

Date: May 23, 2019

To: Board of Directors
Puget Sound Clean Air Agency

Subject: Resolution No. 1403 – Approving the FY20 Budget

Honorable Members:

Over the past months, we have discussed with the Board our key issues in the development of the FY20 budget and their impact on our budget projection period (FY21-22). This memo accompanies our proposed FY20 budget, along with related budget documents. The attached budget documents include key assumptions, the detailed proposed FY20 budget, the sources and uses of funding, the agency organization chart, fund balances, adopted FY20 Financial Policies, and the adopted CY20 per capita schedule by jurisdiction.

Key Assumptions for the FY20 Budget

Our primary goals are to:

- Deliver on our Climate work as set out in our Strategic Plan,
- Continue our strong work in pollution regulation (fee programs), wood smoke abatement (woodstove removal/replacement program funded by state grants and per capita), diesel emissions reductions (grant work funded by federal and state grants), air quality monitoring & communication, equity efforts, and community outreach on air quality issues (funded by per capita and small grants), and
- Develop a balanced FY20 budget and fiscally responsible expenditure levels in the projection years

As part of the budget process, we reviewed our financial policies that define stabilization targets and key reserves. We recommended several minor changes to the financial policies – continue to reserve future interest income for any unplanned one-time, non-personnel expenses (approved by the Board) and add another use for reserves in the Capital Equipment, Software Applications and IT Services Reserve. This was adopted by the Board in April and the final FY20 Financial Policies are included in the attached budget documents (pages 15 – 23 in the attached budget document).

Key assumptions for the FY20 budget are included in the attached budget document (pages 4 – 11). The current proposed FY20 budget has some revisions from the draft budget that we brought to the Board in April – the main change is the FY20 carryover amount for the federal grant for propane school buses. These revisions are summarized in the table below:

**Puget Sound Clean Air Agency
FY20 Proposed Budget v. Draft Budget**

	Proposed FY20 Budget (May Board)	Draft FY20 Budget (April Board)	
Federal Grants	2,856,247	2,460,272	<i>Revised grant carryover from FY19 into FY20 for the propane school bus grant</i>
State Grants	1,045,895	1,045,891	
Supplemental Income (Per Capita)	3,403,606	3,403,606	
Program Fees	5,494,171	5,493,171	
Other Revenues	222,000	222,000	
Total Revenues	13,021,919	12,624,940	
Personnel Expenses	10,234,085	10,234,085	
Work Plan Expenses	2,507,397	2,116,397	<i>Increased work plan expenses due mainly to carryover of propane schoolbus grant</i>
Operating Expenses	2,569,217	2,568,217	
Equipment Expenses	270,828	270,828	
Total Expenses	15,581,527	15,189,527	
Net Surplus (Deficit) before appropriations	(2,559,608)	18,028,571	
Appropriations from (Contributions to) Fund Balances			
Per Capita Draw (Contr) - Operations	797,864	802,367	<i>Net impact of additional overhead offset from propane school bus grant and \$1k addition to travel & training budget</i>
Civil Penalties Draws	219,051	219,051	
Civil Penalties -Transfers	1,000,000	1,000,000	
Subtotal - Discretionary Funds	2,016,915	2,021,418	
Diesel Grant Fund - Draw	145,365	145,365	
Fee Programs	1,157,328	1,157,803	<i>Minor change in draws</i>
Legal Dept Reserve	(550,000)	(550,000)	
Other	(210,000)	(210,000)	
Appropriations (Contributions)	2,559,608	2,564,586	

Financial Projections beyond the Budget Year

Overall, we believe we built a budget that is fiscally responsible and keeps us delivering on our Strategic Plan. Our budget year and projections in the table below reflect the priorities indicated by the Board over the last several months of budget development and our assessment of risks and opportunities facing the agency.

- Balancing increases in personnel expenses (due to cost of living adjustments, market conditions in our four counties, and benefit costs increases) with the need for technical skills and key positions is one of our biggest challenges. In the last two years, we have not filled all of our budgeted positions due to a number of factors – difficulty recruiting for some higher level and technical positions, increased retirements in recent years, and coordinating the start of climate initiatives. We are including in our FY20 budget cost of living increases of 2.5% to 2.7% (based on actual changes in the CPI index and per our contract and are estimating 2.3% thereafter (based on King County projections).

FY19 Estimate, FY20 Proposed Budget, FY21-FY22 Projection

	FY19 Estimate	Proposed FY20 Budget	FY21 Projection¹	FY22 Projection¹
Federal Core Grant (EPA/Ecology)	910,357	910,344	910,354	910,342
Sec 103 Grant (Ecology)	108,189	85,198	65,004	65,006
State Core Grant (Ecology)	663,614	663,604	663,615	663,609
Woodstove Grants (Ecology)	373,792	382,290	382,301	382,302
Transportation & Air Quality Grants/Contracts	561,436	1,860,705	933,000	933,000
Federal/State Grants and Contracts	2,617,388	3,902,142	2,954,274	2,954,259
Per Capita Revenues	3,321,589	3,403,606	3,499,120	3,633,526
Fee Program Revenues	5,494,171	5,494,171	6,092,104	6,092,104
Other Contracts/Grants/Fees	82,000	-	-	522,151
Other Revenues	650,000	222,000	440,000	354,000
Total Revenues	12,165,148	13,021,919	12,985,499	13,556,040
Personnel Expenses	8,899,606	10,234,085	10,828,288	11,080,541
Work Plan Expenses	1,006,367	2,507,397	1,366,300	1,366,300
Operating & Equipment Expenses	2,647,552	2,840,044	2,346,984	2,338,186
Total Expenses	12,553,525	15,581,527	14,541,572	14,785,027
Net Surplus (Deficit)	(388,378)	(2,559,608)	(1,556,073)	(1,228,986)
Full-Time Equivalents	65.7	74.1	76.2	77.2
# of Positions	Budgeted 76.0	76.0	77.0	78.0
Breakdown of Net Surplus (Deficit):				
Net Surplus (Deficit) - Fee Programs	(689,193)	(1,157,328)	(526,139)	(602,458)
Net Surplus (Deficit) - Non-fee Programs	300,815	(1,402,280)	(1,029,935)	(626,528)
Net Surplus (Deficit)	(388,378)	(2,559,608)	(1,556,074)	(1,228,986)
Funding:				
Net draws from (contributions to) fee reserves	689,193	1,157,328	526,139	602,458
Net draws from (contributions to) non-fee reserves	(403,545)	183,229	1,103,055	699,648
Draws from civil penalty fund balance	522,730	1,219,051	226,880	226,880
Civil Penalty Collections (contributions to)	(420,000)	-	(300,000)	(300,000)
Net Draws (Contributions)	388,378	2,559,608	1,556,074	1,228,986
Fund Balances (fiscal year-end):				
Per Capita (carryover) Fund	1,193,215	395,351	(535,704)	(1,027,352)
General Fund Reserve	494,808	494,808	494,808	494,808
Civil Penalty Fund ²	1,219,051	-	73,120	146,240
Diesel Grant Fund	145,365	(0)	(0)	(0)
Interest Income Fund	166,643	376,643	504,643	546,643
Discretionary Funds, Diesel Grant and Interest Inc Funds	3,219,082	1,266,802	536,867	160,339
Per Capita - Reserve for second half of calendar year	1,687,722	1,715,884	1,783,236	1,850,290
Fee Program Funds	4,299,107	3,141,780	2,615,641	2,013,183
Equipment Reserve	171,979	171,979	171,979	171,979
Department & Legal Reserves	449,511	999,511	699,511	449,511
Employer Retirement Reserve	265,122	265,122	265,122	265,122
Unemployment Reserve	192,332	192,332	192,332	192,332
Other Funds	132,311	132,311	132,311	132,311
Funds (excludes state pension & OPEB liabilities)³	\$ 10,417,166	\$ 7,885,721	\$ 6,396,999	\$ 5,235,067

1. Includes staffing and costs related to the Clean Fuels Standard program; assumes new fees start in FY22

2. Projected civil penalty collections are not included in estimated revenues for FY20 budget; however, we have included estimated revenues of \$420k for FY19 and likely collections for FY21-FY22 similar to average historical levels (\$300k)

3. Excludes the book entries for the Pension and OPEB Liability Funds - the combined amount for FY19 was \$8.9 million (negative fund balances)

- While our FY20 budget is balanced from a funding standpoint, we are projecting deficits in FY21 and FY22 from carrying the cost of implementing the possible Clean Fuels Standard (about \$1 million) before we can expect fees to be place to cover these costs. This means that we will have to address these through a combination of other expense reductions, use of other reserves (civil penalty, interest income, and general fund reserve – all governed by Board approval), and a temporary per capita increase to fund these imbalances.
- Fund balances for the end of FY20 are shown in detail on page 13 of the budget document – we project fund balances of \$7.9 million (pre-pension and retiree benefit liability adjustments) for FY20, a decrease of \$2.5 million from the projected end-of-FY19 balances. The decrease is due to the depletion of civil penalties that are being used for lower but ongoing legal expenses, the use of per capita carryover funds from FY19 (lower-than-budgeted costs due to unfilled positions), and the reduction in the fee fund balances (rising personnel costs).

