

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: D -3

DATE: June 30, 2009

SUBJECT: 2010 Budget - Prioritize Discretionary Expenditures

CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue for the Council and Planning Board is to discuss and prioritize discretionary projects and programs the city council would like to accomplish in 2010 and 2011. The priorities include expenditures in the general fund and enterprise funds.

STAFF RECOMMENDATION:

Review the staff prepared list of proposed discretionary expenditures for consideration. Prioritize the list so staff can include the council's top priorities in the 2010 budget if funding is available.

SUMMARY:

The 2010 budget process assumes certain mandatory expenditures such as the interfund loan payment, contingency fund investment and comprehensive plan update. These are "first dollar" projects and must be included in the 2010 budget.

Although the preliminary five-year forecast shows a deficit of approximately \$53,000 in the general fund, there may be opportunities to "buy-in" discretionary projects to enhance the community as the budget process proceeds. The council should carefully consider one-time projects versus on-going expenditures such as staff and salary increases.

The purpose of this portion of the budget retreat is to identify and prioritize discretionary general fund and enterprise fund projects the city council would like to accomplish in 2010/2011. Attachment A is a list of potential discretionary projects. There may be other projects the city council is interested in adding for discussion.

ATTACHMENT

A – 2010 Discretionary Project List

2010 Discretionary Project List

Proposed Priority	Description	Fund	Estimated Annual Cost
ON-GOING EXPENSES			
Operating Cash Reserve	The city does not have a policy for maintaining operating cash reserves. Operating cash reserves are needed to cover current expenses since the majority of funding comes in during property tax payments in April and October. Reserves would ensure a positive balance in the general fund.	General Fund	Reduce operating expenses by 5%-15% to provide ending fund balance in the general fund. \$95,000 - \$285,000
Contingency/Rainy-Day Fund	This is a savings-first approach where city would put funding in the contingency fund each month rather than at the end of the year using excess sales tax revenues.	General Fund	\$2500/month = \$30,000/year
Council and/or Mayor Compensation	Increase council and mayor compensation.	General Fund/ Enterprise Funds	\$1,500 - \$50,000 split between 6 funds = \$250-\$8,333/fund
Public Works Reorganization	Reorganize the public works department to combine city engineering functions with public works director. Use salary savings to create field supervisor position.	General Fund/ Enterprise Funds	\$0 - \$75,000/year \$12,500/fund
Other staffing priorities Full-time code enforcement, administrative support or police services	Add levels of service in public safety, code enforcement or administrative support. The city has two half-time positions – code enforcement and engineering administration. The council could increase either of these positions to full-time. The council could add another patrol officer for swing-shift patrol.	General Fund	\$26,000-\$98,000/year
Street Maintenance and Repair	An analysis of the city's street system in 2008 identified 5,000 feet of pavement that needs maintenance and repair. The council could set aside a portion of utility tax revenues for street repair	Street Fund	\$50,000/year

2010 Discretionary Project List

Proposed Priority	Description	Fund	Estimated Annual Cost
ONE-TIME EXPENSES			
Economic Development Strategic Plan	Identify economic development goals, policies and strategies, and prioritize efforts. Could be tied to work on the Economic Element of the 2011 Comprehensive Plan Update.	General Fund	\$20,000 2010 \$45,000 - \$55,000 2011
Streamline Permit Process	Complete effort to streamline permit process. Implement Springbrook Building Permit module. Connect Building Permit module, Utility and Financial modules together to eliminate data entry and spreadsheets.	General Fund	\$10,000 - \$15,000 2010
Development Code Update	Reorganize the subdivision and unified development code (SMC Titles 16 and 21) in 2010 prior to amending the code to be consistent with Council approved changes to the Comprehensive Plan (2010)	General Fund	\$15,000 2010
Complete Garbage Rate Study	Council approved beginning a garbage rate study in 2009 to confirm funding needed to operate fund as a business model. Funding will be needed to complete the project in 2010 to support 20% interim increase in garbage rates approved in 2009.	Garbage Fund	\$45,000 - \$65,000
Initiate Cemetery Rate Study	The Cemetery Fund has never been evaluated by an outside firm to determine the long-term viability of the fund to support itself in perpetuity.	Cemetery Fund	\$25,000