

**SULTAN PLANNING BOARD
AGENDA ITEM COVER SHEET**

ITEM NO: Hand out
DATE: August 3, 2010
SUBJECT: Capital Facility Goals and Policies
CONTACT PERSON: Deborah Knight, City Administrator

ISSUE:

The issue before the planning board is to review staff recommended changes to the Capital Facilities goals and policies for discussion at the planning board meeting on August 17, 2010

STAFF RECOMMENDATION:

Review the staff recommended changes to the capital facility goals and policies and provide direction to city staff.

What's Next

City staff will prepare general planning policies for distribution to the planning board on August 17, 2010 for discussion on Tuesday, September 7, 2010.

SUMMARY:

Capital facilities, defined as public facilities considered necessary for development, represent much of the infrastructure necessary for accommodating a community's growth. The Growth Management Act requires that communities prepare and adopt a Capital Facilities Element in their comprehensive plans (Revised Code of Washington 36.70A.070).

The capital facilities goals and policies are required to be consistent with applicable Snohomish County countywide planning policies and the Puget Sound Regional Council (PSRC) multi-county planning policies. The capital facilities element provides an inventory of capital facilities in the Sultan Urban Growth Area, analyzes the City's current and future facility requirements; presents goals and policies related to the continuation, development, and expansion of capital facilities; and provides a strategy for meeting the capital facility needs of the City.

DISCUSSION:

How to Review Proposed Changes to the Goals and Policies

The review and recommended changes begin with the goals and policies adopted in the 2008 Revisions (2008 Revisions) to the 2004 Comprehensive Plan (adopted October 2008).

In order to track changes and provide an efficient review, the capital facility goals and policies are numbered CF = Capital Facilities with headings and subheadings to differentiate goals and policies (e.g. CF 1 is a goal, CF-1.3 is a policy)

Using common editing functions deleted text from the 2008 Revision is shown as ~~strikethrough~~, added text is underlined. Existing text is unchanged.

City staff have provided four attachments to assist in reviewing proposed changes to the goals and policies:

1. Attachment A – Proposed changes to the capital facilities element goals and policies
2. Attachment B – Summary small Group comments on the park policy questions
3. Attachment C – Capital Facilities Element (2008 Revision to the 2004 Comprehensive Plan)

Growth Management Act

The capital facilities element is a mandatory element under RCW 36.70A.020 (3). Each comprehensive plan shall include ...

A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element

Puget Sound Regional Council Vision 2040

Vision 2040 does not include specific policies for capital facilities planning. There are multi-county planning policies (MPP) for public services. These are addressed in the Utility element. The planning board should ensure the capital facility goals and policies are consistent with the utility element.

Vision 2040 Overarching Goal: The region will support development with adequate public facilities and services in a coordinated, efficient, and cost-effective manner that supports local and regional growth planning objectives.

Having adequate services and facilities ensures that the region can maintain the health, safety, and economic vitality of our communities. Key urban services include sanitary and storm sewer systems, water supply, parks, roads and other community facilities.

New development needs new or expanded public services and infrastructure. At the same time, existing facilities require ongoing maintenance and upgrading. Taking advantage of renewable resources and using efficient and environmentally sensitive technologies can curb some of the need for new infrastructure. A commitment to sustainable infrastructure ensures the least possible strain on the region's resources and the environment, while contributing to healthy and prosperous communities.

The Growth Management Act distinguishes between urban and rural services. For instance, certain services, such as sanitary sewers, are allowed only in the urban area – with very few exceptions. The Act also requires local jurisdictions to determine which facilities are necessary to serve the desired growth pattern and how they will be financed. These provisions are intended to ensure timely provision of adequate services and facilities.

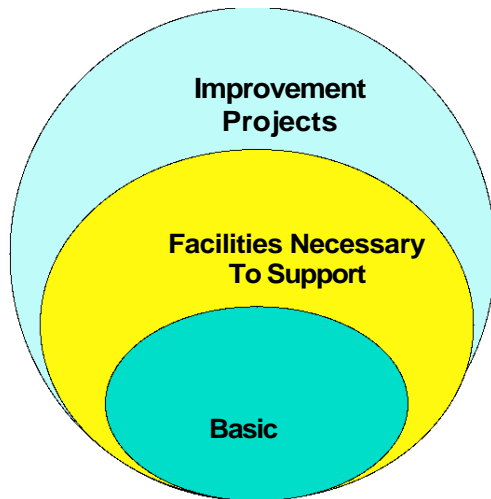
Countywide Planning Policies

The draft Countywide Planning Policies (CPP) do not include specific policies for capital facilities. The Countywide Planning Policies focus on Public Services and Facilities.

Sultan Vision 2040

The City of Sultan is required, under the Growth Management Act, to develop a Capital Facilities Element in its Comprehensive Plan. The capital facilities element must align with the proposed land use element so all public facilities are in place serve new development and densities. The city must also be able to show how the facilities will be financed.

If there is not enough financing to support the proposed future land use, then the Growth Management Act requires the city to either amend the future land use plan to lower demand, decrease adopted levels of service or raise taxes and/or impact fees.



The Capital Facilities Element includes:

- An inventory of existing facilities (water, sewer, roads, parks)
- Forecast of future needs
- Proposed locations for new service extensions and a six-year financing plan

Inventory of Existing Facilities and Forecast of Future Needs

Capital facilities needs are broken into three categories:

1. Basic needs – resolve safety hazards and maintain existing facilities.
2. Facilities to support development – Projects needed to maintain level of service as new development is built. Includes system projects and site-development projects.
3. Improvement projects – Projects that enhance quality of life and community character.

The capital facility element identifies the city’s existing facilities and adopted level of service standards. The next step is to identify the projects necessary to maintain levels of service.

The capital facilities plan identifies the “gap” between what’s in place today and what’s needed to serve future development.

Financing Plan

Generally, city’s do not use property taxes to finance capital improvements. Property taxes are used for on-going operations and maintenance including police services, building inspection, animal control, street and park maintenance and general administration.

The following table lists the primary sources of capital project funding for 2010. These funding sources are restricted by state law to financing specific types of capital projects.

2010 Funding Source	2010 Beginning Balance	Anticipated 2010 Revenues	2010 Total
Real Estate Excise Tax 1	\$20,000	\$30,000	\$50,000
Real Estate Excise Tax 2	\$30,000	\$30,000	\$60,000
Transportation Impact Fees	\$116,000	\$31,632	\$147,632
Park Impact Fees	\$56,000	\$19,050	\$75,050
Sewer System Imp. (utility fees)	\$181,000	\$67,700	\$248,700
Water Utility Reserve (connection fees)	\$483,000	\$37,194	\$520,194
Surface Water Utility (utility fees)	\$40,000	\$40,000	\$80,000
Grants	\$1,392,500	\$855,000	\$2,247,500
Street Repair (utility tax)	\$0	\$30,000	\$30,000
Private Contributions	\$0	\$30,000	\$30,000
Building Maint. and Repair (utility tax)	\$55,000	\$35,000	\$90,000
Total revenues	\$2,383,500	\$1,205,576	\$3,589,076
Transfer Debt Service			<361,000>
2009 Ending Balance			\$3,227,391

Small Group Meeting

The small group met on April 13, 2010 to review the capital facility goals and policies (Attachment B). In general there was consensus to use funding sources such as real estate excise taxes for meeting basic infrastructure needs.

