



PUGET SOUND

## Clean Air Agency

**DATE**

**May 21, 2020**

**TO**

**Board of Directors  
Puget Sound Clean Air Agency**

**SUBJECT**

**Resolution No. 1419 – Approving the FY21 Budget**

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Honorable Members:

This memo and accompanying documents lay out our proposed FY21 budget for action by you in May. We discussed key assumptions around our expected revenues and expenses with the Board over the last several months. Attachment A includes the detailed proposed FY21 budget, Attachment B provides a financial summary of the projection period for FY20-22, and Attachment C is our full budget document for FY21 (see the table of contents in this attachment).

### *Key Budget Assumptions*

Our primary goals for the development of the FY21 budget are to:

- Deliver on our critical work as set out in our existing Strategic Plan, including: 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
- Prudently reduce expenditures for the balance of FY20 and into FY21, given the current economic environment, and develop a balanced FY21 budget and fiscally responsible expenditure levels in the out years.
- Manage those reductions in a way that maintains critical capacity as the Board gives us direction on priorities in the next Strategic Plan, which is projected to be completed in the 1<sup>st</sup> half of calendar 2021.

As part of the budget process, we reviewed the defined stabilization targets for funds in the compliance programs as well as balances for other key reserves such as technology. We believe we have adequate reserves for unplanned expenditures in these areas and, therefore, have not recommended any changes to the levels of those reserves at this time. We do propose (as

discussed with you in April and detailed below), to increase the General Fund Reserve using savings from reduced spending.

In a separate memo (Resolution No. 1412, adopted in February), we proposed several revisions to the FY21 financial policies, which you adopted. Those changes expanded the uses of the Interest Income Fund and the General Fund Reserve to include expenditures for program initiatives under the strategic plan and for one-time expenses related to the possible office relocation in FY21-22 (now on hold due to uncertainties in the real estate market and future office use). In addition, the financial policies also cover use of civil penalty funds.

Board approval would be required for any expenditure from those funds, either through a budget amendment or through the adoption of the budget. In the proposed FY21 budget, we are requesting draws only from the civil penalty fund as shown below:

Fire District reimbursements for outdoor burning response	15,000
Darrington Wood Debris Program (wood chipping)	5,000
Merchant Account Fees (credit card payments–penalties)	2,880
Transportation Program Incentives	150,000
Wildfire Incident Contingency Fund	<u>200,000</u>
Total Requested Draws	\$ 372,880

We propose a revised target for the General Fund Reserve increasing from 10% to 15% of discretionary revenues – the FY21 proposed budget includes a transfer of \$250k of the FY20-21 expenditures savings to that General Fund Reserve.

Attachments A and B show the detailed draft FY21 budget on pages 1 and 2 and the impact of all of our assumptions on the longer-term forecast (page 3). Our preliminary projections indicate a balanced budget for FY21 through FY22. The key budget and projection assumptions are outlined below:

- 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 FY21-FY22 since Congress shows no signs of allowing EPA to move in this direction. However, there is some uncertainty around the state core grant due to recent state budget cuts (a possible 15% reduction in state agency expenditures) and we are monitoring this. We have taken steps to reduce expenditures for the last quarter of FY20 and into FY21 due to general uncertainty around all of the state grants.

- Woodstove Grants

We are anticipating the balance (\$417k) of this biennium grant from state capital funds in the FY21 budget; however, the projections do not include additional funding for FY22 at this time..  
given questions about the next state budget.

- Other Grants

We have included in the FY21 budget the continuation of diesel emission reduction grants from FY20 – the balance (\$234k) of the EPA school bus propane grant, the balance of state and federal grants (\$1.0 million) for marine engine replacement awarded to the agency through the Department of Ecology, and smaller grants (\$129k) to support woodsmoke outreach and the port truck scrapping program. The monitoring program work is partially supported by a grant (\$95k) from Ecology (from Section 103 federal funds) and has been included in the FY21 budget as per the award.

- 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 have estimated forecasted expenses beyond FY20. At this point in the budget development, we are not anticipating any fee changes for FY21 or FY22. We will continue to monitor revenues, expenses and fund reserves for these programs throughout the balance of FY20 and into FY21 as we assess the impact of Covid-19 on these programs.

- Per Capita (Supplemental Income)

The per capita rate for CY20 is currently set at 83 cents. As discussed in the April Board meeting and from input from the Board, we have built a FY21 budget assuming a per capita rate of 83 cents. We typically project two years beyond the budget year to assess the impact of the budget year actions; however, we have only forecasted for FY22 at this time due to the high uncertainties. We projected a flat per capita rate for FY22 and have conservatively assumed no significant population increase for FY22.

## *Expenses*

- Attachment A shows our detailed proposed FY21 budget for revenues and expenses. While budgeted personnel expenses for FY21 are expected to increase (10.5%) from estimated final FY20 levels(which were lower than budgeted due to open positions) and also due to cost-of-living adjustments in FY21, overall, FY21 personnel expenses are 8% lower than the approved FY20 budget and include the impact of eliminating two positions.

For our projections beyond FY21, we are using inflation and cost-of-living rates in the 2.4% range based on the March 2019 King County economic forecast; these forecasts now have added disclaimers due to the economic uncertainties.

- Workplan expenses are expected to increase in FY21 (from the FY20 estimate) mainly due to the carryover grants mentioned above. Other operating expenses show a modest increase (2%, or \$50k) mainly due to a mix of changes – professional services decreased, rent increased per the current lease agreement, travel and training increased (but still \$50k below prior year budget levels), and software maintenance increased to reflect increased telework and cloud applications. Equipment expenses are expected to be reduced from the FY20 estimate mostly due to deferred vehicle purchases and reduced monitoring equipment expenditures, offset by the addition of \$50k for remote work IT upgrades, for a net reduction of \$42k from FY20 levels.

This memo, the attachments, and Resolution 1419 are for Board action on the agency's FY21 budget. We recommend adoption of this resolution in the May Board meeting but as always have scheduled the June meeting early enough to allow action then.

If you have any questions, please contact me at 206.689.4004 or [CraigK@pscleanair.org](mailto:CraigK@pscleanair.org).

Respectfully submitted,



Craig T. Kenworthy  
Executive Director

Attachment

jwc

**Attachment B**
**Proposed FY21 Budget, Projected FY22-FY23<sup>1</sup>**

	<b>FY20 Estimate</b>	<b>FY21 Projection<sup>1</sup></b>	<b>FY22 Projection<sup>1</sup></b>
Federal Core Grant (EPA/Ecology)	921,729	921,729	921,725
Sec 103 Grant (Ecology)	85,225	91,925	91,925
State Core Grant (Ecology)	666,906	666,906	666,907
Woodstove Grants (Ecology)	445,310	492,382	75,349
Transportation & Air Quality Grants/Contracts	795,182	1,311,840	-
Federal/State Grants and Contracts	2,914,352	3,484,783	1,755,906
Per Capita Revenues	3,403,606	3,460,295	3,488,822
Fee Program Revenues	5,631,067	5,556,067	5,556,067
Other Contracts/Grants/Fees	-	-	-
Other Revenues	1,378,458	95,000	335,000
Clean Fuels Standard Fees	-	-	-
<b>Total Revenues</b>	<b>13,327,483</b>	<b>12,596,145</b>	<b>11,135,795</b>
Personnel Expenses	9,217,821	10,187,227	10,301,648
Work Plan Expenses	1,338,647	2,223,720	699,000
Operating & Equipment Expenses	2,389,064	2,396,960	2,288,590
<b>Total Expenses</b>	<b>12,945,532</b>	<b>14,807,907</b>	<b>13,289,239</b>
<b>Net Surplus (Deficit)</b>	<b>381,950</b>	<b>(2,211,762)</b>	<b>(2,153,444)</b>
<b>Full-Time Equivalents</b>	<b>73 Budgeted/ 67 Est</b>	<b>71.1</b>	<b>70.1</b>
<b># of Positions</b>	<b>75 Budgeted/ 69 Est</b>	<b>73.0</b>	<b>71.0</b>
<b>Breakdown of Net Surplus (Deficit):</b>			
Net Surplus (Deficit) - Fee Programs	(560,506)	(1,181,402)	(1,267,868)
Net Surplus (Deficit) - Non-fee Programs	942,456	(1,030,360)	(885,576)
<b>Net Surplus (Deficit)</b>	<b>381,950</b>	<b>(2,211,762)</b>	<b>(2,153,444)</b>
<b>Funding:</b>			
Net draws from (contributions to) fee reserves	560,506	1,181,402	1,267,868
Net draws from (contributions to) non-fee reserves	(952,078)	657,480	708,202
Draws from civil penalty fund balance	1,169,880	372,880	477,374
Civil Penalty Collections (contributions to)	(1,160,258)	-	(300,000)
<b>Net Draws (Contributions)</b>	<b>(381,950)</b>	<b>2,211,762</b>	<b>2,153,444</b>
<b>Fund Balances (fiscal year-end):</b>			
Per Capita (carryover) Fund	1,094,275	507,373	14,171
General Fund Reserve	494,808	744,808	744,808
Civil Penalty Fund <sup>2</sup>	1,194,231	821,351	643,977
Diesel Grant Fund	100,578	0	0
Interest Income Fund	495,815	575,815	610,815
Discretionary Funds, Diesel Grant and Interest Inc Funds	<b>3,379,707</b>	<b>2,649,347</b>	<b>2,013,771</b>
Per Capita - Reserve for second half of calendar year	1,715,884	1,744,411	1,744,411
Fee Program Funds	4,149,203	2,967,801	1,699,933
Equipment Reserve	180,206	180,206	180,206
Department & Legal Reserves	1,106,511	806,511	556,511
Employer Retirement Reserve	265,122	265,122	265,122
Unemployment Reserve	183,558	183,558	183,558
Other Funds	200,243	195,243	190,243
<b>Funds (excludes state pension &amp; OPEB liabilities)<sup>3</sup></b>	<b>\$ 11,180,435</b>	<b>\$ 8,992,199</b>	<b>\$ 6,833,755</b>