We recommend the adoption of the proposed FY20 budget at the May Board meeting. If you have any questions, please contact me at 206.689.4004 or CraigK@pscleanair.org.

Respectfully submitted,



Craig T. Kenworthy
Executive Director

Attachment

jwc

RESOLUTION NO. 1403

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUGET SOUND CLEAN AIR AGENCY APPROVING THE BUDGET FOR THE FISCAL YEAR OF 2020 WITH A PER CAPITA RATE OF EIGHTY-THREE CENTS – JULY 1, 2019 TO JUNE 30, 2020

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 2020 (July 1, 2019 to June 30, 2020) 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-three 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 2020, 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 2020 (July 1, 2019 to June 30, 2020) including attached Fiscal Year 2020 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 30th day of May, 2019.

PUGET SOUND CLEAN AIR AGENCY

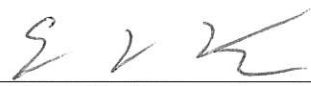
By


Paul Roberts

Chair, Board of Directors

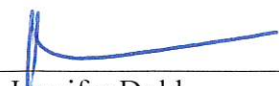
Attest:

By


Craig T. Kenworthy
Executive Director

Approved as to form:

By


Jennifer Dold
General Counsel

Puget Sound Clean Air Agency

Fiscal Year 2020

Proposed Budget

May 30, 2019

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Strategic Plan Goals

The agency's Board adopted the 2014-2020 Strategic Plan in February of 2014. The goals and strategies are summarized below and are the driving factors for the development of the FY20 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

Key Assumptions – FY20 Budget

The key assumptions in the agency's FY20 Budget and FY21-22 projections include:

Our primary goals for the development of the FY20 budget are to:

- Deliver on our Climate work as set out in our Strategic Plan,
 - Continue our strong work in pollution regulation (fee programs), wood smoke abatement (woodstove removal/replacement program funded by state grants and per capita), diesel emissions reductions (grant work funded by federal and state grants), air quality monitoring & communication, equity efforts, and community outreach on air quality issues (funded by per capita and small grants), and
 - Develop a balanced FY20 budget and fiscally responsible expenditure levels in the projected years
- Climate Work
The FY20 budget does not foresee needing significant added investments in the development of the Clean Fuels Standard program; however, we would be investing in our Strategic Plan climate goals by hiring an Air Resource Associate (Zero Emissions Vehicles), filling an open climate staff position and adding a workplan for climate incentives, education and outreach. For FY21 and FY22, we have included new resources (three FTEs) to support the potential Clean Fuels Standard – in addition, we would potentially shift some resources from current work to support this program.
 - Federal and State Core Grants
In the past few years, we have projected the regional reallocation of EPA funding and its impact on our federal core grant projections; however, it now seems unlikely to happen in our planning period for FY20-FY22 since Congress shows no signs of allowing EPA to move in this direction. We also expect to have a stable state core grant over this period.
 - Woodstove Grants
We expect to continue to receive woodstove removal/replacement funding from the state capital budget.
 - Other Grants
In the transportation area, there are several new grants that will be included in the FY20 budget – a \$900k EPA school bus propane grant starting in FY19 (carrying over into FY20) and a potential \$2.5 million tugboat repower grant (VW funds through the Dept. of Ecology). In addition, we will evaluate the work that the Clean Cities Coalition will do to support clean fleets.
 - Fee Programs (Asbestos, Notice of Construction, Operating Permit, Registration)
Throughout the year, we monitor the monthly trend in fee programs' costs relative to fee revenues and we will be estimating forecasted expenses beyond FY19. At this point in the budget development, we are not anticipating any fee changes for FY20. In the forecast period (FY21 – FY22) we have incorporated modest fee increases in the Registration and Operating Permit programs; however, these are always evaluated during our budget development process before proposing actual increases.

- Per Capita (Supplemental Income)

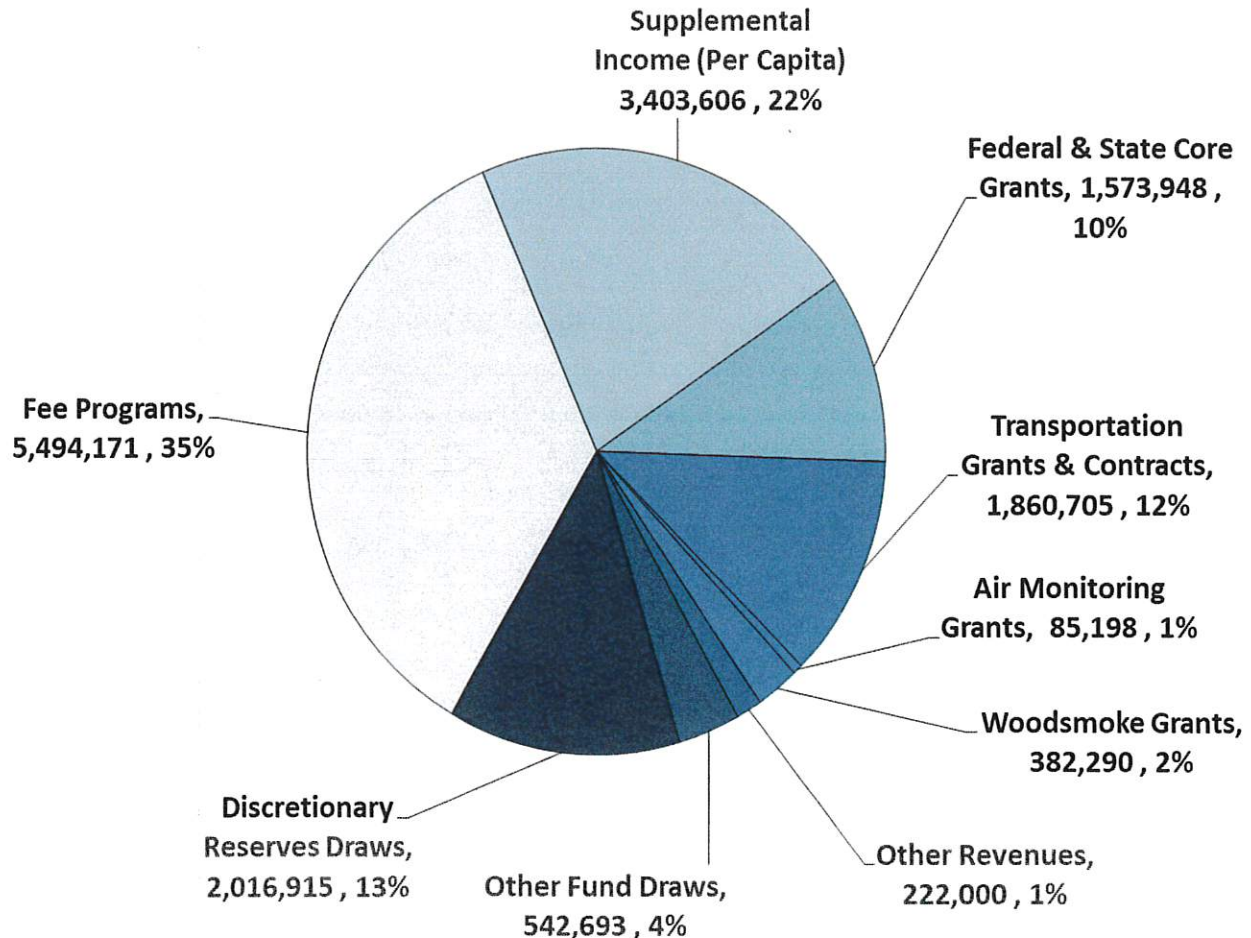
The per capita rate for CY19 is currently set at 83 cents. Due to the uncertainty on some of our climate work and due to the cost savings in the first-half FY19 financial performance, we did not propose an increase in the per capita rate for CY20.

