

## CITY COUNCIL AGENDA ITEM COVER SHEET

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ITEM NO: Action A 5  
DATE: August 23, 2007  
SUBJECT: Ordinance 954-07 Budget Amendment

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

Ordinance 954-07 was introduced for a first reading at the August 9, 2007 Council meeting. The issue before the City Council is the adoption of Ordinance 954-07 amendments to the City's 2007 Budget.

- The amended 2007 General Fund anticipated revenues equal \$1,978,138 after proposed reductions/increases in anticipated revenues.
- The amended 2007 General Fund anticipated expenses after proposed reductions/increases equal \$2,066,688.
- The overall short-fall in the General Fund after proposed cuts/increases is \$88,550.
- The reduction in staffing in the police department will reduce expenditures by approximately \$18,288 in salaries. \$3,800 has been spent for provisional officers and \$9,700 was spent for retro pay to the officers. The original estimated savings was approximately \$30,000.
- The amended Street Fund expenditures after proposed reductions is \$198,052. This should provide a fund balance of approximately \$47,000 at the end of the year. Based on the five year projections, without action, the Street Fund would have shown a negative balance of around \$30,000 at the end of 2007. The fund has a negative balance of \$7,704 at this time.
- Reallocation of the revenues from the Post Office rent from the GO Limited Tax Bond fund will provide \$45,144 to the General Fund. REET funds will be used to make the bond payments. This bond is for the Community Center and payment on the bonds is an allowable expenditure of REET funds.
- The Capital Project original budget provided for an interfund loan payment. Payment in full for the interfund loan was included in the 2006 Budget and since adequate funds were available, the loan was paid off. The \$41,600 that was budgeted for the loan payment will be transferred to the Bond fund.

- The reallocation of staff to the Water, Sewer and Garbage funds will not have an impact at this time. Staff will monitor the funds for the balance of the year and will bring back amendments as required.

### STAFF RECOMMENDATION

The proposed amendments were based on the recommendations presented to the Council during the Public Hearing on July 26, 2007. These included:

1. Reallocate staff resources from the General Fund to the Enterprise Funds (water, sewer, garbage, etc.) as presented in the supporting materials attached to the agenda cover. The budget amendment ordinance will include adjustments to both the General and all other impacted funds.
2. Do not fill the two vacant positions in the police department.
3. Reduce staffing in the police department from 8 budgeted patrol officer positions to 4 budgeted patrol officer positions. Total department staffing would be 1-Chief, 4- patrol officers, .5 FTE administrative manager position.
4. Staff also recommended adoption of a B & O tax.

There will be addition savings in uniforms, vehicle costs and pre-employment testing accrued by reducing the number of patrol officers. These additional savings could amount to approximately \$17,000.

City staff are recommending the Council focus on selling city properties or reducing staff further to close the gap.

### SUBCOMMITTEE RECOMMENDATION

The City Council Governmental Services subcommittee met on July 19, 2007 to discuss amendments to the 2007 General Fund Budget to address changes in revenues and expenditures. The Subcommittee recommended:

- Accept staff recommended changes as presented in supporting materials
- Contact PUD regarding street light funding alternatives (e.g. home owners associations, private resident billing, and rolling blackouts). Forming a street light utility is not an option by court decision.
- Not hiring provisional police officers to fill vacant positions a \$24,000 savings.
- Review the Community Development Director contract
- Explore reducing hours at City Hall
- Finalize the Redflex contract as a potential source of revenues
- Advertise passport services
- Initiate a campaign to license pets in Sultan to support animal control services

SUMMARY:

The City is collecting less in anticipated revenues and has unanticipated expenses. At the July 26, 2007 Public Hearing, Council directed staff to prepare the ordinances to amend the budget based on the recommendations presented. The Ordinance attached incorporates those recommendations.

ALTERNATIVES:

1. Adopt Ordinance 954-07 to amend the 2007 Budget.
2. Do not adopt Ordinance 954-07. This will require that the Council provide staff direction on alternatives to reduce revenues and expenditures.
3. Revise Ordinance 954-07 and provide staff direction on alternatives to reducing revenues and expenditures.

RECOMMENDATION:

Adoption of Ordinance 954-07, 2007 Budget Amendment

MOTION:

Move to adopt Ordinance 954-07, 2007 Budget Amendment.

- Attachments:
- A. Ordinance 954-07
  - B. Detailed information on amendments

**CITY OF SULTAN  
SULTAN WASHINGTON  
ORDINANCE 954-07**

**AN ORDINANCE OF THE CITY OF SULTAN AMENDING  
THE 2007 BUDGET ADOPTED UNDER ORDINANCE 943-08  
AND AMENDED UNDER ORDINANCE 948-07 and 953-07.**

THE CITY COUNCIL OF THE CITY OF SULTAN DO ORDAIN AS FOLLOWS:

SECTION 1: The 2007 Budget as authorized under Ordinance 943-06 and amended under Ordinance 948-07 for revenues and expenditures for the operation of the City of Sultan for the fiscal year ending December 31, 2007 is amended to increase or decrease in the following amounts:

FUND # AND NAME	REVENUES/ UNENCUMBERED FUNDS	EXPENDITURES
001 General Fund	\$ -171,291	\$ 58,881
101 Street Fund	\$ -0-	\$-51,356
203 GO Limited Tax Bond Fund	\$ -23,144	\$ -0-
301 Capital Project Fund	\$ 22,000	\$ 22,000

A full copy of the amended budget sections are attached and made part of this ordinance by reference.

SECTION 2: The budget for the year 2007 is amended to provide for the changes as outlined above and filed in the office of the City Clerk.

SECTION 3: The City Clerk is hereby directed to transmit the amended budget to the Auditor of the State of Washington, Division of Municipal Corporations.

Severability: This ordinance is severable and if any portion of it shall be declared invalid or unconstitutional, the remaining portion shall remain valid and enforceable.

Effective Date: This ordinance shall be in full force and effect five days after publication as required by law.

REGULARLY ADOPTED this    th day of August, 2007

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Benjamin Tolson, Mayor

Attest:

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Laura J. Koenig, City Clerk

Approved as to form:

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Thom Graafstra, City Attorney

Published: