

Date: May 21, 2015
To: Board of Directors
 Puget Sound Clean Air Agency
Subject: Resolution No. 1323 – Adopting the FY16 Budget

Honorable Members:

In April, the Board approved the calendar year 2016 supplemental assessment (per capita) rate of 81 cents, the method of apportionment (50% population : 50% assessed property value method), and the FY16 Financial Policies. We presented a draft FY16 budget at that time and are now presenting the proposed FY16 Budget for Board adoption.

Comparison to April Draft Budget

We revised the draft budget with changes in grant work timing between FY15 and FY16, reduced projected outreach assistance from Tacoma/Pierce County, and increased bridge funding for the woodstove replacement/removal program. These are summarized in Table 1.

Table 1

	FY16 Budget Comparison - May Proposed v. April Draft		
	FY16 Proposed Budget (May)	FY16 Draft Budget (April)	Change
Revenues	15,334,321	15,269,662	64,659
Expenses	16,967,093	16,606,623	360,470
Net Surplus (Deficit)	(1,632,772)	(1,336,961)	(295,811)

- Revenues increased \$65k because of grant work shifting from FY15 to FY16.
- Expenses increased \$360k due to the Agency continuing to take on Smoke Reduction Zone (SRZ) outreach expenses (\$128k), increased bridge funding for the woodstove replacement/removal program (\$150k funded from civil penalty balances), shift in grant work plan expenses to FY16 (\$65k), carryover of monitoring equipment expense to be delivered in early FY16 (\$16k), and net other operating expense changes (\$1k).

Budget Priorities

In developing our FY16 budget, we balanced short- and long-term priorities:

- Keep the momentum in reaching our Strategic Plan goals. Page 1 of the attached budget packet summarizes our Strategic Plan Goals and, on page 2, we show the continuing investment in the Plan’s ongoing priorities.
- Invest in the short-term in our Information Technology area in FY16-FY17 (adding a Systems Analyst, adding a Term Programmer, and extending a Term Programmer) to help us address the longer-term issues of infrastructure stability and availability of updated applications for Fee and Air Quality program work continuity.
- Reduce expenses compared to prior year levels but maintain a sufficient level to support attainment in the SRZ.
- Maintain the momentum in our Woodstove Replacement/Removal program in the SRZ (state capital funding will be delayed); we are proposing to add \$150k additional funding (to a total of \$250k) from our discretionary funds in early FY16 because we are at a critical time for this program. (The September 30th uncertified stove removal rule deadline is fast approaching). This will reduce our FY18 projected discretionary fund balance significantly.
- Create a General Fund Reserve in our FY16 Financial Policies (page 18 in the budget packet) as a step toward long-term stabilization.

Budget Overview

The budget packet includes our key budget assumptions (page 4), funding sources and expense charts (pages 5-6) and the detailed budget for FY16.

The 2016 per capita rate of 81 cents will be a 10-cent increase from the prior year; however, since this is billed on a calendar year basis in January 2016 and our fiscal year is from July to June, we have reflected only half this increase (\$211k) in the FY16 assessment amount (the amount also includes one-half of the previous year’s increase of \$294k). Pages 22 to 25 of the budget show the per capita assessment by jurisdiction for 2016 and a comparison to the prior year. The importance of this funding source is highlighted in our section “Funding Sources and Uses” on pages 5-6. The supplemental assessment revenues will now be \$2.9 million, or 18%, of our total funding of \$17 million (\$15.3 in revenues, \$1.6 million in fund draws).

Fee revenues (page 7) of \$5.2 million are regulated by statute and our financial policies and the fees generated by compliance activities fund the costs of these programs – they include Asbestos, Notice of Construction, Registration, and Operating Permit fees.

Federal and state grants (page 7) of \$4.7 million and \$2.0 million respectively continue to be important funding sources although the non-recurring grants have decreased in the last few years. Contract revenues of \$.4 million will primarily include matching funds from the Ports of Seattle and Tacoma for the seaport dray truck replacement grants. Other revenues of \$.1 million will relate to the Clean Cities Coalition member dues and support.

Total FY16 budgeted expenses are \$17 million (page 8) – the majority of this is personnel expenses (\$9.7 million) related to the projected 79.4 full-time equivalent (FTE) positions. The agency organization chart (page 11) shows the FTEs by division and department. Although the Communications, IT, Finance and Legal departments are within divisions, they support the whole agency, resulting in about a 50:50 allocation of FTE effort between the fee programs (largely in the Compliance & Legal Division) and “Non-fee” programs (largely in the Air Quality Programs Division).

Long-Term Outlook

A key part of our annual budget process is to project revenues, expenses and fund balances for at least two years beyond the budget year. In April, we discussed the long-term outlook with the Board and the impact that the FY16 budget decisions would have. Table 2 is an update to this projection, taking into consideration the main revisions for the May budget – the lower financial assistance, from \$200k to \$100k, assumed from the Pierce County jurisdictions and the higher expenditure, from \$100k to \$250k, for the woodstove program bridge funding. The result of these is that we project discretionary fund balances of only \$25k by FY18. While part of that is based on conservative assumptions, we obviously need to continue to review programs and expenses during FY16 as we prepare for FY17 and 18. Some of the possible options we'll consider are below.

Summary - FY15 Estimate, FY16 Proposed Budget, FY17-18 Projection				
	FY15 Estimate	FY16 Proposed Budget	FY17 Projection	FY18 Projection
Table 2				
Revenues:				
105 Grant - Federal Core (EPA/Ecology)	929,481	951,951	852,946	826,451
Sec 103 Grant - PM 2.5 (EPA/Ecology)	103,932	105,006	105,031	105,029
State Core (Ecology)	634,785	652,555	652,550	665,489
Woodstove Grants (Ecology)	2,118,072	1,109,421	632,425	582,424
Transportation Grants (Fed, State)	4,682,944	4,323,753	2,571,084	-
Federal and State Grants	8,469,214	7,142,685	4,814,035	2,179,393
Per Capita Revenues	2,390,148	2,895,578	3,115,490	3,179,004
Fee Program Revenues	5,224,058	5,224,058	5,224,058	5,224,058
Other Revenues	79,800	72,000	72,000	72,000
Total Revenues	16,163,220	15,334,321	13,225,583	10,654,455
Personnel Expenses	8,957,799	9,665,339	9,573,920	9,549,126
Work Plan Expenses	6,356,122	5,348,342	3,065,586	813,560
Operating & Equipment Expenses	1,864,403	1,953,412	1,950,251	1,785,949
Total Expenses	17,178,325	16,967,093	14,589,758	12,148,635
Net Surplus (Deficit)	(1,015,104)	(1,632,772)	(1,364,174)	(1,494,180)
Breakdown of Net Surplus (Deficit):				
Net Surplus (Deficit) - Fee Programs	(117,639)	(589,018)	(801,866)	(751,164)
Net Surplus (Deficit) - Non-fee Programs	(897,466)	(1,043,754)	(562,308)	(743,016)
Net Surplus (Deficit)	(1,015,105)	(1,632,772)	(1,364,174)	(1,494,180)
Funding:				
Net draws from fee reserves	117,639	589,018	801,866	751,164
Net draws from non-fee reserves	469,583	302,580	63,998	282,590
Net draws from civil penalty fund balance	427,883	741,174	498,310	460,426
Total Draws	1,015,105	1,632,772	1,364,174	1,494,180
Discretionary Fund Balances (year-end):				
Per Capita (carryover) Fund	155,117	181,744	156,711	(75,096)
Civil Penalty Fund ¹	1,199,853	458,680	260,370	99,944
Diesel Grant Fund	563,856	0	0	0
Total	1,918,827	640,424	417,081	24,848

1. Projected civil penalty revenues are not included in estimated revenues; however, we have included projected revenues of \$400k for FY15 (as of mid-April, revenues were \$350k) and annual revenues for FY17 and FY18 similar to average historical levels (\$300,000) in the fund balance projections.

Agency based decisions we plan to make

- Reduce total number of FTE's by a small number (which could come through attrition, retirements, ending terms, shifting needs, part-time work schedules), guided by making sure we can still deliver the Strategic Plan
- Create additional resource efficiencies in internal processes
- Pursue new grants or funding strategies where they support our Strategic Plan objectives
- Build the General Fund Reserve to a reasonable level (to be determined) to provide a "rainy day" funding source

Agency based decisions to be considered

- Update business services at a slower pace
- Increase per capita in FY18 and FY19 to support Strategic Plan implementation after we review progress and adjust based on changed circumstances
- Use civil penalty funds for additional purposes (to be discussed during FY16)

There are also several external factors that could alter the extent of this structural deficit, including:

External events or events that require actions by others

- Federal core grant reallocation delayed
- Core grant levels change
- Additional non-recurring grants received (that also fund administrative expenses for that work) (e.g., air monitoring, diesel, wood smoke, community projects)
- Consumer price index inflation (which drives cost of living allowances) different than forecast
- Office lease negotiations yield savings (or an increase)
- Our region's population grows faster than OFM projected, leading to slightly higher per capita revenue

I look forward to discussing the budget with you. If you have any questions beforehand, please contact me at 206.689.4004 or [CraigK@pscleanair.org](mailto:CraigK@psccleanair.org).