- Budgeted personnel expenses for FY20 are expected to increase from FY19 levels as we fill positions that were open in FY20 and as impacted by cost-of-living adjustments (2.5% staff and 2.7% managers). For our projections beyond FY20, we are using inflation rates in the 2.3% range (based on the March 2019 King County economic forecast).
- Workplan expenses are expected to increase in FY20 mainly due to the new grants mentioned above. Other operating expenses show a modest increase (4%) mainly due to the increase in professional fees (projected legal fees and an HR contract for classification and compensation analysis).
- Other impacts on our personnel costs have been the continuing double-digit employer contribution rate for the Public Employees Retirement System (PERS) and rising medical benefit costs. We are projecting an employer PERS rate of 12.68% (based on projected recommended rates from the Washington State Actuary) of salaries and wages. Pension contributions and medical benefits now comprise almost \$2 million of our total personnel costs of about \$10 million.

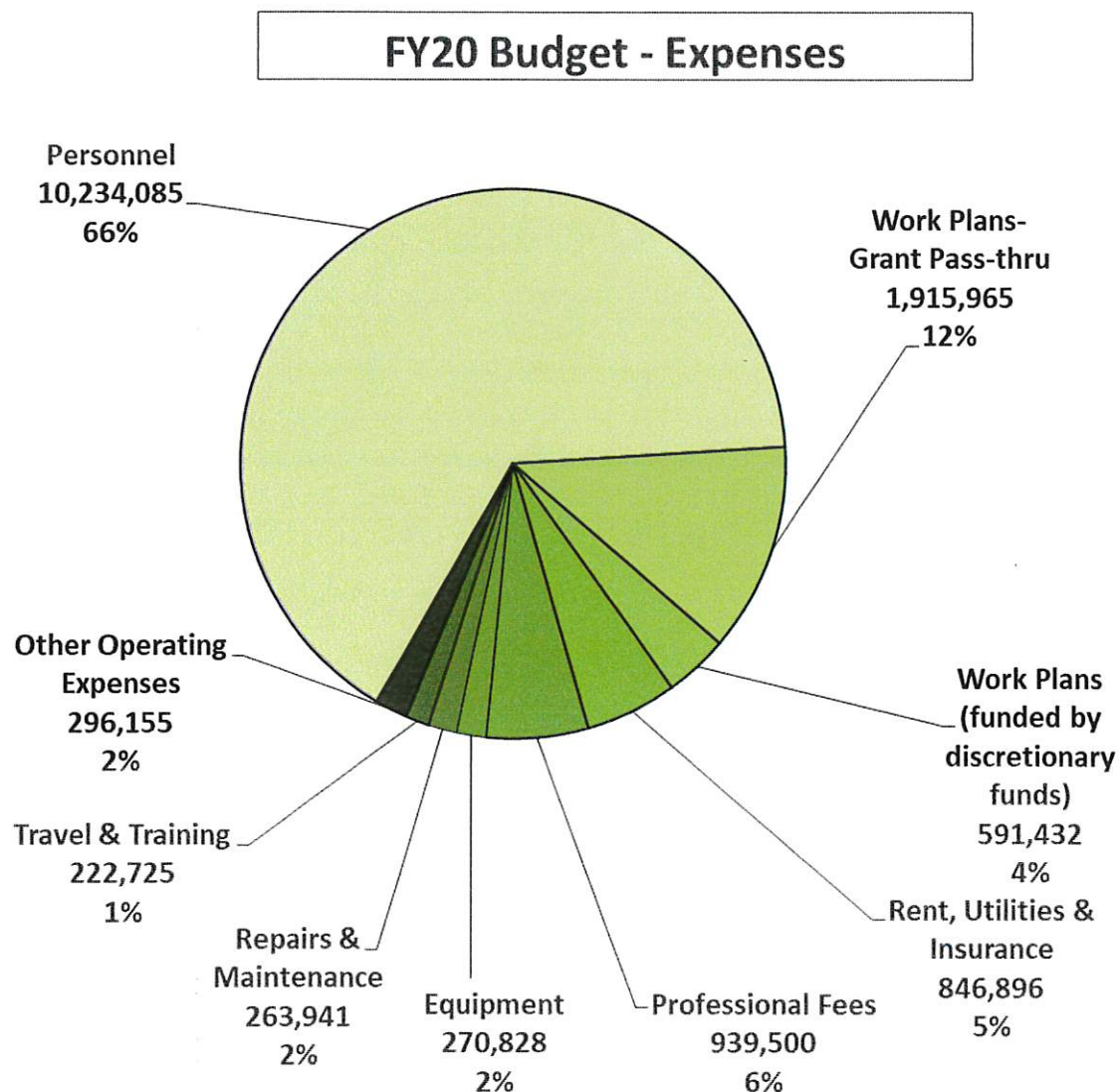
FY20 Funding Sources and Expenses

The agency has diversified funding sources – we budgeted total funding of \$15.6 million for the FY20 budget. The primary funding (35%) is fee program revenues for the regulatory work around pollution sources – these are self-funded programs whose revenues only support the regulatory work of the agency. Supplemental income (per capita) comes from an annual assessment (83¢ per person in the four-county jurisdiction) that comprises about 22% of our funding and is used for other air pollution mitigation, public education and outreach, pollution monitoring and forecasting, and overhead support. Federal and state core grants (10% of total funding), that are awarded through the Washington State Department of Ecology, also fund the same initiatives as the supplemental income. Transportation and woodsmoke grants (14% of funding) are used for specific diesel emissions or woodsmoke reduction projects in our four-county jurisdiction (King, Kitsap, Snohomish and Pierce). Discretionary fund draws of \$2.0 million are draws from per capita carryover balances and from previously collected civil penalties. Other fund draws of \$.5 million are mostly from the Fee programs fund reserves for operations during the fiscal year.

FY20 Budget - Funding Sources



The revenues and reserves identified above will fund \$15.6 million in expenses in the FY20 budget. Personnel expenses (\$10.2 million) are our most significant operating expense at 66% of total expenses. Personnel expenses are expected to increase by \$1.3 million from 2019 – about three-quarters of this increase is due to filling positions that were partially vacated during FY19 and the balance is the result of cost-of-living increases in the range of 2.5% to 2.7% and the addition of two new positions to support climate work. Work plan grant pass-thru expenses (12% of total expenses) are pass-thru payments to grant partners, beneficiaries or sub-recipients – these expenses have decreased significantly from prior years due to the completion of large diesel emissions reductions programs. The work plan expenses funded by draws from discretionary funds (civil penalty fund balances collected in prior years and per capita carryover) are supporting climate solutions programs, communications related to specific programs, and community engagement and outreach. Professional fees of \$0.9 million are higher than typical years due to legal expenses related to an ongoing case and potential new cases and the addition of contracts to support the Climate programs. Rent increases are per our lease agreement which was negotiated before the market for Seattle office space tightened. Other expenses are in line with expectations.



FY20 Detailed Budget

The detailed FY20 budget is shown on the following pages. Highlights include:

- Budget revenues are projected to be about \$13.0 million, about 7% higher than 2019. This is primarily due to the new non-recurring federal grants for propane school buses and tugboat repowers in FY20.
- The per capita rate charged to our four-county jurisdiction is remaining flat at 83¢; however, total assessments are increasing due to the 1.7% increase in population in the four counties (King, Pierce, Snohomish and Kitsap).
- The Fee programs are self-funded from fees charged to pollution sources. We do not target these revenues (\$5.5 million) and they are used only to fund the costs of the Asbestos, Notice of Construction, Registration and Operating Permit programs. We are not increasing fees for these programs in FY20 and, since we don't set goals for these fees, we assume the revenues will be flat from 2019.
- The agency does not set targets in the budget year for civil penalty collections and these are not included in the FY20 budget year. We anticipate interest income, earned on reserves invested in the King County Investment Pool, to be about \$.2 million in FY20.
- The increase in personnel expenses from \$8.9 million in 2019 to \$10.2 million in FY20 is due mainly to filling positions that were budgeted in FY19 but were partially vacant. Cost-of-living adjustments (2.5% to 2.7%) and the addition of two new positions later in FY20 contributed to the rest of the increase.
- Workplan expenses are expected to increase \$1.5 million due to grant pass-through expenses from carryover and new grants, and contracted work for the Climate program.
- Professional services are at about the same level as the prior year – these include legal costs related to ongoing or new cases, climate solutions contracted technical work, HR contracting and recruitment costs, audit costs, temporary staffing and graphics/video support for Communications.
- Equipment expense (\$.3 million) is about the same as level as 2019 but the composition has changed. In 2019, the agency purchased more air monitoring equipment – for the FY20 budget, we are planning on increased inspection and monitoring vehicle purchases and lower air monitoring equipment expenses.
- Repairs and maintenance expenses are increasing in the FY20 budget due to the planned purchases of software (accounting, MS Cloud, and enterprise search).

