	City Council Study Session and Special Focus Area **August 14, 2017 - 5:30 PM** **Council Chambers - City Hall** **AGENDA** **Watch the meeting LIVE!** **Watch the meeting video** Meeting videos are not available until 72 hours after the meeting has concluded.

I. CALL TO ORDER

A. Roll Call

II. ANNOUNCEMENTS, REPORTS, AND PRESENTATIONS

A. Auburn Station Access Improvement Project - Preferred Alternative Site (30 Minute Presentation)

III. AGENDA ITEMS FOR COUNCIL DISCUSSION

A. Capital Project Status Report (10 Minute Presentation) (Snyder)

B. Parks / Open Space Plan (20 Minute Presentation) (Faber)

IV. FINANCE AND ECONOMIC DEVELOPMENT DISCUSSION ITEMS

A. Resolution No. 5310 - Solid Waste Contracts (10 Minute Presentation) (Coleman)

B. Fire Relief & Pension Fund (15 Minute Presentation) (Coleman)

C. 2016 Comprehensive Annual Financial Report (20 Minute Presentation) (Coleman)

D. Resolution No. 5311 - Investment Policy Update (10 Minute Presentation) (Coleman)

E. 2nd Quarter 2017 Financial Report (10 Minute Presentation) (Coleman)

F. Economic Development Update (45 Minute Presentation) (Hinman)

V. OTHER DISCUSSION ITEMS

VI. NEW BUSINESS

VII. MATRIX

A. Matrix

VIII. ADJOURNMENT

Agendas and minutes are available to the public at the City Clerk's Office, on the City website (http://www.auburnwa.gov), and via e-mail. Complete agenda packets are available for review at the City Clerk's Office.

AGENDA BILL APPROVAL FORM

Agenda Subject:
Capital Project Status Report (10 Minute Presentation) (Snyder)

Date:
August 9, 2017

Department:
CD & PW

Attachments:
Capital Project Status Report

Budget Impact:
$0

Administrative Recommendation:

For discussion only.

Background Summary:

The purpose of this discussion is to inform the Council and Public of the overall status of the City's Capital Project program managed by the Community Development & Public Works (CDPW) Department.

The Capital Projects Group of CDPW is currently managing 35 active projects with a total cost of $58 million. Of these projects, 11 are in the design phase and 24 are under construction. Within the next 3 months, 4 additional projects are expected to enter the construction phase. The total value of projects completed by years is as follows:

Total Capital Projects Completed by Year (by year of final acceptance by City Council)
2014 = 28.8 million
2015 = 24.8 million
2016 = 37.6 million
2017 = 42.4 million (anticipated)

Reviewed by Council Committees:

Councilmember:

Staff: Gaub

Meeting Date: August 14, 2017

Item Number:

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget Street/Utilities	Project Budget Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1218	Auburn Way South Corridor Safety (Muckleshoot Plaza to Dogwood St SE) This project will construct corridor improvements to AWS between Muckleshoot Plaza and Dogwood Street SE. Improvements include designated U-turns, access management, driveway consolidation, addition of a 2nd left turn lane from eastbound AWS into the MIT Casino, bus pull-outs, medians, signal improvements, and sidewalks.	1,077,365 (Street) 1,161,340 (Water)	2,333,108 (Federal) 466,191 (WSDOT)	5,038,004	4,964,214	100%	JAN 17	29%	JAN 18	Larson	Site preparation and waterline installation on the north side of the roadway underway. Agreement with King County for reimbursement for costs to construct bus shelter footings under review. Change order for cost of footings and additional excavation and fill material is being negotiated.	CH2M	Miles Resources
C222A	277TH-AUBURN WAY N TO GREEN RIVER BRIDGE This project will complete the widening of S 277th from the intersection of Auburn Way North to L Street NE, including the construction of a pedestrian trail and relocation of the floodway along S 277th.	1,539,186 (Street)	1,020,700 (Federal) 2,300,000 (Developer) 3,933,990 (TIB)	8,928,876	8,895,956	100%	MAY16	45%	NOV 17	Truong	Construction work is underway. The Contractor is working on retaining walls, excavating and constructing the future stream and pond, and the culvert across 277th.	Parametrix	Scarsella Bros.
C410A	277TH WETLAND MITIGATION MONITORING This project will complete wetland mitigation enhancements at the S 277th wetland mitigation sites.	55,000 (Streets)		55,000	55,000	100%		100%		Howard	Monitoring work in progress. Actively seeking mitigation acceptance from Corps to end monitoring period.		

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget Street/Utilities	Project Budget Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1507	Auburn Way North Pavement Preservation This project will rehabilitate and preserve the existing pavement on Auburn Way North between 22nd St NE and 45th St NE. This work will also upgrade traffic signals and sidewalk curb ramps.	972,500 (Streets) 42,500 (Storm) 75,000 (Sewer) 16,000 (Water)	967,500 (Federal)	2,073,500	2,138,426	100%	FEB 17	90%	OCT 17	Thompson	Paving is complete except at the intersection of 37th St NE where final paving will not occur until a new signal pole is installed, which is anticipated in late August. Construction end date updated to account for long lead time for the new signal pole.	N/A	Tucci and Sons, Inc.
CP1417	WEST HILL SPRINGS IMPROVEMENTS This project will add an automatic shutdown/diversion if disinfection system fails, add a screen or a Tide-flex valve to the overflow at the site, and evaluate site stabilization.	605,000 (Water)		605,000	501,682	100%	DEC 16	95%	SEP 17	Barba	Construction was in suspension for procurement of materials but has now resumed. Schedule adjusted to account for suspension time.	MSA	RL Alia
CP1501	TRAFFIC SIGNAL SAFETY IMPROVEMENTS This project will implement low-cost traffic signal safety improvements at various intersections by installing flashing yellow arrow signals, auxiliary signal heads, and backplates.	55,000 (Streets)	412,575 (Federal)	467,575	467,575	100%	AUG 16	100%	JUN 17	Larson	Physical completion granted on June 30, 2017. Final pay in process.	N/A	Tansportation Systems, Inc.

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1107	FULMER WELLFIELD IMPROVEMENT PROJECT This project will be done in phases. The first phase 1A will complete investigation of the Fulmer Wellfield area to determine the required analysis and drilling program needed to utilize the full water rights. Phase 1B will complete a drilling and testing program as well as an alternatives analysis. Phase 2 will complete the physical improvements.	2,320,315 (Water)		2,660,315	2,659,550	100%	APR 17	10%	SEP 17	Barba	Construction underway. Contractor completing site demolition work.	Phase 2: Carollo Engineers	Award Construction
CP1415	W MAIN ST MULTIMODAL CORRIDOR AND ITS IMPROVEMENTS This project will repurpose the existing W Main St between W Valley Highway and the Interurban Trail. The project will also provide Intelligent Transportation System (ITS) improvements along W. Main St., West Valley Hwy, 15th St. SW, and C St. SW.	824,923 (Streets)	3,770,015 (Federal)	4,379,563	4,094,879	100%	JUN 16	99%	SEP 17	Truong	Construction punchlist work underway. Construction finish date adjusted to account for time to coordinate punchlist work.	CH2M	Tucci and Sons
CP0767	MOHAWK PLASTIC WETLAND MITIGATION MONITORING This project is an annual level of effort to complete the required monitoring for the mitigation site.	25,000 (Streets)		25,000	25,000					Howard	City received release from the Dept. of Ecology. Monitoring is complete.	Soundview	

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget Street/Utilities	Project Budget Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1511	M ST SE IMPROVEMENTS (3RD ST SE TO EAST MAIN ST) This project replaces the existing storm system, sanitary sewer main, and water improvements along M St SE from 3th St SE to E Main St. The project also includes a full rebuild of M Street SE including new sidewalks and curbs and gutters within the project limits.	664,652 (Storm) 481,000 (Water) 416,183 (Sewer) 531,877 (Streets)		2,093,712	1,933,711	100%	MAR 17	50%	NOV 17	Thompson	M St SE from 3rd St SE to East Main St is closed to through traffic from June 26 through September 1. Installation of new sewer, storm, and water meters is complete. Engineering is working with Police to address the on-going concerns of detour traffic utilizing local streets between Main and 4th St SE.	N/A	ACI
CP1317	Water Meter and Billing System Improvements This project will install automated meter reading infrastructure and software, and will replace all water meters.	6,000,000 (Water)		6,000,000	6,000,000	100%	JUL 15	40%	DEC 17	Snyder	Work is underway.	Ferguson	Ferguson
CP1513	22nd St NE and I St NE Intersection Improvements This project will construct a round-a-bout and complete the design of intersection bicycle and pedestrian safety improvements at 22nd St NE and I St NE.	315,000 (Streets) 29,890 (Sewer) 405,000 (Water)	200,000 (State Grant) 940,000 (Federal Grant)	1,889,889	1,784,015	100%	JUN 17	0%	APR 18	Wickstrom	City Council awarded the contract at their meeting on August 7, 2017. Preconstruction meeting is scheduled for August 24th. Budget and cost information updated to reflect contract award. Construction finish date updated to reflect final paving work being completed during a favorable weather season.	Reid Middleton	DPK, Inc.

Capital Project Status Report   Community Development And Public Works Department - Engineering General Services Division

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1522 (CP1122)	30th Street NE Storm Improvements (Phase 1B): This project will replace the 30-inch storm drainage line along 30th Street NE from approximately I Street NE to Brannan Park Storm Pump Station to address localized flooding issues. Phase 1A was completed in Jan. 2016 (CP1122)	2,293,810 (Storm)		2,504,785	2,504,785	100%	JUL 16	100%	MAY 17	Truong	Physical Completion granted on July 18, 2017. Final pay in process.	Otak	KLB Construction
CP1613	M&O Building Roof Retrofit This project will install a roof retrofit system for the aging roof at the M&O Building.	292,700 (Facilities)		292,700	292,130	100%	MAY 17	0%	SEP 17	Barba	Notice to Proceed will be issued on August 11, 2017.	Helix	Multifacet Group
CP1520	B St NW Reconstruction Project This project will complete the reconstruction of B St NW between 37th St NW and 49th St NW, including replacing sanitary sewer and addressing storm drainage needs.	2,867,829 (Streets) 985,607 (Sewer)		3,853,436	3,273,613	100%	MAY 17	7%	DEC 17	Carter	Construction is underway. Contractor continuing dewatering efforts in preparation of sanitary sewer installation.	KPG	Johansen

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1512	2015 Sanitary Sewer Repair and Replacement This project will replace and/or repair aging and damaged sewer systems through out the City.	1,187,904 (Sewer)		1,187,904	835,515	100%	AUG 16	100%	MAY 17	Wickstrom	Physical Completion granted on June 9, 2017. Final payment is in process.	N/A	Road Construction Northwest
CP1606	Auburn Teen and Community Center (H Street SE Extension) This project is being completed as part of the Auburn Community and Teen Center project. It will construct a connection from the current termination of H Street SE at the White River Museum to Auburn Way South. The connection to Auburn Way South will serve as shared entry to the Les Gove Campus and the King County Library. The project will also close Deals Way adjacent to the spray park and library.		855,000 (Parks)	855,000	855,000	100%	JAN 17	100%	MAY 17	Larson	Final pay approved by Council on July 3, 2017. Project complete.	N/A	Road Construction Northwest
CP1617	Lea Hill PRV Stations Replaces 5 PRV stations in the Lea Hill service area that have exceeded their useful life.	1,032,300 (Water)		1,032,000	1,063,339	100%	JUN 17	0%	NOV 17	Larson	Preconstruction meeting held on August 3, 2017. Notice to proceed expected to be issued for August 11, 2017.	BHC	NOVA Contracting

Capital Project Status Report
Community Development And Public Works Department - Engineering General Services Division

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1523	Lake Tapps Parkway Preservation Project The purpose of the project is to rehabilitate and preserve the existing pavement on Lake Tapps Parkway between the Western City Limit near 8th Street E and Lakeland Hills Way	237,850 (Streets) 5,000 (Sewer) 5,000 (Storm)	750,000 (Federal)	997,850	996,591	100%	APR 17	40%	SEP 17	Barba	Construction work is underway. Current work consists of replacing curb ramps at the intersection of Lake Tapps Parkway and Lakeland Hills Way and grinding and overlaying the westbound travel lanes. The eastbound travel lanes have been paved.	N/A	ICON Materials
CP1614	2017 Local Street Reconstruction and Preservation Project This project will reconstruct the 28th St SE loop east of R St., 27th St SE, 26th St SE, S St SE, T St SE and U St SE; reconstructed 19th St SE and G St SE near Olympic Middle school, and preserve 53rd Ave S, S 302nd Pl and associated cul-de-sacs in the Westhill.	2,556,000 (Streets) 500,000 (Water) 200,000 (Storm)		3,256,000	2,900,000	100%	MAY17	1%	DEC 17	Carter	Construction is underway. Contractor is installing drainage on R St and 28th St Loop.	Jacobs Engineering, Inc.	Tucci and Sons
MS1510	104TH AVENUE SE BUILDING DEMOLITION The purpose of the project is to demolish three separate buildings (single-family house, detached garage, and shed) located at 31923 104th Avenue SE. The property will be re-purposed in the near future as part of a Transportation Improvements Project.	101,450 (Streets)		101,450	101,450	100%	APR 17	99%	JUL 17	Koshman	Physical completion granted on June 29, 2017. Final pay in process.	N/A	Quality Construction

Project Status: CONSTRUCTION

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1701	AWS Dynamic Message Sign This Project will expand ITS operations by installing a DMS sign.	200,000 (Streets)		200,000	179,860	100%	MAY17	20%	AUG17	Barba	Work is underway. Contractor currently working on installation of the new sign foundation.	N/A	West Coast Signal, Inc.
CP1710	2017 Citywide Sidewalk Repairs and Improvement Project This project will reconstruct sections of sidewalk that are in poor condition or pose a risk as tripping hazards. The project will also improve connectivity where sections of sidewalk are missing from the pedestrian network. The project will add curb ramps where barriers exist or rebuild existing curb ramps to meet ADA standards.	204,000 (Capital Improvement Fund)	50,000 (General Fund)	254,000	191,348	100%	JUN 17	1%	JUL 17	Koshman	Construction underway. Contractor beginning site preparation work.	N/A	K&A Communications
CP1407	MARCHINI MEADOWS This project will complete the required public improvements that the developer for the Marchini Meadows did not complete. Improvements are prioritized and will be completed based on available funds.		70,000 (Developer Settlement)	70,000	70,000	75%	TBD 17	0%	TBD 17	Koshman	Overlay of 132nd Ave completed by project CP1506 (2015 Pavement Patching & Overlay). Design and Construction finish dates are shown as unknown because this work is being completed in phases. The next phase, replacing broken sidewalks and driveways, is underway.	N/A	

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: DESIGN

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1316	EAST RIDGE MANOR STORM IMPROVEMENTS This project will complete improvements to the East Ridge Manor storm system in the Lea Hill area.	1,120,000 (Storm)		1,120,000	1,110,000	20%	NOV 17	0%	APR 18	Thompson	Design is underway.	Brown and Caldwell	TBD
CP1406	MAIN ST SIGNAL UPGRADES This project will reconstruct the existing signal at C Street SW and Main Street.	465,000 (Street)		465,000	465,000	82%	JUL 17	0%	DEC 17	Thompson	Design is underway.	DKS	TBD
CP1416	F ST SE NON-MOTORIZED IMPROVEMENTS This project will reconstruct F St SE from 4th St SE to Auburn Way South, including adding new sidewalks, curb and gutter, bike lanes, wayfinding signage, street lighting, streetscape elements, and safety improvements, and will include a bike share program with bike boulevard components. Some ROW acquisition is necessary. Some sections of water and sewer lines will be replaced on F St SE between 4th St SE and Auburn Way S.	170,000 (Streets) 100,000 (Water) 24,000 (Sewer)	520,000 (Federal)	814,000	2,727,000	50%	TBD 17	0%	TBD 18	Wickstrom	Design and Environmental documentation work is underway. Construction funding is not yet secured. Design finish date shown as TBD to reflect notice the City received regarding limited federal funding obligation authority in 2017 for PSRC funded projects.	Jacobs	TBD

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: DESIGN

Project Number	Project Name & Description	Project Budget: Street/Utilities	Project Budget: Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1502	37TH ST SE AND A ST TRAFFIC SIGNAL This project will improve the safety at the intersection by installing a traffic signal, improving ADA ramps, widening the northeast corner of the intersection to accommodate U-turns, and pavement restoration.	142,240 (Streets)	792,260 (Federal)	934,500	1,003,162	95%	SEP 17	0%	APR 18	Barba	Right-of-Way (ROW) phase is underway. Design and Construction finish dates adjusted to account for additional time needed to address ROW needs for the project.	KPG	TBD
CP1312	STORM REPAIR & REPLACEMENT This project will replace and/or repair aging and damaged storm lines throughout the City.	898,166 (Storm)		898,166	898,166	60%	MAR 18	0%	JUL 18	Wickstrom	Design is underway. Design and Construction finish dates adjusted to reflect advertising the project during a more favorable weather season for this type of work.	N/A	TBD
CP1516	Auburn Municipal Airport Runway Enhancements The purpose of the project is to improve safety and the ability to accommodate the current and forecast fleet of multi-engine piston aircraft for both takeoff and accelerate-stop distances at the Auburn Municipal Airport by extending both ends of Runway 16/34.		1,365,000 (Airport)	1,365,000	1,365,000	16%	DEC 17	0%	DEC 18	Wickstrom	Consultant selection process for design phase underway.	TBD	TBD

Project Status: DESIGN

Project Number	Project Name & Description	Project Budget Street/Utilities	Project Budget Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1603	Coal Creek Springs Transmission Main Repair The project will construct a second, parallel transmission pipeline under the White River, inspect the existing steel transmission main for possible leaks and repair the leaks, if any, and line the portion of the existing steel transmission main to improve its structural integrity and prevent leaks, and to construct another 12” to 18” parallel river crossing casing for providing water service and utility conduit to wilderness game farm park.	1,340,000 (DWSRF) 185,000 (Water)		1,525,000	1,525,000	17%	MAR 18	0%	JUL 18	Wickstrom	Project is in suspension due to the availability of state funding.	JACOBS	TBD
CP1408	South Hangar-Row 3 Door Improvements This project will install new tracks under the rolling hangar doors to improve performance.		30,000 (Airport)	30,000	30,000	99%	AUG 17	0%	OCT 17	Wickstrom	Final contract documents being prepared.	KPFF	TBD
CP1521	15th Street NE/NW Preservation Project This project will rehabilitate and preserve the existing pavement in the 15th Street NW/NE and Harvey Road SE corridor between State Route 167 and 8th Street NE. Furthermore, grind and overlay 15th Street NW/NE from State Route 167 to Auburn Way N., and grind and overlay Harvey Road NE from Auburn Way N to 8th Street NE.	817,500 (Streets) 50,000 (Storm) 50,000 (Sewer)	817,500 (Federal Grant)	1,735,000	1,735,000	55%	DEC 17	0%	SEP 18	Truong	Design is underway.	N/A	TBD

Capital Project Status Report

Community Development And Public Works Department - Engineering General Services Division

Project Status: DESIGN

Project Number	Project Name & Description	Project Budget Street/Utilities	Project Budget Other	Total Budget	Total Estimated Costs	Design % Complete	Design Finish Date	Construction % Complete	Construction Finish Date	Project Manager	Status	Design Consultant	Contractor
CP1709	Reservoir 1 Seismic Control Valve This project will design and construct a seismic control valve on the City's largest reservoir.	$175,000 Hazard Mitigation Grant Program $25,000 Local City Match		$200,000	$200,000	2%	APR 18	0	MAY 18	Thompson	Consultant contract negotiations underway.	Parametrix	TBD
CP1707	A St. SE Corridor Signal Safety & Operations Improvements This purpose of this project is to design for and improve traffic signal timing and operations, corridor coordination, traffic signal head visibility, and pedestrian accessibility along the A St SE Corridor between 3rd St SE and East valley Highway Access Road.	45,850 (Street)	412,650 (Federal Grant)	458,500	458,500	0%	MAY18	0%	SEP 18	Truong	Consultant contract negotiations underway.	PH Consulting, LLC & DKS Associates	TBD

AGENDA BILL APPROVAL FORM

Agenda Subject:
Parks / Open Space Plan (20 Minute Presentation) (Faber)

Date:
August 9, 2017

Department:
Parks/Art and Recreation

Attachments:
No Attachments Available

Budget Impact:
$0

Administrative Recommendation:

None

Background Summary:

Council requested information on the approved PROS Plan.

Reviewed by Council Committees:

Councilmember:	Wales	**Staff:**	Faber
Meeting Date:	August 14, 2017	**Item Number:**	

AGENDA BILL APPROVAL FORM

Agenda Subject:
Resolution No. 5310 - Solid Waste Contracts (10 Minute Presentation) (Coleman)

Date:
August 8, 2017

Department:
Finance

Attachments:
Resolution No. 5310
WM Contract Extension Letter
Amendment #1 KM
Amendment #1 Rabanco

Budget Impact:
$0

Administrative Recommendation:

For discussion.

Background Summary:

The City of Auburn's Comprehensive Garbage, Recyclables and Compostables Collection Agreement with Waste Management expires December 31, 2017. The City will exercise one of the extension options to extend the agreement 21 months to September 30, 2019.

The City of Auburn Comprehensive Agreement for Solid Waste Collection in Annexed Areas with Republic Services also expires December 31, 2017. Resolution No. 5310 will amend the expiration date to September 30, 2019.

Reviewed by Council Committees:

Councilmember:

Staff: Coleman

Meeting Date: August 14, 2017

Item Number:

RESOLUTION NO. 5310

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, AUTHORIZING THE MAYOR TO AMEND THE TERMINATION DATES OF THE COMPREHENSIVE AGREEMENTS FOR SOLID WASTE COLLECTION IN ANNEXED AREAS BETWEEN THE CITY AND REPUBLIC SERVICES INC. AND TO EXTEND THE SOLID WASTE COLLECTION CONTRACT BETWEEN THE CITY AND WASTE MANAGEMENT

WHEREAS, the City of Auburn entered into a waste and recyclables collection contract with Waste Management Inc. in October 2011; and

WHEREAS, when the City of Auburn annexed the Lea Hill and West Hill areas in 2008, the Kent Meridian Disposal Company and Rabanco LTD, which are now Republic Services Inc., were automatically given a collections franchise for the annexed territory as each were the service provider at the time of annexation; and

WHEREAS, the City of Auburn's solid waste collection contracts with both Waste Management Inc., and Republic Services Inc. will expire on December 31, 2017.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, HEREBY RESOLVES as follows:

Section 1. That the Mayor is hereby authorized to exercise the City's right to extend for twenty-one months the term of the contract with Waste Management Inc., according to the terms and conditions of that contract.

Section 2. That the Mayor is authorized to execute an amendment extending the term of the solid waste collection agreements with Republic Services Inc. for twenty-one months.

Section 3. That the Mayor is authorized to implement such administrative procedures as may be necessary to carry out the directives of this legislation.

Section 4. That this Resolution shall take effect and be in full force upon passage and signatures hereon.

Dated and Signed this _____ day of _________________, 2017.

CITY OF AUBURN

____
NANCY BACKUS, MAYOR

ATTEST:

____
Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:

____
Daniel B. Heid, City Attorney

CITY OF AUBURN WASHINGTON

Nancy Backus, Mayor

25 West Main Street * Auburn WA 98001-4998 * www.auburnwa.gov * 253-931-3000

August 21, 2017

Ms. Mary Evans
Area Director Public Sector Solutions
Waste Management
720 4th Avenue, Suite 400
Kirkland, WA 98033

Subject: Notice of Extension to City of Auburn Solid Waste Collection Contract

Dear Ms. Evans,

This letter serves as formal notice that the City of Auburn is extending the existing Comprehensive Garbage, Recyclables and Compostables Collection Agreement between Waste Management of Washington, Inc. and the City of Auburn for an additional twenty-one months beyond the current expiration. This action will extend the term of the contract through September 30, 2019.

The extension is granted under the original term and conditions of the contract, in accordance with Section 1 of said contract. The two city annexed areas known has West Hill and Lea Hill currently served by Republic Services will continue to be served by Republic Services through September 30, 2019.

Sincerely,

Mayor Nancy Backus
City of Auburn

cc: Dan Heid, City Attorney
Dani Daskam, City Clerk
Shelley Coleman, Finance Director
Joan Nelson, Solid Waste & Recycling Supervisor

AMENDMENT NO. 1
to the
CITY OF AUBURN COMPREHENSIVE AGREEMENT FOR SOLID WASTE COLLECTION IN ANNEXED AREAS

CITY OF AUBURN – KENT-MERIDIAN DISPOSAL COMPANY DBA REPUBLIC SERVICES
Executed January 14, 2008

WHEREAS, Kent-Meridian Disposal Company was providing solid waste and recycling collection services to the Lea Hill area at the time the City of Auburn annexed Lea Hill in 2008; and

WHEREAS, Upon annexation of the Lea Hill area, the City of Auburn was required by RCW 35A.14.900 to grant Kent-Meridian Disposal Company a franchise to continue its service within the annexed territory for seven years; and

WHEREAS, In January 2008, the City of Auburn, through Resolution 4290, executed an agreement with Kent-Meridian Disposal Company for solid waste collection in the annexed area, effective until December 31, 2017; and

WHEREAS, the City of Auburn now desires, and it is in the public interest to extend the term of that agreement for an additional twenty-one months, and

WHEREAS, Republic Services, Inc., which acquired Kent-Meridian Disposal Company, desires to extend the January 2008 agreement for twenty-one months subject to the same terms and conditions

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the sufficiency of which is acknowledged, The City of Auburn, a municipal corporation of the State of Washington, and Republic Services, Inc. a Delaware corporation, agree to amend the "City Of Auburn Comprehensive Agreement for Solid Waste Collection In Annexed Areas" in the following manner for the purpose of extending the agreement's term twenty-one additional months:

Attachment B of the Agreement is deleted and is amended to read as follows:

"Attachment B: Terms of Agreement

B1: Ordinance 5346 through 12/31/2010
B2: Ordinance 5516 through 12/31/2012
B3 Ordinance 5937 through 12/31/2015
B4: Ordinance 6121 through 9/30/2019
~~B5: Ordinance 6122 through 12/31/2017~~"

All other provisions of the Agreement and of any previous amendments remain in full force and effect.

