



**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee**  
**Meeting** Tuesday, August 14, 2018, 5:30 P.M.

Snohomish Fire District No. 7, Station No. 31,  
Training Room, 163 Village Court, Monroe, WA

**2018 Committee**  
Councilmembers  
Jason Gamble  
Kevin Hanford  
Kirk Scarboro

# AGENDA

- I. **Call to Order** (Councilmember Gamble)
  
- II. **Approval Minutes** (Meeting of Tuesday, July 10, 2018) [Page 2]
  
- III. **Unfinished Business**
  - A. Debt Policy – Continued (Finance) [Page 4]
  
- IV. **New Business**
  - A. EASC WeChat Initiative (Administration) [Page 23]
  - B. Property Tax/Revenues Discussion (Finance) [Page 53]
  
- V. **Other**
  
- VI. **Next Committee Meeting** (September 11, 2018)
  
- VII. **Adjournment**



**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee Meeting**  
Tuesday, July 10, 2018, 6:00 P.M.  
Monroe City Hall

**2018 Committee**  
Councilmembers  
Jason Gamble  
Kevin Hanford  
Kirk Scarboro

## MINUTES

### I. Call to Order

A regular meeting of the Monroe City Council Finance & Human Resource Committee was held on July 10, 2018, at Monroe City Hall. The Meeting was called to order by Councilmember Hanford at 5:34 p.m.

Committee Present: Councilmembers Kevin Hanford and Kirk Scarboro  
Mayor Present: Geoffrey Thomas  
Staff Present: Elizabeth Adkisson, City Clerk; Becky Hasart, Finance Director; and Deborah Knight, City Administrator  
Citizens Present: Heather Rousey, Planning Commissioner

### II. Approval Minutes (Meeting of Tuesday, May 8, 2018)

Councilmember Scarboro moved to approve the Finance & Human Resources Committee Meeting minutes of Tuesday, May 8, 2018; the motion was seconded by Councilmember Hanford. Motion carried (2-0).

### III. Unfinished Business

#### A. Debt Policy - Continued (Finance)

Ms. Hasart continued review of the City of Poulsbo Debt Policy as a possible template for the creation of a City of Monroe debt policy; including: introduction/guiding principles (roles and responsibilities, ethical standards); professional services (bond counsel, financial advisors, underwriters, fiscal agent/bank, etc.); Debt Structure (types of debt instruments); and Transaction Specific Policies (methods of sale, limitations on debt issuance, debt structuring practices).

Discussion ensued throughout the review regarding: current professional services (bond counsel, financial advisors, fiscal agents/bank, etc.); North Kelsey debt service and land sales; budgeting and reserve policies; and limitations on debt issuance (setting a debt limit target and debt coverage ratio).

Ms. Hasart noted this item would be continued at the next Committee Meeting.

### IV. New Business - NONE

### V. Next Committee Meeting (August 14, 2018)

By consensus, Committeemembers agreed to a start time of 5:30 p.m. for the August 14, 2018, Committee Meeting. Agendas items to include the surplus property policy and continued discussion on the debt policy.

## **VI. Adjournment**

Councilmember Hanford moved to adjourn the July 10, 2018, Monroe City Council Finance & Human Resource Committee meeting; the motion was seconded by Councilmember Scarboro. Motion carried (2-0); the meeting adjourned at 6:45 p.m.

DRAFT



**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee Meeting**  
**Tuesday, August 14, 2018, 5:30 P.M.**  
**Agenda Bill**

**2018 Committee**  
 Councilmembers  
 Jason Gamble  
 Kevin Hanford  
 Kirk Scarboro

|                 |  |
|-----------------|--|
| <b>SUBJECT:</b> | <b><i>Debt Policy Provision Discussion</i></b> |
|-----------------|--|

| <b>DATE:</b> | <b>DEPT:</b> | <b>CONTACT:</b> | <b>PRESENTER:</b> | <b>ITEM:</b>                 |
|--------------|--------------|-----------------|-------------------|------------------------------|
| 08/14/2018   | Finance      | Becky Hasart    | Becky Hasart      | <b>Unfinished Business A</b> |

- Discussion:** 03/13/2018, 05/08/2018; 07/10/2018; 08/14/2018
- Attachments:**
1. City of Poulsbo Debt Policy
  2. Exert from City of North Bend Policies – Debt
  3. Exert from Alderwood Water and Wastewater District (AWWD) financial policies
  4. Debt Capacity Schedule
  5. Schedule of Liabilities-debt only
  6. GFOA Best Practices – Debt Management

**REQUESTED ACTION:** Discussion only.

**DESCRIPTION/BACKGROUND**

For tonight’s discussion, it is recommended that we begin to go through the City of Poulsbo Debt Policy’s various sections to determine how or if they would be appropriate for Monroe. If time allows, we will also discuss the pertinent sections from the City of North Bend’s policy and the newly attached AWWD financial policies.

From March 13, 2018:

{The terms debt and bond(s) are used interchangeably and mean the same thing – a long term outstanding liability of the City.}

The City Council is responsible for all fiscal policies. While the City has used debt to support its capital and operational needs, the City does not have an adopted formal debt policy.

Establishing a debt policy will help insure that any bonds issued/debt incurred by the City is done in a systematic manner that is prudent and cost effective. Having a formally adopted policy is also considered a financial best practice that is viewed favorably by debt rating services. Attached to this packet is the Government Finance Officers Association’s (GFOA) best practice recommendations. GFOA’s recommendations include addressing the following five topics:

- Debt limits.
- Debt structuring practices.
- Debt issuance practices.
- Debt management practices.
- Use of derivatives.

It is a goal of this administration to work with the Council toward adoption of an appropriate debt policy no later than October 2018.

Total debt outstanding for the City, inclusive of both GO and revenue bonds, is \$28,058,799. The following breaks down the types and amount of debt that makes up this total:

As of the end of fiscal year 2017, the City currently has \$5,972,600 in non-voted general obligation (GO) debt outstanding. Although the City may dedicate specific funding sources to pay GO debt, the underlying security for all non-voted GO debt is the City’s existing property tax revenues.

The City currently does not have any voted GO debt. If we did, this debt would be paid by an incremental increase in property taxes as approved by the voters (payment would not be the responsibility of the existing property tax revenue stream).

As of the end of fiscal year 2017, the City currently has \$22,086,199 in revenue debt outstanding. Revenue debt is paid from the rate revenue generated by our utilities. Revenue debt is not an obligation of the City's property taxes. Revenue bonds typically pay a higher interest rate than GO bonds because they are not secured by property taxes.

Attached is a draft schedule of liabilities for debt only that is prepared each year as part of our annual reporting requirements. This schedule lists out the individual debt owing as of the end of each year. Also attached is a debt capacity schedule for the City. This capacity schedule shows the statutory limitations of general obligation debt the City may incur based on our assessed valuation. Revenue debt is not subject to statutory limitations as the utility can raise rates as needed to satisfy its debt requirements.

Finally, attached are two examples of debt policies from other jurisdictions, specifically City of Poulso and City of North Bend. Staff feels that these two examples will serve well as our template as we move forward in developing a debt policy for Monroe that will meet our specific needs.

## City of Poulsbo Debt Policy

### SECTION I – INTRODUCTION & GUIDING PRINCIPLES

#### **Purpose and Overview**

The Debt Policy for the City of Poulsbo is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the City Council. Adherence to the policy is essential to ensure that the Council maintains a sound debt position and protects the credit quality of its obligations.

#### **Capital Planning:**

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the City shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

#### **Legal Governing Principles**

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

- State Statutes – The City may contract indebtedness as provided for by [RCW 35A.40.090](#). General Obligation indebtedness is subject to the limitations on indebtedness provided for in [RCW 39.36.020\(2\)\(b\)](#) and [Article VIII of the Washington State Constitution](#). Bonds evidencing such indebtedness shall be issued and sold in accordance with chapter 39.46.
- Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the [Internal Revenue Code of 1986](#), as amended; the Treasury Department regulations there under; and the [Securities Acts of 1933 and 1934](#).
- Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules and regulations.

#### **Roles & Responsibilities**

The City Council shall:

- Approve indebtedness;
- Approve appointment of independent financial advisor and bond counsel;
- Approve the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

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- In consultation with the City's General Counsel, financial advisor, and bond counsel, shall determine the most appropriate instrument for a proposed bond sale.

The Finance Director in consultation with the Finance Committee, the Mayor and full Council shall:

- Assume primary responsibility for debt management
- Provide for the issuance of debt at the lowest possible cost and risk;
- Determine the available debt capacity;
- Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the City Council the manner of sale of debt;
- Monitor opportunities to refund debt and recommend such refunding as appropriate.
- Comply with all Internal Revenue Service ([IRS](#)), [Securities and Exchange \(SEC\)](#), and [Municipal Securities Rulemaking Board \(MSRB\)](#) rules and regulations governing the issuance of debt.
- Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
- Provide for and participate in the preparation and review of offering documents;
- Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
- Submit to the City Council all recommendations to issue debt;
- Distribute to appropriate repositories information regarding financial condition and affairs at such times and in the form required by law, regulation and general practice, including [Rule 15c2-12](#) regarding continuing disclosure;
- Provide for the distribution of pertinent information to rating agencies; and
- Apply and promote prudent fiscal practices.

### **Ethical Standards Governing Conduct**

The members of the City staff, the Mayor and the City Council will adhere to the standards of conduct as stipulated by the Public Disclosure Act, [RCW 42.17](#) and Ethics in Public Service, [RCW 42.52](#).

## **SECTION II – PROFESSIONAL SERVICES**

### **Professional Services**

The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt.

- Bond Counsel – With the exception of debt issued by the State, all debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
- Financial Advisor – A Financial Advisor may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice

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- and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.
- Underwriters – An Underwriter will be used for all debt issued in a negotiated sale method. The Underwriter is responsible for purchasing negotiated debt and reselling the debt to investors.
  - Fiscal Agent – A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. As provided under RCW 43.80, the City will use the Fiscal Agent that is determined by the State.
  - Professional Service providers may be selected through a competitive selection process conducted by the Finance Director in consultation with the Finance Committee and Legal Counsel; the City Council shall approve the most qualified financial advisor/underwriter and bond counsel.
  - These services shall be regularly monitored by the Finance Director.

### **SECTION III – DEBT STRUCTURE**

#### **Types of Debt Instruments:**

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

- **Unlimited Tax General Obligation Bonds** – The City shall use Unlimited Tax General Obligation Bonds, also known as “Voted General Obligation Bonds” as permitted under [RCW 35A.40.090](#) for the purpose of general purpose, open space and parks, and utility infrastructure. Voted issues are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose.
- **Limited Tax General Obligation Bonds** – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use Limited Tax General Obligation (LTGO) Bonds as permitted under [RCW 35A.40.090](#) for general capital purposes only. General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund reserves and taxes collected by the City. LTGO Bonds will only be issued if:
  - A project requires funding not available from alternative sources;
  - Matching fund monies are available which may be lost if not applied for in a timely manner; or,
  - Emergency conditions exist.
- **Revenue Bonds** – The City shall use Revenue Bonds as permitted under [RCW 35A.40.090](#) for the purpose of financing construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Plan. No taxing power or general fund pledge is provided as security.
- **Special Assessment/Local Improvement District Bonds** – The City shall use Special Assessment Bonds as permitted under [RCW 35A.40.090](#) for the purpose of

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- assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and an LID Guaranty Fund, as required by State Law.
- **Short Term Debt** – The City shall use short term debt as permitted under [RCW 39.50](#), for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.
  - **Leases** – The City is authorized to enter into capital leases under [35A.40.090 RCW](#), subject to the approval of City Council.
  - **Public Works Trust Fund Loans** – The City shall use Public Works Trust Fund Loans as provided under [RCW 43.155](#) for the purpose of repairing, replacing or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.
  - **Local Option Capital Asset Lending (LOCAL) Program Debt** – The City is authorized to enter into a financing contract with the Office of the State Treasurer under [RCW 39.94](#), for the purpose of financing equipment and capital needs through the State Treasurer's Office subject to existing debt limitations and financing considerations. The LOCAL Program is an expanded version of the state agency lease/purchase program that allows the pooling of funding into larger offerings of securities.

## SECTION IV – TRANSACTION SPECIFIC POLICIES

**Method of Sale - The City shall evaluate the best method of sale for each proposed bond issue.**

1. **Competitive Bid Method** – Any competitive sale of the City's debt will require the approval of City Council. City debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the City.
2. **Negotiated Bid Method** – When a negotiated sale is deemed advisable (in consultation with the Mayor and City Council) the Finance Director shall negotiate the most competitive pricing on debt issues and broker commissions in order to ensure the best value to the City.
  - If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees and commissions.
  - The City, with the assistance of its Financial Advisor, shall evaluate the terms offered by the underwriting team. Evaluations of prices, interest rates, fees and commissions

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- shall include prevailing terms and conditions in the marketplace for comparable issuers.
- No debt issue will be sold on a negotiated basis without an independent financial advisor.
3. The City shall use refunding bonds in accordance with the Refunding Bond Act, [RCW 39.53](#). Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 5% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified. The City, in consultation with its Financial Advisor, may approve a “current refunding” transaction of an existing debt issue if the refunding demonstrates a positive present value savings over the remaining life of the debt.
  4. With Council approval, interim financing of capital projects may be secured from the debt financing marketplace or from other funds through an inter-fund loan as appropriate in the circumstances.
  5. When issuing debt, the City shall strive to use special assessment, revenue or other self supporting bonds in lieu of general obligation bonds.

### **Limitations on Debt Issuance**

1. The City shall remain in compliance with all debt limitations. As part of the annual budgeting process, a current summary of outstanding debt and compliance targets is prepared. The City shall observe the following limitations on debt issuance:
  - **General Obligation** – 2.5% of Assessed Value ([RCW 39.36.020\(2\)\(b\)](#))
    - **Non-Voted: 1.5%**
    - **Voted: 2.5%**
  - **Open Space and Park Facilities** – 2.5% of Assessed Value ([RCW 39.36.020\(4\)](#))
2. Debt payments shall not extend beyond the estimated useful life of the project being financed. The City shall keep the average maturity of general obligations bonds at or below 20 years, unless special circumstances arise warranting the need to extend the debt schedule.
3. Debt Limit Target: The City shall not exceed 90% of the legal debt limits from above.

