on telephone, and 6% on telecommunications.

5. Local Leasehold Excise Tax

Cities and counties are authorized to levy a tax on private lessees of publicly owned properties of the state, counties, school districts, and other municipal corporations. The purpose of the tax is to compensate governmental units for services provided, such as police and fire protection. By statute the tax (12.84%) is collected by the Department of Revenue, and on a bimonthly basis the State Treasurer distributes half of the monies to each city and county the amount of tax collected on its behalf. [RCW 82]

6. Real Estate Excise Taxes

There is imposed an excise tax on each sale of real property occurring within the corporate limits of the city. The rate imposed by the City shall be one-half of one percent of the selling price.

- ¼ % for capital projects
- ¼ % for park capital facilities

B. LICENSES & PERMITS

License fees are usually designed to cover the cost of administration, inspection and continuing services in connection with regulation. The city issues business licenses in a 3-fold \$50/75/100 categorization, and dog licenses for \$5 and \$20, if not spayed or neutered.

Permits are issued to aid in various regulatory areas including:

- building permits
- concealed weapon permits
- land use permits

C. INTERGOVERNMENTAL REVENUE

State shared revenues differ from state-collected revenues that are levied by the local government itself but collected and distributed by the state (e.g. local sales taxes). State shared revenues differ from state entitlements and impact payments by the nature of the distribution.

1. State Shared Revenues

Distribution in proportion to amounts collected in each local jurisdiction, including:

Motor Vehicle Excise Tax

This excise tax has been dropped to a flat \$30 per vehicle (plus tonnage) as a result of Initiative 695 and subsequent action by the legislature. The State Treasurer, when advised by the Department of Licensing of quarterly collections, distributes a percentage (13.7%) of collections to cities and towns to be used for police and fire protection and the preservation of public health. [RCW 82]

2. State Entitlements, Impact Payments & In-Lieu Taxes

Distributed to local governments based on a distribution formula -- either 'per capita' or according to some eligibility criteria. Unlike federal entitlements, state entitlements generally do contain restrictions on how the moneys may be spent.

Motor Vehicle Fuel Tax

State-distributed taxes on motor vehicle fuels are to be used for maintenance, construction, improvement and major repair of city highways and streets and related debt service. Distribution is based on population. [RCW 35, RCW 46] Expenditures of these local fuel tax funds may be made on projects that are listed in the City's Six-Year Transportation Improvement Plan and which have a project prospectus approved by the Department of Transportation State Aid Engineer.

Criminal Justice Assistance Program

Chapter 1, Laws of 1990, 2nd Ex. Sess. provides for the State Treasurer to distribute a portion of the Motor Vehicle Fuel Tax to eligible cities and counties. This distribution is to be expended exclusively for criminal justice purposes; i.e. added police protection, mitigation of congested court systems, and relief of overcrowded jails. [Chapter 82]

Fire Insurance Premium Tax

By statute, 45 percent of the moneys received from the tax on fire insurance premiums are remitted annually by the State Treasurer to each eligible city, town and fire protection district for credit to its firemen's pension fund. The amount remitted is determined by the proportion that the number of paid firemen of a participating city, town, or fire protection district bears to the total participating firemen statewide. NOTE: This distribution is applicable only to each city, town, and fire protection district which maintained a firemen's pension fund prior to the establishment on March 1, 1970, of the Washington Law Enforcement Officers' and Fire Fighters' Retirement System: [RCW 41]

Liquor Excise Tax

A percentage of the taxes received from the retail sale of liquor are deposited in the Liquor Excise Tax Account in the State Treasury. The monies in this account are distributed quarterly (based on population) by the State Treasurer; 20 percent of the moneys are remitted to counties and 80 percent to cities and towns. NOTE: To be eligible to receive its share of liquor taxes and profits, two percent of the total received by each local government must be spent for the support of alcoholism and other drug addiction programs. [RCW 70]

Liquor Control Board Receipts (Excess Profits)

All license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the Liquor Control Board are deposited in the Liquor Revolving Account in the State Treasury. Upon certification of amounts from the Liquor Control Board, a quarterly distribution of a portion, based on population, of this account is made to cities and towns (40%) and counties (10%) by the State Treasurer. NOTE: To be eligible to receive its share of liquor taxes and profits, two percent of the total received by each local government must be spent for the support of alcohol and other drug addiction programs. [RCW 66, RCW 70]

D. CHARGES FOR SERVICES

Fees and charges for professional, utility, and other services rendered.