CITY OF AUBURN	REPUBLIC SERVICES, INC.
____________________________	______________________________
NANCY BACKUS, MAYOR	
Date: ___________________, 2017	Title: _________________________
ATTEST:	Date: _______________________, 2017

____
Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:

____
Dan Heid, City Attorney

AMENDMENT NO. 1
to the
CITY OF AUBURN COMPREHENSIVE AGREEMENT FOR SOLID WASTE COLLECTION IN ANNEXED AREAS

CITY OF AUBURN – RABANCO LTD. DBA REPUBLIC SERVICES OF KENT
Executed January 14, 2008

WHEREAS, Rabanco Ltd. was providing solid waste and recycling collection services to the West Hill area at the time the City of Auburn annexed West Hill in 2008; and

WHEREAS, Upon annexation of the West Hill area, the City of Auburn was required by RCW 35A.14.900 to grant Rabanco Ltd. a franchise to continue its service within the annexed territory for seven years; and

WHEREAS, In January 2008, the City of Auburn, through Resolution 4290, executed an agreement with Rabanco Ltd. for solid waste collection in the annexed area, effective until December 31, 2017; and

WHEREAS, the City of Auburn now desires, and it is in the public interest to extend the term of that agreement for an additional twenty-one months; and

WHEREAS, Republic Services, Inc., which acquired Rabanco Ltd., desires to extend the January 2008 agreement for twenty-one months subject to the same terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the sufficiency of which is acknowledged, The City of Auburn, a municipal corporation of the State of Washington, and Republic Services, Inc. a Delaware corporation, agree to amend the "City Of Auburn Comprehensive Agreement for Solid Waste Collection In Annexed Areas" in the following manner for the purpose of extending the agreement's term twenty-one additional months:

Attachment B of the Agreement is deleted and is amended to read as follows:

"Attachment B: Terms of Agreement

~~B1: Ordinance 5346 through 12/31/2010~~
~~B2: Ordinance 5516 through 12/31/2012~~
~~B3 Ordinance 5937 through 12/31/2015~~
~~B4: Ordinance 6121 through 12/31/2017~~
B5 Ordinance 6122 through 9/30/2019"

All other provisions of the Agreement and of any previous amendments remain in full force and effect.

CITY OF AUBURN	REPUBLIC SERVICES, INC.
____________________________	______________________________
NANCY BACKUS, MAYOR	
Date: ___________________, 2017	Title: _________________________
ATTEST:	Date: _______________________, 2017

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Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:

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Dan Heid, City Attorney

AGENDA BILL APPROVAL FORM

Agenda Subject:
Fire Relief & Pension Fund (15 Minute Presentation) (Coleman)

Date:
August 8, 2017

Department:
Finance

Attachments:
Memo

Budget Impact:
$0

Administrative Recommendation:

Background Summary:

For review and discussion only.

Reviewed by Council Committees:

Councilmember:

Staff: Coleman

Meeting Date: August 14, 2017

Item Number:

Interoffice Memorandum

To: Auburn City Council

From: **Shelley Coleman, Finance Director**

CC: Nancy Backus, Mayor

Date: August 9, 2017

Re: Fire Pension Fund and Liability

The City has a Fire Pension Fund (FPF) and it is obligated to pay retirement benefits to active members as of March 1, 1970. Currently the FPF has 13 retired members which includes four survivors as beneficiaries. The Fund operates on a pay-as-you-go basis. (The City retained the fire pension liability when the VRFA was formed and all fire LEOFF 1 liabilities. This memorandum only discusses the fire pension liability.)

For those retired after 1970, the City must pay the excess of the FPF benefit over the LEOFF benefit. The LEOFF benefits increase with the CPI for Seattle, while most of the FPF benefits increase with wages of the current active firefighters in the rank the members held at retirement. For this reason, the benefits are highly sensitive to the spread between wage increases and CPI increases. Wages have typically grown at a faster rate than CPI and are expected to continue to do so in the future.

Example of the benefit calculation:

Suppose that a member has an FPF benefit of $4,000 per month and a LEOFF benefit of $3,500 per month. The City paid benefit is $500 per month. If wages increase at 3.25%, while the CPI increases at 2.25%, the benefit increases look like the following:

	Current Year	Increase	Following Year
FPF	$ 4,000.00	3.25%	$ 4,130.00
LEOFF	$ 3,500.00	2.25%	3,578.75
City Paid Benefit	$ 500.00	10.25%	$ 551.25

As of January 1, 2017, the actuarial present value of the future excess pension benefits to be provided by the City is $3,300,526, which was 10% higher than expected due to a 4% increase in demographic experience and 6% increase due to changes in benefit amounts compared to expectations.

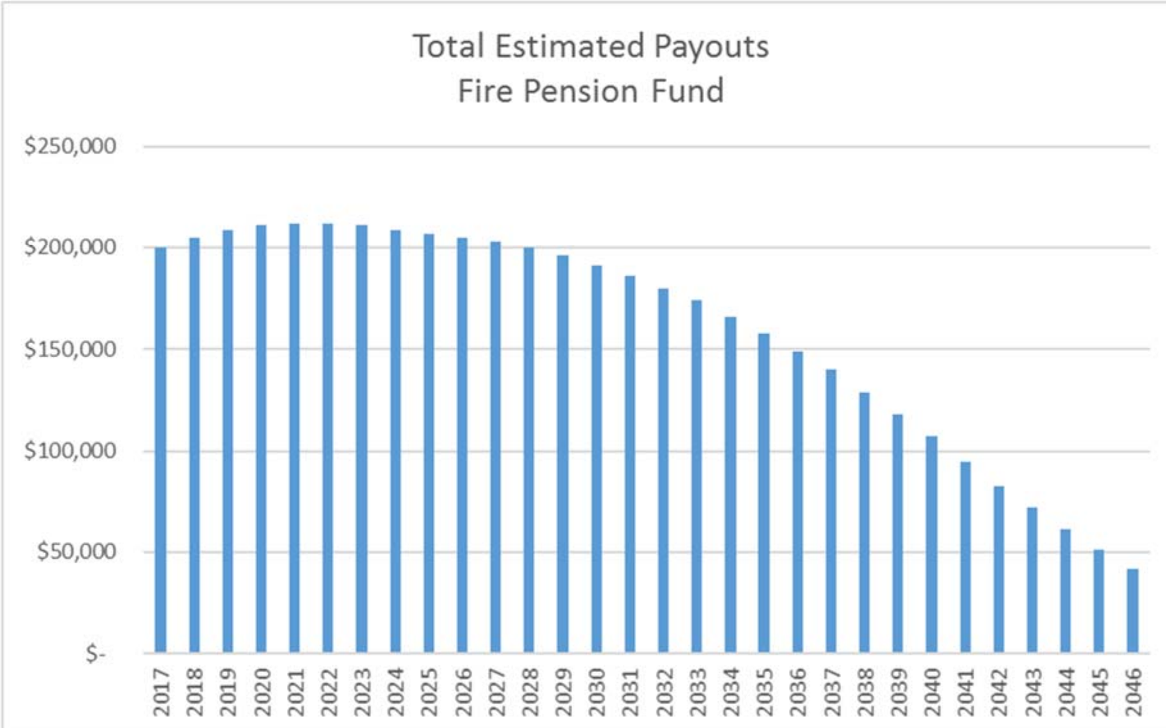
The value of total assets available to fund future excess pension benefits is $2,412,576 leaving an actuarial deficiency of $887,950. The shortfall is because the available assets do not include the state tax on fire insurance premiums, which is $75,000 per year. This revenue stream may not be available in future years and therefore was not included in the funding scenario in the most recent study. Previous studies assumed this revenue stream through 2024.

Derivation of Contributions Required for Pension Benefits

	2015	2017
A. Actuarial PV of benefits not provided by LEOFF system	$ 3,130,000	$ 3,300,526
B. Assets of the Fund		
Investments less Liabilities	$ 2,609,000	$ 2,412,576
C. PV of future fire insurance premiums (thru 2024)	$ 741,000	$ -
D. Total Assets (B + C)	$ 3,350,000	$ 2,412,576
Actuarial deficiency (A - D not less than zero)	$ -	$ 887,950

The City requested the actuary to provide a contribution schedule to address the deficit over a 5-year period at the assumed rate of return of 3.5% and 2.00%. The required contribution over 5 years, beginning in 2017, would be $192,000 per year at a 3.5% rate of return or $307,000 per year at a 2% rate of return.

Recommendation: The City should make a $192,000 per year contribution for 5 years. Fire Insurance Premium Tax Receipts, if received, should be used to reduce the amount of annual contribution. Funding needs would be revisited at the end of the 5-year period. Since payouts are planned to occur over the next 30 years, the City has time to make up any further shortfalls.



Currently there are 13 people receiving pension payments from the FPF:

Retired for Service	
Age	Number
70-74	1
75-79	1
85-89	1

Disabled in the Line of Duty	
Age	**Number**
65-69	1
70-74	3
80-84	1
90-94	1

Survivors	
Age	Number
65-69	1
70-74	1
80-84	1
90-94	1

AGENDA BILL APPROVAL FORM

Agenda Subject:
Resolution No. 5311 - Investment Policy Update (10 Minute Presentation) (Coleman)

Date:
August 8, 2017

Department:
Finance

Attachments:
[Resolution No. 5311]
[Investment Policy 100-40]

Budget Impact:
$0

Administrative Recommendation:

For discussion.

Background Summary:

In order to invest funds in a manner that will provide the highest investment return with the maximum security while being responsive to financial obligations, it is appropriate that the City have a policy to define the parameters and processes governing investment practices. To achieve this goal, staff recommends the adoption of Resolution No. 5311 authorizing the Mayor to implement Investment Policy 100-40, marked as Exhibit A of the resolution.

Notes:

The existing policy has not been updated since 2003. Changes from the 2003 policy:

Increased maximum length of investment from 3 years to 5 years;
Removed Banker's Acceptances and Commercial Paper;
Updated references; and
Added Standard & Poor's (S&P) and Moody's minimum ratings requirement.

Reviewed by Council Committees:

Councilmember:

Staff: Coleman

Meeting Date: August 14, 2017

Item Number:

RESOLUTION NO. 5311

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, APPROVING THE POLICY AND PROCEDURES FOR INVESTMENT PRACTICES

WHEREAS, the City has various financial responsibilities related to its many functions and activities; and

WHEREAS, the City has financial assets in various funds; and

WHEREAS, the City also has the practice of approving and endorsing policies and procedures via resolution of the City Council; and

WHEREAS, in order to invest funds in a manner that will provide the highest investment return with the maximum security while being responsive to its financial obligations, it is appropriate that the City have a policy to define the parameters and processes used for investment practices.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, HEREBY RESOLVES as follows:

Section 1. That the policy and procedures for investment practices, index number 100-40, a copy of which is attached hereto, marked as Exhibit "A" and incorporated herein by this reference, is approved and the Mayor is authorized to implement the same.

Section 2. That the Mayor is further authorized to implement such administrative procedures as may be necessary to carry out the directives of this legislation.

Section 3. That this Resolution shall take effect and be in full force upon passage and signatures hereon.

Dated and Signed this _____ day of _________________, 2017.

CITY OF AUBURN

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NANCY BACKUS, MAYOR

ATTEST:

____
Danielle E. Daskam, City Clerk

APPROVED AS TO FORM:

____
Daniel B. Heid, City Attorney

EXHIBIT A

ADMINISTRATIVE POLICY AND PROCEDURE

TITLE: INVESTMENT POLICY			SUBJECT: INVESTMENTS INDEX NUMBER: 100-40	
EFFECTIVE DATE 8/28/2017	SUPERSEDES 4/10/2003	PAGE 1 OF 10	PREPARED BY: SHELLEY COLEMAN	MAYOR'S APPROVAL

1.0 PURPOSE

It is the policy of the City of Auburn to invest public funds in a manner which will provide maximum security, while meeting the daily cash flow demands, conforming to all state and local statutes governing the investment of public funds, and providing a market rate of return through budgetary and economic cycles.

2.0 SCOPE

This Investment Policy applies to all financial assets of the City of Auburn. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

2.1 Funds:

2.1.1 General Fund
2.1.2 Special Revenue Funds
2.1.3 Debt Service Funds (Unless prohibited by Bond indentures)
2.1.4 Capital Projects Funds
2.1.5 Enterprise Funds
2.1.6 Internal Service Funds
2.1.7 Cemetery Endowed Care Fund
2.1.8 Fire Relief & Pension Fund
2.1.9 Any new fund created by Council, unless specifically exempted by Council.

Should bond covenants be more restrictive than this policy, funds shall be invested in full compliance with those restrictions.

3.0 REFERENCES

ACC 2.15
ACC 3.04.100
Auburn Ordinance No. 3034
RCW 35.39.030, RCW 35.39.034, RCW 43.250, RCW 39.58, and RCW 39.59

4.0 POLICY

4.1 Prudence: Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

4.1.1 The standard of prudence to be used by the Director of Finance or any designees in the context of managing the overall portfolio is to be the **"prudent person"** standard and shall be applied in the context of managing an overall portfolio. Employees acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.2 Objective: The primary objectives, in priority order, of the City of Auburn's investment activity shall be:

4.2.1 Safety: Safety of principal is the foremost objective of the City of Auburn. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2.2 Liquidity: The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

4.2.3 Return on Investments: The City of Auburn's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City’s investment risk constraints and liquidity needs. Return on investments is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair rate of return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

4.2.3.1 A security with declining credit may be sold early to minimize the loss of principal.
4.2.3.2 A security swap would improve the quality, yield, or target duration of the portfolio.
4.2.3.3 Liquidity needs of the portfolio require that the security be sold early.

4.3 Delegation of Authority:

4.3.1 Authority to manage the City of Auburn’s investment program is derived from ACC 2.15 and Ordinance No. 3034. Management responsibility for the investment program is hereby delegated to the Finance Director, who shall establish written procedures for the operation of the investment program consistent with this Investment Policy. No person may initiate investment transactions except as provided under the terms of the policy and procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of City employees.

4.4 Ethics and Conflicts of Interest: Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. They shall disclose to the Mayor and the State of Washington any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City portfolio, particularly with regard to the time of purchase and sales.

4.5 Authorized Finance Dealers and Institutions: The Finance Director will maintain and review annually a list of financial institutions authorized to provide investment services. The City shall follow Government Finance Officers Association's (GFOA) best practices for evaluating and selecting financial institution's and broker/dealers.

As required by state law (RCW 39.58), deposits and certificates of deposit will be made only with, or from, those institutions approved by the Washington Public Deposit Protection Commission (PDPC) as eligible for deposit of public funds.

The City will only place funds, exceeding the current FDIC insurance limits, with banks who are currently participating in the Washington State PDPC program. Compliance/ listing with the PDPC will be verified by the designated investment officer utilizing the Washington State Treasurers website (http://tre.wa.gov/government/pdpc.shtml)

The Finance Director annually adopts the eligibility list provided by the PDPC as the approved depository list. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

Qualified broker/dealers and financial institutions will be reviewed and selected by the Finance Director on a routine basis. All brokers/dealers and financial institutions who desire to do business with the City must supply the Finance Director with the following:

A. Audited Financial Reports.
B. Proof of FINRA (Financial Industry Regulatory Authority) certification.
C. Proof of registration with the State of Washington.
D. Certification of having read Auburn's Investment Policy.
E. Firms and financial institutions are expected to familiarize themselves with the City of Auburn's investment objectives, policies, and constraints.

The Finance Director will conduct an annual review of the financial condition of the firms. A current, audited financial statement is required to be on file for each financial institution and broker/dealer with whom the City invests.

4.6 Authorized Investments: Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, and 43.250).

Among the authorized investments are U.S. Treasury and Agency Securities (i.e. obligations of any government sponsored enterprise eligible for collateral purposes at the Federal Reserve), municipal debt, or certificates of deposits with qualified public depositories within statutory limits as promulgated by the Washington State Local Government Investment Pool.

Suitable Investments:

4.6.1 US Treasury Obligations: Direct obligations of the United States Treasury.

4.6.2 U.S. Government Agency obligations and U.S. Government Sponsored Enterprises (GSE's) which may include, but are not limited to Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Student Loan Marketing Corporation (SLMA), and/or Tennessee Valley Authority (TVA).

4.6.3 Non-negotiable Certificates of Deposit of financial institutions which are qualified public depositories as defined by RCW 39.58.010(2) and in accordance with the restrictions therein.

4.6.4 Bonds of the State of Washington and any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment, the bonds must have a rating of AA- from S&P or Aa3 from Moody's, or higher. In the case of a split rating, the lower rating of these two rating agencies will be used.

4.6.5 Washington State Local Government Investment Pool (LGIP) managed by the Washington State Treasurer's Office.

4.6.6 Other investments authorized by law.

4.6.7 Time deposits and savings account deposits with PDPC approved banks.

4.7 Bank Collateralization: The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public treasurers and other custodians of public funds are relieved of the responsibility of executing triparty agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

4.8 Safe Keeping and Custody:

4.8.1 Delivery vs. Payment: All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited with a third party custodian prior to the release of funds.
4.8.2 Safekeeping: Securities will be held by an independent third-party custodian selected by the Finance Director. Safekeeping receipts will evidence all transactions.
4.8.3 CD's: Certificates of deposit will be held by the Finance Director.

4.9 Diversification: The City will diversify its investments by security type and institution. The following schedule provides the maximum holdings in any one type of investments or with any one issuer.

Issue Type	Maximum % of Holdings	Issuer % per Issue Type	Ratings S&P	Ratings Moody's
US Treasury Obligations	100%	None	N/A	N/A
US Agency Securities	100%	30%	Security must be rated	Security must be rated
Washington LGIP	100%	None	N/A	N/A
Bank Time Deposits/Savings Accounts	40%	None	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Certificates of Deposit	40%	10%	Deposits in PDPC approved banks	Deposits in PDPC approved banks
State of Washington or Local Government Bonds	25%	10%	AA- or higher	Aa3 or higher

4.10 Maturities: To the extent possible, investments will be made to coincide with anticipated cash flow requirements. Because of the inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as the Local Government Investment Pool, money market funds, and PDPC bank deposits to ensure that appropriate liquidity is maintained to meet ongoing obligations.

4.10.1 To this extent, 20% of the portfolio, at the time of investment, will be comprised of investments maturing within a year.
4.10.2 Satisfying this requirement, remaining funds may be invested in authorized securities not to exceed five years in maturity, except when compatible with a specific funds investment needs.

4.10.3 To ensure additional liquidity and provide for ongoing market opportunity, the weighted average maturity and modified duration of the portfolio shall not exceed three years. This maximum is established to limit the portfolio to excessive price change exposure.

4.10.4 Cemetery Endowed Care Fund, Fire Relief and Pension Fund, Reserves and CIP funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

4.11 Internal Control: The Finance Director shall establish a process of independent review by an external auditor. This review will provide internal control by assuring that policies and procedures are being complied with. Such review may also result in recommendations to change operating procedures to improve internal control. All investment procedures and practices should be reviewed by an independent auditor at least annually. In Washington, this review procedure is assured through the annual audit process by the State Auditor's office.

4.12 Performance Standard/Benchmark: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

4.12.1 The basis used by the Finance Director to determine whether market yields are being achieved shall be the six-month U.S. Treasury Bill.

4.13 Reporting: The Finance Director is charged with the responsibility of including a report on investment activity and returns in the City’s quarterly financial report.

4.14 Investment Policy Adoption: The City of Auburn’s Investment Policy shall be adopted by resolution of City Council. The policy shall be reviewed on an annual basis by the Finance Director and any modifications made thereto must be approved by Council.

5.0 GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKER’ ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan; also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Auburn. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contrasts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities).

DISCOUNT: The difference between the cost price of a security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the federal government setup to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The president of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington D.C., twelve regional banks, and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities (when you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange commission (SEC), registered securities broker-dealers, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state--the so called legal list. In other states, the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of sales, compensating use, or ad valorem taxes under the laws of this state, which has segregated for the benefits of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the PDPC to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be an amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the buyer for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION (SEC): Agency created by congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See uniform net capital rule.

STRUCTURED NOTES: Notes issued by GSEs (FHLB, FNMA, SLMA, etc.) and corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivatives-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options, and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities from one to ten years.

UNIFORM NET CAPITAL RULE: SEC requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called **net capital rule** and **net capital ratio**. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The annual rate of return on an investment, expressed as a percentage of the investment. (a) **Income yield** is obtained by dividing the current dollar income by the current market price for the security. (b) **net yield,** or **yield to maturity,** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD TO MATURITY: The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase prices of the bond.

AGENDA BILL APPROVAL FORM

Agenda Subject:
2nd Quarter 2017 Financial Report (10 Minute Presentation) (Coleman)

Date:
August 8, 2017

Department:
Finance

Attachments:
Q2 Financial Report

Budget Impact:
$0

Administrative Recommendation:

For discussion only.

Background Summary:

The quarterly financial report summarizes the general state of Citywide financial affairs and highlights significant items or trends that the City Council should be aware of. The attachment provides the second quarter 2017 status report based on financial data available as of July 25, 2017 for the period ending June 30, 2017 and sales tax information representing business activity that occurred through April 2017.

Reviewed by Council Committees:

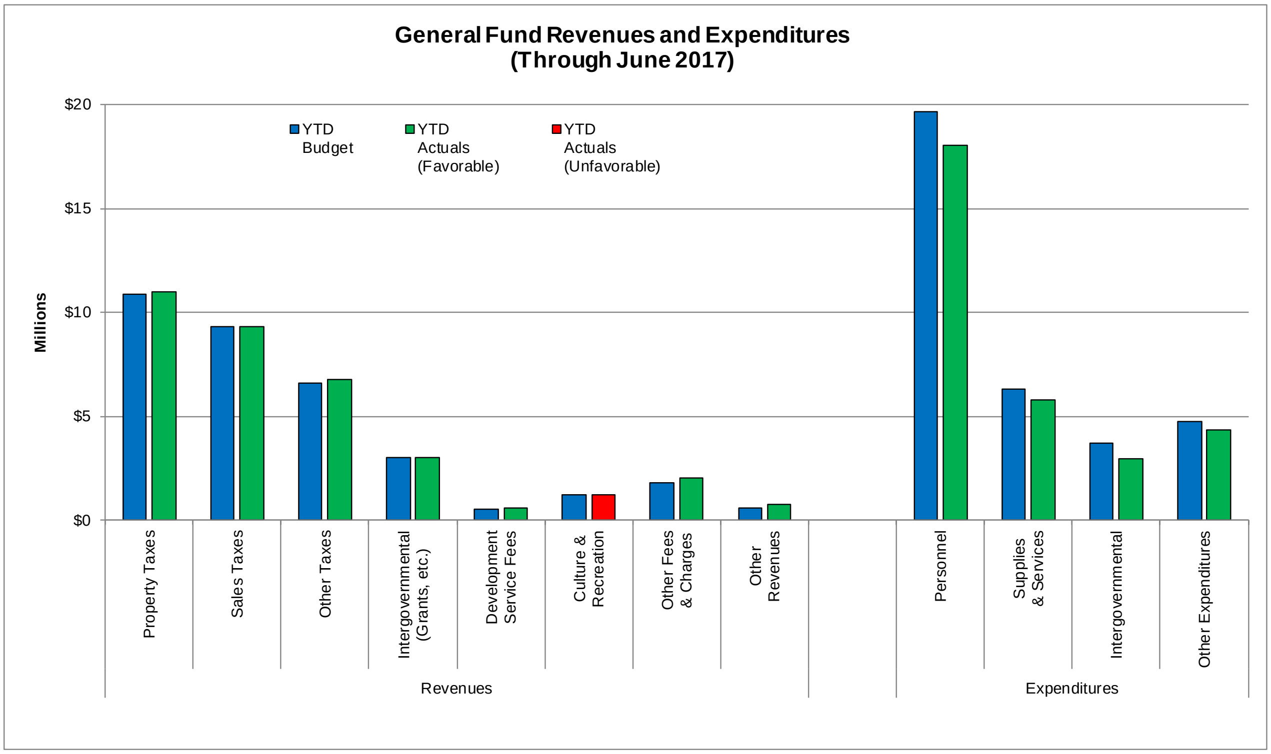
Councilmember:

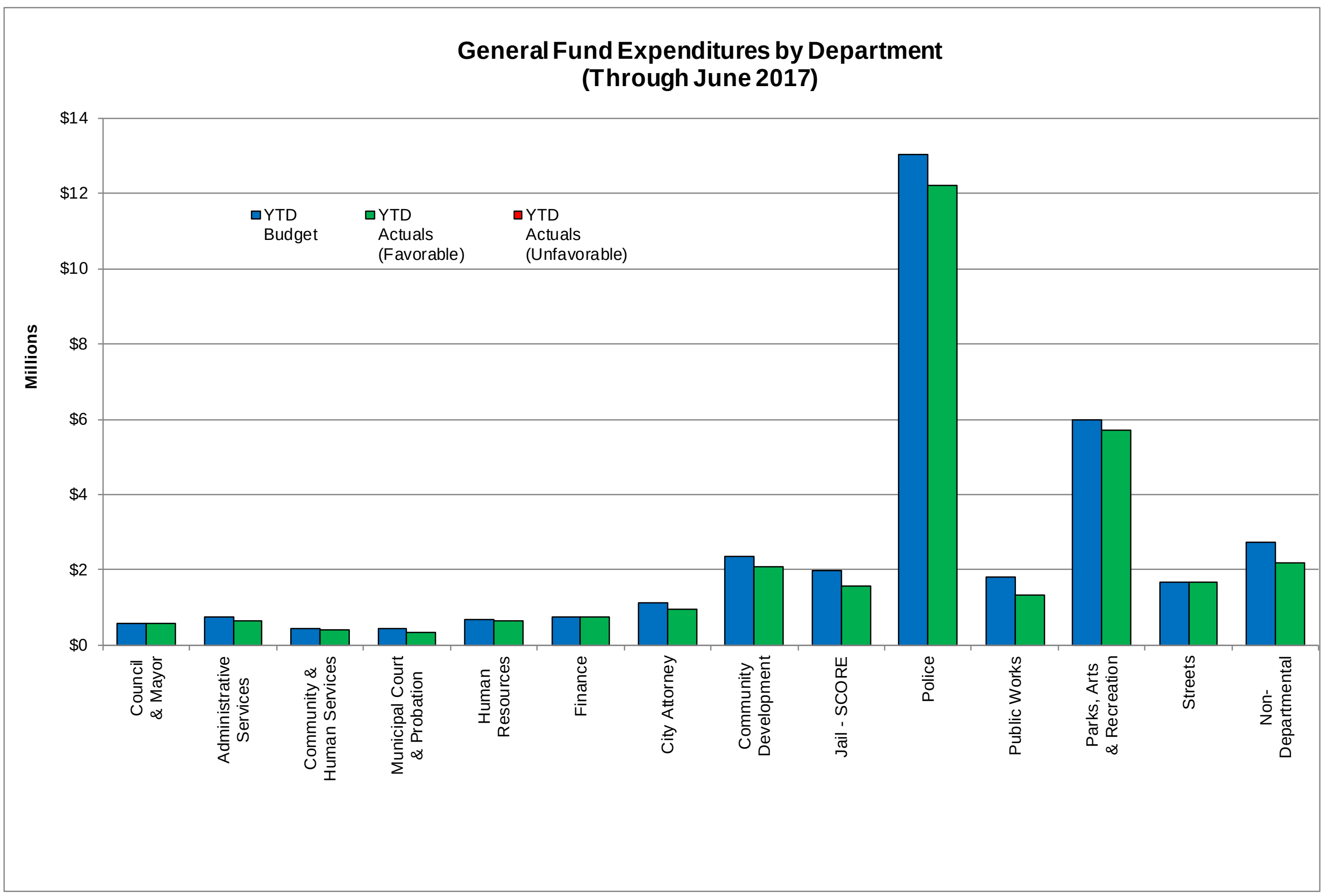
Staff: Coleman

Meeting Date: August 14, 2017

Item Number:

General Fund Summary





General Fund Summary of Sources and Uses	Page Ref	2017 Annual Budget	2017 YTD Budget	2017 YTD Actual	2016 YTD Actual	2017 YTD Budget vs. Actual Favorable (Unfavorable) Amount	Percentage
Operating Revenues							
Property Tax	**6**	$ 20,652,000	$ 10,893,100	$ 10,964,115	$ 9,448,363	$ 71,015	0.7 %
Sales Tax	**7-9**	14,746,000	7,372,800	7,296,187	7,258,400	(76,613)	(1.0) %
Sales Tax - Pierce County Parks		75,000	35,600	46,279	43,056	10,679	30.0 %
Sales Tax - Annexation Credit		2,032,100	987,500	1,006,644	988,193	19,144	1.9 %
Criminal Justice Sales Tax		1,889,400	902,200	977,844	945,829	75,644	8.4 %
Brokered Natural Gas Tax		351,800	228,400	102,635	160,140	(125,765)	(55.1) %
City Utilities Tax	**10**	3,671,300	1,718,300	1,855,464	1,838,188	137,164	8.0 %
Admissions Tax		317,000	120,200	193,423	142,414	73,223	60.9 %
Electric Tax	**10**	3,560,000	1,877,500	1,998,132	1,915,419	120,632	6.4 %
Natural Gas Tax	**10**	1,001,200	669,300	727,262	644,107	57,962	8.7 %
Cable Franchise Fee	**11**	971,500	480,800	502,006	487,057	21,206	4.4 %
Cable Utility Tax - New 2017	**12**	1,000,000	500,000	262,899	-	(237,101)	(47.4) %
Cable Franchise Fee - Capital		66,200	33,100	33,353	33,238	253	0.8 %
Telephone Tax	**10**	1,451,800	754,000	711,186	767,726	(42,814)	(5.7) %
Garbage Tax (external)	**10**	120,000	60,000	63,427	61,778	3,427	5.7 %
Leasehold Excise Tax		40,000	23,200	174,508	179,245	151,308	652.2 %
Gambling Excise Tax		300,300	150,200	175,858	309,615	25,658	17.1 %
Taxes sub-total		**$ 52,245,600**	**$ 26,806,200**	**$ 27,091,221**	**$ 25,222,768**	**$ 285,021**	**1.1 %**
Business License Fees	**12-13**	$ 222,100	$ 100,100	$ 111,944	$ 90,502	$ 11,844	11.8 %
Building Permits	**14**	1,575,000	726,800	713,925	840,170	(12,875)	(1.8) %
Other Licenses & Permits		541,600	225,300	282,774	285,523	57,474	25.5 %
Intergovernmental (Grants, etc.)	**15**	6,123,910	3,043,883	3,046,274	2,648,748	2,390	0.1 %
Charges for Services:	**16-19**						
General Government Services	**16**	60,700	35,000	41,494	46,237	6,494	18.6 %
Public Safety	**16**	585,700	277,850	474,227	342,281	196,377	70.7 %
Development Services Fees	**17**	1,007,600	548,200	599,939	615,814	51,739	9.4 %
Culture and Recreation	**18**	2,319,680	1,245,000	1,229,849	1,251,074	(15,151)	(1.2) %
Fines and Penalties	**19-20**	876,100	448,900	443,925	449,907	(4,975)	(1.1) %
Fees/Charges/Fines sub-total		**$ 13,312,390**	**$ 6,651,033**	**$ 6,944,351**	**$ 6,570,256**	**$ 293,318**	**4.4 %**
Interest and Investment Earnings	**20-21**	$ 69,000	$ 32,000	$ 96,597	$ 54,747	$ 64,597	201.9 %
Rents and Leases	**20-21**	715,300	318,600	447,860	373,158	129,260	40.6 %
Contributions and Donations	**20-21**	35,000	15,800	20,545	11,818	4,745	30.0 %
Other Miscellaneous	**20-21**	227,500	118,100	123,142	160,111	5,042	4.3 %
Transfers In		84,000	76,500	76,500	99,000	0	0.0 %
Insurance Recoveries - Capital & Operating		25,000	12,495	20,086	37,572	7,591	60.8 %
Other Revenues sub-total		**$ 1,155,800**	**$ 573,495**	**$ 784,730**	**$ 736,406**	**$ 211,235**	**36.8 %**
Total Operating Revenues		**$ 66,713,790**	**$ 34,030,728**	**$ 34,820,302**	**$ 32,529,429**	**$ 789,574**	**2.3 %**
Operating Expenditures							
Council & Mayor		$ 1,171,418	$ 568,000	$ 562,892	$ 495,405	$ 5,108	0.9 %
Administration		1,527,533	763,800	663,014	548,073	100,786	13.2 %
Community & Human Services		1,103,040	453,900	405,631	438,403	48,269	10.6 %
Municipal Court & Probation		2,502,954	459,977	336,192	314,914	123,785	26.9 %
Human Resources		1,409,871	678,100	647,849	612,047	30,251	4.5 %
Finance		1,500,893	761,400	739,290	589,442	22,110	2.9 %
City Attorney		2,279,653	1,114,400	972,793	937,549	141,607	12.7 %
Community Development		4,798,583	2,369,700	2,087,341	2,027,342	282,359	11.9 %
Jail - SCORE	**4**	3,953,150	1,976,575	1,581,197	2,009,736	395,378	20.0 %
Police		26,652,517	13,043,700	12,217,562	11,463,766	826,138	6.3 %
Public Works		3,547,418	1,813,500	1,330,320	1,518,788	483,180	26.6 %
Parks, Arts & Recreation		12,235,387	5,971,100	5,714,750	5,452,246	256,350	4.3 %
Streets		3,798,094	1,689,800	1,684,953	1,447,978	4,847	0.3 %
Non-Departmental		6,398,215	2,722,967	2,203,572	1,313,029	519,395	19.1 %
Total Operating Expenditures		**$ 72,878,726**	**$ 34,386,919**	**$ 31,147,357**	**$ 29,168,718**	**$ 3,239,562**	**9.4 %**

Executive Summary

This Executive Summary provides an overview of the City's overall financial position for the fiscal period ending June 30, 2017, reflecting financial data available as of July 25, 2017.

General Fund:

Through June 2017, General Fund revenues totaled $34.8 million compared to a budget of $34.0 million, and were $790,000 (2.3%) higher than budget expectations. Some notable variances to budget year-to-date include:

- Property tax collections through Q2-2017 totaled $11.0 million, which was 0.7% or $71,000 above budget expectations and exceeded collections through Q2-2016 by $1.5 million, or 16.0%. This year-over-year increase in property tax collections is attributable to an increase in assessed valuation and the use of banked capacity. **[*page 6*]**

- General Fund retail sales tax revenues totaled $7.3 million, and exceeded collections through Q2-2016 by $38,000, or 0.5%. The primary area of significant increase in sales activity compared to collections through Q2-2016 was in the automotive category; this was offset by reductions in the services category. **[*pages 7-8*]**

- The other taxes category performed favorably through Q2-2017, with revenues totaling $6.8 million compared to a budget of $6.6 million. City utility tax revenues exceeded budget by $137,000, or 8.0%. Electric and natural gas revenues collected through June exceeded budget by $121,000 and $58,000 respectively. In addition, leasehold excise taxes collected were $151,000 above budget due to a $146,000 tax receipt for the Emerald Downs property, which is tribally owned. Through this reporting period, cable utility tax revenues were $237,000 below budget, although this is just a timing issue where the Q2-2017 revenues associated with the cable utility tax (about $265,000) were not received until July 2017. **[*pages 9-12*]**

- Building permit revenue collected through Q2-2017 totaled $714,000 compared to a year-to-date budget of $727,000. **[*page 14*]**

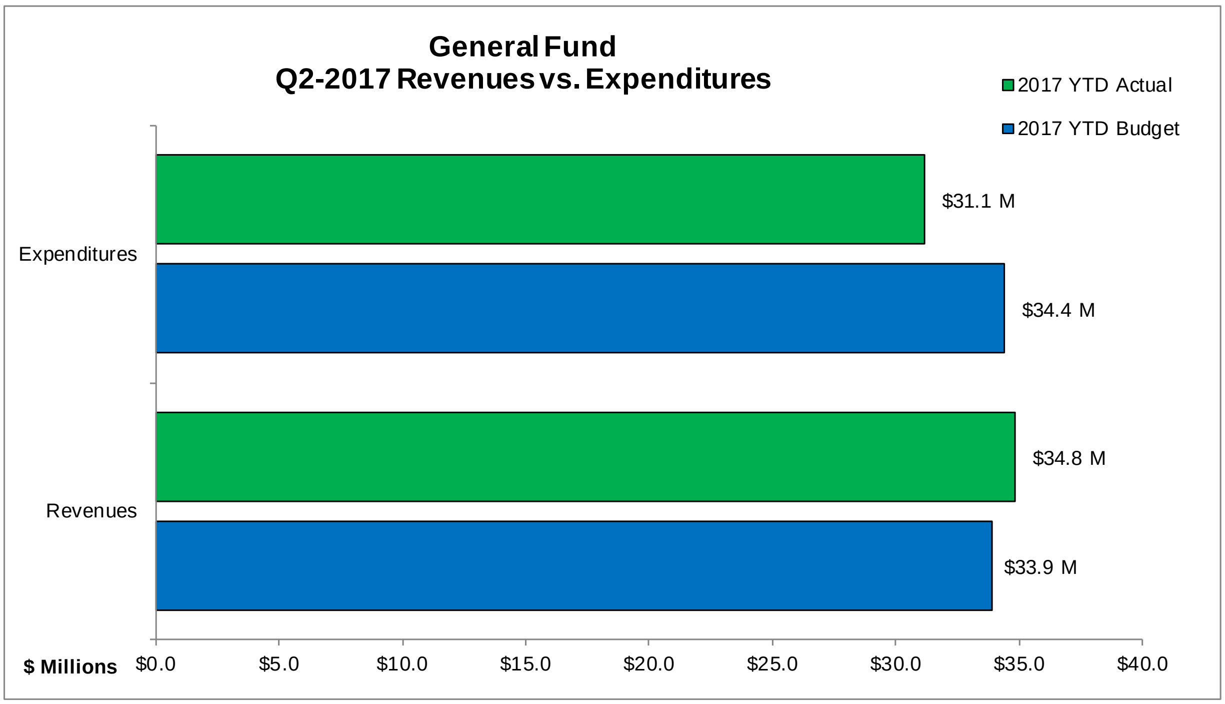
- Public safety revenues collected through Q2-2017 totaled $474,000 compared to a budget of $278,000. Revenues collected through the first half of 2017 were $132,000 higher than what was collected through the first half of 2016. This increased revenue is due to additional contracted Police Officer extra duty security services (which are reimbursed by the hiring contractor) compared to the same period last year. **[*page 16*]**

- Development services fee revenues collected through June 2017 totaled $600,000, and ended the quarter $52,000, or 9.4%, higher than budget expectations. This was predominately due to higher than budgeted revenues collected year-to-date for plan check activity. **[*page 17*]**

- Rents and leases revenues ended the period $129,000 higher than budget. This favorable variance is due to a combination of factors, including increased rentals of City-owned facilities such as the new Community and Events Center as well as increased deposits held for rentals. Also, effective in 2017, the City increased inventory of parking spaces, some of which were rented on a 12-month term. **[*pages 20-21*]**

General Fund expenditures through the first half of 2017 totaled $31.1 million compared to a year-to-date budget of $34.4 million, representing a 9.4% favorable variance. All of the General Fund departments operated within their allocated budget through June 2017. The year to date actuals for SCORE do not include the June payment of $316,000, which was paid in August; this reduces the apparent favorable year to date variance from $395,000 to $79,000.

Year-to-date General Fund expenditures ended the period $2.0 million, or 6.8% higher than expenditures through Q2-2016. Of the $2.0 million increase compared to the first half of 2016, $1.2 million is related to higher costs for salary and benefits. Several factors contributed to the increase in costs, including an increase in employee salaries due to COLA (cost of living allowance) and labor contracts with predefined COLAs; an increase in the cost of providing medical benefits to employees; and employee retirement payouts. The remaining year-over-year increase is primarily seen in interfund expenditures for fleet and IT, which have increased compared to 2016.



Street Funds:

The City's three street funds are special revenue funds where the revenue sources and expenditures are legally restricted. These funds are used for street capital construction projects, local street repair and arterial street repair and preservation projects. Through Q2-2017, **Arterial Street Fund** revenues totaled $2.8 million as compared to collections of $1.2 million through Q2-2016; expenditures totaled $3.5 million as compared to expenditures of $1.5 million through Q2-2016. **Local Street Fund** revenues exceeded budget expectations thus far this year by $430,000, or 46.4%, due to higher than anticipated sales tax revenues from local construction projects; last year's collections through Q2 totaled $1.2 million. Expenditures were $210,000 as compared with $276,000 through Q2-2016. Lastly, the **Arterial Street Preservation Fund** revenues totaled $1.2 million as compared to $1.1 million through Q2-2016, while expenditures totaled $830,000 versus $356,000 through this time last year. Historically, the majority of expenditures in all three street funds occur during the second half of the year when weather conditions are optimal for pavement construction. **[pages 24–29]**

Enterprise Funds:
The City's seven enterprise funds account for operations with revenues primarily provided from user fees, charges or contracts for services.

At the end of Q2-2017, the **Water Fund** experienced operating income before depreciation of $2.4 million compared to $2.1 million in Q2-2016. This variance is largely due to lower expenditures in 2017 compared to 2016, during which the City purchased water from the City of Tacoma. The **Sewer Fund** ended the quarter with operating income before depreciation of $1.3 million versus $1.2 million in Q2-2016. The **Sewer-Metro Fund** operating expenditures exceeded revenues by $165,000 as compared to $192,000 in Q2-2016. This is generally a byproduct of King County's billing process, which uses statistics averaged over prior periods to determine charges to the City; operating revenues were $440,000 higher than Q2-2016 and in line with budget predictions. Lastly, the **Stormwater Fund** ended the quarter with operating income before depreciation of $1.7 million compared to $1.5 million through Q2-2016. **[pages 31–32]**

Internal Service Funds:
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation and Technology, and Equipment Rental. All funds have sufficient revenues to cover year-end expenditures. **[page 33]**

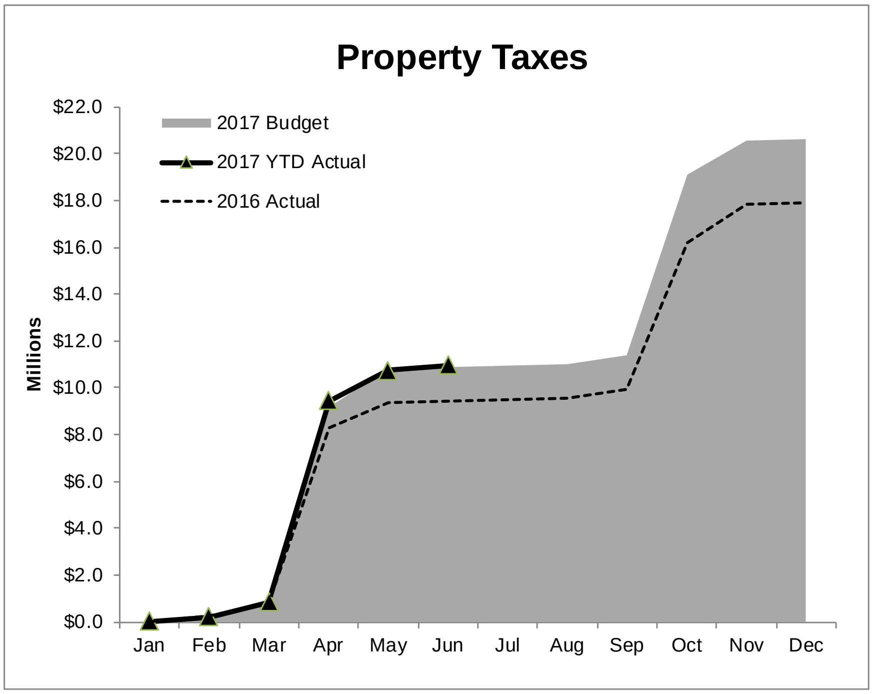
Investment Portfolio:
The City's total cash and investments at the end of the second quarter of 2017 totaled $135.8 million, compared to $127.5 million at the end of the first quarter of 2017. **[attachment]**

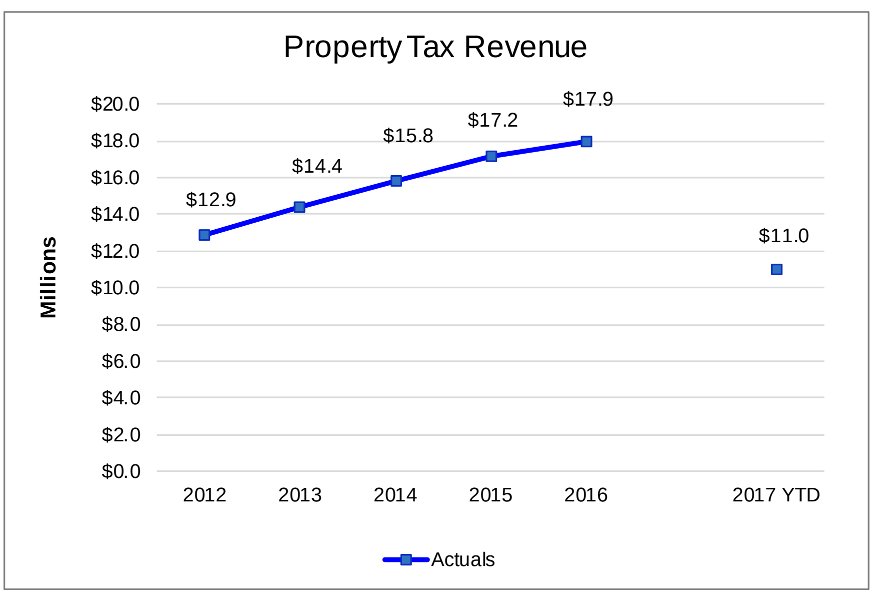
General Fund

Revenues

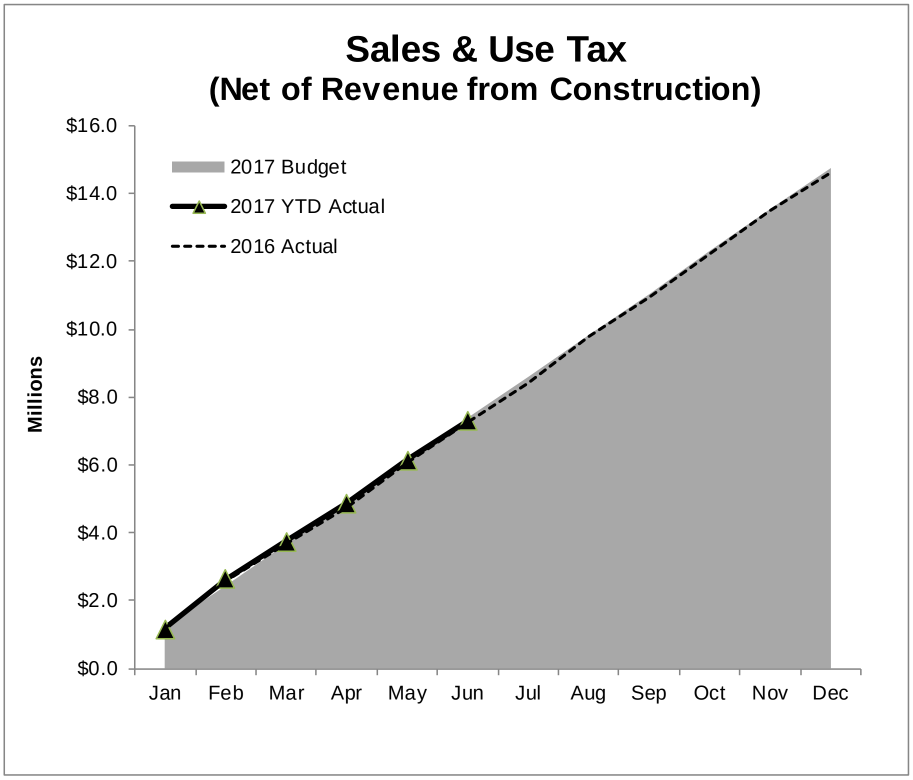
The combined total of property, sales/use, utility, gambling, and admissions taxes provides approximately 80% of all resources supporting general governmental activities. The following section provides additional information on these sources.

Property Tax collections through Q2-2017 totaled $11.0 million, which is 0.7% or $71,000 above budget expectations. Property tax collections through Q2-2017 exceeded amounts through the same period last year by $1.5 million, or 16.0%. This year-over-year increase is attributable to an increase in assessed valuation and the use of banked capacity. The majority of property taxes are collected during the months of April and October, coinciding with the due dates for the County property tax billings.

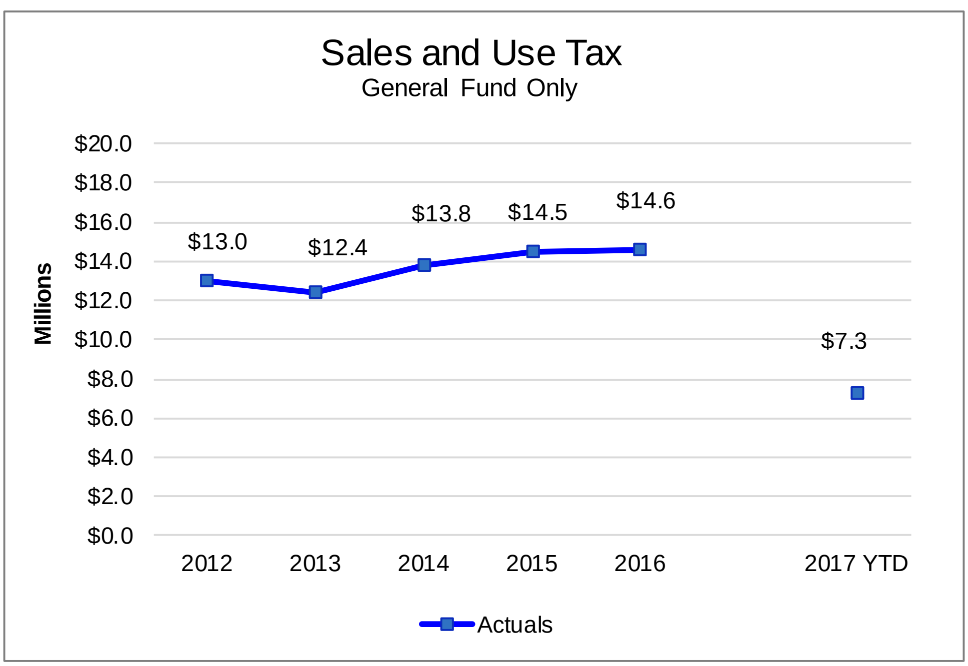




Sales tax collections through Q2-2017 totaled $8.5 million, of which $7.3 million was distributed to the General Fund and $1.2 million was distributed to the Local Street Fund (SOS) program.* Total sales tax revenue distributions to the General Fund through Q2-2017 exceeded collections through Q2-2016 by $38,000, or 0.5%.



* Beginning in 2013, Local Street Fund (Fund 103) street repairs have been funded from sales taxes on construction. The total amount transferred through Q2-2017 was $1,196,893. The graphic above presents sales taxes under the current policy.

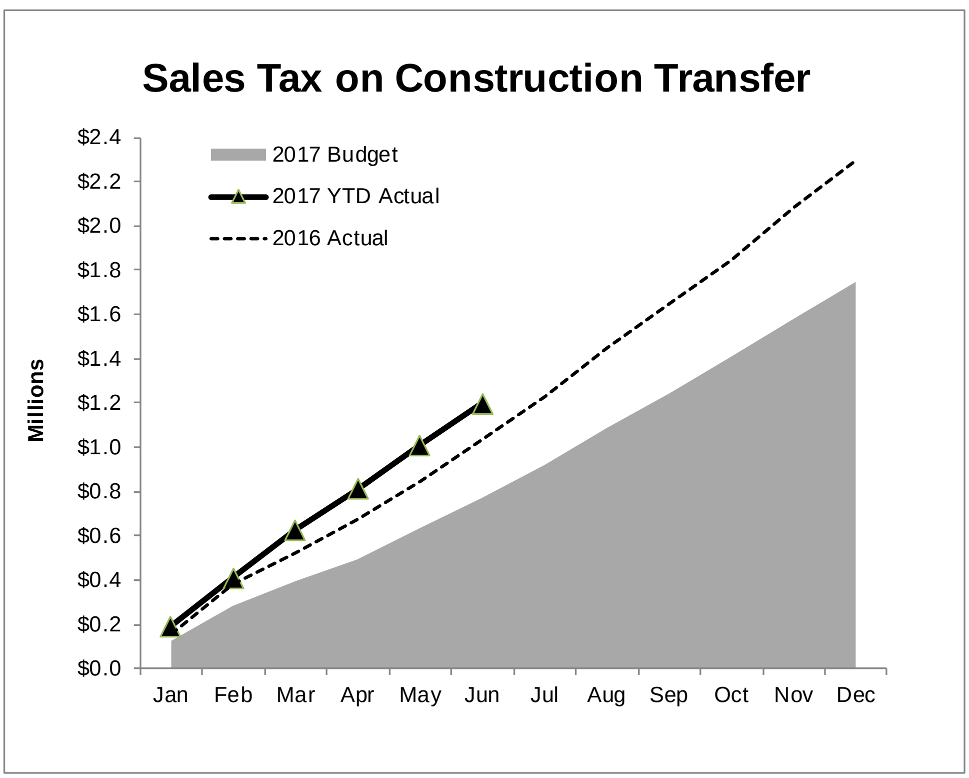


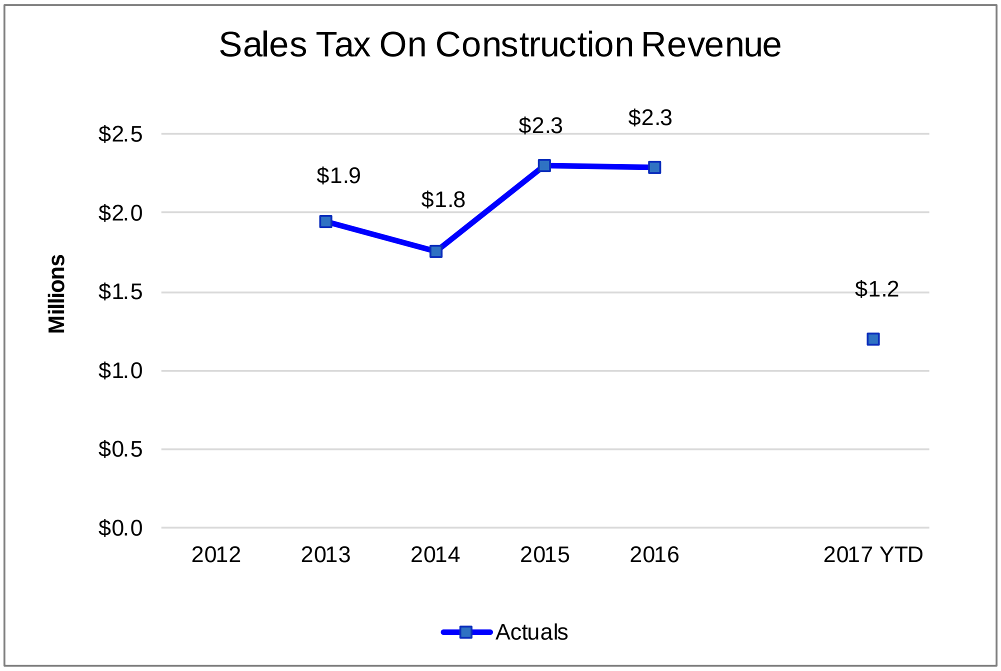
The following table breaks out the City's base sales taxes, excluding Criminal Justice and Annexation Credit Sales Tax, by major business sector.