Attachment A

Puget Sound Clean Air Agency
FY20 Proposed Budget

	Proposed FY20 Budget	
Federal Grants:		
105 Grant - Federal Core (EPA/Ecology)	910,344	<i>Flat from FY19 level</i>
Sec 103 Grant - PM 2.5 (EPA/Ecology)	85,198	<i>Anticipating a \$35k reduction in this grant over FY20-21</i>
Clean Cities Coalition (DOE)	33,000	<i>Dept of Energy support grant for WW Clean Cities Coalition</i>
Marine Eng Repl - DERA/EPA	263,705	<i>Continuation from FY19</i>
School Bus-Propane (DERA/EPA)	889,000	<i>New grant starting in FY19+</i>
Tugboat Repowers (VW/Ecology)	675,000	<i>New funding via Dept of Ecology as part of the VW settlement</i>
Subtotal - Federal Grants	2,856,247	
State Grants:		
State Core (Ecology)	663,604	<i>Flat from FY19 level</i>
Woodstove Repl/Removal (Ecol)	300,000	<i>Placeholder for woodstove grants - we are currently applying to Ecology for the biennium grant</i>
Wood Smoke Educ & Enf Grant (Ecology)	82,290	<i>Flat from FY19 level</i>
Subtotal - State Grants	1,045,895	
Supplemental Income:		
Per Capita - Cities and Counties	3,403,606	<i>Based on a flat rate of 83 ¢ and a population increase of 1.67%</i>
Subtotal - Supplemental Income	3,403,606	
Program Fees:		
Asbestos	645,000	
Notice of Construction	460,000	
Registration	2,799,009	<i>Flat from FY19 level - no fee increases in FY20</i>
Operating Permits	1,590,162	
Subtotal - Program Fees	5,494,171	
Other Revenues:		
Civil Penalty Collections	-	<i>Agency does not budget for this</i>
Interest Income	210,000	<i>Based on projected reserve balances and King County Investment Pool projected yields</i>
Clean Cities Coalition	12,000	<i>Dues and sponsorships</i>
Subtotal - Other Revenues	222,000	
Total Revenues	13,021,919	

**Puget Sound Clean Air Agency
FY20 Proposed Budget**

	Proposed FY20 Budget	
Personnel Expenses:		
Salaries & Wages	7,464,331	This is an increase from FY19 - positions that were budgeted in
Benefits	2,769,755	FY19 but not filled until FY20 combined with two new positions
Total Personnel Expenses	10,234,085	supporting climate work and the Clean Fuels Standard program
Work Plan Expenses	2,507,397	Includes grant pass-thrus (\$1.9 M), climate incentives (\$.3 M),
Operating Supplies	46,800	Equity workplan (\$.2 M), communications workplans (\$.1 M)
Professional Services	939,500	Flat from prior year
Telephone	61,400	Includes professional services- legal expenses (\$450k), HR
Postage	12,525	contracts (\$143k), communications (\$50k), recruiting
Meetings	19,000	(\$45k), temporary staffing (\$45k), financial systems consulting
Travel & Training	222,725	(\$40k), audit (\$30k), lobbyist (\$36k) and other contracted services
Transportation	43,305	We increased our internet bandwidth and expect field cellular
Rent & Utilities	742,835	costs to increase
Insurance	104,061	Flat from prior year
Repairs & Maintenance	263,941	Increased from prior year to cover more public meetings
Legal Expenses	23,596	Increased from prior year- FY19 had lower number of FTEs
Printing	8,500	Flat from prior year
Merchant & Bank Fees	81,029	Flat from prior year
Subtotal - Operating Expenses	5,076,614	Includes office rent per lease (\$630k), monitoring site rent
Tenant Improvements	-	(\$30k), equipment leases (\$38k), storage rent (\$36k), utilities (\$9k)
Computer & Office Equipment	90,328	Inflationary increase from prior year
Vehicles	117,000	Increase from prior year - accounting software, Microsoft Cloud
Technical/Scientific Equipment	63,500	services and Enterprise Search software
Subtotal - Equipment	270,828	Flat from prior year
Total Expenses	15,581,527	Flat from prior year
Net Before Appropriations	(2,559,608)	Decrease from prior year - replaced aging laptops in FY19
		2 inspection vehicles, 1 monitoring vehicle
		Decrease from prior year - purchased specialized equipment in
		FY19
		The deficit is funded by draws on various fund balances as shown
		below

**Puget Sound Clean Air Agency
FY20 Proposed Budget**

**Proposed FY20
Budget**

Appropriations from (Contributions to) Fund Balances

Per Capita Draw (Contr) - Operations	797,864	<i>Draw on per capita carryover funds - we expect the beginning carryover balance to be \$1.2 million due mostly to savings from underspending in FY19</i>
Per Capita Draw - Dept Reserves	-	
General Fund Reserve	-	
Civil Penalty Collections	-	<i>Unbudgeted</i>
Civil Penalties Draws	219,051	<i>Draw to fund fire district reimbursements, climate incentives, communications workplan</i>
Civil Penalties -Transfers	1,000,000	<i>Transfer to the legal reserve for FY20-22</i>
Subtotal - Discretionary Funds	2,016,915	
Diesel Grant Fund - Draw	145,365	<i>Final draw on diesel grant for Clean Air Initiatives staff</i>
Fee Programs	1,157,328	<i>Draw on fee program funds</i>
Equipment Reserve	-	
Compliance Reserve	-	
Department Reserves	-	
Legal Dept Reserve	(550,000)	<i>The net effect of the contribution from the civil penalties fund less projected legal expenses of \$450k</i>
Employer Retirement Fund	-	
Pension & OPEB Funds	-	
Other	(210,000)	<i>Interest income contribution to the Interest Income Reserve</i>
Subtotal - Appropriations (Contributions)	2,559,608	
Net	-	
Full-Time Equivalents (FTEs)	74.07	

Ending Discretionary Fund Balances

Per Capita Carryover	395,351
General Fund Reserve	494,808
Civil Penalties	-
Discretionary Funds	890,159
Diesel Grant Fund	(0)
Interest Income Fund	376,643
Total Discretionary, Diesel Fund & Interest Income Fund	1,266,802

FY20 Fund Balances

Agency fund balances at fiscal year-end (June 30th) are a combination of reserves defined in our Financial Policies (pgs. 12-20) and funds committed for the following fiscal year budget. For example, fees for the Registration and Operating Permit programs are billed in November for the calendar year beginning in January. At June 30th, these fund balances include six months' worth of revenues committed to the second half of the calendar year (or the first half our new fiscal year) as well as financial policy stabilization reserves.

