

## **Memo**

To: Mayor Ben Tolson  
City Council  
From: Deborah Knight, City Administrator  
Date: 6/20/2007  
Re: 2008 Budget Themes

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Following are the 2008 budget themes for Council discussion:

- Economic Development
- Community Vision
- Financial Health
- Succession Planning
- Strategic Partnerships

The Budget Retreat will focus on four work tasks proposed for funding in 2008:

1. Economic Development Strategic Plan - \$25,000 - \$50,000
2. 2007 Comprehensive Plan Update (Sultan 2030) - \$75,000-\$100,000
3. Equipment Replacement and Acquisition - \$50,000-\$75,000
4. Voter approved Levy Lid Lift – \$175,000 - \$200,000 in revenues

## **Economic Development – Donna/Rick**

Economic Development is one of the primary planks in the platform of mayoral candidates this election year. Sultan continues to struggle with attracting and retaining retail business. Retail business and a healthy sales tax revenue are needed for long-term financial stability.

- Economic Development Strategic Plan
  - \$20,000 in 2008                      \$45,000-\$55,000 in 2009
  - Fund an economic development strategic plan to identify economic development goals, policies and strategies, and prioritize efforts.
  - Begins 3<sup>rd</sup>/4<sup>th</sup> quarter 2008 – tied to work on Sultan 2030 and Economic Element and Land Use Element of the Comprehensive Plan
- Prioritize Strategic Public Investment.
  - \$5,000 in 2008                      \$5,000 in 2009
  - Identify capital investments to kick-start economic development.
  - Begins during 2009-2014 Capital Improvement Plan process – Review evaluation criteria in the capital improvement plan to identify priority investments such as the East-West Industrial Park Connector Road that will kick-start economic development.
- Hire Economic Development Director (full- or part-time)
  - \$65,000 - \$85,000 in 2010
  - Economic development is a specialty field requiring experience and expertise. City staff are currently doing what they can to perform economic development functions. However, there is no one on staff with the knowledge, skills, and abilities to perform this function at the level needed to make an impact.
  - Begins in 2010 after Economic Development Strategic Plan adopted and priorities established. Perhaps a cost share with the chamber or part-time position shared with other Sky Valley communities.
  - May or may not be feasible given other city priorities and financial resources.

## **Community Vision – Rick/Connie**

- Sultan 2030 Comprehensive Plan Update
  - \$5,000 in 2007      \$100,000 in 2008      \$50,000 in 2009
  - Review the City's growth strategy in the Comprehensive Plan. A discussion to amend the City's growth strategy will begin in 2007. This effort will include a review of parks and police adopted levels-of-service beginning in 2007.
  - A decision to amend growth strategies will require amending transportation, parks, economic development, capital facilities, and other elements of the Comprehensive.
- Development code update
  - \$7,500 in 2007      \$50,000 in 2008      \$15,000 in 2009
  - Parts of the development code are under review this year including the Council's quasi-judicial authority and expansion of non-conforming uses.
  - Changes to the development code may be necessary in 2008 to implement changes in the City's growth strategy. The City Council has also expressed an interest in a "code scrub". This could begin in 2008 or 2009.
- Wastewater Treatment Plant (WWTP) design and construction
  - \$1,000,000 in 2007      \$1,000,000 in 2008      \$10,000,000 – 2009
  - The City is working to develop a financially sound funding strategy for upgrading the WWTP. The Sewer Rate Study will be complete in 2007. The City will be meeting with the development community to discuss other funding options as the year continues.
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- Open Space Acquisition and Strategic Plan
  - \$350,000 in 2007      \$
  - Staff is exploring capital funding sources and grant opportunities
  - The City is negotiating to acquire open space using park impact fees. The City should consider a strategic plan for acquiring and financing additional open space before development pressures make acquisition financially unfeasible.
- Public Works Shop master plan
  - \$65,000 in 2009      \$10,000 in 2010
  - The City has discussed moving the public works shop on First Street to its property adjacent to the cemetery on Cascade View Drive. There may be an opportunity to partner with Fire District 5 as it further develops its plans to relocate from downtown Sultan.