Comparison of Sales Tax Collections by SIC Group Through June				
	2016	**2017**	**Change from 2016**	
Component Group	**Actual**	**Actual**	**Amount**	**Percentage**
Construction	$ 1,033,228	$ 1,196,893	$ 163,665	15.8 %
Manufacturing	419,006	374,489	(44,517)	(10.6) %
Transportation & Warehousing	46,904	47,245	341	0.7 %
Wholesale Trade	603,496	641,660	38,164	6.3 %
Automotive	1,780,400	1,899,945	119,545	6.7 %
Retail Trade	2,436,545	2,426,714	(9,831)	(0.4) %
Services	1,993,662	1,866,349	(127,314)	(6.4) %
Miscellaneous	(21,614)	39,785	61,399	(284.1) %
YTD Total	$ 8,291,628	$ 8,493,080	$ 201,452	2.4 %

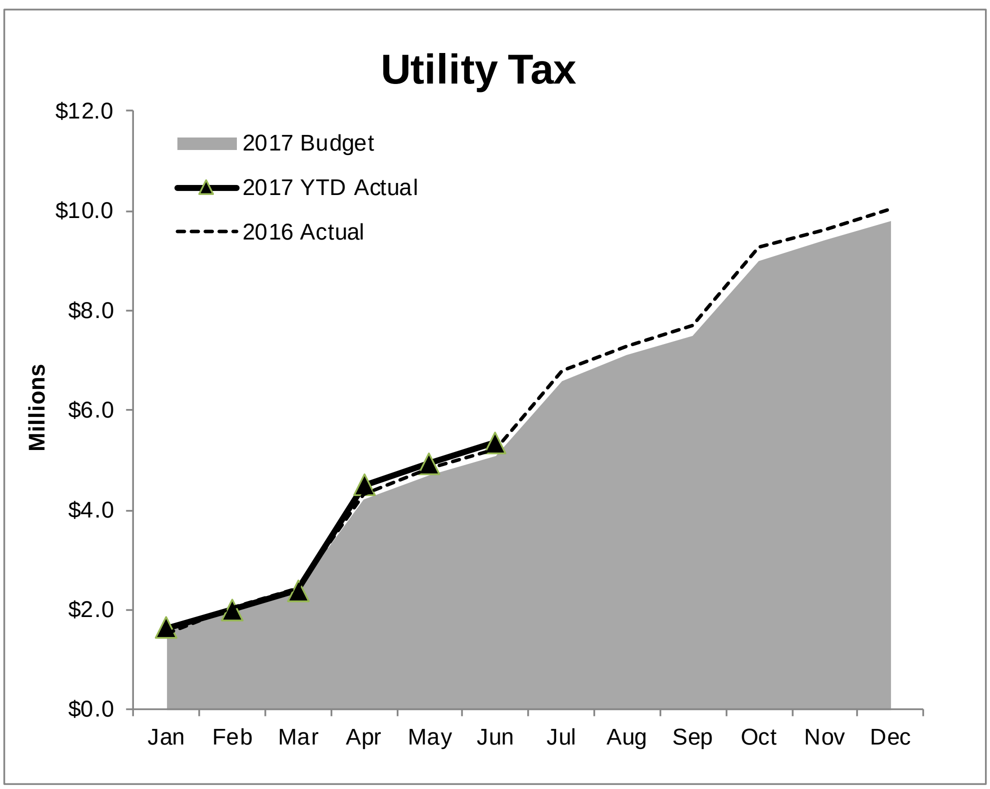
Total sales tax revenue collected in Q2-2017 exceeded prior year collections by $201,000, or 2.4%. The business sector showing the largest increase in General Fund revenues compared to last year was in the construction and automotive categories.

Sales tax revenue on construction, which is transferred to the Local Street Fund (Fund 103) for local street repair and maintenance, totaled $1,196,893, which is $164,000 more than what was collected through Q2-2016 and is $423,000 higher than budget.



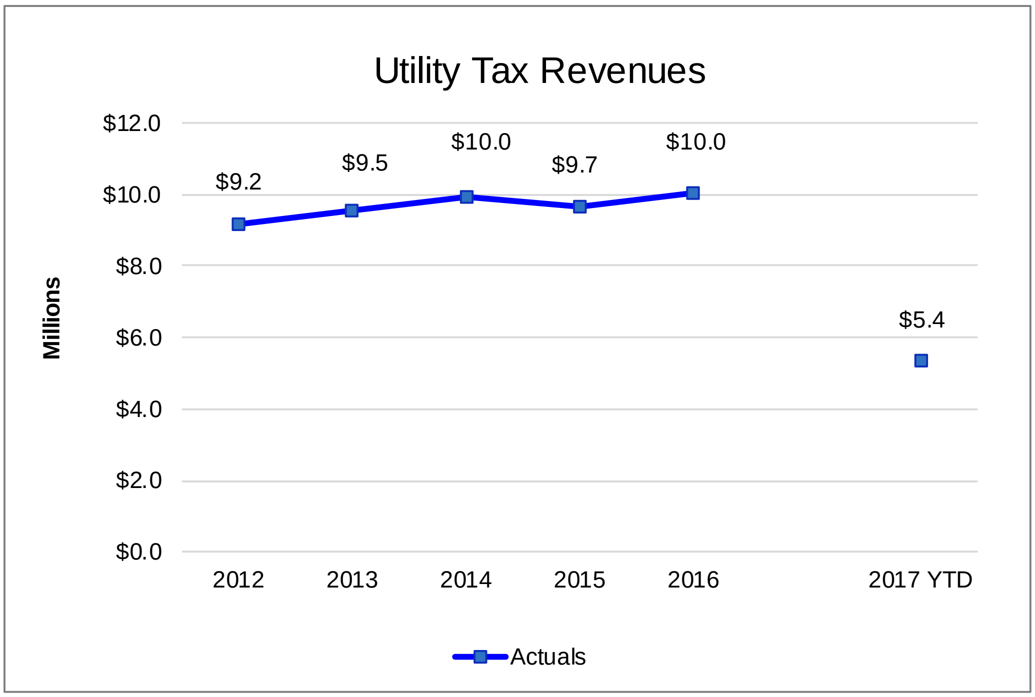


Utility Taxes consist of interfund taxes on City utilities (Water, Sewer, Storm and Solid Waste) and taxes on external utilities (Electric, Natural Gas, Telephone and Solid Waste). Utility taxes collected through Q2-2017 totaled $5.4 million and exceeded year-to-date budget by $276,000, or 5.4%. Some utilities, such as Water, have cyclical revenue streams due mainly to weather; this results in cyclical receipts of the associated utility taxes.

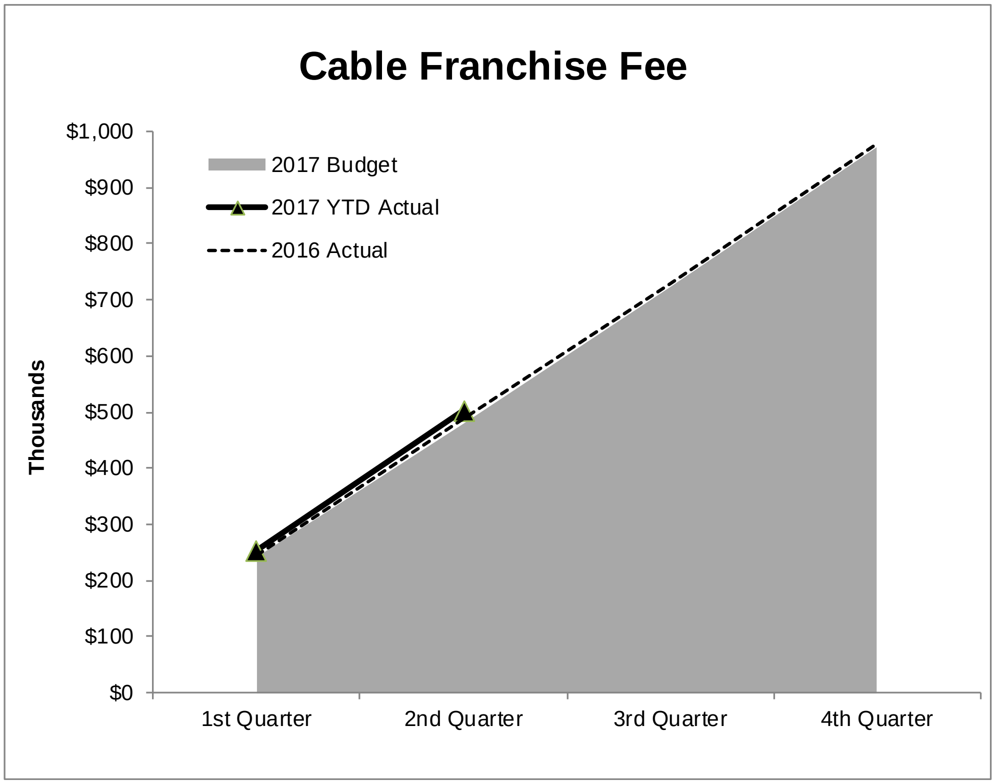


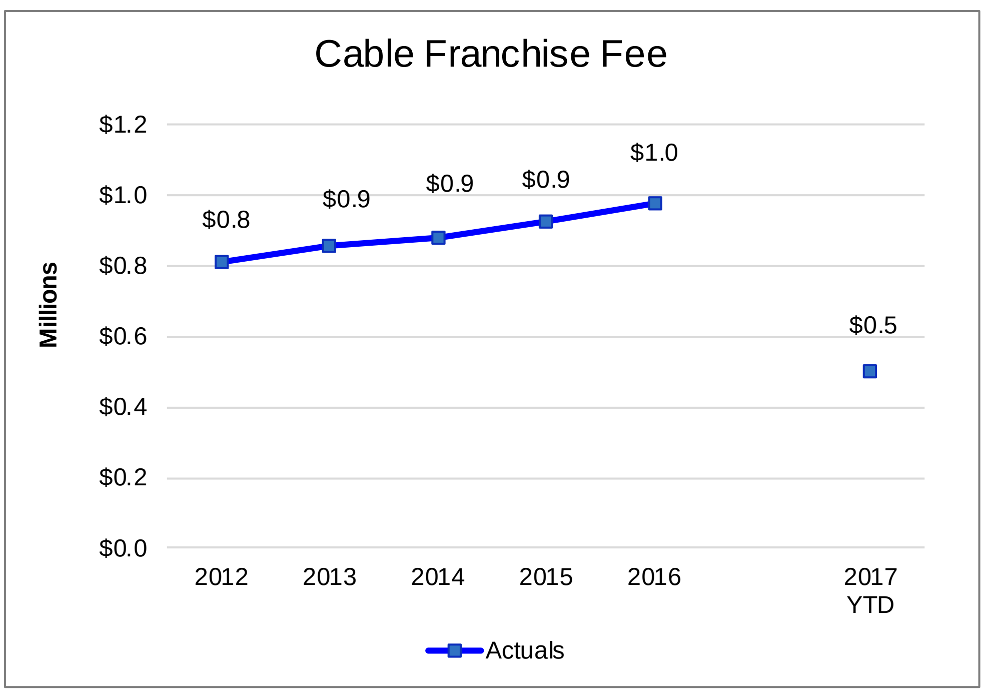
Favorable variances in City interfund utility tax, electric tax, natural gas, and solid waste tax revenues offset lower than expected collections for telecommunications.

Utility Tax by Type Through June 2017							
	2016	2017	2017	2017 vs. 2016 Actual		2017 vs. Budget	
Utility Tax Type	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
City Interfund Utility Taxes	$ 1,838,188	$ 1,718,300	$ 1,855,464	$ 17,276	0.9 %	$ 137,164	8.0 %
Electric	1,915,419	1,877,500	1,998,132	82,713	4.3 %	120,632	6.4 %
Natural Gas	644,107	669,300	727,262	83,155	12.9 %	57,962	8.7 %
Telephone	767,726	754,000	711,186	(56,540)	(7.4) %	(42,814)	(5.7) %
Solid Waste (external)	61,778	60,000	63,427	1,650	2.7 %	3,427	5.7 %
YTD Total	$ 5,227,218	$ 5,079,100	$ 5,355,471	$ 128,254	2.5 %	$ 276,371	5.4 %

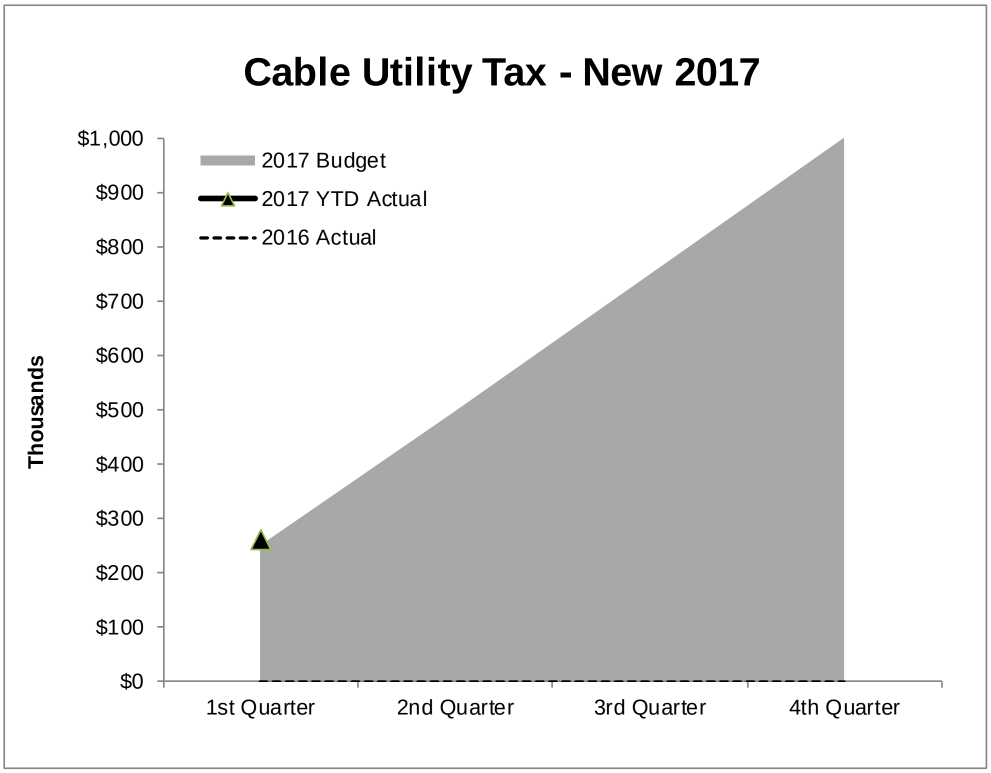


Cable Franchise Fees, which are collected quarterly, totaled $502,000 and exceeded budget by $21,000, or 4.4%.



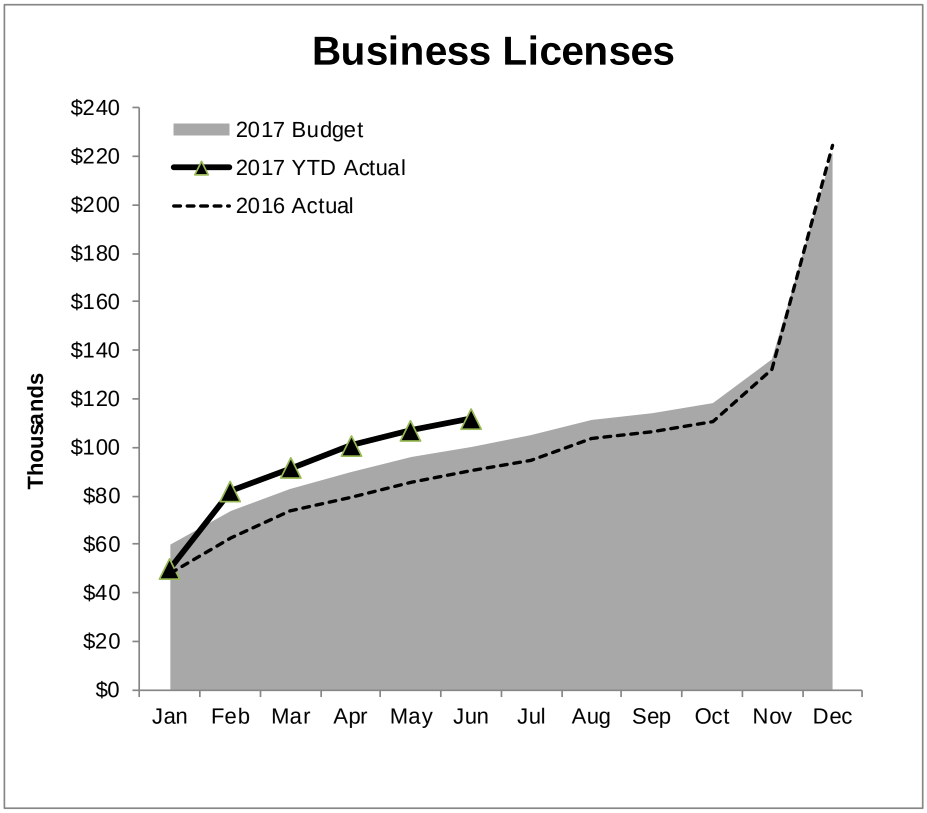


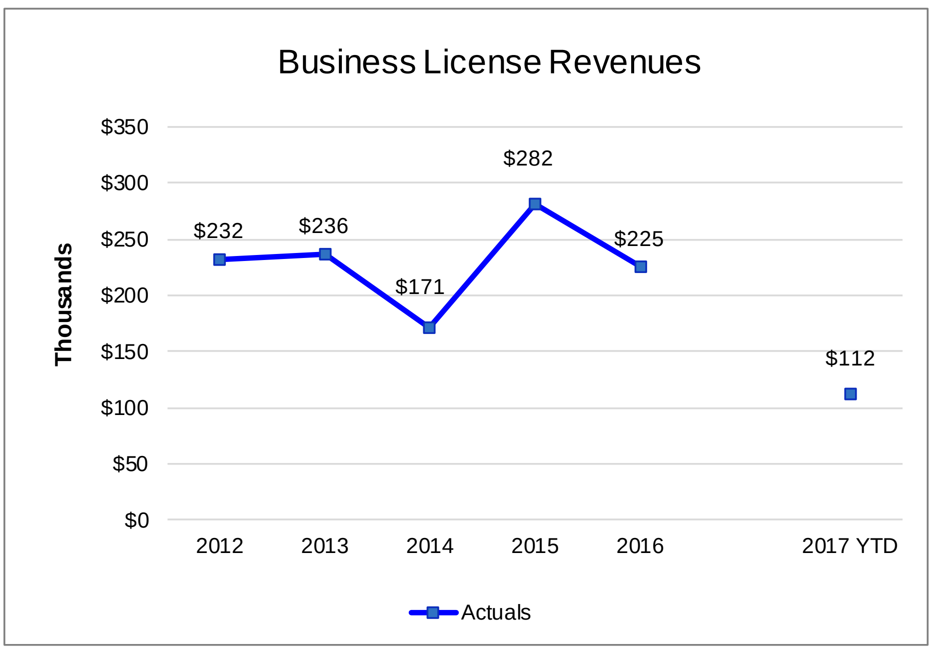
Cable Utility Tax (New in 2017). In September 2016, City Council approved Ordinance No. 6620, which increased the Cable Utility Tax from 1.0% to 6.0%, with the entirety of the new tax amount benefitting the General Fund. This tax became effective on January 1, 2017 and is collected quarterly. Although this revenue stream appears to be unfavorable to budget through Q2-2017, this is just a timing issue whereas the revenues for April through June 2017 (approximately $265,000) were collected in July 2017. Both the Q1 and Q2 distributions, totaling $528,000, exceeded the budget expectation of $250,000 per quarter.



Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up about 70% of the annual budgeted revenue in this category.

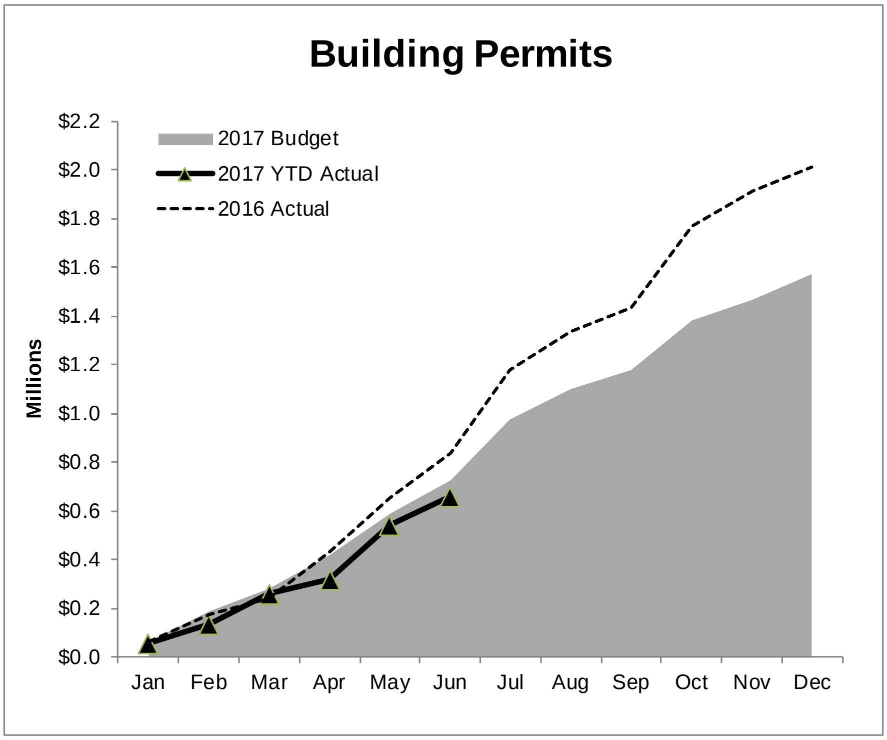
Business license revenues collected through June 2017 totaled $112,000, compared to a budget of $100,000. The first graphic on the following page reflects the timing of payments by business owners, where the majority of business license payments are typically collected during the first two months of the year and the last month of the year.

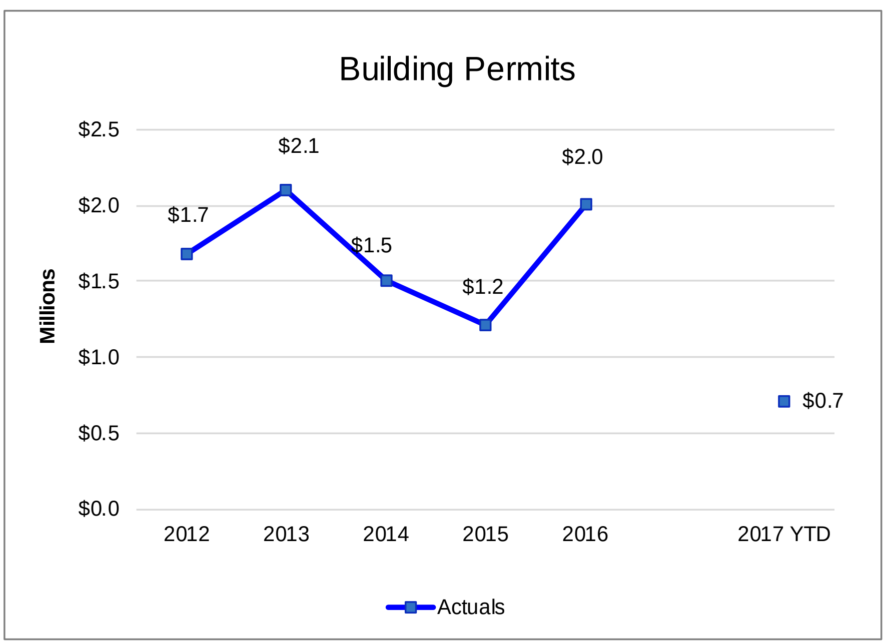

Business Licenses
$240
$220
$200
$180
$160
$140
$120
$100
$80
$60
$40
$20
$0
Thousands
2017 Budget
2017 YTD Actual
2016 Actual
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec


Business License Revenues
$350
$300
$250
$200
$150
$100
$50
$0
Thousands
$232
$236
$171
$282
$225
$112
2012 2013 2014 2015 2016 2017 YTD
Actuals

Building permit revenues collected through June totaled $714,000, compared to a year-to-date budget of $727,000. Through Q2-2017, a total of 398 building permits were issued compared to 436 building permits issued through Q2-2016.

Major projects contributing to the revenues this quarter include building permits for Boeing, tenant improvements at the Outlet Collection for the new Dave and Buster's restaurant, and numerous single family housing permits - most notably in Canyon Creek, Calla Crest, Wyncrest and Hazelview. Of the $400,000 in building permit revenues collected in Q2-2017, 34% was attributable to commercial projects in the City and the remaining 66% was predominately single family housing permits.