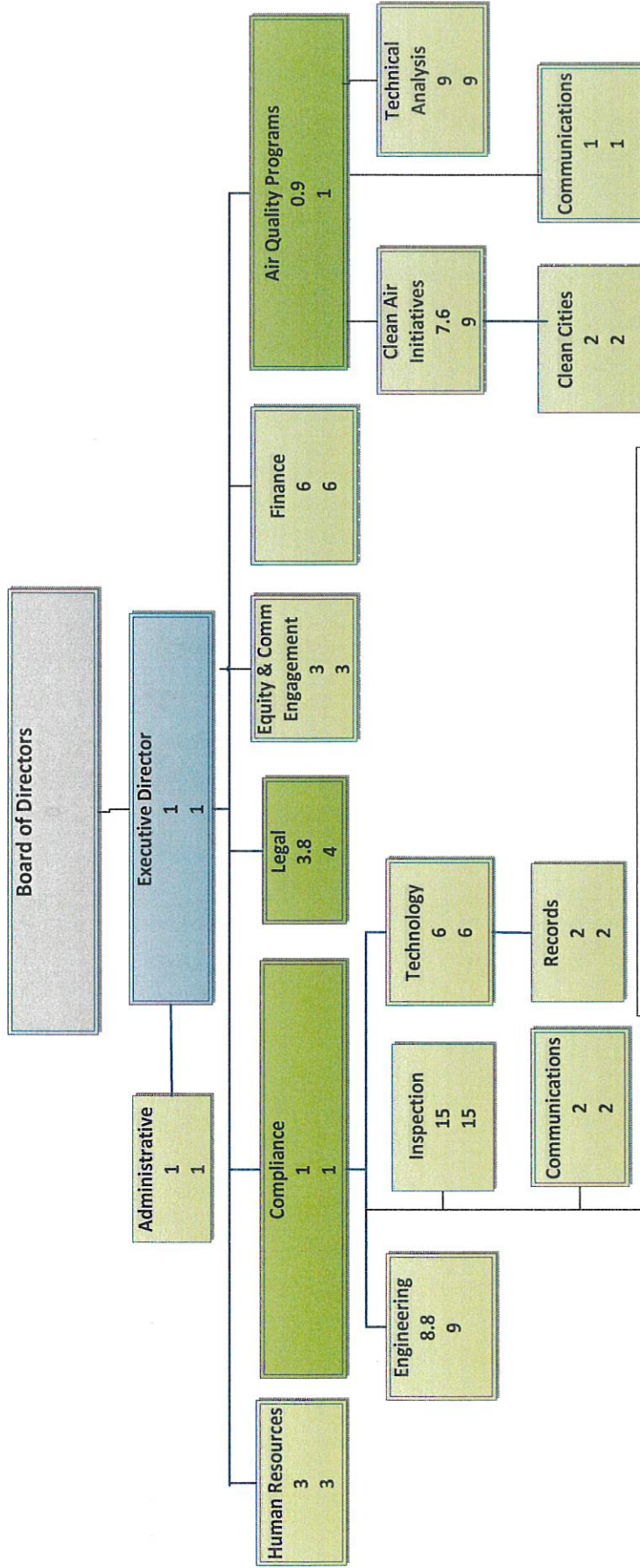
A significant change to our reporting of fund balances has been the implementation of Government Accounting Standards Board (GASB) requirements regarding the recognition of each government's portion of the state retirement plan's unfunded pension liability and the net liability for retiree benefits. These amounts are measured and reported at each fiscal year end. For FY19, this resulted in our reporting a "negative" fund balance of \$8.9 million for the agency's portion of the net liabilities. The pension liability is an estimate of the net assets (investments and future earnings) and liabilities (projected retirement payouts) and is reviewed by the state actuary each year and reported by the state Department of Retirement Systems. The retiree benefits liability is the result of discounted medical premiums offered to retirees.

The schedule of funds on the next page shows all of the funds and their projected balances at fiscal year-end (June 30th) 2019 through 2020. This schedule also indicates the section of the financial policies in this document that determine fund uses and reserves.

FY20 Budget - Fund Balances at Fiscal Year-End

	FY19 Estimated Ending Balance	FY20 Proposed Budget	See Financial Policy Section	Comments
Per Capita Carryover	1,193,215	395,351	II.B.1.	<i>Carryover of per capita funds - can be used to fund a following year deficit</i>
General Fund Reserve	494,808	494,808	IV.B.4	<i>Funded by interest income thru FY17 and by fiscal year budget savings (discretionary fund expenses) - the target balance of 10% (of per capita and core grant revenues) was reached in FY18</i>
Civil Penalties	1,219,051	-	II.D.	<i>FY20 spending from these previously collected penalties supports the specific uses as described in the FY20 Financial Policies - most of the decrease was due to a transfer of funds to the legal reserve</i>
Subtotal - Discretionary	2,907,074	890,159		
Per Capita	1,687,722	1,715,884	II.B.1.	<i>Reserve for second half of calendar year - 50% of the calendar year billings</i>
Civil Penalties - Committed	24,430	24,430	II.D.	<i>These are fund balances from settlements that are committed to specific uses</i>
Diesel Grant Fund	145,365	(0)		<i>This fund may be used for diesel emissions reductions or other projects</i>
Asbestos	525,719	246,606	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$462k</i>
Notice of Construction	108,024	97,107	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$235k</i>
Registration	2,370,298	2,113,210	II.B.2.	<i>The FY20 ending balance includes reserves for the balance of calendar year 2020 (\$1.5 million); in addition, it includes the stabilization reserve of \$.6 million (target is \$.8 million)</i>
Operating Permits	1,295,067	684,857	II.B.2.	<i>The FY20 ending balance includes about 62% of the reserves for the balance of calendar year 2020 (target is \$1.1 million); it does not include a stabilization reserve (target is \$.6 million)</i>
Equipment Reserve	171,979	171,979	Appendix 2	<i>This reserve is for unplanned equipment, vehicle or software requirements during the fiscal year.</i>
Department/Division Reserves	249,511	249,511	IV.B.3.	<i>Includes \$200k for the Compliance Division reserve and \$50k for other non-fee department reserves</i>
Legal Reserve	200,000	750,000	Determined during budget development	<i>This reserve is funded at the beginning of each fiscal year - for FY20, it is funded by \$1 million from previously collected civil penalties and expected to be spent down by over FY20 to FY22</i>
Employer Retirement Reserve	265,122	265,122	II.E.	<i>This balance is reserved for future employer rate increases for the Public Employee's Retirement System (PERS)</i>
Clean Cities Coalition	40,000	40,000	II.C. & IV.E.	<i>Clean Cities Coalition is funded by member dues, Dept of Energy support, grants and agency per capita revenues.</i>
Unemployment Reserve	192,332	192,332	IV.B.5.	<i>This fund is used to fund the agency's self-insured unemployment claims.</i>
Interest Income Fund	166,643	376,643	II.E.	<i>This fund can be used for one-time non-personnel expenditures approved by the Board</i>
Other Funds	67,881	67,881		<i>Miscellaneous funds</i>
Subtotal - Fund balances before Pension and OPEB net liability recognition	\$ 10,417,166	\$ 7,885,721		
Pension and OPEB Liabilities	(8,875,350)	(8,875,350)		<i>This is a book adjustment to recognize the agency's proportionate share of the state retirement pool's net pension and post-employment benefits liabilities for reporting purposes (required by GASB)</i>
Total Balance at June 30th	\$ 1,541,816	\$ (989,629)		

Puget Sound Clean Air Agency – FY20 Budget – Organization Chart



Employees			
FY19 Estimate	FY20 Budget	Change from Prior Year	
65.7 FTEs	74.1 FTEs	8.4 FTEs	
Budgeted 76 Positions	76 Positions	-	
Explanation of changes:			
• In FY20, 2 positions in Compliance are not being filled, 2 new positions are being added to support Climate work and the Clean Fuels Standard, and previously budgeted, but open, positions are being filled			

Headcounts are shown as full-time equivalent employees (FTEs) / # of Positions

Proposed Fiscal Year 2020 – 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. The agency does not rely solely on state and federal funds 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. For each annual budget, the budget amount of Per Capita revenues (Supplemental Income) will be determined by combining 50% of the prior calendar year per capita assessment amount along with 50% of the budget calendar year amount.

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 that are not supported by fees. This includes protecting human health by reducing emissions of PM2.5, ozone, and other criteria and toxic 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 normally 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 and Support Grant Income* – The Coalition receives annual voluntary dues from Coalition members. In addition, the Department of Energy provides funding through an annual cooperative agreement and the agency contributes funding from per capita revenues. The funds from all of these sources support the operations of the Coalition by 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 FY20, interest income and investment recaptures (from previous investment losses) during the year will be transferred to the Interest Income Fund. The Interest Income Fund balance of \$28k is reserved for potential impaired investment write-offs from the King County Investment Pool. The excess balance above this amount, from interest income earned, can be used, with Board approval, for unforeseen one-time non-personnel expenditure needs that may arise in the fiscal year.

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, quarterly 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 support for:

- establishing and maintaining strategic partnerships;
- promotional and outreach activities (to include communication tools, services and materials) that support our vision;
- efforts to address inequities in air pollution exposure
- community-focused air quality characterization or improvement projects;
- voluntary and incentive-based programs that produce quantifiable climate, toxics or criteria pollutant benefits; and
- atypical or unusual legal expenses.

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.

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 accrued employee 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 appropriate fee 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 unless the equipment was funded with grant funds with certain restrictions.

