BUDGET OVERVIEW

The Budget Overview section summarizes the Mayor's Proposed 2019-20 Biennial Budget and provides comparisons to previous years' revenues, expenditures, fund balances and staffing. It outlines summarized budget data for the General Fund, including a discussion of budgetary assumptions, revenue projects and major expenditure changes. An overview of the remaining funds is presented by fund classification. Lastly, this section contains high level capital investments and debt management discussions.

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INTRODUCTION

The following pages outline the Mayor's Proposed 2019-2020 Biennial Budget. The proposed budget includes necessary expenditure reductions and revenue increases to address the challenge of expenses increasing at a faster rate than revenues. It is a balanced budget and reflects the ongoing commitment to providing valuable government services to our residents and businesses in a cost-effective and efficient manner, progresses our city's strategic planning and respects the opinions of our residents.

Public Safety for our residents, businesses and visitors continues to be the City's highest priority, with significant resources allocated for that purpose. Remaining services and programs, not impacted by reduction, are maintained at their current level, adjusted for necessary increases for inflation, labor cost changes and contract requirements. Funding for new initiatives was based on need, value to the public and alignment with Council's strategic framework. All are backed by sustainable revenues.

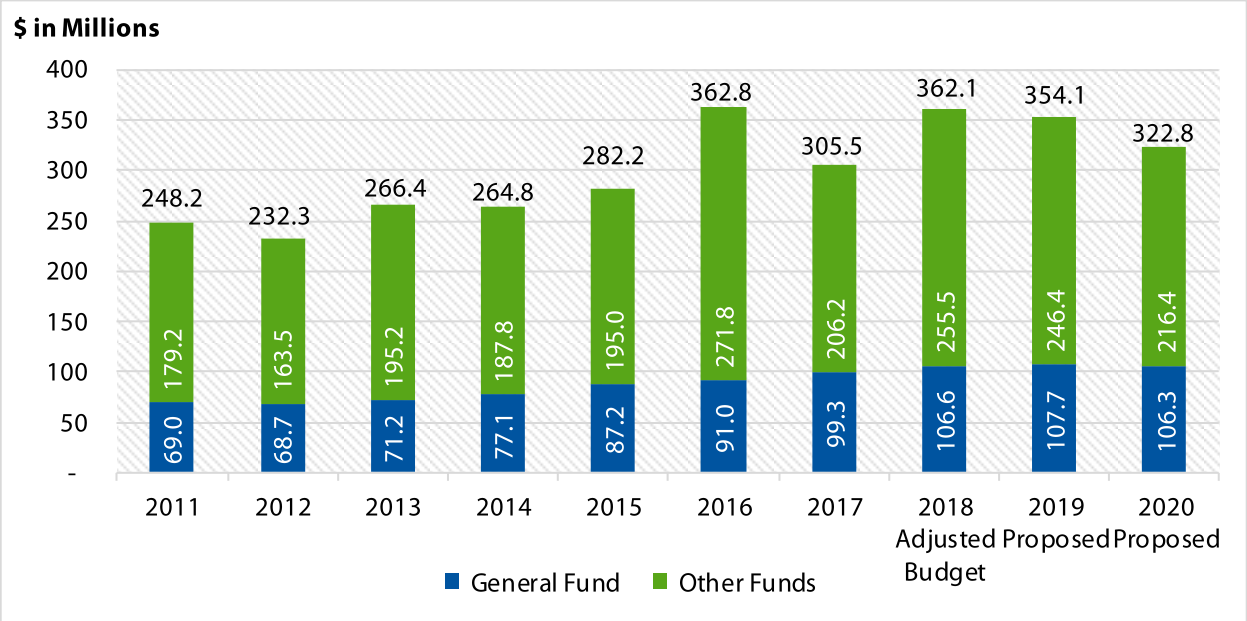
All budgets are developed within a budgetary framework designed to ensure consistency with the Revised Code of Washington (RCW) requirements, budgeting standards and fiscal policies. Specific information for the following components can be found in the Budget Framework section of this document.

- Budget Calendar and Process
- Fiscal Policies
- Fund Structure, including Basis of Accounting

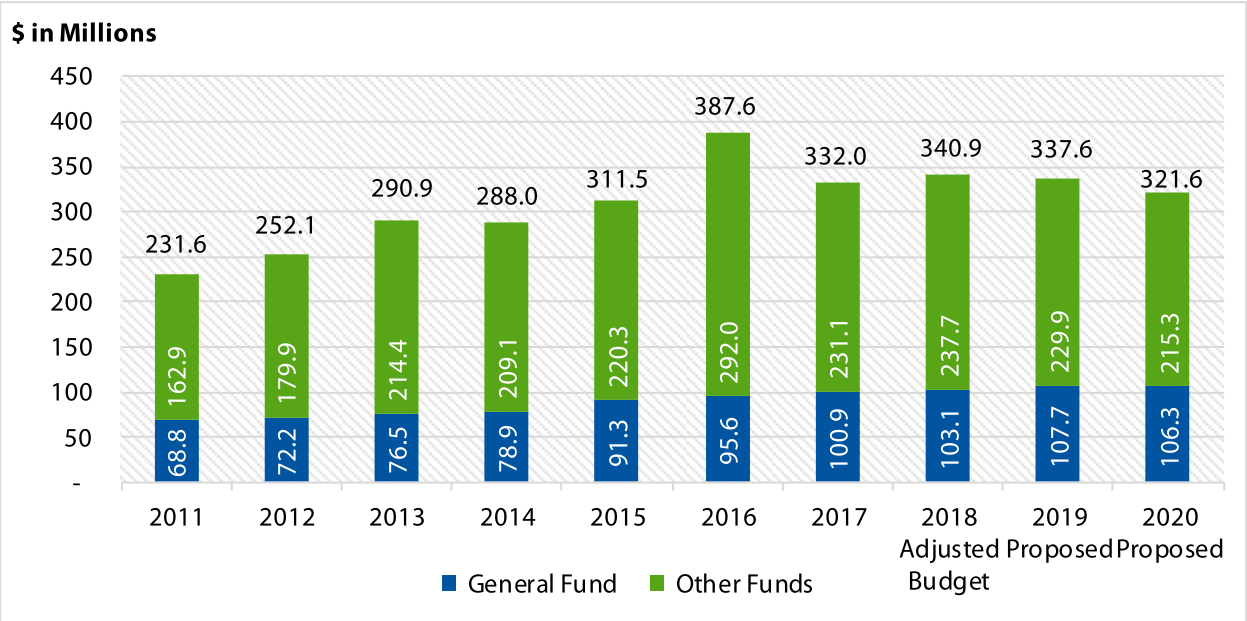
EXPENDITURE AND REVENUE HISTORY

The ***City-Wide Expenditures*** and ***City-Wide Revenues*** graphs below demonstrate the City's expenditure and revenue history for the past ten years for the General Fund and total Other Funds. These graphs reflect the slow growth of the City following the Great Recession. Total amounts can and will vary from year-to-year, usually due to the level of major construction activity, the issuance of bonds or bond refunding, acceptance of grant awards and the initiation of major new service responsibilities.

CITY-WIDE EXPENDITURES



CITY-WIDE REVENUES



MAYOR'S PROPOSED BUDGET

The ***2019-2020 Biennial Budget by Fund***, ***2019-2020 Biennial Revenue and Expenditure Summary*** and ***Financial Organization Chart*** present the City-wide Mayor's proposed budget.

2019-2020 BIENNIAL BUDGET BY FUND

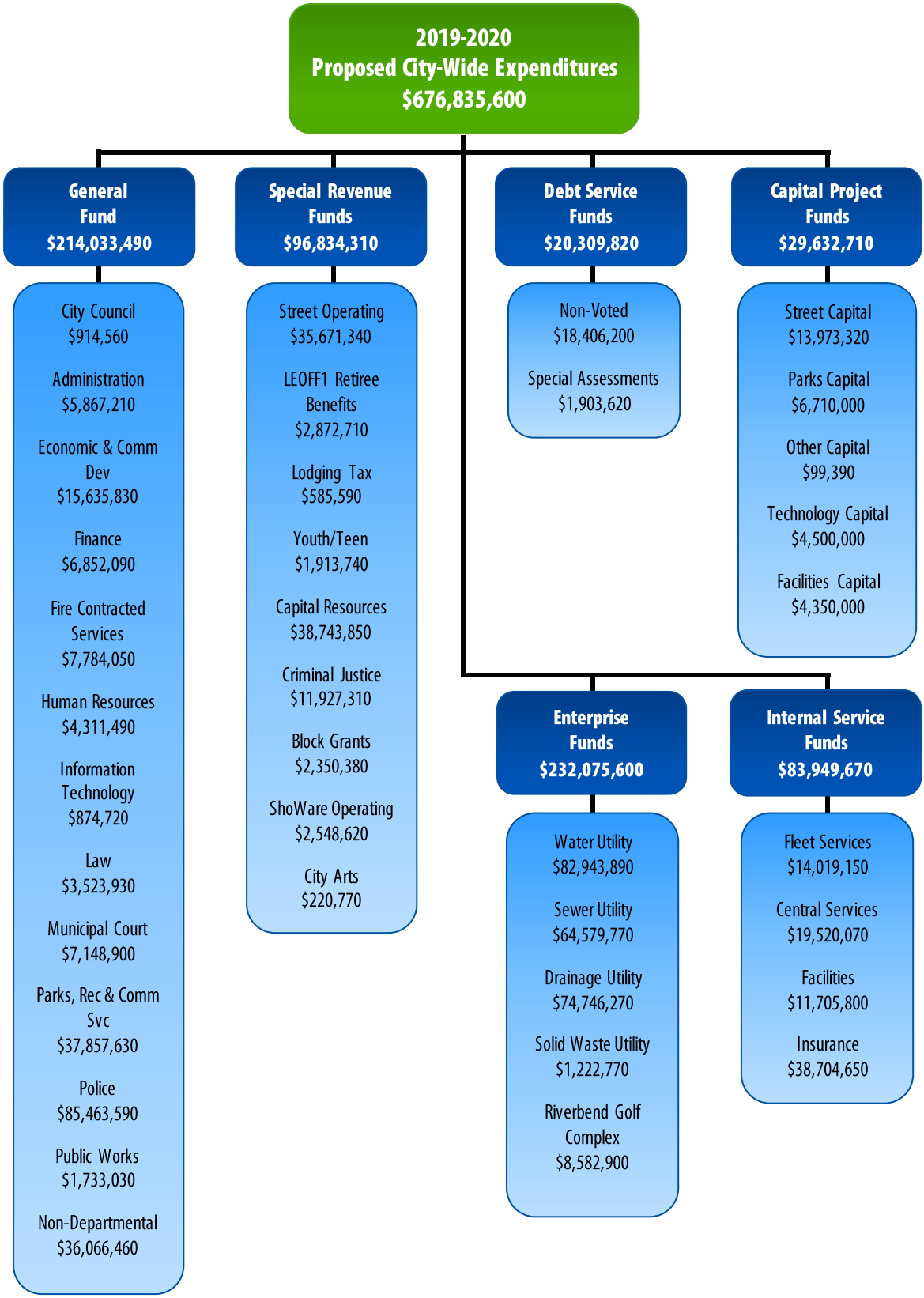
	Projected Beginning Fund Balance	Revenues	Expenditures	Projected Ending Fund Balance	Change in Fund Balance
General Fund	$ 22,219,700	$ 214,033,490	$ 214,033,490	$ 22,219,700	$ -
Special Revenue Funds					
Street Operating	3,585,290	35,671,340	35,671,340	3,585,290	-
LEOFF1 Retiree Benefits	2,020,150	2,382,540	2,872,710	1,529,980	(490,170)
Lodging Tax	355,920	595,500	585,590	365,830	9,910
Youth / Teen	99,110	1,913,740	1,913,740	99,110	-
Capital Resources	15,448,830	31,724,290	38,743,850	8,429,270	(7,019,560)
Criminal Justice	7,406,390	12,800,830	11,927,310	8,279,910	873,520
Comm Dev Block Grants		2,350,380	2,350,380	-	-
ShoWare Operating	2,603,320	2,300,000	2,548,620	2,354,700	(248,620)
City Arts Program	526,160	220,770	220,770	526,160	-
Debt Service Funds					
Non-Voted	1,442,720	19,333,460	18,406,200	2,369,980	927,260
Special Assessments	611,650	2,098,560	1,903,620	806,590	194,940
Capital Projects Funds					
Street Capital Projects		13,973,320	13,973,320	-	-
Parks Capital Projects		6,710,000	6,710,000	-	-
Other Capital Projects		99,390	99,390	-	-
Technology Capital Projects		4,500,000	4,500,000	-	-
Facilities Capital Projects		4,350,000	4,350,000	-	-
Enterprise Funds					
Water Utility	13,241,690	77,992,940	82,943,890	8,290,740	(4,950,950)
Sewer Utility	4,479,000	64,899,970	64,579,770	4,799,200	320,200
Drainage Utility	12,748,000	69,129,570	74,746,270	7,131,300	(5,616,700)
Solid Waste Utility	488,420	1,250,000	1,222,770	515,650	27,230
Riverbend Golf Complex	(1,105,780)	8,484,200	8,582,900	(1,204,480)	(98,700)
Internal Service Funds					
Fleet Services	2,830,310	13,758,530	14,019,150	2,569,690	(260,620)
Central Services	3,382,730	18,699,100	19,520,070	2,561,760	(820,970)
Facilities	2,455,220	11,529,950	11,705,800	2,279,370	(175,850)
Insurance	7,677,330	38,386,780	38,704,650	7,359,460	(317,870)
City-Wide Total	$102,516,160	$ 659,188,650	$ 676,835,600	$ 84,869,210	$ (17,646,950)

MAYOR'S PROPOSED BUDGET

2019-2020 BIENNIAL REVENUE AND EXPENDITURE SUMMARY

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total All Funds
Est Fund Balance 1/1/2019	$ 22,219,700	$ 32,045,170	$ 2,054,370	$ -	$ 29,851,330	$ 16,345,590	$ 102,516,160
Revenues							
Taxes	169,419,380	40,914,620				3,255,180	213,589,180
Licenses and Permits	14,572,890	1,059,890			145,060		15,777,840
Intergovernmental Revenue	9,389,950	8,243,600	1,891,360			796,340	20,321,250
Charges for Services	12,137,100	1,657,110			156,648,060	26,221,620	196,663,890
Fines and Forfeitures	2,263,320	5,058,270			1,170		7,322,760
Miscellaneous Revenue	4,421,110	2,164,740	2,098,560	(3,025,050)	10,861,020	46,726,220	63,246,600
Transfers In	1,829,740	30,861,160	17,442,100	32,657,760	54,101,370	5,375,000	142,267,130
Total Revenues	214,033,490	89,959,390	21,432,020	29,632,710	221,756,680	82,374,360	659,188,650
Expenditures							
Salaries & Benefits	117,413,770	31,073,670			22,537,790	18,533,710	189,558,940
Supplies	5,970,220	2,630,160			4,013,255	4,668,910	17,282,545
Services & Allocations	53,115,920	13,160,480			96,498,695	52,711,050	215,486,145
Capital		1,964,250		28,674,660	43,504,000	5,186,000	79,328,910
Debt Service		49,600	18,406,200		11,450,590	1,100,000	31,006,390
Transfers Out	37,533,580	47,956,150	1,903,620	958,050	54,071,270	1,750,000	144,172,670
Total Expenditures	214,033,490	96,834,310	20,309,820	29,632,710	232,075,600	83,949,670	676,835,600
Expenditures by Department							
City Council	914,560						914,560
Administration	5,867,210	50,000					5,917,210
Economic & Community Dev	15,635,830						15,635,830
Finance	6,852,090					782,330	7,634,420
Fire Contracted Services	7,784,050						7,784,050
Human Resources	4,311,490	2,872,710				38,704,650	45,888,850
Information Technology	874,720			4,500,000		18,737,740	24,112,460
Law	3,523,930	1,690,900					5,214,830
Municipal Court	7,148,900						7,148,900
Parks, Rec & Comm Services	37,857,630	3,623,190		11,060,000	8,230,640	11,705,800	72,477,260
Police	85,463,590	10,184,370					95,647,960
Public Works	1,733,030	31,104,170		13,973,320	212,424,370	14,019,150	273,254,040
Non Departmental	36,066,460	47,308,970	20,309,820	99,390	11,420,590		115,205,230
Total Expenditures	214,033,490	96,834,310	20,309,820	29,632,710	232,075,600	83,949,670	676,835,600
Change in Fund Balance		(6,874,920)	1,122,200		(10,318,920)	(1,575,310)	(17,646,950)
Est Fund Balance 12/31/2020	$ 22,219,700	$ 25,170,250	$ 3,176,570	$ -	$ 19,532,410	$ 14,770,280	$ 84,869,210

FINANCIAL ORGANIZATION CHART



FUND BALANCE

For governmental funds, fund balance refers to the difference between current financial assets and liabilities. Since all related assets and liabilities are not reported for governmental funds, fund balance is considered more of a liquidity measure than a net worth measure. Credit rating agencies monitor fund balance levels and strongly consider unrestricted fund balance when determining a local government's creditworthiness. Fund balance is also important to guard against unanticipated events that would adversely affect the financial condition of the City and jeopardize the continuation of necessary public services. There are five classifications of fund balance:

- **Non-spendable**—resources that cannot be spent because of form (e.g. inventory, prepaid amounts) or because they must be maintained intact.
- **Restricted**—resources with limitations imposed by creditors, grantors, laws, regulations, or enabling legislation.
- **Committed**—resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority—the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to previously commit the amounts.
- **Assigned**—resources that are intended to be used for specific purposes, but is neither restricted or committed.
- **Unassigned**—resources that are not non-spendable, restricted, committed or assigned to specific purposes.

For proprietary funds (e.g. water, sewer and drainage utilities), the difference between current assets and current liabilities is called working capital. As with fund balance in a governmental fund, this measure indicates relative liquidity, is considered by credit rating agencies in evaluating creditworthiness and is important in mitigating unanticipated events and ensuring stable services and fees.

The following tables summarize fund balances for city operating funds. An overall total is not provided as each fund, with very few exceptions, is legally restricted.