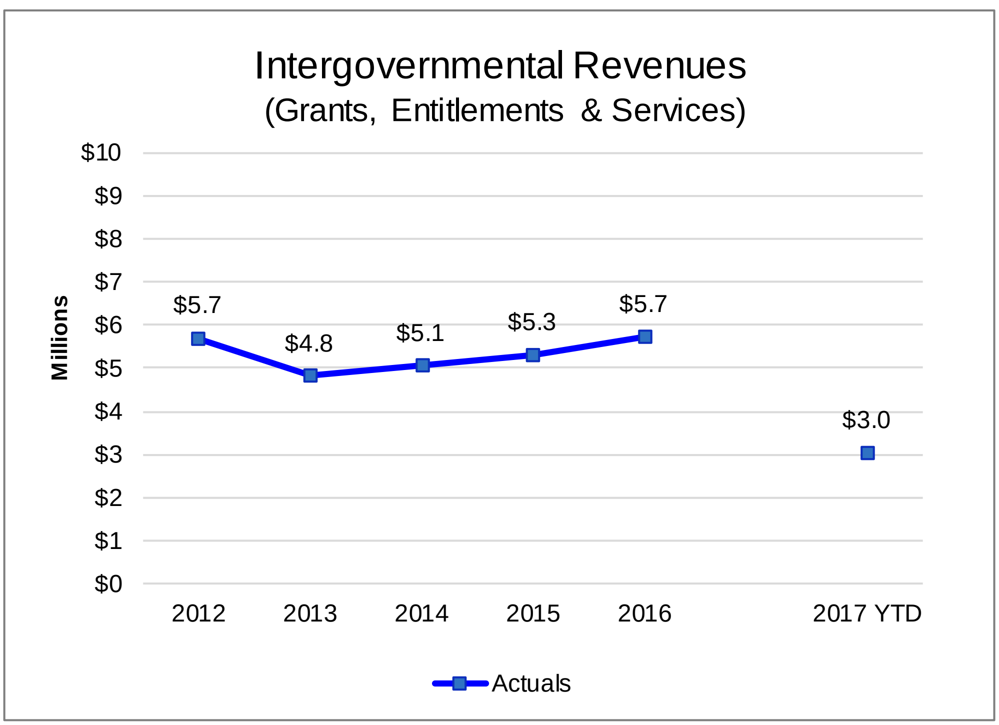




Intergovernmental revenues include grants (direct and indirect Federal, state and local), compact revenue from the Muckleshoot Indian Tribe (MIT), intergovernmental service revenues, and state shared revenues. Collections through Q2-2017 totaled $3.0 million and were $2,000, or 0.1% higher than budget. Favorable variances in Criminal Justice High Crime revenues and Muckleshoot Casino Service reimbursement are offset by the reduced Federal grant revenues received year-to-date. Federal grant reimbursements to date are significantly lower than budget expectations primarily due to delayed hiring of the Police Officers who are to be partially funded by the Federal COPS grant.

Intergovernmental Revenues (Grants, Entitlements & Services)
Through June 2017

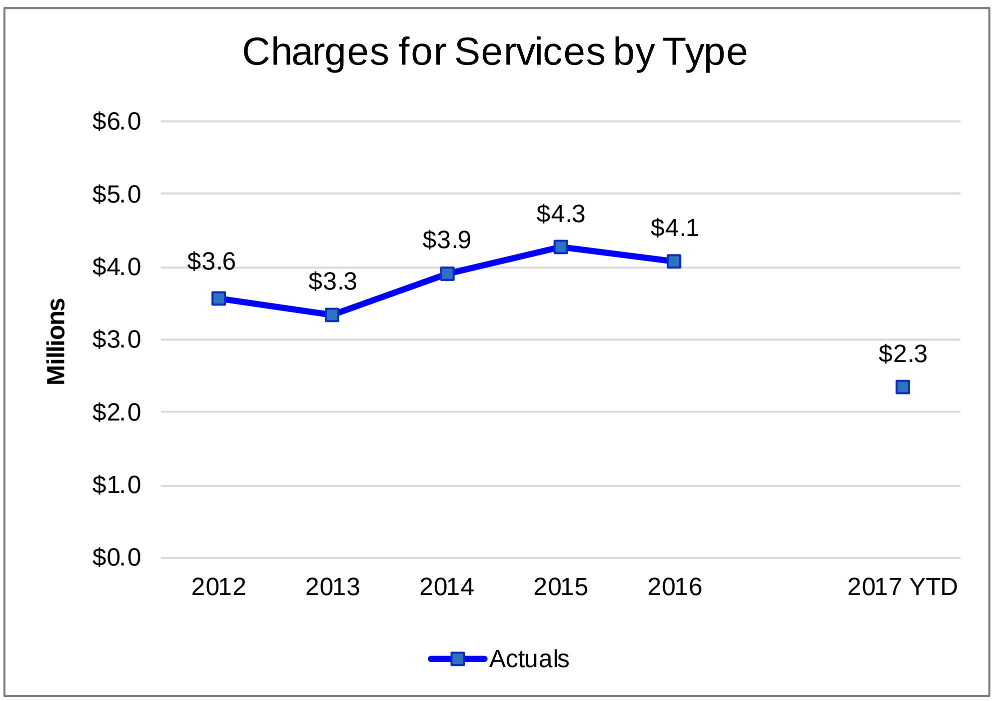
Revenue	2016 YTD Actual	2017 YTD Budget	2017 YTD Actual	2017 vs. 2016 Actual Amount	2017 vs. 2016 Actual % Change	2017 vs. Budget Amount	2017 vs. Budget % Change
Federal Grants	$ 95,083	$ 175,900	$ 72,562	$ (22,521)	(23.7) %	$ (103,338)	(58.7) %
State Grants	80,896	87,900	70,234	(10,662)	(13.2) %	(17,666)	(20.1) %
Interlocal Grants	2,500	65,000	65,000	62,500	0.0 %	0	0.0 %
Muckleshoot Casino Services	324,419	331,333	399,837	75,418	23.2 %	68,504	20.7 %
Intergovernmental Service	0	0	0	0	N/A %	0	N/A %
State Shared Revenues:							
Streamlined Sales Tax	962,037	953,850	952,157	(9,880)	(1.0) %	(1,693)	(0.2) %
Motor Vehicle Fuel Tax	538,381	579,800	533,050	(5,331)	(1.0) %	(46,750)	(8.1) %
Criminal Justice - High Crime	0	192,000	286,498	286,498	N/A %	94,498	49.2 %
Criminal Justice - Population	10,151	11,800	10,658	507	5.0 %	(1,142)	(9.7) %
Criminal Justice - Special Prog.	37,115	39,200	38,776	1,661	4.5 %	(424)	(1.1) %
Marijuana Enforcement	9,757	17,000	19,665	9,908	101.6 %	2,665	15.7 %
State DUI	5,907	6,000	5,877	(31)	(0.5) %	(123)	(2.1) %
Fire Insurance Tax	76,569	75,000	78,078	1,509	N/A %	3,078	4.1 %
Liquor Excise	180,280	183,600	188,473	8,194	4.5 %	4,873	2.7 %
Liquor Profit	325,653	325,500	325,408	(245)	(0.1) %	(92)	(0.0) %
Total State Shared:	2,145,849	2,383,750	2,438,640	292,790	13.6 %	54,890	2.3 %
YTD Total	$ 2,648,748	$ 3,043,883	$ 3,046,274	$ 397,526	15.0 %	$ 2,390	0.1 %



Charges for Services consist of general governmental service charges, public safety charges, development service fees, and cultural & recreation fees. Overall, charges for services collected through June 2017 totaled $2.3 million compared to a budget of $2.1 million, representing a favorable variance of $239,000, or 11.4%.

Charges for Services by Type
Through June 2017

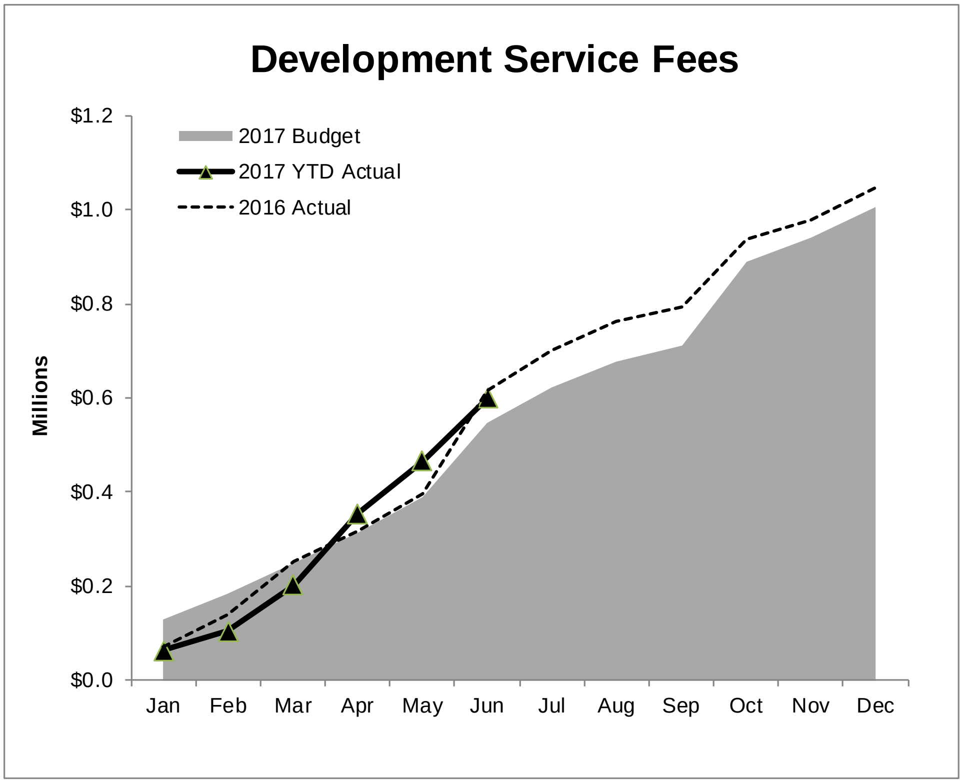
Revenue	2016 YTD Actual	2017 YTD Budget	2017 YTD Actual	2017 vs. 2016 Actual Amount	2017 vs. 2016 Actual Percentage	2017 vs. Budget Amount	2017 vs. Budget Percentage
General Government	$ 46,237	$ 35,000	$ 41,494	$ (4,743)	(10.3) %	$ 6,494	18.6 %
Public Safety	342,281	277,850	474,227	131,946	38.5 %	196,377	70.7 %
Development Services	615,814	548,200	599,939	(15,875)	(2.6) %	51,739	9.4 %
Culture & Recreation	1,251,074	1,245,000	1,229,849	(21,224)	(1.7) %	(15,151)	(1.2) %
YTD Total	$ 2,255,406	$ 2,106,050	$ 2,345,509	$ 90,103	4.0 %	$ 239,459	11.4 %

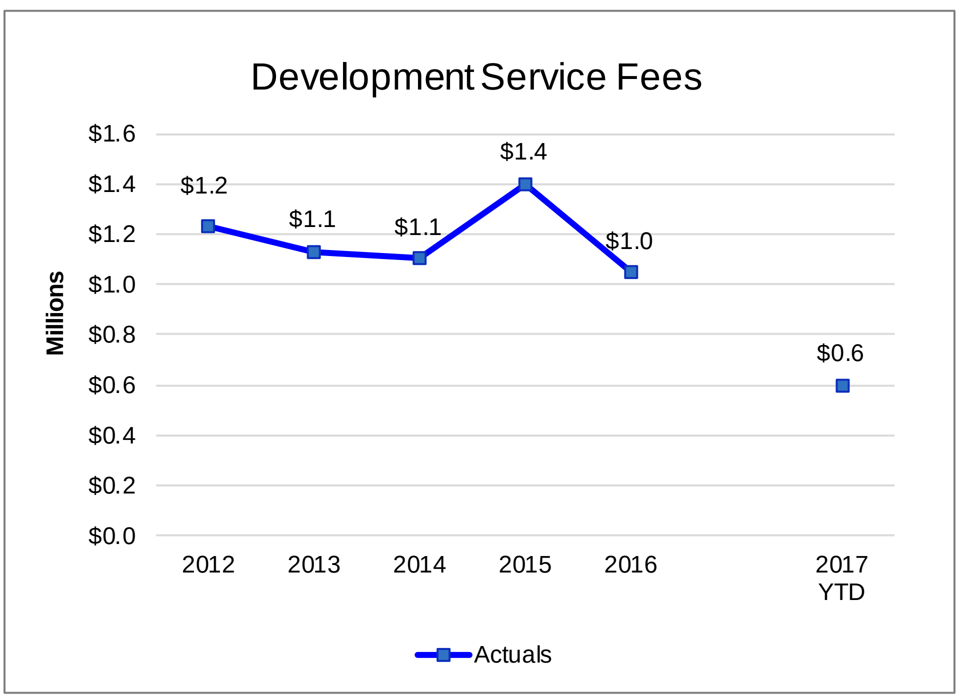


General governmental revenues collected through June 2017 totaled $41,000, compared to a budget of $35,000.

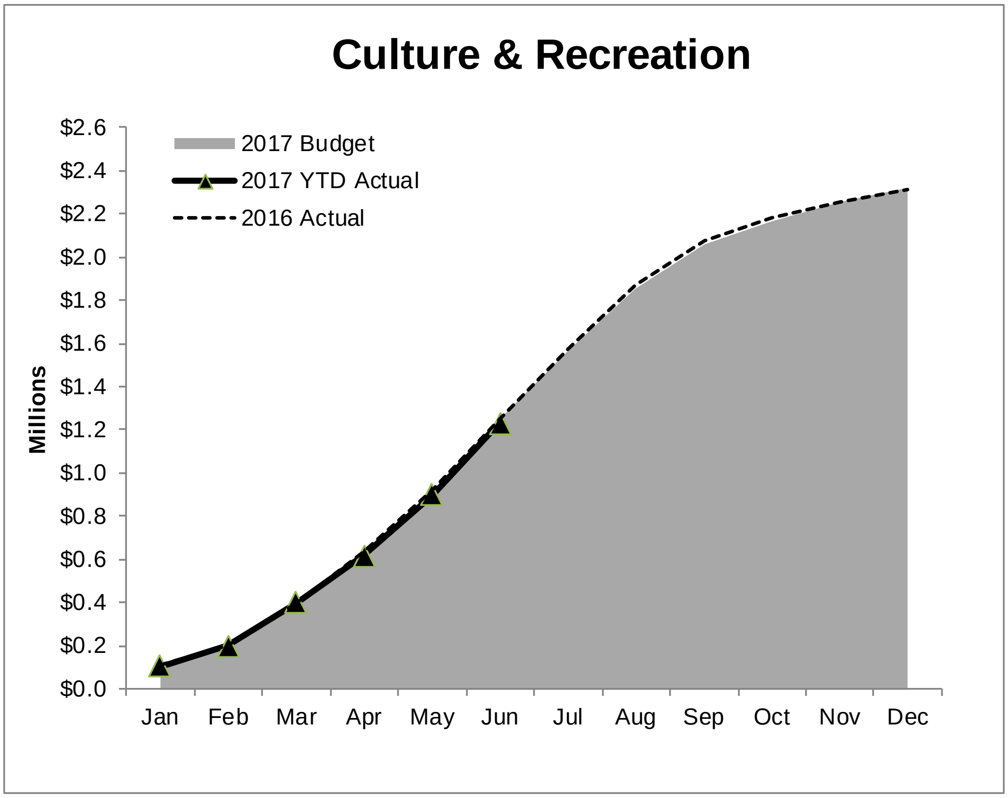
Public safety revenues consist of revenues generated for Police Officer extra duty overtime, where officers are contracted for services and reimbursement is made by the hiring contractor. This also includes revenues generated for reimbursement from the Muckleshoot Indian Tribe (MIT) for a full-time dedicated Police Officer and associated expenditures. Public safety revenues collected through Q2-2017 totaled $474,000 compared to a budget of $278,000. Revenues collected through the first half of 2017 were $132,000 higher than what was collected through Q2-2016 predominately due to additional contracted Police Officer extra duty security services (which are reimbursed by the hiring contractor) compared to the same period last year.

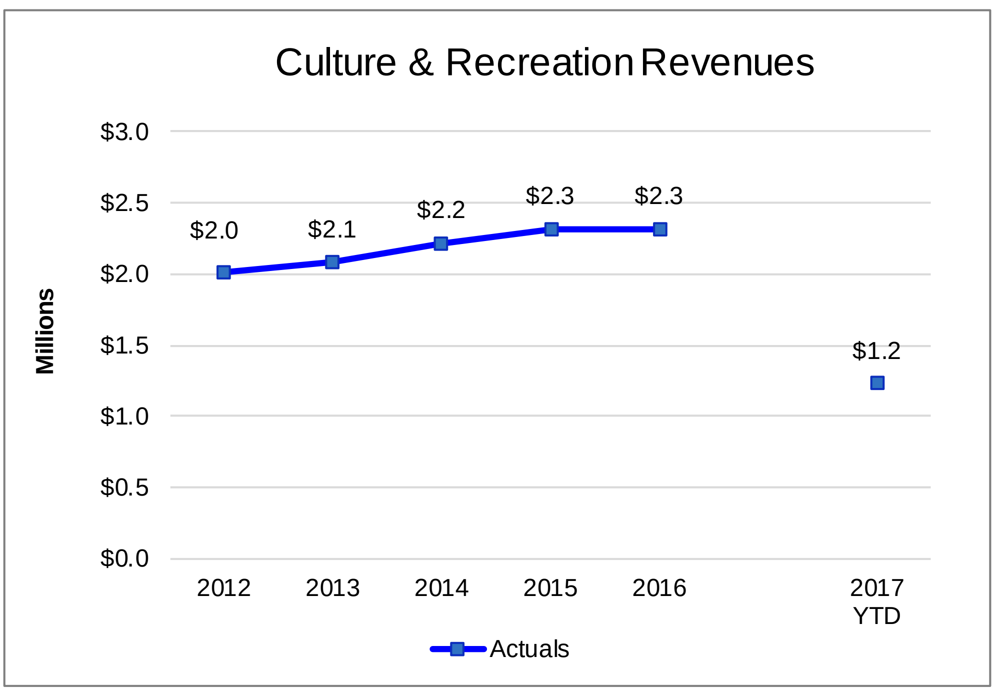
Development services fee collections, which primarily consist of plan check fees, totaled $600,000 and ended the quarter $52,000, or 9.4%, higher than budget expectations. Plan check revenues collected through Q2-2017 totaled $464,000 as compared with $453,000 collected the same period last year. Plan check revenues collected in Q2-2017 were primarily from commercial projects, including a large distribution center on 287th Street, Multicare tenant improvements, and Boeing. In addition, several single family housing plans were reviewed – most notably in the Calla Crest and Hazelview housing developments.





Culture and recreation revenues collected through Q2-2017 totaled $1.2 million, and are $15,000 (or 1.2%) below budget expectations. The majority of these revenues are derived from greens fees and pro shop sales at the Auburn Golf Course, recreational classes, athletic league fees, and special events.

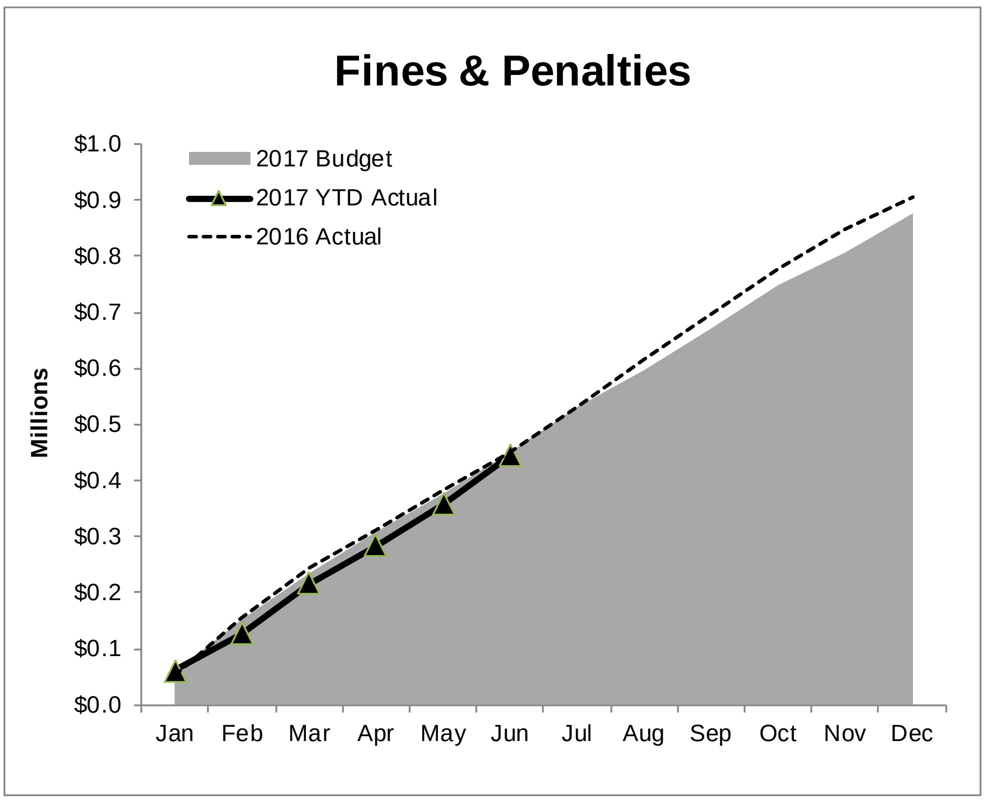


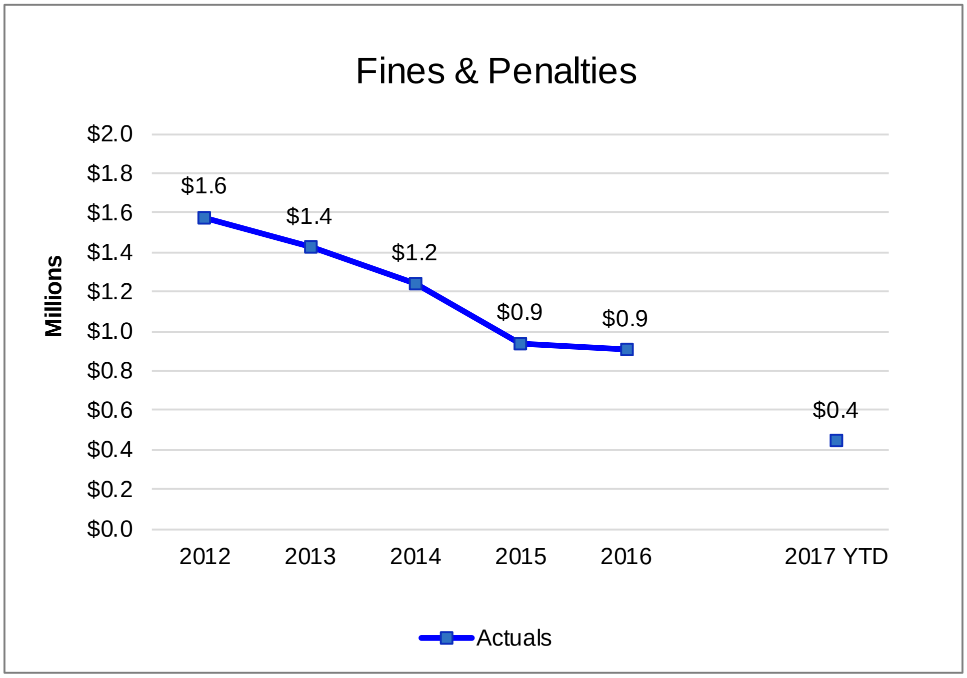


Fines & Penalties include traffic and parking infraction penalties, criminal fines (including criminal traffic, criminal non traffic and other criminal offenses) as well as non-court fines such as false alarm fines. Total revenues collected through Q2-2017 totaled $444,000 and were $5,000, or 1.1%, less than budget.

Fines & Penalties by Type
Through June 2017

Month	2016 YTD Actual	2017 YTD Budget	2017 YTD Actual	2017 vs. 2016 Actual Amount	2017 vs. 2016 Actual Percentage	2017 vs. Budget Amount	2017 vs. Budget Percentage
Civil Penalties	$ 5,151	$ 6,200	$ 4,578	$ (573)	(11.1) %	$ (1,622)	(26.2) %
Civil Infraction Penalties	235,442	246,600	253,216	17,774	7.5 %	6,616	2.7 %
Redflex Photo Enforcement	10,849	0	6,063	(4,786)	(44.1) %	6,063	N/A %
Parking Infractions	70,624	74,000	74,384	3,760	5.3 %	384	0.5 %
Criminal Traffic Misdemeanor	24,757	23,200	28,366	3,609	14.6 %	5,166	22.3 %
Criminal Non-Traffic Fines	22,156	21,000	13,824	(8,332)	(37.6) %	(7,176)	(34.2) %
Criminal Costs	29,751	22,400	25,204	(4,547)	(15.3) %	2,804	12.5 %
Non-Court Fines & Penalties	51,178	55,500	38,292	(12,886)	(25.2) %	(17,208)	(31.0) %
YTD Total	$ 449,907	$ 448,900	$ 443,925	$ (5,981)	(1.3) %	$ (4,975)	(1.1) %



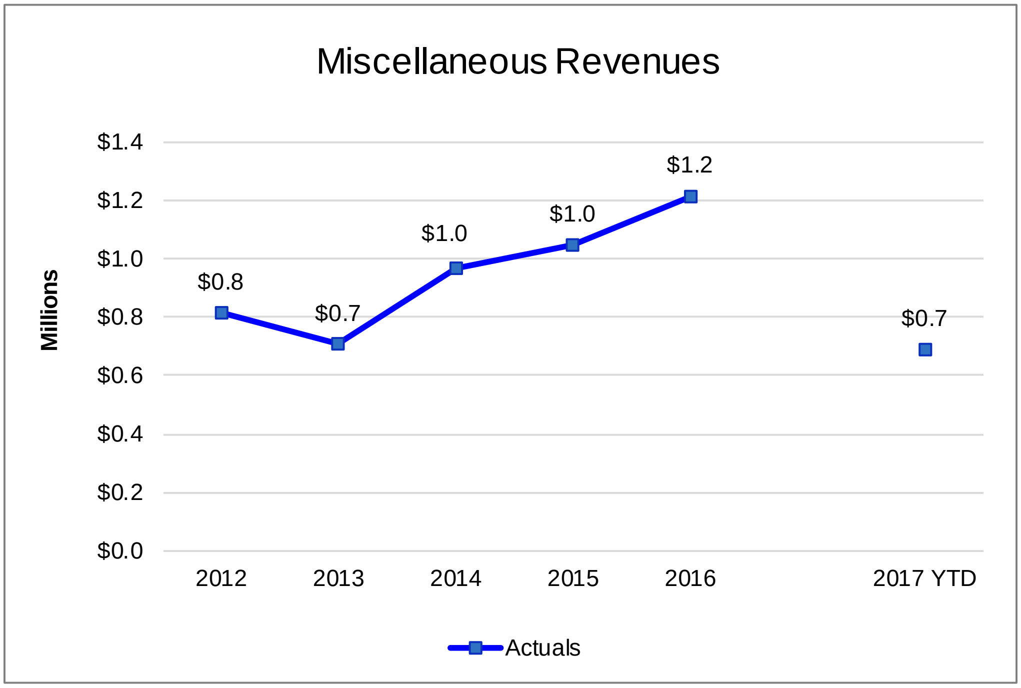


Miscellaneous revenues consist of investment earnings, income from facility rentals, contributions & donations, and other miscellaneous income including the quarterly purchasing card (P-card) rebate monies. Total revenues collected in this category through Q2-2017 totaled $688,000 and exceeded budget expectations by $204,000.