1. Assumes flat per capita rate of 83 cents for FY21-23 and no population growth beyond FY21

2. Projected civil penalty collections are not included in estimated revenues for FY21 budget; however, we have included estimated revenues of likely collections for FY22-FY23 similar to average historical levels (\$300k)

3. Excludes the book entries for the Pension and OPEB Liability Funds - the combined amount for FY20 was \$8 million (negative fund balances)

**Puget Sound Clean Air Agency**  
**Proposed FY21 Budget**

	FY21	
<b>Federal Grants:</b>		
105 Grant - Federal Core (EPA/Ecology)	921,729	Flat from FY20 level
Sec 103 Grant - PM 2.5 (EPA/Ecology)	91,925	Modest increase from prior years
Marine Eng Repl - DERA/EPA (DE-01J40801)	240,895	Continuation from FY20
Marine Eng Repl-DERA/ECOL-Federal portion	470,000	Continuation from FY20
School Bus-Propane (DERA/EPA)	233,972	Continuation from FY20
<b>Subtotal - Federal Grants</b>	<b>1,958,522</b>	
<b>State Grants:</b>		
State Core (Ecology)	666,906	Flat from FY20 level
Marine Eng Repl-DERA/ECOL-State Portion	313,332	Continuation from FY20
ScRAPS Program Support-DPF (Ecol-00026)	53,641	Continuation from FY20
Woodstove Repl/Removal (Ecol)	417,032	Continuation from FY20
Wood Smoke Educ & Enf Grant (Ecology)	75,350	Flat from FY20 level
<b>Subtotal - State Grants</b>	<b>1,526,261</b>	
<b>Supplemental Income:</b>		
Per Capita - Cities and Counties	3,460,295	Based on a flat rate of 83¢ and a population increase of 1.66%
<b>Subtotal - Supplemental Income</b>	<b>3,460,295</b>	
<b>Program Fees:</b>		
Asbestos	624,000	
Notice of Construction	418,000	
Registration	2,922,405	Flat from FY20 level - no fee increases in FY21
Operating Permits	1,591,662	
<b>Subtotal - Program Fees</b>	<b>5,556,067</b>	
<b>Other Revenues:</b>		
Civil Penalty Collections	-	Agency does not budget for this
Interest Income	80,000	Based on projected reserve balances and King County Investment Pool projected yields
Clean Cities Coalition	15,000	Dues and sponsorships
<b>Subtotal - Other Revenues</b>	<b>95,000</b>	
<b>Total Revenues</b>	<b>12,596,145</b>	
<b>Personnel Expenses:</b>		
Salaries & Wages	7,341,952	
Benefits	2,845,276	
<b>Total Personnel Expenses</b>	<b>10,187,227</b>	This is a 10.5% increase from FY20 estimate (the FY20 estimate is an 8% reduction from the FY20 budget) /// FY21 includes COLAs from 2% to 2.6% and filling about 4 empty positions from FY20
Work Plan Expenses	2,223,720	Includes grant pass-thrus (\$1.6 M), community incentives and wildfire contingency (\$.4 M), Community Engagement workplan (\$.1 M), communications workplans (\$.1 M)
Operating Supplies	51,691	Flat from prior year
Professional Services	608,830	This is a \$64k reduction from FY20 -- FY21 includes legal fees (\$300k), HR contracts (\$85k), audit and financial services (\$44k), temporary staffing (\$30k) and other professional services (\$150k)
Telephone	67,200	Slightly higher than previous year - increased internet capacity
Postage	12,125	Flat from prior year
Meetings	19,000	Flat from prior year
Travel & Training	171,550	This is a \$40k reduction from FY20
Transportation	43,454	Flat from prior year
Rent & Utilities	766,812	Increased \$30k from prior year due to scheduled office rent increases per lease
Insurance	94,500	Small increase from prior year
Software & Maintenance	146,159	This is a \$25k increase from prior year for increased video conferencing and cloud services
Repairs & Maintenance	92,000	Small increase from prior year

**Puget Sound Clean Air Agency**  
**Proposed FY21 Budget**

	<b>FY21</b>	
Legal Expenses	23,596	<i>Small increase from prior year</i>
Printing	8,500	<i>Flat from prior year</i>
Merchant & Bank Fees	81,029	<i>Flat from prior year</i>
<b>Subtotal - Operating Expenses</b>	<b>4,410,166</b>	
Tenant Improvements	-	
Computer & Office Equipment	130,514	<i>This is a \$40k increase from prior year for remote work IT resource upgrades</i>
Vehicles	50,000	<i>This is a \$59k reduction from prior year - deferred vehicle purchases</i>
Technical/Scientific Equipment	30,000	<i>This is a \$23k reduction from prior year for monitoring equipment</i>
<b>Subtotal - Equipment</b>	<b>210,514</b>	
<b>Total Expenses</b>	<b>14,807,907</b>	
<b>Net Before Appropriations</b>	<b>(2,211,762)</b>	<i>The deficit is funded by draws on various fund balances as shown below</i>
<b>Appropriations from (Contributions to) Fund Balances</b>		
Per Capita Draw (Contr) - Operations	336,902	<i>Draw on per capita carryover funds - we expect the beginning carryover balance to be \$1.1 million due mostly to savings from underspending in FY20</i>
Per Capita Draw - Dept Reserves	-	
General Fund Reserve	-	
Civil Penalty Collections	-	<i>Unbudgeted</i>
Civil Penalties Draws	22,880	<i>Draw to fund fire district reimbursements, communications workplan</i>
Civil Penalties -Transfers	350,000	<i>Draw to fund program workplans</i>
<b>Subtotal - Discretionary Funds</b>	<b>709,782</b>	
Diesel Grant Fund - Draw	100,578	<i>Final draw on diesel grant for Clean Air Initiatives staff</i>
Fee Programs	1,181,402	<i>Draw on fee program funds</i>
Equipment Reserve	-	
Compliance Reserve	-	
Department Reserves	-	
Legal Dept Reserve	300,000	<i>Estimated non-ordinary legal expenses for FY21</i>
Employer Retirement Fund	-	
Pension & OPEB Funds	-	
Other	(80,000)	<i>Interest income contribution to the Interest Income Reserve</i>
<b>Subtotal - Appropriations (Contributions)</b>	<b>2,211,762</b>	
<b>Net</b>	<b>-</b>	
<b>Full-Time Equivalents (FTEs)</b>	<b>71.14</b>	
<b>Ending Discretionary Fund Balances</b>		
Per Capita Carryover	507,373	
General Fund Reserve	744,808	
Civil Penalties	821,351	
Discretionary Funds	2,073,532	
Diesel Grant Fund	0	
Interest Income Fund	575,815	
<b>Total Discretionary, Diesel Fund &amp; Interest Income Fund</b>	<b>2,649,347</b>	

**Puget Sound Clean Air Agency**

**Fiscal Year 2021**

**Proposed Budget**

**May 28, 2020**

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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 FY21 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 – FY21 Budget

### **The key assumptions in the agency's FY21 Budget and FY22 projection include:**

Our primary goals for the development of the FY21 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
- Prudently reduce expenditures for the balance of FY20 and into FY21, given the current economic environment, and develop a balanced FY21 budget and fiscally responsible expenditure levels in the out years.

As part of the budget process, we reviewed our financial policies that define stabilization targets for funds in the compliance programs as well as balances for other key reserves. We are adequately reserved for unplanned expenditures in these areas and, therefore, have not recommended any changes to the levels of any reserves at this time. In a separate memo (Resolution No. 1412, adopted in February), we proposed several revisions to the FY21 financial policies. We expanded the uses of the Interest Income Fund and the General Fund Reserve to include expenditures for program initiatives under the strategic plan and for one-time expenses related to the possible office relocation in FY21-22 (currently on hold due to uncertainties in the Seattle office market). In addition, we added the use of the funds in the Civil Penalty Fund (previously collected civil penalties) to include potential expenditures for office relocation. Board approval would be required for any expenditure from these funds, either through a budget amendment or through the adoption of the budget. In the proposed FY21 budget, we are requesting draws only from the civil penalty fund as shown below:

Fire District reimbursements for outdoor burning response	15,000
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In addition, we discussed with the Board in April, and are including in the proposed FY21 budget, a revised target for the General Fund Reserve from 10% to 15% of discretionary revenues – the FY21 proposed budget includes a transfer of \$250k of the FY20-21 expenditures savings to the General Fund Reserve.

