

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

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**ITEM NO:** Budget Retreat – 6  
**DATE:** June 20, 2009  
**SUBJECT:** Police Funds  
**CONTACT PERSON:** Laura Koenig, Clerk/Deputy Finance Director

**ISSUE:**

The issue before the Council is to determine the disposition of accumulated balances in various funds established for Police related purposes. There are three funds to discuss:

1. Police Equipment Reserve Fund
2. Drug Enforcement Fund
3. Police Bond Fund

**SUMMARY:**

**Police Equipment Reserve Fund:** This fund was established to provide a revenue source for the purchase and repairs to Police vehicles. The current revenue source is 1% of the 6% tax imposed on electrical, gas and telephone utilities. The approximate revenue budget for 2009 is \$61,893.

The current balance in the fund is \$96,880 and it estimated an additional \$26,000 will be received in 2009 which would bring the fund balance to \$122,880.

The Police contract with the County provides for the purchase and replacement of vehicles and this fund will not be needed to replace police vehicles. The City received a billing from Snohomish County in the amount of \$13,300 for the 800 MHZ O & M Assessment. This was not a budgeted expense for 2009.

**Recommendation:** Staff recommends a budget transfer from the equipment fund to the General Fund to cover the \$13,300 for the 800 MHZ assessment payment. Further, Staff recommends that the balance of money in this Fund be split between the Street Fund (80%), Building Maintenance fund (10%) and the Equipment Replacement fund (10%) for Public Works after the deduction for payment due under the Interlocal for the 800 MHZ communication system is made. This allocation based on 2009 estimates would provide funding for 2009 of:

General Fund	\$13,300
Street Fund	\$87,664
Building Fund	\$10,958
Equipment Fund	\$10,958

The Street Fund has a negative balance of (\$5,237.97). This fund has limited funding sources and has struggled for the last two years. The Council needs to consider other funding options such as a portion of the 1% allocated to the police vehicle fund as

suggested by Mr. Gerry Gibson at the Council meeting on May 18, 2009. This matter was discussed at the June 11, 2009 Council meeting and staff was directed to provide Council with a recommendation on allocation of this moneys. This 80% allocation of the funding could be used to perform routine street maintenance such as grading, patching, stripping and to fund equipment needed by the Street Fund. The estimated cost to grade and repair gravel streets is \$16,000. Based on the recommended allocation, this would provide \$50,000 in 2010.

The Public Works department is need of a new mower for the parks, cemetery and street right of ways (estimated cost is \$20,000). Half the cost of the mower was included in the General Fund as a transfer to the Equipment Reserve fund. There were no transfers allocated from Streets or Cemetery due to lack of funds.

The anticipated revenues for 2009 and future years could be used to provide funds for the Street Fund, Building Maintenance Fund and Equipment Reserve Fund. This could provide an ongoing revenue source for street maintenance, needed building repairs and maintenance and equipment replacement.

**Drug Enforcement Fund:** This fund was established in 1989 to receipt funds from the sale of property seized in drug investigations and for forfeitures order by the courts. The money is to be used for drug enforcement or education. In accordance with SMC 3.38.030, if the fund is dissolved, the accumulated funds are to be transferred to the general fund to be used for police related expenditures. The current fund balance is \$6,865.

**Recommendation:** Use funds to pay the annual cost for the Interlocal agreement with the Snohomish County Regional Drug Task Force.

**Police Bond Fund:** This fund has been discussed several times in 2008. The May 29, 2008 staff report is attached for your review. There are no other expenditures to be made that comply with the terms of the bond. In February 2008, the City purchased a gun safe from this fund for \$1,900. The safe was declared surplus on February 26, 2009.

The City pays approximately \$30,000 per year in bond principal and interest payments. These funds are generated by assessing additional property taxes. The \$10,126 would be used to reduce the amount of assessment in the final year of the scheduled bond payments.

**Recommendation:** Transfer the remaining \$8,337 to the Police GO Bond Fund to provide funds for payments on the Police Bonds. Use the funds received from the sale of the safe to provide funds to make payments on the police bonds.

These issues are for discussion and are not part of the 2009 Final Budget. A budget amendment will be needed to transfer funds.

Attachments: A. Chapter 3.20 Police Vehicle Equipment  
B. Chapter 3.38 Drug Enforcement Fund

## ATTACHMENT A

### Chapter 3.20 POLICE VEHICLE EQUIPMENT RESERVE AND REPLACEMENT FUND

Sections:

[3.20.010](#) Establishment and purpose.

[3.20.020](#) Funding sources.

[3.20.030](#) Expenditures.

#### **3.20.010 Establishment and purpose.**

There is hereby created a police vehicle equipment reserve and replacement fund which shall be used for the purpose of establishing reserves and funding for police vehicle equipment purchases, upgrades and replacements that have been appropriated in the annual operating budget. (Ord. 939-06)

#### **3.20.020 Funding sources.**

The fund shall initially be established through operating transfers from the general and general equipment fund reserves for police equipment. Thereafter, annual operating transfers may be made from the general fund. Revenues from the sale of equipment assets shall also be accounted for in this fund. As set by budget each year, a portion of the utility tax collected on telephones, gas and electrical services may be allocated for police vehicle purposes. (Ord. 939-06)

#### **3.20.030 Expenditures.**

Expenditures from the fund shall be made as appropriated and authorized in the city's annual operating budget. The council shall establish specific policies and procedures for acquisition and surplus of equipment. (Ord. 939-06)

## ATTACHMENT B

### Chapter 3.38 DRUG ENFORCEMENT FUND

Sections:

[3.38.010](#) Fund created.

[3.38.020](#) Purpose – Expenditures.

[3.38.030](#) Accumulated funds.

#### **3.38.010 Fund created.**

There is created and established a special fund to be known as the “drug enforcement fund,” into which all moneys and proceeds from the sale of property seized during drug investigations and forfeited pursuant to RCW 69.50.505 and all other applicable state and federal laws shall be deposited after amounts are deducted in accordance with state and federal laws. Other sources of moneys shall include all fines, forfeitures and penalties ordered paid by court order into this fund. (Ord. 521, 1989)

#### **3.38.020 Purpose – Expenditures.**

This fund has been established for the purpose of accumulating funds for drug enforcement needs, drug awareness educational purposes and the purchase, lease and maintenance of equipment and other items necessary for drug enforcement by the Sultan police department, and shall not be expended for any other purpose. (Ord. 521, 1989)

#### **3.38.030 Accumulated funds.**

Any unexpended funds remaining in the drug enforcement fund at the end of any budget year shall not be transferred to the general fund or otherwise lapse; rather, said unexpended funds shall be carried forward from year to year until expended for the purposes set forth in SMC [3.38.020](#). Should said fund be dissolved at any time, accumulated funds will be transferred to the general fund to be used for police-related expenditures. (Ord. 521, 1989)