Rents and leases revenue through June 2017 totaled $448,000 compared to prior year actuals of $373,000. The majority of the year-over-year increase was seen in miscellaneous parks unearned revenue. Due to an increase in facility rentals, the miscellaneous parks unearned revenue (deposits) through Q2-2017 increased by $52,000 compared to collections through Q2-2016. In addition, facilities rental revenue realized a $28,000 year-over-year increase due primarily to the opening of the new Community and Events Center. Lastly, because additional inventory of parking spaces were added in 2017, parking revenues collected year-to-date through June increased by $12,000 compared to collections through June 2016.

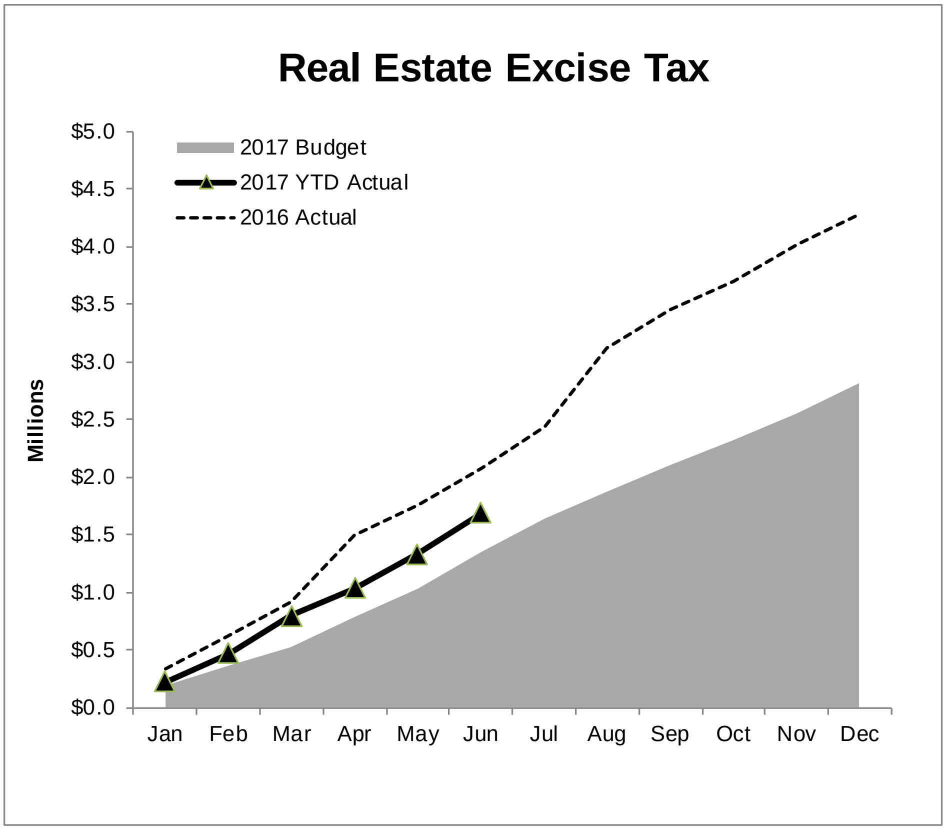
Miscellaneous Revenues by Type
Through June 2017

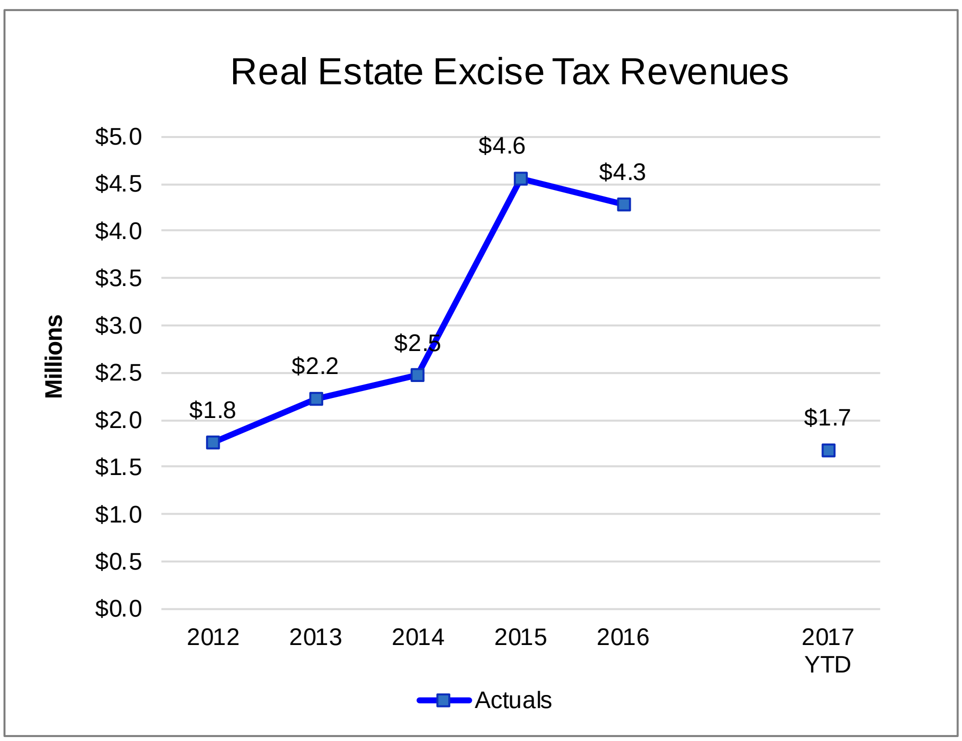
Month	2016 YTD Actual	2017 YTD Budget	2017 YTD Actual	2017 vs. 2016 Amount	2017 vs. 2016 Percentage	2017 vs. Budget Amount	2017 vs. Budget Percentage
Interest & Investments	$ 54,747	$ 32,000	$ 96,597	$ 41,850	76.4 %	$ 64,597	201.9 %
Rents & Leases	373,158	318,600	447,860	74,702	20.0 %	129,260	40.6 %
Contributions & Donations	11,818	15,800	20,545	8,727	73.8 %	4,745	30.0 %
Other Miscellaneous Revenue	160,111	118,100	123,142	(36,969)	(23.1) %	5,042	4.3 %
YTD Total	$ 599,833	$ 484,500	$ 688,144	$ 88,310	14.7 %	$ 203,644	42.0 %



Real Estate Excise Tax (REET) revenue is receipted into the Capital Improvement Projects Fund and is used for governmental capital projects. REET revenues collected through Q2-2017 totaled $1.7 million, and exceeds budget expectations by $337,000. Real estate sales in the City of Auburn in Q2-2017 represent the sale of both commercial properties and numerous single family residences. The commercial sales include the sale of a hotel, vacant land, retail buildings and a warehouse building.

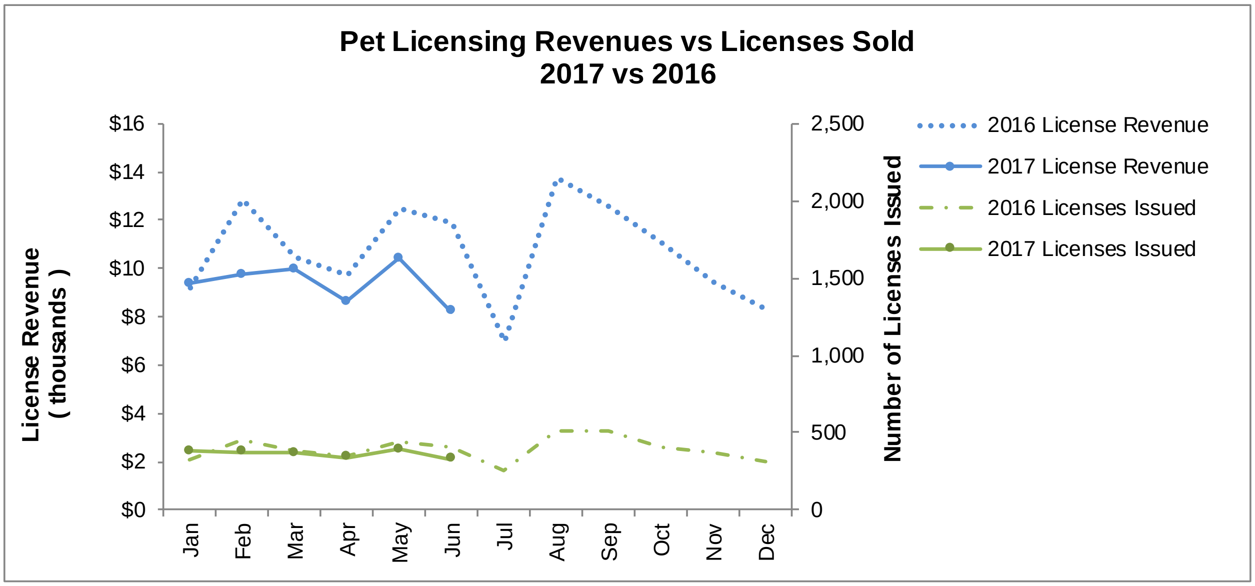
Real Estate Excise Tax Revenues June 2017							
Month	**2016 Actual**	**2017 Budget**	**2017 Actual**	**2017 vs. 2016 Amount**	**2017 vs. 2016 Percentage**	**2017 vs. Budget Amount**	**2017 vs. Budget Percentage**
Jan	$ 339,594	$ 192,600	$ 224,044	$ (115,550)	(34.0) %	$ 31,444	16.3 %
Feb	286,943	166,800	249,683	(37,261)	(13.0) %	82,883	49.7 %
Mar	293,361	170,800	326,044	32,683	11.1 %	155,244	90.9 %
Apr	574,925	254,200	234,480	(340,445)	(59.2) %	(19,720)	(7.8) %
May	255,078	249,000	299,251	44,173	17.3 %	50,251	20.2 %
Jun	329,081	317,200	353,807	24,727	7.5 %	36,607	11.5 %
Jul	360,857						
Aug	673,012						
Sep	338,340						
Oct	249,714						
Nov	321,895						
Dec	262,543						
YTD Total	$ 2,078,982	$ 1,350,600	$ 1,687,310	$ (391,673)	(18.8) %	$ 336,710	24.9 %
Annual Total	$ 4,285,344	$ 2,810,000					

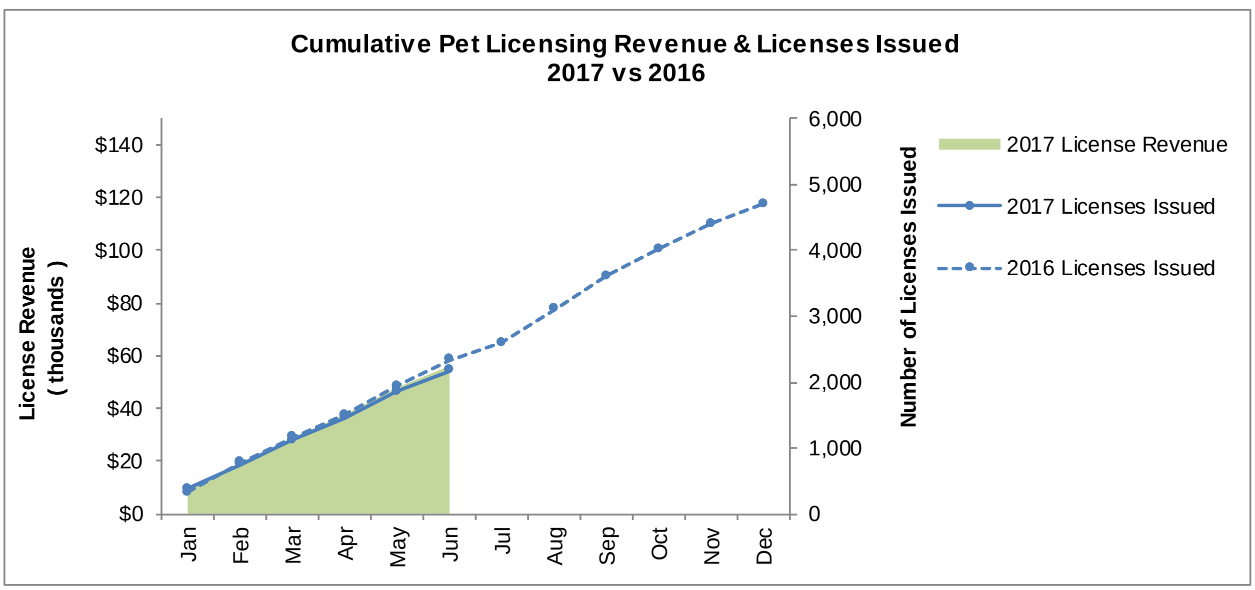

Real Estate Excise Tax
2017 Budget
2017 YTD Actual
2016 Actual
Millions
$5.0
$4.5
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec


Real Estate Excise Tax Revenues
Millions
$5.0
$4.5
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
$1.8
$2.2
$2.5
$4.6
$4.3
$1.7
2012
2013
2014
2015
2016
2017 YTD
Actuals

Pet Licensing

Through Q2-2017, 2,178 pet licenses were sold, resulting in $56,315 in revenue. Through Q2-2016, 2,342 licenses were sold, resulting in $66,645 in revenue.





Street Funds

This section provides a financial overview of the City's three street funds for the quarter ending June 30, 2017. The City's three street funds include the Arterial Street Fund (Fund 102), the Local Street Fund (Fund 103), and the Arterial Street Preservation Fund (Fund 105). The capital project expenditures in these funds are budgeted primarily based on historical actual revenue and expenditure distributions for the prior six years.

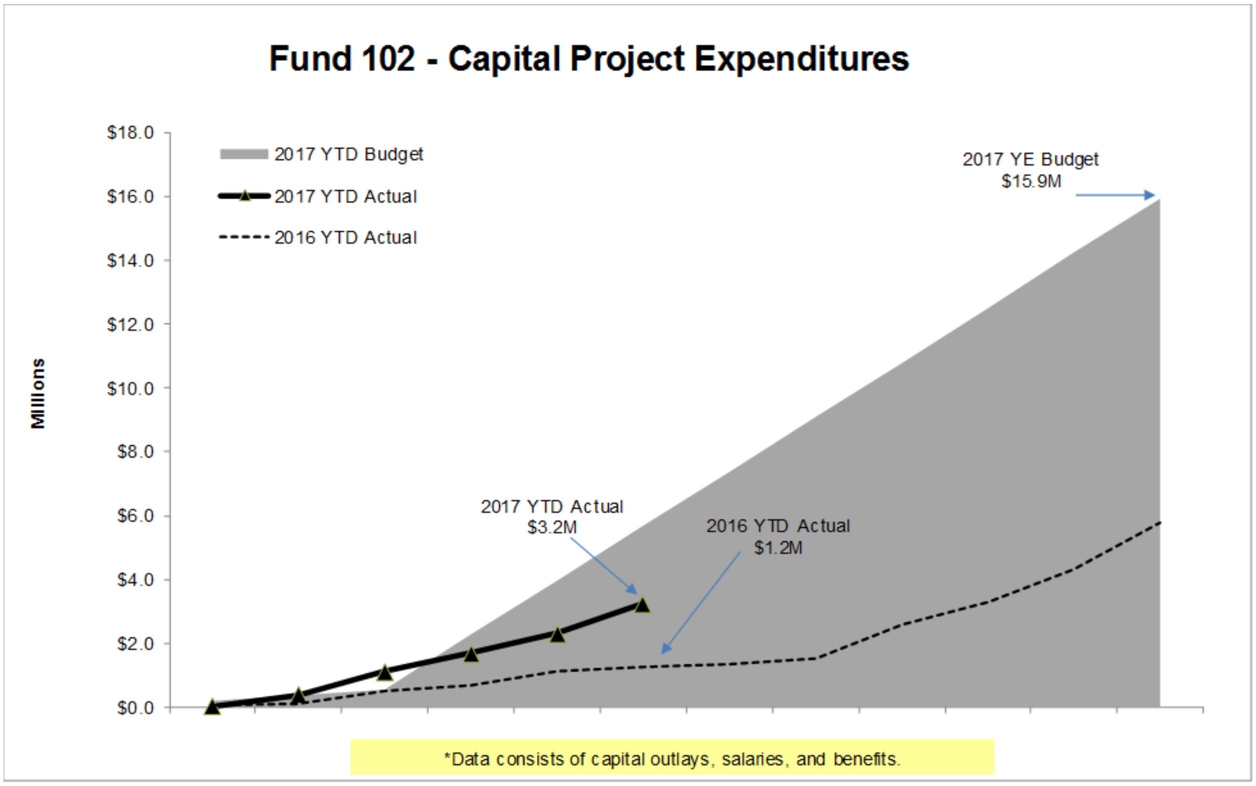
Fund 102 – Arterial Street Fund

The Arterial Street Fund is a Special Revenue Fund that is funded by transportation grants, traffic impact fees, a portion of the City's gas tax receipts, Public Works Trust Fund loans, developer contributions, and other sources. As of June 30, 2017 there were 28 separate street projects budgeted in this fund for 2017. Budget Amendment No. 1, adopted April 3, 2017, added or increased funding for several major projects in this fund, increasing budgeted revenues and expenditures significantly.

Through June 30, 2017, revenues collected totaled $2.8 million and compare to collections of $1.2 million through Q2-2016. This variance is largely due to the timing of capital expenditures and their subsequent reimbursement via federal grants. Total expenditures through Q2-2017 were $3.5 million and compare to $1.5 million spent through the same period last year. The increase from YTD 2016 to 2017 is based on increased construction activity, as highlighted in the table below and the associated graph .

Fund 102 - Arterial Street	2017			2016	2017 YTD Budget vs. Actual	
Summary of Sources and Uses	Annual	YTD	YTD	YTD	Favorable (Unfavorable)	
Report Period: June 2017	Budget	Budget	Actual	Actual	Amount	Percentage
Revenues						
Federal Grants	$ 7,054,082	$ 2,256,780	$ 1,842,767	$ 47,465	$ (414,014)	(18.3) %
State Grants	2,995,210	998,403	190,278	99,350	(808,126)	(80.9) %
Motor Vehicle Fuel and Multimodal Taxes	583,000	281,097	265,954	290,906	(15,143)	(5.4) %
Developer Contributions	809,221	286,407	46,233	-	(240,174)	(83.9) %
Miscellaneous Revenue	466,191	155,397	-	64,862	(155,397)	(100.0) %
Other Governmental Agencies	-	-	-	-	-	
Public Works Trust Fund Loans	-	-	-	-	-	
Operating Transfer In	3,420,622	1,368,499	470,254	712,702	(898,245)	(65.6) %
Investment Income	2,600	1,438	4,723	3,132	3,285	228.4 %
Total Revenues	**$ 15,330,926**	**$ 5,348,022**	**$ 2,820,209**	**$ 1,218,417**	**$ (2,527,812)**	**(47.3) %**
Expenditures						
Salary and Benefits	$ 285,000	$ 133,685	$ 354,273	$ 235,491	$ (220,588)	(165.0) %
Capital Outlay	15,658,112	4,966,161	2,885,700	1,012,136	2,080,461	41.9 %
Subtotal - Capital Project Expenditures	15,943,112	5,099,846	3,239,973	1,247,626	1,859,873	36.5 %
Services and Charges	285,000	80,577	36,068	30,036	44,509	55.2 %
Interfund Payments for Services	76,681	38,341	38,340	37,278	1	0.0 %
Debt Service Principal and Interest	209,511	209,511	209,511	210,205	0	0.0 %
Operating Transfer Out	15,046	5,792	6,139	-	(347)	(6.0)
Total Expenditures	**$ 16,529,350**	**$ 5,434,067**	**$ 3,530,031**	**$ 1,525,145**	**$ 1,904,036**	**35.0 %**
Net Change in Fund Balance	**$ (1,198,424)**	**$ (86,046)**	**$ (709,822)**	**$ (306,728)**	**$ (623,776)**	**724.9 %**

Beg. Fund Balance, January 2017	$	2,529,388
Net Change in Fund Balance, June 2017		(709,822)
Ending Fund Balance, June 2017	$	1,819,566
2017 Budgeted Ending Fund Balance	$	1,330,964



This table presents the status of the projects with the most significant impacts on this fund:

Fund 102 - Arterial Street Capital Projects Status			
Name	**Annual Budget**	**YTD Actual**	**Remaining**
W. Main St Multimodal Corridor & ITS Imp	$1.6M	$1.2M	$0.3M
S. 277th St Corridor Improvements	$4.3M	$0.5M	$3.9M
AWS Corridor Safety Imp. -- Muckleshoot Pl.	$3.3M	$0.9M	$2.4M
All Other Projects (25 Others Budgeted)	$6.8M	$0.6M	$6.1M
Total	$15.9M	$3.2M	$12.7M

Notes:

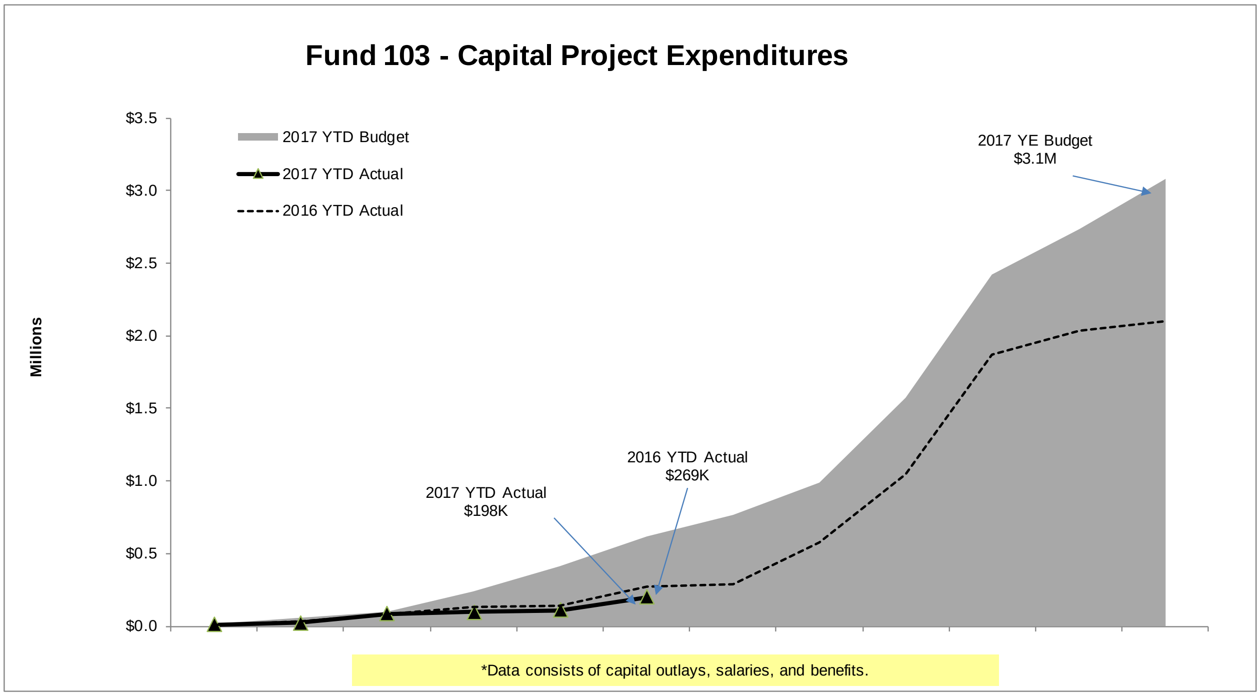
- W. Main St. Multimodal Corridor & ITS Improvements is nearing completion.
- S 277th Street Corridor and AWS Corridor Safety Improvement projects are currently under construction.

Fund 103 – Local Street Fund

The Local Street Fund is a Special Revenue Fund where the revenue from sales taxes on construction are used for local street preservation. Through Q2-2017 the revenues in this fund totaled $1.4 million, exceeding budget expectations by $430,000 due to higher than anticipated sales tax revenues from local construction projects. This compares to collections of $1.2 million through Q2-2016. Total expenditures through Q2 were $210,000 and compare to expenditures of $276,000 through Q2-2016. Historically, well over half of this fund's annual expenditures occur in the final four months of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). Highlighted in the table below and the following graph are the subset of the fund's total expenditures related to capital projects.