- ***Fund Balances – 5 Year History*** demonstrates the year-ending fund balances beginning in 2013 and ending with the estimated 2018 balance.
- ***Fund Balances – 2019-20 Biennial Adjustment*** begins with the estimated fund balance at the end of 2018. Adding 2019 revenues and subtracting 2019 expenditures results in an estimated 2019 ending fund balance and these steps are repeated for 2020.
- ***Fund Balances—Change in Ending Fund Balance*** compares 2018 ending fund balance with 2019 budgeted ending fund balance.

FUND BALANCE

FUND BALANCES—5 YEAR HISTORY

	2013	2014	2015	2016	2017	2018 Est
General Fund						
General Fund	$ 9,497,964	$ 11,312,140	$ 15,372,499	$ 19,987,728	$ 21,595,174	$ 22,219,700
Special Revenue Funds						
Street Operating	916,269	1,196,234	4,092,055	3,977,113	5,873,486	3,585,290
LEOFF 1 Retiree Benefits	862,223	1,031,026	1,093,532	1,174,261	1,296,372	2,020,150
Lodging Tax	193,663	371,803	394,516	469,387	457,557	355,920
Youth / Teen	157,337	147,063	121,275	91,130	104,887	99,110
Capital Resources	(7,426,649)	(3,299,461)	5,775,064	11,277,727	15,646,334	15,448,830
Criminal Justice	1,509,236	2,193,069	3,981,627	5,697,717	7,197,004	7,406,390
Environmental Fund	3,826	3,826	3,826			
Housing and Comm Dev						
City Arts Program	184,691	281,177	364,242	436,914	526,158	526,160
ShoWare Operating	(2,456,087)	19,990	1,596,543	2,147,074	2,518,894	2,603,320
Debt Service Funds						
Voted Debt Service	1,083					
Non-Voted Debt Service	183		8,329	521,394	986,220	1,442,720
Special Assessments	3,614,956	4,302,699	2,070,434	1,188,906	582,661	611,650
Enterprise Funds						
Water Utility	3,339,820	6,204,899	8,285,372	11,761,566	13,088,191	13,241,690
Sewer Drainage Utility	5,694,993	10,080,781	10,162,058	11,735,778	16,675,150	17,227,000
Solid Waste Utility			(365)	302,528	479,431	488,420
Golf Complex	(2,653,878)	(2,853,332)	(3,043,675)	(3,768,128)	(3,816,932)	(1,105,780)
Internal Service Funds						
Fleet Services	2,444,480	2,936,027	4,301,237	5,134,423	5,869,149	2,830,310
Central Stores	(87,039)	(67,334)	(46,226)	(63,568)	(3,113)	2,890
Information Technology	1,122,778	1,942,421	2,808,737	3,640,615	3,593,294	3,379,840
Facilities	1,265,533	1,772,015	1,672,947	2,340,684	2,316,961	2,455,220
Unemployment	471,907	740,157	1,038,938	1,332,446	1,424,508	1,376,420
Workers Compensation	702,401	2,128,253	2,541,813	2,305,514	2,374,326	1,509,330
Emp Health & Wellness	7,117,378	6,933,915	6,122,922	4,681,152	2,960,567	2,918,740
Liability Insurance	3,503,130	2,503,778	2,452,656	1,754,057	1,661,132	1,345,200
Property Insurance	$ 176,960	$ 236,644	$ 348,579	$ 531,548	$ 652,035	$ 527,640

FUND BALANCE

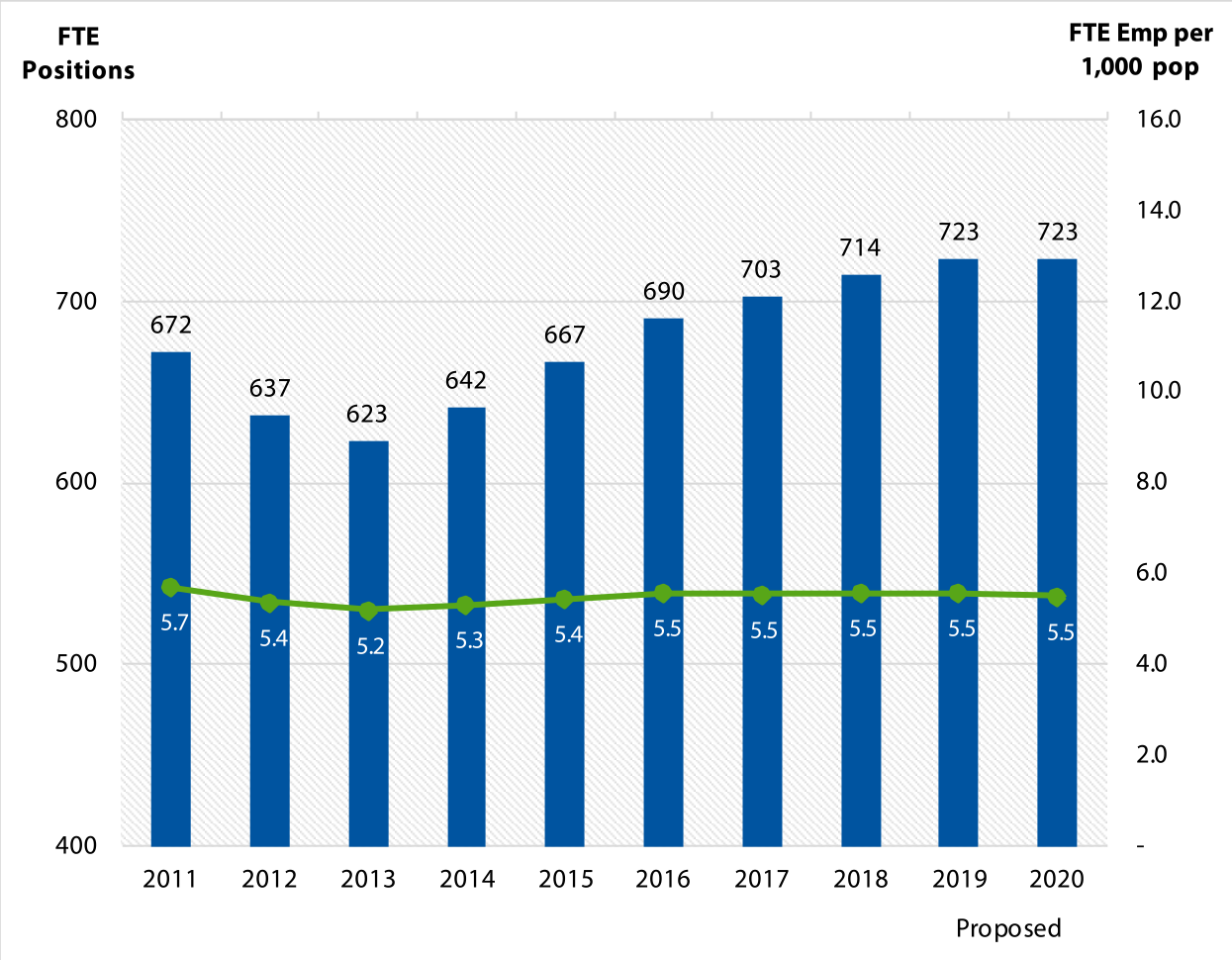
FUND BALANCES—2019-2020 BIENNIAL BUDGET

	2018 Est Ending Fund Balance	2019 Rev - Exp	2019 Est Ending Fund Balance	2020 Rev - Exp	2020 Est Ending Fund Balance
General Fund					
General Fund	$22,219,700	$ -	$ 22,219,700	$ -	$ 22,219,700
Special Revenue Funds					
Street Operating	3,585,290	-	3,585,290	-	3,585,290
LEOFF 1 Retiree Benefits	2,020,150	(243,410)	1,776,740	(246,760)	1,529,980
Lodging Tax	355,920	3,640	359,560	6,270	365,830
Youth / Teen	99,110	-	99,110	-	99,110
Capital Resources	15,448,830	(4,397,540)	11,051,290	(2,622,020)	8,429,270
Criminal Justice	7,406,390	430,170	7,836,560	443,350	8,279,910
Housing and Comm Dev					
City Arts Program	526,160		526,160		526,160
ShoWare Operating	2,603,320	(273,790)	2,329,530	25,170	2,354,700
Debt Service Funds					
Non-Voted Debt Service	1,442,720	463,500	1,906,220	463,760	2,369,980
Special Assessments	611,650	185,920	797,570	9,020	806,590
Enterprise Funds					
Water Utility	13,241,690	(6,634,440)	6,607,250	1,683,490	8,290,740
Sewer Utility	4,479,000	152,160	4,631,160	168,040	4,799,200
Drainage Utility	12,748,000	(6,334,450)	6,413,550	717,750	7,131,300
Solid Waste Utility	488,420	18,460	506,880	8,770	515,650
Golf Complex	(1,105,780)	(151,580)	(1,257,360)	52,880	(1,204,480)
Internal Service Funds					
Fleet Services	2,830,310	712,410	3,542,720	(973,030)	2,569,690
Central Stores	2,890	59,800	62,690	60,970	123,660
Information Technology	3,379,840	59,550	3,439,390	(1,001,290)	2,438,100
Facilities	2,455,220	(83,570)	2,371,650	(92,280)	2,279,370
Unemployment	1,376,420	(51,910)	1,324,510	(52,810)	1,271,700
Workers Compensation	1,509,330	(362,980)	1,146,350	(375,450)	770,900
Employee Health & Wellness	2,918,740	153,870	3,072,610	444,080	3,516,690
Liability Insurance	1,345,200	(206,910)	1,138,290	135,520	1,273,810
Property Insurance	$ 527,640	$ (690)	$ 526,950	$ (590)	$ 526,360

STAFFING

As the population of the City has increased, the demand for city services has risen correspondingly. The ***FTEs per 1,000 Population*** chart below reflects the total number of funded FTE from 2011 and the number of FTE per every 1,000 in population. The number of funded FTEs has risen by 86 since 2011. At the same time, the number of FTE per population has fallen, 5.7 per thousand in 2011 as compared to 5.5 per thousand in 2020.

FTEs per 1,000 POPULATION



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
									Proposed	
FTE Positions	671.7	637.2	623.3	641.6	666.7	690.0	702.8	714.2	722.9	723.5
Population *	118,200	119,100	120,500	121,400	122,900	124,500	127,100	128,900	130,400	131,900
FTEs per 1000 Pop	5.7	5.4	5.2	5.3	5.4	5.5	5.5	5.5	5.5	5.5

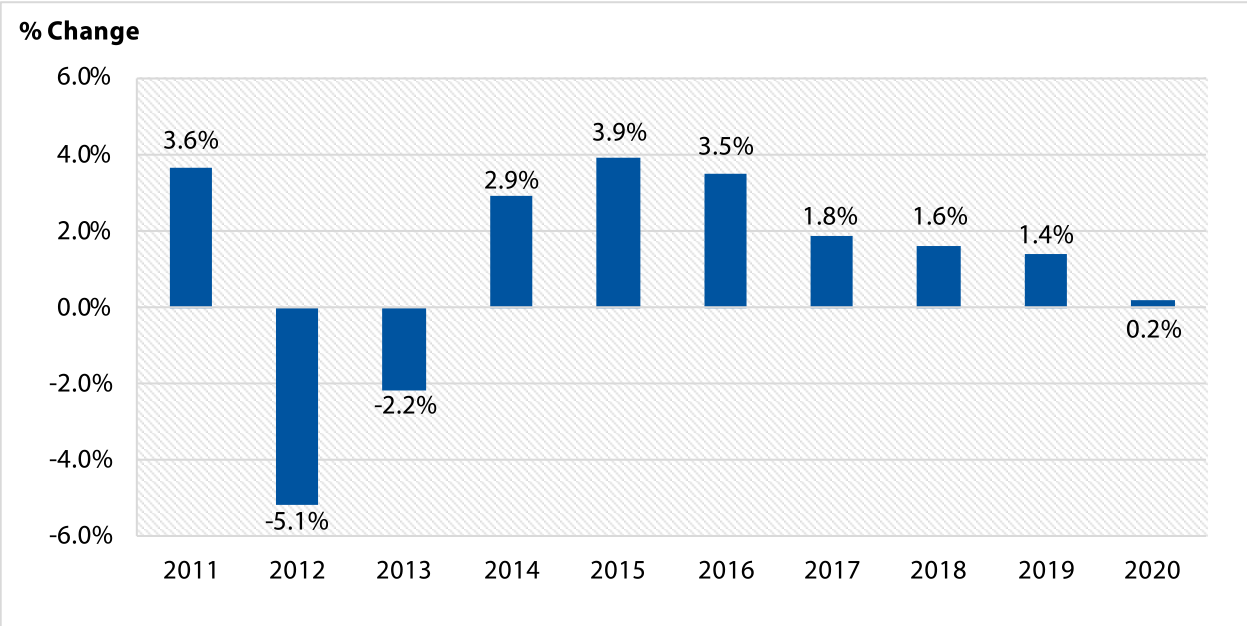
* Populations are based on state official estimates. 2019 and 2020 are estimates.

STAFFING

The following ***Percent Change in Staffing*** chart demonstrates the percent change in City staffing since 2011 in budgeted positions. The major fluctuations include:

- Between 2010 and 2014, the effects of the Great Recession, the change from origin based to destination based sales tax and the significant declines in revenue which accompanied both, required the City to reduce staffing levels to adjust to available resources. To the extent possible, the City attempted to find reductions through vacant positions and attrition. However, these reductions did require lay-offs of filled positions.
- The up-tick in 2011 includes budgeted positions as a result of the Panther Lake Annexation. Many of these positions were left vacant as a result of the fiscal difficulties described above and were eliminated in the subsequent budget processes.
- Recent increases reflect additions to respond to service level requirements and strategic program creation and/or enhancements.

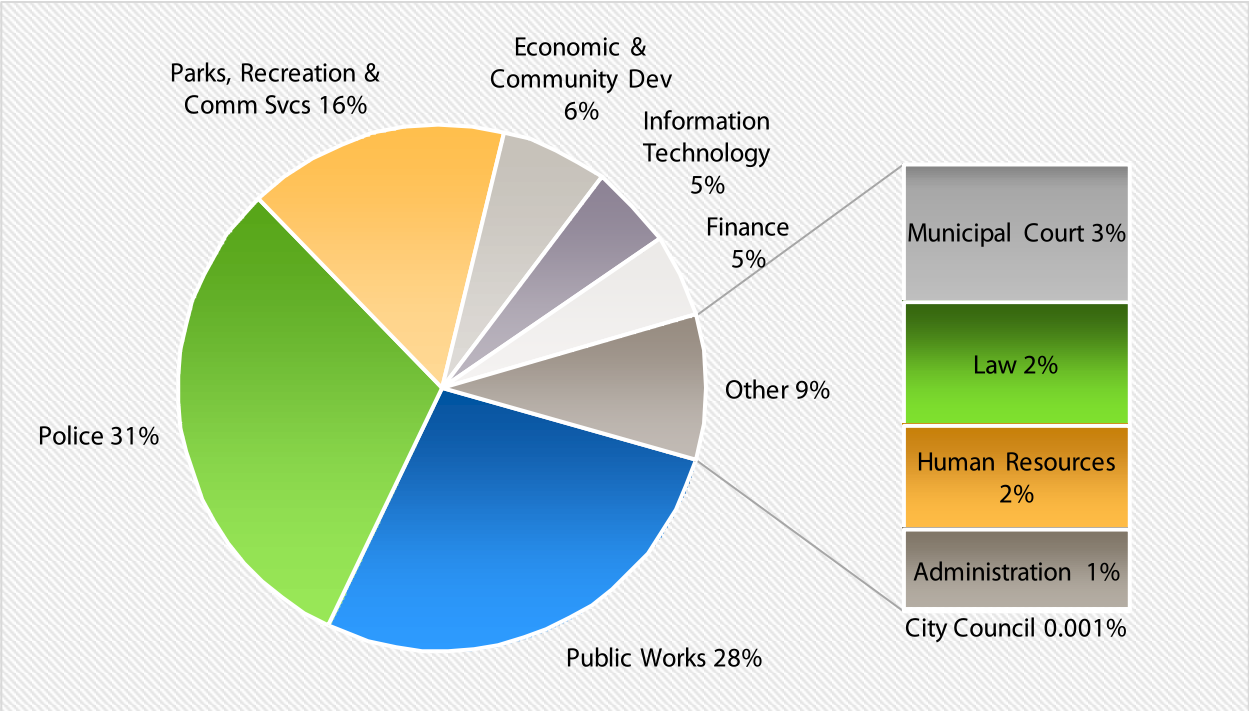
PERCENT CHANGE IN STAFFING



STAFFING

The following ***City-Wide Staffing by Department, Positions Summary by Department, City-Wide Staffing by Fund, Positions Summary by Fund*** and ***Position Changes by Department*** charts and tables provide further detailed information on staffing as proposed with the 2019-2020 Mayor's proposed budget.