This category includes numerous charges such as sales of maps, printing and duplication services, ambulance services, 911 dispatch charges, various land-use planning fees, such as plan checks, re-zones and inspection fees, cemetery services, library services, park/recreation services. Major charges are in the utility area which consists of sewer and storm drainage fees.

E. FINES AND FORFEITS

This category includes such things as municipal court fines and forfeits, park damage restitution, library overdue and lost book fines.

F. MISCELLANEOUS REVENUE

This category includes earnings on investments, lease payments, facility rentals, gifts and pledges, and a wide variety of small item receipts. Some specific sale and surplus revenue items are:

Capital Reserve Funds

A form of pay-as-you-go, where money is accumulated in advance.

Saves bond interest costs and marketing costs. Funds can be earning interest while on deposit. Protects borrowing capacity.

May require tax increase. Not always equitable in spreading costs between current residents and newcomers. Over time, increased construction costs may exceed accumulated funds.

Small and medium-size projects for which straight pay-as-you-go or debt financing are not practical.

e.g. Trails & Paths monies per RCW 47.30.050 setting aside ½% from motor vehicle fuel tax monies into the parks Capital Improvement Funds.

Miscellaneous Fixed Asset Sales

Sales of surplus city assets as approved by City Council.

II. BORROWING (DEBT)

A. LONG TERM (see attached Exhibit A & B)

1. Bonds

a. General Obligation Bonds

(1) VOTER APPROVAL - Special Levy

DESCRIPTION	ADVANTAGES	DISADVANTAGES	APPLICABILITY
Long-term debt, backed by the full-faith and credit of the city. Low interest rate bonds.	Projects that do not generate revenue can be financed. Provide a hedge against inflation. Shift some of the burden of financing capital improvements to newcomers who will benefit.	Require voter approval. Subject to legal debt limitations. Requires an increase in property tax.	Large, costly projects with a long life; for example, water or sewer treatment facilities, public buildings, etc. City use of these bonds is specified in RCW 39 & 84.

(2) NON-VOTER APPROVED (Councilmanic) - general levy.
Can issue up to 1.5% of total Assessed Valuation.

b. Revenue Bonds

DESCRIPTION	ADVANTAGES	DISADVANTAGES	APPLICABILITY
Bonds issued without backing of full faith and credit of the city. Usually retired from revenues generated by the project.	Usually no debt limitation. Default does not burden local taxpayers. Works on concept of "the user pays."	Higher interest rate. Use may be limited to revenue producing projects. Greater exposure to legal challenge requires careful estimates of anticipated revenue. This may cause utility rates to be raised to pay debt service.	Revenue-producing projects, such as water, sewer and storm sewer systems; public transportation systems; etc. (RCW 35)

CITY OF BURLINGTON
Schedule of Limitation Of Indebtedness
As Of December 31, 2009

Total Taxable Property Value \$1,390,315,144

(Remember: this calculation applies only to the statutory debt limits. Reevaluate your debt limitations in the context of constitutional requirements.)