Respectfully submitted,



Craig T. Kenworthy
Executive Director

Attachment

jwc

RESOLUTION NO. 1323

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUGET SOUND CLEAN AIR AGENCY APPROVING THE BUDGET FOR THE FISCAL YEAR OF 2016 WITH A PER CAPITA RATE OF EIGHTY-ONE CENTS – JULY 1, 2015 TO JUNE 30, 2016

WHEREAS, the Washington Clean Air Act at RCW 70.94.092 requires the budget for the Puget Sound Clean Air Agency to be adopted on or before the fourth Monday in June of each year for the following fiscal year; and

WHEREAS, the Board of Directors has considered and estimated the financial needs for the operation of the Agency during the Fiscal Year of 2016 (July 1, 2015 to June 30, 2016) and determined the revenues needed to meet such financial needs, including the proportion of supplemental income to be paid by the various cities, towns and counties at a per capita rate of eighty-one cents,

WHEREAS, the Board of Directors does now desire to adopt the budget for the Puget Sound Clean Air Agency for the Fiscal Year of 2016, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PUGET SOUND CLEAN AIR AGENCY:

Section 1: The budget for the Puget Sound Clean Air Agency for the Fiscal Year of 2016 (July 1, 2015 to June 30, 2016) including attached Fiscal Year 2016 Budget Documents and financial schedules is adopted as attached hereto and incorporated herein by reference.

PASSED AND APPROVED by the Board of Directors at a regular meeting of the Board on this 28th day of May, 2015.

PUGET SOUND CLEAN AIR AGENCY

By _____
Paul Roberts
Chair, Board of Directors

Attest:

By _____
Craig T. Kenworthy
Executive Director

Approved as to form:

By _____
Laurie S. Halvorson
Agency Counsel

Puget Sound Clean Air Agency

Fiscal Year 2016

Proposed Budget

Strategic Plan Goals

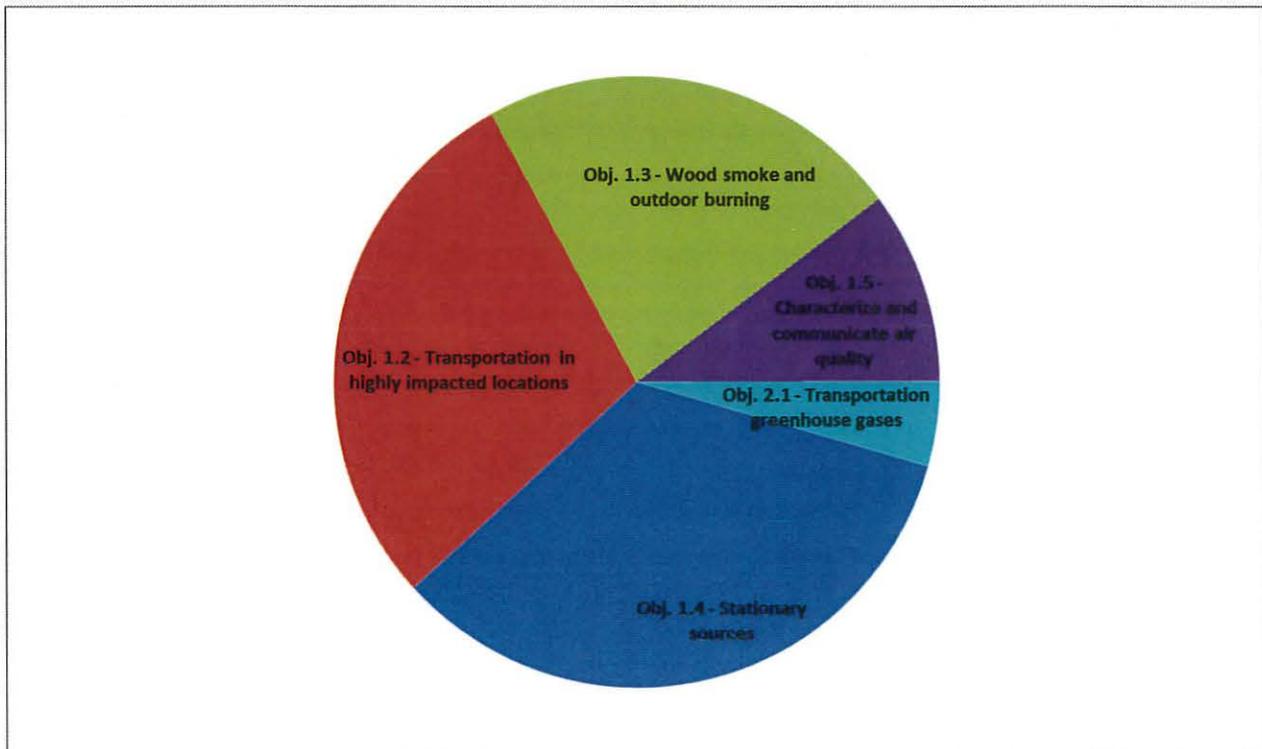
The agency's Board adopted the 2015-2020 Strategic Plan in February of 2014. The goals and strategies are summarized below and are the driving factors for the FY16 Budget.

1. Protect public health and the environment from air pollution
 - 1.1 Meet National Ambient Air Quality Standards
 - 1.2 Reduce transportation emissions, especially diesel particulate, in highly impacted locations
 - 1.3 Reduce emissions and exposures from wood smoke and outdoor burning
 - 1.4 Prevent, reduce and control emissions and exposure from significant stationary sources of air pollution
 - 1.5 Characterize and communicate air quality throughout the region, with the active participation of the public
 - 1.6 Reduce inequities in air pollution exposure
2. Become the most climate-friendly region in the United States
 - 2.1 Reduce emissions of greenhouse gases from transportation
3. Employ the best people, policies, and practices to achieve our work
 - 3.1 Attract, retain and inspire exceptional staff
 - 3.2 Develop a culture that integrates environmental justice and equity principles into our day-to-day work and decisions
 - 3.3 Engage in meaningful dialogue and outreach with all sectors of the public
 - 3.4 Build the agency's long-term financial strength and ensure accountability
 - 3.5 Be a model of environmental sustainability

Investment in Strategic Plan Goals

Total budgeted FY16 expenses are \$17.0 million. These budgeted expenses can be broken down approximately according to the Objectives under Goals One and Two of our strategic plan, as follows:

<u>Goal One - Protect public health and the environment from air pollution</u>	
1.1 Meet National Ambient Air Quality Standards	All Obj. 1.2-1.4 work contributes
1.2 Reduce transportation emissions, especially diesel particulate, in highly impacted locations	29%
1.3 Reduce emissions and exposures from wood smoke and outdoor burning	23%
1.4 Prevent, reduce and control emissions and exposure from significant stationary sources of air pollution	34%
1.5 Characterize and communicate air quality throughout the region, with the active participation of the public	10%
1.6 Reduce inequities in air pollution exposure	Included in Obj. 1.2-1.5 work
<u>Goal Two - Become the most climate-friendly region in the United States</u>	
2.1 Reduce emissions of greenhouse gases from transportation	4%
Total	\$17.0M



We sometimes refer to the above Objectives as the “what” Objectives. Our strategic plan also includes several “how” Objectives under our Excellence Goal. These are also critical to success:

Excellence Goal - Employ the best people, policies, and practices to achieve our work

- 3.1 Attract, retain and inspire exceptional staff
- 3.2 Develop a culture that integrates environmental justice and equity principles into our day-to-day work and decisions
- 3.3 Engage in meaningful dialogue and outreach with all sectors of the public
- 3.4 Build the agency’s long-term financial strength and ensure accountability
- 3.5 Be a model of environmental sustainability

We further these Excellence Objectives while furthering the Objectives under Goal One or Goal Two.