Attachments A and B show the detailed draft FY21 budget on pages 1 and 2 and the impact of all of our assumptions on the longer term forecast (page 3). Our preliminary projections indicate a balanced budget for FY21 through FY22. The key budget and projection assumptions are outlined below:

- 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 FY21-FY22 since Congress shows no signs of allowing EPA to move in this direction. However, there is some uncertainty around the state core grant due to recent state budget cuts (15% reduction in state agency expenditures) and we are

monitoring this. We have taken steps to reduce expenditures for the last quarter of FY20 and into FY21 due to general uncertainty around all of the state grants.

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Throughout the year, we monitor the monthly trend in fee programs' costs relative to fee revenues and we have estimated forecasted expenses beyond FY20. At this point in the budget development, we are not anticipating any fee changes for FY21 or FY22. We will continue to monitor revenues, expenses and fund reserves for these programs throughout the balance of FY20 and into FY21 as we assess the impact of Covid-19 on these programs.

- Per Capita (Supplemental Income)

The per capita rate for CY20 is currently set at 83 cents. As discussed in the April Board meeting and from input from the Board, we have built as sustainable FY21 budget assuming a per capita rate of 83 cents. We typically project two years beyond the budget year to assess the impact of the budget year actions; however, we have only forecasted for FY22 at this time due to the high uncertainties. We have maintained a flat per capita rate for FY22 and have conservatively assumed no population increase for FY22.

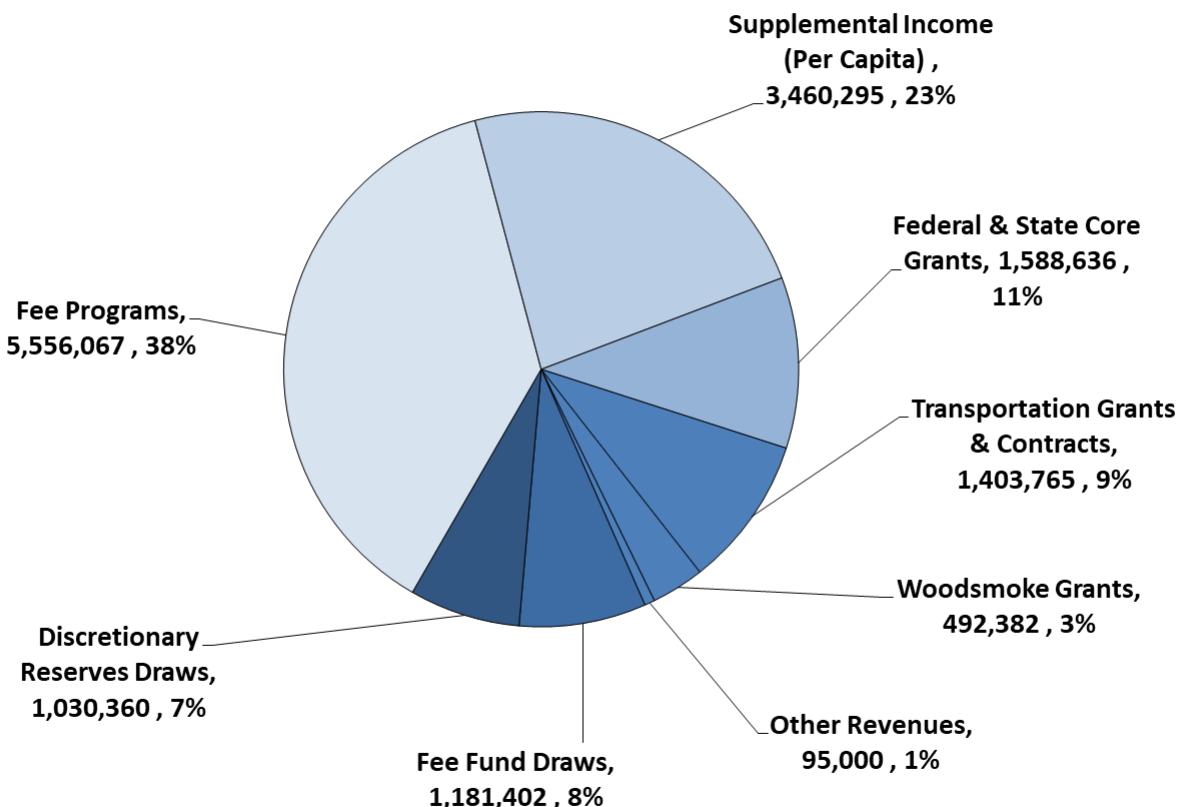
## *Expenses*

- Attachment A shows our detailed proposed FY21 budget for revenues and expenses. Budgeted personnel expenses for FY21 are expected to increase (10.5%) from FY20 levels as we fill four positions that were open in FY20 and as impacted by cost-of-living adjustments (2.6% staff and 2.0% managers). The FY21 personnel expenses are 8% lower than the prior year budget and include the impact of eliminating two positions. For our projections beyond FY21, we are using inflation and cost-of-living rates in the 2.4% range based on the March 2019 King County economic forecast; we've noted that these forecasts now have added disclaimers due to the economic uncertainties.
- Workplan expenses are expected to increase in FY21 (from the FY20 estimate) mainly due to the carryover grants mentioned above. Other operating expenses show a modest increase (2%, or \$50k) mainly due to a mix of changes – professional services decreased, rent increased per the lease agreement, travel and training increased (but still \$50k below prior year budget levels), and software maintenance increased to reflect increased telework and cloud applications. Equipment expenses are expected to be reduced from the FY20 estimate mostly due to deferred vehicle purchases and reduced monitoring equipment expenditures, offset by the addition of \$50k for remote work IT upgrades, for a net reduction of \$42k from FY20 levels.

## FY21 Funding Sources and Expenses

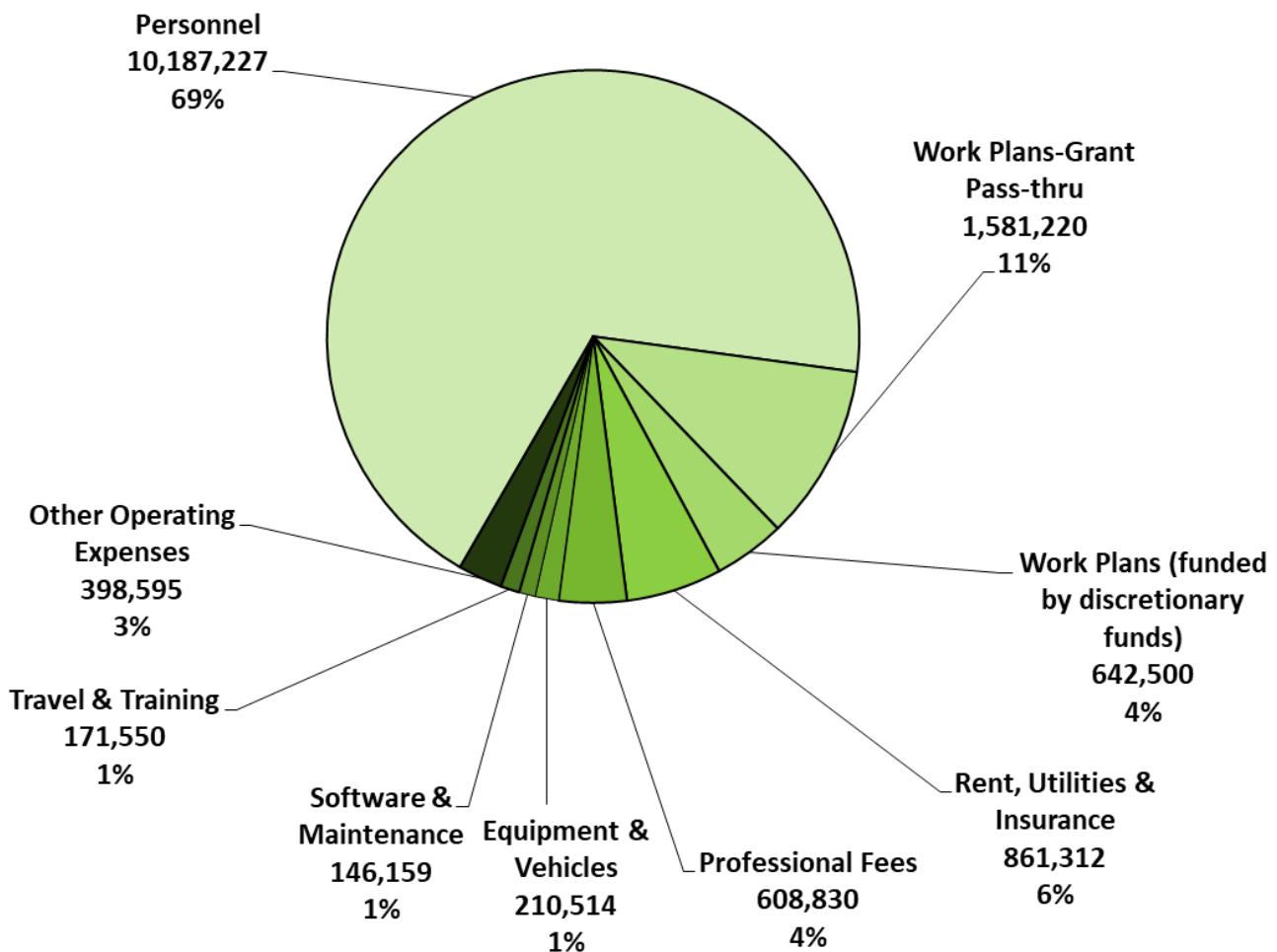
The agency has diversified funding sources – we budgeted total funding of \$14.8 million for the FY21 budget. The primary funding (38%) is fee program revenues for the regulatory work on pollution sources – these are self-funded programs whose revenues only support the regulatory work of the agency. Supplemental income (per capita) comes from an annual assessment (83¢ per person in the four-county jurisdiction) that comprises about 23% 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 (11% 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 (12% 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 \$1.0 million are draws from per capita carryover balances and from previously collected civil penalties. Other fund draws of \$1.2 million are mostly from the Fee programs fund reserves for operations during the fiscal year.