			Remaining Debt Capacity
(1)	2.5% general purposes limit is allocated between:	<u>\$ 34,757,879</u>	
(2)	<i>Up to 1.5% debt without a vote (councilmanic)</i>	<u>\$ 20,854,728</u>	
(3)	Less: outstanding debt	<u>\$ 8,757,291</u>	
(4)	Less: contracts payable	<u>\$ -</u>	
(5)	Less: excess of debt with a vote	<u>\$ -</u>	
(6)	Add: available assets	<u>\$ -</u>	
(7)	Equals: remaining debt capacity without a vote		<u>\$ 12,097,437</u>
(8)	<i>1% general purposes debt with a vote</i>	<u>\$ 13,903,151</u>	
(9)	Less: outstanding debt	<u>\$ -</u>	
(10)	Less: contracts payable	<u>\$ -</u>	
(11)	Add: assets available	<u>\$ -</u>	
(12)	Equals: remaining debt capacity with a vote		<u>\$ 13,903,151</u>
(13)	2.5% utility purpose limit, voted	<u>\$ 34,757,879</u>	
(14)	Less: outstanding debt	<u>\$ -</u>	
(15)	Less: contracts payable	<u>\$ -</u>	
(16)	Add: assets available	<u>\$ -</u>	
(17)	Equals: remaining debt capacity - utility purpose, voted		<u>\$ 34,757,879</u>
(18)	2.5% open space, park and capital facilities , voted	<u>\$ 34,757,879</u>	
(19)	Less: outstanding debt	<u> </u>	
(20)	Less: contracts payable	<u> </u>	
(21)	Add: assets available	<u> </u>	
(22)	Equals: remaining debt capacity - open space, park and capital facilities, voted		<u>\$ 34,757,879</u>

EXHIBIT A

**CITY OF BURLINGTON
2009 REVENUE FUNDS REPORT**

FUND #	FUND NAME	TAXES	LICENSES	INTER- GOVERN	CHRG FOR SERVICES	FINES	MISC	OTHER SOURCES	TOTALS
1	CURRENT EXPENSE	6,501,448	428,464	310,486	167,807	119,698	30,263	483,585	8,041,751
2	CURRENT EXP RESERVE	125,000	-	36,831	-	-	15,017	2,499	179,347
10	FIRE RESERVE	50,400	-	132,205	6,429	-	11,287	-	200,321
101	STREETS	958,000	4,831	1,264,010	1,000	-	63,950	93,935	2,385,726
102	ARTERIAL STREETS	-	-	-	88,815	-	8,376	1,819,935	1,917,126
104	LIBRARY	470,000	-	8,947	30,676	16,763	1,404	-	527,790
105	LIBRARY RESERVE	10,000	-	2,000	-	-	217	-	12,217
115	PARKS & REC	661,113	8,930	3,077	48,105	-	142,919	-	864,144
116	CEMETERY	-	-	-	51,000	-	725	-	51,725
117	CEMETERY RESERVE	-	-	-	4,216	-	82	-	4,298
119	DRUG ABUSE	-	-	-	-	-	348	-	348
197	HOTEL/MOTEL	196,168	-	-	-	-	2,893	-	199,061
201	G.O. BONDS	700,000	-	-	-	-	1,580	2,278,000	2,979,580
301	CAPITAL IMPROVEMENTS	127,546	-	-	-	-	47,868	-	175,414
311	PARK RESERVE	142,546	-	-	-	-	6,495	-	155,885
401	SEWER	-	1,450	-	6,844	-	12,290	-	2,977,733
402	SEWER RESERVE	-	202,630	-	2,963,993	-	65,099	1,665,000	1,932,729
425	STORM DRAIN	-	23,550	235,249	1,024,809	-	13,375	998,810	2,295,793
601	CEMETERY ENDOWMENT	-	-	-	7,026	-	3,261	-	10,287
602	PARK ENDOWMENT	-	-	-	-	-	1,100	-	1,100
621	LID GUARANTEE	-	-	-	-	-	406	-	406
TOTALS		\$9,942,221	\$ 669,855	\$1,992,805	\$ 4,400,720	\$ 136,461	\$428,955	\$ 7,341,764	\$ 24,912,781