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. The targeted balance for this reserve is 10% of the general fund revenues (composed of per capita revenues, the federal core grant and the state core grant), targeted to be reached by FY2020. If necessary, this reserve is funded or replenished from interest income, investment recaptures (from previous investment losses) and

other discretionary (unrestricted) funds resulting from better-than-planned budget performance (see section II.E.). The Board must approve withdrawals from the general fund reserve, as part of the annual budget or through a budget amendment. The approval must include a plan for reimbursing the reserve.

5. Unemployment Reserve – The agency operates on a reimbursement basis with the Employment Securities Department (ESD) rather than paying quarterly unemployment taxes. The agency has minimal control over the timing, duration and amount of unemployment charges. The purpose of this reserve is to provide for unemployment expenditures. The amount of this reserve will be assessed as needed and funded accordingly.

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. The target balance is \$40,000 and will be reviewed as needed.

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 reference in the Asset Tracking System 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, Software Applications, and IT Services Reserve

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 reserve account that helps fund the following types of purchases:

- Vehicles
- Air Monitoring/Scientific Equipment and applications
- Computer Systems and applications
- Office Machines and Tenant Improvements
- Specialized Information Technology Consulting Services

Principles

General

- The reserve target should reflect a prudent amount of funds necessary to pay for the intended use. The target is \$170,000 which includes amounts previously accumulated separately for air monitoring/scientific equipment and applications and for the Agency Telephone system replacements but no longer needed to be earmarked in the balance.
- The Board may adjust account balance limits during the Agency's annual budget process.
- Expenditures from the Capital Equipment Reserve are normally made to:
 - Fund large non-routine capital or applications expenditures
 - Meet high priority needs not envisioned during the budget process
- The reserve 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.

CY20 Supplemental Income (Per Capita Assessment)

The Washington State Clean Air Act, at RCW 70.94.093, requires that the Board of Directors of the Agency:

1. Shall select a method of determining the apportionment of supplemental income based on one of the following: 1) the population method (Method 1), which allocates the per capita fees to each jurisdiction based on their respective populations; 2) the assessed property value method (Method 2), which allocates the per capita fees to each jurisdiction based on their respective share of the total assessed property values; or 3) the 50:50 method (Method 3), which blends the population and assessed value methods in allocating the per capita fees to jurisdictions; and,
2. Shall certify by the fourth Monday in June of each year the share of the Agency's supplemental income budget that shall be paid in the next calendar year by each city and county located in the Agency's jurisdictional area.

During each fiscal year's budget cycle, we present information to the Board that compares the budget year per capita assessment, under the various methods of apportionment, to the prior year's actual assessment (see the table on pages 25-27) and apportionment. This information shows the impact on the various jurisdictions from changes in population and assessed property values combined with the change in the per capita rate. The pure population (Method 1) or assessed property value method (Method 2) can cause more dramatic swings in the apportionment from year to year depending on the relative population growth or influences of the economy on property values. The 50:50 method (Method 3) averages the first two methods so that there are more moderate annual changes.

At the April 2019 Board meeting and after previous discussions, the Board of Directors adopted the supplemental income (per capita) rate of 83¢ (no increase from 2019) and the 50:50 method (Method 3) of apportioning the total assessment. The overall per capita assessment revenues will increase by \$56k, from \$3,375,444 in CY2019 to \$3,431,768 in CY2020. All of this increase is due to the 1.7% population increase in the four-county jurisdiction (King, Pierce, Snohomish and Kitsap).

The FY20 budgeted supplemental income of \$3,403,606 reflects only six months' of the \$56k increase because the agency's fiscal year ends June 30th and, therefore, we only budget half of the calendar year increase.

The table on the page 28 shows the final adopted supplemental income (per capita) by jurisdiction using 83¢ as the rate and applying the 50:50 method of apportionment. The agency issues notifications to each of the jurisdictions each year in June, following budget adoption, regarding the next calendar year's assessment.

Per Capita - Actual CY19 Compared to Proposed CY20 - Three Methods

Jurisdiction	Actual CY19				Proposed CY20				50:50 Method - Change from CY19 to CY20			
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method)	Assessed Value ³	(50:50 Method)	(Population Method)	(Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value	
Per Capita Rate			\$		\$	\$	\$	\$				
Albion	3,180	522,708,719	\$ 2,438	3,180	582,509,640	\$ 2,440	\$ 2,639	\$ 2,241	\$2	0.1%	0.0%	11.4%
Auburn (Part)	69,060	9,456,889,326	48,898	70,650	10,192,926,423	48,930	58,640	39,220	\$32	0.1%	2.3%	7.8%
Beaux Arts	300	171,181,001	491	300	201,865,564	513	249	777	\$22	4.5%	0.0%	17.9%
Bellevue	140,700	56,487,334,960	179,274	142,400	64,986,181,741	184,121	118,192	250,051	\$4,847	2.7%	1.2%	15.0%
Black Diamond	4,335	761,885,628	3,429	4,360	868,851,309	3,481	3,619	3,343	\$52	1.5%	0.6%	14.0%
Bothell (Part)	26,860	5,751,584,046	23,455	27,440	6,728,399,945	24,332	22,775	25,889	\$877	3.7%	2.2%	17.0%
Burien	50,680	6,385,711,481	34,698	51,850	7,326,499,056	35,613	43,036	28,191	\$915	2.6%	2.3%	14.7%
Carnation	2,030	324,886,110	1,538	2,155	348,969,934	1,566	1,789	1,343	\$28	1.8%	6.2%	7.4%
Clyde Hill	3,015	2,555,121,872	6,719	3,045	2,942,813,919	6,925	2,527	11,323	\$206	3.1%	1.0%	15.2%
Covington	19,850	2,468,206,903	13,520	20,080	2,751,011,207	13,626	16,666	10,585	\$106	0.8%	1.2%	11.5%
Des Moines	30,860	3,823,309,451	20,989	31,140	4,356,985,778	21,305	25,846	16,765	\$316	1.5%	0.9%	14.0%
Duvall	7,500	1,204,219,917	5,690	7,655	1,324,903,905	5,726	6,354	5,098	\$36	0.6%	2.1%	10.0%
Enumclaw, part	11,450	1,385,742,533	7,717	11,660	1,557,893,969	7,836	9,678	5,994	\$119	1.5%	1.8%	12.4%
Federal Way	96,350	10,301,293,691	62,030	97,440	11,393,138,728	62,357	80,875	43,838	\$327	0.5%	1.1%	10.6%
Hunts Point	415	1,130,352,004	2,591	420	1,265,054,838	2,608	349	4,868	\$17	0.7%	1.2%	11.9%
Issaquah	36,030	10,152,241,433	36,678	37,110	11,567,549,438	37,655	30,801	44,509	\$977	2.7%	3.0%	13.9%
Kenmore	22,580	4,268,537,451	18,505	22,920	4,874,138,483	18,889	19,024	18,754	\$384	2.1%	1.5%	14.2%
Kent	127,100	18,597,339,729	92,545	128,900	20,729,110,364	93,374	106,987	79,761	\$829	0.9%	1.4%	11.5%
Kirkland	86,080	25,313,528,391	89,894	87,240	29,518,466,256	92,995	72,409	113,580	\$3,101	3.4%	1.3%	16.6%
Lake Forest Park	12,990	2,942,920,300	11,689	13,090	3,251,063,509	11,687	10,865	12,509	(\$2)	0.0%	0.8%	10.5%
Maple Valley	24,900	3,680,189,655	18,209	25,280	4,127,677,216	18,432	20,982	15,882	\$223	1.2%	1.5%	12.2%
Medina	3,205	3,974,140,583	9,835	3,245	4,479,103,670	9,964	2,693	17,234	\$129	1.3%	1.2%	12.7%
Mercer Island	24,210	13,326,314,672	38,566	24,270	14,686,554,631	38,327	20,144	56,510	(\$239)	-0.6%	0.2%	10.2%
Milton (Part)	1,195	114,094,396	740	1,195	120,768,488	728	992	465	(\$12)	-1.6%	0.0%	5.8%
Newcastle	11,280	3,273,362,841	11,686	12,410	3,624,539,957	12,123	10,300	13,946	\$437	3.7%	10.0%	10.7%
Normandy Park	6,595	1,545,703,175	6,045	6,595	1,722,967,331	6,052	5,474	6,630	\$7	0.1%	0.0%	11.5%
North Bend	6,605	1,361,174,490	5,654	6,825	1,466,838,997	5,654	5,665	5,644	\$0	0.0%	3.3%	7.8%
Pacific(Part)	6,855	545,276,453	4,012	6,875	605,190,919	4,017	5,706	2,329	\$5	0.1%	0.3%	11.0%
Redmond	62,110	20,770,064,850	70,224	64,050	23,766,332,331	72,304	53,162	91,447	\$2,080	3.0%	3.1%	14.4%
Renton	102,700	16,909,050,051	78,806	104,100	19,152,024,315	80,048	86,403	73,692	\$1,242	1.6%	1.4%	13.3%
Sammamish	62,240	16,677,879,828	61,520	63,470	18,871,723,019	62,647	52,680	72,614	\$1,127	1.8%	2.0%	13.2%
Sea Tac	28,850	6,165,328,557	25,167	29,130	6,717,932,343	25,013	24,178	25,849	(\$154)	-0.6%	1.0%	9.0%
Seattle	713,700	214,109,064,214	754,381	730,400	244,938,709,301	774,348	606,232	942,464	\$19,967	2.6%	2.3%	14.4%
Shoreline	55,060	10,228,874,349	44,740	55,730	10,942,263,005	44,180	46,256	42,103	(\$560)	-1.3%	1.2%	7.0%
Skykomish	200	27,782,107	142	205	30,098,074	143	170	116	\$1	0.7%	2.5%	8.3%
Snoqualmie	13,210	3,069,213,130	12,050	13,450	3,469,519,169	12,257	11,164	13,350	\$207	1.7%	1.8%	13.0%
Tukwila	19,660	6,184,943,263	21,395	19,800	6,685,919,176	21,080	16,434	25,726	(\$315)	-1.5%	0.7%	8.1%
Woodinville	11,660	3,690,029,346	12,736	11,830	4,173,910,805	12,940	9,819	16,060	\$204	1.6%	1.5%	13.1%
Yarrow Point	1,040	1,231,233,825	3,066	1,065	1,396,430,058	3,129	884	5,373	\$63	2.1%	2.4%	13.4%
Total Incorp. King County	1,906,640	490,888,714,731	1,841,762	1,942,960	557,746,836,811	1,879,365	1,612,657	2,146,073	\$37,603	2.0%	1.9%	13.6%
Total Unincorp. King County	247,060	43,773,720,022	196,207	247,240	48,876,861,321	196,638	205,209	188,066	\$431	0.2%	0.1%	11.7%
Total King County	2,153,700	534,662,434,753	2,037,969	2,190,200	606,623,698,132	2,076,003	1,817,866	2,334,139	\$38,034	1.9%	1.7%	13.5%