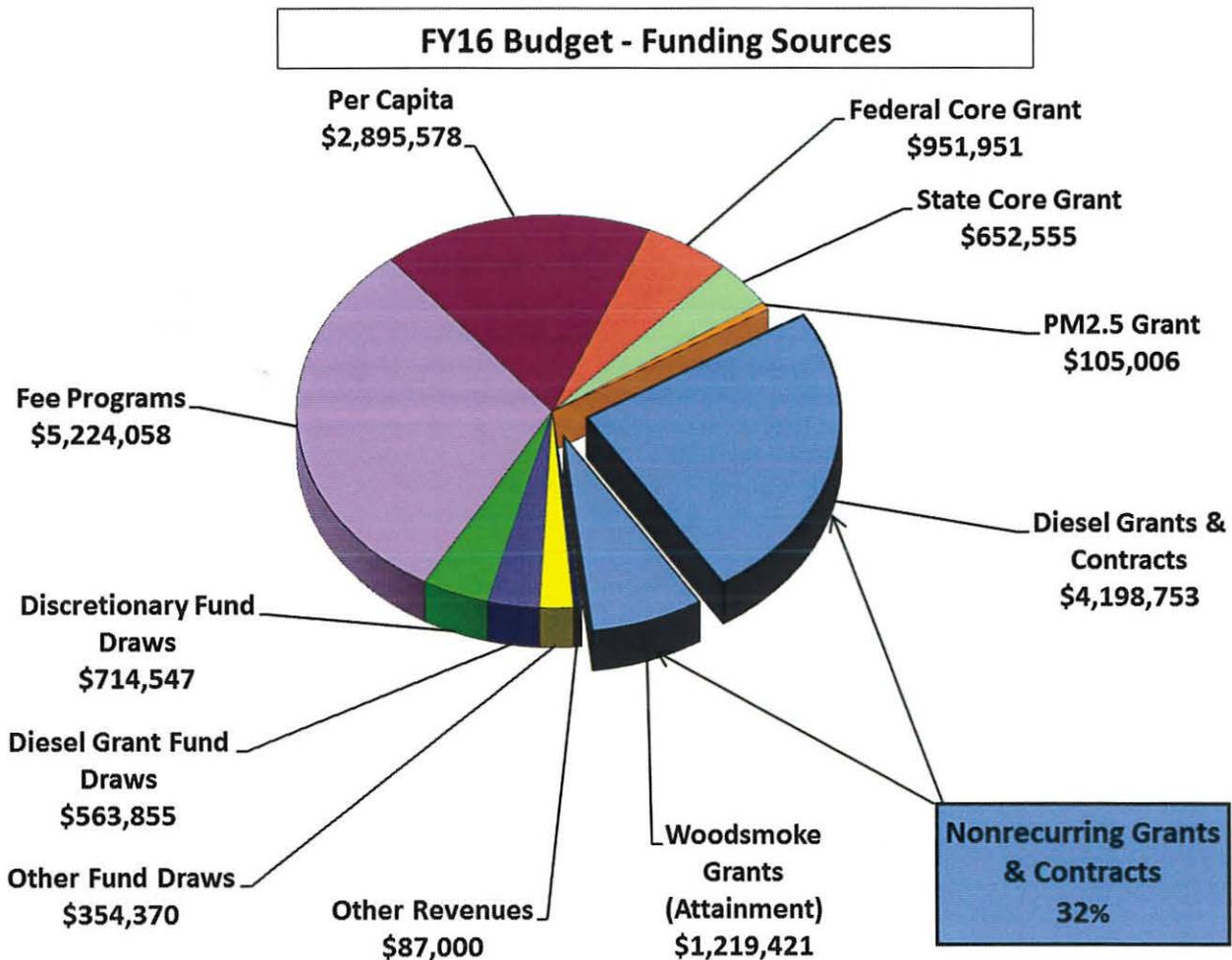
Key Assumptions – FY16 Budget

The key assumptions used in the development of the agency's FY16 Budget are listed below:

- A reduced level of effort on attainment enforcement and outreach in the Smoke Reduction Zone but funding (\$250k total), from agency discretionary funds, to bridge the Woodstove Replacement/Removal program in early FY16
- A 10¢ increase in the supplemental assessment rate (per capita rate) in FY16, no change in FY17, and then modest increases in FY18 and beyond to address cost increase pressures
- New investment in IT infrastructure support to address deferred risks in that area and in program support to ensure Strategic Plan outcomes
- The expected gradual reduction of the federal core grant through regional reallocation over eight years starting in FY17
- A small, partial offset of the federal core grant reductions as the result of the new allocation formula for the state and federal core grants from Ecology to the local air agencies
- Woodstove capital funding of \$1.3 million over FY16 and FY17 (lower than the FY14/15 amount of \$2.7 million)
- Additional funding for the ScRAPs 3 truck program (diesel emissions reduction) grant revenues of \$3.2 million for FY16/17, but no other new diesel grants
- Pierce County jurisdictions assume \$100K of annual attainment maintenance expenses in FY16 and beyond
- Spending about \$500K per year in civil penalty revenues, as available from prior year collections, to support activities as defined by financial policies set by the Board
- Expected increases in costs and other expenses based on salary steps, COLAs and CPI increases
- Leaving a civil penalty fund balance of about \$450K at the end of FY16 – we do not budget for civil penalty revenues and, if revenues were close to the historical amount of \$300k, this balance would be approximately \$750K at year-end
- Creating a new general fund reserve, something we have not had and beginning steps to fund that

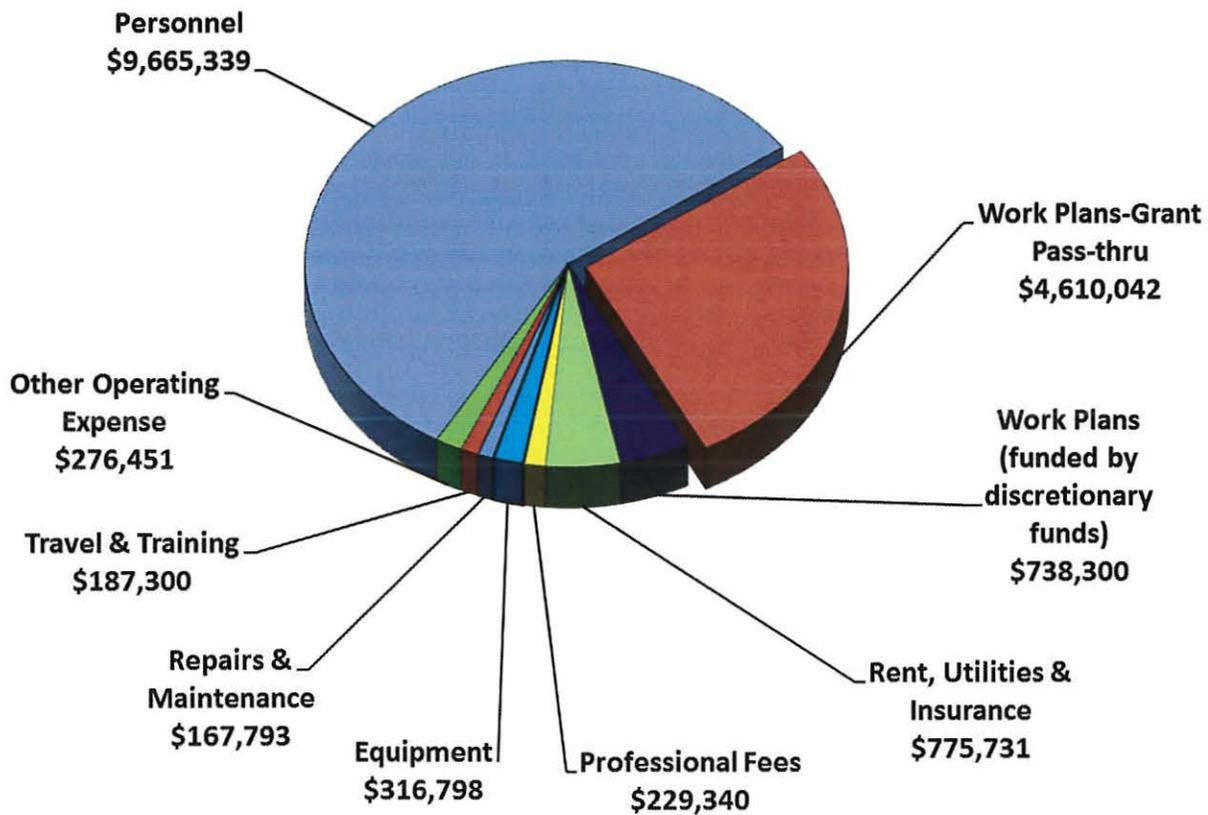
FY16 Funding Sources and Expenses

The agency has a variety of funding sources. While non-recurring grants have been significant sources of funding the last several years (41% of total funding in FY15), these have reduced to 32% in FY16 as the federal and state granting activities have lessened. Fee revenues comprise \$5.2 million of the total \$17 million in funding and are self-funded compliance programs. Per capita (supplemental assessment) revenues at \$2.9 million have become a more significant ongoing funding source.



Personnel expenses (\$9.7 million) are our largest operating expense at 57% of total costs (78% of expenses excluding grant pass-thru expenditures). The work plan expenses funded by draws from discretionary funds are supporting attainment of federal air standards and the woodstove replacement/removal activities in the Smoke Reduction Zone (Tacoma/Pierce County).

FY16 Budget - Expenses



FY16 PROPOSED BUDGET (May 2015)

	FY16 Proposed Budget
REVENUES	
Federal Grants:	
105 Grant - Federal Core (EPA/Ecology)	951,951
Sec 103 Grant - PM 2.5 (EPA/Ecology)	105,006
Attainment-PAH Grant (EPA/Ecology)	110,000
Woodstove Retrofit Open Competition	77,000
Port of Seattle ScRAPs 2 Contract (CMAQ)	1,622,370
Port of Seattle-ScRAPs 2 DERA (POS)	157,266
ScRAPs 2 Supplemental	677,000
ScRAPs 3 (CMAQ/WSDOT)	1,009,334
Subtotal - Federal Grants	4,709,926
State Grants:	
State Core (Ecology)	652,555
Harbor Craft Grant (Ecology)	49,195
Port of Seattle ScRAPs 2 Contract (Ecol)	251,446
FY14/15 Woodstove Repl/Removal (Ecology)	200,000
FY16/17 Woodstove Repl/Removal (Ecology)	750,000
Wood Smoke Educ & Enf Grant (Ecology)	82,421
Subtotal - State Grants	1,985,617
Contracts:	
Port of Seattle-ScRAPs 2 (CMAQ Match)	229,335
ScRAPs 3 (CMAQ/WSDOT)- POS Match	91,941
ScRAPs 3 (CMAQ/WSDOT) - POT Match	91,941
Port of Seattle - CNG Pilot	18,925
NWCAA Contract	15,000
Subtotal - Contracts	447,142
Supplemental Income:	
Per Capita - Cities and Counties	2,895,578
Subtotal - Supplemental Income	2,895,578
Program Fees:	
Asbestos	545,000
Notice of Construction	400,000
Registration	2,714,948
Operating Permits	1,564,110
Subtotal - Program Fees	5,224,058
Other Revenues:	
Clean Cities Coalition	72,000
Subtotal - Other Revenues	72,000
Total Revenues	15,334,321