### **Debt Structuring Practices**

The following terms shall be applied to the City’s debt transactions, as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

- **Maturity** –The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years ([RCW 39.46.110](#)).
- **Debt Service Structure** – Unless otherwise justified, debt service should be structured on a level basis. Refunding bonds should be structured to produce equal savings by fiscal year. Unless otherwise justified, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.
- **Price Structure** – The City’s long-term debt may include par, discount, and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given market conditions.

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- **Call Provisions** – For each transaction, the City shall evaluate the costs and benefits of call provisions. In general, the City shall opt for the shortest possible optional call consistent with optimal pricing.
- **Bond Insurance** – For each transaction, the City shall evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively priced.
- **Tax-exemption** – Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis.
- **Reimbursement resolution** – Must be adopted by City Council if the project hard costs are advanced prior to the bond sale.

## SECTION V – COMMUNICATION

It is the policy of the City to remain as transparent as possible. The City shall manage relationships with the rating analysts assigned to the City's credit, using both informal and formal methods to disseminate information.

- The City's Comprehensive Financial Report (CAFR) shall be the primary vehicle for compliance with continuing disclosure requirements. The CAFR may be supplemented with additional documentation as required. Each year included in the CAFR, the City will report its compliance with debt targets and the goals of this Debt Management Policy.
- The City will issue a material event notice in accordance with provisions of [SEC Rule 15c2-12](#). Prior to issuance of any material event, the Finance Director will discuss the materiality of any event with the Mayor, City Attorney and designated Council members, to ensure equal, timely and appropriate disclosure to the marketplace.
- The City shall seek to maintain and improve its current bond rating.

## SECTION VI - COMPLIANCE

### **Investment of Proceeds**

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

### **Arbitrage Liability Management**

Due to the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City shall solicit the advice of bond counsel and other qualified experts about arbitrage rebate calculations. The City shall, when deemed necessary or required, contract with a third party for preparation of the arbitrage rebate calculation.

The City shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings by opening a separate account in the state pool. The expenditure of bond proceeds shall be tracked in the financial system by issue. Investments may be pooled for

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financial accounting purposes and for investment purposes. When investment of bond proceeds are co-mingled with other investments, the City shall adhere to IRS rules on accounting allocations.

**Bond Users Clearinghouse**

The City shall ensure that the Bond Users Clearinghouse receives municipal bond information for all debt sold as provided by [RCW 39.44.200 – 39.44.240](#) and [WAC 365-130](#).

**Legal Covenants**

The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

**Periodic Policy Review**

At a minimum, the debt policy will be reviewed and updated every five years.

**RESOLUTION 20106**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, ADOPTING A DEBT POLICY GOVERNING THE [ISSUANCE AND ADMINISTRATION OF ALL DEBT ISSUED BY THE CITY.

**WHEREAS**, the City Council of the City of Poulsbo deems to have its debt issued and administered in compliance with all applicable Federal and RCW requirements, and

**WHEREAS**, the City Council of the City of Poulsbo desires to maintain a debt policy to guide the issuance and administration of its debt, and

**WHEREAS**, the City's Finance Director has conducted a thorough review of its current debt practices in effort to develop this policy for the issuance and administration of City debt, and

**WHEREAS**, the City of Poulsbo's debt policy has been written in accordance with the Washington Municipal Treasurer's Association Model Debt Policy,

**THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON RESOLVES AS FOLLOWS:**

**Section 1. Debt Policy Adopted.** The policy for investment of City funds set forth in document entitled "City of Poulsbo Debt Policy" dated August 1, 2010 which is attached hereto as Exhibit "A" and incorporated herein by reference as if set forth in full is hereby adopted as official policy for issuance and administration of City debt.

RESOLVED this 1<sup>st</sup> day of September, 2010.

APPROVED:

Q)g  
MAYOR; ECCA ERICKSON

WITNESSED/AUTHENTICATED

\_\_\_\_\_  
CITY CLERK  
..... JILLOA BOLTZ

FILED WITH THE CITY CLERK: 08/25/2010  
PASSED BY THE CITY COUNCIL: 09/01/2010  
RESOLUTION NO. 20106

## Debt Management Policies

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of North Bend uses debt in two ways: (1) as a mechanism to equalize the costs of needed improvements to both present and future citizens; and (2) as a mechanism to reduce the costs of substantial public improvements.

- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will use the services of a legally certified and credible bond counsel in the preparation of all bond representations.
- The City of North Bend will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- The City will use refunding bonds where appropriate, when restructuring its current outstanding debt.
- Reserves, interest costs, operating costs, and/or maintenance expenses will be capitalized only for enterprise activities; capitalized operating expenses will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain a good credit rating at all times.
- Assessment bonds will be issued in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Under most circumstances, the maturity of all assessment bonds shall not exceed 12 years.
- General Obligation bonds will be issued with maturities of 20 years or less.
- The voter approved general obligation debt of North Bend will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
- The following individual percentages shall not be exceeded in any specific debt category:
  - General Debt – 2.5% of assessed valuation
  - Utility Debt – 2.5% of assessed valuation
  - Open Space and Park Facilities – 2.5% of assessed valuation
- Limited-tax general obligation bonds will not exceed one and 1.5% of the City's current assessed property valuation.

- Limited-tax general obligation bonds will be issued only if:
  - A project requires funding not available from alternative sources;
  - Matching fund monies are available which may be lost if not applied for in a timely manner;  
or
  - Emergency conditions exist.

Rate Stabilization Reserve will be from a surplus of operating funds from the prior year or as a budgeted expense by the Board. Use of the Rate Stabilization Reserve funds will, when allowed by the Board, be considered revenue for purposes of debt coverage. The following Rate Stabilization Reserves targets are established.

- Water Utility – 15% of annual rate revenue
- Wastewater Utility – 10% of annual rate revenue

♦ Bond Reserve Fund and Bond Redemption Funds

AWWD will maintain Bond Reserve Funds and Bond Redemption Funds as required by bond covenants or loan agreements, and shall maintain Fund balances consistent with those corresponding debt covenants/agreements.

**5. Fixed Asset Inventories**

AWWD will maintain accurate inventories of all physical assets, to include the condition, life span and cost to ensure proper stewardship of public property. The Director of Finance will establish policies and appropriate procedures to manage fixed assets, including establishing the threshold dollar amount for which fixed asset records are maintained and how often physical inventories will be taken.

**6. Accounting**

AWWD is to maintain a uniform system of accounts, and maintain accounting practices that follow Generally Accepted Accounting Principles (GAAP) for its accounting procedures and financial statement preparation.

- ♦ AWWD will comply with the Uniform System of Accounts for Class A Water Utilities and the National Association of Regulatory Utility Commissioners accounting manuals and practices. AWWD will cooperate and comply with all audits and investigations by the Washington State Auditor's Office.

**7. Investment Policy**

AWWD has adopted an Investment Policy which complies with the State of Washington's eligible investments for public funds per the Revised Code of Washington (RCW) 39.59.020 and 39.59.030. The Board adopted Investment Policy will be reviewed and modified periodically to ensure that it continues to meet the financial objectives of the District and continues to serve the best interest of the District.

**8. Debt Issuance**

♦ Rates for Debt Service Coverage

Water and wastewater rates shall be maintained at a level necessary to provide annual combined (water and wastewater) net revenues that satisfy a debt service coverage factor of no less than 1.25 times annual debt

service. The District will budget for a factor of 1.75 to further protect AWWD's financial risk and provide a favorable measure for rating agencies.

♦ Arbitrage

AWWD should engage an arbitrage consultant to assist the District in meeting IRS arbitrage compliance and reporting requirements when applicable.

♦ IRS Post Bond Issuance Compliance

AWWD should maintain and comply with the IRS checklist of post-bond issuance compliance requirements.

♦ Competitive Bond Sale

All bond sales should be issued on a competitive rather than a negotiated basis. The Board may authorize the use of a negotiated sale if conditions are such that it is in the best interests of the District to issue a bond on a negotiated basis. Competitive and negotiated bond sales shall be conducted with the assistance of a Financial Advisor who only represents the District's interests. The Financial Advisor's only compensation shall be a fixed fee.

♦ Annual Reporting NRMSIR

AWWD should comply with bond covenants regarding the annual undertaking of reporting to the Nationally Recognized Municipal Securities Information Repository (NRMSIR) by electronically filing with the Electronic Municipal Market Access system (EMMA) or its successor. Refer to the bond resolutions for a complete list of filing requirements.

**City of Monroe**

**Statutory Limitation of Indebtedness  
As of 01/01/2018**

|    |  |                 |   |
|----|--|-----------------|---|
|    | Total Taxable Property Value   | \$2,257,107,261 |   |
|    |  |                 | <b>Remaining Debt Capacity</b>  |
| 1. | 2.5% General purpose limit is allocated between:                             | \$56,427,681.53 |   |
|    | <b>A.</b> Up to 1.5% debt without a vote                                     | \$33,856,608.92 |   |
|    | Less:    Outstanding Debt  | \$              | \$5,972,600.00 ← This amount will decrease by \$1,300,000 after 09/01/2018 No. Kelsey pyt |
|    | Contracts Payable  | \$              | Bulk of remaining is the \$2,840,000 No. Kelsey pyt due 09/01/2020                        |
|    | Excess of Debt with a vote   | \$              |   |
|    | Add: Available assets  | \$              |   |
|    | Equals remaining debt capacity without a vote                                |                 | <b>\$27,884,008.92</b> G.O. Councilmanic  |
|    | <b>B.</b> 1.0% General purpose debt with a vote                              | \$22,571,072.61 |   |
|    | Less:    Outstanding Debt  | \$              |   |
|    | Contracts Payable  | \$              |   |
|    | Add: Available assets  | \$              |   |
|    | Equals remaining debt capacity with a vote                                   |                 | \$22,571,072.61 G.O. Voted  |
| 2. | 2.5% Utility purpose limit, voted  | \$56,427,681.53 |   |
|    | Less:    Outstanding Debt  | \$              | \$0.00  |
|    | Contracts Payable  | \$              | \$0.00  |
|    | Add: Available Assets  | \$              |   |
|    | Equals remaining debt capacity- Utility purpose, voted                       |                 | \$56,427,681.53 Revenue Debt  |
| 3. | 2.5% Open Space, park & capital facilities, voted                            | \$56,427,681.53 |   |
|    | Less:    Outstanding Debt  | \$              | \$0.00  |
|    | Contracts Payable  | \$              | \$0.00  |
|    | Add: Available Assets  | \$              |   |
|    | Equals remaining debt capacity - Open space, park & capital facilities voted |                 | \$56,427,681.53   |

City of Monroe  
Schedule of Liabilities  
For Year Ended December 31, 2017

MCAG 0685

Schedule 09

| Debt Type                              | ID. No. | Description  | Maturity/Payment Due Date | Beginning Balance 01/01/2017 | Additions        | Reductions        | BARS Code for Redemption of Debt Only | Ending Balance 12/31/2017 |
|--|---------|--|---------------------------|------------------------------|------------------|-------------------|---------------------------------------|---------------------------|
| <b>General Obligations</b>             |         |  |                           |                              |                  |                   |                                       |                           |
|  | 251.11  | 2015 GO Refunding Bonds - N. Kelsey                      | 9/1/2020                  | \$ 4,140,000                 | \$ -             |                   | 59173                                 | \$ 4,140,000              |
|  | 251.11  | 2016 Revenue Bonds - PW Shop                             | 12/1/2036                 | \$ 1,900,600                 |                  | \$ 68,000         | 59173                                 | \$ 1,832,600              |
|  |         | Total General Obligations:                               |                           | \$ 6,040,600                 | \$ -             | \$ 68,000         |                                       | \$ 5,972,600              |
| <b>Revenue &amp; Other Obligations</b> |         |  |                           |                              |                  |                   |                                       |                           |
|  | 263.82  | Public Works Trust Fund Loan                             | 6/1/2017                  | \$ 62,797                    |                  | \$ 62,794         | 59134                                 | \$ 3                      |
|  | 263.82  | Public Works Trust Fund Loan                             | 6/1/2022                  | \$ 810,868                   |                  | \$ 135,144        | 59134                                 | \$ 675,724                |
|  | 263.82  | Department of Ecology Loan                               | 9/5/2022                  | \$ 2,123,003                 |                  | \$ 340,747        | 59135                                 | \$ 1,782,256              |
|  | 263.82  | Department of Ecology Loan                               | 7/30/2022                 | \$ 414,075                   |                  | \$ 36,259         | 59135                                 | \$ 377,816                |
|  | 252.11  | 2005 W&S Refunding Bonds                                 | 12/1/2021                 | \$ 2,640,000                 |                  | \$ 487,000        | 59138                                 | \$ 2,153,000              |
|  | 252.11  | 2009 W&S Refunding Bonds                                 | 8/1/2024                  | \$ 1,765,000                 |                  | \$ 1,360,000      | 59138                                 | \$ 405,000                |
|  | 252.11  | 2011 W/S/Storm Revenue Bonds                             | 12/1/2031                 | \$ 12,545,000                |                  | \$ 8,295,000      | 59138                                 | \$ 4,250,000              |
|  | 252.11  | 2016 Revenue Bonds - PW Shop                             | 12/1/2036                 | \$ 3,689,400                 |                  | \$ 132,000        | 59138                                 | \$ 3,557,400              |
|  | 252.11  | 2017 Revenue Bonds - Partial refunding 2009 & 2011 Bonds | 12/1/2031                 | \$ -                         | \$ 9,000,000     | \$ 115,000        | 59138                                 | \$ 8,885,000              |
|  |         | Total Revenue & Other Obligations:                       |                           | 24,050,143                   | 9,000,000        | 10,963,944        |                                       | \$ 22,086,199             |
|  |         | <b>Total Liabilities:</b>                                |                           | <b>30,090,743</b>            | <b>9,000,000</b> | <b>11,031,944</b> |                                       | <b>\$ 28,058,799</b>      |



Government Finance Officers Association

## BEST PRACTICE

# Debt Management Policy

### BACKGROUND:

Debt management policies are written guidelines, allowances, and restrictions that guide the debt issuance practices of state or local governments, including the issuance process, management of a debt portfolio, and adherence to various laws and regulations. A debt management policy should improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and therefore is likely to meet its debt obligations in a timely manner. Debt management policies should be written with attention to the issuer's specific needs and available financing options and are typically implemented through more specific operating procedures. Finally, debt management policies should be approved by the issuer's governing body to provide credibility, transparency and to ensure that there is a common understanding among elected officials and staff regarding the issuer's approach to debt financing.

### RECOMMENDATION:

GFOA recommends that state and local governments adopt comprehensive written debt management policies. These policies should reflect local, state, and federal laws and regulations. To assist with the development of these policies GFOA recommends that a government's Debt Management Policy (Policy) should be reviewed periodically (and updated if necessary) and should address at least the following:

**1. Debt Limits.** The Policy should consider setting specific limits or acceptable ranges for each type of debt. Limits generally are set for legal, public policy, and financial reasons.

a. *Legal restrictions* may be determined by:

- State constitution or law,
- Local charter, by-laws, resolution or ordinance, or covenant, and
- Bond referenda approved by voters.

b. *Public Policies* will address the internal standards and considerations within a government and can include:

- Purposes for which debt proceeds may be used or prohibited,
- Types of debt that may be issued or prohibited,
- Relationship to and integration with the Capital Improvement Program, and
- Policy goals related to economic development, including use of tax increment financing and public-private partnerships.

c. *Financial restrictions or planning considerations* generally reflect public policy or other financial resources constraints, such as reduced use of a particular type of debt due to changing financial conditions. Appropriate debt limits can have a positive impact on bond ratings, particularly if the government demonstrates adherence to such policies over time. Financial limits often are expressed as ratios customarily used by credit analysts. Different financial limits are used for different types of debt. Examples include:

- *Direct Debt, including general obligation bonds*, are subject to legal requirements and may be able to be measured or limited by the following ratios:
  - Debt per capita,
  - Debt to personal income,
  - Debt to taxable property value, and
  - Debt service payments as a percentage of general fund revenues or expenditures.
- *Revenue Debt* levels often are limited by debt service coverage ratios (e.g., annual net pledged revenues to annual debt service), additional bond provisions contained in bond covenants, and potential credit rating impacts.
- *Conduit Debt* limitations may reflect the right of the issuing government to approve the borrower's creditworthiness, including a minimum credit rating, and the purpose of the borrowing issue. Such limitations reflect sound public policy, particularly if there is a contingent impact on the general revenues of the government or marketability of the government's own direct debt.
- *Short-Term Debt Issuance* should describe the specific purposes and circumstances under which it can be used, as well as limitations in term or size of borrowing.
- *Variable Rate Debt* should include information about when using non-fixed rate debt is acceptable to the entity either due to the term of the project, market conditions, or debt portfolio structuring purposes.

**2. Debt Structuring Practices.** The Policy should include specific guidelines regarding the debt structuring practices for each type of bond, including:

- Maximum term (often stated in absolute terms or based on the useful life of the asset(s)),
- Average maturity,
- Debt service pattern such as equal payments or equal principal amortization,
- Use of optional redemption features that reflect market conditions and/or needs of the government,
- Use of variable or fixed-rate debt, credit enhancements, derivatives, short-term debt, and limitations as to when, and to what extent, each can be used, and
- Other structuring practices should be considered, such as capitalizing interest during the construction of the project and deferral of principal, and/or other internal credit support, including general obligation pledges.

**3. Debt Issuance Practices.** The Policy should provide guidance regarding the issuance process, which may differ for each type of debt. These practices include:

- Selection and use of professional service providers, including an independent financial advisor, to assist with determining the method of sale and the selection of other financing team members,
- Criteria for determining the sale method (competitive, negotiated, private placement) and investment of proceeds,
- Use of comparative bond pricing services or market indices as a benchmark in negotiated transactions, as well as to evaluate final bond pricing results,

- Criteria for issuance of advance refunding and current refunding bonds, and
- Use of credit ratings, minimum bond ratings, determination of the number of ratings, and selection of rating services.

**4. Debt Management Practices.** The Policy should provide guidance for ongoing administrative activities including:

- Investment of bond proceeds,
- Primary and secondary market disclosure practices, including annual certifications as required,
- Arbitrage rebate monitoring and filing,
- Federal and state law compliance practices, and
- Ongoing market and investor relations efforts.

**5. Use of Derivatives.** The Debt Management Policy should clearly state whether or not the entity can or should use derivatives. If the policy allows for the use of derivatives, a separate and comprehensive derivatives policy should be developed (see GFOA's Advisory, Developing a Derivatives Policy and Derivatives Checklist).

**Notes:**

- Post Issuance Compliance Checklist
- Debt Issuance Checklist: Considerations When Issuing Bonds

**References:**

- GFOA Advisory: Using Variable Rate Debt Instruments, 2010.
- GFOA Advisory: Use of Debt-Related Derivatives Products, 2010.
- GFOA Derivatives Checklist, 2010.
- GFOA Best Practice: Selecting Bond Counsel, 2008.
- GFOA Best Practice: Selecting and Managing Municipal Advisors, 2014.
- GFOA Best Practice: Selecting Underwriters for a Negotiated Bond Sale, 2008.
- GFOA Best Practice: Post-Issuance Policies and Procedures, 2017.
- GFOA Best Practice: Primary Market Disclosure, 2017.
- GFOA/NABL Post Issuance Compliance Checklist, 2003.
- *Benchmarking and Measuring Debt Capacity*, Rowan Miranda and Ron Picur, GFOA, 2000.
- *A Guide for Preparing a Debt Policy*, Patricia Tigue, GFOA, 1998.

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**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee Meeting**  
**Tuesday, August 14, 2018, 5:30 P.M.**  
**Agenda Bill**

**2018 Committee**  
 Councilmembers  
 Jason Gamble  
 Kevin Hanford  
 Kirk Scarboro

|                 |  |
|-----------------|--|
| <b>SUBJECT:</b> | <b><i>Economic Alliance Snohomish County – WeChat Initiative</i></b> |
|-----------------|--|

| <b>DATE:</b> | <b>DEPT:</b> | <b>CONTACT:</b> | <b>PRESENTER:</b> | <b>ITEM:</b>           |
|--------------|--------------|-----------------|-------------------|------------------------|
| 08/14/2018   | Finance      | Deborah Knight  | Deborah Knight    | <b>New Business A.</b> |

**Discussion:** 08/14/2018

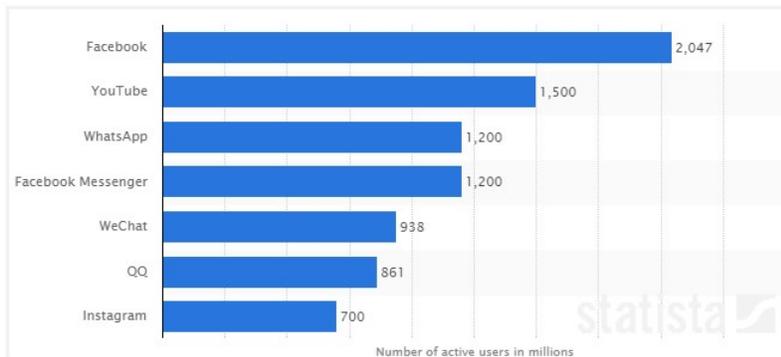
- Attachments:**
1. Why We Need to Talk About WeChat - Powerpoint
  2. WeChat project proposal July 12, 2018
  3. WeChat content July 17, 2018
  4. WeChat cost estimate spreadsheet

**REQUESTED ACTION:** Review the opportunity to participate with other local governments in developing a presence on WeChat, China’s equivalent to Facebook, Google, and Amazon. Provide direction to Mayor and City Staff.

**DESCRIPTION/BACKGROUND**

What is WeChat?

WeChat, started in 2011 as an instant messaging app. There are currently a whopping 1.1 billion active monthly users on this application which has developed into China’s primary social network with a host of other integrated features including e-payment, e-stores, taxi ordering, gaming, dating, mapping, geo-location and ticket booking to name just a few. WeChat ranks fifth among the most popular networks worldwide (by the number of active accounts) according to Statista.



WeChat Campaigns are the most effective way to increase engagement in China on the nation’s number one social media tool.

Companies use WeChat accounts as a ‘launch pad’ for quality content such as new statistics, data, a white paper, exclusive news etc.

This can help increase share rates and follower numbers.

Marketing Snohomish Co. to China

The Economic Alliance of Snohomish County (EASC) has been working on a plan since May 2018 to create a social media platform on WeChat to market Snohomish County to the Chinese audience. The campaign would be aimed at attracting tourists and Chinese investment to Snohomish County

Alliance staff have data showing that “Seattle” is one of the most popular search term in China. Hence, it is why Seattle is now one of the top destinations for tourists and investors from China. However, the terms “Snohomish County” or “Everett”, return little to no information. The EASC is looking to change this by creating a WeChat “mini-site” that would showcase Snohomish County and participating cities to the Chinese audience.

Nine partners met in July to discuss content, deadlines and financial commitments. The partners selected an October 1 launch date.

The marketing campaign would include a mini-site and 2 articles per month from Chinese “key opinion leaders” (KOL) showcasing Snohomish County and partner communities. Attachments 2 and 3 outline the schedule, marketing campaign and budget.

### **FISCAL IMPACT**

The total cost is \$38,000 for the first year. This includes WeChat account registration (\$2,000); content translation, mini-site design and launch (\$6,000), and 2 articles per month (\$18,000/year) for a total of \$26,000.

In addition, the proposal is to pay for key opinion leaders to promote and drive traffic to the WeChat mini-site. KOL are professional bloggers/social media editors who have a large base of followers. KOL costs are typically \$3k (for a tweet) to over \$15,000/month. The proposal is to pay \$12,000 per year for KOL. Together with the mini-site the budget would be \$38,000/year.

The goal is to have ten partners with each partner contributing \$3,800. If the City Council approves participating in the campaign, the EASC is willing to postpone billing the City until 2019.

The policy question for the Finance Committee is whether to participate in the partnership. The benefit would be exposure to the Chinese tourism and business market potentially interesting Chinese visitors and firms to “Choose Monroe”. The downside is whether the City will realize any return on investment. The marketing campaign does include potential metrics to measure success including new recruitment leads, WeChat followers, and increase in visits.

James Palmer has reviewed the proposal and attended several of the coordination meetings. Mr. Palmer speaks Mandarin and has worked in China. He has some reservations the marketing campaign will produce the expected results given the current political climate between the US and China. According to CNN, Chinese investment in the US has fallen by 92 percent in 2018. Trade and ownership restrictions proposed by the Trump Administration may further dampen future investment in the US market.

### **ALTERNATIVES**

1. Review the opportunity to participate with other local governments in developing a presence on WeChat, China’s equivalent to Facebook, Google and Amazon. Request Mayor Thomas and City Staff to bring the issue to the full City Council for consideration.
2. Review the proposal to participate in the WeChat marketing campaign. Do not recommend moving the proposal forward to the full city council. This alternative indicates the Finance Committee has further questions or concerns regarding the proposal. If the Committee is interested to learn more about the WeChat marketing campaign, City Staff can arrange to have the Andrew Vuong, the project manager for EASC attend the next Committee meeting and answer questions.



# Why We Need to Talk About WeChat

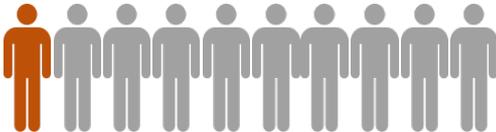
Mr. Roy Graff, Managing Director EMEA, Dragon Trail Interactive

# Chinese Outbound Market Size

**#1** Outbound tourism source market UNWTO

**122 million** trips taken in 2016

**+3.4%** YOY increase CNTA

 1 out of 10 international tourists is Chinese

# China & the Internet



**Half of China is  
online**

**731 mill** internet users-  
53% of China's population,  
21% of global internet users

MCC FHR Agenda Packet  
08/14/2018 (Dec 2016 CNNIC)



**Mobile is key**

**695 million** smart phone  
users – **95%** of all internet

users (Dec 2016 CNNIC)



**Chinese netizens are  
the most active on  
social media**

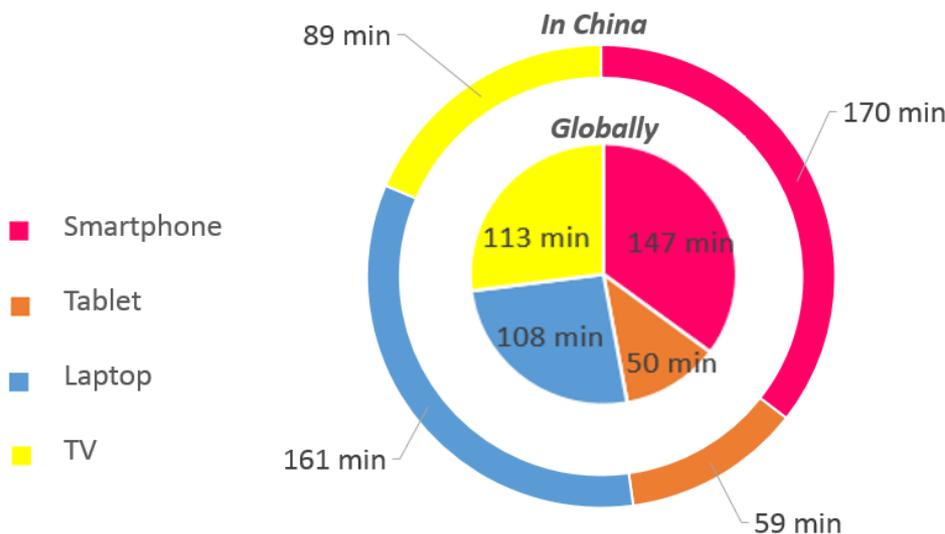
**90% internet users** have at  
least one social media

account (2014 CNNIC)

# China & the Internet - The Importance of Mobile

Chinese people also spend 6.5 hours per day on their mobile phones, as opposed the global average of 5 hours. Mobile is playing a key role in driving online payments.