Higher than average increase in assessed value
Higher than average increase in population and assessed values
Higher than average increase in population
Higher than average increase in population and assessed values
Lower than average increase in population and assessed values
Higher than average increase in population and assessed values
Mostly due to assessed value increase but population growth was same as the 1.7% four-county increase

Per Capita - Actual CY19 Compared to Proposed CY20 - Three Methods

	Actual CY19				Proposed CY20					50:50 Method - Change from CY19 to CY20			
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method) ³	\$	Population ³	Assessed Property Value ⁴	(50:50 Method)	Population Method	(Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value
Per Capita Rate													
Bainbridge Island	23,950	7,542,154,879	26,080		24,320	8,406,309,515		20,186	32,345	\$186	0.7%	1.5%	11.5%
Bremerton	40,630	3,073,499,584	23,439		41,500	3,603,403,693		34,445	13,865	\$716	3.1%	2.1%	17.2%
Port Orchard	13,990	1,631,598,525	9,297		14,160	1,849,694,593		11,753	7,117	\$138	1.5%	1.2%	13.4%
Poulsbo	10,510	1,633,068,314	7,856		10,850	1,874,513,276		9,006	7,213	\$253	3.2%	3.2%	14.8%
Total Kitsap County													
County	89,080	13,880,321,302	66,672		90,830	15,733,921,077		75,389	60,540	\$1,293	1.9%	2.0%	13.4%
Total Unincorp.	175,220	20,297,389,942	116,153		176,290	22,540,162,991		146,321	86,729	\$372	0.3%	0.6%	11.0%
Total Kitsap County	264,300	34,177,711,244	182,825		267,120	38,274,084,068		221,710	147,269				
Auburn (part)	9,900	1,143,124,876	6,555		9,965	1,242,832,499		8,271	4,782	(\$28)	-0.4%	0.7%	8.7%
Bonney Lake	20,500	2,683,904,648	14,251		20,940	2,982,781,061		17,380	11,477	\$178	1.2%	2.1%	11.1%
Buckley	4,670	516,295,272	3,043		4,765	592,610,331		3,955	2,280	\$75	2.5%	2.0%	14.8%
Carbonado	665	51,069,290	385		665	62,926,936		552	242	\$12	3.1%	0.0%	23.2%
Du Pont	9,385	1,500,124,864	7,105		9,385	1,554,410,017		7,790	5,981	(\$220)	-3.1%	0.0%	3.6%
Eatonville	2,950	233,020,758	1,723		2,955	260,514,839		2,453	1,002	\$5	0.3%	0.2%	11.8%
Edgewood	10,420	1,556,466,106	7,655		10,990	1,808,330,870		9,122	6,958	\$385	5.0%	5.5%	16.2%
Fife	10,100	2,325,804,780	9,169		10,100	2,533,823,204		8,383	9,750	(\$103)	-1.1%	0.0%	8.9%
Fircrest	6,640	804,570,865	4,477		6,710	906,305,987		5,569	3,487	\$51	1.1%	1.1%	12.6%
Big Harbor	9,560	2,681,847,608	9,707		10,320	2,945,118,187		8,566	11,332	\$242	2.5%	7.9%	9.8%
Lakewood	59,280	6,002,783,089	37,447		59,350	6,929,745,386		49,261	26,664	\$515	1.4%	0.1%	15.4%
Milton (Part)	6,705	748,090,125	4,383		6,705	821,572,171		5,565	3,161	(\$20)	-0.5%	0.0%	9.8%
Orting	7,835	675,107,252	4,696		8,105	807,086,121		6,727	3,105	\$220	4.7%	3.4%	19.5%
Pacific (Part)	55	182,284,523	413		40	197,372,293		33	759	(\$17)	-4.1%	-27.3%	8.3%
Puyallup	40,500	5,666,549,214	28,934		41,100	6,261,273,631		34,113	24,092	\$168	0.6%	1.5%	10.5%
Roy	815	62,260,758	471		815	70,278,493		676	270	\$2	0.4%	0.0%	12.9%
Ruston	975	235,133,256	908		990	286,542,677		822	1,103	\$54	5.9%	1.5%	21.9%
South Prairie	435	33,759,314	253		435	40,398,549		361	155	\$5	2.0%	0.0%	19.7%
Steilacoom	6,410	847,493,706	4,474		6,425	945,621,379		5,333	3,639	\$12	0.3%	0.2%	11.6%
Sumner	9,920	2,841,586,221	10,198		10,030	3,071,018,628		8,325	11,817	(\$127)	-1.2%	1.1%	8.1%
Tacoma	208,100	23,179,089,876	135,965		209,100	26,551,124,530		173,553	102,162	\$1,893	1.4%	0.5%	14.5%
University Place	32,610	3,801,950,766	21,669		32,820	4,238,209,289		27,241	16,308	\$105	0.5%	0.6%	11.5%
Wilkeson	490	38,303,040	285		490	48,539,938		407	187	\$12	4.2%	0.0%	26.7%
Total Incorp. Pierce County	458,920	57,810,620,207	314,166		463,200	65,158,437,016		384,456	250,714	\$3,419	1.1%	0.9%	12.7%
Total Unincorp. Pierce County	400,480	43,582,811,207	259,467		409,020	49,004,821,935		339,487	188,559	\$4,556	1.8%	2.1%	12.4%
Total Pierce County	859,400	101,393,431,414	573,633		872,220	114,163,258,951		723,943	439,272	\$7,975	1.4%	1.5%	12.6%