### FY21 Proposed Budget - Funding Sources



The revenues and reserve draws identified above will fund \$14.8 million in expenses in the FY21 budget. Personnel expenses (\$10.2 million) are our most significant operating expense at 69% of total expenses. Personnel expenses are expected to increase by \$1.0 million from FY20 estimated expenses – about three-quarters of this increase is due to filling positions that were unfilled during FY20 and the balance is the result of cost-of-living increases in the range of 2.0% to 2.6%. Work plan grant pass-thru expenses (11% of total expenses) are pass-thru payments to grant partners, beneficiaries or sub-recipients, from carryover grants. The work plan expenses funded by draws from discretionary funds (civil penalty fund balances collected in prior years and per capita carryover) are supporting community incentive and support programs, communications related to specific programs, and community engagement and outreach. Professional fees of \$.6 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 . Other expenses are in line with expectations.

### FY21 Proposed Budget - Expenses



## FY21 Detailed Budget

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

- Budget revenues are projected to be about \$12.6 million, about 5% lower than 2020. This is primarily due to the fact that, while the agency collected \$1.2 million in civil penalties in FY20, the agency does not set a target for these collections in the budget.
- The per capita rate charged to our four-county jurisdiction is remaining flat at 83¢; however, total assessments increased due to the 1.66% 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 (\$5.6 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 FY21 and, since we don't set goals for these fees, we assume the revenues will be flat from 2020.
- The agency does not set targets in the budget year for civil penalty collections and these are not included in the FY21 budget year. We anticipate interest income, earned on reserves invested in the King County Investment Pool, to be about \$80k in FY21.
- The 10.5% increase in personnel expenses from estimated expenses in 2020 to \$10.2 million in FY21 is due mainly to filling positions that were budgeted in FY20 but were partially vacant. Cost-of-living adjustments (2.0% to 2.6%) contributed to about one-quarter of the increase. While this is an increase from the FY20 estimates, it is 8% lower than the FY20 budgeted expense and number of positions.
- Workplan expenses are expected to decrease \$1.0 million due to decreased grant pass-through expenses and decreased work plan expenditures,
- Professional services are budgeted to decrease – these include legal costs related to ongoing or new cases, HR contracting and recruitment costs, audit costs, and temporary staffing.
- Software and computer hardware are budgeted to increase in FY21 as we address IT security, remote work needs and Cloud applications.
- Vehicle and technical equipment decreased due to deferred vehicle purchases and reduced monitoring equipment expenditures.

**Puget Sound Clean Air Agency**

**Proposed FY21 Budget**

	<b>FY21</b>	
<b>Federal Grants:</b>		
105 Grant - Federal Core (EPA/Ecology)	921,729	<i>Flat from FY20 level</i>
Sec 103 Grant - PM 2.5 (EPA/Ecology)	91,925	<i>Modest increase from prior years</i>
Marine Eng Repl - DERA/EPA (DE-01J40801)	240,895	<i>Continuation from FY20</i>
Marine Eng Repl-DERA/ECOL-Federal portion	470,000	<i>Continuation from FY20</i>
School Bus-Propane (DERA/EPA)	233,972	<i>Continuation from FY20</i>
<b>Subtotal - Federal Grants</b>	<b>1,958,522</b>	
<b>State Grants:</b>		
State Core (Ecology)	666,906	<i>Flat from FY20 level</i>
Marine Eng Repl-DERA/ECOL-State Portion	313,332	<i>Continuation from FY20</i>
ScRAPS Program Support-DPF (Ecol-00026)	53,641	<i>Continuation from FY20</i>
Woodstove Repl/Removal (Ecol)	417,032	<i>Continuation from FY20</i>
Wood Smoke Educ & Enf Grant (Ecology)	75,350	<i>Flat from FY20 level</i>
<b>Subtotal - State Grants</b>	<b>1,526,261</b>	
<b>Supplemental Income:</b>		
Per Capita - Cities and Counties	3,460,295	<i>Based on a flat rate of 83¢ and a population increase of 1.66%</i>
<b>Subtotal - Supplemental Income</b>	<b>3,460,295</b>	
<b>Program Fees:</b>		
Asbestos	624,000	
Notice of Construction	418,000	
Registration	2,922,405	<i>Flat from FY20 level - no fee increases in FY21</i>
Operating Permits	1,591,662	
<b>Subtotal - Program Fees</b>	<b>5,556,067</b>	
<b>Other Revenues:</b>		
Civil Penalty Collections	-	<i>Agency does not budget for this</i>
Interest Income	80,000	<i>Based on projected reserve balances and King County Investment Pool projected yields</i>
Clean Cities Coalition	15,000	<i>Dues and sponsorships</i>
<b>Subtotal - Other Revenues</b>	<b>95,000</b>	
<b>Total Revenues</b>	<b>12,596,145</b>	

<b>Personnel Expenses:</b>		
Salaries & Wages	7,341,952	<i>This is a 10.5% increase from FY20 estimate (the FY20 estimate is an 8% reduction from the FY20 budget) /// FY21 includes COLAs from 2% to 2.6% and filling about 4 empty positions from FY20</i>
Benefits	2,845,276	
<b>Total Personnel Expenses</b>	<b>10,187,227</b>	<i>Includes grant pass-thrus (\$1.6 M), community incentives and wildfire contingency (\$.4 M), Community Engagement workplan (\$.1 M), communications workplans (\$.1 M)</i>
Work Plan Expenses	2,223,720	
Operating Supplies	51,691	<i>Flat from prior year</i>
Professional Services	608,830	<i>This is a \$64k reduction from FY20 -- FY21 includes legal fees (\$300k), HR contracts (\$85k), audit and financial services (\$44k), temporary staffing (\$30k) and other professional</i>
Telephone	67,200	<i>Slightly higher than previous year - increased internet capacity</i>
Postage	12,125	<i>Flat from prior year</i>
Meetings	19,000	<i>Flat from prior year</i>
Travel & Training	171,550	<i>This is a \$40k reduction from FY20</i>
Transportation	43,454	<i>Flat from prior year</i>
Rent & Utilities	766,812	<i>Increased \$30k from prior year due to scheduled office rent increases per lease</i>
Insurance	94,500	<i>Small increase from prior year</i>
Software & Maintenance	146,159	<i>This is a \$25k increase from prior year for increased video conferencing and cloud services</i>
Repairs & Maintenance	92,000	<i>Small increase from prior year</i>
Legal Expenses	23,596	<i>Includes messenger services, online research and legal filing expenses</i>
Printing	8,500	<i>Flat from prior year</i>
Merchant & Bank Fees	81,029	<i>Flat from prior year</i>
<b>Subtotal - Operating Expenses</b>	<b>4,410,166</b>	
Tenant Improvements	-	
Computer & Office Equipment	130,514	<i>This is a \$40k increase from prior year for remote work IT resource upgrades</i>
Vehicles	50,000	<i>This is a \$59k reduction from prior year - deferred vehicle purchases</i>
Technical/Scientific Equipment	30,000	<i>This is a \$23k reduction from prior year for monitoring equipment</i>
<b>Subtotal - Equipment</b>	<b>210,514</b>	
<b>Total Expenses</b>	<b>14,807,907</b>	
<b>Net Before Appropriations</b>	<b>(2,211,762)</b>	<i>The deficit is funded by draws on various fund balances as shown below</i>

<b>Appropriations from (Contributions to) Fund Balances</b>			
Per Capita Draw (Contr) - Operations	336,902		<i>Draw on per capita carryover funds - we expect the beginning carryover balance to be \$1.1 million due mostly to savings from underspending in FY20</i>
Per Capita Draw - Dept Reserves	-		
General Fund Reserve	-		
Civil Penalty Collections	-		<i>Unbudgeted</i>
Civil Penalties Draws	22,880		<i>Draw to fund fire district reimbursements, communications workplan</i>
Civil Penalties -Transfers	350,000		<i>Draw to fund program workplans</i>
Subtotal - Discretionary Funds	709,782		
Diesel Grant Fund - Draw	100,578		<i>Final draw on diesel grant for Clean Air Initiatives staff</i>
Fee Programs	1,181,402		<i>Draw on fee program funds</i>
Equipment Reserve	-		
Compliance Reserve	-		
Department Reserves	-		
Legal Dept Reserve	300,000		<i>Estimated non-ordinary legal expenses for FY21</i>
Employer Retirement Fund	-		
Pension & OPEB Funds	-		
Other	(80,000)		<i>Interest income contribution to the Interest Income Reserve</i>
Subtotal - Appropriations (Contributions)	2,211,762		
<b>Net</b>	-		
<b>Full-Time Equivalents (FTEs)</b>	<b>71.14</b>		
<b>Ending Discretionary Fund Balances</b>			
Per Capita Carryover	507,373		
General Fund Reserve	744,808		
Civil Penalties	821,351		
Discretionary Funds	2,073,532		
Diesel Grant Fund	0		
Interest Income Fund	575,815		
<b>Total Discretionary, Diesel Fund &amp; Interest Income Fund</b>	<b>2,649,347</b>		

## FY21 Fund Balances

Agency fund balances at fiscal year-end (June 30<sup>th</sup>) 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 30<sup>th</sup>, these fund balances include six months' worth of revenues committed to the second half of the calendar year (or the first half of our new fiscal year) as well as financial policy stabilization reserves.