EXHIBIT B

c. LID (Special Assessment) Bonds

DESCRIPTION	ADVANTAGES	DISADVANTAGES	APPLICABILITY
Bonds issued to pay for public improvements where specific private benefits exist. Payments on bonds are made by property owners, based on benefits received.	Requires little or no capital from issuing agency. Usually does not affect debt limits. Election is not required. Citizen involvement tends to result in an acceptable project.	Higher interest rates than general obligation and revenue bonds. Administrative costs can be relatively high. Citizen support is never 100%.	Streets, sidewalks, water mains, sanitary and storm sewers, parking lots. (RCW 35)

2. Lease-Purchase Agreement

DESCRIPTION	ADVANTAGES	DISADVANTAGES	APPLICABILITY
A means by which local government can acquire equipment or public facilities immediately without the capital funds necessary for outright purchase. Facility is constructed by private firm or non-profit corporation. At the end of the lease period, title to the facility can be conveyed to the city.	Facilities may be acquired sooner without debt financing. Lease can be tailored to fit specific needs. Does not require public vote.	Affects debt limitations. Interest rate usually high. May be unacceptable to voters who see it as a way to avoid an election.	Varies. Most applicable to office buildings, heavy equipment, recreation facilities.

3. Inter-Fund Loans

One fund (e.g. Street Fund) borrowing from another fund (Cemetery Fund), by Council Resolution/Ordinance. Must pay interest. Good for up to five year maturities. Loaning fund must be well financed. Limited to relatively smaller amounts.

4. State/Federal Loans

Public Works Trust Fund Loan - These funds are available through a low interest loan program instituted by the State of Washington to assist municipalities in financing repairs/improvements required to maintain public facilities.

B. SHORT-TERM

1. Notes

Certain cash flow problems can be solved by issuing Anticipation Notes. Anticipation Notes are short-term obligations issued in anticipation of the future receipt of revenues from taxes, grants, bond proceeds, or other sources. These notes are often referred to as BANs (bond anticipation notes), GANs (grant anticipation notes), TANs (tax anticipation notes) or RANs (revenue anticipation notes). Generally, there is a strong demand in the tax-exempt capital market for short-term issues such as Anticipation Notes. This strong demand results in a lower interest cost for issuers. In addition, Anticipation Notes tend to have lower issuance costs than long-term bonds do. (Notes, like bonds, can be put out for public bid or negotiated privately with a banking institution).

Notes usually range for a year or less -- can go two or three years, but usually issue for a year or two; but can be rolled over at maturity as needed therefore creating in effect a longer-term obligation.

2. Warrants

Often issued through the local banks. Usually less than a year. Interest rates higher than notes since issuing credit formality less than for notes. Operates more like a bank line-of-credit availability upon which the issuer (city) would draw.

3. Flex-line

This is a loan program for cities that establishes authority for purchasing using a bonding pool of many cities. The city is actively evaluating participation in this program.

III. CONTRIBUTIONS

A. PUBLIC

1. Grants - (State)

IAC (Interagency Committee for Outdoor Recreation) Grant - This is a grant program administered by the State Interagency Committee for Outdoor Recreation. Applications for funding for a particular park or other outdoor recreation projects must be submitted to the Committee for approval. Grant agreements require that 25% of eligible project expenses be paid from local matching funds.

TIB (Transportation Improvement Board) - This grant program is administered by the Transportation Improvement, which reviews and approves applications made for funding for specific improvement projects.

UAB (Urban Arterial Board) - These are grants provided from State motor vehicle fuel tax for approved arterial street improvement projects. The program is administered by the Urban Arterial Trust Board, an independent State board, which reviews and approves applications made for funding for specific improvement projects. UAB agreements require the grant recipient to provide 10% matching funds for amounts awarded under the program.

2. Grants - (Federal)

FAUS (Federal Aid to Urban Systems) - This is a federal grant program administered by the Puget Sound Council of Governments. Funds are made available to counties, through an allocation of federal fuel tax, to finance approved arterial street capacity improvement projects. Matching funds of 16.85% must be contributed by the requesting jurisdiction.