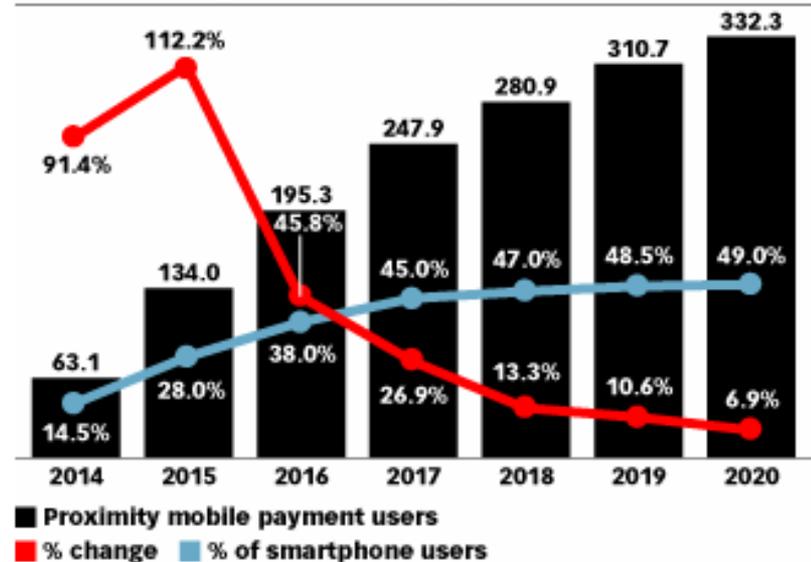
### Internet use across different platforms



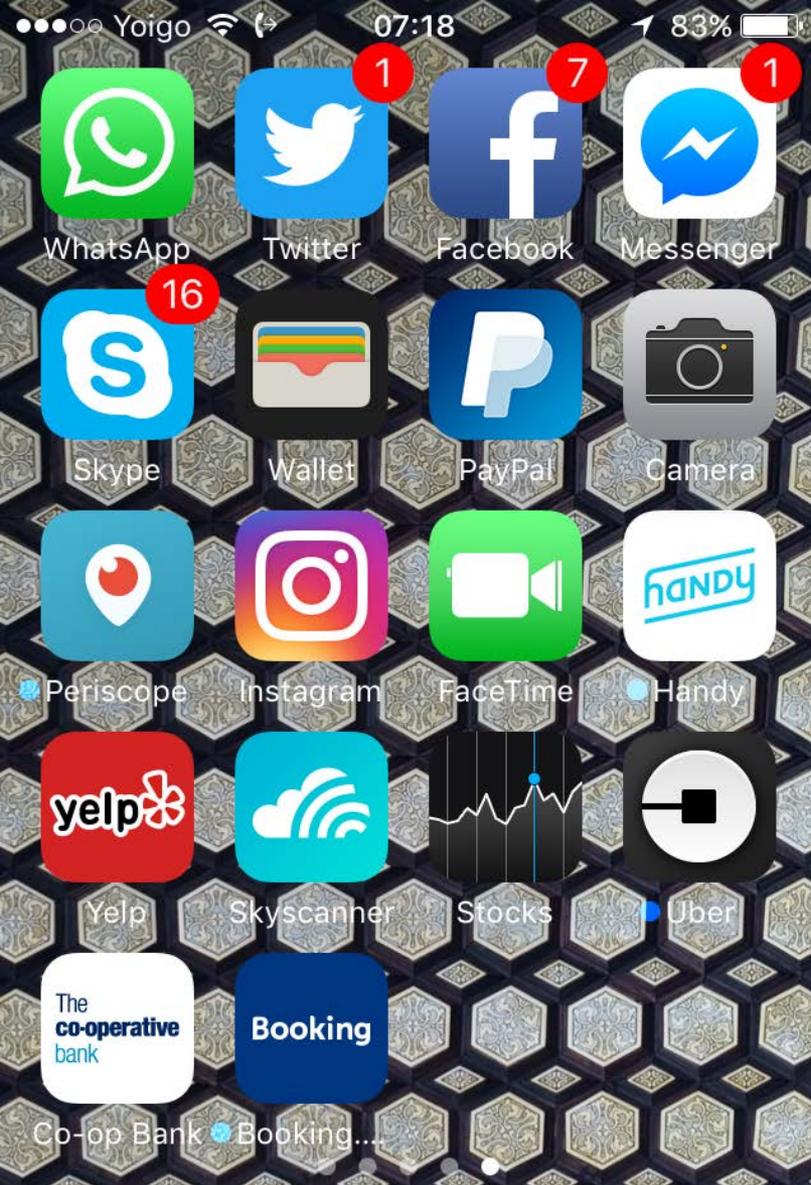
### Mobile Payments – 50% growth in 2015

#### Proximity Mobile Payment Users and Penetration in China, 2014-2020

millions, % change and % of smartphone users



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months; includes point-of-sale transactions made by using mobile devices as a payment method; excludes transactions made via tablet  
Source: eMarketer, May 2016



# What is WeChat?



MCC FHR Agenda Packet  
08/14/2018

WeChat

# What is WeChat?

WeChat is China's most popular social media app with **nearly 900 million active users**, combining elements of Facebook, messaging, e-commerce, payments and more.



## Communication Layer

WeChat is the n.1 way for family, friends and colleagues in China to communicate, just like **Whatsapp** or **Facebook Messenger**



## WeChat



## Social Layer



WeChat users post photos on their "Moments Wall" just like the **Facebook Wall**. This can inspire their friends to try the same things, like travel to Italy



## Media Layer

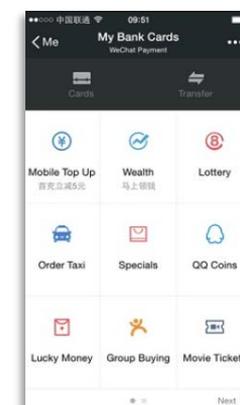
Organisations can use accounts to market their goods and services, just like brand accounts on **Facebook**, **Twitter** and other western social media



## Connectivity Layer



Consumers can buy almost anything directly from branded WeChat accounts using WeChat Payment, just like **using Apple Pay on a website**



# The Day of a Typical WeChat User

7:00

## Waking Up

Checking out “moments”

8:30

## Outside the Office

Using WeChat payment to buy breakfast

10:00

## Taking a Peak During busy times

Checking out “moments” and exchanging messages

12:45

## Lunch Break

Going on Jindong and participating in group chats

18:00

## Going Home

Using WeChat payment to buy groceries for dinner

22:00

## Getting Ready for Bed

Chatting with friends and exchanging “red envelopes”

7:45

## Leaving home

Reading two articles and playing games

9:00

## At work

Replying to group messages

12:00

## Lunch

Using “red envelopes” to pay for lunch

17:00

## Winding up at Work

Checking out “moments”

20:00

## Watching TV

Reading articles, checking “moments”, liking moments, chatting, playing games and browsing Jindong

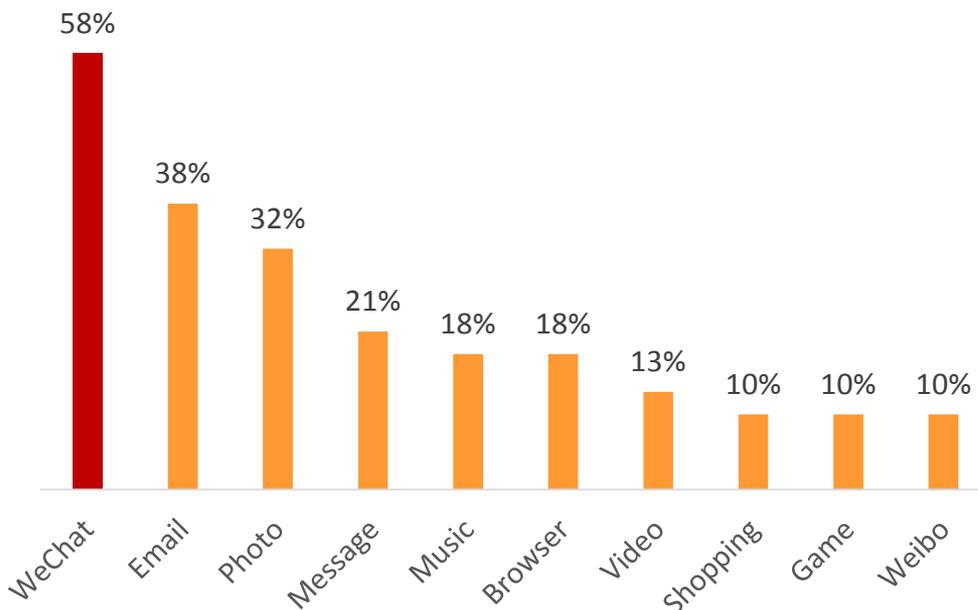
***WeChat is the most used app*** on smartphones in China (CIW, 2015)

- **889 mil** monthly active users (Dec 2016)
- **768 mil** daily active users (Sep 2016)
- **50% spend more than 90 min** on WeChat each day
- **12+ mil** official individual and brand accounts
  - **700,000** daily posts
- **80%** of users follow official accounts

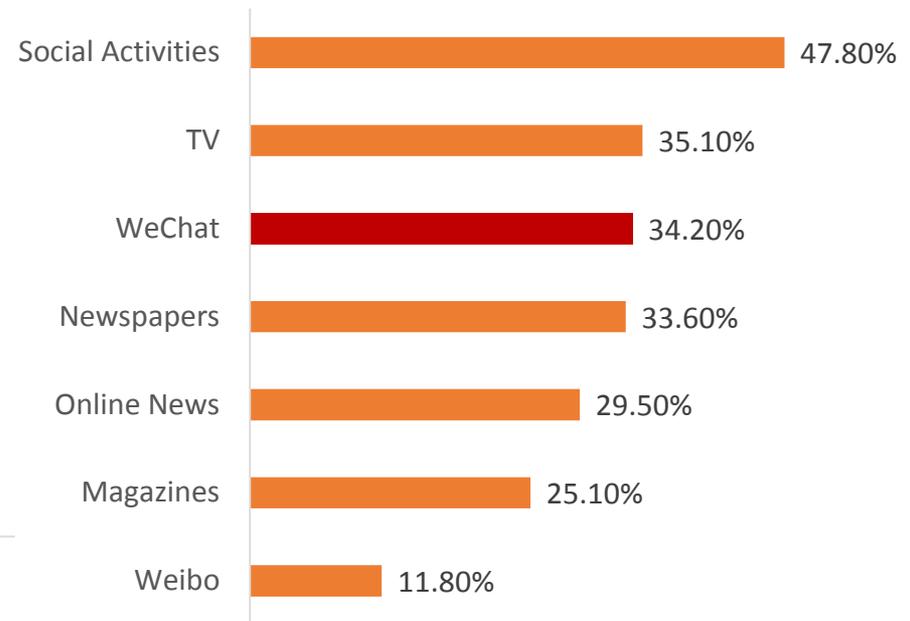
# WeChat - Key for China's Wealthy

On mobile, the usage of WeChat by Chinese luxury traveler has **overtaken e-mail**. Among China's affluent population, WeChat has gained popularity, with **34.2%** nominating the platform as one of their **preferred sources of information**.

### Most Frequently Used Mobile Functions

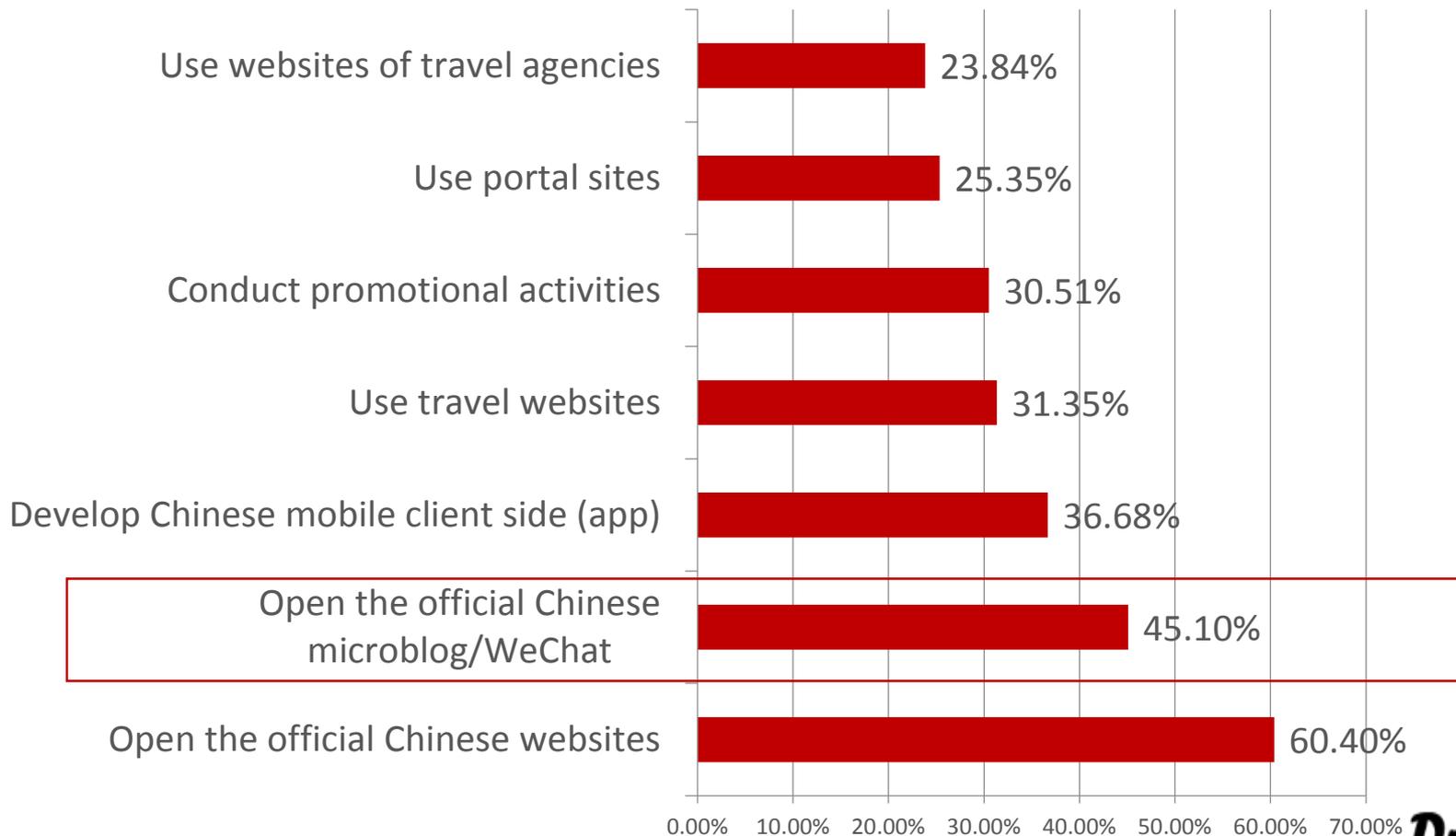


### Preferred Source of Information



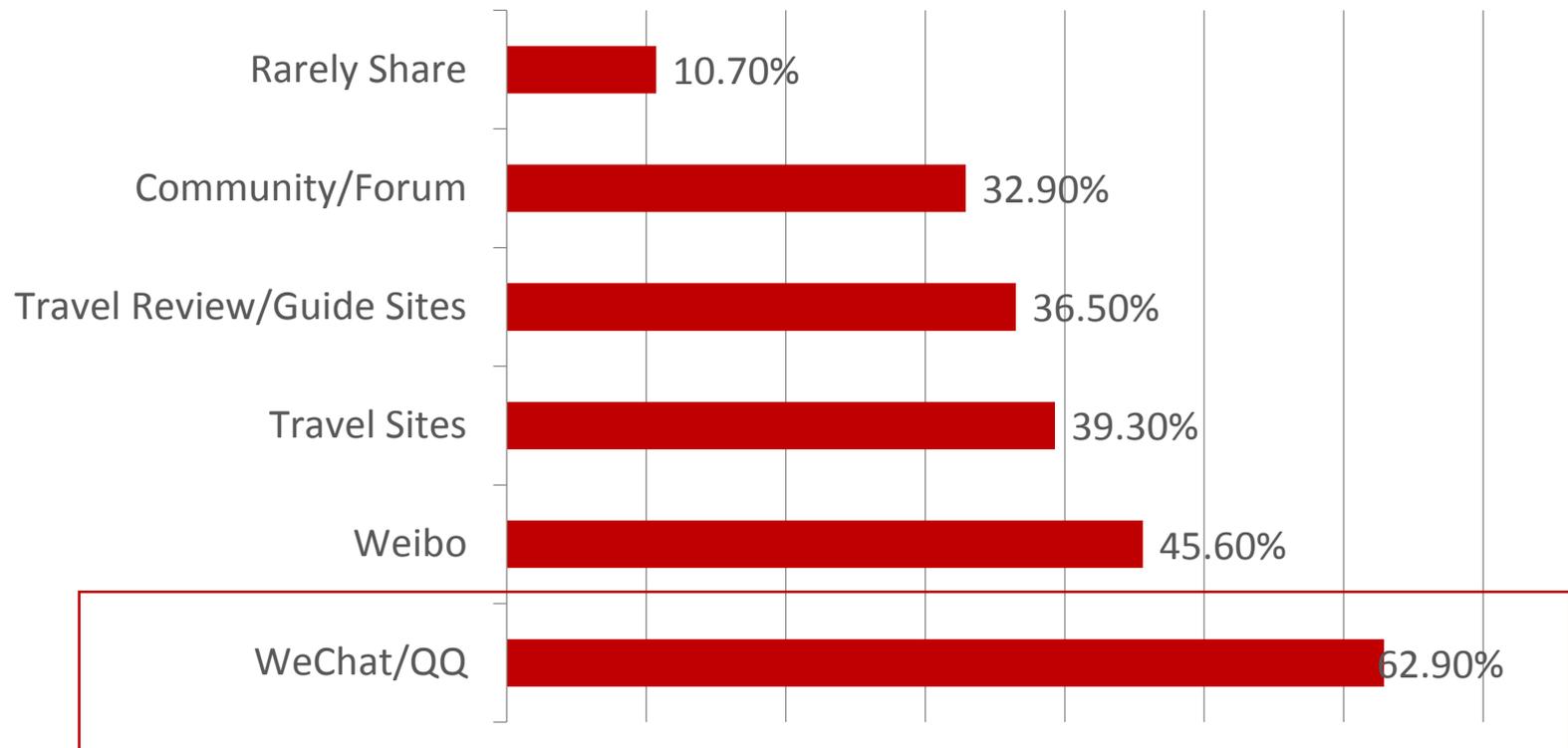
# WeChat in Travel - As a Source of Information

## Most used sources of travel information by Chinese outbound tourists



# WeChat in Travel - Key for Sharing Trip Experience

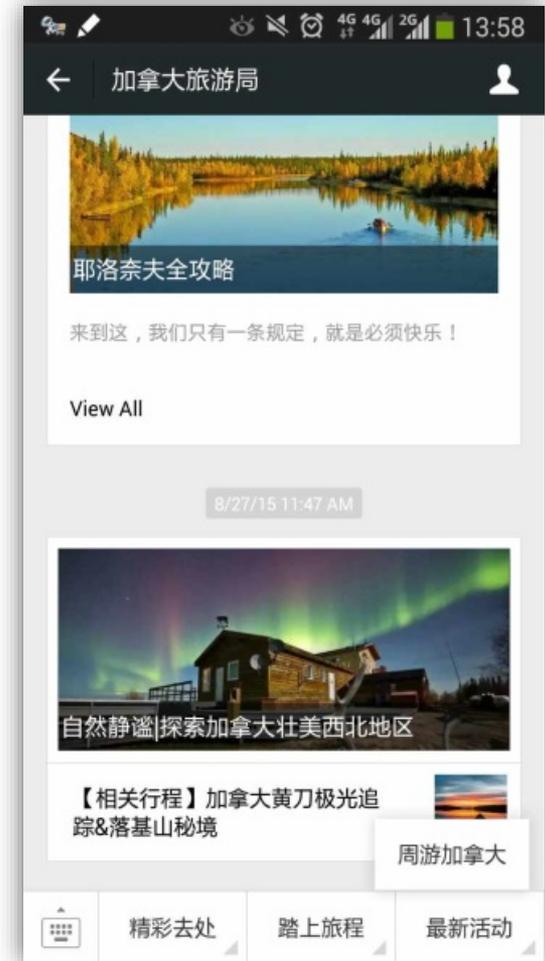
## Preferred Platforms to Share Travel Experiences



# Why WeChat for Marketing?

## Why should brands have a WeChat account?

- All affluent Chinese travelers have a WeChat account
- WeChat can be linked to **useful services that will improve the users' experience** before, during and after their trip
- Posts are instantly sharable and gain **more traction than EDM**
- Easy to promote through a **branded QR Code**



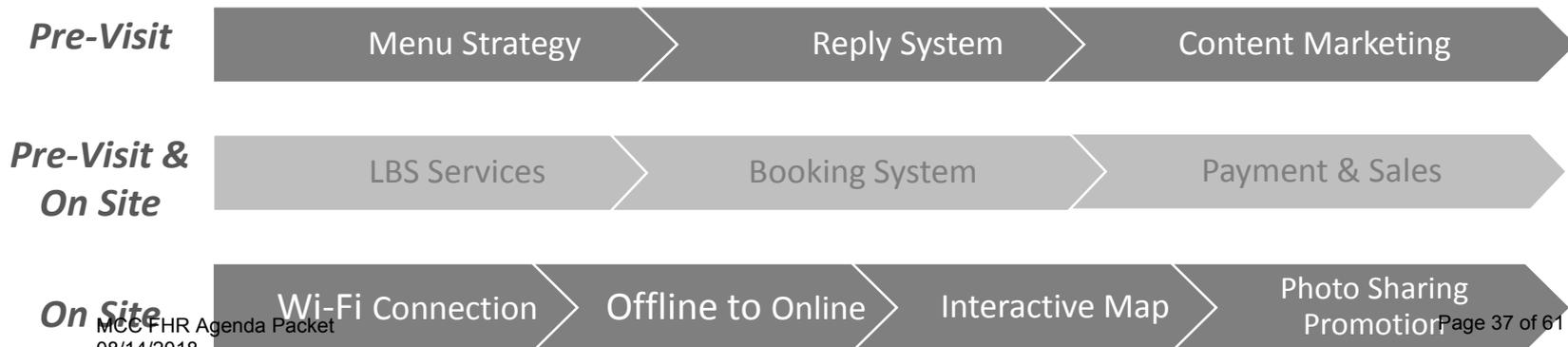
# WeChat Strategy

## WeChat can assist brands achieve several goals:

1. Brand Awareness
2. Fans Engagement
3. Customer Service
4. Trade Communications

Brands can leverage WeChat's different functionalities based on the brand's strategy and the consumer journey phase.

## WeChat Functions



# WeChat as Email - Implications for B2B Marketing

According to the China Internet Network Information Center, in 2016 **email usage rate dropped by 36.7%** in China.

*“Actually WeChat is Email. It’s a short fast email, but because it’s so fast you don’t think it’s email.”* Pony Ma- CEO & Co-Founder of Tencent, WeChat’s parent company

## Why use WeChat for B2B Marketing?

- Most travel professionals use WeChat for work
- Content is instantly sharable and more read than EDM
- WeChat accounts also act like a mini trade-website making it easy for travel agents to find out more
- Create instantaneous communication and feedback loops



# How Can Brands Leverage WeChat?

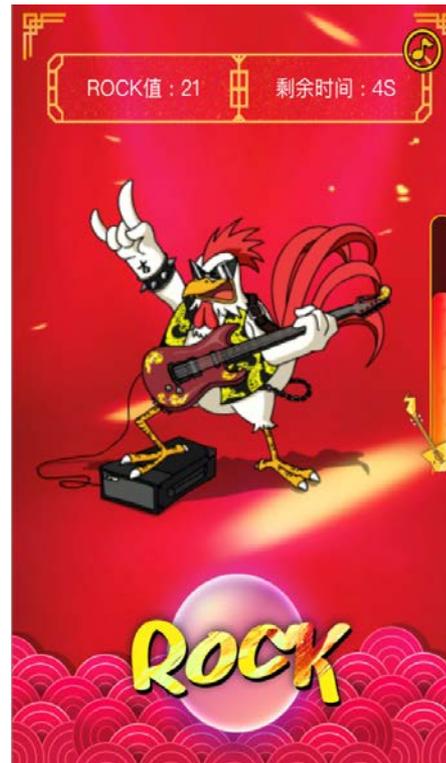
## Brand Awareness



*Hello my name is Jordan-  
first post gained over  
4,000 page views*

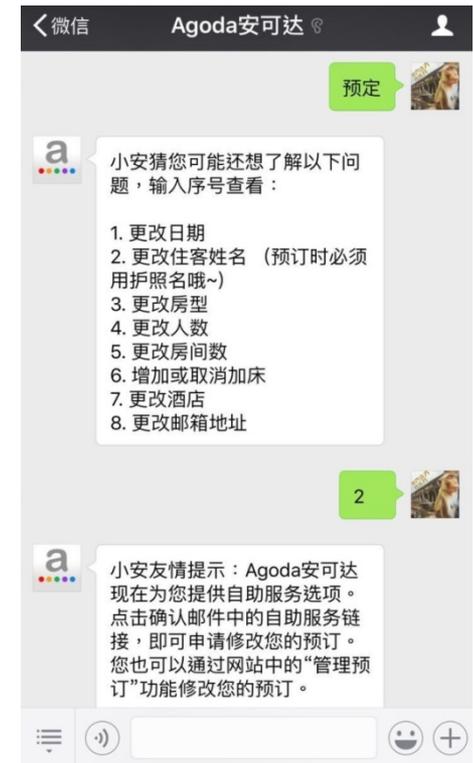
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08/14/2018

## Fans Engagement



*Hard Rock Campaign  
For CNY*

## On-Site and Off-Site Customer Service



*Agoda multi layer  
replies*

# WeChat Weekly Rankings



OVERSEAS NTOs WECHAT RANKING  
Week from 27th February - 5th March 2017

| N. | Organization Name                               | WeChat ID          | Number of Posts | Total Views | Average Views per post | Total Views Most Popular Post | Total Likes |
|----|---|--------------------|-----------------|-------------|------------------------|-------------------------------|-------------|
| 1  | Tourism Authority of Thailand - Beijing Office  | TAT-BJ             | 8               | 50,808      | 6,351                  | 10,406                        | 180         |
| 2  | Destination Canada                              | canadatravel       | 6               | 49,567      | 8,261                  | 14,070                        | 284         |
| 3  | Brand USA                                       | gousacn            | 3               | 46,842      | 15,614                 | 25,264                        | 240         |
| 4  | Japan National Tourism Organization             | Japan_JNTO         | 5               | 35,943      | 7,189                  | 10,575                        | 195         |
| 5  | Tourism Australia                               | tourismaustralia   | 3               | 25,376      | 8,459                  | 12,278                        | 106         |
| 6  | Singapore Tourism Board                         | Singapore_Tour     | 4               | 20,492      | 5,123                  | 7,666                         | 105         |
| 7  | Tourism New Zealand                             | TourismNZ          | 2               | 17,249      | 8,625                  | 9,217                         | 104         |
| 8  | Tourism Authority of Thailand - Shanghai Office | TATShanghai        | 4               | 10,219      | 2,555                  | 4,403                         | 79          |
| 9  | Atout France                                    | atoutfrance        | 7               | 9,466       | 1,352                  | 3,115                         | 63          |
| 10 | Turespaña (Spain Tourism Board)                 | Turespana          | 2               | 7,831       | 7,831                  | 12,000                        | 120         |
| 11 | Visit Britain                                   | visitbritain       | 1               | 7,527       | 7,527                  | 12,000                        | 120         |
| 12 | Visit Korea - Guangzhou Office                  | visitkorea         | 1               | 7,292       | 7,292                  | 12,000                        | 120         |
| 13 | Visit Sweden                                    | visitSweden        | 1               | 5,940       | 5,940                  | 12,000                        | 120         |
| 14 | Visit Finland                                   | visitFinland       | 1               | 4,779       | 4,779                  | 12,000                        | 120         |
| 15 | German National Tourist Board                   | germantouristboard | 1               | 4,488       | 4,488                  | 12,000                        | 120         |
| 16 | Visit Denmark                                   | visitDenmark       | 1               | 2,762       | 2,762                  | 12,000                        | 120         |
| 17 | Netherlands Board of Tourism and Conve          | netherlandsboard   | 1               | 2,388       | 2,388                  | 12,000                        | 120         |
| 18 | Swiss National Tourist Office                   | swissnational      | 1               | 1,572       | 1,572                  | 12,000                        | 120         |
| 19 | Visit Korea - Beijing Office                    | visitkorea         | 1               | 1,504       | 1,504                  | 12,000                        | 120         |
| 20 | The Italian Government Tourist Board            | italiantourist     | 1               | 1,481       | 1,481                  | 12,000                        | 120         |