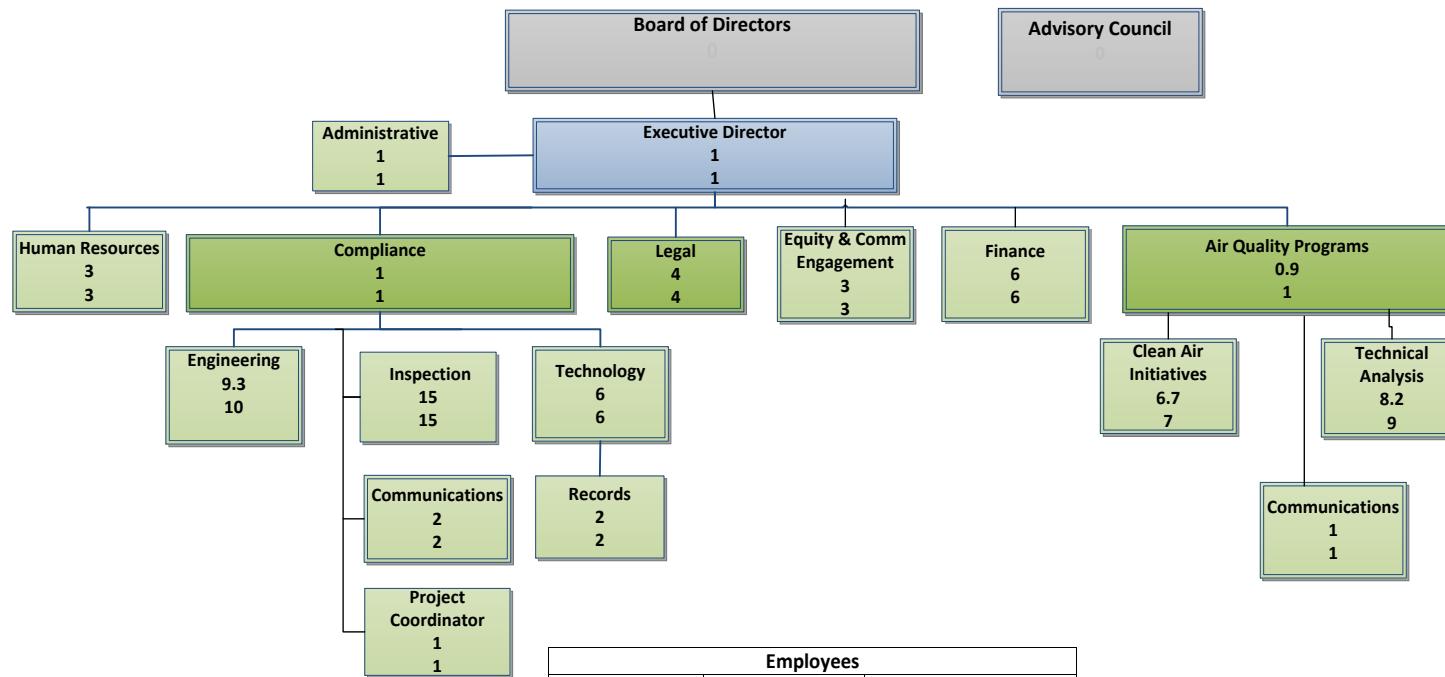
A significant change to our reporting of fund balances has been the implementation of Government Accounting Standards Board (GASB) requirements regarding the recognition of each government's portion of the state retirement plan's unfunded pension liability and the net liability for retiree benefits. These amounts are measured and reported at each fiscal year end. For FY20, this resulted in our reporting a "negative" fund balance of \$8.0 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 30<sup>th</sup>) 2020 through 2021. This schedule also indicates the section of the financial policies in this document that determine fund uses and reserves.

## FY21 Proposed Budget - Fund Balances at Fiscal Year-End

	FY20 Estimated Ending Balance	FY21 Proposed Budget	See Financial Policy Section	Comments
Per Capita Carryover	1,094,275	507,373	II.B.1.	<i>Carryover of per capita funds - can be used to fund a following year deficit</i>
General Fund Reserve	494,808	744,808	IV.B.4	<i>Funded by interest income and budget savings (discretionary fund expenses) - target balance of 10% (of per capita and core grant revenues) was reached in FY18; fund was increased by \$250k from expense savings in FY20 and FY21 (15% revised target)</i>
Civil Penalties	1,194,231	821,351	II.D.	<i>FY21 spending from these previously collected penalties supports the specific uses as described in the FY21 Financial Policies - most of the decrease is due to a transfer of funds to the legal reserve</i>
<b>Subtotal - Discretionary</b>	<b>2,783,314</b>	<b>2,073,532</b>		
Per Capita	1,715,884	1,744,411	II.B.1.	<i>Reserve for second half of calendar year - 50% of the calendar year billings (the increase is solely due to the population increase)</i>
Civil Penalties - Committed	24,211	19,211	II.D.	<i>These are fund balances from settlements that are committed to specific uses</i>
Diesel Grant Fund	100,578	0		<i>This fund may be used for diesel or other emissions reduction projects</i>
Asbestos	355,859	143,062	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$418k</i>
Notice of Construction	271,745	245,440	II.B.2.	<i>The stabilization reserve target for this fund is approximately \$222k</i>
Registration	2,573,752	2,104,491	II.B.2.	<i>The FY21 ending balance includes reserves for the balance of calendar year 2021 (\$1.7 million); in addition, it includes the stabilization reserve of \$.4 million (target is \$.8 million)</i>
Operating Permits	947,847	474,808	II.B.2.	<i>The FY21 ending balance includes about 50% of the reserves for the balance of calendar year 2021 (target is \$1.0 million); it does not include a stabilization reserve (target is \$.5 million)</i>
Equipment Reserve	180,206	180,206	Appendix 2	<i>This reserve is for unplanned equipment, vehicle or software requirements during the fiscal year.</i>
Department/Division Reserves	245,198	245,198	IV.B.3.	<i>Includes \$.2 million for the Compliance Division reserve and \$50k for other non-fee department reserves</i>
Legal Reserve	861,313	561,313	Determined during budget development	<i>This reserve was funded in FY20 by a transfer of \$1 million from previously collected civil penalties - we expect to use this for legal expenses for FY21 through FY23</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	-	-	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	183,558	183,558	IV.B.5.	<i>This fund is used to fund the agency's self-insured unemployment claims.</i>
Interest Income Fund	495,815	575,815	II.E.	<i>This fund can be used for one-time non-personnel expenditures approved by the Board (most of the interest earned to date is from fee fund reserves)</i>
Other Funds	176,032	176,032		<i>Miscellaneous funds</i>
<b>Subtotal - Fund balances before Pension and OPEB net liability recognition</b>	<b>\$ 11,180,435</b>	<b>\$ 8,992,199</b>		
Pension and OPEB Liabilities	(8,018,670)	(8,018,670)		<i>This is a book adjustment, recognized at the end of each fiscal year, 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>
<b>Total Balance at June 30th</b>	<b>\$ 3,161,765</b>	<b>\$ 973,529</b>		

## Puget Sound Clean Air Agency – FY21 Budget – Organization Chart



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

Employees		
FY20 Estimate	FY21 Budget	Change from Prior Year
66.8 FTEs	71.1 FTEs	4.3 FTEs
Budgeted 75 Positions	73 Positions	-2.0 Positions
Explanation of changes:		
• In FY20, there were positions that were unfilled positions. For the FY21 budget, two positions were eliminated.		

## **Proposed Fiscal Year 2021 – 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 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 FY21, 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 \$9k 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 or for funding expenditures related to the office relocation in FY21 and FY22 or for short-term bridge funding related to implementing new greenhouse gas emissions reduction programs including a possible Clean Fuel Standard.

### 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;
- atypical or unusual legal expenses; and
- one-time expenditures related to the possible office relocation in FY21-22

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, bridge funding related to implementing new greenhouse gas emissions reduction programs (including a possible Clean Fuels Standard), one-time expenditures related to the office relocation in FY21-22, and as an additional offset for inter-month negative cash balances. The targeted balance for this reserve is 10% (reached in FY10) of the general fund revenues (composed of per capita revenues, the federal core grant and the state core grant). 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.**

<b>Category</b>	<b>Risk (loss) Rating</b>	<b>Capitalization Amount</b>	<b>Frequency of Physical Inventory</b>
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 t

## CY21 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 May 2020 Board meeting and after previous discussions, we proposed the FY21 budget with the supplemental income (per capita) rate of 83¢ (no increase from 2020) and the 50:50 method (Method 3) of apportioning the total assessment. The overall per capita assessment revenues would increase by \$57k, from \$3,431,768 in CY2020 to \$3,488,822 in CY2021. All of this increase is due to the 1.66% population increase in the four-county jurisdiction (King, Pierce, Snohomish and Kitsap).