CITY-WIDE STAFFING BY DEPARTMENT—2019-20 BIENNIUM TOTAL

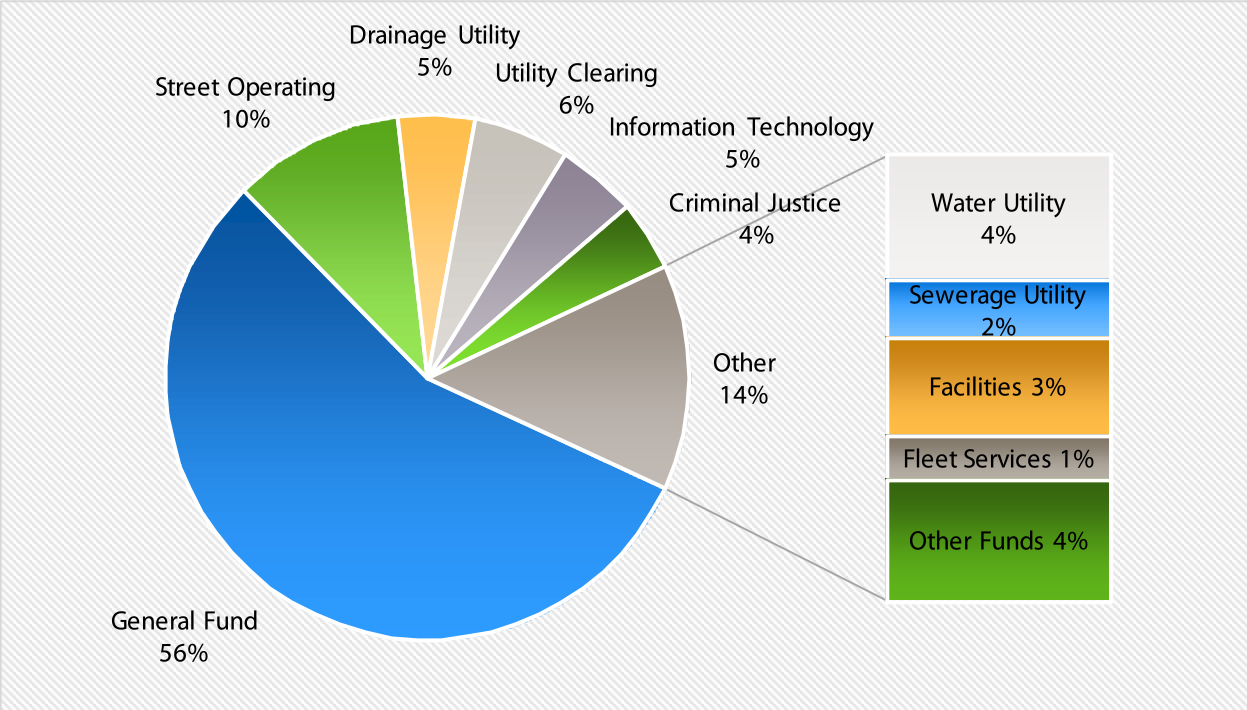


POSITIONS SUMMARY BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

	2018 Adopted	2018 New	2018 Total	2019 Request	2019 Proposed	2020 Request	2020 Proposed
City Council	0.75	(0.25)	0.50		0.50		0.50
Administration	12.00	0.50	12.50	-	12.50	(1.00)	11.50
Economic & Comm Dev	43.75	3.25	47.00		47.00		47.00
Finance	38.00		38.00		38.00	(1.00)	37.00
Human Resources	15.60		15.60		15.60	(0.60)	15.00
Information Technology	37.00		37.00		37.00		37.00
Law	16.80		16.80	1.00	17.80		17.80
Municipal Court	20.28		20.28	(0.53)	19.75		19.75
Parks, Rec & Comm Svcs	115.76		115.76	0.65	116.41	-	116.41
Police	212.75	1.00	213.75	5.28	219.03	3.00	222.03
Public Works	197.00		197.00	2.50	199.50		199.50
Total FTEs by Dept	**709.69**	**4.50**	**714.19**	**8.90**	**723.09**	**0.40**	**723.49**

STAFFING

CITY-WIDE STAFFING BY FUND—2019-20 BIENNIUM TOTAL



POSITIONS SUMMARY BY FUND—FULL TIME EQUIVALENTS (FTEs)

	2018 Adopted	2018 New	2018 Total	2019 Request	2019 Proposed	2020 Request	2020 Proposed
General Fund	393.86	4.50	398.36	3.25	401.61	0.60	402.21
Street Operating	74.25		74.25	2.00	76.25		76.25
Criminal Justice	27.14		27.14	3.00	30.14	0.50	30.64
Housing & Comm Dev	5.48		5.48		5.48		5.48
Street Capital Projects	4.00		4.00		4.00		4.00
Parks Capital Projects	1.00		1.00		1.00		1.00
Water Utility	27.66		27.66	1.00	28.66		28.66
Sewerage Utility	13.08		13.08		13.08		13.08
Drainage Utility	34.51		34.51		34.51		34.51
Solid Waste Utility	4.50		4.50		4.50		4.50
Golf Complex	9.60		9.60	0.15	9.75		9.75
Fleet Services	10.00		10.00		10.00		10.00
Information Technology	36.00		36.00		36.00		36.00
Facilities	23.00		23.00		23.00	(1.00)	22.00
Insurance	2.00		2.00		2.00		2.00
Utility Clearing	42.61		42.61	(0.50)	42.11	0.30	42.41
VNET Agency	1.00		1.00		1.00		1.00
Total FTEs by Fund	**709.69**	**4.50**	**714.19**	**8.90**	**723.09**	**0.40**	**723.49**

STAFFING

POSITION CHANGES BY DEPARTMENT—FULL TIME EQUIVALENTS (FTEs)

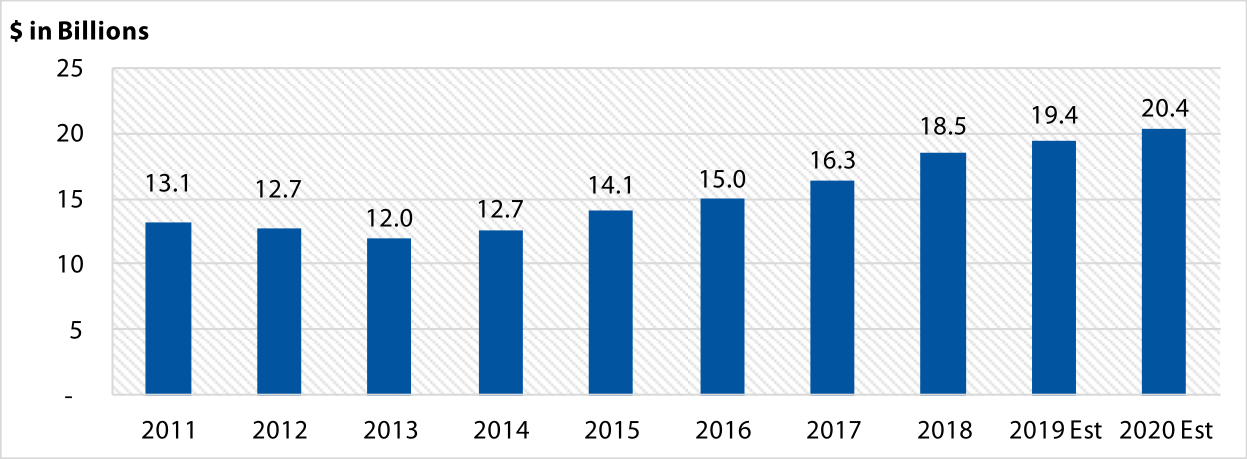
	2019 Proposed	2020 Proposed
Administration		
Communications Coordinator	(1.0)	
Executive Assistant/Mgmt Analyst		(1.0)
Administrative Assistant 2 - Body Worn Cameras/In Car Video	1.0	
Finance		
Administrative Assistant 2		(1.0)
Human Resources		
HR Analyst		(0.6)
Law		
Prosecuting Attorney - Body Worn Cameras/In Car Video	1.0	
Municipal Court		
Court Security Officer	(0.5)	
Parks, Recreation & Comm Svcs		
Maintenance Worker 4		1.0
Maintenance Worker 2 - Shift from 75% Parks/25% PW to 100% Parks	0.5	
Maintenance Worker 3 (Facilities)		(1.0)
Golf Pro - .85 FTE to 1.0 FTE	0.2	
Police		
Police Officers	3.0	3.0
Court Security Officer	0.5	
Parking Enforcement Officer	0.8	
Camera Technician - Body Worn Cameras/In Car Video	1.0	
Public Works		
Maintenance Worker 2 - Sign Shop	2.0	
Term Limited Maintenance Worker 1	1.0	
Maintenance Worker 2 - Shift from 75% Parks/25% PW to 100% Parks	(0.5)	
Total FTEs by Dept	**8.9**	**0.4**

PROPERTY TAX

PROPERTY TAX AND ASSESSED VALUATION

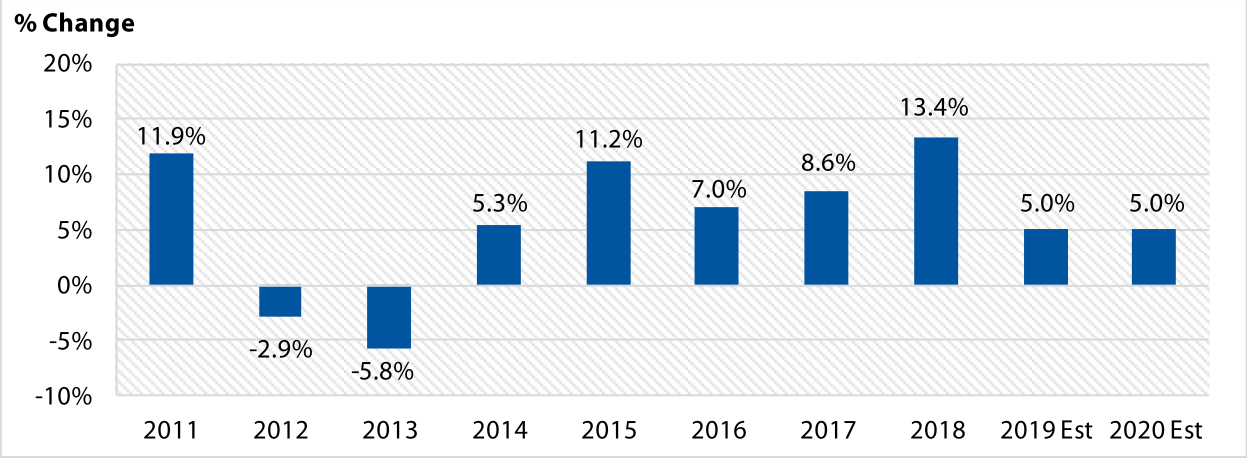
Property tax is the largest source of revenue in the General Fund. The King County Assessor values and provides information to the City of Kent on their determination of property values within city limits. The growth in Property Tax revenue is dependent upon both the assessed valuation of property (provided by the King County Assessor) and the tax rate. In 2018 and for the fifth straight year, assessed valuation increased from the previous year.

ASSESSED VALUATION (AV)



The ***Percent Change in Assessed Valuation*** chart below reflects the percentage change in the assessed valuation for the City of Kent. Between 2010 and 2014 the effects of the Great Recession saw property values drop. The 2011 percent change in valuation includes the property values for the Panther Lake Annexation area. The Panther Lake Annexation increased the City of Kent's total property valuation by nearly $2 billion in 2011 and the chart below reflects the net change to the overall property valuation in the City from the previous year, inclusive of the Panther Lake area. The 2019 and 2020 assessed valuations are estimated to increase by 5 percent each year.

PERCENT CHANGE IN ASSESSED VALUATION

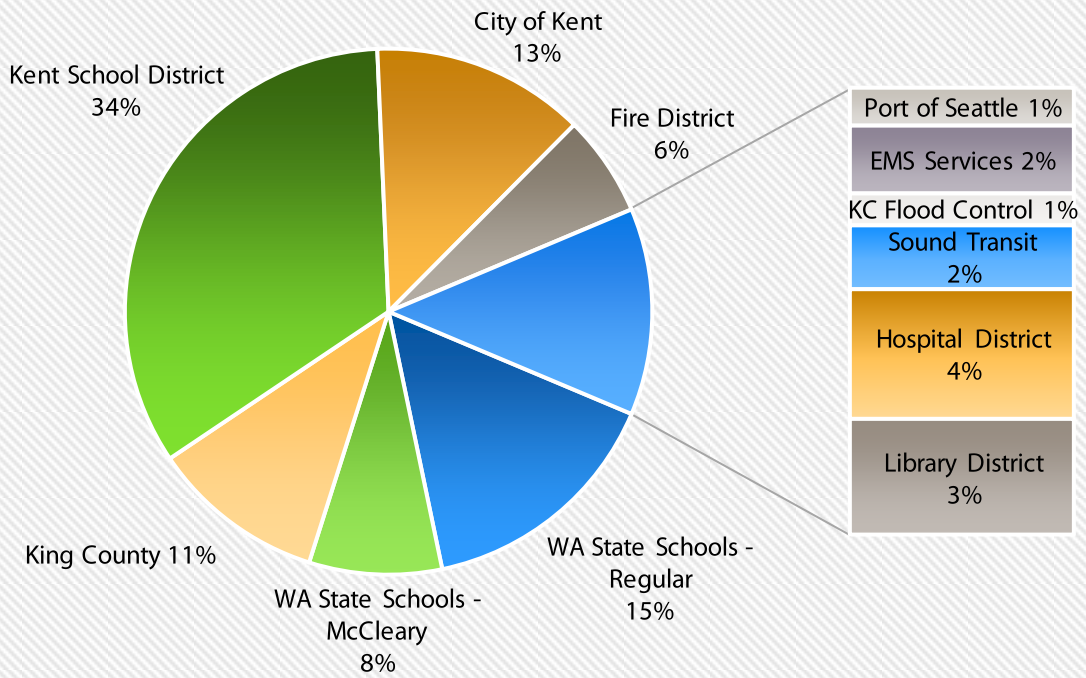


PROPERTY TAX

State law provides that the maximum growth in property tax revenues from existing property is the lesser of one percent or the percentage increase in the Implicit Price Deflator (IPD). Of the total tax levies collected, 46 percent are voter approved and 56 percent are statutory levies. As the ***Property Tax Distribution*** chart below reflects, the City of Kent receives only 13 percent of the total amount of property tax paid by residents.

PROPERTY TAX DISTRIBUTION—2018 LEVY RATES

The property tax in the 2019-2020 Mayor's proposed budget includes the statutory increase of one percent growth plus new construction. The ***Property Tax AV & Rates*** table below presents comparative detailed rate information for 2018 and estimates for 2019 and 2020.



Kent School District levy rate is used in thisgraph. The levy rates for other school districts vary, which may result in a slightly different percentage distribution for each school district.

PROPERTY TAX AV & RATES

City of Kent Share Only	2018	2019 Est	2020 Est
Assessed Valuation in thousands [A]	$ 18,523,329	$ 19,449,496	$ 20,421,970
General Levy Rate ($2.325 max) [B]	1.62704	1.56832	1.51592
Estimated Cost On:			
Median Home Value [C]	$527	$533	$541

[A] Assessed valuation for 2019 and 2020 is estimated to increase by 5% each year.

[B] 2018 Levy Rates per King County Assessor's Office.

[C] 2018 median home value is $324,000, per King County Assessor's Office. 2019 and 2020 are estimated to increase by 5% each year.

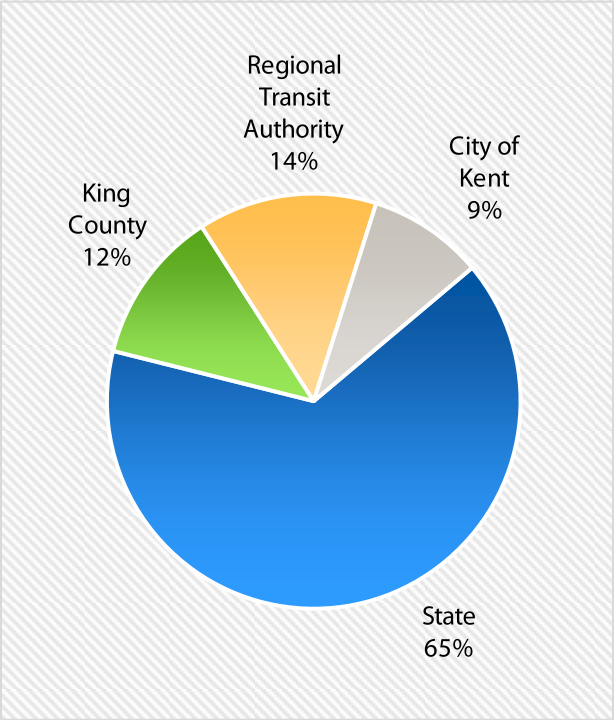
SALES TAX

The City of Kent receives revenues for three primary types of sales tax; regular sales tax, criminal justice local option sales tax and lodging tax.

REGULAR SALES TAX

In 1970, the legislature granted cities the right to tax retail sales at a rate of 0.5 percent, of which 15 percent would be passed to their respective counties. In 1982, the rate was increased to 1.0 percent, again with 15 percent of this amount passed on to counties along with a .01 percent administrative fee passed to the state Department of Revenue. This effectively leaves the city with tax revenue of 0.84 percent of retail sales.

SALES TAX DISTRIBUTION



CRIMINAL JUSTICE LOCAL OPTION SALES TAX

Under RCW 82.14.450(2)(a), the city council has the authority to present to the voters a sales tax option of up to 0.1 percent, for criminal justice purposes. Kent voters have authorized this 0.1% additional sales tax and the associated revenues are allocated to the Criminal Justice Fund accordingly.

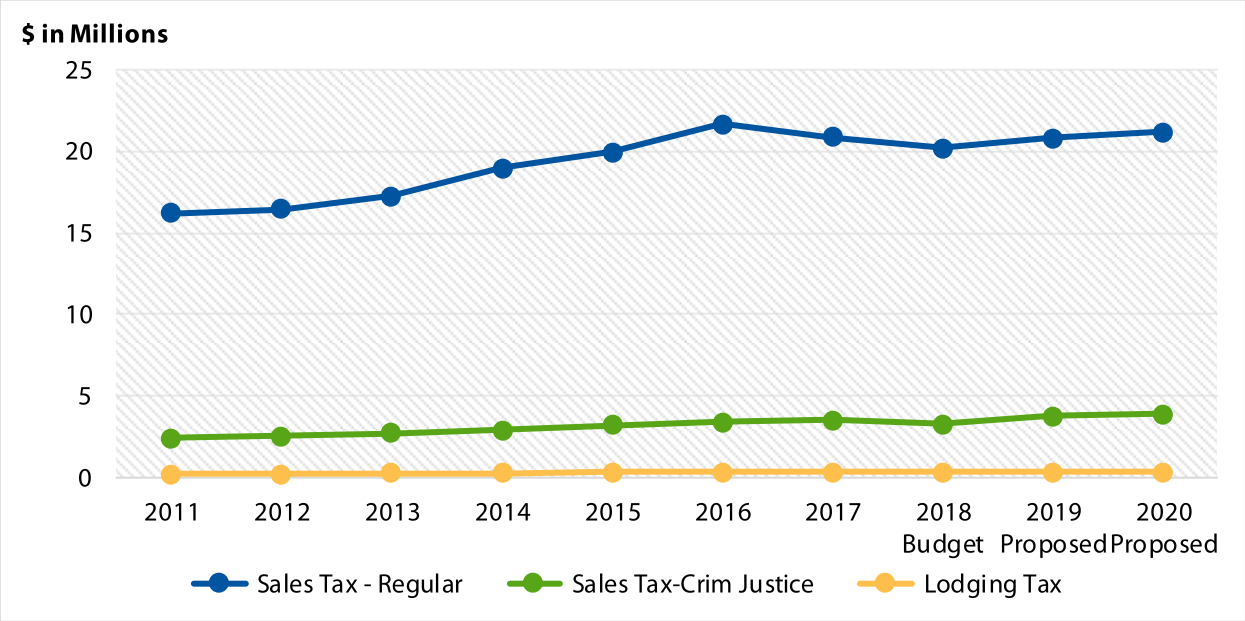
LODGING TAX

The lodging tax, also referred to as the hotel-motel tax, is a consumer tax on lodging charges for periods of less than 30 consecutive days for hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. The guiding principle for the use of lodging taxes is that they must be used for activities, operations and expenditures designed to increase tourism. Specifically, lodging taxes can be used for tourism marketing. All lodging tax revenues are allocated to the Lodging Tax Fund for these purposes.