Impact fees and system charges would be used to support facilities necessary for development. Any excess general infrastructure revenues such as real estate excise taxes could be used to “off-set” Impact fees and systems charges.

The group discussed public investment in the historic business district versus the proposed centers on the east and west ends of Sultan. No consensus was reached. Park investments were considered and generally supportive as a way to encourage economic development and community.

STAFF RECOMMENDATION:

Review the staff recommended changes to the capital facility goals and policies and provide direction to city staff.

ATTACHMENTS:

- A– Capital Facilities Element Goals and Policies– Staff proposed changes
- B – Capital Facility Policy Questions Small Group Discussion - April 13, 2010
- C – Capital Facilities Element (2008 Revision to the 2004 Comprehensive Plan)

Capital Facilities Goals and Policies

CF-1 Goal: Ensure that public facility plans adequately address existing service deficiencies and future needs.

CF-1.1. Include all projects intended to enhance the current level of service in the community along with projects that are necessary for new development into an integrated program of capital improvements. City Capital Projects shall include two types of projects:

- Projects that are necessary for development as defined by the Growth Management Act and are required to be provided pursuant to this plan in order for new development to be approved.
- Projects that address basic community needs or provide community amenities to improve the overall quality of life in the community, that are not directly necessary to support new development, or that raise levels of service above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.

CF-1.1.1 Streets, water, sewer, stormwater drainage, schools and parks ~~shall beare~~ considered those facilities “necessary to support” new development.

CF-1.1.2 The “locally established minimum standards” ~~shall beare~~ those minimum levels of service defined and set forth in the related planning elements.

CF-1.1.3 In addition to the level of service based on roadway capacity as specified in the Transportation element, the following improvements ~~shall beare~~ considered “locally established minimum standards” for streets (as identified the Transportation element):

- projects that are needed to improve substandard streets to City standards,
- projects necessary to provide **urban level** access with adopted City street standards to new development, and
- projects required to provide adequate circulation.

CF-1.1.4. ~~“Available at the time of development” shall mean that such facilities~~ “Available at the time of development” means the facilities are in place or that a financial commitment is in place to complete the improvements or strategies within six years ~~of from~~ the time of development. In the case of park facilities, “available at the time of development” includes development contributing toward the financing of a community park in accord with the financing strategy contained in this plan.

CF-1.1.5 “Projects that address basic community needs” provide community amenities to improve the overall quality of life in the community, are not above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.

CF-1.2 Cost Sharing

Ensure that the burden for financing capital facilities be borne by the primary beneficiaries of the facility, unless potential sharing of benefits is related to the purpose of the facility.

CF-1.3 Community Benefit

Use general revenues to fund projects that provide a general benefit to the entire community.

CF-1.4 Phasing

~~Phase delivery of utility services to planning units those areas with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs.~~

CF-1.5 Service Provider Coordination

Encourage all governmental entities with capital facilities serving the city to continue to develop those facilities consistent with community needs and consistent with this comprehensive plan.

CF1.6 Concurrency

~~Phase delivery of utility services to planning units with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs. (Editor's Note – duplicates CF-1.3~~

Establish and implement strategies to address facility and service needs that are consistent with the land use and transportation elements, existing facility plans, and are financially feasible.

[CF-1.6.1 To ensure concurrency, plan for needed public and private capital facilities based on adopted level-of-service standards and forecasted growth in accordance with the Land Use Element of the Comprehensive Plan.](#)

[CF-1.6.2 Identify deficiencies in public facilities serving existing development based on adopted level-of-service standards and the means and timing by which those deficiencies will be corrected.](#)

[CF-1.6.3 Encourage public and private community service providers to share or reuse facilities when appropriate to reduce costs, conserve land, and provide convenience and amenity for the public.](#)

[CF-1.6.4 Encourage joint siting and shared use of facilities for schools, community centers, health facilities, cultural and entertainment facilities, public safety/public works, libraries, swimming pools, and other social and recreational facilities.](#)

CF-1.6.5 Base land use decisions on a finding that any proposed development, along with the cumulative impacts of other developments, can be supported by public facilities necessary for development at “locally established minimum standards” consistent with this plan.

[CF-1.6.6](#) Allow new development only when and where such development can be adequately served by necessary public services without reducing levels of service elsewhere below locally established minimum standards.

[CF-1.6.7](#) Encourage ~~the phasing of development so that public facilities and services can be provided for both existing and future growth in a manner that does not outpace public and private investment in capital improvements so the City's ability to city can~~ provide and maintain “locally established minimum standards” of service for facilities necessary to support development.

[CF-1.6.8](#) Require a feasible plan to provide an adequate level of service of all facilities needed for development prior to annexation of, or the extension of any City service to properties within the UGA. Such plan shall include measures to ensure that levels of service will not be lowered below locally established minimum standards to existing City residents in order to serve the annexed or unincorporated area.

[CF-1.6.9](#) Evaluate the cumulative impact of any significant development proposal (defined as any development that is not a categorical exemption under the State Environmental Policy Act) where there is a substandard system of services and public facilities necessary for development.

- In such cases, the City will require a feasible plan for providing public facilities necessary for development at “locally established minimum standards” to serve the development prior to the approval of the development.

[CF-1.6.10](#) ~~The City shall encourage~~Allow property owners and developers to work together to finance necessary improvements ~~such as using~~ Local Improvement Districts, developer extension agreements and latecomers agreements to jointly finance entire systems of improvements.

CF-2 Goal: Update the annual six-year capital improvement program, adjusting it for progress made on each project to date and other changes that may affect the implementation schedule of the projects on the previous program and add those projects that appear most feasible, needed to the six year program.

CF-2.1 Keeping the CIP Current

Establish a policy that results in the timely review of ~~all City~~ capital facilities plans on a regular basis to ensure that the plans provide for appropriate levels of infrastructure development.

CF-2.2 Consistency with Budget

Ensure that the public funding for infrastructure development is accounted for in city budgets.

CF-2.3 Plan Coordination

Maintain a coordinated capital facilities program and fiscal strategy that support the implementation of the comprehensive plan land use, transportation, public services, and other infrastructure services.

Re-examine the phasing sequence envisioned between land use, infrastructure, and other comprehensive plan elements in the event city revenues and fiscal strategies are not able to fund the plan's growth requirements.