The FY21 budgeted supplemental income of \$3,460,295 reflects only six months' of the \$57k increase because the agency's fiscal year ends June 30<sup>th</sup> and, therefore, we only budget half of the calendar year increase.

The table on the page 28 shows the proposed FY21 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 CY20 Compared to Proposed CY21 Three Methods

	Actual CY20			Proposed CY21				50:50 Method - Change from CY20 to CY21						
	Population <sup>1</sup>	Assessed Property Value <sup>2</sup>	Per Capita Assessment (50:50 Method)	Population <sup>3</sup>	Assessed Property Value <sup>4</sup>	(50:50 Method)	(Population Method)	(Assessed Value Method)	\$ Change in Total Per Capita	% Change	Change in Population	Population Change as a % of the total change	Change in Assessed Value	Assessed Value Change as a % of the total change
Per Capita Rate			\$ 0.83						\$ -	0.0%				
Jurisdiction														
Algona	3,180	582,509,640	\$ 2,440	3,190	635,541,724	\$ 2,484	\$ 2,648	\$ 2,320	\$44	1.8%	10	0.0%	53,032,084	0.1%
Auburn (Part)	70,650	10,192,926,423	48,930	71,740	11,011,486,530	49,872	59,544	40,200	\$942	1.9%	1,090	1.6%	818,560,107	1.3%
Beaux Arts	300	201,865,564	513	300	208,491,757	505	249	761	(\$8)	-1.6%	0	0.0%	6,626,193	0.0%
Bellevue	142,400	64,986,181,741	184,121	145,300	68,318,402,917	185,006	120,599	249,413	\$885	0.5%	2,900	4.2%	3,332,221,176	5.2%
Black Diamond	4,360	868,851,309	3,481	4,525	1,010,636,846	3,723	3,756	3,690	\$242	7.0%	165	0.2%	141,785,537	0.2%
Bothell (Part)	27,440	6,728,399,945	24,332	28,570	7,157,203,764	24,921	23,713	26,129	\$589	2.4%	1,130	1.6%	428,803,819	0.7%
Burien	51,850	7,326,499,056	35,613	52,000	7,877,912,707	35,960	43,160	28,760	\$347	1.0%	150	0.2%	551,413,651	0.9%
Carnation	2,155	348,969,934	1,566	2,220	402,535,850	1,656	1,843	1,470	\$90	5.7%	65	0.1%	53,565,916	0.1%
Clyde Hill	3,045	2,942,813,919	6,925	3,055	3,025,493,616	6,790	2,536	11,045	(\$135)	-1.9%	10	0.0%	82,679,697	0.1%
Covington	20,080	2,751,011,207	13,626	20,280	2,870,055,119	13,655	16,832	10,478	\$29	0.2%	200	0.3%	119,043,912	0.2%
Des Moines	31,140	4,356,985,778	21,305	31,580	4,748,403,120	21,773	26,211	17,335	\$468	2.2%	440	0.6%	391,417,342	0.6%
Duvall	7,655	1,324,903,905	5,726	7,840	1,470,525,425	5,938	6,507	5,369	\$212	3.7%	185	0.3%	145,621,520	0.2%
Enumclaw, part	11,660	1,557,893,969	7,836	12,200	1,689,726,791	8,147	10,126	6,169	\$311	4.0%	540	0.8%	131,832,822	0.2%
Federal Way	97,440	11,393,138,728	62,357	97,840	12,075,445,354	62,646	81,207	44,084	\$289	0.5%	400	0.6%	682,306,626	1.1%
Hunts Point	420	1,265,054,838	2,608	420	1,242,616,557	2,443	349	4,536	(\$165)	-6.3%	0	0.0%	(22,438,281)	0.0%
Issaquah	37,110	11,567,549,438	37,655	37,590	12,007,393,649	37,518	31,200	43,836	(\$137)	-0.4%	480	0.7%	439,844,211	0.7%
Kenmore	22,920	4,874,138,483	18,889	23,320	5,324,117,730	19,396	19,356	19,437	\$507	2.7%	400	0.6%	449,979,247	0.7%
Kent	128,900	20,729,110,364	93,374	129,800	23,002,042,032	95,854	107,734	83,974	\$2,480	2.7%	900	1.3%	2,272,931,668	3.6%
Kirkland	87,240	29,518,466,256	92,995	88,940	31,652,672,725	94,688	73,820	115,556	\$1,693	1.8%	1,700	2.5%	2,134,206,469	3.3%
Lake Forest Park	13,090	3,251,063,509	11,687	13,250	3,455,657,267	11,807	10,998	12,616	\$120	1.0%	160	0.2%	204,593,758	0.3%
Maple Valley	25,280	4,127,677,216	18,432	26,180	4,337,773,278	18,783	21,729	15,836	\$351	1.9%	900	1.3%	210,096,062	0.3%
Medina	3,245	4,479,103,670	9,964	3,245	4,714,784,383	9,953	2,693	17,212	(\$11)	-0.1%	0	0.0%	235,680,713	0.4%
Mercer Island	24,270	14,686,554,631	38,327	24,470	15,199,083,170	37,899	20,310	55,488	(\$428)	-1.1%	200	0.3%	512,528,539	0.8%
Milton (Part)	1,195	120,768,488	728	1,195	175,843,995	817	992	642	\$89	12.2%	0	0.0%	55,075,507	0.1%
Newcastle	12,410	3,624,539,957	12,123	12,450	3,694,577,615	11,911	10,334	13,488	(\$212)	-1.7%	40	0.1%	70,037,658	0.1%
Normandy Park	6,595	1,722,967,331	6,052	6,610	1,809,616,438	6,046	5,486	6,606	(\$6)	-0.1%	15	0.0%	86,649,107	0.1%
North Bend	6,825	1,466,838,997	5,654	6,965	1,720,587,323	6,031	5,781	6,281	\$377	6.7%	140	0.2%	253,748,326	0.4%
Pacific(Part)	6,875	605,190,919	4,017	6,875	662,770,089	4,063	5,706	2,420	\$46	1.1%	0	0.0%	57,579,170	0.1%
Redmond	64,050	23,766,332,331	72,304	65,860	25,913,357,771	74,633	54,664	94,603	\$2,329	3.2%	1,810	2.6%	2,147,025,440	3.4%
Renton	104,100	19,152,024,315	80,048	104,700	20,038,161,673	80,028	86,901	73,154	(\$20)	0.0%	600	0.9%	886,137,358	1.4%
Sammamish	63,470	18,871,723,019	62,647	64,410	20,095,772,302	63,412	53,460	73,364	\$765	1.2%	940	1.4%	1,224,049,283	1.9%
Sea Tac	29,130	6,717,932,343	25,013	29,180	7,002,893,467	24,893	24,219	25,566	(\$120)	-0.5%	50	0.1%	284,961,124	0.4%
Seattle	730,400	244,938,709,301	774,348	747,300	257,958,280,787	780,999	620,259	941,739	\$6,651	0.9%	16,900	24.6%	13,019,571,486	20.4%
Shoreline	55,730	10,942,263,005	44,180	56,370	11,764,631,816	44,868	46,787	42,950	\$688	1.6%	640	0.9%	822,368,811	1.3%
Skykomish	205	30,098,074	143	205	36,158,842	151	170	132	\$8	5.6%	0	0.0%	6,060,768	0.0%
Snoqualmie	13,450	3,469,519,169	12,257	13,670	3,473,387,729	12,013	11,346	12,680	(\$244)	-2.0%	220	0.3%	3,868,560	0.0%
Tukwila	19,800	6,685,919,176	21,080	20,930	7,351,976,382	22,106	17,372	26,840	\$1,026	4.9%	1,130	1.6%	666,057,206	1.0%
Woodinville	11,830	4,173,910,805	12,940	12,410	4,507,431,729	13,378	10,300	16,455	\$438	3.4%	580	0.8%	333,520,924	0.5%
Yarrow Point	1,065	1,396,430,058	3,129	1,040	1,477,785,215	3,129	863	5,395	\$0	0.0%	-25	0.0%	81,355,157	0.1%
Total Incorp. King County	1,942,960	557,746,836,811	1,879,365	1,978,025	591,121,235,484	1,899,895	1,641,761	2,158,030	\$20,530	1.1%	35,065	51.0%	33,374,398,673	52.3%
Total Unincorp. King County	247,240	48,876,861,321	196,638	248,275	51,369,256,560	196,805	206,068	187,536	\$167	0.1%	1,035	1.5%	2,492,395,239	3.9%
<b>Total King County</b>	<b>2,190,200</b>	<b>606,623,698,132</b>	<b>2,076,003</b>	<b>2,226,300</b>	<b>642,490,492,044</b>	<b>2,096,700</b>	<b>1,847,829</b>	<b>2,345,566</b>	<b>\$20,697</b>	<b>1.0%</b>	<b>36,100</b>	<b>52.5%</b>	<b>35,866,793,912</b>	<b>56.3%</b>

	Actual CY20			Proposed CY21				50:50 Method - Change from CY20 to CY21						
	Population <sup>1</sup>	Assessed Property Value <sup>2</sup>	Per Capita Assessment (50:50 Method)	Population <sup>3</sup>	Assessed Property Value <sup>4</sup>	(50:50 Method)	(Population Method)	(Assessed Value Method)	\$ Change in Total Per Capita	% Change	Change in Population	Population Change as a % of the total change	Change in Assessed Value	Assessed Value Change as a % of the total change
<b>Per Capita Rate</b>			<b>\$ 0.83</b>			<b>\$ 0.83</b>	<b>\$ 0.83</b>	<b>\$ 0.83</b>						
<b>Jurisdiction</b>														
Bainbridge Island	24,320	8,406,309,515	26,266	24,520	9,222,192,924	27,010	20,352	33,668	\$744	2.8%	200	0.3%	815,883,409	1.3%
Bremerton	41,500	3,603,403,693	24,155	42,080	4,001,032,935	24,767	34,926	14,607	\$612	2.5%	580	0.8%	397,629,242	0.6%
Port Orchard	14,160	1,849,694,593	9,435	14,390	2,072,895,477	9,756	11,944	7,568	\$321	3.4%	230	0.3%	223,200,884	0.4%
Poulsbo	10,850	1,874,513,276	8,109	11,180	2,030,684,280	8,346	9,279	7,414	\$237	2.9%	330	0.5%	156,171,004	0.2%
<b>Total Incorp. Kitsap County</b>	<b>90,830</b>	<b>15,733,921,077</b>	<b>67,965</b>	<b>92,170</b>	<b>17,326,805,616</b>	<b>69,879</b>	<b>76,501</b>	<b>63,256</b>	<b>\$1,914</b>	<b>2.8%</b>	<b>1,340</b>	<b>1.9%</b>	<b>1,592,884,539</b>	<b>2.5%</b>
<b>Total Unincorp. Kitsap County</b>	<b>176,290</b>	<b>22,540,162,991</b>	<b>116,525</b>	<b>177,930</b>	<b>24,821,380,269</b>	<b>119,149</b>	<b>147,682</b>	<b>90,616</b>	<b>\$2,624</b>	<b>2.3%</b>	<b>1,640</b>	<b>2.4%</b>	<b>2,281,217,278</b>	<b>3.6%</b>
<b>Total Kitsap County</b>	<b>267,120</b>	<b>38,274,084,068</b>	<b>184,490</b>	<b>270,100</b>	<b>42,148,185,885</b>	<b>189,028</b>	<b>224,183</b>	<b>153,872</b>	<b>\$4,538</b>	<b>2.5%</b>	<b>2,980</b>	<b>4.3%</b>	<b>3,874,101,817</b>	<b>6.1%</b>
Auburn (part)	9,965	1,242,832,499	6,527	9,980	1,338,843,282	6,586	8,283	4,888	\$59	0.9%	15	0.0%	96,010,783	0.2%
Bonney Lake	20,940	2,982,781,061	14,429	21,060	3,304,031,819	14,771	17,480	12,062	\$342	2.4%	120	0.2%	321,250,758	0.5%
Buckley	4,765	592,610,331	3,118	4,885	694,731,250	3,295	4,055	2,536	\$177	5.7%	120	0.2%	102,120,919	0.2%
Carbonado	665	62,926,936	397	665	68,633,788	401	552	251	\$4	1.0%	0	0.0%	5,706,852	0.0%
Du Pont	9,385	1,554,410,017	6,885	9,425	1,786,146,155	7,172	7,823	6,521	\$287	4.2%	40	0.1%	231,736,138	0.4%
Eatonville	2,955	260,514,839	1,728	2,970	288,138,482	1,759	2,465	1,052	\$31	1.8%	15	0.0%	27,623,643	0.0%
Edgewood	10,990	1808330870	8,040	11390	1997528056	8373	9,454	7,292	\$333	4.1%	400	0.6%	189,197,186	0.3%
Fife	10,100	2,533,823,204	9,066	10,140	2,791,019,594	9,303	8,416	10,189	\$237	2.6%	40	0.1%	257,196,390	0.4%
Fircrest	6,710	906,305,987	4,528	6,770	984,627,839	4,607	5,619	3,595	\$79	1.7%	60	0.1%	78,321,852	0.1%
Gig Harbor	10,320	2,945,118,187	9,949	10,770	3,183,696,881	10,281	8,939	11,623	\$332	3.3%	450	0.7%	238,578,694	0.4%
Lakewood	59,350	6,929,745,386	37,962	59,670	7,456,764,386	38,374	49,526	27,223	\$412	1.1%	320	0.5%	527,019,000	0.8%
Milton(Part)	6,705	821,572,171	4,363	6,735	918,820,561	4,472	5,590	3,354	\$109	2.5%	30	0.0%	97,248,390	0.2%
Orting	8,105	807,086,121	4,916	8,380	868,366,873	5,063	6,955	3,170	\$147	3.0%	275	0.4%	61,280,752	0.1%
Pacific(Part)	40	197,372,293	396	35	247,290,016	466	29	903	\$70	17.7%	-5	0.0%	49,917,723	0.1%
Puyallup	41,100	6,261,273,631	29,102	41,570	6,928,321,607	29,898	34,503	25,294	\$796	2.7%	470	0.7%	667,047,976	1.0%
Roy	815	70,278,493	473	820	74,692,640	477	681	273	\$4	0.8%	5	0.0%	4,414,147	0.0%
Ruston	990	286,542,677	962	1,005	299,778,877	964	834	1,094	\$2	0.2%	15	0.0%	13,236,200	0.0%
South Prairie	435	40,398,549	258	480	51,533,526	293	398	188	\$35	13.6%	45	0.1%	11,134,977	0.0%
Steilacoom	6,425	945,621,379	4,486	6,450	1,041,399,405	4,578	5,354	3,802	\$92	2.1%	25	0.0%	95,778,026	0.2%
Sumner	10,030	3,071,018,628	10,071	10,120	3,492,589,446	10,575	8,400	12,751	\$504	5.0%	90	0.1%	421,570,818	0.7%
Tacoma	209,100	26,551,124,530	137,858	211,400	29,781,934,614	142,094	175,462	108,726	\$4,236	3.1%	2,300	3.3%	3,230,810,084	5.1%
University Place	32,820	4,238,209,289	21,774	33,090	4,643,905,624	22,209	27,465	16,954	\$435	2.0%	270	0.4%	405,696,335	0.6%
Wilkeson	490	48,539,938	297	490	51,060,985	297	407	186	\$0	0.0%	0	0.0%	2,521,047	0.0%
<b>Total Incorp. Pierce County</b>	<b>463,200</b>	<b>65,158,437,016</b>	<b>317,585</b>	<b>468,300</b>	<b>72,293,855,706</b>	<b>326,308</b>	<b>388,689</b>	<b>263,926</b>	<b>\$8,723</b>	<b>2.7%</b>	<b>5,100</b>	<b>7.4%</b>	<b>7,135,418,690</b>	<b>11.2%</b>
<b>Total Unincorp. Pierce County</b>	<b>409,020</b>	<b>49,004,821,935</b>	<b>264,023</b>	<b>420,000</b>	<b>53,540,566,348</b>	<b>272,031</b>	<b>348,600</b>	<b>195,463</b>	<b>\$8,008</b>	<b>3.0%</b>	<b>10,980</b>	<b>16.0%</b>	<b>4,535,744,413</b>	<b>7.1%</b>
<b>Total Pierce County</b>	<b>872,220</b>	<b>114,163,258,951</b>	<b>581,608</b>	<b>888,300</b>	<b>125,834,422,054</b>	<b>598,339</b>	<b>737,289</b>	<b>459,389</b>	<b>\$16,731</b>	<b>2.9%</b>	<b>16,080</b>	<b>23.4%</b>	<b>11,671,163,103</b>	<b>18.3%</b>

