

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: PH 1

DATE: November 12, 2009

SUBJECT: Public Hearing on the 2010 Budget

CONTACT PERSON: Laura Koenig, City Clerk/Deputy Finance Director
Deborah Knight, City Administrator

ISSUE:

The issue before the City Council is to review the Mayor's 2010 Preliminary Budget and hold the budget hearing as required by state statute (35.33 RCW).

STAFF RECOMMENDATION:

Hold the Public Hearing on the Mayor's proposed 2010 Preliminary Budget.

SUMMARY:

The Council held a Budget Workshop on October 7th and October 8th to discuss the Mayor's preliminary budget for 2010. A public hearing on the Mayor's proposed 2010 Budget was held on October 22nd, 2009. Detail reports were presented for consideration and are attached for the Public Hearing.

Attachments:

| | |
|---------|---|
| PH 1 A | Mayor's Budget Message |
| PH 1 A1 | General Fund Overview |
| PH 1 A2 | Legislative/Executive Overview |
| PH 1 A3 | Clerk/Finance Overview |
| PH 1 A4 | Grants and Economic Development |
| PH 1 A5 | IT Fund and General Governmental Services |
| PH 1 A6 | Law Enforcement |
| PH 1 A7 | Community Development |
| PH 1 B | Enterprise Fund Budgets |
| PH 1 C | 2010 Capital Budget |
| PH 1 D | Miscellaneous Fund detail |
| PH 1 E | Debt Service Funds |



CITY OF SULTAN

Mayor's Recommended Budget

This letter transmits the Mayor's 2010 Recommended Budget.

This budget continues the efforts of the city to get its fiscal house in order.

Despite the most severe economic downturn in 29 years, the City of Sultan was able to balance the 2010 budget without cuts to city programs.

The 2010 budget anticipates only very modest changes in revenues. Expenses are held at last year's levels.

This Budget is sound and builds upon our efforts of the past 5 years:

- It is balanced,
- Lives within our on-going revenue streams
- Addresses public safety and land use planning
- Sticks to our plan to repay our debt and set aside money in the rainy-day (contingency) fund
- Supports economic development
- Maintains our roads, parks, and buildings
- Provides award winning water, sewer garbage services

The focus in 2010 is planning for Sultan's future. We will begin the effort to update our 20-year plan, Water System Plan, General Sewer Plan and Park and Recreation Plan. I encourage everyone to join the city and set our course for the future.

For the past 2 years, we have lived within our means and we must continue to do so. In the years to come, we need to continue to be fiscally conservative to ensure we can deliver essential services and keep taxes as low as possible. We need to constantly evaluate our services, programs, and projects to determine if we can delivery services more effectively and efficiently. We must build trust with voters by listening and acting in the best interest of the community.

The entire basis of local government funding has changed, and there is no such thing as "business as usual."

Already, our main revenue source is limited to growth of not more than 1% each year. The wave of development revenues that our city depended on came to an end. The City of Sultan has learned from experience not to expand services and programs based on grant funding or one-time revenues.

Every year it seems that we face ballot initiatives that can drastically change the rules by which we operate or the amount of funding we will have. This year is no different. Initiative 1033 will not have an immediate effect on the city. However, the long-term cap



CITY OF SULTAN

Mayor's Recommended Budget

on the General Fund could impact Sultan's ability to continue the improvements already underway.

This environment makes it increasingly difficult to fund improvements and attract economic development. However, our community expects clean streets and parks, police services, water and sewer, garbage collection, and cemetery maintenance.

Overall, the City of Sultan is fortunate. The economic downturn which began in late 2008 seriously affected cities and counties across Washington State dependent on collecting increasing sales tax revenues. Because the city's sales tax revenues are low (\$56.42 compared to a statewide average of \$103.41), Sultan has been able to weather the current economic storm without having to cut levels of service.

In fact, over the last 18 months, Sultan residents have been seeing increasing levels of services and a new commitment by the city to deliver services to neighborhoods. Much of the credit goes to the city council for making difficult decisions regarding contract services and user fees for water, sewer and garbage.

The other key factor has been a renewed commitment on the part of Sultan's citizens to give back to the community. The widely popular Adopt-a-Street and Graffiti Removal programs are just two examples of how citizens in Sultan are making a difference.

The proposed 2010 budget continues to improve the city's long-term financial health and improve levels of service while addressing state mandates to update the 2004 comprehensive plan as required under the Growth Management Act.

I'm proud of this Budget and I'm proud that our taxpayers have trusted us with more of their money to provide some very important services. I'm proud that this organization and community have weathered some very difficult financial circumstances over the past 5 years.

Instead of enjoying one of the strongest economic booms in our history, we've spent the past 5 years avoiding near bankruptcy, adjusting to significant new rule changes in the way local government is funded in our State. The 2010 budget prepares us to weather future storms by rebuilding the city's rainy day fund.

As an organization, we have done a great job of adjusting to some very difficult circumstances.