Small Group Meeting – Capital Facilities April 13, 2010

Capital Facilities

Vision 2040 Overarching Goal: The region will support development with adequate public facilities and services in a coordinated, efficient, and cost-effective manner that supports local and regional growth planning objectives.

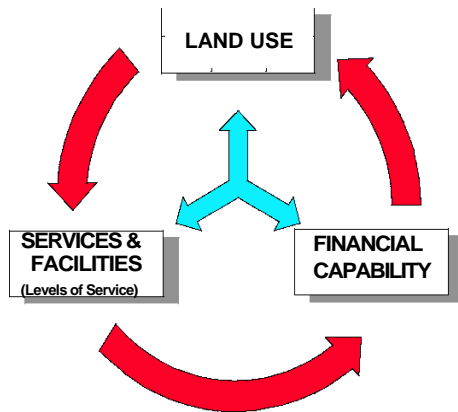
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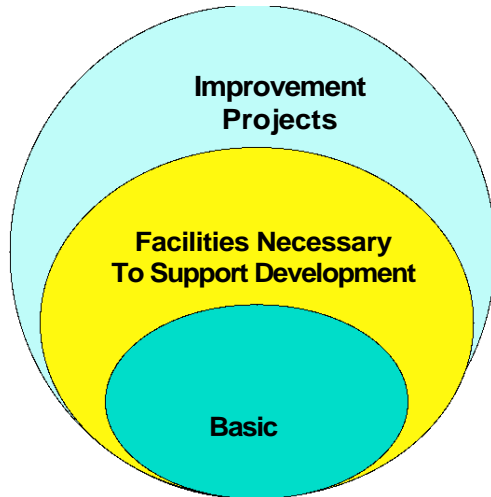


If there is not enough financing to support the proposed future land use, then the Growth Management Act requires the city to either amend the future land use plan to lower demand, decrease adopted levels of service or raise taxes and/or impact fees.

Small Group Meeting – Capital Facilities April 13, 2010

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**Small Group Meeting – Capital Facilities
April 13, 2010**

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Policy Questions

1. Should the city allocate Real Estate Excise Tax (REET) to finance deficiencies in public facilities or lower the cost of impact fees to encourage future development? If REET is used to lower the cost of new development, how should the city finance maintenance projects?
2. Should the city invest limited capital dollars to improve water, sewer, streets, sidewalks, and public spaces to attract development to the existing downtown or should the city begin to focus these investments in new mixed-use commercial and residential centers at Old Owen Road and Rice Road?
3. The parks questionnaire has indicated that Sultan residents aren't using the city's current park facilities due to concerns about personal safety. What capital investments (not maintenance or operations) would make you feel safer in the city's parks?
4. The city council is interested in converting Reese Park into a campground. The first step is to complete a facility assessment to determine if a campground is physically feasible at Reese Park. Since a campground is not required to serve new development, the city will need to use property taxes or REET funding to finance the planning effort. Do you think this should be a priority project for the city?
5. Should the city raise property taxes and utility rates to avoid using grants and debt service to finance capital projects?

**Small Group Meeting – Capital Facilities
April 13, 2010**

**MEETING NOTES
2011 COMPREHENSIVE PLAN SMALL GROUP MEETING SERIES**

**APRIL 12, 2010
MEETING #4
CAPITAL FACILITIES ELEMENT**

Meeting called to order at 6:45.

Attendees:
Frank Linth
Bob Knuckey
Jerry Knox
Janet Peterson
Bob Peterson
Garth York
Deborah Knight
Bob Martin

D.K. Explained City Revenue Sources Table in meeting packet. Revenue and expenditures in various funds that cannot be mixed. Community is using volunteers to close many maintenance gaps, but this may not be a sustainable model for ongoing needs.

G.Y. What about using Dept. of Corrections contract for some park maintenance activities?

Extended group discussion about how development should be paid for and what shares of maintenance and capital costs are to be borne by new development and existing residents.

Question 1: Should REET be used for undergirding of existing infrastructure, or should it be used to lower impact fees to incentivize new development?

B.K. Can a policy decided at one time on this be modified or dropped at some other time.

D.K. Yes. Preference would be to set floor for one side of the issue, and spend anything over that base level on the other side.

G.Y. It should be used to reduce impact fees.

F.L. If it is used for impact fee reduction, how important will that be in the long run? Will it really attract the number of residents that we need for a significant increase in commercial development? Don't believe it would.

Small Group Meeting – Capital Facilities
April 13, 2010

J.P. Must support basic needs (infrastructure) then balance moved over to defray cost of impact fees.

B.K. Best interest of the community to meet basic and then reduce fees for developers by any amount that we can, even \$20 matters if we can find a way.

B.P. Agree with B.K.

Question 2: Should capital funds be spent to improve infrastructure in existing downtown, or start to invest in centers on east and west ends of Hwy 2?

B.K. Impossible questions. Think that we need to maintain what we have first.

G.Y. Depends on who is here to worry about their property. E & W owners would say there, downtown owners would say downtown.

J.K. Remember that other policy decisions have already made big commitments to the E & W centers concept.

F.L. Do what can be done to turn the existing downtown into a show place, then commercial developers can be assisted to develop in the east and west centers.

B.K. Should spend in downtown first.

G.Y. Should look at things like sidewalks from the mobile home park on Old Owen Road down to the Red Apple grocery store.

Question 3: What capital investments should be made to increase safety and user-friendly environment in city parks?

G.Y. Cameras

F.L. Lighting

J.K. Cameras

J.P. Cameras and remote alarm system

Question 4: Campground development in Reese Park?

D.K. REET and grants are the only source for campground funding.

G.Y. Save the Reese Park baseball field, then look at campground in tree area to the north.

**Small Group Meeting – Capital Facilities
April 13, 2010**

Question 5: Raise property taxes and utility rates to avoid using grants and debt service for capital projects?

G.Y. Raise taxes for things that people are willing to pay for. They will pay for it if they want it.

Closing Comments.

Meeting adjourned 8:10.

3.4 Capital Facilities Plan

Each comprehensive plan shall include a plan, scheme, or design for...

A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element

-- RCW 36.70A.020 (3) GMA Mandatory Elements

In conformance with GMA requirements, all revenue sources available for operating and capital purposes must be identified as part of land use and growth planning. A community must show that the growth it forecasts through 2025 can be adequately served by capital facilities and services. The analysis must include new revenues and existing resources that can be enhanced to provide additional revenues for Capital Facility Plan improvements. This plan also includes a six year financial plan to finance facilities, consistent with the long range financial strategy during the first six years of the planning period. This six- year CFP will be updated annually as part of the city's budget process. The estimates assume that development will occur at an approximate pace forecasted for the community and that no new mandates will require additional capital expenditures and use of revenue resources.