	Actual CY20			Proposed CY21				50:50 Method - Change from CY20 to CY21						
	Population <sup>1</sup>	Assessed Property Value <sup>2</sup>	Per Capita Assessment (50:50 Method)	Population <sup>3</sup>	Assessed Property Value <sup>4</sup>	(50:50 Method)	(Population Method)	(Assessed Value Method)	\$ Change in Total Per Capita	% Change	Change in Population	Population Change as a % of the total change	Change in Assessed Value	Assessed Value Change as a % of the total change
<b>Per Capita Rate</b>			<b>\$ 0.83</b>			<b>\$ 0.83</b>	<b>\$ 0.83</b>	<b>\$ 0.83</b>	<b>\$ -</b>	<b>0.0%</b>				
Arlington	19,300	2,779,067,708	13,356	19,740	3,007,053,360	13,681	16,384	10,978	\$325	2.4%	440	0.6%	227,985,652	0.4%
Bothell (Part)	17,820	4,686,873,729	16,412	18,180	5,228,696,561	17,089	15,089	19,089	\$677	4.1%	360	0.5%	541,822,832	0.8%
Brier	6,605	1,303,804,539	5,249	6,665	1,489,770,735	5,485	5,532	5,439	\$236	4.5%	60	0.1%	185,966,196	0.3%
Darrington	1,400	141,347,214	853	1,410	164,222,083	885	1,170	600	\$32	3.8%	10	0.0%	22,874,869	0.0%
Edmonds	41,820	10,223,133,972	37,023	42,170	11,011,221,440	37,600	35,001	40,199	\$577	1.6%	350	0.5%	788,087,468	1.2%
Everett	111,200	18,458,610,540	81,660	111,800	20,056,364,230	83,007	92,794	73,221	\$1,347	1.6%	600	0.9%	1,597,753,690	2.5%
Gold Bar	2,175	199,974,839	1,287	2,150	223,523,348	1,300	1,785	816	\$13	1.0%	-25	0.0%	23,548,509	0.0%
Granite Falls	3,615	411,677,015	2,292	3,900	474,152,402	2,484	3,237	1,731	\$192	8.4%	285	0.4%	62,475,387	0.1%
Index	175	24,007,689	119	175	24,516,167	117	145	90	(\$2)	-1.7%	0	0.0%	508,478	0.0%
Lake Stevens	32,570	4,335,798,023	21,858	33,080	4,923,888,286	22,716	27,456	17,976	\$858	3.9%	510	0.7%	588,090,263	0.9%
Lynnwood	38,260	7,015,500,457	29,375	39,600	7,503,860,299	30,131	32,868	27,395	\$756	2.6%	1,340	1.9%	488,359,842	0.8%
Marysville	67,040	7,986,000,980	43,186	67,820	8,863,283,518	44,324	56,291	32,358	\$1,138	2.6%	780	1.1%	877,282,538	1.4%
Mill Creek	20,470	4,128,225,777	16,437	20,590	4,454,155,944	16,675	17,090	16,261	\$238	1.4%	120	0.2%	325,930,167	0.5%
Monroe	18,860	2,600,459,852	12,830	19,250	2,884,711,378	13,254	15,978	10,531	\$424	3.3%	390	0.6%	284,251,526	0.4%
Mountlake Terrace	21,560	3,324,864,690	15,344	21,590	3,565,803,521	15,469	17,920	13,018	\$125	0.8%	30	0.0%	240,938,831	0.4%
Mukilteo	21,320	5,129,204,722	18,716	21,350	5,444,416,654	18,798	17,721	19,876	\$82	0.4%	30	0.0%	315,211,932	0.5%
Snohomish	10,150	1,588,044,672	7,267	10,200	1,676,400,322	7,293	8,466	6,120	\$26	0.4%	50	0.1%	88,355,650	0.1%
Stanwood	6,835	953,907,821	4,672	7,020	1,044,541,349	4,820	5,827	3,813	\$148	3.2%	185	0.3%	90,633,528	0.1%
Sultan	5,050	505,180,664	3,068	5,180	599,658,156	3,244	4,299	2,189	\$176	5.7%	130	0.2%	94,477,492	0.1%
Woodway	1,340	720,321,808	1,942	1,350	761,967,333	1,951	1,121	2,782	\$9	0.5%	10	0.0%	41,645,525	0.1%
<b>Total Incorp. Snohomish County</b>	<b>447,565</b>	<b>76,516,006,711</b>	<b>332,946</b>	<b>453,220</b>	<b>83,402,207,086</b>	<b>340,323</b>	<b>376,173</b>	<b>304,480</b>	<b>\$7,377</b>	<b>2.2%</b>	<b>5,655</b>	<b>8.2%</b>	<b>6,886,200,375</b>	<b>10.8%</b>
<b>Total Unincorp. Snohomish County</b>	<b>357,555</b>	<b>56,311,345,544</b>	<b>256,721</b>	<b>365,480</b>	<b>61,772,530,193</b>	<b>264,432</b>	<b>303,348</b>	<b>225,515</b>	<b>\$7,711</b>	<b>3.0%</b>	<b>7,925</b>	<b>11.5%</b>	<b>5,461,184,649</b>	<b>8.6%</b>
<b>Total Snohomish County</b>	<b>805,120</b>	<b>132,827,352,255</b>	<b>589,667</b>	<b>818,700</b>	<b>145,174,737,279</b>	<b>604,755</b>	<b>679,521</b>	<b>529,995</b>	<b>\$15,088</b>	<b>2.6%</b>	<b>13,580</b>	<b>19.8%</b>	<b>12,347,385,024</b>	<b>19.4%</b>
<b>Grand Total</b>	<b>4,134,660</b>	<b>\$ 891,888,393,406</b>	<b>\$ 3,431,768</b>	<b>4,203,400</b>	<b>\$ 955,647,837,262</b>	<b>\$ 3,488,822</b>	<b>\$ 3,488,822</b>	<b>\$ 3,488,822</b>	<b>\$ 57,054</b>	<b>1.66%</b>	<b>\$ 68,740</b>	<b>100.0%</b>	<b>\$ 63,759,443,856</b>	<b>100.0%</b>

1. The CY20 assessment is based on population estimates for 2018 (April 2018 - OFM)

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

3. The CY21 assessment is based on population estimates for 2019 (April 2019 - OFM)

4. The CY21 assessment is based on 2019 assessed property values for the 2020 tax year

**CY2021 Per Capita at 83¢ and 50:50 Method**

<b>CITY/COUNTY:</b>	<b>KING</b>	Amount
Algona	\$ 2,484	
Auburn (Part)	\$ 49,872	
Beaux Arts Village	\$ 505	
Bellevue	\$ 185,006	
Black Diamond	\$ 3,723	
Bothell ( Part )	\$ 24,921	
Burien	\$ 35,960	
Carnation	\$ 1,656	
Clyde Hill	\$ 6,790	
Covington	\$ 13,655	
Des Moines	\$ 21,773	
Duvall	\$ 5,938	
Enumclaw	\$ 8,147	
Federal Way	\$ 62,646	
Hunts Point	\$ 2,443	
Issaquah	\$ 37,518	
Kenmore	\$ 19,396	
Kent	\$ 95,854	
Kirkland	\$ 94,688	
Lake Forest Park	\$ 11,807	
Maple Valley	\$ 18,783	
Medina	\$ 9,953	
Mercer Island	\$ 37,899	
Milton ( Part )	\$ 817	
Newcastle	\$ 11,911	
Normandy Park	\$ 6,046	
North Bend	\$ 6,031	
Pacific ( Part )	\$ 4,063	
Redmond	\$ 74,633	
Renton	\$ 80,028	
Sammamish	\$ 63,412	
Sea-Tac	\$ 24,893	
Seattle	\$ 780,999	
Shoreline	\$ 44,868	
Skykomish	\$ 151	
Snoqualmie	\$ 12,013	
Tukwila	\$ 22,106	
Woodinville	\$ 13,378	
Yarrow Point	\$ 3,129	
<b>Total Incorporated King County</b>	<b>\$ 1,899,895</b>	

<b>CITY/COUNTY:</b>	<b>PIERCE</b>	Amount
Auburn ( Part )	\$ 6,586	
Bonney Lake	\$ 14,771	
Buckley	\$ 3,295	
Carbonado	\$ 401	
Du Pont	\$ 7,172	
Eatonville	\$ 1,759	
Edgewood	\$ 8,373	
Fife	\$ 9,303	
Fircrest	\$ 4,607	
Gig Harbor	\$ 10,281	
Lakewood	\$ 38,374	
Milton ( Part )	\$ 4,472	
Orting	\$ 5,063	
Pacific ( Part )	\$ 466	
Puyallup	\$ 29,898	
Roy	\$ 477	
Ruston	\$ 964	
South Prairie	\$ 293	
Steilacoom	\$ 4,578	
Sumner	\$ 10,575	
Tacoma	\$ 142,094	
University Place	\$ 22,209	
Wilkeson	\$ 297	
<b>Total Incorporated Pierce County</b>	<b>\$ 326,308</b>	

<b>CITY/COUNTY:</b>	<b>SNOHOMISH</b>	Amount
Arlington	\$ 13,681	
Bothell ( Part )	\$ 17,089	
Brier	\$ 5,485	
Darrington	\$ 885	
Edmonds	\$ 37,600	
Everett	\$ 83,007	
Gold Bar	\$ 1,300	
Granite Falls	\$ 2,484	
Index	\$ 117	
Lake Stevens	\$ 22,716	
Lynnwood	\$ 30,131	
Marysville	\$ 44,324	
Mill Creek	\$ 16,675	
Monroe	\$ 13,254	
Mountlake Terrace	\$ 15,469	
Mukilteo	\$ 18,798	
Snohomish	\$ 7,293	
Stanwood	\$ 4,820	
Sultan	\$ 3,244	
Woodway	\$ 1,951	
<b>Total Incorporated Snohomish County</b>	<b>\$ 340,323</b>	

<b>CITY/COUNTY:</b>	<b>KITSAP</b>	Amount
Bainbridge Island	\$ 27,010	
Bremerton	\$ 24,767	
Port Orchard	\$ 9,756	
Poulsbo	\$ 8,346	
<b>Total Incorporated Kitsap County</b>	<b>\$ 69,879</b>	

<b>CITY/COUNTY:</b>	<b>UNINCORPORATED</b>	Amount
Unincorporated King County	\$ 196,805	
Unincorporated Kitsap County	\$ 119,149	
Unincorporated Pierce County	\$ 272,031	
Unincorporated Snohomish County	\$ 264,432	
<b>Total Unincorporated Counties:</b>	<b>\$ 852,417</b>	
<b>Total CY2021 Assessment:</b>	<b>\$ 3,488,822</b>	