

# Memo

To: Mayor Ben Tolson  
City Council  
From: Deborah Knight, City Administrator  
Date: October 13, 2007  
Re: 2008 Budget Themes

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Following are the 2008 budget themes Council discussed at its June 2007 Budget Retreat. These "budget themes" are the basis for the 2008 budget presented by City staff:

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

The City Council and members of the public who attended the June 2007 Budget Retreat participated in an exercise to prioritize the strategic budget initiatives which are the foundation of the 2008 budget.

There is a copy of the 2008 Strategic Budget Initiatives with Council/community priorities attached to this agenda cover.

Please note that some of the budget initiatives are multi-year projects requiring a financial investment over the next three years. This is in keeping with the recommendation in the Prothman Report, received by the City Council in 2006, to establish a multi-year strategic plan to guide budget development and proactive investment in Sultan's future.

## 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.

### 1. Economic Development Strategic Plan - Community Development Department

- \$25,000 3<sup>rd</sup> quarter of 2008                      \$40,000-\$50,000 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 Comprehensive Plan
- The City has applied for a \$75,000 Community and Economic Development Grant. There is no match requirement for this grant. The City will proceed with the Economic Development Strategic Plan only if the grant is secured.

### 2. Prioritize Strategic Public Investment - Capital Improvement Budget

- \$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.

### 3. Hire Economic Development Director (full- or part-time)

- \$0 in 2008      \$0 in 2009                      \$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.
- Could be combined with the proposed Long Range Planner position
- May or may not be feasible given other city priorities and financial resources.

## Community Vision – Rick/Connie

### 4. Sultan Comprehensive Plan Update – Community Development Department

- \$100,000-\$200,000 in 2008      \$50,000 in 2009
- Adopt a Growth Management Act (GMA) compliant Comprehensive Plan
- The City is beginning its efforts to address the Final Decision and Order in Fallgatter IX which challenged the City's Capital Facilities Plan. The primary concern of the Growth Management Hearing's Board is that the City has not done the necessary "needs analysis" for parks, storm water, and sewer. Specifically in sewer, the Board is requiring the City identify the unsewered populations (lots) within the City and include a plan for future service.
- City staff propose bringing together a team of experts including a consultant, long-range planner, and land use attorney. The cost of the work would be divided between the general fund, utility sewer fund, and utility storm water fund.
- The development community has expressed interest in assisting the City in this effort through direct donations to underwrite costs associate with Plan compliance efforts.
- Review the City's growth strategy in the Comprehensive Plan in 2009. A discussion to amend the City's growth strategy may begin in fourth quarter of 2008.
- A decision to amend growth strategies will require amending transportation, parks, economic development, capital facilities, and other elements of the Comprehensive.

### 5. Development code update – Community Development Department

- \$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 (**complete**).
- Changes to the development code may be necessary in 2008 to implement changes in the City's Comprehensive Plan. The City Council has also expressed an interest in a "code scrub". This could begin in 2008 or 2009.

### 6. Wastewater Treatment Plant (WWTP) design and construction – Sewer System Improvement Fund

- \$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.

7. Open Space Acquisition and Strategic Plan – Parks Capital Projects

- o \$350,000 in 2008                      \$1,000,000 in 2009
- o Staff is exploring capital funding sources and grant opportunities
- o 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.

8. Public Works Shop master plan

- o \$0 in 2008                      \$65,000 in 2009                      \$10,000 in 2010
- o The City has discussed moving the public works shop on First Street to its property adjacent to the cemetery on Cascade View Drive.

**Financial Health – Laura/Connie**

9. Utility Rate Studies - Utility Water

- o Water \$65,000 2008                      Garbage - \$65,000 in 2009
- o 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.

10. Equipment replacement and acquisition – Equipment Replacement Fund

- o \$50,000 in 2008                      \$50,000 in 2009
- o 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.
  - A public works truck to replace the \_\_\_\_\_ which will be paid for out of the General Fund
  - A public works truck for the water department to replace \_\_\_\_\_ which will be paid out of the CR Utility Fund
  - A vector truck (\$xxx) which will be paid for out of the Stormwater Utility Fund over a xxx year period.

11. ~~Parks Operations and Maintenance~~

~~o \$35,000 in 2008~~

~~o 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.~~

- ~~o Funding in 2008 would be used to explore creating a separate Park Taxing district and a voter approved park maintenance and operations bond.~~

**City staff recommend deferring parks maintenance until the General Fund has sufficient revenues.**

#### 12. Levy Lid Lift and Police levy

~~o \$xxx in 2008~~

~~o 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".~~

- ~~o 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.~~

**City staff recommend deferring voter approved levy lid lift or special levy for consideration in 2008 for the 2009 budget**

#### 13. Annexation into the Sno-isle Library District - Legislative

- o \$10,000 in 2008 (1,994 voters x \$5/voter = \$9,970)
- o The Council adopted Ordinance No. 957-07 requesting annexation into the Sno-Isle Library District. The purpose of the annexation is to eliminate the City's direct payment of \$93,000 to Sno-Isle to provide library services to Sultan residents.
- o The proposed election date is March 2008.