The Capital Facility Plan's (CFP) financial strategy is a planning tool. It does not prescribe specific courses of action, nor does it of itself authorize individual projects. Such authorization occurs when a project is included in the city's six-year Capital Improvement Program (CIP) and through the city's annual budget process. The strategy is flexible and seeks to identify how all of the project needs that are "on the table" can be funded in an orderly, long-term fashion.

Each individual capital facility analysis discussed in preceding sections of this Plan identifies proposed facility needs and potential funding options. This information is consolidated in the Financing Plan section of this report.

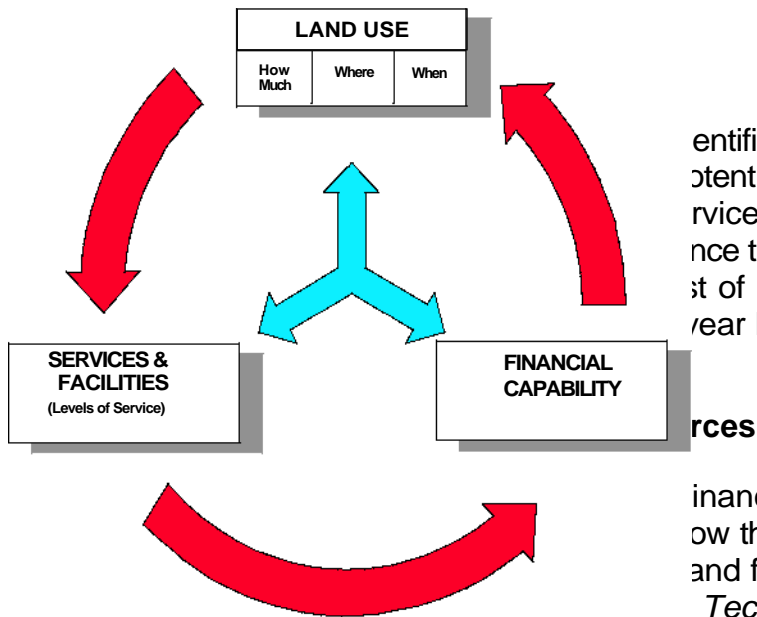
The process of developing a Capital Facilities Plan (CFP) includes identifying the capital facilities and other services needed to support the land use plan. The needs analysis in this plan identifies and includes a project list that is not constrained by the availability of financial resources. An important step in the CFP planning process is to assess whether sufficient revenues will be available to finance needed facilities and services. This involves balancing three different elements into a coordinated system of planning. The considerations that might be included in achieving this balance is illustrated by Figure CFP-1.

The City analysis was prepared based forecasted population, employment and development activity. The CFP Financial Strategy is based on a comprehensive analysis of the city's financial capacity described in two *Technical Memoranda* Appendix E-1, City of Sultan's Fiscal Capacity; and Appendix E-2, Financial Forecast and Strategic Funding Analysis for the City of Sultan Capital Facilities Plan, (attached). Based on this analysis, this plan includes a long range financial strategy to guide the financing of all of the facilities necessary for development and to address other significant community needs, as well as strategies to finance key facilities. The overall analysis and strategy demonstrates that the city has sufficient financial capacity to support the land use plan over the entire planning period.

The strategy should be annually reviewed and refined as projects are implemented and needs and issues change. All cost and revenue estimates in the strategy are generalized based on accepted engineering and/or construction cost factors, and financial forecasting methods. All revenue and cost estimates reflect the current construction costs and values. The cost estimates may be expected to change during the actual engineering and design phase of each project.

Figure CFP-1: Capital Facility Financing Relationships

Just as the land-use commitment creates a demand for facilities, it also generates revenue and funding opportunities to finance those facilities. However, if there is not enough financing to meet the land-use commitment then measures need to be taken to achieve a balance. New financing measures (such as raising a tax or increasing developer contributions) might be authorized. The city could also reduce the



entified, it may become potential needs. Often this vice. This may then be nce this is a 20 year list of st of projects that can be year list of projects forms

Financial strategy is to ow the planned growth of and future fiscal capacity *Technical Memoranda;*

Appendix E-1; City of Sultan’s Fiscal Capacity, and Appendix E-2; Financial Forecast and Strategic Funding Analysis for the City of Sultan Capital Facilities Plan. The conclusions and findings of those studies may be summarized as follows:

- Voter initiatives have adversely affected city revenues by reducing the Motor Vehicle Excise Tax (MVET) and sales tax equalization, and constraining the ability of property tax revenue to keep pace with inflation and growth.
- The City comprehensive plan is expected to more than double the City’s population and employment by 2025—more than doubling the City’s built environment and its fiscal capacity.
- This growth will enhance fiscal capacity by increasing property values from new construction and enhancing the market for larger volumes of taxable sales.
- The general fund is dependent on growth.
 - Property taxes from new construction.
 - Sales taxes on construction activity.
- While the growth forecasted under the comprehensive plan can improve general fund financial operations, all of the forecasted general operating revenues will be needed for operations. Very little General Fund revenue will be predictably available for capital needs—almost all of it will all be needed for operations.
- While revenue from growth will help the street fund, the fund will need continual attention since its revenue capacity is constrained.
- While water fund will need rate adjustments to meet on-going needs, a rate study is underway to set rates and charges at appropriate levels to meet its operational and capital needs.
- Recent rate and system development charge increases seem to have positioned the sewer fund to meet its operational and capital needs in the long run.
- While substantial revenues will be generated for capital

facilities, this amount will not be sufficient to finance needed facilities.

- While there is substantial debt capacity, the potential amount that can be generated will be constrained by voter approval.
- Grant potentials:
 - City has good track record in competing for grants.
 - However, grants have limited potential for meeting identified needs, because they are:
 - Highly competitive,
 - Declining availability, and
 - Requires timely matching funds.
 - The City is likely to be most competitive for capacity transportation projects, needs related to U.S. 2, safety improvements and for addressing some deficiencies. It is reasonable to assume that between 15% and 20% of the transportation needs list could be financed by grants.
 - The City has received a \$500,000 grant to expand its sewer plant capacity and is pursuing a \$5 million grant to fund additional expansion.
 - For other needs, grants can help, but best thought of as supplemental source of funds for some types of projects, notably parks development.
- The funding strategy will need to rely heavily on a significant level of developer financing for facility extensions into undeveloped areas, and there is substantial potential for developer financing of facilities:
 - Much of the future capital needs generated by growth lies along corridors that can be effectively financed by developer contributions.
 - As much as 90% of the total transportation costs identified by the Transportation Element could be suitable for various forms of developer financing, if such financing were required from new development.
 - Significant amounts of the water, sewer and storm water needs can be financed by developers by applying the same concepts to identify the streets that are appropriate for developer financing.
- The funding strategy also relies on a certain level of funding by existing residents who will benefit from improvements to the community's infrastructure.

Capital Revenues and Other Financial Measures

~~Technical Memorandum #5 has forecasted revenues that may be expected to be generated by the growth of the City.~~ Since as noted above, the City will need most of the operating revenues generated by the growth to support City operations, the revenues available to support capital facilities will be derived primarily from revenues restricted to that purpose. These revenues are summarized on Table CFP-1.

Table CFP-1: Forecasted Revenues

Base (Moderate) Inflation Assumptions		
Capital Revenue Capacity		
2008 Dollars	2015	2025
Annual Income		
REET Revenue	\$ 501,179	\$ 965,301
Park Impact	\$ 462,639	\$ 532,428
Traffic Impact	\$ 820,022	\$ 494,260
Water Connection Charge	\$ 540,529	\$ 440,995
Sewer Connection Charge	\$ 2,086,763	\$ 84,914
Sewer Operations	\$ 303,731	\$ 649,248
Total	\$ 4,714,864	\$ 3,167,146
Cumulative Potential		
REET Revenue	\$ 3,207,902	\$ 10,739,108
Park Impact	\$ 4,783,032	\$ 8,651,483
Traffic Impact	\$ 3,363,571	\$ 6,373,905
Water Connection Charge	\$ 5,595,814	\$ 9,254,181
Sewer Connection Charge	\$ 17,384,747	\$ 32,839,389
Sewer Operations	\$ 388,331	\$ 4,347,885
Total	\$ 34,723,398	\$ 72,205,951
Cumulative Potential Interest if not Spent	\$ 2,958,777	\$ 9,729,114
Levy Lift Potential		
Potential Capital Bond	\$ 3,011,510	\$ 9,544,846
Assumptions		
2007 Dollars		
Base Growth Forecast		
Base (Moderate) Inflation Assumptions		
Annual Deflator (Construction Escalator)	5.0%	
Interest Rate on Investments	4.5%	
Interest Rate on Bonds	4.5%	

Debt financing can supplement these revenues. Table CFP-2 identifies the debt capacity that can be available from council-manic debt, both without a vote and a levy lift which requires only 50% voter approval. Table CFP-3 identifies the debt capacity available by means of an excess levy that requires 60% voter approval.

Table CFP-2: Councilmanic Debt

Inside (Councilmanic) Levy Capacity				
Existing Revenue Authority or with 50% Voter Approval				
	2010	2015	2020	2025
Ultimate Authority with existing revenue or voter approval:				
Assessed Value	\$544,985,769.09	\$1,056,687,690.89	\$1,978,831,438.55	\$3,315,197,477
Inside Dept Capacity (1.5% of AV)	\$8,174,786.54	\$15,850,315.36	\$29,682,471.58	\$49,727,962
Current Value (2008 Dollars)	\$7,061,687.97	\$10,728,117.34	\$15,741,248.42	\$20,662,995

City of Sultan Comprehensive Plan

Voter Approval:				
Tax Rate per Thousand	\$1.28	\$1.02	\$0.81	\$0.65
Doll AV Statutory TaxRate	\$1.60	\$1.60	\$1.60	\$1.60
Difference	\$0.32	\$0.58	\$0.79	\$0.95
Annual Revenue Capacity	\$175,927.69	\$612,120.06	\$1,554,170.69	\$3,160,197
Capital Potential (Nominal Dollars)	1,278,781.49	\$4,449,372.45	\$11,296,941.16	\$22,970,810
Current Value (2008 Dollars)	\$1,104,659.53	\$3,011,510.41	\$5,991,009.09	\$9,544,846

Assumptions

Interest Rate	4.5%
Term (Years)	9
Property Value Appreciation	6.0%
Construction Inflation	5.0%
Limit Factor	1.0%

Table CFP-3: Excess Levy Capacity

Excess Levy:
Voter Approval Requirement: 60%

	2010	2015	2020	2025
Assessed Value	\$544,985,769	\$1,056,687,691	\$1,978,831,439	\$3,315,197,477
Tier 1 Limit (General)	\$13,624,644	\$26,417,192	\$49,470,786	\$82,879,937
Tier 1 Limit in Addition to Inside Levy	\$5,449,858	\$10,566,877	\$19,788,314	\$33,151,975
Debt Service	\$418,964	\$812,341	\$1,521,249	\$2,548,596
Tax Rate per Thousand AV	\$0.77	\$0.77	\$0.77	\$0.77
Current Value of Construction (2008 Dollars)	\$4,915,459	\$7,152,078	\$10,494,166	\$13,775,330
Tier 2 Limit (Utilities)	\$13,624,644	\$26,417,192	\$49,470,786	\$82,879,937
Debt Service	\$1,047,410	\$2,030,852	\$3,803,123	\$6,371,490
Tax Rate per Thousand AV	\$1.92	\$1.92	\$1.92	\$1.92
Current Value of Construction (2008 Dollars)	\$12,288,648	\$17,880,196	\$26,235,414	\$34,438,326
Tier 3 Limit (Parks and Open Space)	\$13,624,644	\$26,417,192	\$49,470,786	\$82,879,937
Debt Service	\$1,047,410	\$2,030,852	\$3,803,123	\$6,371,490
Tax Rate per Thousand AV	\$1.92	\$1.92	\$1.92	\$1.92
Current Value of Construction (2008 Dollars)	12,288,648	17,880,196	26,235,414	34,438,326

Assumptions

Interest Rate	4.5%
Term (Years)	20
Property Value	6.0%
Construction Inflater	5.0%
Limit Factor	1.0%

Additional revenues can be generated from private development to support the facilities that will be required. The potential for developer financing is analyzed in detail in Appendix E-2.

As outlined in the analysis, there are three basic reasons that it may be appropriate to require private development to contribute to the financing of public facilities.

1. To make the project feasible,
2. Because the facilities will benefit the development, and
3. To offset adverse impacts of the development on the level of service or the delivery of services provided by the city.

A variety of financing mechanisms or tools have evolved for developer financing to serve these purposes. These include requiring developers to directly construct facilities, provide specific compensation to the local government to build new facilities, and sophisticated impact fee systems that seek to equitably share the costs of new facilities over all potential developments.

The strategy below assesses the potential for developer financing for various projects that will be needed to support the plan based on the location and character of those projects. Many of the projects identified in the needs analysis are suitable for developer financing based on these considerations. For example, as much as 90% of the projects identified in the Transportation Element would be suitable for such financing.

Additional revenues may be generated from grants and other forms of participation by other agencies. ~~Memorandums #3 and #5 both analyzed the potential of grant revenues to assist in financing the needed projects.~~ Based on a careful evaluation of these potentials, significant opportunities exist for financing capacity transportation projects. The potential for this assistance for transportation projects is significant enough for such financing to be included in the financial strategy outlined below. While good opportunities exist to receive grant assistance for sanitary sewerage treatment, parks and other types of transportation projects, these opportunities are conservatively applied in the financial strategy. The strategy programs these opportunities to be a supplemental source of financing for the facilities needed to support the plan, and are treated

as potential, but important, alternatives in the financial analysis.