Fund 103 - Local Street Fund	2017			2016	2017 YTD Budget vs. Actual	
Summary of Sources and Uses	Annual	YTD	YTD	YTD	Favorable (Unfavorable)	
Report Period: June 2017	Budget	Budget	Actual	Actual	Amount	Percentage
Revenues						
Sales Tax on Construction	$ 1,750,000	$ 774,167	$ 1,196,893	$ 1,033,228	$ 422,726	54.6 %
Operating Transfer In	150,000	150,000	$ 150,000	150,000	-	0.0 %
Interest Earnings	9,100	4,175	$ 11,881	5,246	7,706	184.6 %
Total Revenues	**$ 1,909,100**	**$ 928,342**	**$ 1,358,774**	**$ 1,188,474**	**$ 430,432**	**46.4 %**
Expenditures						
Salary and Benefits	$ 148,568	$ 67,925	$ 64,852	$ 59,636	$ 3,073	4.5 %
Capital Outlay	2,933,969	546,148	133,420	209,596	412,728	75.6 %
Subtotal - Capital Project Expenditures	3,082,537	614,073	198,272	269,233	415,801	67.7 %
Services and Charges	25,680	8,674	294	407	8,379	96.6 %
Interfund Payments for Services	11,925	5,963	5,958	6,120	5	0.1 %
Operating Transfer Out	11,051	3,795	5,700	-	(1,905)	(50.2)
Total Expenditures	**$ 3,131,193**	**$ 632,504**	**$ 210,224**	**$ 275,760**	**$ 422,280**	**66.8 %**
Net Change in Fund Balance	**$ (1,222,093)**	**$ 295,838**	**$ 1,148,550**	**$ 912,714**	**$ 852,712**	**288.2 %**

Beg. Fund Balance, January 2017	$ 2,115,236
Net Change in Fund Balance, June 2017	1,148,550
Ending Fund Balance, June 2017	$ 3,263,786
2017 Budgeted Ending Fund Balance	$ 893,143



This table presents the status of the projects with the most significant impacts on this fund:

Fund 103 - Local Street Capital Projects Status			
Name	**Annual Budget**	**YTD Actual**	**Remaining**
2016 Local Street Pavement Reconst.	$0.07M	$0.06M	$0.0M
2017 Local St. Reconst. & Preservation	$2.87M	$0.1M	$2.8M
Total	$2.9M	$0.13M	$2.8M

Notes:

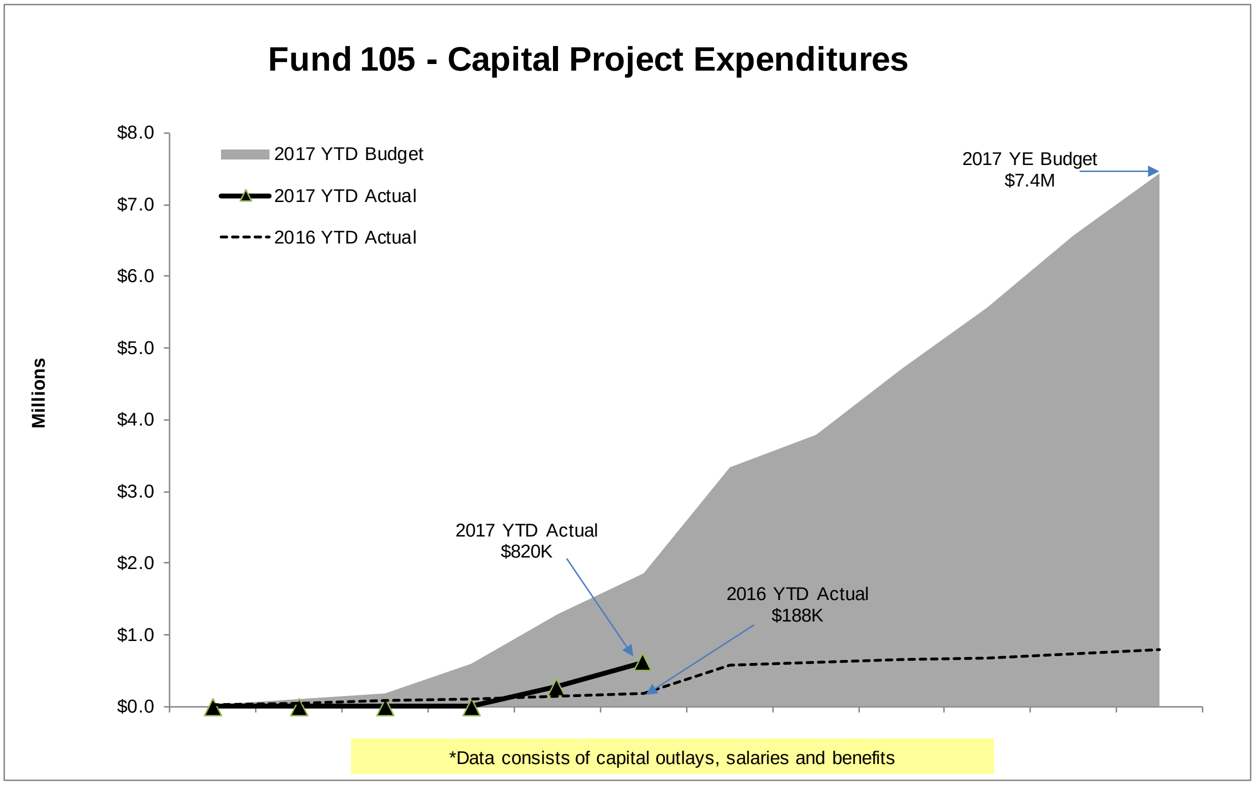
- 2016 Local Street Reconstruction Project received Final Acceptance by the City Council on April 17, 2017 and is now complete.
- 2017 Local Street Reconstruction Project was awarded for construction by the City Council on July 3, 2017 and is currently under construction.

Fund 105 – Arterial Street Preservation Fund

The Arterial Street Preservation Fund is a Special Revenue Fund which is primarily funded by a 1.0% utility tax that was adopted by Council in 2008; these utility tax revenues are restricted for arterial street repair and preservation projects. Major projects budgeted within the Arterial Street Preservation Fund in 2017 include 15th Street NE/NW Preservation, Auburn Way North Preservation, and the B Street NW Reconstruction project. Through Q2-2017 revenues totaled $1.2 million and compare to collections of $1.1 million through Q2-1016.

Total expenditures through Q2-2017 were $831,000, which compares to expenditures of $354,000 through Q2-2016. Historically, the majority of this fund's expenditures occur in the second half of each year due to the weather sensitivity of pavement construction (this work needs to be done primarily in the summer and early fall). Highlighted in the table below and the following graph are the subset of the fund's total expenditures related to capital projects.

Fund 105 - Arterial Street Preservation	2017			2016	2017 YTD Budget vs. Actual	
Summary of Sources and Uses	Annual	YTD	YTD	YTD	Favorable (Unfavorable)	
Report Period: June 2017	Budget *	Budget *	Actual	Actual	Amount	Percentage
Revenues						
City Utility Tax	$ 632,300	$ 296,025	$ 309,244	$ 306,365	$ 13,218	4.5 %
Electric Utility Tax	712,000	388,074	399,626	383,084	11,552	3.0 %
Natural Gas Utility Tax	200,200	134,313	145,452	128,821	11,139	8.3 %
Cable TV Tax	194,300	96,130	103,788	98,361	7,658	8.0 %
Telephone Utility Tax	290,400	150,735	142,237	153,545	(8,498)	(5.6) %
Garbage Utility Tax (External Haulers)	19,400	9,700	10,571	10,296	871	9.0 %
Grants	2,354,398	317,433	25,065	-	(292,368)	(92.1) %
Developer Mitigation Fees	-	-	-	-	-	
Operating Transfer In	431,750	193,917	14,647	-	(179,269)	(92.4) %
Interest Earnings	4,900	2,450	12,531	4,121	10,081	411.5 %
Total Revenues	**$ 4,839,648**	**$ 1,588,777**	**$ 1,163,162**	**$ 1,084,593**	**$ (425,615)**	**(26.8) %**
Expenditures						
Salary and Benefits	$ 368,000	$ 138,678	$ 199,979	$ 142,976	$ (61,301)	(44.2) %
Capital Outlay	7,071,019	1,726,933	620,468	45,323	1,106,465	64.1 %
Subtotal - Capital Project Expenditures	7,439,019	1,865,611	820,447	188,299	1,045,164	56.0 %
Supplies	-	-	-	-	-	
Services and Charges	-	-	-	-	-	
Operating Transfer Out	56,535	18,845	10,197	165,226	8,648	45.9
Total Expenditures	**$ 7,495,554**	**$ 1,884,456**	**$ 830,644**	**$ 353,525**	**$ 1,053,812**	**55.9 %**
Net Change in Fund Balance	**$ (2,655,906)**	**$ (295,679)**	**$ 332,518**	**$ 731,068**	**$ 628,197**	**(212.5) %**
Beg. Fund Balance, January 2017	$ 3,221,914					
Net Change in Fund Balance, June 2017	332,518					
Ending Fund Balance, June 2017	$ 3,554,432					
2017 Budgeted Ending Fund Balance	$ 566,008					



This table presents the status of the projects with the most significant impacts on the fund:

Fund 105 - Arterial Street Preservation Capital Projects Status			
Name	**Annual Budget**	**YTD Actual**	**Remaining**
15th St NE/NW Preservation	$1.5M	$0.01M	$1.5M
Auburn Way North Preservation	$1.7M	$0.64M	$1.1M
B Street NW Reconstruction	$2.7M	$0.02M	$2.7M
All Other Projects (4 Others Budgeted)	$1.4M	$0.1M	$1.3M
Total	$7.4M	$0.8M	$6.6M

Notes:

- Auburn Way North Preservation is nearing completion.
- B Street NW Reconstruction was awarded for construction by the City Council on June 19, 2017 and is currently under construction.
- 15th Street NE/NW Preservation project construction will be delayed until 2018 due to the Puget Sound Regional Council's (PSRC's) modification of the Grant's obligation year to FFY2018. This revision was part of a region wide effort to address federal grant funding restrictions for FY 2017, 2018, 2019 and 2020.

Fund 124 – Mitigation Fees

The Mitigation Fees Fund is a Special Revenue Fund funded from revenue from new development, which is assessed at the time applications are received for development activity. These funds are used to mitigate costs associated with City growth. Through Q2-2017, revenues were above budget expectations, at 66.8% of the annual budgeted amount. Expenditures were well below budget due to the timing of capital projects funded by these revenues, which historically occur during the second half of the year when conditions are more favorable for construction.

Fund 124 - Mitigation Fees Summary of Sources and Uses	YTD ACTUALS			BUDGET		
Report Period Through: June 2017	**Revenues**	**Expenditures**	**Ending Fund Balance**	**Revenues**	**Expenditures**	**Ending Fund Balance**
Transportation Impact Fees	$ 610,108	$ 451,856	$ 5,312,547	$ 800,000	$ 3,264,472	$ 919,205
Transportation Migitation Fees	72,337	-	336,614	-	30,000	134,550
Fire Impact Fees	109,789	-	409,600	100,000	50,000	350,000
Fire Mitigation Fees	-	-	81	-	-	81
Parks Impact Fees	441,076	100,000	5,147,510	600,000	545,000	1,205,000
Parks Mitigation Fees	-	-	331,327	-	-	330,300
School Impact Admin Fees	5,914	-	52,834	12,000	-	105,115
Wetland Mitigation Fees	-	-	68,835	-	31,570	37,030
Interest and Investment Income	43,870	-	43,870	8,200	-	8,200
Fees in Lieu of Improvements	-	-	122,525	-	-	-
Operating Transfers	-	-	-	400,000	-	400,000
Total	**$ 1,283,093**	**$ 551,856**	**$ 11,825,743**	**$ 1,920,200**	**$ 3,921,042**	**$ 3,489,481**

Beginning Fund Balance, January 2017	$ 5,490,323
Net Change in Fund Balance, June 2017	731,238
Ending Fund Balance, June 2017	$ 6,221,561
2017 Budgeted Ending Fund Balance	$ 3,489,481

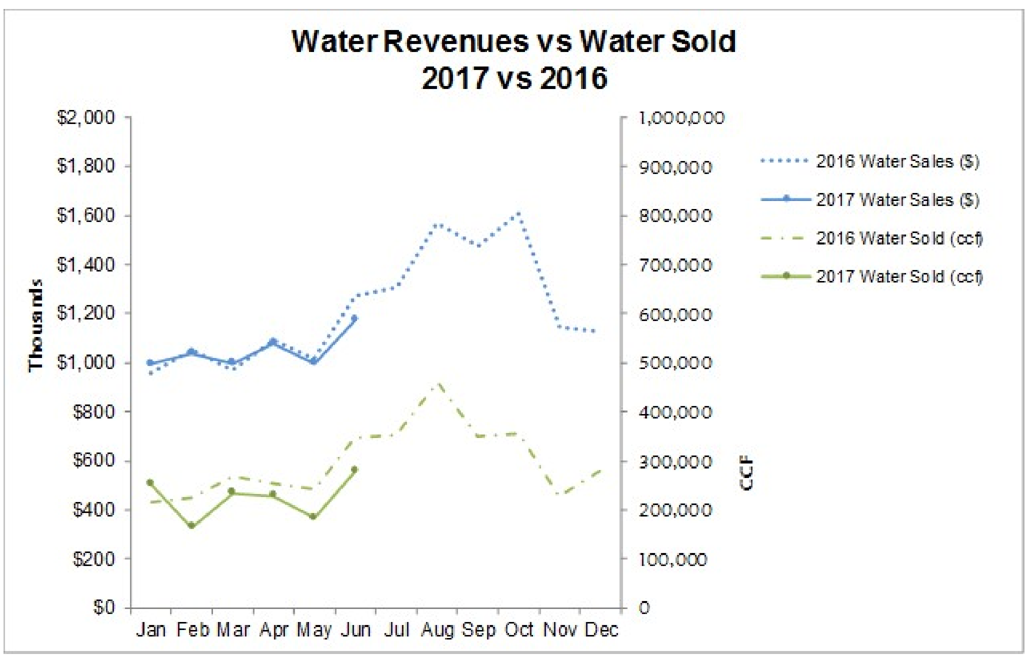
Enterprise Funds

Detailed income and expense statements for Enterprise and Internal Service funds can be found in the Appendices at the end of this report. The format changed in Q1-2016 and, in lieu of a working capital statement, there are now operating and, as applicable, capital fund reports for these funds showing budget, actuals, and variances. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working capital balance. This approach isolates those funds available for capital and cash flow needs for daily operations, and project managers will know exactly how much working capital is available for current and planned projects.

Budget Amendment #6, adopted in July 2016, moved working capital from the operating funds to the capital funds along with all the other beginning fund balance adjustments. System development revenues previously credited to the operating funds are now directed to the corresponding capital funds.

Through Q2-2017, the **Water Utility** had operating income before depreciation of $2.4 million as compared with $1.9 million through Q2-2016. The increase in operating income is largely due to lower expenditures in 2017 compared to 2016, during which the City purchased regional water from the City of Tacoma while four of the City's six major production wells were being rehabilitated. Currently, with four wells and two springs providing the City's water supply and the remaining two wells anticipated to return to service in early fall, minimal regional water purchases are anticipated for 2017.

Water sales through Q2-2017 totaled 1.3 million hundred cubic feet (ccf), compared to 1.6 million ccf in 2016, representing a 13.8% decrease due to lower water consumption. This is part of a general trend of decreased year-over-year water consumption per account due largely to conservation efforts and appliance efficiency improvements. Additionally, the City has not provided water to Water District #111 since its contract was renegotiated. Revenues ended the quarter in line with budget expectations.

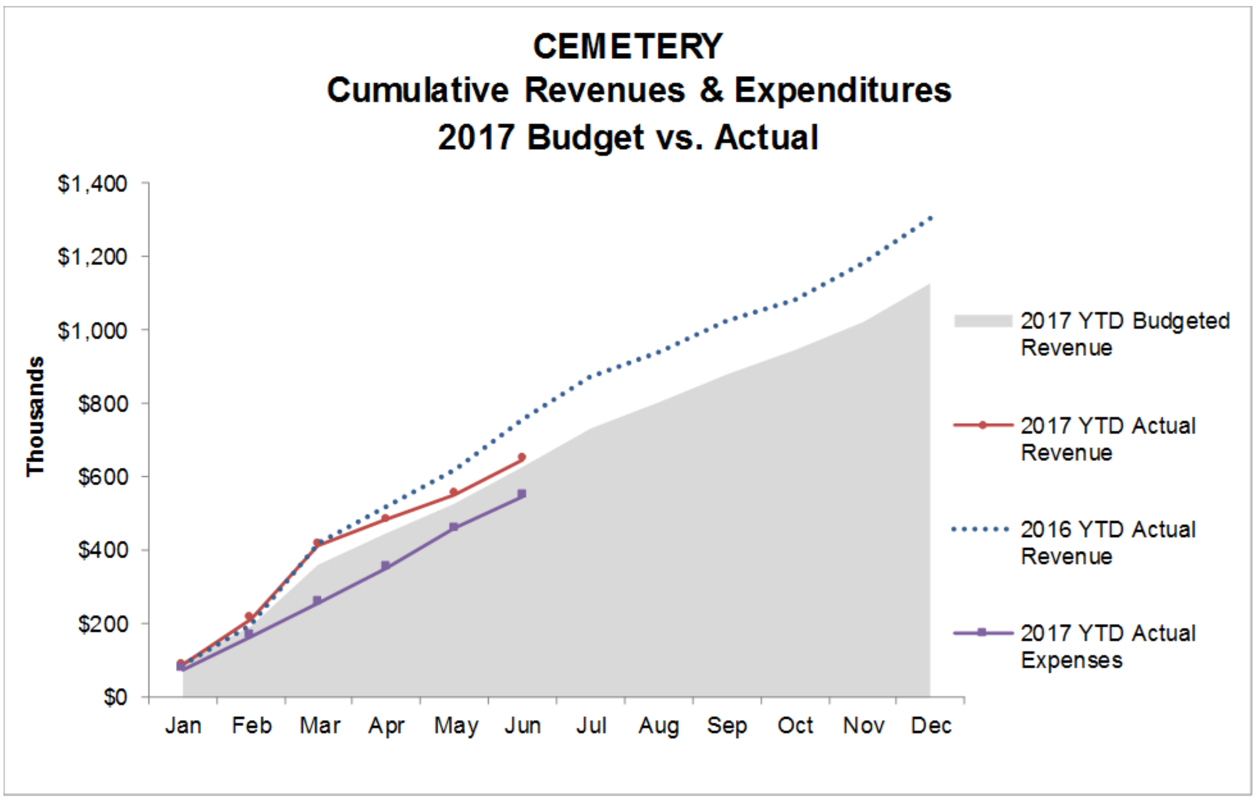


The **Sewer Utility** finished Q2-2017 with operating income before depreciation of $1.3 million, approximately $100,000 greater than Q2-2016 due primarily to higher service revenues in 2017.

The **Sewer-Metro Utility** ended the second quarter with operating income before depreciation of $165,000, as compared with $192,000 in Q1-2016. Variances in this fund are largely due to King County's internal billing process, by which King County bills the City a flat rate each quarter based on the number of customers and consumption volume averaged over prior quarters. Therefore, Sewer-Metro generally experiences a loss early in the year when revenues trend low, and income later in the year when revenues trend higher. The Sewer-Metro Utility is expected to end the year with operating income, consistent with prior years.

The **Stormwater Utility** ended Q2-2017 with operating income before depreciation of $1.7 million, compared with $1.5 million through Q2-2016. The difference is largely due to higher service revenues in 2017.

The **Cemetery Fund** ended Q2-2017 with an operating income of $100,000 as compared with an operating income of $178,000 in through Q2-2016. This variance is mainly due to lower revenue from lot sales, which at $235,000 year-to-date are above average, but low compared to the previous two years, which were exceptional ($299,00 through Q2-2016).



Internal Service Funds

Operating expenditures within the **Insurance** Fund represent the premium cost pool that will be allocated monthly to other City funds over the course of 2017. As a result, this balance will gradually diminish each month throughout the year.

No significant variances are reported in the **Worker's Compensation, Facilities, Innovation & Technology**, or **Equipment Rental** Funds.

Contact Information

This report is prepared by the Finance Department. Additional financial information can also be viewed at our website: http://www.auburnwa.gov/. For any questions about this report please contact Shelley Coleman at scoleman@auburnwa.gov.

City of Auburn
Investment Portfolio Summary
June 30, 2017

Investment Type	Purchase Date	Purchase Price	Maturity Date	Yield to Maturity
State Investment Pool	Various	$ 128,494,910	Various	0.98%
KeyBank Money Market	Various	6,043,749	Various	0.02%
FNMA	3/11/2016	998,844	2/22/2019	1.20%
LAKUTL	9/25/2013	235,919	11/1/2017	1.90%
Total Cash & Investments		$ 135,773,423		0.940%

Investment Mix	% of Total
State Investment Pool	94.6%
KeyBank Money Market	4.5%
US Treasury	0.0%
FNMA	0.7%
LAKUTL	0.2%
	100.0%

Summary	
Current 6-month treasury rate	1.11%
Current State Pool rate	0.98%
KeyBank Money Market	0.02%

SALES TAX SUMMARY
JUNE 2017 SALES TAX DISTRIBUTIONS (FOR APRIL 2017 RETAIL ACTIVITY)

NAICS	CONSTRUCTION	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
236	Construction of Buildings	1,139,466	515,670	673,927	30.7%
237	Heavy and Civil Construction	309,344	117,032	87,476	-25.3%
238	Specialty Trade Contractors	843,470	400,526	435,490	8.7%
	TOTAL CONSTRUCTION	$ 2,292,280	$ 1,033,228	$ 1,196,893	*15.8%*
	Overall Change from Previous Year			*$ 163,665*	

NAICS	MANUFACTURING	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
311	Food Manufacturing	3,278	1,679	2,777	65.4%
312	Beverage and Tobacco Products	9,601	4,902	3,557	-27.4%
313	Textile Mills	415	176	93	-47.6%
314	Textile Product Mills	3,554	1,800	658	-63.4%
315	Apparel Manufacturing	155	135	81	-40.4%
316	Leather and Allied Products	38	18	25	38.2%
321	Wood Product Manufacturing	58,391	29,583	7,934	-73.2%
322	Paper Manufacturing	8,047	3,892	8,455	117.3%
323	Printing and Related Support	52,610	24,551	26,574	8.2%
324	Petroleum and Coal Products	2,145	1,706	339	-80.1%
325	Chemical Manufacturing	10,183	3,283	8,548	160.4%
326	Plastics and Rubber Products	8,168	4,274	3,884	-9.1%
327	Nonmetallic Mineral Products	17,429	7,350	7,728	5.1%
331	Primary Metal Manufacturing	442	183	496	170.3%
332	Fabricated Metal Product Manuf	29,409	15,642	17,694	13.1%
333	Machinery Manufacturing	16,461	7,468	7,961	6.6%
334	Computer and Electronic Product	10,780	4,790	10,763	124.7%
335	Electric Equipment, Appliances	445	296	449	51.6%
336	Transportation Equipment Man	471,441	274,212	242,605	-11.5%
337	Furniture and Related Products	18,661	8,586	10,555	22.9%
339	Miscellaneous Manufacturing	39,437	24,478	13,312	-45.6%
	TOTAL MANUFACTURING	$ 761,091	$ 419,006	$ 374,489	*-10.6%*
	Overall Change from Previous Year			*$ (44,517)*	

NAICS	TRANSPORTATION AND WAREHOUSING	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
481	Air Transportation	1	1	2	61.8%
482	Rail Transportation	24,331	5,932	18,157	206.1%
484	Truck Transportation	7,067	1,844	1,884	2.2%
485	Transit and Ground Passengers	114	24	-3,390	-14345.5%
488	Transportation Support	52,828	30,745	23,404	-23.9%
491	Postal Service	274	141	149	5.8%
492	Couriers and Messengers	301	191	524	173.5%
493	Warehousing and Storage	14,523	8,026	6,516	-18.8%
	TOTAL TRANSPORTATION	$ 99,439	$ 46,904	$ 47,245	*0.7%*
	Overall Change from Previous Year			*$ 341*	

NAICS	WHOLESALE TRADE	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
423	Wholesale Trade, Durable Goods	981,820	466,543	509,344	9.2%
424	Wholesale Trade, Nondurable	281,166	135,871	129,173	-4.9%
425	Wholesale Electronic Markets	1,991	1,082	3,143	190.6%
	TOTAL WHOLESALE	$ 1,264,976	$ 603,496	$ 641,660	*6.3%*
	Overall Change from Previous Year			*$ 38,164*	

NAICS	AUTOMOTIVE	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
441	Motor Vehicle and Parts Dealer	3,409,019	1,664,133	1,771,383	6.4%
447	Gasoline Stations	250,478	116,267	128,562	10.6%
	TOTAL AUTOMOTIVE	$ 3,659,497	$ 1,780,400	$ 1,899,945	*6.7%*
	Overall Change from Previous Year			*$ 119,545*	

NAICS	RETAIL TRADE	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
442	Furniture and Home Furnishings	185,234	83,307 c	100,407	20.5%
443	Electronics and Appliances	220,553	124,066	104,146	-16.1%
444	Building Material and Garden	579,076	269,473	259,705	-3.6%
445	Food and Beverage Stores	397,177	189,338 a	181,069	-4.4%
446	Health and Personal Care Store	284,191	128,769	184,781	43.5%
448	Clothing and Accessories	1,136,431	570,439	551,953 d	-3.2%
451	Sporting Goods, Hobby, Books	237,555	124,081	103,093	-16.9%
452	General Merchandise Stores	1,017,905	541,376	521,330	-3.7%
453	Miscellaneous Store Retailers	473,398	246,150	237,153	-3.7%
454	Nonstore Retailers	321,071	159,546	183,077	14.7%
	TOTAL RETAIL TRADE	$ 4,852,592	$ 2,436,545	$ 2,426,714	*-0.4%*
	Overall Change from Previous Year			*$ (9,831)*	

NAICS	SERVICES	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
51*	Information	630,158	302,035	331,192	9.7%
52*	Finance and Insurance	110,728	53,595	58,155	8.5%
53*	Real Estate, Rental, Leasing	358,628	180,254	173,046	-4.0%
541	Professional, Scientific, Tech	237,656	120,212	121,951	1.4%
551	Company Management	330	170	12	-93.2%
56*	Admin. Supp., Remed Svcs	328,453	180,907	136,466	-24.6%
611	Educational Services	50,026	23,226	25,448	9.6%
62*	Health Care Social Assistance	91,643	46,740	40,364	-13.6%
71*	Arts and Entertainment	156,301	95,282	41,752	-56.2%
72*	Accommodation and Food Svcs	1,217,734	576,727	602,715	4.5%
81*	Other Services	646,579	383,885	261,725	-31.8%
92*	Public Administration	141,806	74,336	73,523	-1.1%
	TOTAL SERVICES	$ 3,970,042	$ 2,037,369	$ 1,866,349	*-8.4%*
	Overall Change from Previous Year			*$ (171,020)*	

NAICS	MISCELLANEOUS	2016 Annual Total (Nov '15-Oct '16)	2016 YTD (Nov '15-Apr '16)	2017 YTD (Nov '16-Apr '17)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	5,534	2,805	2,953	5.3%
211-221	Mining & Utilities	29,410	11,944	10,901	-8.7%
999	Unclassifiable Establishments	32,161	-32,039 b	25,932	-180.9%
	TOTAL SERVICES	$ 67,105	$ (17,289)	$ 39,785	*-330.1%*
	Overall Change from Previous Year			*$ 57,075*	
GRAND TOTAL		16,967,023	8,339,659	8,493,080	
	Overall Change from Previous Year			*153,421*	*1.8%*

Total June 2017 Sales Tax Distributions	**$ 1,323,690**
Dollar Decrease from June 2016	**$ (52,534)**
Percent Decrease from June 2016	**-3.8%**
Comparisons:	
June 2016	**$ 1,376,224**
June 2015	**$ 1,290,721**

Includes Adjustments in excess of +/- $10,000.

a. WA State Dept of Revenue audit adjustment to sales tax returns for period of November 2015 (adjustment: $10,572).
b. WA State Dept of Revenue audit adjustment to sales tax returns for period of April 2016 (adjustment: - $52,898).
c. WA State Dept of Revenue audit adjustment to sales tax returns for period of May 2016 (adjustment: - $16,496).
d. WA State Dept of Revenue audit adjustment to sales tax returns for period of April 2017 (adjustment: - $29,746).

OPERATING & CAPITAL FUNDS	ENTERPRISE FUNDS											
Cash Basis through June 2017	WATER			SEWER			SEWER METRO			STORM		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	14,730,511	6,279,820	(8,450,691)	8,102,441	4,334,863	(3,767,578)	17,237,490	8,808,387	(8,429,103)	9,242,676	4,889,583	(4,353,093)
Grants			-			-			-	-	-	-
Interest Earnings	10,000	36,671	26,671	20,000	13,312	(6,688)	1,000	3,658	2,658	15,000	8,865	(6,135)
Operating Transfers	-	-	-									
Rents, Leases, Concessions, & Other	212,939	105,418	(107,521)	72,849	44,353	(28,496)	-	-	-	60,951	41,180	(19,771)
TOTAL OPERATING REVENUES	14,953,450	6,421,909	(8,531,541)	8,195,290	4,392,528	(3,802,762)	17,238,490	8,812,045	(8,426,445)	9,318,627	4,939,627	(4,379,000)
OPERATING EXPENSES												
Salaries & Wages	2,688,501	1,288,359	1,400,142	1,742,176	888,995	853,181	-	-	-	2,500,996	1,288,455	1,212,541
Benefits	1,314,301	608,571	705,730	842,110	406,226	435,884	-	-	-	1,233,452	603,125	630,327
Supplies	334,444	111,797	222,647	136,750	43,292	93,458	-	-	-	94,750	33,617	61,133
Other Service Charges	4,959,380	1,248,901	3,710,479	2,867,890	1,224,097	1,643,793	-	-	-	1,733,290	639,659	1,093,631
Intergovernmental Services (Less Transfers Out)	-	-	-	403,332	2,210	401,122				583,312	-	583,312
Waste Management Payments see Note												
Sewer Metro Services							17,294,700	8,647,013	8,647,687			
Debt Service Interest	1,345,282	72,728	1,272,554	276,483	13,335	263,148	-	-	-	361,418	-	361,418
Net Change Restricted Assets												
Interfund Operating Rentals & Supplies	1,422,716	711,401	711,315	1,039,865	521,739	518,126	-	-	-	1,441,066	721,567	719,499
TOTAL OPERATING EXPENSES	12,064,624	4,041,756	8,022,868	7,308,606	3,099,893	4,208,713	17,294,700	8,647,013	8,647,687	7,948,284	3,286,422	4,661,862
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION (*)	2,888,826	2,380,153	(508,673)	886,684	1,292,635	405,951	(56,210)	165,032	221,242	1,370,343	1,653,205	282,862
Transfer to Capital Subfund	1,000,000	-	1,000,000	1,000,000	-					1,400,000	-	
Other Operating Transfers	331,166	56,865	274,301	393,832	38,704	355,128				500,312	131,526	368,786
Debt Service Principal	1,732,527	624,107	1,108,420	541,127	288,262	252,865				413,162	-	413,162
Net Change in Restricted Net Assets	-	964,064	964,064	-	131,232	131,232				-	985,630	985,630
BEGINNING WORKING CAPITAL - January 1, 2017	4,745,398	7,977,666	3,232,268	1,821,037	2,810,410	989,373	2,374,705	2,672,022	297,317	2,132,662	2,005,792	(126,870)
ENDING WORKING CAPITAL - June 30, 2017	4,570,531	8,712,783	4,142,252	772,762	3,644,847	2,872,085	2,318,495	2,837,054	518,559	1,189,531	2,541,840	1,352,309
NET CHANGE IN WORKING CAPITAL (see Note)	(174,867)	735,117	909,984	(1,048,275)	834,437	1,882,712	(56,210)	165,032	221,242	(943,131)	536,048	1,479,179
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue	-	7,873	7,873	-	47,917	47,917				-	49,851	49,851
Grants	175,000	-	(175,000)							-	-	-
Contributions			-	-	-	-				-	-	-
Other Non-Operating Revenue	-	-	-	-	-	-				-	-	-
Gain (Loss) On Sale Of Fixed Assets	-	-	-	-	-	-				-	-	-
Increase In Contributions - System Development	1,000,000	287,024	(712,976)	500,000	165,214	(334,786)				500,000	237,994	(262,006)
Interfund Revenues	-	-	-	-	-	-				-	-	-
Increase In Contributions - FAA	-	-	-	-	-	-				-	-	-
Proceeds of Debt Activity	5,402,159	6,808	(5,395,351)	-	-	-				-	-	-
Transfers In from Operating Sub-Fund	1,000,000	-	(1,000,000)	1,000,000	-	(1,000,000)				1,400,000	-	(1,400,000)
Transfer In from Other Funds	200,000	-	(200,000)	-	-	-				-	-	
Other Sources	-	-	-	-	-	-				-	-	-
TOTAL CAPITAL REVENUES	7,777,159	301,705	(7,475,454)	1,500,000	213,131	(1,286,869)				1,900,000	287,845	(1,612,155)
CAPITAL EXPENSES												
Other Non-Operating Expense	-	(572,557)	572,557	-	-	-				-	(800,501)	800,501
Increase In Fixed Assets - Salaries	382,143	88,935	293,208	86,429	32,085	54,344				152,143	94,487	57,657
Increase In Fixed Assets - Benefits	152,857	40,047	112,810	34,571	14,643	19,928				60,857	41,834	19,023
Increase In Fixed Assets - Services	-	4,107	(4,107)	-	2,324	(2,324)				-	-	-
Increase In Fixed Assets - Site Improvements	-	18,287	(18,287)	-	-	-					-	-
Increase In Fixed Assets - Equipment			-			-						-
Increase In Fixed Assets - Construction	10,544,977	1,496,788	9,048,189	2,686,218	240,298	2,445,920				3,906,304	1,057,298	2,849,007
Increase In Fixed Assets - Other			-			-				-	3,135	(3,135)
Operating Transfers Out	50,000	50,000	-	50,000	50,000	-				156,000	50,000	106,000
TOTAL CAPITAL EXPENSES	11,129,977	1,125,608	10,004,369	2,857,218	339,350	2,517,868				4,275,304	446,252	3,829,052
BEGINNING WORKING CAPITAL - January 1, 2017	4,013,871	1,936,373	(2,077,498)	9,178,437	12,710,295	3,531,858				12,722,447	13,379,700	657,253
ENDING WORKING CAPITAL - June 30, 2017	661,053	1,112,470	451,417	7,821,219	12,584,076	4,762,857				10,347,143	13,221,293	2,874,150
NET CHANGE IN WORKING CAPITAL (see Note)	(3,352,818)	(823,903)	2,528,915	(1,357,218)	(126,220)	1,230,998				(2,375,304)	(158,407)	2,216,897
Total Change in Working Capital	(3,527,685)	(88,786)	3,438,899	(2,405,493)	708,218	3,113,711	(56,210)	165,032	221,242	(3,318,435)	377,641	3,696,076

Working Capital = Current Assets minus Current Liabilities

OPERATING & CAPITAL FUNDS	ENTERPRISE FUNDS									INTERNAL SERVICE FUNDS		
Cash Basis through June 2017	SOLID WASTE			AIRPORT			CEMETERY			INSURANCE		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	14,816,200	7,323,558	(7,492,642)	807,800	429,482	(378,318)	927,500	645,218	(282,282)	-	-	-
Grants	87,300	5,452	(81,848)	-	-	-			-			-
Interest Earnings	9,000	15,963	6,963	2,500	2,305	(195)	800	1,609	809	1,500	2,561	1,061
Operating Transfers							200,000	-	(200,000)	670,715	335,358	(335,358)
Rents, Leases, Concessions, & Other	-	-	-	3,000	4,401	1,401	-	-	-			-
TOTAL OPERATING REVENUES	14,912,500	7,344,973	(7,567,527)	813,300	436,188	(377,112)	1,128,300	646,827	(481,473)	672,215	337,918	(334,297)
OPERATING EXPENSES												
Salaries & Wages	325,910	160,993	164,917	-	-	-	475,628	240,566	235,062	-	-	-
Benefits	147,414	71,325	76,089	-	-	-	258,734	125,302	133,432	225,750	33,831	191,919
Supplies	36,542	973	35,569	2,500	-	2,500	221,700	113,654	108,046	-	-	-
Other Service Charges	1,576,565	714,204	862,361	484,950	234,658	250,292	156,750	43,128	113,622	4,230	544,164	(539,934)
Intergovernmental Services (Less Transfers Out)	363,600	91,202	272,398	-	-	-	1,332	147	1,185	-	-	-
Waste Management Payments see Note	11,975,500	4,866,458	7,109,042									
Sewer Metro Services												
Debt Service Interest	-	-	-	24,357	4,860	19,497	(0)	-	(0)	-	-	-
Net Change Restricted Assets				39,942	19,914	20,028						
Interfund Operating Rentals & Supplies	111,587	55,794	55,793	1,400	702	698	47,833	23,916	23,917	-	-	-
TOTAL OPERATING EXPENSES	14,537,118	5,960,950	8,576,168	553,149	260,134	293,015	1,161,977	546,712	615,265	229,980	577,995	(348,015)
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION (*)	375,382	1,384,024	1,008,642	260,151	176,054	(84,097)	(33,677)	100,115	133,792	442,235	(240,077)	(682,312)
Transfer to Capital Subfund												
Other Operating Transfers	-	-	-	-	-	-	1,332	147	1,185			
Debt Service Principal				165,000	-	165,000	-	-	-			
Net Change in Restricted Net Assets				-	(10,513)	(10,513)	-	-	-			
BEGINNING WORKING CAPITAL - January 1, 2017	3,849,877	4,411,853	561,976	188,565	236,649	48,084	277,586	293,829	16,243	1,312,689	1,385,685	72,996
ENDING WORKING CAPITAL - June 30, 2017	4,225,259	5,795,876	1,570,617	283,716	423,216	139,500	243,909	393,944	150,035	1,754,924	1,145,608	(609,316)
NET CHANGE IN WORKING CAPITAL (see Note)	375,382	1,384,024	1,008,642	95,151	186,567	91,416	(33,677)	100,115	133,792	442,235	(240,077)	(682,312)
		see Note										
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue				-	1,400	1,400	-	952	952			
Grants												
Contributions				16,667	-	(16,667)	-	-	-			
Other Non-Operating Revenue				-	-	-	-	-	-			
Gain (Loss) On Sale Of Fixed Assets				-	-	-	-	-	-			
Increase In Contributions - System Development				-	-	-	-	-	-			
Interfund Revenues				-	-	-	-	-	-			
Increase In Contributions - FAA				300,000	-	(300,000)	-	-	-			
Proceeds of Debt Activity				-	-	-	-	-	-			
Transfers In from Operating Sub-Fund				275,000	255,608	(19,392)	-	-	-			
Transfer In from Other Funds												
Other Sources				-	-	-	-	-	-			
TOTAL CAPITAL REVENUES				591,667	257,008	(334,659)	-	952	952			
CAPITAL EXPENSES												
Other Non-Operating Expense				-	-	-	-	-	-			
Increase In Fixed Assets - Salaries				21,429	-	21,429	-	-	-			
Increase In Fixed Assets - Benefits				8,571	-	8,571	-	-	-			
Increase In Fixed Assets - Services				-	-	-	-	-	-			
Increase In Fixed Assets - Site Improvements						-	-	-	-			
Increase In Fixed Assets - Equipment						-			-			
Increase In Fixed Assets - Construction				608,334	275,035	333,299	-	-	-			
Increase In Fixed Assets - Other						-			-			
Operating Transfers Out				-	-	-	-	-	-			
TOTAL CAPITAL EXPENSES				638,334	275,035	363,299	-	-	-			
BEGINNING WORKING CAPITAL - January 1, 2017				158,410	360,602	202,192	157,301	256,633	99,332			
ENDING WORKING CAPITAL - June 30, 2017				111,743	342,575	230,832	157,301	257,585	100,284			
NET CHANGE IN WORKING CAPITAL (see Note)				(46,667)	(18,027)	28,640	-	952	952			
Total Change in Working Capital	375,382	1,384,024		48,484	168,540	120,056	(33,677)	101,067	134,744	442,235	(240,077)	(682,312)

Working Capital = Current Assets minus Current Liabilities

Note: Working capital balance only includes five Waste Management payments due to the timing of June's payment ($988,974), which will be made in July.

OPERATING & CAPITAL FUNDS	INTERNAL SERVICE FUNDS											
Cash Basis through June 2017	WORKER'S COMPENSATION			FACILITIES			INNOVATION & TECHNOLOGY			EQUIPMENT RENTAL		
	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance	Budget	YTD Actual	Variance
OPERATING FUND:												
OPERATING REVENUES												
Charges For Service	961,300	470,617	(490,683)	3,453,700	1,739,997	(1,713,703)	6,038,376	3,019,520	(3,018,856)	2,263,102	1,141,471	(1,121,631)
Grants			-	-	-	-			-			-
Interest Earnings	2,600	4,624	2,024	8,800	8,147	(653)	5,000	4,888	(112)	-	10,626	10,626
Operating Transfers							579,916	108,729	(471,187)	720,000	100,000	(620,000)
Rents, Leases, Concessions, & Other	93,000	1,742	(91,258)	-	36,816	36,816	-	-	-	-	107,785	107,785
TOTAL OPERATING REVENUES	1,056,900	476,983	(579,917)	3,462,500	1,784,959	(1,677,541)	6,623,292	3,133,136	(3,490,156)	2,983,102	1,359,882	(1,623,220)
OPERATING EXPENSES												
Salaries & Wages	76,324	38,396	37,928	655,000	309,658	345,342	1,822,981	894,909	928,072	681,943	287,693	394,250
Benefits	364,638	44,471	320,167	358,001	164,832	193,169	817,418	383,194	434,224	349,650	145,445	204,205
Supplies	-	-	-	150,220	58,958	91,262	508,250	170,284	337,966	1,074,000	380,194	693,806
Other Service Charges	492,915	154,902	338,013	1,818,387	619,281	1,199,106	2,809,630	1,407,980	1,401,650	427,580	173,946	253,634
Intergovernmental Services (Less Transfers Out)	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management Payments see Note												
Sewer Metro Services												
Debt Service Interest	-	-	-	-	-	-	-	-	-	3,843	2,077	1,766
Net Change Restricted Assets												
Interfund Operating Rentals & Supplies	-	-	-	140,784	70,392	70,392	191,031	95,508	95,523	231,152	115,676	115,476
TOTAL OPERATING EXPENSES	933,877	237,769	696,108	3,122,392	1,223,121	1,899,271	6,149,310	2,951,875	3,197,435	2,768,168	1,105,032	1,663,136
OPERATING REVENUES LESS EXPENSES BEFORE DEPRECIATION (*)	123,023	239,214	116,191	340,108	561,838	221,730	473,982	181,262	(292,720)	214,934	254,850	39,916
Transfer to Capital Subfund												
Other Operating Transfers							400	400	-	-	-	-
Debt Service Principal										40,297	20,043	20,254
Net Change in Restricted Net Assets							-	-	-	-	(36,241)	(36,241)
BEGINNING WORKING CAPITAL - January 1, 2017	787,022	1,097,368	310,346	1,762,019	1,853,016	90,997	295,416	1,064,713	769,297	2,268,495	2,749,240	480,745
ENDING WORKING CAPITAL - June 30, 2017	910,045	1,336,581	426,536	2,102,127	2,414,854	312,727	768,998	1,245,574	476,576	2,443,132	3,020,288	577,156
NET CHANGE IN WORKING CAPITAL (see Note)	123,023	239,214	116,191	340,108	561,838	221,730	473,582	180,862	(292,720)	174,637	271,048	96,411
CAPITAL FUND:												
CAPITAL REVENUES												
Interest Revenue							-	7,975	7,975	-	11,819	11,819
Grants												
Contributions							-	-	-	-	-	-
Other Non-Operating Revenue							-	-	-	-	-	-
Gain (Loss) On Sale Of Fixed Assets							-	-	-	-	-	-
Increase In Contributions - System Development							-	-	-	-	-	-
Interfund Revenues							-	-	-	1,703,631	851,814	(851,817)
Increase In Contributions - FAA							-	-	-	-	-	-
Proceeds of Debt Activity							-	-	-	-	-	-
Transfers In from Operating Sub-Fund							-	52,202	52,202	-	-	-
Transfer In from Other Funds							169,232	-	(169,232)	390,927	65,129	(325,798)
Other Sources							-	-	-	-	-	-
TOTAL CAPITAL REVENUES							169,232	60,177	(109,055)	2,094,558	928,762	(1,165,796)
CAPITAL EXPENSES												
Other Non-Operating Expense							-	-	-	-	-	-
Increase In Fixed Assets - Salaries							-	1,548	(1,548)	-	-	-
Increase In Fixed Assets - Benefits							-	565	(565)	-	-	-
Increase In Fixed Assets - Services							-	-	-	-	-	-
Increase In Fixed Assets - Site Improvements									-			-
Increase In Fixed Assets - Equipment							-	302,186	(302,186)	1,961,665	862,140	1,099,525
Increase In Fixed Assets - Construction								16,814	(16,814)	710,000	-	710,000
Increase In Fixed Assets - Other									-		-	
Operating Transfers Out							-	-	-	-	-	-
TOTAL CAPITAL EXPENSES							-	321,113	(321,113)	2,671,665	862,140	1,809,525
BEGINNING WORKING CAPITAL - January 1, 2017							1,925,983	2,319,577	393,594	1,761,822	3,020,402	1,258,580
ENDING WORKING CAPITAL - June 30, 2017							2,095,215	2,058,641	(36,574)	1,184,715	3,087,024	1,902,309
NET CHANGE IN WORKING CAPITAL (see Note)							169,232	(260,936)	(430,168)	(577,107)	66,622	643,729
Total Change in Working Capital	123,023	239,214	116,191	340,108	561,838	221,730	642,814	(80,074)	(722,888)	(402,470)	337,670	740,140

Working Capital = Current Assets minus Current Liabilities

The following table provides an analysis of each of the City's Enterprise and Internal Service funds - showing 2017 revenues and expenditures by fund through June and includes the Fund Balance in the associated Capital Sub-Fund.

FUND BALANCE

	ENTERPRISE FUNDS							INTERNAL SERVICE FUNDS				
	WATER	SEWER	SEWER METRO	STORM	SOLID WASTE	AIRPORT	CEMETERY	INSURANCE	WORKER'S COMPENSATION	FACILITIES	INNOVATION & TECHNOLOGY	EQUIPMENT RENTAL
OPERATING REVENUES												
Charges For Services	$ 6,279,820	$ 4,334,863	$ -	$ 4,889,583	$ 7,323,558	$ 25,432	$ 645,218	$ -	$ -	$ -	$ -	$ -
Interfund Charges For Services	-	-	-	-	-	-	-	-	472,358	1,687,098	2,985,513	1,993,285
Sewer Metro Services Revenue	-	-	8,808,387	-	-	-	-	-	-	-	-	-
Rents, Leases, Concessions & Other	-	-	-	-	-	404,050	-	-	-	52,899	34,006	-
TOTAL OPERATING REVENUES	$ 6,279,820	$ 4,334,863	$ 8,808,387	$ 4,889,583	$ 7,323,558	$ 429,482	$ 645,218	$ -	$ 472,358	$ 1,739,997	$ 3,019,520	$ 1,993,285
OPERATING EXPENSES												
Administration & Other	$ 2,245,806	$ 2,262,240	$ -	$ 1,685,007	$ 850,295	$ 30,846	$ 164,548	$ 577,995	$ -	$ -	$ -	$ 413,027
Operations & Maintenance	1,723,222	826,643	8,647,013	1,604,551	5,110,655	204,513	382,017	-	237,769	1,223,121	2,951,875	689,928
Depreciation & Amortization	1,642,014	1,103,538	-	947,932	9,410	232,447	25,382	-	-	-	382,067	548,369
TOTAL OPERATING EXPENSES	$ 5,611,042	$ 4,192,421	$ 8,647,013	$ 4,237,490	$ 5,970,360	$ 467,807	$ 571,947	$ 577,995	$ 237,769	$ 1,223,121	$ 3,333,942	$ 1,651,324
OPERATING INCOME (LOSS)	$ 668,778	$ 142,443	$ 161,374	$ 652,093	$ 1,353,198	$ (38,325)	$ 73,271	$ (577,995)	$ 234,589	$ 516,875	$ (314,423)	$ 341,960
NON-OPERATING REVENUES & EXPENSES												
Interest Revenue	$ 44,544	$ 61,229	$ 3,658	$ 58,716	$ 15,963	$ 3,705	$ 2,561	$ 2,561	$ 4,624	$ 8,147	$ 12,863	$ 22,445
Other Non-Operating Revenue	105,418	37,461	-	41,180	5,452	4,401	-	-	-	36,816	-	105,840
Gain (Loss) On Sale Of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	1,946
Other Non-Operating Expense	(72,728)	(63,335)	-	-	-	(4,860)	-	-	-	-	-	(2,077)
TOTAL NON-OPERATING REVENUES & EXPENSES	$ 77,234	$ 35,355	$ 3,658	$ 99,896	$ 21,416	$ 3,246	$ 2,561	$ 2,561	$ 4,624	$ 44,963	$ 12,863	$ 128,153
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	$ 746,012	$ 177,798	$ 165,032	$ 751,989	$ 1,374,614	$ (35,079)	$ 75,832	$ (575,434)	$ 239,214	$ 561,838	$ (301,560)	$ 470,114
Contributions	$ 287,024	$ 172,105	$ -	$ 237,994	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers In	-	-	-	-	-	255,608	-	335,358	-	-	160,931	165,129
Transfers Out	(106,865)	(38,704)	-	(181,526)	-	-	(147)	-	-	(403,518)	(400)	-
TOTAL CONTRIBUTIONS & TRANSFERS	$ 180,159	$ 133,401	$ -	$ 56,468	$ -	$ 255,608	$ (147)	$ 335,358	$ -	$ (403,518)	$ 160,531	$ 165,129
CHANGE IN FUND BALANCE	$ 926,171	$ 311,199	$ 165,032	$ 808,456	$ 1,374,614	$ 220,529	$ 75,685	$ (240,077)	$ 239,214	$ 158,320	$ (141,029)	$ 635,242
BEGINNING FUND BALANCE - January 1, 2017	$ 75,751,705	$ 81,919,221	$ 2,672,022	$ 64,010,652	$ 4,245,695	$ 9,514,116	$ 1,374,410	$ 1,385,685	$ 1,064,528	$ 1,530,324	$ 4,291,351	$ 10,920,413
ENDING FUND BALANCE - June 30, 2017	$ 76,677,877	$ 82,230,420	$ 2,837,054	$ 64,819,109	$ 5,620,309	$ 9,734,645	$ 1,450,095	$ 1,145,608	$ 1,303,741	$ 1,688,644	$ 4,150,323	$ 11,555,656

AGENDA BILL APPROVAL FORM

Agenda Subject:
Matrix

Date:
August 10, 2017

Department:
Administration

Attachments:
Matrix
SFAs

Budget Impact:
$0

Administrative Recommendation:

Background Summary:

Reviewed by Council Committees:

Councilmember:

Staff:

Meeting Date: August 14, 2017

Item Number:

COUNCIL MATRIX

NO.	TOPIC	Chair	STAFF LEAD(S)	STUDY SESSION REVIEW DATE(S)	COUNCIL DISCUSSION SUMMARY	ACTION DATE
1	$20 Car Tab	Chair Wales		TBD Sept 2017 study session		
2	Capital Projects Update and Featured Capital Project Discussion	Chair Wagner Vice Chair DaCorsi	Director Snyder	8/14/2017		
3	Community Sustainability Series: Economic and Statutory Considerations for Municipalities	Chair Wagner Vice Chair DaCorsi	Director Snyder	Rescheduled for later this year		
4	IT Update on Digital Parity	Chair Wagner Vice Chair DaCorsi	Director Haugan	10/09/2017		
5	Code Enforcement Presentation	Chair Wagner Vice Chair DaCorsi	Director Snyder	10/9/2017		
6	Property at 104th and 102nd	Chair Wagner Vice Chair DaCorsi	Director Snyder	10/9/2017		
7	Business Shopping Carts	Chair Peloza Vice Chair Baggett	Director Snyder	8/28/2017		
8	District Court Briefing Follow-up	Chair Peloza Vice Chair Baggett	Director Roscoe	8/28/2017		
9	Police Calls for Mental Health Issues	Chair Peloza Vice Chair Baggett	Chief Lee	8/28/2017		
10	Pioneer Cemetery	Chair Peloza Vice Chair Baggett	Director Faber	8/28/2017		
11	Second Quarter Financial Report	Chair Baggett Vice Chair Wagner	Director Coleman	8/14/2017		
12	2016 CAFR	Chair Baggett Vice Chair Wagner	Director Coleman	8/14/2017		
13	Solid Waste Contract Extension	Chair Baggett Vice Chair Wagner	Director Coleman	8/14/2017		
14	Fire Relief & Pension Fund	Chair Baggett Vice Chair Wagner	Director Coleman	8/14/2017		
15	Investment Policy Update	Chair Baggett Vice Chair Wagner	Director Coleman	8/14/2017		
16	Legal Rights for Undocumented Residents	Chair Trout-Manuel Vice Chair Wales	Director Hinman	future meeting		
17	CDBG Grant Parameters	Chair Trout-Manuel Vice Chair Wales		9/11/2017		

SPECIAL FOCUS AREAS

HEALTH & HUMAN SERVICES	FINANCE & ECONOMIC DEVELOPMENT	PUBLIC WORKS & COMMUNITY DEVELOPMENT	MUNICIPAL SERVICES
HUMAN SERVICES FUNDING PUBLIC WELLNESS DOMESTIC VIOLENCE SERVICES HOMELESSNESS SERVICES AFFORDABLE HOUSING COMMUNITY SERVICES HUMAN RESOURCES MEDICAL COMMUNITY RELATIONS	CITY BUDGET & AMENDMENTS RISK MANAGEMENT EQUIPMENT RENTAL FACILITIES CITY REAL PROPERTY LEGAL DEVELOPMENT INCENTIVES BUSINESS DEVELOPMENT ECONOMIC DEVELOPMENT STRATEGIES	UTILITIES ZONING, CODES & PERMITS INNOVATION & TECHNOLOGY TRANSPORTATION STREETS ENGINEERING CAPITAL PROJECTS SUSTAINABILITY ENVIRONMENTAL PROTECTION CULTURAL ARTS & PUBLIC ARTS PLANNING	POLICE SCORE JAIL DISTRICT COURT PARKS & RECREATION ANIMAL CONTROL SOLID WASTE EMERGENCY PLANNING AIRPORT AIRPORT BUSINESSES SISTER CITIES MULTIMEDIA
Councilmember Trout-Manuel, Chair Deputy Mayor Wales, Vice Chair	Councilmember Baggett, Chair Councilmember Wagner, Vice Chair	Councilmember Wagner, Chair Councilmember DaCorsi, Vice Chair	Councilmember Peloza, Chair Councilmember Baggett, Vice Chair

2017 MEETING DATES March 13, 2017 May 8, 2017 July 10, 2017 September 11, 2017 November 13, 2017	2017 MEETING DATES March 27, 2017 ~~May 22, 2017~~June 12, 2017 ~~July 24, 2017~~August 14, 2017 September 25, 2017 November 27, 2017	2017 MEETING DATES April 10, 2017 ~~June 12, 2017~~May 22, 2017 ~~August 14, 2017~~July 24, 2017 October 9, 2017 December 11, 2017	2017 MEETING DATES April 24, 2017 June 26, 2017 August 28, 2017 October 23, 2017 December 26, 2017

Revised 06-12-2017