#### 14. Land Use and Building – special revenue fund \$50,000-\$65,000

- o \$0 in 2008                      \$55,000 in 2009
- o 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

### 15. Compensation/classification Study

- \$10,000 in 2008
- The study would begin in the first quarter of 2008 and be finished in the third quarter. Pay adjustments could be reviewed during the 2009 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

### 16. Recruit and replace retiring staff.

- \$20,000 in 2008      \$20,000 in 2009      \$20,000 in 2010
- Several staff including the Community Development Director and City Engineer have expressed a decision to retire in the next 12 to 36 months.
- Costs include payouts for sick, vacation, and continued benefits in accordance with City policy and personnel contracts (\$20,000).
- The city must begin to consider how best to ensure that the knowledge held by these staff members is successfully transfer to new employees.

### 17. Proposed Staff Positions

City staff are proposing adding three new positions to the salary ordinance. These are "placeholder" positions with final council approval in 2008:

1. Long Range Planner \$72,672 to \$92,082 - assist with the comprehensive plan and other strategic initiatives such as the Economic Development Plan. The position could "morph" into the Economic Development Director position in 2010. Provides retention of corporate knowledge and smooth transition for Community Development Director retirement in mid 2008.
2. Engineering Technician \$44,028 to \$53,916 – assist with completing the City's backlog of capital projects. **The position would be paid for out of the Capital Budget** with separate sources of revenue (e.g. not property or sales taxes). Provides retention of corporate knowledge and smooth transition for City Engineer retirement in 2009.
3. Animal control officer \$30,097 to \$43,264 – the position of animal control officer is currently a temporary, part-time, non-regular (non-benefited/non-union) employee. The position was filled in May 2007 and has proven instrumental in addressing animal control issues throughout the Sultan community. City staff recommend converting the position to regular (benefited/union) part-time (20 hours/week) and commissioning the position to enforce the Sultan

Municipal Code. The position would reside in the Police Department.

**Strategic Partnerships – Donna Murphy/Deborah**

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

2008 Strategic Budget Initiatives

June 2007 Budget Retreat  
 Priority Medium

Budget Year  
 \$2,008 \$2,009

Strategic Initiative

**Economic Development - Rick/Donna**

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.

Fund an economic development strategic plan to identify economic development goals, policies and strategies, and prioritize efforts.

\$25,000 \$45,000 13 0 0

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.

Identify capital investments to kick-start economic development.

\$5,000 \$5,000 0 2 3

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)

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.

\$0 \$0 5 7 2

Begins in 2009 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.

2008 Strategic Budget Initiatives

June 2007 Budget Retreat  
Priority

Medium

Budget Year  
\$2,008 \$2,009

Strategic Initiative

Community Vision – Rick/Connie Sultan Comprehensive Plan Update

\$100,000 \$100,000 8 0 0 0

Adopt a Growth Management Act compliant comprehensive plan. City staff propose bringing together a team of experts including a consultant, long-range planner, and land use attorney. The cost of the work would be divided between the general fund, utility sewer fund, and utility storm water fund.

Review the City's growth strategy in the Comprehensive Plan in 2009. A discussion to amend the City's growth strategy may begin in fourth quarter of 2008.

A decision to amend growth strategies will require amending transportation, parks, economic development, capital facilities, and other elements of the Comprehensive.

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.

\$50,000 \$15,000 10 0 0 0

Wastewater Treatment Plant (WWTP) design and construction

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\$1,000,000 \$10,000,000 9 0 0 1

Open Space Acquisition and Strategic Plan

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\$35,000 \$1,000,000 2 6 1 1

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

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.

\$65,000 \$10,000 1 5 14 14

2008 Strategic Budget Initiatives

June 2007 Budget Retreat

Priority

Budget Year

Medium

\$2,008 \$2,009

Strategic Initiative

Financial Health – Laura/Connie  
Utility Rate Studies

- o Water \$65,000 2008 1 4 4
- o 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. \$65,000 \$65,000

Equipment replacement and acquisition

- o 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. \$50,000 \$50,000

Parks Operations and Maintenance

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- o The City's park system is suffering from neglect. There are not enough staff and financial resources to maintain the City's 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.
- o Funding in 2008 would be used to explore creating a separate Park Taxing district and a voter approved park maintenance and operations bond.
- o Levy Lid Lift and Police Levy 7 1 2

- o With the passage of Initiative 747, there are only two ways for a jurisdiction to increase property taxes by more than one percent. Sultan does (does not) have "banked capacity".
- o 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.

Land Use and Building – special revenue fund

- o 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. \$0 \$55,000 0 8 6

2008 Strategic Budget Initiatives

Budget Year	June 2007 Budget Retreat Priority
\$2,008	Medium
\$2,009	
\$35,000	1 6 3
\$35,000	1 6 3
\$20,000	1 6 6
\$20,000	3 5 9
	0 7 7
	4 1 1
	4 6 2

**Strategic Initiative**  
**Staff Resources – Deborah/Laura**

Compensation/classification Study

- o 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.
- o The City has not conducted a compensation and classification study to determine its pay and benefit strategy in comparison to the market place.
- o The study would also include review and revision of job descriptions and establish a performance evaluation program

Recruit and replace retiring staff.

- o 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.
- o 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 Waiser/Deborah**

- o Riverfront Park w/Snohomish County and other stakeholders
- o Gun range w/ Department of Natural Resources and other stakeholders
- o Public Safety Complex master plan
- o 1st Street Park (Sports Field Complex)