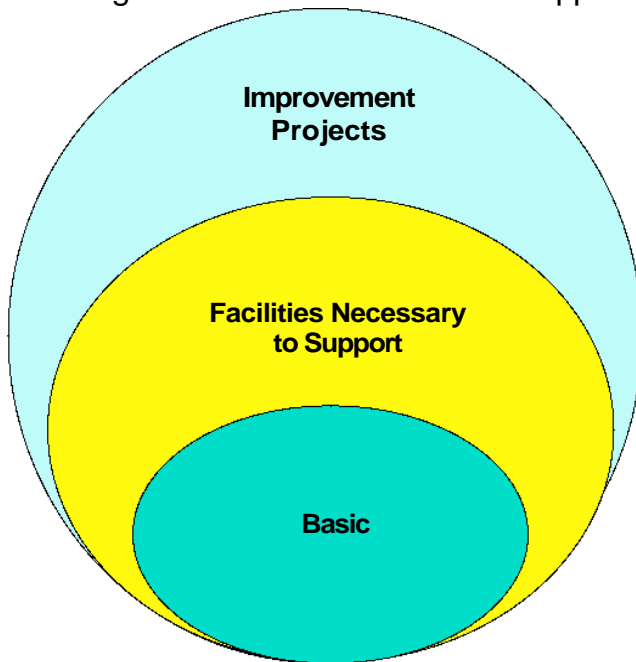


Figure CFP-2: Strategic Financing Approach
Balancing Needs and Capital Revenues

The approach to developing a financial strategy that matches revenues and financial measures to project needs can be illustrated by the

concentric rings of need on Figure CFP-2. The total of the diagram represents the total unconstrained needs list. The figure shows three levels of need.

Basic Needs: The *first* level of need (usually the smallest subset of needs) are basic needs that must be met or significant hazards, inefficiencies, greater costs or problems will result. These include removing traffic hazards, severe points of congestion, replacing inadequate facilities in parks and public buildings, rehabilitating or restoring deteriorating streets or facilities, and providing appropriate office space. Some of the projects at this level might be considered deficiencies. This class of facilities should have

priority over the available local resources (although some of these resources might be used to support other important priorities in one of the other categories).

Facilities Necessary to Support Development: The *second* type of need consists of needs necessary to support development. Without these projects the minimal levels of service needed to support new development would not be achieved or maintained. These projects include both system expansion needs and site-specific needs to serve development.

- System projects are those needed in order to maintain the performance of the overall system as the community develops. More system-oriented financing, such as general revenues, grants and impact fees would finance a major portion of these projects. Some of these projects may not be needed until future development generates impacts or needs that would cause the level of service of facilities to begin to fall below acceptable levels (as defined in the comprehensive plan).
- The site-specific projects are those that directly serve, or are adjacent to (or within) development projects. The financing of these supporting facilities can be incorporated directly into the development process and can be financed through site specific financing mechanisms such as local improvement districts, delay agreements, late comers agreements etc. For many such projects, a project would not be needed if the immediate area does not develop and in these cases, the projects can be indefinitely deferred until a development project needs the project.

Improvement Projects: The *third* level of need are those projects that improve the overall community or enhance the general quality of life. These projects may include street improvements to provide additional transportation options, enhance the appeal of downtown, provide new parks or add new features to existing parks. These projects may be funded from revenues available after the other needs are addressed. If there are insufficient revenues to fund these projects, additional funds may be sought from grants or proposals for voter approved bond or other sources of revenue that can not be predicted in advance.

The various need assessments being conducted as part of this planning process has identified \$248 million dollars in needs for various public services (Table CFP- 4); 62.5% of these needs are associated with the City's transportation system. This list of projects was developed on the basis of the potential need or desire for projects and was not constrained by financial considerations. As such the list is an "unconstrained needs list." The remaining part of this section will apply financial considerations to determine how these projects might be financed.

Table CFP-4: Unconstrained Public Facility Needs

	Total Unconstrained Needs List	Percent
Transportation	\$ 156,491,824	61.2%
Parks	20,184,750	7.9%
Water	27,318,338	10.7%
Sewer	46,246,800	18.1%
SWM	709,600	1.1%
General Government	2,607,825	1.0%
TOTAL	\$ 255,559,137	100.0%

Table CFP-5 allocates these projects between the different categories outlined above. Eighty-one percent of the total need is linked to development. As noted in the discussion above, most of these projects are needed only if the development occurs and the projects may be indefinitely deferred if the development does not proceed.

The strategy described below will examine the projects identified as needs in each of the systems and by whether they are basic needs or one of the other classes of need. This examination will also apply the approach described above for developer financing and identify those projects suitable for such contributions. The analysis will also apply the discussion related to grant funding to estimate which projects are most competitive and feasible for grant assistance. Finally, the available City revenues will be allocated among the projects, giving general priority to basic needs but will also include the opportunities to make important investments in the other categories. For example, City and impact fees may be used to facilitate the development of capacity projects in order to ensure that appropriate levels of service are maintained.

Table CFP-5: Unconstrained Need By Type

	Basic Needs	Projects Necessary for Development	Improvement Projects	Total
Transportation	5,540,000	142,192,824	8,759,000	156,491,824
Parks		19,600,000	584,750	20,184,750
Water	17,894,338	9,424,000		27,318,338
Sewer	16,940,800	29,306,000		46,246,800
SWM	1,751,400	434,000	524,200	2,709,600
General Government	2,607,825			2,607,825
TOTAL	44,734,363	200,956,824	9,867,950	255,559,137
Percent	17%	79%	4%	100%

This analysis results in the financing strategies described below for each type of public works system. The appendix includes options considered in the process of developing these recommendations.

In the financial strategies below the revenue estimates contained on Table CFP-1 is the starting point for developing the strategy. Revenues from developer contributions (both direct and modifications to impact fees) and grants are added as may be appropriate from the analysis above and as it may applied to the particular system of facilities.

The needs list above include all projects that will be considered for funding over the life of this plan. These projects include both the projects that are identified as needed in various needs analysis in this plan and projects that are in progress (either in construction or engineering) while this plan has been under development. In most cases, the projects in progress are not incorporated into the various needs assessments since the needs assessment was focused on identifying additional projects that will be needed to implement the plan. The tables in this section of the plan will add the projects in progress to the other needs identified in the various needs assessments.

Strategic Financing Approach for Each System of City Facilities

The discussion below presents the unconstrained needs list that have been developed for each system of facilities, followed by a list of strategic considerations that can be applied to fund the projects on the list. These lists then are followed by a table that applies these considerations to financing the facilities. Alternative strategies were considered in developing this strategy and those alternatives can be found in the appendix to Appendix E-2.