Higher than average increase in population and assessed values

Higher than average increase in assessed value

Lower than average increase in population and assessed value

Lower than average increase in population and assessed value

Higher than average increase in assessed values

Higher than average increase in population

Mostly due to increase in assessed value

Per Capita - Actual CY19 Compared to Proposed CY20 - Three Methods

	Actual CY19			Proposed CY20					50:50 Method - Change from CY19 to CY20			
	Population ¹	Assessed Property Value ²	Per Capita Assessment (50:50 Method)	Population ³	Assessed Property Value ⁴	(50:50 Method)	(Population Method)	(Assessed Value Method)	\$ Change	% Change	% Change Population	% Change Assessed Value
Per Capita Rate			\$ 0.83			\$ 0.83	\$ 0.83	\$ 0.83	\$ -	0.0%	1.7%	13.1%
Arlington	18,690	2,497,670,676	13,101	19,300	2,779,067,708	13,356	16,019	10,693	\$255	1.9%	3.3%	11.3%
Bothell (Part)	17,510	4,149,299,998	16,146	17,820	4,686,873,729	16,412	14,791	18,034	\$266	1.6%	1.8%	13.0%
Brier	6,560	1,180,923,150	5,250	6,605	1,303,804,539	5,249	5,482	5,017	(\$1)	0.0%	0.7%	10.4%
Darrington	1,400	119,867,257	838	1,400	141,347,214	853	1,162	544	\$15	1.8%	0.0%	17.9%
Edmonds	41,260	9,107,284,679	36,613	41,820	10,223,133,972	37,023	34,711	39,336	\$410	1.1%	1.4%	12.3%
Everett	109,800	16,741,280,387	81,394	111,200	18,458,610,540	81,660	92,296	71,024	\$266	0.3%	1.3%	10.3%
Gold Bar	2,125	175,364,335	1,257	2,175	199,974,839	1,287	1,805	769	\$30	2.4%	2.4%	14.0%
Granite Falls	3,485	331,346,034	2,155	3,615	411,677,015	2,292	3,000	1,584	\$137	6.4%	3.7%	24.2%
Index	175	19,790,228	115	175	24,007,689	119	145	92	\$4	3.5%	0.0%	21.3%
Lake Stevens	31,740	3,784,529,975	21,271	32,570	4,335,798,023	21,858	27,033	16,683	\$587	2.8%	2.6%	14.6%
Lynnwood	36,950	6,272,081,312	28,757	38,260	7,015,500,457	29,375	31,756	26,994	\$618	2.1%	3.5%	11.9%
Marysville	65,900	7,144,089,843	42,637	67,040	7,986,000,980	43,186	55,643	30,728	\$549	1.3%	1.7%	11.8%
Mill Creek	19,960	3,707,588,112	16,218	20,470	4,128,225,777	16,437	16,990	15,884	\$219	1.4%	2.6%	11.3%
Monroe	18,350	2,255,923,097	12,443	18,860	2,600,459,852	12,830	15,654	10,006	\$387	3.1%	2.8%	15.3%
Mountlake Terrace	21,290	2,860,458,321	14,957	21,560	3,324,864,690	15,344	17,895	12,793	\$387	2.6%	1.3%	16.2%
Mukilteo	21,240	4,745,542,557	18,970	21,320	5,129,204,722	18,716	17,696	19,736	(\$254)	-1.3%	0.4%	8.1%
Snohomish	10,010	1,454,286,413	7,266	10,150	1,588,044,672	7,267	8,425	6,110	\$1	0.0%	1.4%	9.2%
Stanwood	6,785	858,722,419	4,653	6,835	953,907,821	4,672	5,673	3,670	\$19	0.4%	0.7%	11.1%
Sultan	5,030	448,108,729	3,046	5,050	505,180,664	3,068	4,192	1,944	\$22	0.7%	0.4%	12.7%
Woodway	1,340	639,446,893	1,925	1,340	720,321,808	1,942	1,112	2,772	\$17	0.9%	0.0%	12.6%
Total Incorp.												
Snohomish County	439,600	68,493,604,415	329,012	447,565	76,516,006,711	332,946	371,479	294,415	\$3,934	1.2%	1.8%	11.7%
Total Unincorp.	349,800	49,924,121,502	252,005	357,555	56,311,345,544	256,721	296,771	216,672	\$4,716	1.9%	2.2%	12.8%
Total Snohomish County	789,400	118,417,725,917	581,017	805,120	132,827,352,255	589,667	668,250	511,087	\$8,650	1.5%	2.0%	12.2%
Grand Total	4,066,800	\$ 788,651,303,328	\$ 3,375,444	4,134,660	\$ 891,888,393,406	\$ 3,431,768	\$ 3,431,768	\$ 3,431,768	\$56,324	1.7%	1.7%	13.1%

1. The CY19 assessment was based on population estimates for 2017

2. The CY19 assessment was based on 2017 assessed property values for the 2018 tax year

3. The CY20 assessment is based on population estimates for 2018

4. The CY20 assessment is based on 2017 assessed property values for the 2019 tax year

CITY/COUNTY:	KING	Amount
Algona		\$ 2,440
Auburn (Part)		\$ 48,930
Beaux Arts Village		\$ 513
Bellevue		\$ 184,121
Black Diamond		\$ 3,481
Bothell (Part)		\$ 24,332
Burien		\$ 35,613
Carnation		\$ 1,566
Clyde Hill		\$ 6,925
Covington		\$ 13,626
Des Moines		\$ 21,305
Duvall		\$ 5,726
Enumclaw		\$ 7,836
Federal Way		\$ 62,357
Hunts Point		\$ 2,608
Issaquah		\$ 37,655
Kenmore		\$ 18,889
Kent		\$ 93,374
Kirkland		\$ 92,995
Lake Forest Park		\$ 11,687
Maple Valley		\$ 18,432
Medina		\$ 9,964
Mercer Island		\$ 38,327
Milton (Part)		\$ 728
Newcastle		\$ 12,123
Normandy Park		\$ 6,052
North Bend		\$ 5,654
Pacific (Part)		\$ 4,017
Redmond		\$ 72,304
Renton		\$ 80,048
Sammamish		\$ 62,647
Sea-Tac		\$ 25,013
Seattle		\$ 774,348
Shoreline		\$ 44,180
Skykomish		\$ 143
Snoqualmie		\$ 12,257
Tukwila		\$ 21,080
Woodinville		\$ 12,940
Yarrow Point		\$ 3,129
Total Incorporated King County		\$ 1,879,365

CITY/COUNTY:	KITSAP	Amount
Bainbridge Island		\$ 26,266
Bremerton		\$ 24,155
Port Orchard		\$ 9,435
Poulsbo		\$ 8,109
Total Incorporated Kitsap County		\$ 67,965

Unincorporated King County	\$ 196,638
Unincorporated Kitsap County	\$ 116,525
Unincorporated Pierce County	\$ 264,023
Unincorporated Snohomish County	\$ 256,721
Total Unincorporated Counties:	\$ 833,907

Total CY2020 Prop Share of Support: \$ 3,431,768

CITY/COUNTY:	PIERCE	Amount
Auburn (Part)		\$ 6,527
Bonney Lake		\$ 14,429
Buckley		\$ 3,118
Carbonado		\$ 397
Du Pont		\$ 6,885
Eatonville		\$ 1,728
Edgewood		\$ 8,040
Fife		\$ 9,066
Fircrest		\$ 4,528
Gig Harbor		\$ 9,949
Lakewood		\$ 37,962
Milton (Part)		\$ 4,363
Orting		\$ 4,916
Pacific (Part)		\$ 396
Puyallup		\$ 29,102
Roy		\$ 473
Ruston		\$ 962
South Prairie		\$ 258
Steilacoom		\$ 4,486
Sumner		\$ 10,071
Tacoma		\$ 137,858
University Place		\$ 21,774
Wilkeson		\$ 297
Total Incorporated Pierce County		\$ 317,585

CITY/COUNTY:	SNOHOMISH	Amount
Arlington		\$ 13,356
Bothell (Part)		\$ 16,412
Brier		\$ 5,249
Darrington		\$ 853
Edmonds		\$ 37,023
Everett		\$ 81,660
Gold Bar		\$ 1,287
Granite Falls		\$ 2,292
Index		\$ 119
Lake Stevens		\$ 21,858
Lynnwood		\$ 29,375
Marysville		\$ 43,186
Mill Creek		\$ 16,437
Monroe		\$ 12,830
Mountlake Terrace		\$ 15,344
Mukilteo		\$ 18,716
Snohomish		\$ 7,267
Stanwood		\$ 4,672
Sultan		\$ 3,068
Woodway		\$ 1,942
Total Incorporated Snohomish County		\$ 332,946

Incorporated King County	\$ 1,879,365
Incorporated Kitsap County	\$ 67,965
Incorporated Pierce County	\$ 317,585
Incorporated Snohomish County	\$ 332,946
Total Incorporated Counties:	\$ 2,597,861