I'm confident that as a group we can continue to meet these challenges and to make the City a first-class city government and Sultan a first-class community.

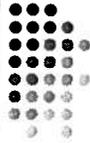
Respectfully Submitted,
Mayor Carolyn Eslick

City of Sultan Mayor's 2010 Recommended Budget

Budget Hearing
November 12, 2009

Budget Themes

- Economic development
- Community vision
- Financial Health
- Succession planning
- Strategic partnerships



Recommended Action

- Review the 2010 Mayor's Recommended Budget
- Hold a budget hearing on the 2010 Budget as required by state statute (RCW 35.33.057)
- Have first reading of Ordinances 1062-1067 to adopt tax levies and create new funds
- Direct staff to areas of concern prior to considering the 2010 Final Budget for second reading on December 10, 2009



Investments in Sultan

- Streamline and simplify the permit process
- Implement Springbrook module for tracking permits
- Update 2004 Comprehensive plan. Do technical analysis to support goals and policies
- Update the Water System Plan, General Sewer Plan and Parks and Open Space Plan
- Complete the Garbage Rate Study
- Construct roadway and water system improvements at 2nd Street. Extend Sultan Basin Rd south
- Complete the waste water treatment plant design
- Acquire park and open space property
- Begin annual repairs to Boys and Girls Club, Food Bank, Post Office and City Hall
- Fund .5 FTE animal control officer
- Continue to improve public safety (e.g. block watch and security cameras)
- Continue to maintain parks and streets
- Continue stormwater utility program and clean catch basins
- Meet state requirements for water efficiency and water quality
- Provide Garbage collection services for commercial and residential customers
- Burial and perpetual care services at the Sultan Cemetery



What's Changed

Revenues

- Reduced Building Maintenance Fund by \$350,000. Grant for the Boys and Girls Club building improvements will be managed through the Snohomish County Boys and Girls Club organization

Expenses

- Removed the part-time administrative assistant position from the budget.
 - Reduces general fund budget by \$4,500 (increases ending fund balance)
 - Reduces park and street capital improvement funds
 - Reduces water capital improvement fund

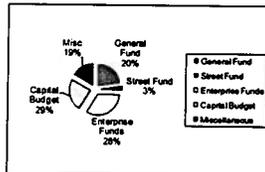
Parts of a City Budget

| Fund | Revenues | Expenditures |
|--|---|--|
| General Fund | Property taxes, sales tax, permit fees | Overhead, public safety, planning, building, parks |
| Street Fund | Property taxes, utility tax on electricity | Street repair, street lights, signs, sweeping |
| Enterprise Funds Water, sewer, garbage, storm, cemetery | Fees for services | Operations & Maint. Debt service |
| Capital Budget | Real Estate Excise Tax, Impact Fees, Connection Fees, Grants, Contributions | Sultan Basin Rd, 2nd Street, lighted cross walks, water and sewer lines, facility imprmnts |

2010 Budget

Budget Expenditures

| | |
|------------------|---------------------|
| General Fund | \$ 1,956,318 |
| Street Fund | \$ 284,707 |
| Enterprise Funds | \$ 2,080,148 |
| Capital Budget | \$ 2,782,500 |
| Miscellaneous | \$ 1,652,411 |
| Total | \$ 9,546,142 |



General Fund Revenues by the Numbers

| | 2009 Amended Budget | Proposed 2010 | % Change |
|----------------------|---------------------|--------------------|-------------|
| Taxes | \$1,417,760 | \$1,461,361 | |
| License and Permits | \$29,450 | \$35,075 | |
| Intergovernmental | \$307,584 | \$322,204 | |
| Charges for Services | \$30,100 | \$28,100 | |
| Fines and Penalties | \$67,150 | \$28,200 | |
| Miscellaneous | \$123,374 | \$85,219 | |
| Total | \$1,984,718 | \$1,981,159 | -1.4 |

Revenue Assumptions

- Taxes - 1% increase in property taxes (\$6,635) plus \$5,139 in new construction
- Taxes - No change in sales tax revenues
- Taxes - Increase cable and gas utility tax revenues to reflect three year average
- License and Permits - 8 new single-family residences providing building and development fees
- Charges for Services - Include Dept. of Commerce \$17,100 GMA planning grant
- Fines and Penalties - Reduce district court revenues by \$37,000 to reflect 2009 decline

Operating Departments

2009 Goals and Expenditures

- Legislative
- Executive
- Finance
- Police
- Planning/Building
- Public Works

Legislative Department Goals

- Streamline and simplify permit process. Reduce red-tape
- Continue 2011 Comprehensive Plan Update
- Continue to revise land use regulations and development code
- Actively seek state funding to complete WWTP plant design
- Seek opportunities to acquire park and open space using park impact fees
- Finalize Garbage Rate Study
- Begin annual program to repair and maintain city facilities
- Work with Snohomish County and other partners on regional parks

| Expense | 2009 | 2010 |
|------------------------|-----------------|-----------------|
| Salaries and Wages | \$3,720 | \$3,720 |
| Benefits | \$285 | \$300 |
| Operating Supplies | \$550 | \$1,600 |
| Other Services/Charges | \$7,500 | \$7,500 |
| Capital Outlay | \$0 | \$0 |
| Total | \$12,055 | \$13,120 |