Table CFP-6: Unconstrained Transportation Needs List

Sum of Project Cost Estimate		Type		
Project Type	Developer Funding Relationship***	Improvement	New	Grand Total
Capacity**	Impact	\$10,670,000	\$0	\$10,670,000
	Impact and Feasibility	\$15,142,724	\$17,480,000	\$32,622,724
Capacity Total		\$25,812,724	\$17,480,000	\$43,292,724
Circulation*	Benefit	\$1,860,000	\$7,070,000	\$8,930,000
	Benefit and Feasibility	\$32,631,600		\$32,631,600
	City Financing	\$3,550,000		\$3,550,000
	Feasibility and Benefit		\$53,888,500	\$53,888,500
Circulation Total		\$38,041,600	\$60,958,500	\$99,000,100
Existing Conditions	City Financing	\$728,000		\$728,000
Existing Conditions Total		\$728,000		\$728,000
Existing Deficiency**	City Financing	\$3,700,000		\$3,700,000
Existing Deficiency Total		\$3,700,000		\$3,700,000
Nonmotorized	City Financing	\$310,000	\$7,449,000	\$7,759,000
Nonmotorized Total		\$310,000	\$7,449,000	\$7,759,000
Railroad	BNSF and Property Owners		\$1,000,000	\$1,000,000
Railroad Total			\$1,000,000	\$1,000,000

Projects in Progress*	Various	\$1,012,000		\$1,012,000
Grand Total		\$69,604,324	\$86,887,500	\$156,491,824
<p>Notes:</p> <p>* "Projects in Progress" include projects committed prior to the Transportation Element (TE) identifying future projects.</p> <p>These projects are not included in the TE, but are included in financial plans.</p> <p>** These terms are the same as the terms described on page 98 of the TE and include the projects identified in each category on tables T-3 to T-5.</p> <p>*** Relationship to developer funding is described in Appendix E-2.</p>				

Transportation

Transportation Capital Projects Needs

Strategic Considerations for Transportation

- The unconstrained needs list includes \$156 million in projects.
- The identified needs in the transportation elements (tables T-3 to T-5) can be related to the financing strategy of needs (defined above on figure CFP-1):
 - Existing transportation deficiencies are financing basic needs
 - Capacity and circulation transportation needs are necessary for development financing needs.

- Basic needs:
 - REET funding (after allocating some REET revenue to other needs as noted below) should generate enough money, with the above measures to finance the deficiencies and some of the pedestrian projects.
- Facilities needed to support growth:
 - Almost 90% of these projects are suitable for financing by developers and property owners by appropriately requiring development that needs new facilities, are benefited by new facilities, or creates adverse impacts on facilities to finance such facilities commensurate with the associated need, benefit or impact.
 - Capacity projects should compete effectively for grant funds, supplemented by grants for other projects. It is estimated that while up to 18% of the project needs development and improvement can be financed by grants or other agency participation, a lower ratio (15%) is used for the strategy (the strategy assumes an estimated as 90% matching rate for projects directly associated with U.S. 2 to 50% for other capacity projects, and 20% for general pedestrian improvements.)
 - With these grant assumptions, increasing impact fees to \$5,272 per peak trip can generate revenues sufficient to facilitate the development of capacity projects and meet some other enhancement projects.
 - First priority for impact fees is given to projects in downtown to encourage infill as impact fees are generated. Second priority for impact fees is to allocate them to the capacity projects, especially as the 1 32nd Extension (T-57) in order to ensure that the adopted LOS can be maintained as the Sultan Basin area develops.
 - Impact fees are raised in order to facilitate the construction of the 1 32nd Extension with enough funds to attract grant funding and to encourage earlier developer financing for the benefit the project provides to the adjacent properties.

Improvement projects:

The strategy includes financing a pedestrian overpass for U.S. 2 if WSDOT funding can be secured for 90% of the project.

- Other pedestrian projects are funded with 20% added from related grants.
- A few enhancement projects not related to developer

finance may be placed in the “improvement project category” pending the development of additional revenues or grants.

Transportation Capital Projects Financing Strategy

Table CFP-7: Funding Strategy for Transportation

Transportation Funding Strategy: Increased Impact fees to: \$5,272

	REET	Grants or Other Agency	Impact Fees	Direct Developer Financing	Total
Basic Needs					
Deficiencies*	\$4,428,000				\$4,428,000
Projects in Progress	\$250,000	\$212,000		\$550,000	\$1,012,000
Railroad Crossing		\$100,000			\$100,000
Projects Necessary for Development					
Capacity Projects*		\$24,794,362	\$8,467,097	\$10,031,265	\$43,292,724
City Circulation* & Upgrade to Standard			\$3,550,000		\$3,550,000
Development Circulation* & Upgrade to Minimum Standard	\$0	\$3,477,414	\$8,000,000	\$83,872,686	\$95,350,100
Improvement Projects					
Pedestrian	\$900,000	\$4,874,800			\$5,774,800
Railroad		\$1,000,000			\$1,000,000
Total	\$5,578,000	\$34,458,576	\$20,017,097	\$94,453,951	\$154,507,624
Not Funded					
Pedestrian Projects					\$1,984,200
City Circulation* & Upgrade to Standard					
County Rural Projects					
Total Projects					\$156,491,824

* These terms are the same as the terms described on page 93 of the TE and include the projects identified in each category on tables T-3 to T-5.

Notes: 2008 Dollars

REET Pedestrian in 10% match for overpass plus balance of REET after other allocations.

Pedestrian Grant for Improvement project is Highway 2 overpass & 20% of balance of REET funding for Pedestrian.

Assumes \$8 million used by credits or supplement for developer circulation projects.

Priority for impact fees is for capacity.

All City circulation needs funded by impact fees.

All Deficiencies Funded by REET.

Grant assumptions=impact fee study 15% plus other agency less deficiency projects.

Park Facility Needs

Table CFP-8: Parks Unconstrained Needs List

	2025	Acquisition	Development	Total
Mini Parks				
New(7-9)	14	\$2,800,000	\$1,050,000	\$3,850,000
Neighborhood				
Neighborhood Park				
Improvements			\$200,000	\$200,000
2nd and Alder			\$24,750	\$24,750
Skate Board Park			\$175,000	\$175,000
Community Park				
New	22.5	\$4,500,000	\$11,250,000	\$15,750,000
Regional Park				
Trail Development			\$185,000	\$185,000
Total		\$7,300,000	\$12,884,750	\$20,184,750

Strategic Considerations for Parks

- The unconstrained needs analysis identifies \$34.5 million in projects.
- The only existing significant internal funding source for park needs is REET and parks will need to compete with other capital needs for this revenue; only a limited amount of money is anticipated to be available. Basic needs in other systems take priority.
- Basic needs:
 - There are no basic needs.
- Facilities needed to support growth:
 - City will set or reduce the LOS for system projects “necessary for development” at the level needed to support one Community Park. The Community Park can be funded with an appropriate amount of impact fees, available REET funding, and grants or voter approved support.
 - The community park identified in the strategy is a system need for providing park and recreational services.
 - Grants will be pursued for Community Park. If grants are not received, City will consider inside levy lift to finance.
 - City can also consider other alternatives for financing the park including seeking land donations, additional developer financing from developments near park and reducing Park development costs.
 - Mini-parks should be incorporated into the design of new subdivisions.