FY16 PROPOSED BUDGET (May 2015)

	FY16 Proposed Budget
EXPENSES	
Personnel Expenses:	
Salaries & Wages	7,062,462
Benefits	2,602,877
Total Personnel Expenses	9,665,339
Work Plan Expenses	5,348,342
Operating Supplies	59,250
Professional Services	229,340
Telephone	60,300
Postage	18,700
Meetings	4,000
Travel & Training	187,300
Transportation	40,500
Rent & Utilities	695,731
Insurance	80,000
Repairs & Maintenance	167,793
Legal Expenses	33,500
Printing	9,000
Merchant & Bank Fees	51,200
Subtotal - Operating Expenses	6,984,956
Tenant Improvements	-
Computer & Office Equipment	80,298
Vehicles	60,000
Technical/Scientific Equipment	176,500
Subtotal - Equipment	316,798
Total Expenses	16,967,093
Net Before Appropriations	(1,632,772)

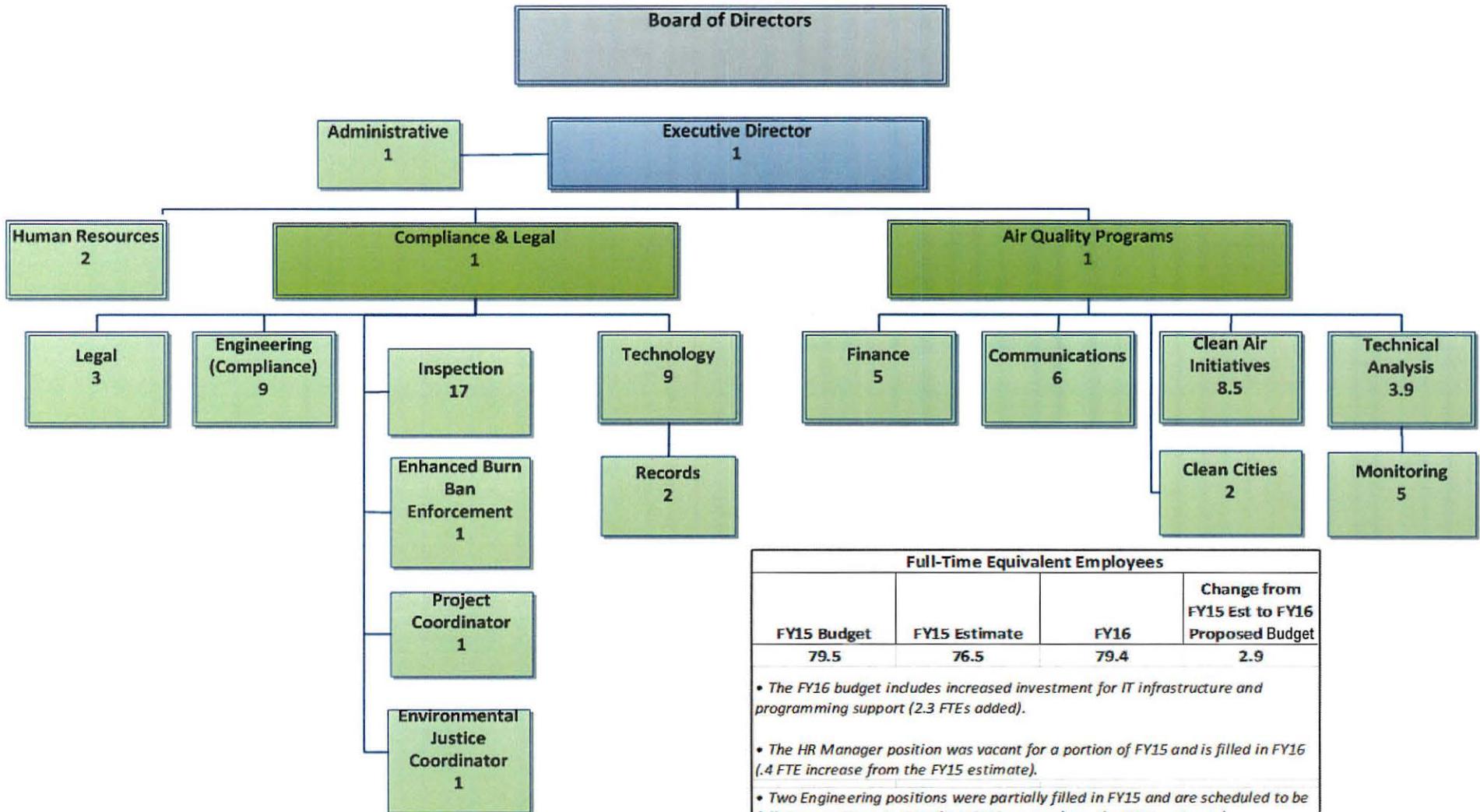
FY16 PROPOSED BUDGET (May 2015)

	FY16 Proposed Budget
Appropriations from (Contributions to) Fund Balances	
Per Capita - Net Draw (Contribution)	(26,627)
Civil Penalty Collections	-
Civil Penalties Draw	741,174
Subtotal - Discretionary Funds	714,547
Diesel Grant Fund - Draw	563,855
Fee Programs	676,018
Equipment Reserve	(6,000)
Compliance Reserve	(87,000)
Department Reserves	(223,034)
Employer Retirement Fund	-
Other	(5,614)
Subtotal - Appropriations (Contributions)	1,632,772
Net	0
FTEs	79.39
Fund Balances	
Per Capita Carryover	181,744
Civil Penalties	458,680
Discretionary Funds	640,424
Diesel Grant Fund	0
Total Discretionary & Diesel Fund	640,424

FY16 Proposed Budget - Fund Balances

	Estimated FY15 Ending Balance	FY16 Proposed Budget Ending Balances	See Financial Policy Section	Comments
Per Capita Carryover	125,111	181,744	II.B.1.	<i>Carryover of per capita funds</i>
Strategic Initiatives	30,006	-	IV.D.	<i>Proposing to eliminate this fund starting in FY16</i>
General Fund Reserve	-	-	IV.B.4	<i>Proposing a new general fund reserve starting in FY16 - to be initially funded by interest income (est to be about \$30k per year) and by other sources to be identified</i>
Civil Penalties	1,199,853	458,680	II.D.	<i>FY16 spending from this fund supports Attainment and reimbursements to fire districts</i>
Subtotal - Discretionary	1,354,971	640,424		<i>Discretionary funds have primarily funded attainment program expenses since FY12</i>
Per Capita	1,247,697	1,457,471	II.B.1.	<i>Reserve for second half of calendar year</i>
Civil Penalties - Committed	48,900	48,900	II.D.	<i>These are fund balances from settlements that are committed to specific uses</i>
Diesel Grant Fund	563,856	-		<i>FY16 spending from this fund supports Transportation, Attainment, Outreach and Woodsmoke programs</i>
Asbestos	312,942	272,901	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$290k</i>
Notice of Construction	318,219	310,024	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$200k</i>
Registration	2,428,726	2,169,415	II.B.2.	<i>The FY16 ending balance includes reserves for the balance of calendar year 2016 (\$1.4 million); in addition, it includes the stabilization reserve target of \$.7 million</i>
Operating Permits	1,486,894	1,118,423	II.B.2.	<i>balance of calendar year 2016 (\$.8 million); in addition, it includes a stabilization reserve target of approximately \$.5 million</i>
Equipment Reserve	264,271	270,271	Appendix 2	<i>The FY16 balance includes \$120k for monitoring and scientific equipment, \$48k for the phone system and \$102k for general equipment (computer, etc.).</i>
Department/Division Reserves	146,397	250,000	IV.B.3.	<i>Includes \$200k for the Compliance Division reserve and \$50k for other non-fee department reserves</i>
Legal Reserve	52,379	258,810		<i>Proposing to increase this reserve to \$250k for FY16</i>
Employer Retirement Reserve	260,633	260,633	II.E.	<i>increases for the Public Employee's Retirement System (PERS)</i>
Clean Cities Coalition	285	5,899	II.C. & IV.E.	<i>Clean Cities Coalition is funded by member dues, King County and City of Seattle support and agency per capita revenues.</i>
Unemployment Fund	28,086	28,086		<i>No change is anticipated for this fund.</i>
Interest Income Fund	42,296	42,296	II.E.	<i>This balance is reserved for future investment pool losses; interest income is not budgeted but is proposed for transfer to the General Fund Reserve</i>
Partner Contributions	-	-		<i>Port of Seattle funding for port-related emissions reductions projects and funding from partners for the Community Odor Monitoring project completed in FY14</i>
Other Funds	35,414	35,414		<i>Miscellaneous general funds</i>
Total Fund Balance at June 30th	8,591,967	7,168,967		

Puget Sound Clean Air Agency – FY16 Budget – Organization Chart



Full-Time Equivalent Employees			
FY15 Budget	FY15 Estimate	FY16	Change from FY15 Est to FY16 Proposed Budget
79.5	76.5	79.4	2.9
<ul style="list-style-type: none"> The FY16 budget includes increased investment for IT infrastructure and programming support (2.3 FTEs added). The HR Manager position was vacant for a portion of FY15 and is filled in FY16 (.4 FTE increase from the FY15 estimate). Two Engineering positions were partially filled in FY15 and are scheduled to be full-time positions in FY16 (1.4 FTE increase from the FY15 estimate). Budgeted positions were filled partway through FY15 and are full-time in FY16 (.8 FTE increase from the FY15 estimate). This is offset by a reduction of 2.0 FTEs in attainment support (2 FTE decrease from FY15 estimate). FY16 FTEs include 6.5 term employees - 2 in IT and 4.5 in program are as mostly supported by grant or civil penalty funding. 			

Fiscal Year 2016 – Puget Sound Clean Air Agency Financial Policies

I. Planning Policies

A. Balanced Budget

As required by RCW 70.94.092, on or before the fourth Monday in June of each year, the Board of Directors adopts a budget for the following fiscal year (July 1 – June 30). The budget is a balanced budget, and contains adequate funding and provides for staff sufficient to carry out the provisions of all applicable resolutions and regulations related to air pollution reduction, prevention and control.

The Board takes action to amend the budget when unanticipated funding is received such as grants, or in the event of other significant unforeseen events that may affect the budget.

B. Multi-Year Planning

Sound fiscal management and planning are important to the health of the agency. To this end, the agency engages in multi-year planning each year to assess and evaluate items such as the financial implications of current and proposed operating and capital budgets, the fund balance, financial policies, issues related to state and federal funding, the agency's vision and strategic plans, and other foreseeable trends and issues that may affect the future of the agency. Strategic plans may include vision statements, multi-year strategies and annual work plans. The information developed during long-range planning is used in preparing the annual budget.

C. Asset Inventory

To safeguard agency assets purchased with public funds and to ensure adequate internal controls are maintained, the agency inventories and assesses the condition of all major capital assets. Agency assets are used only for agency business purposes. (See Appendix 1, Asset Capitalization and Inventory Procedures).

Asset inventory information is used to plan for the ongoing financial commitments and future needs of the agency.

II. Revenue Policies

A. Revenue Diversification

To the extent feasible, the agency maintains a diversified and stable revenue system to improve its ability to handle fluctuations in any individual source of funding. In its

financial planning, the agency does not rely on state and federal funds as a stable source of revenue and consistently seeks additional sources of revenue.

B. Per Capita and Fee Revenues

1. Per Capita (Proportion of Supplemental Income) - Cities, towns and counties are required by state law to contribute annually to the agency's operations. RCW 70.94.093 stipulates various methods for determining the proportion of supplemental income of this per capita revenue. During the annual budget process, the Board determines which method to use. In addition, the Board annually reviews the amount of the per capita assessment, considering such factors as the rate of inflation compared with the rates of population growth and/or assessed valuation of property, the agency's revenue needs for programs and/or equipment that cannot be fully supported by other funds, whether or not programs requiring funding are mandatory, and appropriate equitable factors.

2. Fee-Based Revenues - Revenues collected for a specific fee-based program are retained within that program in the general fund balance. Fees collected for one fee-based program cannot be spent on a different program. Annual increases may be adopted to ensure that each program remains self-supporting in current and future years and that fee reserve fund balances are retained. Fees may also include temporary surcharges to reflect technological advances or mandated requirements for a specific program.

Fee-based programs are self-supporting and as required by law, the amount of the fees may only cover the cost of administering the program. See RCW 70.94.151 (registration fees), 70.94.152 (notice of construction fees), and 70.94.162 (operating permit fees).

C. Use of Funds

1. Use of One-Time and Unpredictable Revenues - To the extent feasible, the agency uses one-time revenues for one-time expenditures and unpredictable revenues for a specific purpose and not to finance ongoing programs or operations.

2. Federal Section 103 Funds - These funds are provided by EPA to pay for a specific project. Currently, the Federal Section 103 grant pays for the costs contained in the agency's annual contract with the Department of Ecology for PM2.5 monitoring.

3. Federal Section 105 Funds (Base Grant) - These funds support activities required by EPA through the grant agreement for the federal priorities but are not supported by fees. This includes protecting human health by reducing emissions of PM2.5, ozone, and other criteria air pollutants; and characterizing the health consequences

of air pollution, collecting data that has the greatest benefit for public health, and increasing the public understanding of the health effects and costs of pollution.

4. *Other Grants (Special Project or Sub-Recipient)* - When the agency receives grant funds for specific projects, staff time and operational expenses necessary to administer the grants are charged against the grants.

5. *State Wood Stove Account Funds* - The state wood stove funds are required to be spent on wood stove education and enforcement. The education program may include raising awareness of impaired air quality burn bans, the effects of wood stove emissions on health and air quality, methods of achieving better efficiency and emission performance from wood stoves, which wood stoves are approved by Ecology, or the benefits of replacing inefficient wood stoves with new stoves. The enforcement program may include air quality monitoring, developing air quality forecast products, and enforcement of impaired air quality burn bans.

6. *State Grant (Core)* - The highest priority for these funds is to implement state requirements not covered by fees, the federal Section 105 grant or the wood stove account funds. This includes managing indoor and outdoor burning regulations and burn bans, and working with fire departments and other partners to help people understand outdoor burning restrictions, where applicable, and cleaner alternatives to yard debris disposal where burning is still allowed.

7. *Local Supplemental Income (Per Capita)* - The highest priority for these funds is to address local and state priorities not paid for by other sources of funds. This includes, but is not limited to, elements of the agency strategic plan not funded by other sources, for example environmental justice, climate protection, policy advocacy, regional transportation planning or support for the Western Washington Clean Cities Coalition.

8. *Western Washington Clean Cities Coalition (Coalition) Dues, Sponsorships and Support Contract Income* – The Coalition receives annual voluntary dues and sponsorship income from Coalition members. In addition, the Department of Energy provides funding through an annual support contract and the agency contributes some funding from per capita revenues. The funds from these sources are used to support the operations of the Coalition by partially covering personnel and program costs necessary to accomplish program goals.

D. Civil Penalty Revenues

As a result of its compliance activities, the agency receives civil penalty revenues. To ensure the agency is not perceived as assessing civil penalties to support its operations,

revenue from civil penalties collected goes directly to a separate fund to be used in accordance with Section III B. of this policy. In preparing budgets, the agency does not include an amount of projected civil penalty revenue for the next fiscal year, but does include expenditures of civil penalty revenues, in accordance with this policy, previously received.

E. Interest Income Revenues

Unless otherwise provided in this section, the agency allocates earned interest income revenues to all fund cash accounts every month based on the cash in each fund at the end of the month, with the exception of certain grant funds due to audit restrictions.

For FY16 only, the interest income and investment recaptures are transferred to the General Fund Reserve balance.

III. Expenditure Policies

A. Operating/Capital Expenditures

The agency periodically compares actual expenditures to budget and decides upon any actions needed to bring the budget into balance. To this end, monthly financial statements are prepared for and reviewed by agency management, and quarterly financial information is provided to the Board of Directors.

B. Civil Penalties

Revenue from civil penalties collected may be expended only for the purposes described in this policy. These purposes include establishing and maintaining strategic partnerships; maintaining the agency's Web sites; planning and implementing promotional and outreach activities, community-based air quality improvement projects, and outreach to schools and youth organizations; and voluntary and incentive-based programs that produce quantifiable climate, toxics and criteria pollutant benefits. Such projects are budgeted annually based on the agency's objectives and the availability of previously collected funds. The agency may also use a portion of a specific civil penalty to reimburse a fee-based program where there are extraordinary costs associated with a particular enforcement action. Also, the agency may negotiate non-financial civil penalty settlements, such as requiring in-kind support or direct education and outreach activities as Supplemental Environmental Projects.

For FY16 only, and in support of the non-attainment activities, civil penalties collected in prior years may be expended for external personnel costs as part of an inter-local agreement, and for term agency personnel costs.

C. Debt Issuance

As authorized by RCW 70.94.091, the agency may levy additional taxes in excess of the constitutional and/or statutory tax limitations for any authorized purpose.

IV. Fund Balance Policies

A. Contingency Account

The agency maintains a contingency account that would be used in the event the agency was forced to close its doors permanently. The account includes funds to pay any agency obligations for employees at retirement and other legally required amounts. The agency maintains sufficient funds in this account to meet these obligations to the extent such obligations are reasonably foreseeable. The contingency accounts are reviewed each year as part of the budget process.

This account shall include funds sufficient to cover one hundred percent of the potential excess compensation owed to the Washington State Department of Retirement Systems for PERS 1 retirees, one hundred percent of the potential liability for accrued employee vacation and any potential liability for one-third of the accrued sick leave.

B. Stabilization Accounts

The agency maintains a prudent level of financial resources to strive to protect against the need to reduce service levels or raise fees due to temporary revenue shortfalls, unforeseen one-time expenditures, or cash flow needs. Funds that have been set aside for future or special use are set aside in the designated funds balance. This includes the Clean Air Act Reserve Accounts, Capital/Equipment Reserve Accounts, Department Reserve Accounts and General Fund Reserve. The stabilization accounts are reviewed each year as part of the budget process.

1. *Clean Air Act Reserve Accounts* - Each fee-based program has a separate reserve account and these fee reserve balances are reviewed on an annual basis. For the Asbestos and Notice of Construction programs, the reserve balance should be approximately 50% of the annual cost of the program. For the Registration and Operating Permit programs, the reserve balance should be approximately 25% of the annual cost of the program. A portion (\$200,000) of the fee program fund balances is reserved as the Compliance Division Reserve for unanticipated expenses relating to fee program work that occurs during a fiscal year. This reserve will be replenished by Operating Permit and Registration funds each year.

2. *Capital Equipment Reserve Account* - To the extent practical, the agency budgets for routine capital equipment needs each year through current revenues rather than use of funds in reserve accounts. However, the agency maintains a capital equipment reserve account (see Appendix 2) to minimize fluctuations due to large or unanticipated capital purchases and because the agency does not have the ability to borrow funds from other entities.