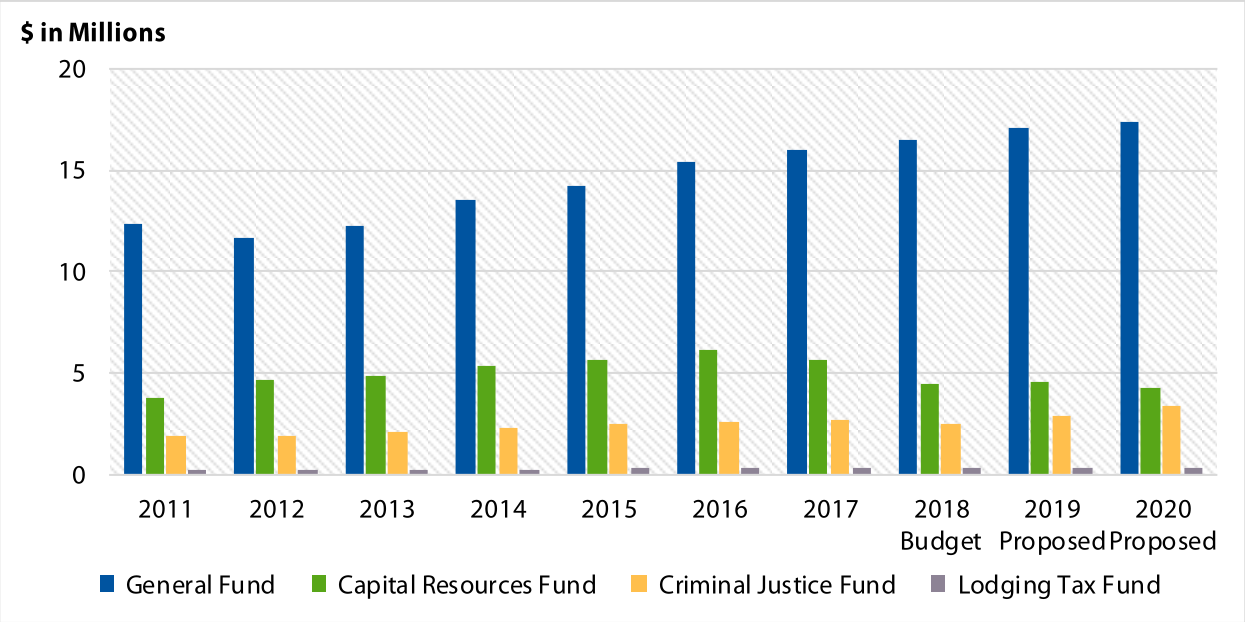
SALES TAX

The following tables, ***Sales Tax Revenue History and Sales Tax Revenue History by Fund,*** illustrate the amount of total sales tax revenue received from the various forms of sales taxes and to which funds they were allocated over the past 10 years, respectively. Both charts exclude annexation sales tax credits.

SALES TAX REVENUE HISTORY



SALES TAX REVENUE HISTORY BY FUND



UTILITY TAX

Utility tax makes up 19 percent of General Fund revenues. The utility taxes are comprised of two types of taxes, external and internal. The external revenues are levied upon residents and businesses. The internal revenues are levied on the City's internal utilities.

EXTERNAL UTILITY TAX

The City taxes the maximum allowable rate of six percent on cable, electricity, gas and telephone. Garbage is taxed at 18.4 percent, 10.6 of which was authorized in 2015 and is allocated to the maintenance and repair of residential streets. The majority of the revenue collected from the cable utility tax goes to fund IT operations and capital projects., the remainder goes to annexation in the General Fund.

EXTERNAL UTILITY TAX RATES

	General Fund	Street Fund	Youth/Teen Fund	IT Fund	Total
Cable	1.2%			4.8%	**6.0%**
Electricity	4.7%	1.0%	0.3%		**6.0%**
Garbage	6.5%	11.6%	0.3%		**18.4%**
Gas	4.7%	1.0%	0.3%		**6.0%**
Telephone	4.7%	1.0%	0.3%		**6.0%**

INTERNAL UTILITY TAX

The City currently taxes each internal utility according to the ***Internal Utility Tax Rates*** table below. Overall, four percent is allocated to the Capital Resources Fund. After the payment of all capital debt, unless otherwise allocated by Council, the remaining funds are to be equally applied to information technology programs and street capital programs. An additional two percent combined is allocated to the Capital Resources Fund and will sunset when the debt in this fund is paid in full, which is expected to occur in 2020. The remaining amount is allocated to the General Fund, Street Fund and Youth/Teen Fund.

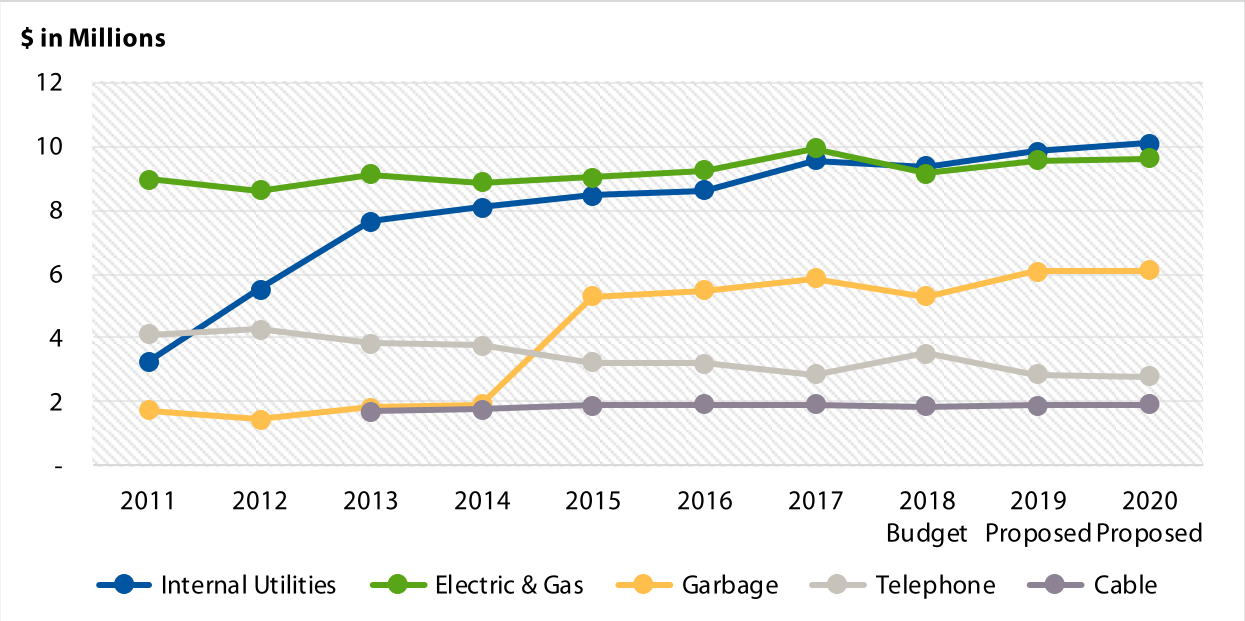
INTERNAL UTILITY TAX RATES

	General Fund	Street Fund	Youth/Teen Fund	Capital Resources Fund		Total
				4% for Capital [(A)]	2% for Debt [(A)]	
Water	5.7%	1.0%	0.3%	4.0%	2.0%	**13.0%**
Sewer	4.2%	0.7%	0.2%	2.9%	1.5%	**9.5%**
Drainage	8.6%	1.5%	0.4%	6.0%	3.0%	**19.5%**

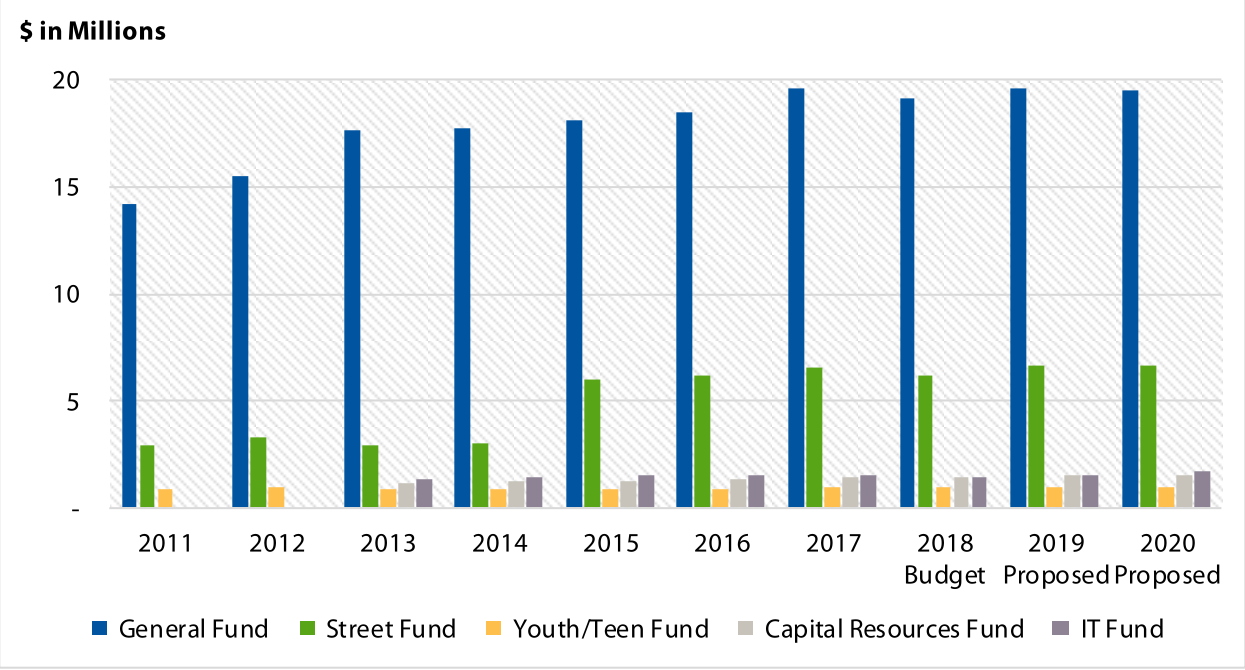
[(A)] average for all utilities combined

UTILITY TAX

UTILITY TAX REVENUE HISTORY



UTILITY TAX REVENUE HISTORY BY FUND



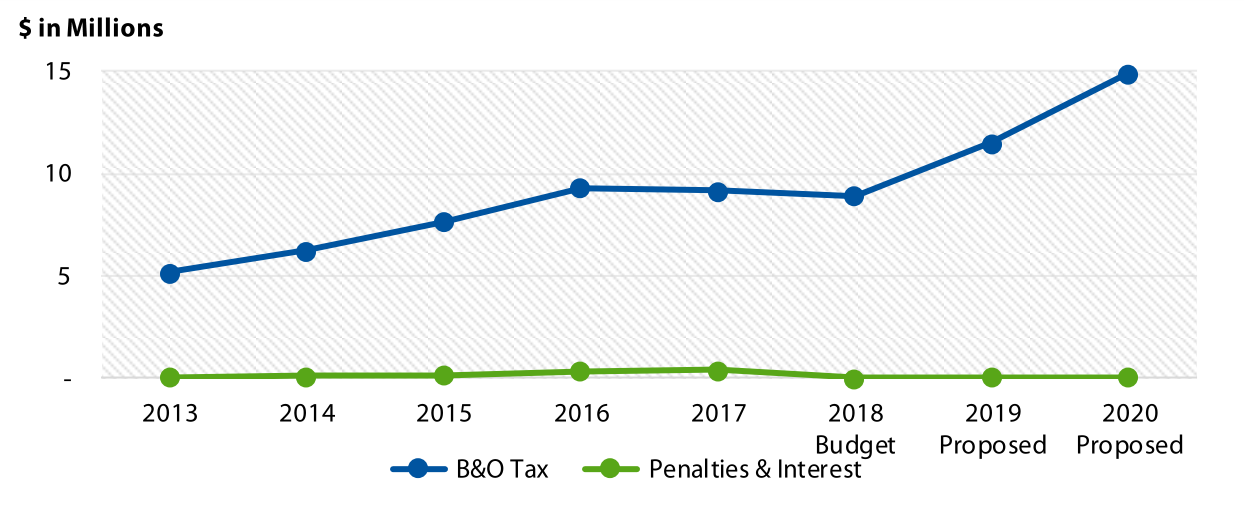
B&O TAX

The City began collecting taxes from those who engage in business activities within the City in January of 2013. There are five types of B&O tax classifications:

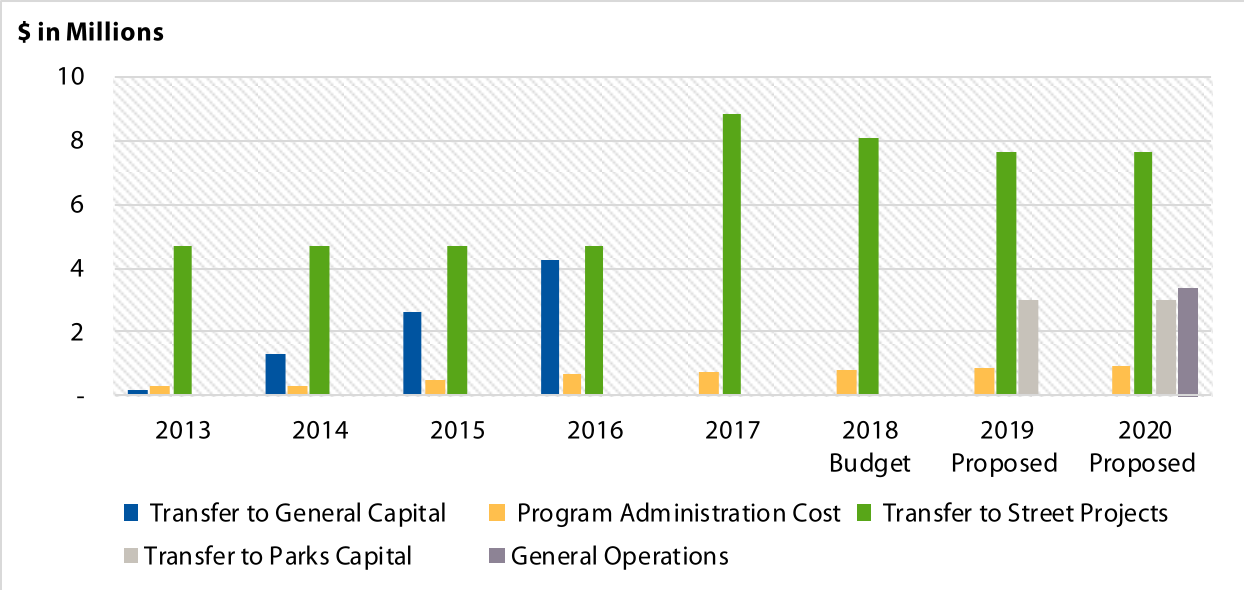
- Manufacturing
- Retailing
- Square Footage
- Wholesaling
- Service & Other

From the programs inception through 2016, revenues were first allocated to program administration, then $4.7 million toward street projects and any remaining revenues were transferred to the Capital Resources Fund. Beginning in 2017, all revenues minus those for program administration were allocated to street projects. A 2019 square footage increase was adopted by Council in November 2017 and is dedicated to capital purposes. The 2019-2020 Mayor's proposed budget allocates these monies to parks capital projects. Another square footage tax increase is proposed for 2020, with the additional revenues dedicated to general operations.

B&O REVENUES



B&O ALLOCATION



GENERAL FUND

As the name implies, the General Fund is the fund that receives most of the City's undesignated revenues which are available to be used for any appropriate governmental purpose. This fund finances the majority of the traditional services associated with local government. Due to the flexibility in General Fund resources, much of the Mayor's as well as the Council's budget deliberations center around this fund.

GENERAL FUND REVENUES

General Fund revenues are increased from the 2018 adjusted budget of $103,130,990 to a budgeted amount of $107,718,120, for a total increase of $4,587,130 or 4.4 percent. However, 2018 estimated year end revenues are $4,898,870 favorable to budgeted levels. This represents a decrease in 2019 as compared to 2018 estimated year end revenues of $281,880 or less than .1 percent.

