

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

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ITEM NO: A-9

DATE: December 13, 2007

SUBJECT: Recognition of CAP members for their assistance to the City  
Dissolution of the Blue Ribbon Citizen Advisory Panel (CAP)

CONTACT PERSON: Deborah Knight, City Administrator

**ISSUE:**

The issues before the City Council are to recognize the members of the CAP for their assistance to the City, review the work completed by the CAP, and determine whether to continue the CAP under the existing structure, reform the CAP with new members, or discontinue the CAP.

**STAFF RECOMMENDATION:**

1. Recognize the members of the Blue Ribbon CAP who volunteered their time and resources to review materials and prepare recommendations for the Council's consideration.
2. Review the recommendations prepared by the CAP for the Council's consideration.
3. Discuss and determine whether to continue the CAP under the existing structure, reform the CAP with new members, or discontinue the CAP.

**SUMMARY:**

The Blue Ribbon Citizen Advisory Panel was established by the City Council on August 27, 2007 to evaluate long-term solutions to the City's General Fund budget crisis.

The CAP met two times per month between September 2007 and December 2007.

Members of the CAP will present their recommendations to the City Council at its December 13, 2007 meeting.

Under Chapter 9 (Creation of Committees, Boards and Commissions) of the Council Procedures adopted on April 12, 2007:

9.1 The Council may create committees, boards, and commissions to assist in the conduct of the operation of city government with such duties as the Council may specify...

9.2 Any committee, board or commission so created shall cease upon the accomplishment of the special purpose for which it was created, or when abolished by a majority of the Council.

The City Council may review the work completed by the CAP and determine whether to continue the CAP under the existing structure, reform the CAP with new members, or conclude the CAP.

#### BACKGROUND:

The City Council approved forming a Blue Ribbon Citizens Advisory Panel in August 2007 to evaluate long-term solutions to the City's General Fund budget crisis.

Although, the City Council made necessary decisions to balance the General Fund budget in the short-term (4 months), there are fundamental problems with the General Fund that require long-term solutions (12 to 24 months).

The City Council asked for volunteers to serve on the CAP in order to evaluate long-term solutions and prepare recommendations for the City Council's consideration. The goal was to have the CAP provide alternatives and recommendations to inform the Council's 2008 budget process.

Nine community members and Councilmember Flower volunteered their time to participate on the Blue Ribbon Commission:

1. Matt Anderson– local developer
2. Tony Beedle – city resident
3. Jeffrey Beeler – (CAP Chair) city resident/president of HOA
4. Traci Hoenstein – (CAP secretary) city resident/Sultan business owner
5. Donna Marshall – city resident/VP Coastal Community Bank
6. Jackie Personeus – Sultan library – branch manager
7. Loretta Storm – civic/taxpayer advocate, Sultan Library Board Member, ittakesgrit.org webmaster, Secretary of the U. S. 2 Safety Coalition
8. Charles Van Pelt – board member Sultan library, Sultan School Board and Sultan Planning Board
9. Steve Wright – (CAP Co-Chair) city resident

Following is a brief summary of the meeting agendas. Copies of materials reviewed and discussed by the CAP are available on-line at <http://www.ci.sultan.wa.us/council/brc/>.

CAP member Loretta Storm posted audio of the meeting, meeting minutes and other research materials gathered by CAP members at <http://www.ittakesgrit.org/Blue-Ribbon-CAP-page.htm>

- September 10, 2007 – Organizational meeting and background information on City's budget and August 2007 budget amendments. CAP members exchanged information regarding best management practices used by other governmental organizations to balance budgets following budget short-falls because of impacts from I-695 and I-747. The direction of the CAP was to answer the following questions 1) where were we; 2) where are we now; 3) where are we going.
- September 17, 2007 – Review and discuss information on the City's tax levy rate and how it has decreased over time, general fund revenues and expenditures, development project buildout estimates, revenue and expenditure forecast and partial City of Sultan annual reports from 1999-2006. Reviewed and discussed Sultan's State Audit history.
- October 1, 2007 – Review and discussion information on levy lid lifts and the status of implementation of recommendations contained in the January 2006 Prothman Report. Briefly discussed feasibility of using investment interest income in the General Fund.
- October 17, 2007 - Presentation by the Snohomish County Assessors Office on tax levies and levy lid lifts. Presentation by Stan Finklestein, Director of the Association of Washington Cities on how Sultan's expenses and incomes compares to other cities between 3,000 and 6,000 population.
- November 5, 2007 - Review and discuss revenue options including levy lid lift, Business and Occupation (B&O) tax, other fees and charges. Lease agreements and City owned property were included on the list of revenue options provided by staff but were not discussed.
- November 19, 2007 - Discussed, without city staff being present, each CAP member's draft options including utility tax, hotel/motel tax, business tax and other fees and charges for services. Discuss recommendations to the City Council. City staff prepared materials but did not attend the meeting at the request of the CAP.

- December 3, 2007 - Discuss and prepare recommendations for the City Council's December 13, 2007 meeting. Due to the flooding that evening, only three CAP members attended. City staff did not attend, due to a miscommunication.
- December 13, 2007 - Present recommendations to the City Council.

#### DISCUSSION:

The CAP members have put in an extraordinary amount of time reviewing the City's financial situation and educating themselves on the alternatives for balancing the City's general fund budget over the long-term.

The City Council should recognize the personal sacrifice made by CAP members to spend their time and resources assisting the City.

City financial information is complex and decisions to raise revenues and/or reduce expenses often require difficult choices that impact friends and neighbors. The CAP members will make a presentation of the CAP recommendations to the City Council on December 13, 2007.

The Council should review the information and recommendations presented by the CAP. The Council should determine whether to continue the CAP under the existing structure, re-form the CAP with new members, or discontinue the CAP.

#### FISCAL IMPACT:

The fiscal impact of implementing CAP recommendations will require analysis at the direction of the City Council.

The fiscal impact of continuing the CAP will be staff time to support the CAP. Both the City Administrator and Deputy Finance Director spent 2-4 hours preparing materials for the CAP to review at each meeting and approximately 2 hours every other week attending CAP meetings.

#### ALTERNATIVES:

1. Continue the CAP under the existing structure – This alternative assumes that the City Council would like the CAP to continue its work on exploring alternatives for raising revenues and/or cutting expenses. The current CAP members have spent time educating themselves about municipal finance and could provide a sounding board for future financial decisions discussed by the City Council such as fees for service (e.g. park fees, building permit fees, etc.).
2. Re-form the CAP with new members – CAP members volunteered with the understanding that CAP would end in December. The City Council could reform

the CAP with new members if the City Council believes that the CAP format offers the benefit of a sounding board for future financial decisions.

3. Discontinue the CAP – The CAP was formed with the understanding that it would be discontinued in December after the CAP submits its final recommendations to the City Council. The Council may choose to discontinue the CAP at this time.

**RECOMMENDED ACTION:**

1. Thank the members of the CAP for their assistance to the City
  2. Review the work completed by the CAP
  3. Determine whether to continue the CAP under the existing structure, reform the CAP with new members, or discontinue the CAP.
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**COUNCIL ACTION:**

**DATE:**