A plan for reimbursement of the funds must be submitted prior to withdrawal of the funds. The Board may adjust account balance limits during the Agency's annual budget process. Surplus income from the sale of assets is transferred to the reserve.

3. *Department/Division Reserves* - The agency maintains a small reserve account for each department. These reserves are for unanticipated expenses relating to particular departmental work that occurs during the fiscal year. The presence or use of the reserve accounts does not in any way lessen or eliminate the need for appropriate planning by each department during the annual budget process. The amounts for each reserve will not exceed the amount originally established for the account and will be reviewed each year as part of the budget process. The accounts will be replenished each year by appropriate funding sources for each department.

4. *General Fund Reserve* – This reserve is established for non-fee program related items such as unanticipated items in the budget fiscal year, emergency funding for deferred maintenance, insurance deductibles in the event of a major loss, bridge funding for inter-grant periods, and as an additional offset for inter-month negative cash balances. This reserve is funded from interest income, investment recaptures (from previous investment losses) and other discretionary (unrestricted) funds resulting from better than planned budget performance.

C. Civil Penalty Account

The revenue collected from civil penalties goes directly to the Civil Penalty Account to be used in accordance with Section III B. of this policy. In preparing annual budgets, the agency only includes expenditures of civil penalty revenues previously received. The balances in this account may be used to offset periodic negative inter-month cash balances created by grant-related receivable balances.

D. Clean Cities Coalition Account

The account is to be used in the event of a disruption in revenues associated with the Coalition.

Appendix 1 – Asset capitalization and inventory procedures

Categories of Assets, Risk Ratings, Frequency of Physical Inventory, Capitalization Amount.

Category	Risk(loss) Rating	Capitalization Amount	Frequency of Physical Inventory
Transportation Equipment	High	\$5,000	1 year
Computer Equipment	High	\$5,000	1 year
Communication/ Audio visual Equipment	High	\$5,000	1 year
Site/Shop Equipment	Medium	\$5,000	2 years (Odd FY)
Lab Equipment	Low	\$5,000	2 years (Odd FY)
Office Furniture	Low	\$5,000	2 years (Even FY)
Leasehold Improvements	Low	\$5,000	2 years (Even FY)

Capitalization of Assets

The Agency follows the Federal Common Rule of property management requirements for the acquisition, management and disposition of capitalized assets. At this time, the threshold amount is \$5,000. Assets under this threshold will be tagged, inventoried and tracked but not listed on the Agency financial statements as capital assets.

Inventory System

The Finance Department maintains an inventory system that includes tagging, inventorying and tracking agency equipment and capitalized assets. The system includes the asset purchase date, amount or current valuation, manufacturer description, asset identification number, department assignment, asset location, physical inventory date, and future surplus disposition.

Physical Inventory of Assets – Capitalized and Non Capitalized

The Manager of Finance and Purchasing schedules a physical inventory of department assets with each department manager. This inventory is based on risk ratings, the value of the item and probability of theft and/or misuse. Each department completes a physical inventory of the department assets by the end of the fiscal year.

Tagging of Assets

Assets are identified with a permanent tag that provides accurate agency and category identification. Assets purchased with federal funding are also identified with a permanent tag and an additional tag to indicate title to the equipment. The Finance Department keeps asset tags and assigns a tag to each department after each purchase.

Sale or Surplus of Assets

The Board of Directors must approve by resolution a list of capitalized assets scheduled for sale, surplus and disposal.

Appendix 2 – Capital Equipment and Software Applications Reserve Account

Purpose

We strive to meet our routine capital equipment needs each year from current revenues. To minimize fluctuations in the need for revenues due to large or unanticipated capital purchases, and because the Agency does not have the ability to borrow funds from other entities, a capital equipment reserve account is included in our finance management system. The purpose of this policy is to describe how this reserve account is derived and used.

The Agency maintains a capital equipment reserve account that helps fund the following types of purchases:

- Vehicles
- Air Monitoring/Scientific Equipment and applications
- Computer Systems
- Office Machines and Tenant Improvements

Principles

General

- The account balance should reflect a prudent amount of funds necessary to pay for the intended use.
- The account balance is \$100,000 plus the amounts accumulated for air monitoring/scientific equipment and applications and for the Agency Telephone system replacements.
- The Board may adjust account balance limits during the Agency's annual budget process.
- Expenditures from the reserve account is normally made to:
 - Fund large non-routine capital expenditures (e.g. profiler, telephone system)
 - Meet high priority needs not envisioned during the budget process
- The reserve account is not funded by federal or state grant dollars.

Withdrawals

- The Board must approve withdrawals that exceed \$50,000 from the reserve account, as part of the annual budget or through a budget amendment.
- The Executive Director may approve withdrawals from the reserve account in the amount of \$ 50,000 or less.

- When funds are withdrawn from the reserve account in any amount the responsible manager must provide a written schedule for reimbursing the account and identify the source of the funds for the reimbursement.

Vehicles

The account reserves funding for replacing Agency vehicles used by the Inspection and Air Monitoring staff.

Air Monitoring/Scientific Equipment and Applications

The account reserves funding for replacing capital equipment that supports the Agency's air monitoring and meteorological data collection activities.

The account's goal is to maintain its existing balance of \$120,000.

Computer Systems Equipment

The account reserves funding for replacing capital equipment that supports the Agency's computer systems network infrastructure and computer hardware, and agency activities related to air quality forecasting conducted by the University of Washington.

Office Equipment and Tenant Improvements

The account reserves funding for making office structural changes or large-scale furniture purchases, as part of general office operations, resolving ergonomic issues or as part of an office remodel or relocation.

The account includes a goal of accumulating \$60,000 by FY2019 for the replacement of the Telephone System (i.e. accrue \$6,000/yr for 10 years beginning FY09).

Per Capita - Actual CY15 Compared to Proposed CY16 Three Methods

	CY15			CY16					Changes from CY15 to CY16 - 50:50 Method				
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method)	Population ³	Assessed Property Value ⁴	Per Capita (50:50 Method)	Per Capita (Population Method)	Per Capita (Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value	
Per Capita Rate			\$ 0.71			\$ 0.81	\$ 0.81	\$ 0.81	\$ 0.10	14.1%	1.4%	12.2%	
Jurisdiction													
Algona	3,075	\$ 346,162,327	\$ 1,989	3,090	\$ 370,166,820	\$ 2,241	\$ 2,503	\$ 1,980	\$252	12.7%	0.5%	6.9%	
Auburn (Part)	64,320	6,583,523,846	39,907	65,350	7,452,795,731	46,395	52,934	39,857	\$6,488	16.3%	1.6%	13.2%	
Beaux Arts	290	104,863,959	375	295	138,419,407	490	239	740	\$115	30.7%	1.7%	32.0%	
Bellevue	132,100	36,150,275,635	140,648	134,400	41,442,470,427	165,247	108,864	221,630	\$24,599	17.5%	1.7%	14.6%	Assessed values increased higher than 4-county average
Black Diamond	4,170	551,304,784	2,910	4,180	604,992,660	3,311	3,386	3,235	\$401	13.8%	0.2%	9.7%	
Bothell (Part)	17,440	3,115,162,986	14,270	24,610	4,389,067,209	21,703	19,934	23,472	\$7,433	52.1%	41.1%	40.9%	Annexations
Burien	48,030	4,109,785,417	27,709	48,240	4,636,223,596	31,934	39,074	24,794	\$4,225	15.2%	0.4%	12.8%	
Carnation	1,785	171,215,231	1,078	1,790	202,346,878	1,266	1,450	1,082	\$188	17.4%	0.3%	18.2%	
Clyde Hill	2,980	1,645,904,803	5,326	2,995	1,948,422,743	6,423	2,426	10,420	\$1,097	20.6%	0.5%	18.4%	
Covington	18,100	1,625,611,637	10,641	18,480	1,897,180,925	12,557	14,969	10,146	\$1,916	18.0%	2.1%	16.7%	
Des Moines	29,730	2,249,628,455	16,388	30,030	2,696,285,382	19,372	24,324	14,419	\$2,984	18.2%	1.0%	19.9%	
Duvall	7,120	794,701,899	4,589	7,325	971,306,951	5,564	5,933	5,194	\$975	21.2%	2.9%	22.2%	
Enumclaw, part	11,100	964,115,952	6,441	11,110	1,140,181,507	7,548	8,999	6,098	\$1,107	17.2%	0.1%	18.3%	
Federal Way	89,720	7,386,015,527	51,006	90,150	8,375,702,226	58,907	73,022	44,792	\$7,901	15.5%	0.5%	13.4%	
Hunts Point	395	777,992,902	2,158	405	900,867,762	2,573	328	4,818	\$415	19.2%	2.5%	15.8%	
Issaquah	32,130	6,272,408,867	27,673	32,880	7,405,825,261	33,119	26,633	39,606	\$5,446	19.7%	2.3%	18.1%	
Kenmore	21,170	2,785,642,567	14,740	21,370	3,274,515,304	17,411	17,310	17,512	\$2,671	18.1%	0.9%	17.5%	
Kent	120,500	12,651,208,800	75,587	121,400	14,068,213,406	86,785	98,334	75,235	\$11,198	14.8%	0.7%	11.2%	
Kirkland	81,730	15,843,872,200	70,104	82,590	18,525,216,585	82,984	66,898	99,071	\$12,880	18.4%	1.1%	16.9%	Assessed values increased higher than 4-county average
Lake Forest Park	12,680	1,931,662,888	9,511	12,750	2,293,429,581	11,296	10,328	12,265	\$1,785	18.8%	0.6%	18.7%	
Maple Valley	23,910	2,341,637,967	14,561	24,230	2,834,060,029	17,391	19,626	15,156	\$2,830	19.4%	1.3%	21.0%	
Medina	3,000	2,727,516,810	8,139	3,055	3,158,644,068	9,683	2,475	16,892	\$1,544	19.0%	1.8%	15.8%	
Mercer Island	22,720	8,827,404,911	30,959	23,310	9,884,841,150	35,872	18,881	52,863	\$4,913	15.9%	2.6%	12.0%	
Milton (Part)	840	86,713,496	523	915	88,758,368	608	741	475	\$85	16.3%	8.9%	2.4%	
Newcastle	10,640	1,939,132,104	8,806	10,850	2,273,913,528	10,475	8,789	12,161	\$1,669	19.0%	2.0%	17.3%	
Normandy Park	6,350	1,068,451,733	5,025	6,375	1,245,926,857	5,913	5,164	6,663	\$888	17.7%	0.4%	16.6%	
North Bend	6,020	853,937,108	4,352	6,280	1,023,444,893	5,280	5,087	5,473	\$928	21.3%	4.3%	19.9%	
Pacific(Part)	6,675	388,153,406	3,376	6,750	410,671,839	3,832	5,468	2,196	\$456	13.5%	1.1%	5.8%	
Redmond	55,840	14,135,063,166	56,481	57,700	15,924,739,073	65,950	46,737	85,164	\$9,469	16.8%	3.3%	12.7%	
Renton	95,540	11,332,326,913	63,306	97,130	12,936,757,619	73,930	78,675	69,184	\$10,624	16.8%	1.7%	14.2%	
Sammamish	48,060	9,290,367,218	41,155	49,260	11,196,424,308	49,889	39,901	59,877	\$8,734	21.2%	2.5%	20.5%	Klahanie annexation in 2014
Sea Tac	27,310	4,037,202,415	20,165	27,620	4,214,701,311	22,456	22,372	22,540	\$2,291	11.4%	1.1%	4.4%	
Seattle	626,600	128,814,234,965	556,511	640,500	145,091,711,416	647,370	518,805	775,936	\$90,859	16.3%	2.2%	12.6%	Population and assessed values increased higher than 4-county average
Shoreline	53,670	6,529,802,151	35,987	53,990	7,505,917,983	41,936	43,732	40,141	\$5,949	16.5%	0.6%	14.9%	
Skykomish	195	23,112,609	129	200	22,821,288	142	162	122	\$13	10.1%	2.6%	-1.3%	
Snoqualmie	11,700	1,923,859,899	9,143	12,130	2,384,364,990	11,288	9,825	12,751	\$2,145	23.5%	3.7%	23.9%	Mill annexation
Tukwila	19,160	4,756,373,688	19,137	19,210	5,054,078,747	21,294	15,560	27,029	\$2,157	11.3%	0.3%	6.3%	
Woodinville	10,990	2,605,989,017	10,660	11,240	2,915,505,978	12,348	9,104	15,592	\$1,688	15.8%	2.3%	11.9%	
Yarrow Point	1,015	825,878,529	2,502	1,015	931,101,724	2,901	822	4,979	\$399	15.9%	0.0%	12.7%	

	CY15			CY16					Changes from CY15 to CY16 - 50:50 Method				
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method)	Population ³	Assessed Property Value ⁴	Per Capita (50:50 Method)	Per Capita (Population Method)	Per Capita (Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value	
Per Capita Rate			\$ 0.71			\$ 0.81	\$ 0.81	\$ 0.81	\$ 0.10	14.1%	1.4%	12.2%	
Total Incorp. King County	1,728,800	308,568,218,787	1,413,967	1,765,200	351,832,015,530	1,655,684	1,429,812	1,881,561	\$241,717	17.1%	2.1%	14.0%	
Total Unincorp. King County	253,100	32,075,397,556	173,035	252,050	36,286,840,062	199,111	204,161	194,058	\$26,076	15.1%	-0.4%	13.1%	
Total King County	1,981,900	340,643,616,343	1,587,002	2,017,250	388,118,855,592	1,854,795	1,633,973	2,075,620	\$267,793	16.9%	1.8%	13.9%	<i>Population and assessed values increased higher than 4-county average</i>
Bainbridge Island	23,190	5,232,391,419	21,802	23,360	5,708,210,319	24,724	18,922	30,527	\$2,922	13.4%	0.7%	9.1%	
Bremerton	37,850	2,293,000,729	19,383	38,180	2,354,542,747	21,759	30,926	12,592	\$2,376	12.3%	0.9%	2.7%	
Port Orchard	12,870	1,319,792,155	7,992	13,150	1,347,919,629	8,930	10,652	7,209	\$938	11.7%	2.2%	2.1%	
Poulsbo	9,585	1,230,099,929	6,593	9,775	1,282,347,366	7,388	7,918	6,858	\$795	12.1%	2.0%	4.2%	
Total Incorp. Kitsap County	83,495	10,075,284,232	55,770	84,465	10,693,020,061	62,801	68,417	57,185	\$7,031	12.6%	1.2%	6.1%	
Total Unincorp. Kitsap County	170,505	15,835,621,072	101,597	171,435	16,467,193,976	113,465	138,862	88,065	\$11,868	11.7%	0.5%	4.0%	<i>Assessed values increased higher than 4-county average</i>
Total Kitsap County	254,000	25,910,905,304	157,367	255,900	27,160,214,037	176,266	207,279	145,250	\$18,899	12.0%	0.7%	4.8%	
Auburn (part)	8,915	736,240,333	5,074	9,280	838,645,137	6,001	7,517	4,485	\$927	18.3%	4.1%	13.9%	
Bonney Lake	18,010	1,778,123,002	11,005	18,520	1,979,637,505	12,794	15,001	10,587	\$1,789	16.3%	2.8%	11.3%	<i>Population and assessed values increased higher than 4-county average</i>
Buckley	4,370	328,660,215	2,404	4,430	347,880,202	2,724	3,588	1,860	\$320	13.3%	1.4%	5.8%	
Carbonado	610	26,210,204	285	610	30,358,951	328	494	162	\$43	15.1%	0.0%	15.8%	
Du Pont	8,855	1,291,637,605	6,493	9,175	1,401,029,820	7,462	7,432	7,493	\$969	14.9%	3.6%	8.5%	
Eatonville	2,815	155,223,485	1,402	2,840	177,994,810	1,626	2,300	952	\$224	16.0%	0.9%	14.7%	
Edgewood	9460	955466323	5,836	9525	1077792367	6740	7,715	5,764	\$904	15.5%	0.7%	12.8%	
Fife	9,290	1,896,381,840	8,216	9,405	1,850,900,741	8,758	7,618	9,898	\$542	6.6%	1.2%	-2.4%	
Fircrest	6,540	566,076,606	3,790	6,555	623,997,365	4,323	5,310	3,337	\$533	14.1%	0.2%	10.2%	
Gig Harbor	7,670	1,706,920,083	7,150	7,985	1,858,377,519	8,203	6,468	9,938	\$1,053	14.7%	4.1%	8.9%	
Lakewood	58,310	4,494,673,400	32,357	58,360	4,748,231,614	36,332	47,272	25,393	\$3,975	12.3%	0.1%	5.6%	
Milton(Part)	6,345	529,844,060	3,627	6,350	566,731,852	4,087	5,144	3,031	\$460	12.7%	0.1%	7.0%	
Orting	6,930	393,369,675	3,480	7,065	478,822,707	4,142	5,723	2,561	\$662	19.0%	1.9%	21.7%	
Pacific(Part)	85	159,109,160	443	80	158,453,180	456	65	847	\$13	2.9%	-5.9%	-0.4%	
Puyallup	37,980	4,223,888,029	24,437	38,670	4,469,432,936	27,612	31,323	23,902	\$3,175	13.0%	1.8%	5.8%	
Roy	805	44,357,960	401	805	49,048,613	457	652	262	\$56	14.0%	0.0%	10.6%	
Ruston	795	123,935,133	604	830	136,730,509	702	672	731	\$98	16.2%	4.4%	10.3%	
South Prairie	435	22,616,520	213	435	25,952,055	246	352	139	\$33	15.5%	0.0%	14.7%	
Steilacoom	6,040	611,557,171	3,730	6,060	667,199,850	4,238	4,909	3,568	\$508	13.6%	0.3%	9.1%	
Sumner	9,520	1,846,797,748	8,169	9,545	2,063,513,005	9,383	7,731	11,035	\$1,214	14.9%	0.3%	11.7%	
Tacoma	200,400	16,593,506,428	114,176	200,900	17,887,171,078	129,194	162,729	95,659	\$15,018	13.2%	0.2%	7.8%	<i>Assessed values increased higher than 4-county average</i>
University Place	31,340	2,779,532,023	18,334	31,420	3,006,817,787	20,765	25,450	16,080	\$2,431	13.3%	0.3%	8.2%	
Wilkeson	485	22,856,502	231	485	26,802,740	268	393	143	\$37	16.0%	0.0%	17.3%	
Total Incorp. Pierce County	436,005	41,286,983,505	261,857	439,330	44,471,522,343	296,841	355,857	237,829	\$34,984	13.4%	0.8%	7.7%	
Total Unincorp. Pierce County	378,495	30,260,762,893	212,844	381,970	32,911,861,720	242,704	309,396	176,009	\$29,860	14.0%	0.9%	8.8%	<i>Assessed values increased higher than 4-county average</i>
Total Pierce County	814,500	71,547,746,398	474,701	821,300	77,383,384,063	539,545	665,253	413,838	\$64,844	13.7%	0.8%	8.2%	