GENERAL FUND REVENUE SUMMARY

	2018	2019	2018 vs 2019		2020	2019 vs 2020	
	Budget	Proposed	$ Change	% Change	Proposed	$ Change	% Change
Property Taxes	$ 29,532,710	$ 29,978,040	$ 445,330	1.5 %	$ 30,427,820	$ 449,780	1.5 %
Sales Taxes	21,100,310	21,770,980	670,670	3.2	19,888,010	(1,882,970)	(8.6)
Utility Taxes	19,150,880	19,596,150	445,270	2.3	19,578,290	(17,860)	(0.1)
B&O Taxes	8,890,480	11,500,000	2,609,520	29.4	14,900,000	3,400,000	29.6
Other Taxes	879,260	882,650	3,390	0.4	897,440	14,790	1.7
Licenses and Permits	5,695,870	7,082,370	1,386,500	24.3	7,490,520	408,150	5.8
Intergovernmental Revenue	7,946,370	6,713,830	(1,232,540)	(15.5)	2,676,120	(4,037,710)	(60.1)
Charges for Services	5,844,610	6,011,180	166,570	2.8	6,125,920	114,740	1.9
Fines and Forfeitures	1,565,970	1,131,660	(434,310)	(27.7)	1,131,660	0	-
Miscellaneous Revenue	1,574,530	2,135,530	561,000	35.6	2,285,580	150,050	7.0
Transfers In	950,000	915,730	(34,270)	(3.6)	914,010	(1,720)	(0.2)
Total Revenues	**$103,130,990**	**$107,718,120**	**$4,587,130**	**4.4 %**	**$106,315,370**	**$ (1,402,750)**	**(1.3) %**

Revenue projections for the 2019-2020 proposed budget continue to be based largely on the following assumptions:

- The local economy will continue to see gradual but modest improvement over the biennium
- Inflation will be moderate over the next two years giving only a modest boost to sales taxes, intergovernmental revenues and charges for services
- Short term interest rates will remain low but with moderate rate increases in 2019 and 2020
- Streamlined Sales Tax mitigation will end in 2019
- Current percentage growth caps on property and utilities will remain unchanged

GENERAL FUND

Significant revenue changes from the 2018 adopted budget are outlined below. Changes that are considered over and above normal baseline adjustments are summarized in the ***Major Revenue Changes-General Fund*** table on the following page.

- **Property Tax** revenue is expected to increase by 1.5 percent, which reflects the 1 percent allowed by statute plus the effect of new construction.
- **Sales Tax** revenue is budgeted to increase by 3.2percent over the current 2018 budgeted amount. In addition to a modest increase in 2020, the sales tax budget is further impacted by 1) changes to the allocation of sales tax between the General Fund and The Capital Resources Fund and 2) a 50 percent reduction of the Panther Lake annexation sales tax credit, which is set to expire in June 2020. Both topics are discussed in more detail in the ***"Taxes"*** section on page 26.
- **Utility Tax** revenue is estimated to increase overall by 2.3 percent over the 2018 budget, including adjustments to budget in line with 2018 year end estimates and trend.
- **B&O Tax** revenue is budgeted to increase by 29.4 percent in 2019 as compared to the 2018 budgeted amount, due to an increase in the square footage rates that were approved by Council in late 2017. Another 29.6 percent increase is expected in 2020, again due to an increase in the square footage rates. Additional details are provided in the ***"Taxes"*** section on page 26.
- **Licenses and Permits** revenue is estimated to increase by 24.3 percent from the 2018 budget, which includes inflationary water franchise fee increases. The budget also includes a volume adjustment of $1.2 million in order to budget closer to 2018 year end estimates, while maintaining a conservative approach.
- **Intergovernmental** revenue reflects a decrease of 15.5 percent in 2019 and 60.1 percent in 2020, due to elimination of streamline sales tax mitigation from WA State. Under the WA State budget currently in effect, these monies are eliminated beginning Q4 2019. The City is actively working with the legislature to have this funding re-instated during the next legislative session.
- **Fines and Forfeitures** is budgeted to decrease 27.7 percent, bringing budget in line with 2018 year end revenue estimates.
- **Miscellaneous** revenue reflects a 35.6 percent increase over the 2018 budget, including adjustments to interest income and Police off-duty reimbursements. In 2020, cell tower lease revenues have been moved to the General Fund, resulting in a 7.0 percent increase.

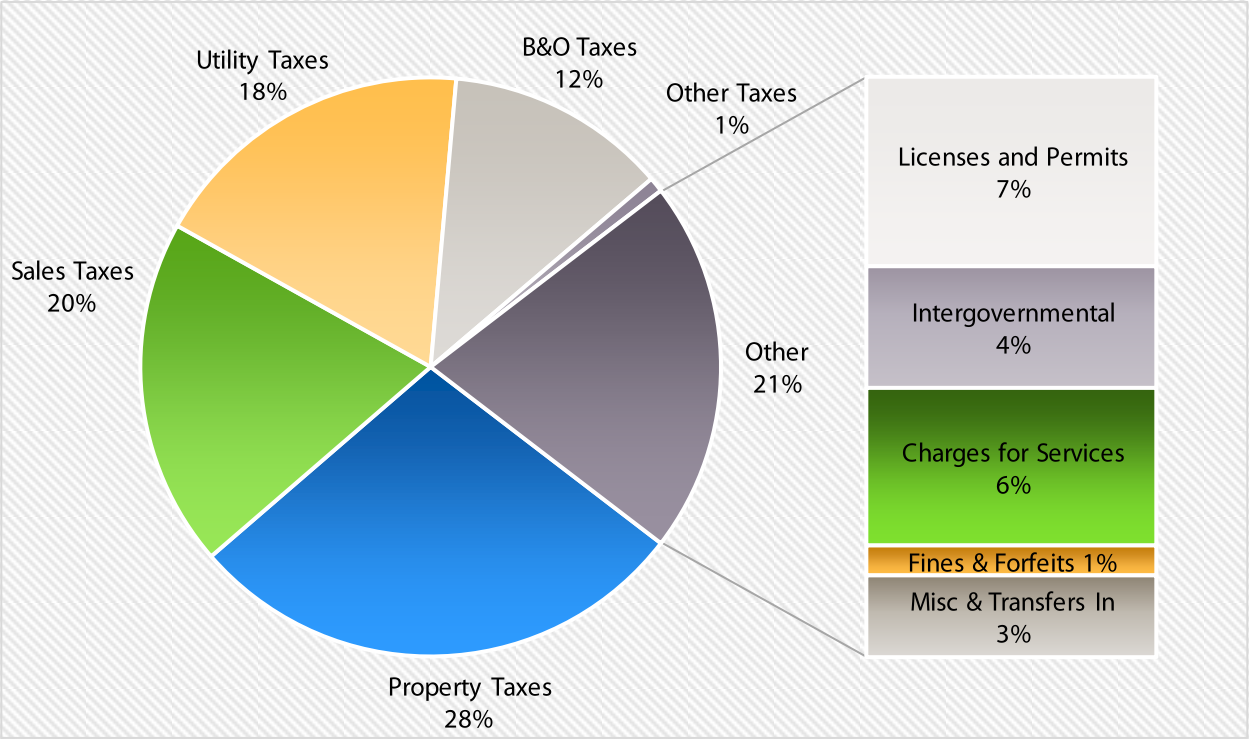
GENERAL FUND

MAJOR REVENUE CHANGES—GENERAL FUND

	2019 Proposed Changes	2020 Proposed Changes
Permit/Plans Review - 2 yr volume increase	$ 1,200,000	$ 1,200,000
Parking Fines	50,000	50,000
Interest Income	100,000	100,000
Cell Tower Leases - moved from capital projects		120,000
Parks Recreation Fees		51,000
B&O Tax		3,400,000
Water Franchise Fees		250,000
Sales Tax - adjust allocation to 80% GF / 20% CRF		470,000
Total Revenues	**$ 1,350,000**	**$ 5,641,000**

GENERAL FUND REVENUE SOURCES—2019-20 BIENNIUM TOTAL

As demonstrated in the ***General Fund Revenue Sources*** chart above, 76.6 percent or 83,727,820, of the 2019 General Fund revenues are expected to be collected from taxes. The remaining 23.4 percent, or $23,990,300, comes from all other sources combined.



GENERAL FUND

TAXES

Property tax is the largest tax revenue for the City and accounts for 27.8 percent of all General Fund revenues. Property tax is assessed on real property and is based on the King County Assessor's valuation of the property owned.

Sales tax makes up 20.2 percent of all General Fund revenues. The 2020 Mayor's proposed budget includes a change to the allocation of sales tax between the General Fund and the Capital Resources Fund. It modifies the allocation to a 80% / 20% split between the General Fund and Capital Resources Fund, respectively. The impact of the allocation change is an increase to the General Fund of $470,000 and corresponding decrease in the Capital Resources Fund revenues. Sales tax, which is a general fund resource, had previously been allocated with the General Fund receiving 70 percent of sales tax revenue and the Capital Resources Fund receiving the other 30 percent. In 2017, the allocation was modified to a 72.5% / 27.5% split and in 2018 modified to a 77.7% / 22.3% split between the General Fund and Capital Resources Fund, respectively.

Also impacting the 2020 budget is expiration of the Panther Lake annexation sales tax credit on June 30, 2018. The result is a sales tax revenue decrease of $2.2 million for the last half of the year, which is offset by increases to other revenues and expenditure reductions. Specific offsets are discussed over the next few pages.

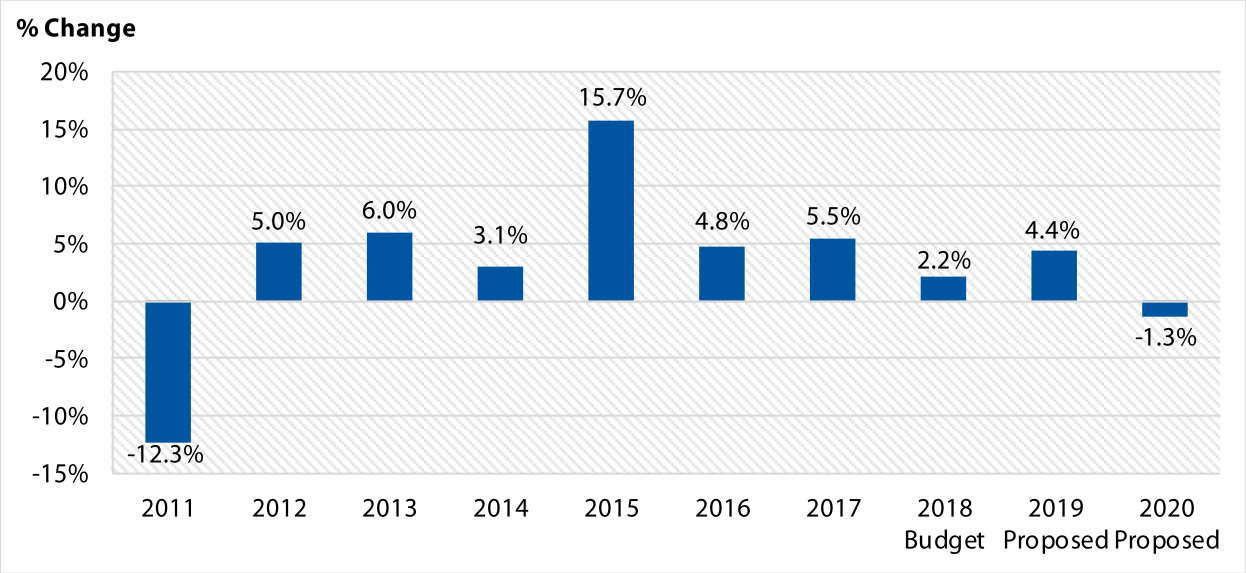
Utility tax is 18.2 percent of General Fund revenues and includes electricity, gas and telephone taxes as well as the City's internal utility tax on our water, sewer and drainage utilities. While there are no significant changes overall to these revenues in the 2019-2020 Mayor's proposed budget, minor adjustments have been made to individual utility taxes to bring them in line with current trends.

B&O tax makes up 10.7 percent of General Fund revenues. The Mayor's proposed budget includes increases of 2,609,520 in 2019 and $3,400,000 in 2020, the result of two separate increases to the square footage tax rate. The additional revenues in 2019 are allocated to parks capital projects, while the 2020 new revenues will fund general operations. Of the original revenues, a small portion, approximately $875,000, remains in the General Fund to provide funds to administer the program. All other B&O collections are transferred to fund street capital projects.

Other taxes are less than one percent of General Fund revenues and are comprised of admissions and gambling taxes.

GENERAL FUND

PERCENT CHANGE IN GENERAL FUND REVENUES



The ***Percent Change in General Fund Revenues*** chart above compares the year-to-year changes in total General Fund revenue collections over the past several years. This is not a comparison of actual revenues to budgeted revenues; rather, the chart compares the total revenue collected in one year to the total revenue collected in the previous year.

The large increase in 2015 represents the change in accounting for the City's B&O tax collections. Prior to 2015, B&O taxes were directly coded to the various funds as previously described. In 2015, for accounting ease and transparency, the City began coding all B&O tax collections to the General Fund and then budgeted an interfund transfer to move the resources to the appropriate fund.

The large decrease in 2011 results from a reduction in property tax collections. In 2010, voters approved the creation of the Regional Fire Authority (RFA). The RFA is a separate legal entity from the City of Kent and is entitled to collect property taxes to support their operations at a statutory maximum rate of $1.00 per every $1,000 of assessed property valuation beginning in 2011, coupled with a fire benefit charge. At the same time, the City reduced its property tax rate by $1.00 to help mitigate the impact for Kent residents.

GENERAL FUND

GENERAL FUND EXPENDITURES

General Fund expenditures increased by $1,147,453 or 1.1 percent to a total amount of $107,718,120 as compared to the 2018 adjusted budget of $106,570,667.

The following expenditure tables summarize the 2019-2020 General Fund budget and provides comparative information between the 2019 budget and the current 2018 budget and the 2019 and 2020 budgets. ***General Fund Expenditures by Department*** lists each department's budget total.

GENERAL FUND EXPENDITURES BY DEPARTMENT

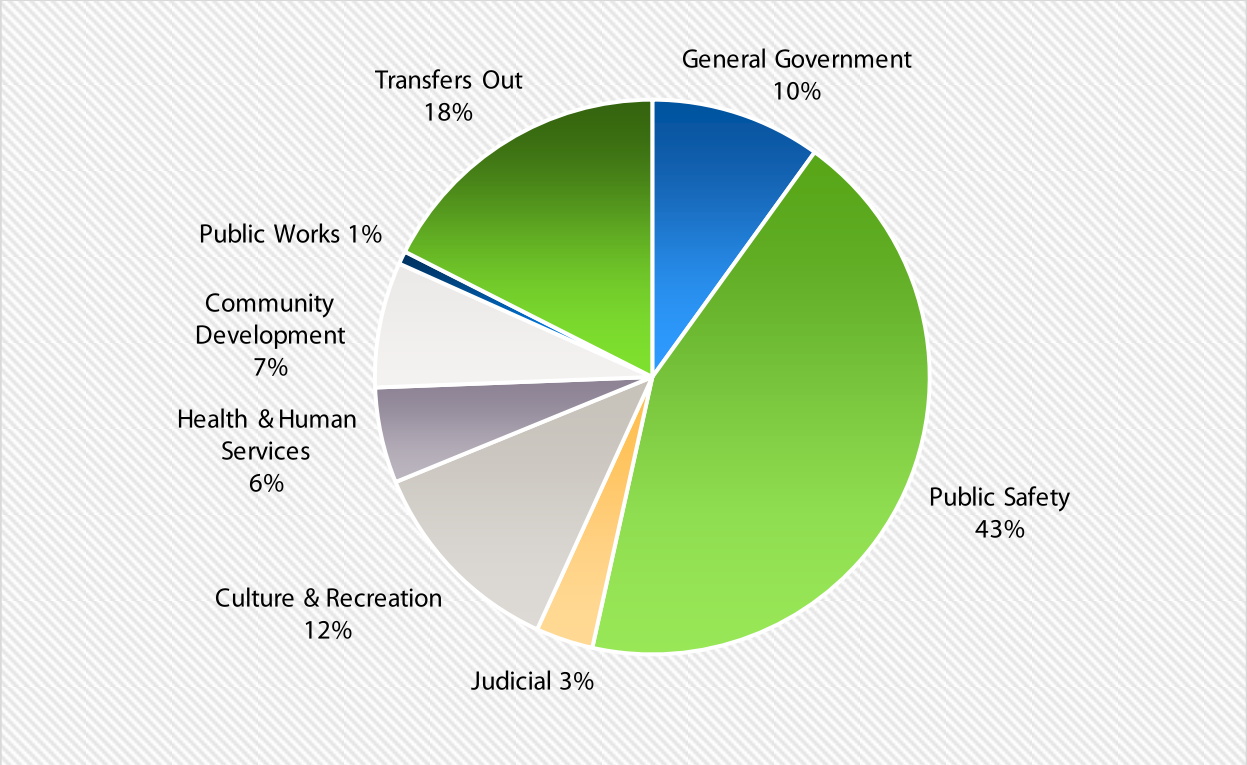
	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
City Council	$ 409,150	$ 439,470	$ 30,320	7.4 %	$ 475,090	$ 35,620	8.1 %
Mayor's Office/City Clerk	3,063,990	2,947,960	(116,030)	(3.8)	2,919,250	(28,710)	(1.0)
Economic & Community Dev	7,305,340	7,720,130	414,790	5.7	7,915,700	195,570	2.5
Finance	3,007,710	3,417,490	409,780	13.6	3,434,600	17,110	0.5
Fire Contracted Services	3,657,530	3,905,690	248,160	6.8	3,878,360	(27,330.0)	(0.7)
Human Resources	2,213,030	2,159,610	(53,420)	(2.4)	2,151,880	(7,730)	(0.4)
Information Technology	519,450	528,260	8,810	1.7	346,460	(181,800)	(34.4)
Law	1,777,920	1,829,200	51,280	2.9	1,694,730	(134,470)	(7.4)
Municipal Court	3,405,030	3,517,560	112,530	3.3	3,631,340	113,780	3.2
Parks, Rec & Comm Svcs	18,488,507	18,852,830	364,323	2.0	19,004,800	151,970	0.8
Police	38,863,160	41,917,130	3,053,970	7.9	43,546,460	1,629,330	3.9
Public Works	1,318,470	1,142,280	(176,190)	(13.4)	590,750	(551,530.0)	(48.3)
Non-Departmental	22,541,380	19,340,510	(3,200,870)	(14.2)	16,725,950	(2,614,560)	(13.5)
Total Expenditures	**$106,570,667**	**$107,718,120**	**$1,147,453**	**1.1 %**	**$106,315,370**	**$ (1,402,750)**	**(1.3) %**

General Fund Expenditures by Function (table and chart) presents the General Fund according to functional category, including each function as a percent of total for the biennium.

- **General Government** includes City Council, Administration, Human Resources, Law, Finance and Information Technology.
- **Public Safety** includes Police and RFA contracted services.
- **Judicial** includes the Municipal Court.
- **Culture & Recreation** includes most Parks functions, such as administration, most recreation programs, planning & development and parks operations.
- **Health & Human Services** includes indigent counsel, adaptive recreation, youth/teen programs, senior center programs and human services.
- **Community Development** includes economic development, planning services, permit center and development engineering.
- **Public Works** includes transportation and street operations allocated to annexation.

GENERAL FUND

GENERAL FUND EXPENDITURES BY FUNCTION—2019-20 BIENNIUM TOTAL



GENERAL FUND EXPENDITURES BY FUNCTION

	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
General Government	$ 11,767,140	$ 12,113,400	$ 346,260	2.9	$ 9,194,250	$ (2,919,150)	(24.1)
Public Safety	42,415,690	45,822,820	3,407,130	8.0	47,319,820	1,497,000	3.3
Judicial	3,405,030	3,517,560	112,530	3.3	3,631,340	113,780	3.2
Culture & Recreation	12,375,010	12,790,030	415,020	3.4	12,907,160	117,130	0.9
Health & Human Services	5,992,847	5,950,130	(42,717)	(0.7)	5,989,540	39,410	0.7
Community Development	7,305,340	7,720,130	414,790	5.7	7,915,700	195,570	2.5
Public Works	1,318,470	1,037,280	(281,190)	(21.3)	590,750	(446,530)	(43.0)
Transfers Out	21,991,140	18,766,770	(3,224,370)	(14.7)	18,766,810	40	0.0
Total Expenditures	**$106,570,667**	**$107,718,120**	**$1,147,453**	**1.1 %**	**$106,315,370**	**$ (1,402,750)**	**(1.3) %**

GENERAL FUND

EXPENDITURE ASSUMPTIONS

	2019	2020
Salaries & Benefits		
Salary Increases	3% / 2.1%	3% / 3%
	KPOA contract expires in 2018	
	AFSCME/Teamsters contract expires in 2019	
Health Plans	20%	5%
Retirement	12.83% PERS / 5.43% LEOFF	
	mandated by Dept of Retirement Systems (DRS)	
Supplies	2%	2%
Services	2% in general or by contract	

GENERAL FUND EXPENDITURE REDUCTIONS AND ADDITIONS

The proposed General Fund budget includes a combination of expenditure reductions and additions. The reductions help offset the annexation sales tax credit and streamline sales tax mitigation revenue reductions discussed in the previous section . The significant expenditure reductions and increases include:

- **Administration:** 2019: net ($110,650), (1.0)FTE, ongoing; 2020: net ($123,160), (1.0) FTE, ongoing

  Reductions: 2019: ($140,650), (1.0)FTE, ongoing; 2020: ($123,160), (1.0)FTE, ongoing

  - ($140,650) in 2019, (1.0)FTE, ongoing to eliminate a vacant Communications Coordinator position ($132,490) and non-renewal of the National League of Cities membership ($8,160).
  - ($123,160) in 2020, (1.0)FTE, ongoing to eliminate a 1.0FTE Executive Assistant/Management Analyst position.

  Additions: 2019: $30,000 (ongoing)

  - $30,000 in 2019 (ongoing) to establish an internship program.

- **Economic & Community Development:** 2019: $108,170; 2020: $75,000

  Additions: 2019: $108,170, partial ongoing ($75,000)

  - $75,000 in 2019 and 2020 for subarea planning in the Kent Industrial Valley (KIV)
  - $33,170 in 2019 (one-time) for PSRC space sector strategy development to recruit and retain space sector companies in the KIV ($20,000) and to acquire market data regarding occupations, as well as global trade and supply chain management in the KIV ($13,170).

- **Human Resources:** 2019: ($43,000) ongoing, 2020: ($79,040), (.6)FTE, ongoing

  Reductions: 2019: ($43,000) ongoing, 2020: ($79,040), (.6)FTE, ongoing

  - ($43,000) in 2019 (ongoing) reduction in various supplies and services line items
  - ($79,040) in 2020 (ongoing) to eliminate a .6FTE Human Resource Analyst position

- **Finance:** 2019: ($26,130) ongoing, 2020: ($96,790), (1.0)FTE, ongoing

  Reductions: 2019: ($26,130) ongoing, 2020: ($96,790), (1.0)FTE, ongoing

  - ($26,130) in 2019 (ongoing) changes the Customer Services Manger allocation to 30% General Fund and 70% Utility Clearing to more accurately reflect the work being done.
  - ($96,790) in 2020 (ongoing) eliminates a 1.0FTE Administrative Assistant 2 position.

- **Law:** 2020: ($87,720) ongoing

  Reductions: 2020: ($87,720) ongoing

  - ($87,720) in 2020 (ongoing) to shift 50% of a Prosecuting Attorney position to the Criminal Justice Fund, where there are sufficient funds and prosecution costs are an appropriate use of the funds.

- **Parks, Rec & Community Services:** 2019: net ($348,070), ongoing; 2020: net ($879,600), ongoing

  Reductions: 2019: ($414,000), ongoing; 2020: ($1,136,640), ongoing

  - ($264,500) in 2019 (ongoing) reduces overtime and temporary staff budgets
  - ($124,500) in 2019 (ongoing) reduces various supplies, services and utility budgets, and eliminates the greenhouse to grow plants in-house, which can be purchased more cost-effectively from local vendors.
  - ($25,000) in 2019 and ($75,000) in 2020 reduces the public defense budget. Human Services is working with Law, Police, public defense attorneys and the court system to identify efficiencies within the system. The reduction is not expected to impact the Kent community; however, any corresponding trends will be closely monitored by staff.
  - ($400,890) in 2020 (ongoing) to shift the Planning & Development Division to be funded out of Parks Capital Projects. This shift is in direct alignment with industry best practices for all-inclusive costing of capital projects.
  - ($100,100) in 2020 (ongoing) to allocate the equivalent of one Parks Operations position to Parks major maintenance.
  - ($30,000) in 2020 (ongoing) to reduce the existing pool contribution, which is no longer needed after the YMCA opens later next year.
  - ($100,000) in 2020 (ongoing) target for recreation expenditure reductions. The specific reductions will be determined early next year as part of the 2020-2025 Recreation Program Plan, which will be completed in March 2019.

GENERAL FUND

Additions: 2019: $65,930, ongoing; 2020: $257,040, 1.0FTE, ongoing

- $27,740 in 2019 (ongoing) to convert a 1.0FTE Program Coordinator to a Marketing Coordinator to centralize marketing, PR and department communication functions, as well as advance the results of the 2018 PRCS Marketing and Outreach Plan.
- $38,190 in 2019 (ongoing) to shift two Maintenance Worker 2 positions from 75% Park Operations / 25% Public Works to 100% Park Operations.
- $122,000 in 2020, 1.0FTE (ongoing) for a Maintenance Worker 4 in the Parks Operations Division to augment service level adjustments.
- $80,910 in 2020 (ongoing) to establish a professional services budget and centralize department training and development.

- **Police:** 2019: $626,970, 3.75FTE, ongoing; 2020: $431,600, 3.0FTE, ongoing

  Additions: 2019: $626,970, 3.75FTE, ongoing; 2020: $431,600, 3.0FTE, ongoing

  - $405,780 in 2019 and $431,600 in 2020, 6.0FTE (ongoing) continuing the planned staffing increase for the Police Department to attain police sworn staffing levels consistent with industry standards. The increased officer staffing will provide police/patrol services to enhance community and officer safety.
  - $144,530 in 2019 (ongoing) for recruiting and background activities to attract highly qualified employees, including candidates with diverse ethnicity.
  - $76,660 in 2019, .75 FTE (ongoing) for a Parking Enforcement Officer. This position would provide additional enforcement of the residential parking zones and downtown business district. Enforcement in the residential parking zones would allow residents and their guests to park in the designated neighborhoods and deter commuters, event attendees and students from parking in these areas. Enforcement in the downtown business district would potentially clear parking spots taken by commuters, which would free up parking for customers.

- **Other Adjustments:** 2019: ($76,130), ongoing; 2020: ($3,137,670), ongoing

  Reductions: 2019: ($165,860) ongoing; 2020: ($3,137,670), ongoing

  - ($93,330) in 2019 and ($166,770) in 2020 (ongoing) for the General Fund portion of net reductions in Information Technology and Facilities. Details of those changes are discussed in the ***Internal Service Funds*** section.
  - ($72,530) in 2019 (ongoing) reflects a change in the budgeting method for management benefits associated with salaried positions. Many management benefits are not monetary in nature and therefore do not require a separate budget.
  - ($2,335,000) in 2020 (ongoing) is the estimated impact of the Central Cost Allocation Plan that is currently under development. The allocation plan will assign each fund it's proportionate share of city-wide services provided by Administration, Human Resources, Law and Finance. The plan will be completed in early 2019, in time to implement with the 2020 mid-biennium update.

- ($365,000) in 2020 (ongoing) to reduce the original medical premiums increase from 10 percent down to five percent. Actuarial information from Alliant, the City's new benefits broker, and trends analysis on of the Health & Wellness Fund support this reduction.
- ($300,000) in 2020 (ongoing) reflects an anticipated reduction in merchant card fees for items paid to the City via credit card. To date, the General Fund has born the cost for all merchant card fees, except for Golf. An initiative beginning early next year will look at the potential for a transaction fee to offset the merchant charges for using a credit card, as well as developing a process to allocate any remaining costs to the appropriate fund, such as utility payment costs to the utilities.
- ($137,370) in 2020 (ongoing) potential reduction in contracted services provided by the PSRFA. The City and PSRFA are in agreement that adequate services can be maintained at a lesser cost to the City. Contract negotiations are taking place now.

Additions: 2019: $89,730 ongoing

- $70,000 in 2019 (ongoing) to transfer admissions tax paid by the Golf Fund back to the Golf Fund. Per KCC, the Golf Fund is required to pay admissions tax to the General Fund. These monies will be used to establish a reserve for future Golf capital needs.

Details are displayed in the ***Major Expenditure Changes—General Fund by Department*** table below and on the next page.

MAJOR EXPENDITURE CHANGES—GENERAL FUND BY DEPARTMENT

	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Administration				
Communications Coordinator	(1.0)	$ (132,490)		$ (137,850)
Executive Assistant/Management Analyst			(1.0)	(123,160)
National League of Cities - Non-renewal		(8,160)		(8,320)
Internship Program		30,000		30,000
Economic & Community Dev				
Kent Industrial Valley Subarea Planning		75,000		75,000
PSRC Space Sector Strategy Dev		20,000		
Community Attributes - Market Data		13,170		
Finance				
Administrative Assistant 2			(1.0)	(96,790)
Customer Service Manager (reduce to 30% GF)		(26,130)		(27,020)
Human Resources				
HR Analyst			(0.6)	(79,040)
Supplies, Advertising, Professional Services		(43,000)		(43,000)

GENERAL FUND

MAJOR EXPENDITURE CHANGES—GENERAL FUND BY DEPARTMENT

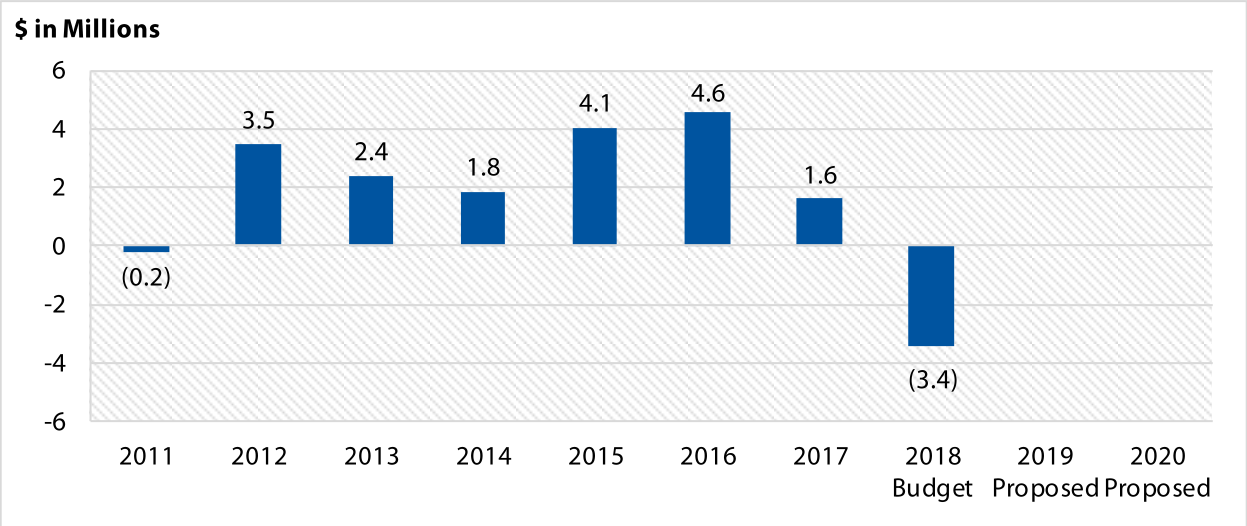
	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Law				
Prosecuting Attorney - Shift 50% to Criminal Justice Fund				(87,720)
Parks, Recreation & Comm Svcs				
Allocate Planning & Dev Division to Parks Capital Projects				(400,890)
Reduce Overtime and Temporary Staff		(264,500)		(274,650)
Allocate 1 FTE Parks Ops Staff Parks Major Maintenance				(100,100)
Eliminate Greenhouse - Purchase Plants		(55,000)		(55,000)
Reduce Various Supplies, Services & Utilities		(69,500)		(101,000)
Reduce Pool Contribution				(30,000)
Reduce Public Defense		(25,000)		(75,000)
Recreation Target Reduction				(100,000)
Convert Program Coordinator to Marketing Professional		27,740		13,010
Shift two MW2 from 75% Parks Ops/25% PW to 100% Parks Ops		38,190	0.5	41,120
Add 1 FTE Maintenance Worker 4			1.0	122,000
Establish Professional Servcies Budget				50,910
Centralize Training & Development				30,000
Police				
Police Officers	3.0	405,780	3.0	837,380
Background & Recruiting Services		144,530		146,920
Parking Enforcement Officer	0.75	76,660		79,180
Other Adjustments				
Transfer Golf Admissions Tax back to Golf Fund		70,000		70,000
Merchant Card Fees				(300,000)
Reduce Emergency Management - RFA Contract				(137,370)
Reduce Medical 10% to 5%				(365,300)
Management Benefits - 50%		(72,530)		(72,530)
Estimated Impact of Central Cost Allocation Plan				(2,335,000)
IT & Facilities Adjustments		(93,330)		(166,770)
Baseline Corrections		19,730		1,350
Total Expenditures	**2.75**	**$ 131,160**	**1.90**	**$ (3,619,640)**

GENERAL FUND

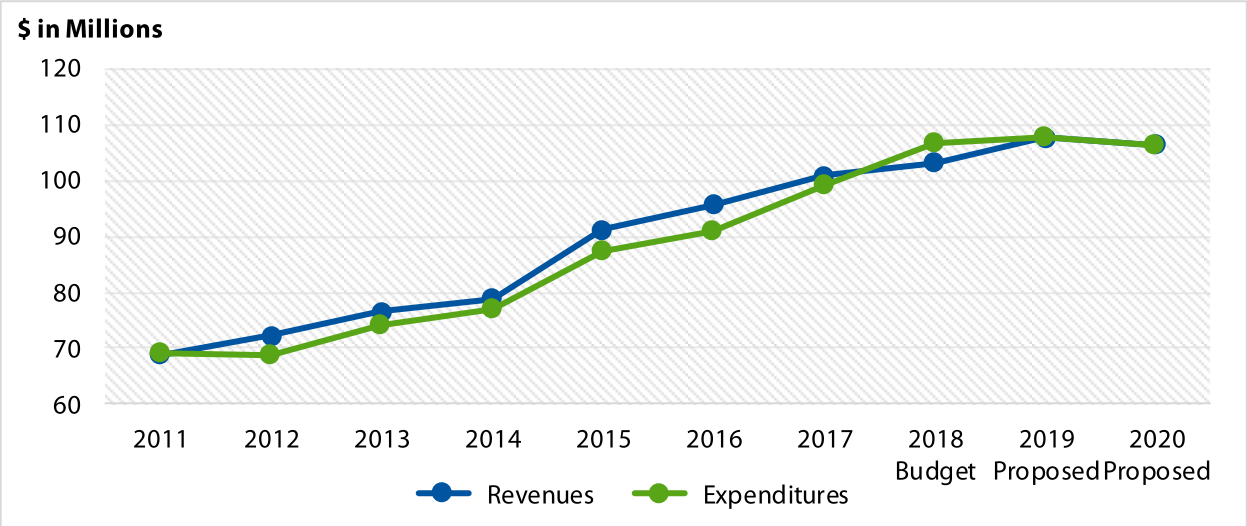
GENERAL FUND BALANCE

The ***General Fund Change in Fund Balance*** and ***General Fund Revenue & Expenditures*** tables below represent the actual difference between revenues and expenditures in the General Fund since 2011. Since 2012, ending balances in the General Fund have been positive. The figures in these graphs are inclusive of annexation related revenues and expenditures.

GENERAL FUND CHANGE IN FUND BALANCE



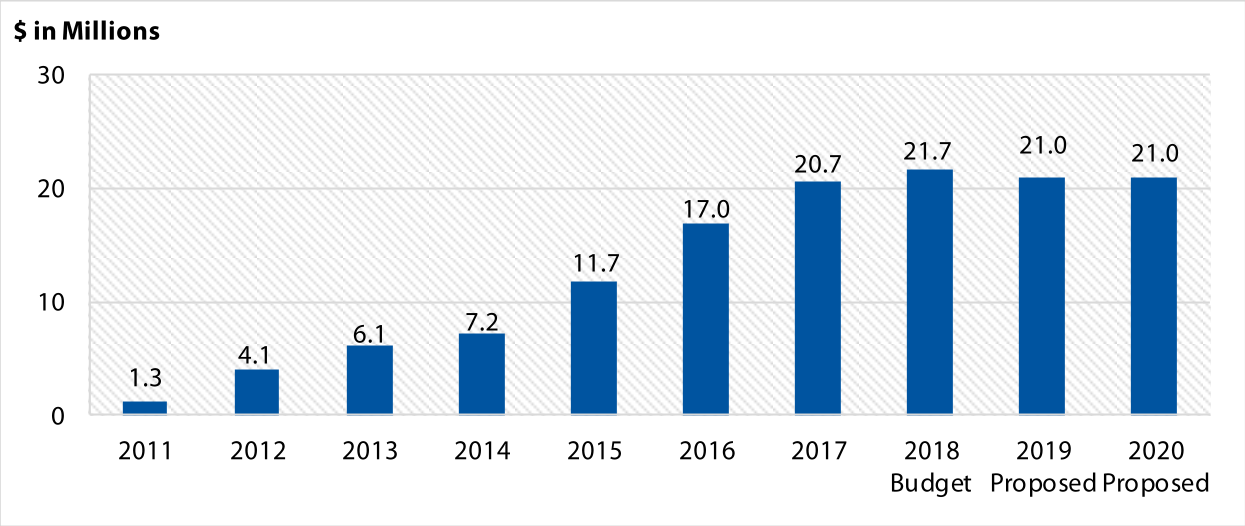
GENERAL FUND REVENUE & EXPENDITURES



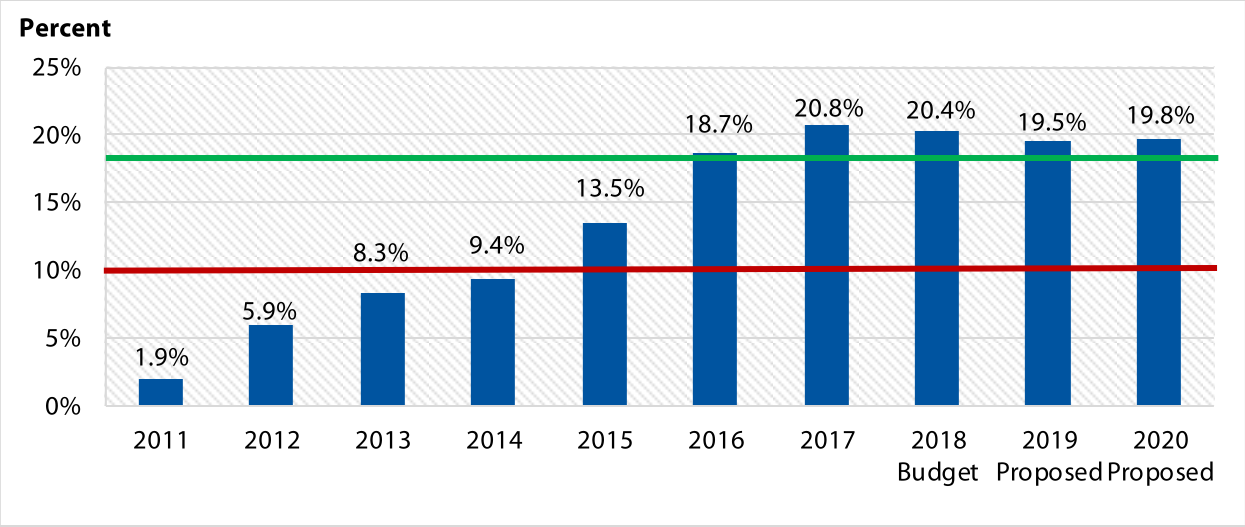
GENERAL FUND

The following tables, ***Unreserved General Fund Balance*** and ***Unreserved General Fund Balance as a Percent of General Fund Budget***, demonstrate trends in the unreserved portion (excluding annexation) of the General Fund balance. In 2017, the City updated its fiscal policy on unreserved General Fund balance, increasing the required fund balance from 10 percent to 18 percent of current year budgeted expenditures, roughly two months of operating expenses. ***Unreserved General Fund Balance as a Percent of General Fund Budget*** demonstrates the old 10 percent (red line) and updated 18 percent (green line) requirements for comparative purposes.

UNRESERVED GENERAL FUND BALANCE



UNRESERVED GENERAL FUND BALANCE AS A PERCENT OF GENERAL FUND BUDGET



SPECIAL REVENUE FUNDS

From a budgetary perspective, Special Revenue Funds account for revenue sources (other than special assessments and major capital projects) that are legally restricted for a specific purpose. The ***Special Revenue Funds*** table below lists each fund and the total operating expenditure budget associated with the fund.

	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
Street Operating	$ 15,198,840	$ 17,345,420	$ 2,146,580	14.1 %	$ 17,825,920	$ 480,500	2.8 %
LEOFF 1 Retiree Benefits	1,196,550	1,423,000	226,450	18.9	1,449,710	26,710	1.9
Lodging Tax	392,750	291,190	(101,560)	(25.9)	294,400	3,210	1.1
Youth/Teen	942,000	957,730	15,730	1.7	956,010	(1,720)	(0.2)
Capital Resources	23,130,430	20,566,850	(2,563,580)	(11.1)	18,127,000	(2,439,850)	(11.9)
Criminal Justice	4,306,560	5,869,960	1,563,400	36.3	6,057,350	187,390	3.2
Housing & Comm Dev	1,056,260	1,175,190	118,930	11.3	1,175,190	-	-
City Art Program	120,650	112,670	(7,980)	(6.6)	108,100	(4,570)	(4.1)
ShoWare Operating	$ 1,102,020	$ 1,423,790	$ 321,770	29.2 %	$ 1,124,830	$ (298,960)	(21.0) %

MAJOR CHANGES

Street Operating Fund: The 2019 proposed budget reflects a 14.1 percent increase from 2018, largely due to shifting street and transportation major maintenance programs that were previously budgeted as capital back to the operating budget. These programs include concrete replacement, street tree maintenance and replacement and other maintenance items.

Reductions to the proposed budget include ($100,000) in 2019 (ongoing) in transportation supplies and ($100,000) in 2020 (ongoing) to allocate the equivalent of 1.0FTE transportation position to street and transportation related projects.

Additions to the proposed budget include $365,940 (ongoing) allocated from B&O to fund 2.0FTE and related supplies to support an in-house Street Sign Replacement Shop. Performing this function in-house is much more cost-effective than contracting, allowing for more than twice the number of signs to be replaced each year for similar cost. Also included is $18,000 for an asphalt roller and $60,000 towards a 10-yard dump truck with attachments that will be shared with the Drainage Fund (full cost is $335,000). The funding source for these items is fund balance.

Capital Resources Fund: The 2019 proposed budget reflects an 11.1 percent decrease from 2018, largely due to one-time project funding for the YMCA in 2018. In addition, $12.3 million is provided for capital projects over the biennium, including:

- $4.5 million for information technology projects.
- $4.35 million for facilities projects at Kent Commons and Senior Center, as well as repairing the leaking patio at City Hall and installing security fencing at Corrections.
- $1.75 million to fund the fuel island, rather than using vehicle replacement reserves.
- $1.5 million to replace the sale of land budgeted in 2018 that was originally anticipated to fund the YMCA.

Nearly $7 million of available general capital fund balance is used over the biennium to fund these projects.

SPECIAL REVENUE FUNDS

The 2020 proposed budget also includes a change to the allocation of sales tax between the General Fund and the Capital Resources Fund. It modifies the allocation to a 80% / 20% split between the General Fund and Capital Resources Fund, respectively. The impact of the allocation change is a decrease to the Capital Resources Fund of $470,000 and corresponding increase in General Fund revenues. Sales tax, which is a general purpose resource, had previously been allocated with the General Fund receiving 70 percent of sales tax revenue and the Capital Resources Fund receiving the other 30 percent. In 2017, the allocation was modified to a 72.5% / 27.5% split and in 2018 modified to a 77.7% / 22.3% split between the General Fund and Capital Resources Fund, respectively.

Criminal Justice Fund: The 2019 proposed budget reflects a 36.3 percent increase from 2018, largely due to police program additions in 2019. $868,000 is budgeted each year to purchase police vehicles, using expected school zone camera funding, as part of the City's car-per-officer program. Another $718,870 (ongoing) is allocated for the police body worn cameras and in car video initiative, which includes 3.0FTE to support the program, a Camera Technician in the Police department to maintain the equipment, provide training and respond to public disclosure requests, a Prosecuting Attorney to respond to a likely increase in legal challenges and an Administrative Assistant 2 in the City Clerk's Office to facilitate an expected increase in public records requests. Funding for this program is expected to come from fees collected from installation of red light cameras at key intersections.

MAJOR REVENUE CHANGES—SPECIAL REVENUE FUNDS

	2019 Proposed Changes	2020 Proposed Changes
Capital Resources Fund		
Sales Tax - adjust allocation to 80% GF / 20% CRF		$ (470,000)
Criminal Justice Fund		
School Zone/Red Light Camera Fines	$ 1,587,150	$ 1,263,590
Total Revenues	**$ 1,587,150**	**$ 793,590**

MAJOR EXPENDITURE CHANGES—SPECIAL REVENUE FUNDS

	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Street Operating				
Sign Shop Positions	2.0	$ 365,940		$ 365,600
10-yd Dump Truck and Attachments		60,000		
Asphalt Roller		18,000		
Charge Transportation Staff to Projects				(100,000)
Reduce Supplies for Transportation		(100,000)		(100,000)
Reduce Medical 10% to 5%				(62,690)
Management Benefits - 50%		(23,890)		(23,890)
IT & Facilities Adjustments		(15,240)		(22,040)
Allocation Adjustment		8,690		33,750
Capital Resources Fund				
Transfers Out:				
Fuel Island		1,750,000		
Fleet Vehicle Lifts		186,000		
City Buildings		2,000,000		2,000,000
City Hall Patio Repairs		200,000		
Security Fence at Corrections/Court		150,000		
IT Capital Projects		2,250,000		2,250,000
Criminal Justice Fund				
Body Worn Cameras/In Car Video	3.0	719,150		395,590
Car per Officer Program		868,000		868,000
Prosecuting Attorney - Shift 50% from General Fund				87,720
Management Benefits - 50%		(2,390)		(2,390)
Reduce Medical 10% to 5%				(21,480)
IT & Facilities Adjustments		(80)		(120)
Total Expenditures	**5.0**	**$ 8,434,180**	**0.0**	**$ 5,668,050**

ENTERPRISE FUNDS

The City's enterprise funds include the Water, Sewer, Drainage and Solid Waste Utility Funds as well as the Golf Complex Fund. Enterprise funds are established for government operations that are financed and operated in a manner similar to business enterprises. The cost of providing the service to the general public is intended to be financed or recovered through user changes. The ***Enterprise Funds*** table below lists each of the City's enterprise funds and the budget associated with those funds.

MAJOR CHANGES

	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
Water Utility	$ 28,943,430	$ 36,223,500	$ 7,280,070	25.2 %	$ 27,974,390	$ (8,249,110)	(22.8) %
Sewer Utility	31,697,790	31,668,150	(29,640)	(0.1)	32,411,620	743,470	2.3
Drainage Utility	25,920,130	29,678,070	3,757,940	14.5	22,804,680		
Solid Waste Utility	707,330	600,350	(106,980)	(15.1)	622,420	22,070	3.7
Golf Complex	$ 6,939,044	$ 2,970,790	$ (3,968,254)	(57.2) %	$ 4,238,110	$ 1,267,320	42.7 %

Water Fund: The 2019 proposed budget reflects a 25.2 percent increase from 2018, largely due to intentional use of fund balance to fund one-time capital projects. $120,000 (one-time) is included in 2019 to fund 50 percent of an excavator and equipment trailer that will be shared with the Drainage Fund ($240,000 total cost). An additional $94,570 is budgeted for a 1.0FTE 2-year term limited Maintenance Worker 1 position to work with a crew established to replace water mains and appurtenances year round. Because a significant portion of this expanded work will be done in the wet season, the position is term limited to allow for evaluation of the effectiveness of the results.

Sewer Fund: New for 2019 is the separation of the Sewer and Drainage utilities into individual funds. This will provide better visibility into the operations of each utility moving forward.

Drainage Fund: The 2019 proposed budget reflects a 14.5 percent increase from 2018, largely due to intentional use of fund balance to fund one-time capital projects. In addition, the budget includes $115,000 for a remote controlled mower designed for steep drainage ditches and slopes, $275,000 for a 10-yard dump truck with attachments that will be shared with the Street Fund ($335,000 total cost) and $120,000 for an excavator and equipment trailer that will be shared with the Water Fund ($240,000 total cost).

New for 2019 is the separation of the Sewer and Drainage utilities into individual funds. This will provide better visibility into the operations of each utility moving forward.

Golf Complex Fund: The 2019 proposed budget reflects a 57.2 percent decrease from 2018, largely due to one-time capital projects funded by the sale of the Par 3 in 2018. In addition, the budget includes the reduction impacts of closing the Par 3 course, as well as other revenue and expenditures adjustments consistent with the Riverbend Business Plan.

ENTERPRISE FUNDS

MAJOR REVENUE CHANGES—ENTERPRISE FUNDS

	2019 Proposed Changes	2020 Proposed Changes
Golf Complex		
Retain Admissions Tax	$ 70,000	$ 70,000
Realign Revenue to Business Plan	170,380	348,160
Total Revenues	**$ 240,380**	**$ 418,160**

MAJOR EXPENDITURE CHANGES—ENTERPRISE FUNDS

	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Water Utility				
Excavator & Equipment Trailer		$ 120,000		$ -
Add 1 FTE Maintenance Worker 1 - Term Limited (2 Years)	1.0	94,570		95,630
Management Benefits - 50%		(1,820)		(1,820)
Reduce Medical 10% to 5%				(26,240)
IT & Facilities Adjustments		(14,140)		(12,760)
Sewer Utility				
Management Benefits - 50%		(1,300)		(1,300)
Reduce Medical 10% to 5%				(10,300)
IT & Facilities Adjustments		(960)		(1,710)
Drainage Utility				
Remote Controlled Mower		115,000		
10-yd Dump Truck and Attachments		275,000		
Excavator & Equipment Trailer		120,000		
Management Benefits - 50%		(8,030)		(8,030)
Reduce Medical 10% to 5%				(27,760)
IT & Facilities Adjustments		(40,630)		(54,120)
Eliminate Federal Lobbyist		(56,000)		(56,000)
Solid Waste Utility				
Management Benefits - 50%		(370)		(370)
Reduce Medical 10% to 5%				(4,230)
IT & Facilities Adjustments		(1,860)		(1,720)

ENTERPRISE FUNDS

MAJOR EXPENDITURE CHANGES—ENTERPRISE FUNDS

	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Utility Clearing				
Customer Service Manager (Increase to 70% Utility Clearning)		26,130		27,020
Shift two MW2 from 75% Parks Ops/25% PW to 100% Parks Ops		(38,190)	(0.50)	(41,120)
Merchant Card Fees				300,000
Management Benefits - 50%		(2,890)		(2,890)
Reduce Medical 10% to 5%				(33,790)
Facilities & IT Adjustments		(12,380)		(20,580)
Clearing Allocation		27,330		(228,640)
Golf Complex				
Add 0.15 FTE to Golf Pro	0.15	12,200		6,050
Accounting Change for Golf Lessons		65,600		66,300
Reclass 1 FTE Field Supervisor to MW4, MW3 to MW4				(4,150)
Adjust Overtime & Temp Help to Business Plan		43,300		22,700
Realign Expenditures to Business Plan		(80,970)		(76,790)
Total Expenditures	**1.15**	**$ 639,590**	**(0.50)**	**$ (96,620)**

INTERNAL SERVICE FUNDS

Internal Service Funds are established for those operations which provide services to the operating funds of the City of Kent on a cost reimbursement basis. These funds, like Enterprise Funds, are financed and operated in a manner similar to a business enterprise except with the users being other City funds. The ***Internal Service Funds*** chart below lists the City's Internal Service Funds and their associated budgets for the next biennium.

	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
Fleet Services	$ 9,119,000	$ 5,994,660	$ (3,124,340)	(34.3) %	$ 6,088,490	$ 93,830	1.6 %
Central Stores	421,150	387,290	(33,860)	(8.0)	395,040	7,750	2.0
Information Technology	8,706,380	9,079,150	372,770	4.3	9,658,590	579,440	6.4
Facilities	5,142,110	5,838,450	696,340	13.5	5,867,350	28,900	0.5
Unemployment	171,990	173,610	1,620	0.9	174,510	900	0.5
Workers Compensation	1,442,430	1,456,980	14,550	1.0	1,469,450	12,470	0.9
Health & Employee Wellness	14,629,950	14,898,160	268,210	1.8	15,345,100	446,940	3.0
Liability Insurance	1,925,930	2,017,600	91,670	4.8	2,036,120	18,520	0.9
Property Insurance	$ 526,490	$ 566,610	$ 40,120	7.6 %	$ 566,510	$ (100)	(0.0) %

Fleet Services: The 2019 proposed budget reflects a 34.3 percent decrease from 2018, largely due to one-time funding for vehicle replacements and the fuel island. The $1.75 million fuel island was originally budgeted in 2018, using vehicle reserves as funding for the project. The 2019 budget returns these vehicle reserves to Fleet and funds the Fuel Island project with monies from the Capital Resources Fund. In addition, $186,000 is budgeted to replace the vehicle lifts in the maintenance shop, also funded by the Capital Resources Fund.

Information Technology: The 2019 proposed budget reflects a 4.3 increase from 2018, largely due to the addition of $550,000 (two years only) for business analyst and JDE developer contracted services, funded with available IT fund balance Also included are nominal ongoing increases for Police mobile router connections ($22,000) and desktop/lap lifecycle replacements ($60,000), which are offset by ongoing reductions totaling ($242,350) to right-size cell phone plans ($29,980), reduce the number of Microsoft enterprise agreement licenses to 700 ($65,000), shift Human Resources functions from Halogen to NeoGov ($61,640) and reducing various supply and service line items to historical trend ($85,730).

Facilities: The 2019 proposed budget reflects a 13.5 percent increase from 2018, largely due to shifting facility lifecycle maintenance programs that were previously budgeted as capital back to the operating budget. These programs include HVAC replacements, roof repairs, floor coverings and parking lot maintenance. The 2020 budget also includes a reduction of ($89,800) to eliminate a (1.0)FTE Maintenance Worker 3 position.