50 Top destinations in Canada, National Geographic

世外桃源，不怕藏太深  
27 February



国家地理最近推出“你人生中不可错过的自然美景”新榜单，看看有哪些吧！

Read All

12个星座，12座城市 | 城市星座书  
3 March



总有一座城，与你的星座如此般配

12 zodiac sign for 12 USA cities

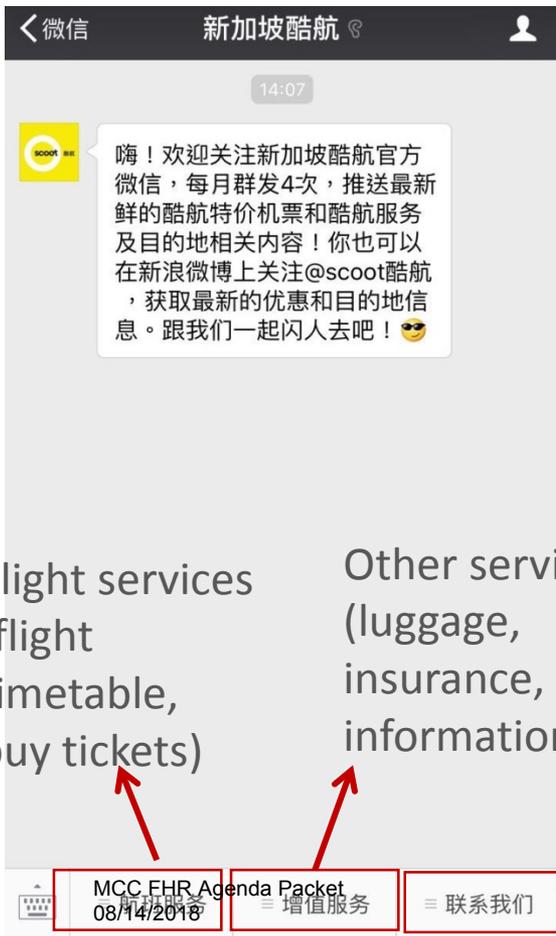
**About the Ranking:**  
Period Analysed: 27 February - 5 March 2017  
Data Collection Date: 8 March 2017 (10:00)  
Ranking Criteria: Accounts are ranked according to unique views and total likes.  
MCC: 110000  
110000  
08/14/2018

hed. WeChat views and "unique views"



# 1. Brand Awareness - WeChat Menu

A Wechat brand account appears similar to a mini site, with a navigation menu linked to key information. Within the same account, brands can also push new content (posts) on a weekly or daily basis.



Flight services  
(flight  
timetable,  
buy tickets)

Other services  
(luggage,  
insurance, transit  
information)

Contact us



Scoot Airline 's  
WeChat Account QR  
Code



Scoot Airline WeChat  
Posts

# 1. Brand Awareness - Content Marketing

Producing good content is fundamental to win brands awareness, as good content gets shared and reposted. A popular article about moving gestures and generous acts by Canadian citizens published on Destination Canada's WeChat account received more than 32,000 views.

2015, 感动加拿大  
2015年12月15日



坚信自己的原则，与善良纯净的人为伴。

Views: 32,471



照片中穿着黑色外套白色T恤的男子，名叫Godfrey Cuotto，是安大略省哈密尔顿（Hamilton）一名21岁的学生。靠在他肩膀上的这名男子叫做Robert，其实他们，并不认识。他们只是偶然在回家的公交车上邻座。

Only in Hamilton  
October at 11:55  
I didn't know if u can post this but I would like to say thank you to the guy who was seating beside a special needs gentleman... He allowed him to hold his hand and find comfort well in a packed bus... It make my day when I see stuff like that.



Like Comment Share  
44,292 people like this. Most Recent

*Holding disadvantaged people's hands*



圣诞将近，你能想到的最好的圣诞礼物是什么呢？一个精致的包包？还是穿着厚厚的新衣，等待爸爸妈妈的大礼？



*Leaving winter coats outside for people in need*

CTC WeChat ID: CanadaTravel

MCC FHR Agenda Packet  
08/14/2018

# 1. Brand Awareness - Leveraging UGC

Chinese travellers love to share their trip with friends and families online as the holiday unfolds.

Posts on WeChat's moments include travel tips, reviews, as well as screenshots of landscapes and memorable experiences. **2 out of 3 tourists are influenced by such posts in deciding a trip.**

Brands can take a proactive role and run on site campaigns to reward guests sharing their experience



*Chinese tourist Guo Chenchen's during trip posts on WeChat*

## 2. Fans Engagement & Brand Awareness - Campaigns

Campaigns help brands gain further awareness, but also bring value to existing followers. “The Travel Across Europe” campaign developed for Visit Europe, presented the diversity of European countries’ culture, and matched participants with famous European historical characters. **Results:** 130,000 page views, 11,000 new Weibo fans and 2,100 WeChat fans.

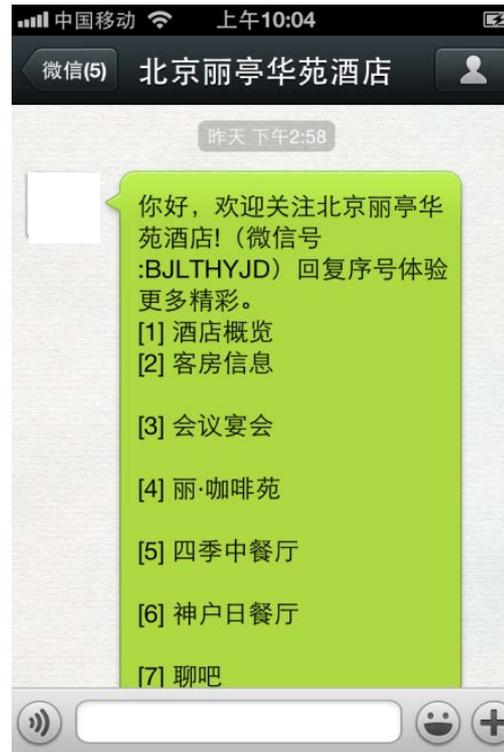


The campaign was promoted on Mafengwo and Sky Scanner

# 3. Customer Service - Automated & Individual Replies

**Customer Services** can be used to respond to followers queries in a timely manner and on an individual basis.

An **automated reply system** consisting of a self-service Q&A, enables users to receive answers to FAQ (e.g. self-enquiry of room service, pricing, bank account balance, availability of movie ticket or flight schedule).



*Followers will receive a Chinese travel guide after requesting it through an automated reply system*



*The automated reply system can send followers images or maps*

# 3. Customer Service - Payment

WeChat Payment now has over 600 million registered users. It can be easily used in shopping centers, attractions and hotels for on site purchases.



MCC FHR Agenda Packet  
08/14/2018



# Trade Portal - B2B WeChat Menu

A B2B brand WeChat account acts as a trade portal. In addition to providing overall information about the destination, it can link to online courses, products catalogues and news.

## WeChat Menu Items

- Latest articles
- DC's partners
- Events & Festivals
- DC Roadshows
- MICE
  
- Product Catalogue
- Cool Canada
- Best Tour Operators
- Destination Training
  
- Visa
- Self Driving
- Flights
- FAQ
- Contact Details



Destination Canada WeChat Menu  
ID: CanadaTravelTrade



WeChat B2B news Page 47 of 61

## WeChat Marketing Platform Follow-up Discussion Meeting Agenda

July 12, 2018; 10:00-11:30am

1. Project update/timeline/deadlines
  - a. Participating entities: EASC, Snohomish County, Port of Everett, Cities of Marysville, Lynnwood, Arlington, Monroe, Everett, and Edmonds
  - b. Potential entities: Propeller Airports, Port of Edmonds, City of Mukilteo, and Snohomish County Tourism Bureau
  - c. Timing: ideal launch date - 10/1/18
    - i. Deadlines
      1. Content committee formed; first meeting by 7/20/18
      2. Funding decision deadline by 7/27/18
      3. WeChat partnership agreement signed/submitted to EASC by 7/31/18  
*This WeChat campaign is a 12-month commitment. EASC will draft and send out an agreement for our partners understanding of the project with details/deadlines/metrics/budget for sign off.*
      4. Draft content for mini-site completed by 8/10/18
      5. WeChat Partners review content draft by 8/17/18
      6. Content final draft completed by 8/24/18
      7. WeChat Partners review final draft by 8/29/18 (if needed)
      8. WeChat Partners review draft mini-site by 9/21/18 (tentative)
      9. WeChat mini-site launch 10/1/18
2. Budget/Funding
  - a. Review and finalize package
    - i. Number of article postings/month
    - ii. Annual KOL budget
      1. Potential ideas for KOL campaign
        - a. Q3 2018 – SnoCo launch of WeChat site
        - b. Q4 2018 – SnoCo CIIE/Business Dev Mission to China
        - c. Q1 2019 – Tourism campaign/visit Snohomish County
        - d. Q2 2019 – Aerospace/Advanced Manufacturing (Paris Air Show)
    - iii. WeChat contribution billing ~ EASC to include WeChat contribution with annual EASC invoice



- b. Potential funding model & benefit levels (Year 1)
  - i. Category 1: Approx. \$7,500-\$8,400
    - 1. Potential benefits: up to 4 newsletter articles/year, logo on main; full page spotlight, other potential marketing opportunities
  - ii. Category 2: Approx. \$5,000-\$5,600
    - 1. Potential benefits: up to 2 newsletter articles/year, logo on main; full page spotlight, other potential marketing opportunities
  - iii. Category 3: Approx. \$2,500-\$2,800
    - 1. Potential benefits: up to 1 newsletter articles/year, logo on main; half page spotlight
- 3. WeChat Mini-Site information layout – **Content Committee**
  - a. Potential topics for 3 main tabs
    - i. General information on WA state/Snohomish County
    - ii. Development benefits/opportunities in Snohomish County
    - iii. Great place to live/play/visit (tourism)
  - b. Other content to include within each main tab (10 pages available)
  - c. What information to highlight about non-contributing entities?
  - d. General FAQ about WA State/Snohomish County to provide vendor to reply to general inquiries
  - e. Calendar of articles to publish/timing/entity contributing drafting content
- 4. Metrics
  - a. What is the definition of success?
  - b. Potential metrics
    - i. # of new recruitment leads
    - ii. # of new WeChat “friend” followers
    - iii. # Impressions click from EASC website link (*need to confirm with vendor*)
    - iv. # of Chinese delegation visits
    - v. # of newsletter reads/shares
    - vi. Increase in Chinese visitors (survey questionnaire?)
    - vii. Others ideas?
- 5. Q&A

# WeChat Content Committee

## Meeting Notes – 7/17/18

Attendees: Amy Spain (Snohomish County Tourism Bureau), Connie Mennie (City of Marysville), Christy Murray (City of Lynnwood), Kyle Evans (Port of Everett), James Palmer (City of Monroe), Simone Tarver (Snohomish County), Randal Southam (on behalf of City of Arlington), Katie Leone/Andrew Vuong (EASC)

### Overall Structure for WeChat Mini-Site

#### Tab 1 – General Information

- a. Intro video (highlighting WA State/Puget Sound/cities in Snohomish County/airports/highways /major companies) ~2-3 minutes; video to be created and sponsored by Randal Southam
- b. Affordability of Snohomish County
- c. Quality of life
  1. Subpages
    - a. One page for each contributing entity
    - b. One shared page for all others

#### Tab 2 – Business Development Opportunities

- a. Intro video (highlighting major industries and employers) ~2-3 minutes (*need to confirm costs and entity to create video*)
- b. Education assets
- c. Transportation network
  2. Subpages
    - a. Manufacturing Industrial Center (MIC)
    - b. Port of Everett
    - c. Lynnwood City Center
    - d. Everett
    - e. Paine Field
    - f. Other areas: Bothell Canyon Park, Tulalip Tribes, Stillaguamish Tribes

#### Tab 3 – Tourism (Live/Play/Visit)

- a. Intro video (highlighting quality of life in Snohomish County) ~2-3 minutes (*video to be furnished by Snohomish County Tourism Bureau*)
- b. Activity types/sample visit itineraries
  - a. Water
  - b. Hiking
  - c. Shopping
  - d. Sports/recreation
  - e. Historical/cultural

- f. Entertainment
- g. Gaming
- h. Sample itinerary of places to visit with 1 day/2day/3 day/etc.