	CY15			CY16					Changes from CY15 to CY16 - 50:50 Method				
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method)	Population ³	Assessed Property Value ⁴	Per Capita (50:50 Method)	Per Capita (Population Method)	Per Capita (Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value	
Per Capita Rate			\$ 0.71			\$ 0.81	\$ 0.81	\$ 0.81	\$ 0.10	14.1%	1.4%	12.2%	
Arlington	18,270	1,816,314,125	11,196	18,360	2,003,794,121	12,794	14,872	10,716	\$1,598	14.3%	0.5%	10.3%	
Bothell (Part)	17,020	3,013,833,447	13,858	17,020	3,262,136,801	15,616	13,786	17,446	\$1,758	12.7%	0.0%	8.2%	
Brier	6,315	750,061,330	4,187	6,345	847,639,630	4,836	5,139	4,533	\$649	15.5%	0.5%	13.0%	
Darrington	1,350	99,202,198	737	1,350	89,647,428	786	1,094	479	\$49	6.6%	0.0%	-9.6%	
Edmonds	39,950	6,102,411,700	30,008	39,950	6,775,485,646	34,297	32,360	36,235	\$4,289	14.3%	0.0%	11.0%	<i>Assessed values increased higher than 4-county average</i>
Everett	104,200	11,511,536,706	66,845	104,900	12,519,157,882	75,960	84,969	66,951	\$9,115	13.6%	0.7%	8.8%	<i>Assessed values increased higher than 4-county average</i>
Gold Bar	2,080	115,532,563	1,038	2,085	121,696,653	1,170	1,689	651	\$132	12.7%	0.2%	5.3%	
Granite Falls	3,385	222,062,202	1,778	3,390	248,567,527	2,038	2,746	1,329	\$260	14.6%	0.1%	11.9%	
Index	180	12,865,095	97	180	14,802,352	112	146	79	\$15	15.5%	0.0%	15.1%	
Lake Stevens	28,960	2,375,391,203	16,441	29,170	2,746,491,505	19,158	23,628	14,688	\$2,717	16.5%	0.7%	15.6%	
Lynnwood	35,960	4,404,126,247	24,187	36,030	4,771,220,851	27,350	29,184	25,516	\$3,163	13.1%	0.2%	8.3%	
Marysville	62,100	4,869,342,321	34,674	62,600	5,483,698,785	40,016	50,706	29,326	\$5,342	15.4%	0.8%	12.6%	<i>Assessed values increased higher than 4-county average</i>
Mill Creek	18,600	2,587,203,172	13,313	18,780	2,870,765,031	15,282	15,212	15,353	\$1,969	14.8%	1.0%	11.0%	
Monroe	17,510	1,464,883,201	10,015	17,660	1,631,751,335	11,516	14,305	8,726	\$1,501	15.0%	0.9%	11.4%	
Mountlake Terrace	20,160	1,799,934,852	11,825	20,530	2,024,952,820	13,729	16,629	10,829	\$1,904	16.1%	1.8%	12.5%	
Mukilteo	20,440	3,439,006,432	16,175	20,540	3,770,965,470	18,402	16,637	20,167	\$2,227	13.8%	0.5%	9.7%	
Snohomish	9,220	1,037,368,081	5,963	9,270	1,112,616,298	6,729	7,509	5,950	\$766	12.8%	0.5%	7.3%	
Stanwood	6,340	638,609,620	3,907	6,530	687,073,355	4,482	5,289	3,674	\$575	14.7%	3.0%	7.6%	
Sultan	4,660	302,489,053	2,439	4,665	327,892,300	2,766	3,779	1,754	\$327	13.4%	0.1%	8.4%	
Woodway	1,300	462,791,427	1,662	1,310	509,286,662	1,892	1,061	2,724	\$230	13.8%	0.8%	10.0%	
Total Incorp. Snohomish County	418,000	47,024,964,975	270,345	420,665	51,819,642,452	308,931	340,739	277,126	\$38,586	14.3%	0.6%	10.2%	
Total Unincorp. Snohomish County	312,500	32,423,777,432	195,024	320,335	36,440,565,185	227,178	259,471	194,880	\$32,154	16.5%	2.5%	12.4%	
Total Snohomish County	730,500	79,448,742,407	465,369	741,000	88,260,207,637	536,109	600,210	472,006	\$70,740	15.2%	1.4%	11.1%	<i>Mostly due to assessed value increases</i>
Grand Total	3,780,900	\$ 517,551,010,452	\$ 2,684,439	3,835,450	\$ 580,922,661,329	\$ 3,106,715	\$ 3,106,715	\$ 3,106,715	\$422,276	15.7%	1.4%	12.2%	
			\$ 2,684,439			\$ 3,106,715							

1. The CY15 assessment was based on population estimates for 2013

2. The CY15 assessment was based on 2013 assessed property values for the 2014 tax year

3. The CY16 assessment is based on population estimates for 2014

4. The CY16 assessment is based on 2014 assessed property values for the 2015 tax year

**PUGET SOUND CLEAN AIR AGENCY
PROPORTIONATE SHARES FOR CY 2016**

CITY/COUNTY:	KING	Amount	CITY/COUNTY:	PIERCE	Amount
Algona		\$ 2,241	Auburn (Part)		\$ 6,001
Auburn (Part)		\$ 46,395	Bonney Lake		\$ 12,794
Beaux Arts Village		\$ 490	Buckley		\$ 2,724
Bellevue		\$ 165,247	Carbonado		\$ 328
Black Diamond		\$ 3,311	Du Pont		\$ 7,462
Bothell (Part)		\$ 21,703	Eatonville		\$ 1,626
Burien		\$ 31,934	Edgewood		\$ 6,740
Carnation		\$ 1,266	Fife		\$ 8,758
Clyde Hill		\$ 6,423	Fircrest		\$ 4,323
Covington		\$ 12,557	Gig Harbor		\$ 8,203
Des Moines		\$ 19,372	Lakewood		\$ 36,332
Duvall		\$ 5,564	Milton (Part)		\$ 4,087
Enumclaw		\$ 7,548	Orting		\$ 4,142
Federal Way		\$ 58,907	Pacific (Part)		\$ 456
Hunts Point		\$ 2,573	Puyallup		\$ 27,612
Issaquah		\$ 33,119	Roy		\$ 457
Kenmore		\$ 17,411	Ruston		\$ 702
Kent		\$ 86,785	South Prairie		\$ 246
Kirkland		\$ 82,984	Steilacoom		\$ 4,238
Lake Forest Park		\$ 11,296	Sumner		\$ 9,383
Maple Valley		\$ 17,391	Tacoma		\$ 129,194
Medina		\$ 9,683	University Place		\$ 20,765
Mercer Island		\$ 35,872	Wilkeson		\$ 268
Milton (Part)		\$ 608	Total Incorporated Pierce County		\$ 296,841
Newcastle		\$ 10,475			
Normandy Park		\$ 5,913	CITY/COUNTY: SNOHOMISH		Amount
North Bend		\$ 5,280	Arlington		\$ 12,794
Pacific (Part)		\$ 3,832	Bothell (Part)		\$ 15,616
Redmond		\$ 65,950	Brier		\$ 4,836
Renton		\$ 73,930	Darrington		\$ 786
Sammamish		\$ 49,889	Edmonds		\$ 34,297
Sea-Tac		\$ 22,456	Everett		\$ 75,960
Seattle		\$ 647,370	Gold Bar		\$ 1,170
Shoreline		\$ 41,936	Granite Falls		\$ 2,038
Skykomish		\$ 142	Index		\$ 112
Snoqualmie		\$ 11,288	Lake Stevens		\$ 19,158
Tukwila		\$ 21,294	Lynnwood		\$ 27,350
Woodinville		\$ 12,348	Marysville		\$ 40,016
Yarrow Point		\$ 2,901	Mill Creek		\$ 15,282
Total Incorporated King County		\$ 1,655,684	Monroe		\$ 11,516
			Mountlake Terrace		\$ 13,729
CITY/COUNTY: KITSAP		Amount	Mukilteo		\$ 18,402
Bainbridge Island		\$ 24,724	Snohomish		\$ 6,729
Bremerton		\$ 21,759	Stanwood		\$ 4,482
Port Orchard		\$ 8,930	Sultan		\$ 2,766
Poulsbo		\$ 7,388	Woodway		\$ 1,892
Total Incorporated Kitsap County		\$ 62,801	Total Incorporated Snohomish County		\$ 308,931
Unincorporated King County		\$ 199,111	Incorporated King County		\$ 1,655,684
Unincorporated Kitsap County		\$ 113,465	Incorporated Kitsap County		\$ 62,801
Unincorporated Pierce County		\$ 242,704	Incorporated Pierce County		\$ 296,841
Unincorporated Snohomish County		\$ 227,178	Incorporated Snohomish County		\$ 308,931
Total Unincorporated Counties:		\$ 782,458	Total Incorporated Counties:		\$ 2,324,257
Total CY2016 Prop Share of Support:		\$ 3,106,715			