



## RESOLUTION NO. 39582

1 A RESOLUTION relating to finance and budget; amending the Capital Planning  
2 Policies section of the Financial and Budget Policy Statement of the City  
3 of Tacoma.

4 WHEREAS the City's Financial and Budget Policy Statement was last  
5 updated in 2013, and

6 WHEREAS the document incorporates "best practices" of budgeting,  
7 financial, and debt management; comprehensively combines and updates key  
8 policies; and provides a framework for the biennial budget, and

9 WHEREAS the Capital Planning Policies section of the document should  
10 be updated to reflect changes to policies that govern the management of  
11 Special Capital Funds 3211, 1140, and 1060, which are used to manage and  
12 track multi-year capital projects, and

13 WHEREAS, unlike other funds in the City, the proposed amendment  
14 would establish multi-year appropriation authority for said funds, and, for active  
15 capital projects, unspent appropriations at the end of a biennium will be carried  
16 over to the next biennium without further action by the City Council, and

17 WHEREAS the proposed updates reflect a new best practice and  
18 transparent strategy for managing capital project budgets; Now, Therefore,  
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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the Capital Planning Policies section of the Financial and Budget Policy Statement of the City of Tacoma is hereby amended as set forth in the attached Exhibit "A."

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney



## EXHIBIT "A"

1 Capital Planning Budget Policies

2 The major sources of funding for the ~~operating divisions' capital improvement and~~  
3 ~~extraordinary maintenance programs capital budget~~ are revenues, grants, and debt.  
4 Financing planned capital replacement costs are an ongoing challenge. It involves  
5 evaluating capital assets, estimating their expected useful lives, projecting  
6 replacement costs, examining financing options, determining bonding levels,  
7 estimating user fees/tax levies, and evaluating the impact on property  
8 owners/stakeholders.

7 Estimating future needs well in advance helps the City develop practical strategies  
8 for meeting future demands. Preparing for the challenges of infrastructure  
9 replacement or enhancements demands a long-term view of replacement needs in  
10 an effort to:

- 10 • Ensure that the City's infrastructure is improved to meet the community's  
11 expectations and that there is no further growth in aggregate dollar amount  
12 of deferred maintenance.
- 12 • Moderate changes in tax levies and user fees.
- 13 • Manage debt levels.
- 14 • Predict and carefully plan for future debt issuance.
- 14 • Provide stable revenues.
- 15 • Limit the use of special assessments to finance replacement costs.
- 16 • In general, sharp changes in tax levies and user fees are unacceptable to  
17 citizens, business owners, and elected officials. In order to provide stability  
18 the City will:
  - 18 ○ Develop a six-year capital planning and financing system for use in  
19 preparing a multi-year capital plan for adoption by the City Council as  
20 required by the Growth Management Act of Washington State.
  - 20 ○ ~~Require all operating divisions to prepare multi-year capital plans.~~
  - 21 ○ Assign the responsibility for coordinating and preparing the City's Capital  
22 Facilities Program to the Office of Management & Budget.
  - 22 ○ Consider long-term borrowing as an appropriate method of financing  
23 large capital projects that benefit more than one generation of users.
  - 23 ○ ~~Adopt the first two years of the six-year capital plan as part of the City's  
24 biennial budget.~~

24 Appropriating the Capital Budget

25 Unlike the operating budget, which sets appropriation levels for the two years of the  
26 upcoming biennium, the capital budget establishes multi-year or long-term



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appropriation authority. Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is exercised at the fund level. The capital budget approved by City Council establishes the appropriation or spending authority for the duration of all projects residing in each capital fund. Amounts approved will not lapse and will remain until expended for the intended purpose or unencumbered by a future ordinance.

Capital project and grant appropriations lapse when the project or grant activity is completed. For open projects, any unspent appropriations at biennium end will not lapse and will be carried over to the next biennium without further Council action.

Amendments to a capital fund budget may be initiated for any the following reasons:

- To appropriate new projects as approved by the City Council.
- To appropriate additional expenses as a result of new funds or use of reserves.
- To transfer funds between projects that have a similar purpose.

The Office of Management & Budget shall perform an annual review of all capital projects and provides status updates to the City Council. The review will include capital budget amendments.