Executive Department Goals

- Coordinate Town Meetings and Council retreats
- Improve public outreach
- Support effort to update GMA compliant comprehensive plan
- Support effort to craft funding strategy for the waste water treatment plant
- Conduct competitive hiring process for vacant positions
- Negotiate union contracts

| Expense | 2009 | 2010 |
|------------------------|----------|----------|
| Salaries and Wages | \$25,001 | \$20,588 |
| Benefits | \$7,370 | \$5,710 |
| Operating Supplies | \$200 | \$100 |
| Other Services/Charges | \$6,900 | \$6,300 |
| Capital Outlay | \$0 | \$0 |
| Total | \$39,471 | \$33,248 |

Finance/City Clerk Dept. Goals

- Continue to update the Sultan Municipal Code. Focus on Utilities (Title 19)
- Archive records
- Develop investment and budget policies
- Cross-train employees to handle payroll, cash receipting special assessments and utility payments
- Independent review of financial reports
- Improve customer service
- Convert and transfer to electronic water meter system in the utility billing

| Expense | 2009 | 2010 |
|------------------------|----------|----------|
| Salaries and Wages | \$21,774 | \$24,881 |
| Benefits | \$7,824 | \$8,751 |
| Operating Supplies | \$750 | \$750 |
| Other Services/Charges | \$14,000 | \$13,000 |
| Capital Outlay | \$5,489 | \$0 |
| Total | \$49,837 | \$47,382 |

Grants/Economic Development Department Goals

- Work with new businesses coming to Sultan
- Hold quarterly Small Business Workshops
- Coordinate Community Center 10-year Anniversary Celebration
- Coordinate annual grant/loan application process
 - Waste Water Treatment Plant - state funding
 - Sultan Basin Road/US 2 - Phase III
 - Park Property Acquisition
- Support and coordinate the volunteer program
 - Block Watch
 - Yellow Bag Little Pick-Up
 - Project Main Street

| Expense | 2009 | 2010 |
|------------------------|----------|----------|
| Salaries and Wages | \$17,537 | \$17,263 |
| Benefits | \$5,006 | \$4,778 |
| Operating Supplies | \$3,800 | \$3,050 |
| Other Services/Charges | \$3,800 | \$3,356 |
| Capital Outlay | \$500 | \$0 |
| Total | \$30,643 | \$28,451 |

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Public Safety Goals

- Install security cameras
- Process concealed weapons permits in Sultan
- Update Sultan PD website
- Seek opportunities to lower jail costs by using other jail facilities and monitoring
- Hold Safety Fair in May 2010
- Continue 2nd year of service contract with Sheriff's Office

*Operating Supplies include \$116,013 for COPS grant in 2009 and \$101,300 in 2010

| Expense | 2009 | 2010 |
|---------------------------------|--------------------|--------------------|
| Salaries and Wages | \$52,150 | \$3,743 |
| Includes \$36,000 o.L. | | |
| Benefits | \$33,975 | \$22,423 |
| Operating Supplies | \$119,468* | \$101,460 |
| Other Services/Charges | \$841,734 | \$864,643 |
| Intergovernmental | \$91,300 | \$94,655 |
| Law enforcement agency fees | \$184,400 | \$143,400 |
| Code Enforcement/Animal Control | \$26,973 | \$29,586 |
| Civil Service | \$3,600 | \$0 |
| Total | \$1,353,600 | \$1,259,910 |

Planning and Building Dept.

- Lead effort to update GMA comprehensive plan for 2011
- Complete permit application check lists
- Update development regulations of Title 16 and Title 21
- Implement Springbrook Building and Land Use Permit System
- Coordinate review and inspection of new development projects
- Review and issue building permits in a timely manner

*Operating supplies includes \$17,100 in planning grants.

| Expense | Planning | Building* |
|------------------------|------------------|-----------------|
| Salaries and Wages | \$82,983 | \$20,504 |
| Benefits | \$26,881 | \$9,067 |
| Operating Supplies | \$19,100* | \$2,500 |
| Other Services/Charges | \$105,000 | \$29,450 |
| Capital Outlay | \$0 | \$0 |
| Total | \$238,964 | \$61,521 |

Public Works Department Goals

- Update Water System Plan, General Sewer Plan and Park and Recreation Open Space Plan
- Finalize garbage rate study
- Chip seal 8th Street from Main to High
- Complete design for WWTP upgrade
- Repair and maintain Boys and Girls Club, Food Bank, Post Office and City Hall
- Continue to install electronic water meters
- Develop and implement fire hydrant operation and maintenance program