## Financial Health – Laura/Connie/Chief Walser

- Utility Rate Studies
  - Water \$65,000 2008                      Garbage - \$65,000 in 2009
  - The City is completing a Sewer Rate Study. City staff recommend conducting a water rate study in 2008 and a garbage rate study in 2009 to ensure that the remaining utilities are paying for themselves and have long-term financial stability.
- Equipment replacement and acquisition
  - \$xxxx in 2008                                      \$xxx in 2009
  - The City should have a long-term plan for equipment replacement and acquisition. The proposed funds would be set aside out of the general fund budget for equipment replacement and acquisition using either depreciation or by establishing a rental fund in the 2009 budget.
- Parks Operations and Maintenance
  - \$35,000 in 2008
  - The City's park system is suffering from neglect. There are not enough staff and financial resources to main the City current park system. The City should explore long-term solutions and develop a strategic plan. This is related to, and could be combined with, the open space strategic plan.
  - Funding in 2008 would be used to explore creating a separate Park Taxing district and a voter approved park maintenance and operations bond.
- Levy Lid Lift and Police levy
  - \$xxx in 2008
  - With the passage of Initiative 747, there only two ways for a jurisdiction to increase property taxes by more than one percent. Sultan does (does not) have "banked capacity".
  - The other way to increase property taxes by more than this amount is to do a levy lid lift under RCW 84.55.050. This is a voter approved method that allows for multiple years of financing and can be dedicated for very specific purposes such as police operations.
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- Land Use and Building – special revenue fund \$50,000-\$65,000
  - \$55,000 in 2009
  - Create a land use and building department special revenue fund to ensure development and building fees are adequate to support review staff time, materials and facilities. The special revenue fund would collect and disburse permit fee revenues to cover permit review expenses.

### **Succession Planning – Deborah/Laura**

- Compensation/classification Study
  - \$35,000 in 2008                      \$35,000 in 2009
  - The study would begin in the second half of 2008 and be finished in 2009. Pay adjustments could be reviewed during the 2008 budget process.
  - The City has not conducted a compensation and classification study to determine its pay and benefit strategy in comparison to the market place.
  - The study would also include review and revision of job descriptions and establish a performance evaluation program
- Recruit and replace retiring staff.
  - \$10,000 in 2008      \$10,000 in 2009      \$10,000 in 2010
  - Several staff including the Community Development Director, City Engineer, and Police Chief have expressed a decision to retire in the next 12 to 36 months.
  - The city must begin to consider how best to ensure that the knowledge held by these staff members is successfully transfer to new employees.

### **Strategic Partnerships – Chief Walser/Deborah**

- Riverfront Park w/Snohomish County and other stakeholders
- Gun range w/ Department of Natural Resources and other stakeholders
- Public Safety Complex master plan

### 2008 Budget Timeline

Saturday, June 23, 2007	Council budget retreat
Monday, July 2, 2007	Distribute department budget worksheets
August 1-August 31	Department meetings with Mayor/City Administrator
	Economic Development      Friday, 8/3
	Police                              Friday, 8/10
	Public Works                      Friday, 8/17
	Community Development      Friday, 8/24
	Finance                              Friday, 8/31
Friday, August 31, 2007	Department worksheets due to City Administrator
Thursday, Sept. 6, 2007	Overview with Council Finance Subcommittee
Wednesday, Sept 12	Management Team meeting with Mayor/City Administrator
Thursday, Sept. 20, 2007	Overview with Council Public Works Subcommittee
Wednesday, Sept 26	Management Team meeting with Mayor/City Administrator
Friday, Sept. 28	Mayor's budget message due
Monday, October 1	Budget to City Council for budget workshop Thurs, 10/11
Thursday, October 11	Overview of revenue sources and forecast assumptions
Saturday, October 13	Council retreat
Thursday, October 25	Council meeting devoted to budget workshop
	Department presentations
Tuesday, November 6	Election Day
Thursday, November 8	Budget hearing
Thursday, November 22	Thanksgiving
Thursday, November 29	Budget action items (property taxes, pay plan)
Thursday, December 6	Budget action items
Thursday, December 20	Adopt 2008 budget

## **The Twelve Elements of the Budget Process**

### Establish Broad Goals to Guide Government Decision Making

1. Assess community needs, priorities, challenges and opportunities
2. Identify opportunities and challenges for government services, capital assets, and management
3. Develop and disseminate broad goals

### Develop Approaches to Achieve Goals

4. Adopt financial policies
5. Develop programmatic, operating, and capital policies and plans
6. Develop programs and services that are consistent with policies and plans
7. Develop management strategies

### Develop a Budget Consistent with Approaches to Achieve Goals

8. Develop a process for preparing and adopting a budget
9. Develop and evaluate financial options
10. Make choices necessary to adopt a budget

### Evaluate Performance and Make Adjustments

11. Monitor, measure, and evaluate performance
12. Make adjustments as needed