FAM (Federal Aid to Municipalities) - These funds, when available, can be used for designated federal aid routes in accord with federal construction guidelines.

3. Grants - (County)

e.g. annual grants to the Library for 1989-1999, allowing sharing of county sales tax monies.

B. PRIVATE

1. Developer Contributions

These are charges to developers negotiated through building permit agreements. Developers will contribute a negotiated fee to the cost of projects where the impact of development in the surrounding area has created a need for the related improvements.

IV. DISCUSSION OF FUND SOURCES FOR CAPITAL PROJECTS

Revenues are allocated to each fund in the city, based on a number of factors. Some revenue sources are strictly dedicated to individual funds, such as sewer and cemetery. About 60% of the revenue is from taxes citywide. The overall revenue breakdown is generally as follows:

2009 REVENUES

Taxes	57%
Licenses and Permits	4%
Intergovernmental Funds	11%
Charge for Services	25%
Fines and Forfeits	1%
Miscellaneous	2%

The major variable area is the grant element of Intergovernmental Funds.

The first major revenue source is taxes. *Approximately 40% of the tax revenue coming to the city is used for capital improvements and debt service.* Retail sales tax constitutes about 64% of the tax revenue, with property tax at about 21% and all remaining sources contributing the remaining 15% of tax revenue.

Revenue forecasts for property tax over the six-year planning period are complicated by the fact that the City of Burlington continues to be in transition with growth in the I-5 corridor accelerating and several large sites still available for development. The City Council voted for a 0% increase in 2009 to be collected in 2010. This increased the levy rate from \$1.6943/\$1,000 assessed value in 2009 to \$1.8661/\$1,000 assessed value in 2010. The low levy rate can make a difference in whether home mortgages and property taxes are affordable to families entering the housing market. The assessed valuation of Burlington is about \$1.28 billion resulting in anticipated revenues of approximately \$2.38 million.

Sales tax revenue forecasts over the six-year planning period are also difficult. A conservative approach is taken because of the unpredictability of the tax base. Burlington has enjoyed steady gains in sales tax revenue through 2007; however, due to the recent economic recession, sales tax revenues declined about \$700,000 in 2008, from \$7.6 million to \$6.9 million. Sales tax revenues decreased another \$900,000 in 2009, from \$6.9 million to \$6.0 million. The city forecasts an additional sales tax revenue decrease in 2010 of about \$100,000, to \$5.9 million. While projecting future sales tax revenues is difficult, the city anticipates slow growth in sales tax over the next 5-6 years, and it could be several years before sales tax revenues reach the high water mark of \$7.6 million set in 2007. The Streamline Sales Tax (SST) took effect in July 2008. The City loses about \$150,000 each year due to SST; however, the State reimburses the City for the entire amount via a quarterly mitigation payment. The city receives 1% of the 8.2% sales tax collected. Effective July 1, 2010, residents of British Columbia will qualify for an exemption from Washington State Sales Tax due to a change in their tax laws. This will have a negative impact on the City's sales tax revenues going forward; however, the effect is difficult to project at this time.

Utility taxes are at 3% in Burlington, lowest in the area. The city has adopted the ¼% real estate excise tax for capital projects and the additional ¼% real estate excise tax for parks capital projects. This is estimated at about 2% of total tax revenue.

Licenses and permits include business licenses, franchise fees, building permits, street permits and sewer permits, and *approximately 40% of the license and permit revenue goes to sanitary and storm sewer budgets.*

Intergovernmental funds accessibility varies dramatically depending on the availability of grant funds for street projects, etc.

Charge for Services is the primary source of revenue for sewer and storm drainage funds.

Fines and Forfeits go exclusively to the Current Expense Fund and the Library.

Miscellaneous revenues include investment and sales tax interest; among a variety of other revenues.