Other notes

- Katie Leone from EASC will be sending out an outline of information currently available from the EASC website. All Content Committee members are to review the information sent by Katie, and add other pertinent information, and provide feedback by next meeting
- Next Content Committee Meeting: Tuesday, July 31 from 9:00-10:30am at EASC office
- David Zhou, CEO of IM2China (our vendor) will attend our next meeting on 7/31 to answer any questions about content, media type, etc.
- Please come to next meeting with a list of questions for David Zhou

## Snohomish County WeChat Platform Cost Breakdown/Overview

| Fixed Cost                                      | Unit Cost | Annual Cost |
|---|-----------|-------------|
| WeChat Account Registration (Pass Through Cost) |           | \$ 2,000    |
| Content Translation, mini-site design, launch   |           | \$ 6,000    |

| Variable Cost                 | Unit Cost       | Annual Cost      |
|-------------------------------|-----------------|------------------|
| <b>WeChat article posting</b> |                 |                  |
| 1 Per Month                   | \$ 750          | \$ 9,000         |
| <b>2 Per Month</b>            | <b>\$ 1,500</b> | <b>\$ 18,000</b> |
| 1 Every Other Month           | \$ 750          | \$ 4,500         |

| Monthly Maintenance Cost (dependent on # postings) |        |          |
|--|--------|----------|
| 1 Posting Per Month                                | \$ 500 | \$ 6,000 |
| 2 Postings Per Month (Maintenance included)        | \$ -   | \$ -     |
| 1 Posting Every Other Month                        | \$ 500 | \$ 6,000 |

### Total WeChat Package

|                                    |                  |
|------------------------------------|------------------|
| <b>1 Posting Per Month</b>         | <b>\$ 23,000</b> |
| <b>2 Postings Per Month</b>        | <b>\$ 26,000</b> |
| <b>1 Posting Every Other Month</b> | <b>\$ 18,500</b> |

Besides setting up the WeChat account, we need to pay for KOL (Key Opinion Leaders) to promote and drive traffic to our WeChat mini-site. KOL are professional bloggers/social media editors who have a large base of followers. KOL costs are typically \$3k (for a tweet) to over \$15k/month. For our reference, State of Georgia started year 1 with a KOL budget of \$5k/quarter.

| Key Opinion Leader (KOL) | Annual Cost      |
|--------------------------|------------------|
| <b>\$3k Per Quarter</b>  | <b>\$ 12,000</b> |
| <b>\$5k Per Quarter</b>  | <b>\$ 20,000</b> |

### Total WeChat Package with KOL (\$3k per Quarter)

|                                    |                  |
|------------------------------------|------------------|
| <b>1 Posting Per Month</b>         | <b>\$ 35,000</b> |
| <b>2 Postings Per Month</b>        | <b>\$ 38,000</b> |
| <b>1 Posting Every Other Month</b> | <b>\$ 30,500</b> |

### Total WeChat Package with KOL (\$5k per Quarter)

|                                    |                  |
|------------------------------------|------------------|
| <b>1 Posting Per Month</b>         | <b>\$ 43,000</b> |
| <b>2 Postings Per Month</b>        | <b>\$ 46,000</b> |
| <b>1 Posting Every Other Month</b> | <b>\$ 38,500</b> |



**MONROE CITY COUNCIL**  
**Finance & Human Resources Committee Meeting**  
*Tuesday, August 14, 2018, 5:30 P.M.*  
**Agenda Bill**

**2018 Committee**  
 Councilmembers  
 Jason Gamble  
 Kevin Hanford  
 Kirk Scarboro

|                 |  |
|-----------------|--|
| <b>SUBJECT:</b> | <i>Property Tax/Revenue discussion</i> |
|-----------------|--|

| <b>DATE:</b> | <b>DEPT:</b> | <b>CONTACT:</b> | <b>PRESENTER:</b> | <b>ITEM:</b>           |
|--------------|--------------|-----------------|-------------------|------------------------|
| 08/14/2018   | Finance      | Becky Hasart    | Becky Hasart      | <b>New Business B.</b> |

**Discussion:** 08/14/2018

- Attachments:**
1. Impacts of 1% annual property tax increase versus no annual increase
  2. Snohomish County Press Release – School Levies
  3. Potential Impacts from Banked Capacity Use
  4. Graph – Impacts of Banked Capacity Use-Rates per \$1000 AV

**REQUESTED ACTION:** Discussion only.

**DESCRIPTION/BACKGROUND**

The four attachments will be explained in detail at tonight’s Finance and HR Committee meeting.

Attachment 1 – Impacts of 1% annual property tax increase versus no annual increase – illustrates the potential consequences to the City’s property tax collections based on the most recent estimates on assessed values (AV) provided by the County.

Attachment 2 – Snohomish County Press Release – outlines the expected impacts to local school levies due to the state’s efforts to comply with the McCleary decision.

Attachments 3 & 4 – Potential Impacts from Banked Capacity Use and Graph – illustrates potential scenarios for use of the City’s banked capacity and further illustrates how using banked capacity in conjunction with the McCleary decision impacts affect a specific property within the City of Monroe.

Again, all four attachments will be explained in detail during the Finance and HR Committee meeting.

Impacts of 1% annual property tax increase versus no annual increase

Property Tax on Assessed Value

|       | Current AV         | AV increase | Current Levy    | Rate per \$1,000 AV | 2018 \$389,500                                | 2019 \$433,200 | 11.22%    |
|-------|--------------------|-------------|-----------------|---------------------|---|----------------|-----------|
| 2018  | \$2,255,923,097.00 |             | \$2,674,640.00  | \$1.18561           | \$461.79                                      |                |           |
| 2019  | \$2,552,937,177.00 | 13.17%      | \$2,701,386.40  | \$1.05815           |   | \$458.39       | (\$3.40)  |
| n/a   | \$2,819,903,871.25 | 25.00%      | \$2,701,386.40  | \$0.95797           |   | \$414.99       | (\$46.80) |
| 2019  | \$2,552,937,177.00 |             | \$2,674,640.00  | \$1.04767           |   | \$453.85       | \$4.54    |
| NC-1% | \$20,000,000.00    | NC-1%       | \$21,162.97     |                     |   |                | banked    |
| NC-0% | \$20,000,000.00    | NC-0%       | \$20,953.43     |                     |   |                |           |
|       |                    |             | <u>\$209.53</u> |                     | lost revenue on new construction (not banked) |                |           |

AV = Assessed Value

NC = New Construction



## Press Release

For Immediate Release:

Date: June 20, 2018

Linda Hjelle  
County Assessor

Laura Washabaugh  
Chief Deputy

M/S#510  
3000 Rockefeller Ave  
Everett, WA 98201-4046  
425 388-3433

### Changes to the State and Local School Enrichment Levies and How It Affects Your Property Tax Levies

**EVERETT** – In 2017, the Legislature passed EHB 2242 partly in response to the Supreme Court's McCleary decision. The Court found that the State was not meeting its constitutional requirement to fully fund basic education. EHB 2242 has several components pertaining to basic education funding. At least two of the components will impact your tax bill now and in the future.

First, beginning with the 2018 tax collection, EHB 2242 created a second portion to the state school levy. The new second portion increases the combined rate by \$0.82 per \$1,000 in assessed value from last year resulting in an increase in your tax bill. The first portion is \$1.84 and the second portion is \$1.01 for a total rate of \$2.85 per thousand in assessed value. The average Snohomish County residential property owner with an assessed value of \$335,800 would have paid \$682 to the state school levy in 2017, while in 2018 that owner with an assessed value of \$377,600 will pay \$1,076.

Second, beginning in 2019, EHB 2242 imposes limitations on how much can be collected in local school (Enrichment) levies by restricting the levy to the lesser of \$1.50 levy rate or \$2,500 per pupil. This change affects both existing and new local school levies. Below are charts that show the levy rates for tax year 2018 and the estimated levy rates in 2019 for the state school levy and local schools enrichment levies as well as how these estimates will effect 2019 taxes. Overall, the owner of an average Snohomish County residential property will see a reduction in local schools enrichment and state school taxes in 2019.

Third, the Legislature passed SSB6614 that will reduce the state school levy rate in 2019. In Snohomish County we are estimating the state school levy rate to be approximately \$2.53 per thousand in assessed value. The following chart shows the average 2018 residence value in Snohomish County and the effect of taxes if the value stays the same or increases in 2019 using the estimated state school levy rate \$2.53 per thousand of assessed value:

|                   | 2018      | 2019 Scenarios |           |           |           |           |
|-------------------|-----------|----------------|-----------|-----------|-----------|-----------|
| Value increase %: |           | 0%             | 5%        | 10%       | 12.5%     | 15%       |
| Value:            | \$377,600 | \$377,600      | \$396,480 | \$415,360 | \$424,800 | \$434,240 |
| State levy rate:  | \$2.85    | \$2.53         | \$2.53    | \$2.53    | \$2.53    | \$2.53    |
| Estimated taxes:  | \$1,076   | \$955          | \$1,003   | \$1,051   | \$1,075   | \$1,099   |

Note: all numbers have been rounded.

In 2019, if the assessed value remains the same or increases up to or around 12.5% property owners would expect to see a reduction in the state school levy tax from last year while those with increases in value greater than 12.5% will see an increase based on our estimates.

In 2020 and 2021, the state school levy rate will return to the rate authorized in EHB 2242. The following chart shows the average 2018 residence value in Snohomish County increasing approximately 12.18% in 2019 and a hypothetical 10% in 2020-2021 as well as the effect of the estimated state school levy rate:

|                  | Scenarios |           |           |           |
|------------------|-----------|-----------|-----------|-----------|
|                  | 2018      | 2019      | 2020      | 2021      |
| Value increase % |           | 12.18%    | 10%       | 10%       |
| Value:           | \$377,600 | \$423,592 | \$465,951 | \$512,546 |
| State levy rate: | \$2.85    | \$2.53    | \$2.85    | \$2.85    |
| Estimated taxes: | \$1,076   | \$1,072   | \$1,328   | \$1,461   |

Note: all numbers have been rounded.

Also, the 10% increase in value between 2020-2021 is only for demonstration purposes. The Assessor's Office does not know what the market will do in future years.

If property values increase in 2020 and 2021 property owners can expect that their portion of taxes for the state school levy will increase. How much it will increase will depend on their assessed value since the state school levy is rate based for four years (2018-2021).

Further information on the property tax impacts of EHB 2242 may be found on the Department of Revenue ([www.dor.wa.gov](http://www.dor.wa.gov)) and Office of School Superintendent's ([www.k12.wa.us](http://www.k12.wa.us)) websites.

For more information on how property tax levies are calculated visit the Assessor's website at: <http://www.snohomishcountywa.gov/333/Levy>

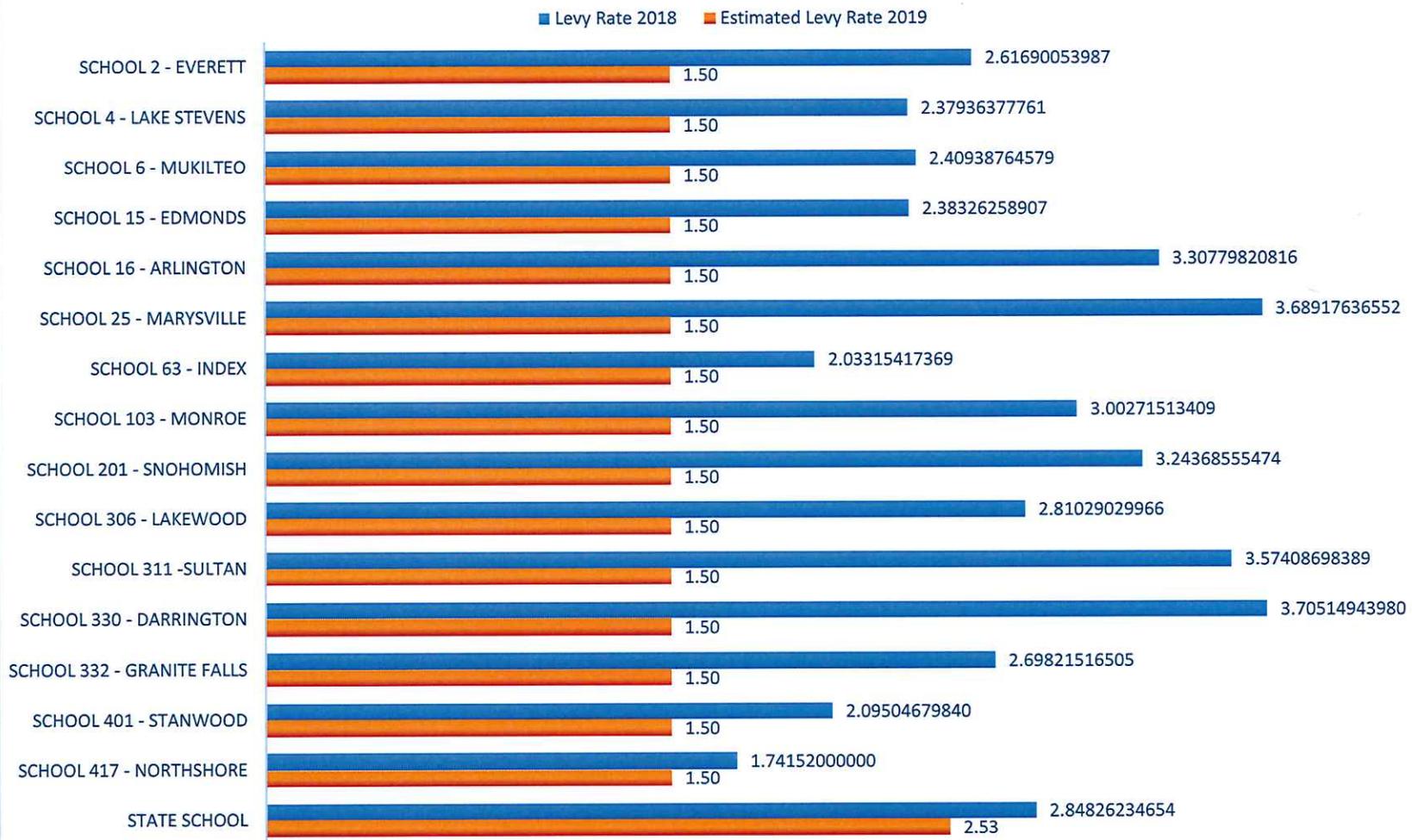
Attachments:

State School Levy and School Districts Enrichment Levies by Rates

Typical Residence Taxes by State Levy and School Districts Enrichment Levies

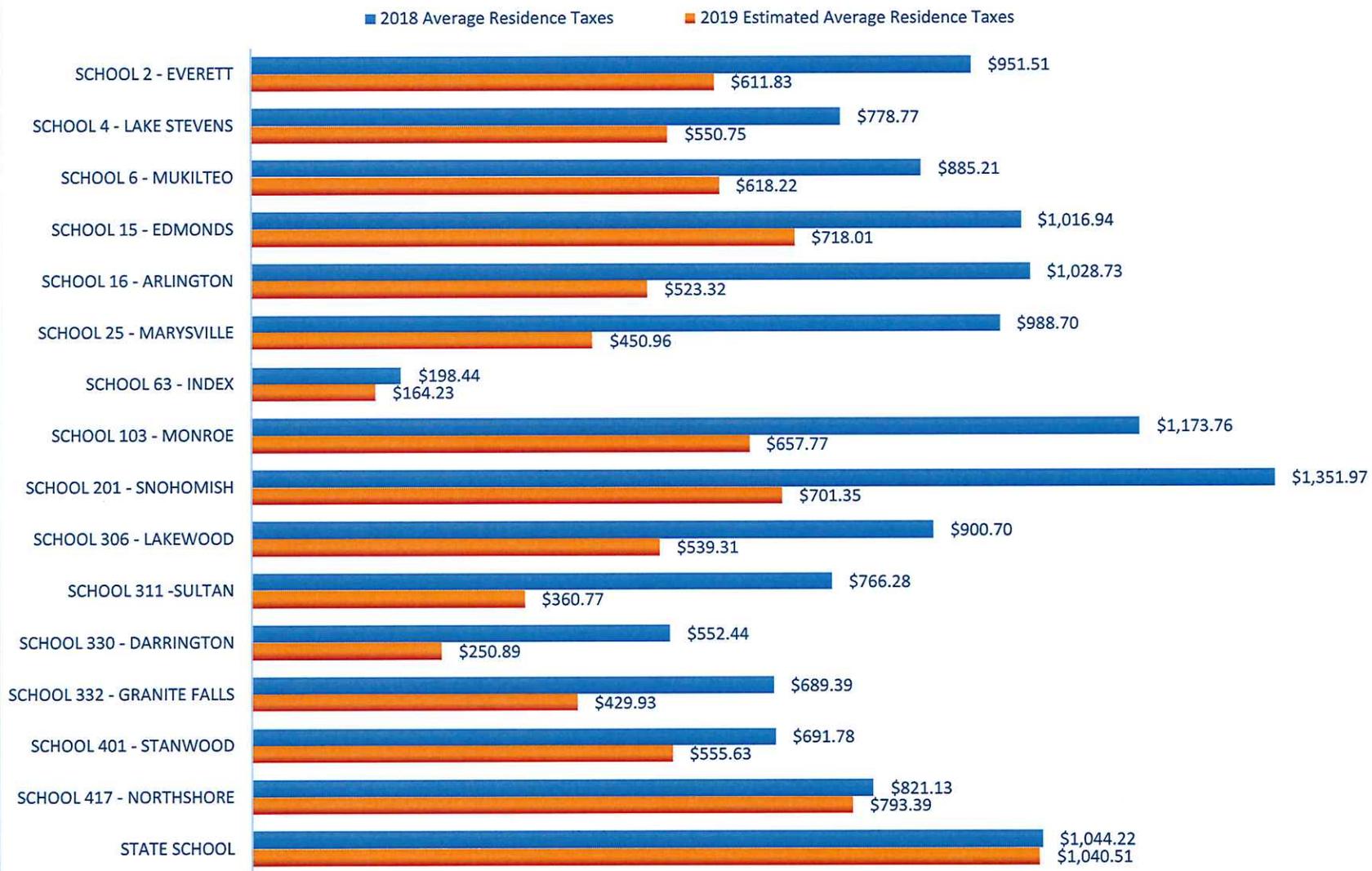
**END**

## STATE SCHOOL LEVY AND SCHOOL DISTRICTS ENRICHMENT LEVIES BY RATES



Note: 2019 school districts enrichment levies will be capped at \$1.50. Some districts levy rate may be less than \$1.50 per 1,000 of AV.

### Typical Residence Taxes by State Levy and School Districts Enrichment Levies



Note: 2019 school districts enrichment levies will be capped at \$1.50 per 1,000 of AV. Some districts levy rate may be less than \$1.50 per 1,000 of AV. Also, 2019 estimates include 12.18% value increase and all local school districts at an estimated levy rate of \$1.50 per 1,000 of AV.

Potential impacts of an additional authority from banked property tax capacity taken in 2019  
 (all numbers except 2018 are estimates)

| Year | AV              | no banked   |          | New Con     | new levy        | new AV          | rate per \$1000 |           |           |           |           |           |           |
|------|-----------------|-------------|----------|-------------|-----------------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|      |                 | Levy        |          |             |                 |                 | City portion    | \$250,000 | \$300,000 | \$450,000 | \$500,000 | \$600,000 | \$750,000 |
| 2018 | \$2,255,923,097 | \$2,674,640 |          |             | \$2,674,640     | \$2,255,923,097 | \$1.18561       | \$296.40  | \$355.68  | \$533.52  | \$592.80  | \$711.36  | \$889.21  |
| 2019 | \$2,552,937,177 | \$2,674,640 | \$23,712 | \$2,698,353 | \$2,572,937,177 | \$1.04874       | \$262.19        | \$314.62  | \$471.93  | \$524.37  | \$629.25  | \$786.56  |           |
| 2020 | \$2,701,584,036 | \$2,698,353 | \$20,975 | \$2,719,327 | \$2,721,584,036 | \$0.99917       | \$249.79        | \$299.75  | \$449.63  | \$499.59  | \$599.50  | \$749.38  |           |
| 2021 | \$2,803,231,557 | \$2,719,327 | \$14,988 | \$2,734,315 | \$2,818,231,557 | \$0.97022       | \$242.56        | \$291.07  | \$436.60  | \$485.11  | \$582.13  | \$727.67  |           |
| 2022 | \$2,902,778,504 | \$2,734,315 | \$14,553 | \$2,748,868 | \$2,917,778,504 | \$0.94211       | \$235.53        | \$282.63  | \$423.95  | \$471.06  | \$565.27  | \$706.58  |           |

| Year | AV              | \$200K banked |          | New Con     | new levy        | new AV          | rate per \$1000 |           |           |           |           |           |           |
|------|-----------------|---------------|----------|-------------|-----------------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|      |                 | Levy          |          |             |                 |                 | City portion    | \$250,000 | \$300,000 | \$450,000 | \$500,000 | \$600,000 | \$750,000 |
| 2018 | \$2,255,923,097 | \$2,674,640   |          |             | \$2,674,640     | \$2,255,923,097 | \$1.18561       | \$296.40  | \$355.68  | \$533.52  | \$592.80  | \$711.36  | \$889.21  |
| 2019 | \$2,552,937,177 | \$2,874,640   | \$23,712 | \$2,898,353 | \$2,572,937,177 | \$1.12648       | \$281.62        | \$337.94  | \$506.91  | \$563.24  | \$675.89  | \$844.86  |           |
| 2020 | \$2,701,584,036 | \$2,898,353   | \$22,530 | \$2,920,882 | \$2,721,584,036 | \$1.07323       | \$268.31        | \$321.97  | \$482.95  | \$536.61  | \$643.94  | \$804.92  |           |
| 2021 | \$2,803,231,557 | \$2,920,882   | \$16,098 | \$2,936,980 | \$2,818,231,557 | \$1.04214       | \$260.53        | \$312.64  | \$468.96  | \$521.07  | \$625.28  | \$781.60  |           |
| 2022 | \$2,902,778,504 | \$2,936,980   | \$15,632 | \$2,952,613 | \$2,917,778,504 | \$1.01194       | \$252.98        | \$303.58  | \$455.37  | \$505.97  | \$607.16  | \$758.95  |           |

| Year | AV              | \$450K banked |          | New Con     | new levy        | new AV          | rate per \$1000 |           |           |           |           |           |           |
|------|-----------------|---------------|----------|-------------|-----------------|-----------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|      |                 | Levy          |          |             |                 |                 | City portion    | \$250,000 | \$300,000 | \$450,000 | \$500,000 | \$600,000 | \$750,000 |
| 2018 | \$2,255,923,097 | \$2,674,640   |          |             | \$2,674,640     | \$2,255,923,097 | \$1.18561       | \$296.40  | \$355.68  | \$533.52  | \$592.80  | \$711.36  | \$889.21  |
| 2019 | \$2,552,937,177 | \$3,124,640   | \$23,712 | \$3,148,353 | \$2,572,937,177 | \$1.22364       | \$305.91        | \$367.09  | \$550.64  | \$611.82  | \$734.18  | \$917.73  |           |
| 2020 | \$2,701,584,036 | \$3,148,353   | \$24,473 | \$3,172,825 | \$2,721,584,036 | \$1.16580       | \$291.45        | \$349.74  | \$524.61  | \$582.90  | \$699.48  | \$874.35  |           |
| 2021 | \$2,803,231,557 | \$3,172,825   | \$17,487 | \$3,190,312 | \$2,818,231,557 | \$1.13203       | \$283.01        | \$339.61  | \$509.41  | \$566.01  | \$679.22  | \$849.02  |           |
| 2022 | \$2,902,778,504 | \$3,190,312   | \$16,980 | \$3,207,293 | \$2,917,778,504 | \$1.09922       | \$274.81        | \$329.77  | \$494.65  | \$549.61  | \$659.53  | \$824.42  |           |

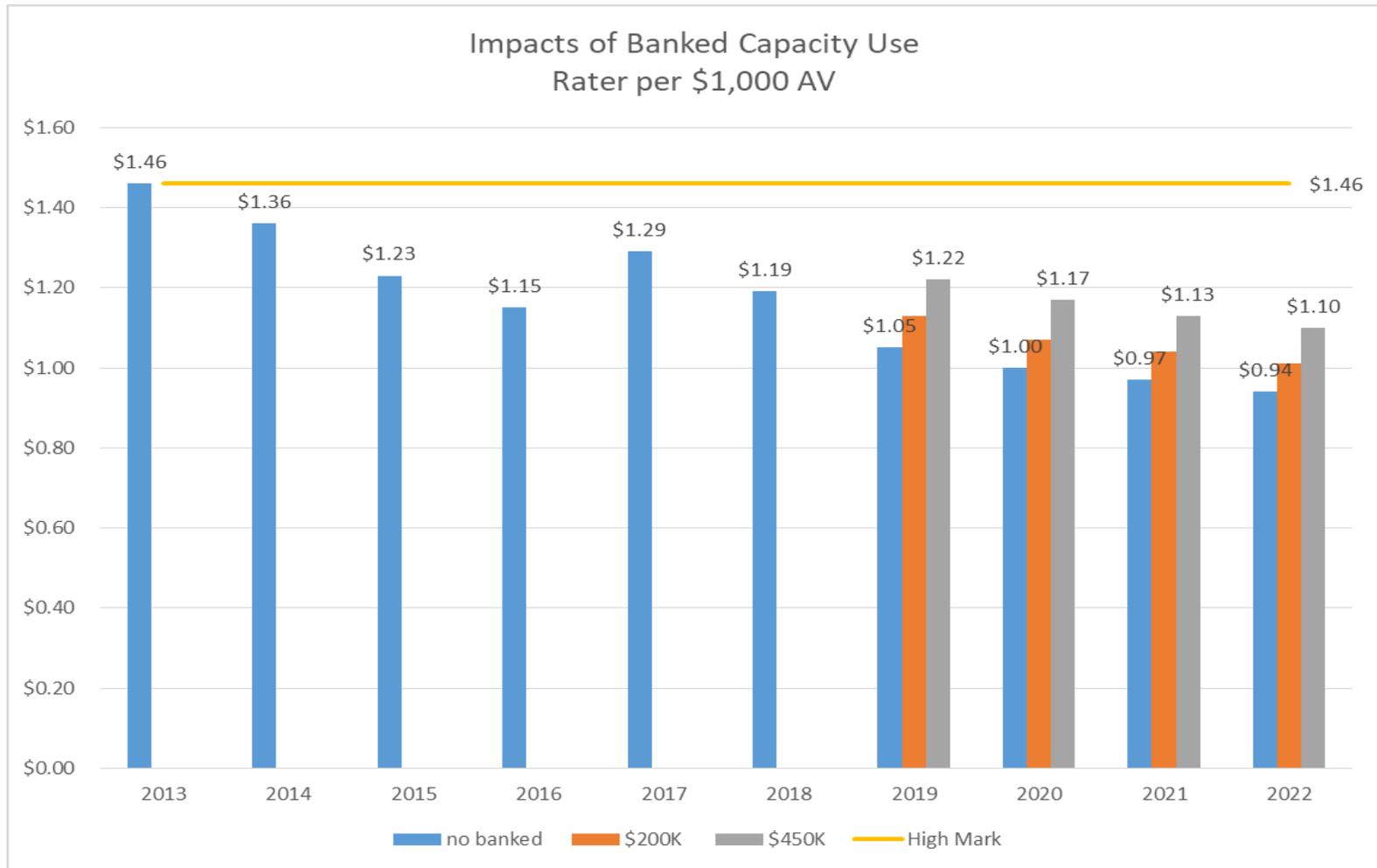
AV = Assessed Value

|  | 2018         | 2019         |
|--|--------------|--------------|
|  | \$389,500.00 | \$433,200.00 |

|                  |            |            |
|------------------|------------|------------|
| City of Monroe   | \$461.79   | \$530.08   |
| Fire District 07 | \$758.94   | \$766.53   |
| Library Capital  | \$68.76    | \$68.76    |
| Schools Capital  | \$535.88   | \$535.88   |
| Schools O&M      | \$1,169.55 | \$649.80   |
| PUB Hospital     | \$105.65   | \$106.71   |
| Library          | \$147.87   | \$149.35   |
| County           | \$308.10   | \$311.18   |
| State            | \$1,109.39 | \$1,120.48 |

|       |                   |                   |
|-------|-------------------|-------------------|
| Total | <u>\$4,665.93</u> | <u>\$4,238.77</u> |
|-------|-------------------|-------------------|

(\$427.16) Decrease



FY 2017 used \$484,312 of banked capacity, resetting the rate per thousand at \$1.29.