INTERNAL SERVICE FUNDS

MAJOR REVENUE CHANGES—INTERNAL SERVICE FUNDS

	2019 Proposed Changes	2020 Proposed Changes
Information Techonology Fund		
Adjust Revenues from Departments	$ (160,350)	$ (160,350)
Reduce IT Revenues - RFA Contract		(501,540)
Facilities Fund		
Adjust Revenues from Departments		(89,800)
Health & Wellness Fund		
Medical Insurance from 10% to 5%		(709,360)
Total Revenues	**$ (160,350)**	**$ (1,461,050)**

MAJOR EXPENDITURE CHANGES—INTERNAL SERVICE FUNDS

	2019 Proposed Changes		2020 Proposed Changes	
	FTE	Amount	FTE	Amount
Information Technology				
Business Analysts (2) - Contracted		$ 260,000		$ 260,000
JDE Developer - Contracted		290,000		290,000
PD Mobile Router Connections		22,000		22,000
Desktop & Laptop Replacements		60,000		60,000
Adjustments		(242,350)		(242,350)
Management Benefits - 50%		(18,300)		(18,300)
Reduce Medical 10% to 5%				(30,430)
Facilities & IT Adjustments		(3,880)		(6,800)
Facilities				
Maintenance Worker 3			(1.0)	(89,800)
Management Benefits - 50%		(1,650)		(1,650)
Reduce Medical 10% to 5%				(14,760)
Facilities & IT Adjustments		(4,440)		(4,780)
Unemployment, Workers Comp, Liability & Property Insurance				
Management Benefits - 50%		(1,660)		(1,660)
Reduce Medical 10% to 5%				1,500
Facilities & IT Adjustments		(10)		(120)
Total Expenditures	**0.0**	**$ 359,710**	**(1.00)**	**$ 222,850**

CAPITAL PROGRAM

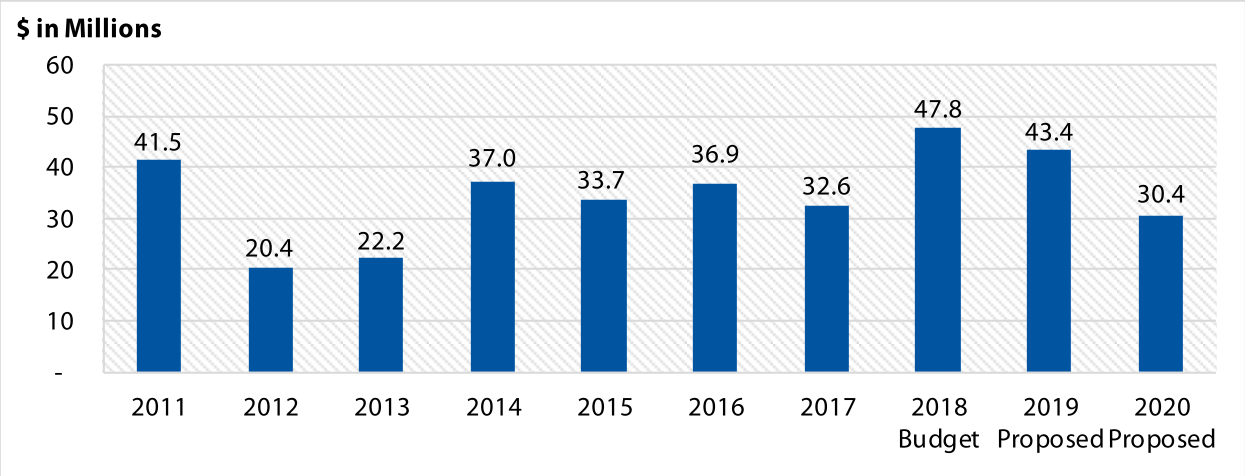
The 2019-2020 budget includes significant investments to address the City's capital needs. The planned investments, $45,187,600 in 2019 and $31,935,670 in 2020, are fully funded and incorporated in the City's six-year Capital Improvement Program. The Capital Improvement Program is one of the elements of the City's Comprehensive Plan required by Washington's Growth Management Act (GMA). The GMA requires governments to identify the public facilities required to address expected growth, without decreasing current service levels below locally established minimum standards. Further, the GMA requires that capital projects included in the plan be financially feasible or, in other words, dependable revenue sources must equal or exceed costs. If the costs exceed revenue, the City must either reduce its level of service requirement or reduce costs by implementing non-capital alternatives or other methods to bring costs in alignment with available resources.

The ***Capital Projects*** table below reflects the proposed capital investment by function for 2019-2020 and the ***Capital Investments*** graph shows the total capital investment City-wide for the past decade.

CAPITAL PROJECTS

	2019 Proposed	2020 Proposed
Utilities	$ 27,315,000	$ 14,185,000
Streets	7,066,600	7,037,670
Parks	3,671,000	4,663,000
Facilities	2,350,000	2,000,000
Information Technology	2,250,000	2,250,000
Fleet	186,000	-
accesso ShoWare Center	599,000	300,000
Total Capital Projects	**$ 43,437,600**	**$ 30,435,670**

CAPITAL INVESTMENTS



CAPITAL PROGRAM

In 2016, the City created a Capital Investment Strategy work group charged with developing strategies to break the "silo" effect of capital planning and establish a methodology and criteria which would allow the City to measure proposed capital projects side by side and make funding decisions based on City-wide priorities. This work group has made significant progress in determining the criteria and making an initial effort to evaluate projects for the 2019-2020 budget. While the criteria was specific in nature and the available responses limited in number, the work group found upon completion that some individuals interpreted the answers differently, resulting in materially inconsistent scores between divisions.

Because the results were not as consistent as hoped to effectively incorporate them into the 2019-2020 biennial budget process, completing this work was considered a dry-run. Work over the next year will focus on refining the scoring process and formally incorporating the process into the City's overall budget development cycle. We anticipate using results of this modified process to inform the 2020 mid-biennium update

The 2017-2018 adopted budget began to make adjustments between "non-recurring capital improvement" and "recurring lifecycle maintenance". The Capital Investment Strategy work group identified several recurring large maintenance items that have historically been included in departmental capital requests and included them as operating expenses. The 2019-2020 budget expanded this methodology by making further adjustments for recurring lifecycle maintenance, which again have been excluded from the Capital Improvement Program and accounted for as operating expenses rather than capital expenses.

Funding for capital projects generally come from five major categories:

- **Taxes/Fees**: This source includes non-dedicated taxes such as property tax and sales tax, and dedicated taxes such as real estate excise tax, as well as impact and other fees paid by developers.
- **User Fees**: This revenue source represents fees paid for specific services provided by the government. These monies are restricted and must be used to support the service for which they were collected. Examples include utility fees (water, sewer, drainage) and golf course fees.
- **Grants and Contributions:** This source includes federal, state, county and other contributions for specific qualified projects.
- **Bonds**: Bonds are interest bearing debt issued by the City for a specific purpose. Bonds require a formal and on-going payback source to make debt service payments.
- **Intergovernmental Loans**: This category represents loans from one department to another. Like bonds, these loans are interest bearing and require a formal payback source and schedule.

The capital planning process must include a reasonable determination of future operating impacts, i.e. on-going maintenance, custodial services, utility costs, etc. It is necessary for the City to plan on these types of costs to ensure that operating funding is available to be budgeted and expended in future years.

Approved capital projects for 2019 and 2020 are listed on the following pages.

CAPITAL PROGRAM

CAPITAL ADDITIONS—UTILITIES

Water	2019 Proposed	2020 Proposed
224th St Phase II (224th-228th) (88th-94th)	$ 450,000	$ -
Clark Springs Transmission Main Evaluation	10,000	
Clark Springs Well	12,000	
E. Hill Pressure Zone		1,500,000
Habitat Conservation Plan Implementation	1,222,000	413,000
KentSprings Well Rehab		75,000
Landsburg Mine	790,000	804,000
Misc Water Improvements	500,000	500,000
Pump Station #3 Replacement	400,000	
Reservoir Maintenance & Improvements	100,000	
Security Improvements on Water Sites	150,000	50,000
Tacoma Pipeline	50,000	50,000
Water Generators		1,000,000
Water Main Repairs/Replacements	1,000,000	1,000,000
Water System PLC Upgrades	35,000	35,000
Wellhead Protection	200,000	200,000
West Hill Reservoir; Pump Station, Reservoir & Tran	8,200,000	
Total Expenditures	**$ 13,119,000**	**$ 5,627,000**

Sewer	2019 Proposed	2020 Proposed
Comprehensive Sewer Plan	$ 500,000	$ -
Derbyshire		500,000
Linda Heights Pump Station	1,205,000	
Miscellaneous Sewer	500,000	500,000
Skyline Sewer Interceptor	500,000	2,187,000
Total Expenditures	**$ 2,705,000**	**$ 3,187,000**

CAPITAL PROGRAM

CAPITAL ADDITIONS—UTILITIES

Drainage	2019 Proposed	2020 Proposed
132nd Ave Drainage	$ 100,000	$ -
224th Street Phase 1	300,000	
228th Joint Utility Trench	1,000,000	
BNSF Grade Separation - Drainage	500,000	
County Road 8	600,000	200,000
Downey Farmstead	400,000	250,000
Drainage Master Plan	500,000	500,000
Frager Rd Levee	300,000	200,000
GRNRA Pump Station		250,000
GRNRA S Pump Station	3,000,000	
Kent Airport Levee	200,000	100,000
Lake Fenwick Aeration	300,000	
Lower Russell Road Levee	250,000	250,000
Mill Creek @ 76th Ave Flood Protection	191,000	1,000,000
Milwaukee II Levee	200,000	100,000
Misc Drainage	1,000,000	300,000
Misc Environmental	1,000,000	
N Fork Meridian Valley Culvert	100,000	300,000
Pipe Replacements/Roadway Improvements		821,000
S 224th St. Phase 2	500,000	
Upper Mill Creek Dam		500,000
Vactor Site Improvements	150,000	
Valley Channel Rehabilitation	500,000	500,000
Valley Creek System CLOMR	400,000	100,000
Total Expenditures	**$ 11,491,000**	**$ 5,371,000**

CAPITAL PROGRAM

CAPITAL ADDITIONS—TRANSPORTATION

B&O Funded	2019 Proposed	2020 Proposed
B&O In-house Overlays	$ 250,000	$ 250,000
B&O Street Contracted	1,284,000	2,943,870
Panther Lake Signal System Integration		400,000
Safe Route to School Meridian Elementary	100,000	
Street Lights - New	200,000	200,000
Traffic Cameras - New (Capital)		
Transportation Master Plan	300,000	200,000
Willis Street and 4th Roundabout	1,906,600	
Total Expenditures	**$ 4,040,600**	**$ 3,993,870**

The total amount of B&O allocated to transportation is $7,660,400 in 2019 and $7,637,830 in 2020. In addition to the capital projects noted above, B&O funding is provided in the Street Operating Fund for the lifecycle and operating programs shown in the following table.

Streets - B&O Funded	2019 Proposed	2020 Proposed
Street Lifecycle Program		
Crosswalk Safety	$ 100,000	$ 100,000
Sidewalks/Walking Paths - ADA	450,000	450,000
Street Lights	100,000	100,000
Traffic Signals	350,000	350,000
Traffic Signs	250,000	250,000
Guardrails	110,000	110,000
Crack Sealing	125,000	125,000
Thermoplastic Markings	215,000	215,000
Lane Line Markings	300,000	300,000
Traffic Loops	50,000	50,000
Street Concrete Program	834,860	853,360
Street Tree Program	375,000	375,000
Street Sign Replacement Program	365,940	365,600
Total Expenditures	**$ 3,625,800**	**$ 3,643,960**

CAPITAL PROGRAM

CAPITAL ADDITIONS—TRANSPORTATION

Solid Waste Utility Tax Funded	2019 Proposed	2020 Proposed
Residential Street Contracted	$ 2,776,000	$ 2,793,800
Residential Street Capital	250,000	250,000
Total Expenditures	**$ 3,026,000**	**$ 3,043,800**

The total amount of solid waste utility tax allocated to residential streets is $3,506,000 in 2019 and $3,523,800 in 2020. In addition to the capital projects noted above, solid waste utility tax funding is provided in the Street Operating Fund for the lifecycle and operating programs shown in the following table.

Streets - SW Util Tax Funded	2019 Proposed	2020 Proposed
Crack Sealing	$ 130,000	$ 130,000
Traffic Calming	150,000	150,000
ADA Compliance	200,000	200,000
Total Expenditures	**$ 480,000**	**$ 480,000**

CAPITAL ADDITIONS—PARKS

B&O Funded	2019 Proposed	2020 Proposed
Downtown Place Making - Burlington/Kaibara	$ -	$ 300,000
Downtown Place-Making - Kherson Urban Play	250,000	
Gateways	50,000	
GR Trail/Van Doren's Park Design (Lower Russell Road Levee Setback)	900,000	
Hogan Park at Russell Road Reno. Ph II		500,000
KLVT - Old Fishing Hole Improvements		300,000
Morrill Meadows Expansion Phase 2	1,150,000	
NPRP - Salt Air Vista	150,000	
Parks Land Acquisition	500,000	
Springwood Park Renovation	-	1,900,000
Total Expenditures	**$ 3,000,000**	**$ 3,000,000**

CAPITAL PROGRAM

CAPITAL ADDITIONS—PARKS

Other Funding Sources	2019 Proposed	2020 Proposed
Golf Clubhouse Renovations	$ 40,000	$ 34,000
Golf Course Accessories		100,000
Golf Course Renovations/Improvements		510,000
Golf Driving Range Renovations	40,000	
Golf Irrigation System Upgrades		650,000
KVLT - Downey	250,000	
Masterplans	40,000	40,000
NPRP - Chestnut Ridge Playground		166,000
NPRP - Salt Air Vista	51,000	
Service Club Park Loop Trail	250,000	
Springwood Park Renovation		163,000
Total Expenditures	**$ 671,000**	**$ 1,663,000**

CAPITAL ADDITIONS—OTHER

accesso ShoWare Center	2019 Proposed	2020 Proposed
Building Extension for Storage	$ -	$ 100,000
Carpet (Admin)	23,000	
Carpet (Suite Level)	110,000	
Carpet (T-Birds)	35,000	
Club Tables	40,000	
Concession Stand Rebranding	75,000	
Dehumidification Unit 2 Repair	60,000	
Interior/Exterior Trash Cans & Recycle Bins	50,000	
Magnetometer Walk through Metal Detectors	90,000	
Plaza Audio	10,000	
Refrigerator Freezer for Kitchen		50,000
Roof Door	6,000	
Scorebord Front End Control Equipment	80,000	
Show Power Step Down Transformer		30,000
Utility Cart Repair	20,000	
Wi Fi		120,000
Total Expenditures	**$ 599,000**	**$ 300,000**

CAPITAL PROGRAM

CAPITAL ADDITIONS—OTHER

Facilities	2019 Proposed	2020 Proposed
City Buildings	$ 2,000,000	$ 2,000,000
City Hall Patio Repairs	200,000	
Security Fence at Corrections/Court	150,000	
Total Expenditures	**$ 2,350,000**	**$ 2,000,000**

Fleet	2019 Proposed	2020 Proposed
Fleet Vehicle Lifts	$ 186,000	$ -
Total Expenditures	**$ 186,000**	**$ -**

Information Technology	2019 Proposed	2020 Proposed
HLC 17-18 Server Replacement	$ 50,000	$ 50,000
HLC 17-18 Telephony	75,000	400,000
HLC16-18 Data Center	75,000	75,000
HLC16-18 Network Refresh	400,000	
HLC16-18 Security	100,000	100,000
HLC16-18 UPS		25,000
SLC18-20 Admin Sys Repl Reserves	30,000	30,000
SLC18-21 Law Sys Repl Reserves	30,000	30,000
SLC18-21 PD Sys Repl Reserves	100,000	120,000
SLC18-22 HR Sys Repl Reserves	60,000	60,000
SLC18-23 Fin Sys Repl Reserves	60,000	90,000
SLC18-26 PRCS Sys Repl Resrvs	30,000	30,000
SLC18-26 PW Sys Repl Reserves	60,000	60,000
SLC18-27 Court Sys Repl Resrvs	30,000	30,000
SLC18-27 ECD Sys Repl Reserves	60,000	60,000
SLC18-28 Clerk Sys Repl Resrvs	60,000	60,000
SLC18-29 IT Sys Repl Reserves	30,000	30,000
ALPR/Automated License Plate Reader	95,000	
Jail Camera Replacement	242,000	
Multimedia Asset Management (MAM)	75,000	
Phone System		100,000
Traffic Network Upgrade	400,000	
Intrusion Detection/Prevention System	150,000	
Collaboration Tool Procurement		50,000
Network Pen Testing		80,000
City Services Kiosk (pilot)	36,000	
Software Lifecycle	2,000	770,000
Total Expenditures	**$ 2,250,000**	**$ 2,250,000**

DEBT SERVICE

Debt Service Funds account for the accumulation of resources for and the payment of general long-term and special assessment debt principal and interest. The appropriations authorized for these funds are determined by the debt payment schedules contained in the Council approved bond issues and cannot legally be altered by legislative action. As such, debt service payments are the first budget priority for funding.

	2018 Budget	2019 Proposed	2018 vs 2019 $ Change	2018 vs 2019 % Change	2020 Proposed	2019 vs 2020 $ Change	2019 vs 2020 % Change
Non-Voted Debt Service	$ 10,066,990	$ 9,764,390	$ (302,600)	(3.0) %	$ 8,641,810	$ (1,122,580)	(11.5) %
Special Assessments	$ 1,563,470	$ 1,119,460	$ (444,010)	(28.4) %	$ 784,160	$ (335,300)	(30.0) %

MAJOR CHANGES

Non-Voted Debt Service: The 2019 proposed budget reflects a 3 percent decrease in 2019 and an 11.5 percent decrease in 2020, due to final maturity and payment of the 2009 GO Bond Refunding. The original proceeds were used for a variety of parks, streets, public safety and information technology projects.

Special Assessments: The 2019 proposed budget reflects a 28 percent decrease in 2019 and another 30 percent decrease in 2020, as existing special assessments (LIDs) are paid.

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