- Improvement projects
 - While there is a wide range of grant potentials available, they cannot be predicted. Consequently, projects needing grant funding are treated as potential improvement projects.
 - Community funding might be appropriate and feasible for some of the smaller parks in the needs list. The City will seek grants and community funding for smaller park needs in downtown area.
 - The City can consider using any general fund revenue that may be available for these smaller parks.
 - Resource oriented parks compete most effectively for potential grants and funding opportunities. Reserve some REET funds for potential grant matching.
 - The second community park is not funded, and is eliminated from the City's list of projects to be funded.

Park Capital Facilities Financing Strategy

Table CFP-9: Park Financial Strategy

	REET	Grant or Community Support or as Revenue can be Developed	Impact Fees	Grant or Inside Levy Lift at 2015	Excess Levy	Direct Developer Contributions	Total
Projects Necessary for Development							
New Mini Parks						\$3,850,000	\$3,850,000
New Community Park - 2015	\$4,354,727		\$8,651,483	\$2,743,789			\$15,750,000
Improvement Projects							
Neighborhood Parks		\$399,750		\$0			\$399,750
Trail		\$185,000		\$0			\$185,000
Total	\$4,354,727	\$584,750	\$8,651,483	\$2,743,789	\$0	\$3,850,000	\$20,184,750
Unfunded Improvement Projects							
Total Unfunded							
TOTAL							\$20,184,750

Notes:

Would set "necessary for development" LOS at the ratio needed for one community park.
 Assumes that impact fees are periodically adjusted for inflation.
 2015 Levy lift tax rate would be \$0.54 per thousand assessed value--Maximum margin is: \$0.58
 There will be capacity for both this levy lift and the 2020 levy for general government
 REET, Impact Fee and Levy estimates are generated by a financial forecast model described in Appendix E

Water Utility

Water System Capital Project Needs

Table CFP-10: Unconstrained Needs List for Water Services

Improvement Category	Quantity	Project Cost
Water TIP Improvements	67,400 feet	\$11,105,000
Water Main Replacements	20,800 feet	\$6,699,000
New Water Main Extensions	6,800 feet	\$5,977,000
Northeast Water Tank & Booster Pump	70,000 gallons	\$800,000
Pressure Reducing Stations	4 each	\$150,000
Water System Plan –2014	----	\$100,000
Water System Plan – 2024	----	\$100,000
Lake 16 Watershed Upgrade	to be defined	\$300,000
Water Treatment Upgrade	to be defined	\$700,000
<u>Projects in Progress</u>		\$1,387,338
Total		\$27,318,338

Strategic Considerations for Water Services

- 27 million in water system project needs are identified for financing. These projects are either basic needs or projects necessary to support development.
- Basic Needs:
 - \$9.2 million could be available from the existing system development charge (with some adjustment for future construction).
 - A rate study should consider the needs-facilities that need to be built in the near future for funding from near term rate adjustments.
 - The remaining \$3 million can be raised by reasonable and appropriate rate or system development charge (General Facilities Charge) adjustment over the planning period.
- Projects Necessary for Development
 - \$9.4 million is suitable (as described above) for developer financing (another \$1.2 million would be in street projects not directly dependent of developer financing) and are included in the basic needs.

Water System Capital Project Financing Strategy

- The construction of a reservoir to facilitate service to the northeast portion of the city would be financed either by developer contributions or revenue generated by the city’s General Facility Charge for new connections within the planned service area of the reservoir, or a combination of both.

Table CFP-11: Water System Funding Strategy

	Estimate of Current GFC	Utility Revenue or GFC 'to be Determined in Rate Study	Developer Contribution	Total
Basic Needs				
General System Development Costs	\$9,254,181	\$0	\$5,571,819	\$14,826,000
Projects in Progress		\$1,387,338		\$1,387,338
Line Extensions in City				
Funded Street Projects		\$1,681,000		1,681,000
Projects Necessary for Development				
Line Extensions in Developer				
Funded Street Projects			\$9,424,000	
Total	\$9,254,181	\$3,068,338	\$14,995,819	\$27,318,338
Notes:				Notes:
Estimated Additional Monthly Base Rate Needed		\$4		
Alternatively, Estimated CFG Needed/ Unit	\$1,119			
--GFC Conservatively Estimated				
-- Actual way of balancing is to be determined by rate study, either approach is within reason.				

Sewer Utility

Sanitary Sewerage Facility Needs

Table CFP-12: Unconstrained Sewerage Needs List

Improvement Category	Quantity	Project Cost
TIP Sewer Improvements	37,100 feet	\$6,706,000
New Sewer Extensions	28,840 feet	\$10,596,000
Pump Stations & Force Mains	5 pump stations	\$2,128,000
Replacement Sewers	2,750 feet	\$500,000
General Sewer Plan –2014	----	\$100,000
General Sewer Plan –2024	----	\$100,000
Ongoing I/I Rehabilitation	Typically \$100,000/yr	\$2,380,000
Phase I WWTP		\$17,600,000
Phase II WWTP		\$5,000,000
Projects in Progress		\$1,136,800
Total		\$46,246,800

Strategic Considerations for Sewerage Services

- \$46.2 million in sewer collection needs are identified for financing.
- \$22.1 million is identified as sewer treatment plant expansion (WWTP).
- Existing utility rates, periodically adjusted for inflation, could generate an additional \$4.2 million in the long term.

- The total needs identified in this plan would provide the capacity to serve all of the urban growth area with sanitary sewer services.
- \$32.8 million could be available from the system development charges as proposed in the recent rate study if the recommendations of that study are implemented after 2013.

- **Basic Needs**
 - There are \$16.9 million of basic needs identified in the collection system. \$10.6 million would provide service to developed but unserved areas. Extending service to these areas would benefit such properties.
 - The financing plan includes \$4 million in city participation in line extensions to encourage property owners to seek sewer service.
 - \$32.8 million could be available from the system development charges (GFC) as proposed in the recent rate study if the recommendations of that study are continued after 2013.
 - Future financing needs should be reassessed before increasing rates to the maximum recommended in rate study to ensure that the CFG is appropriate for need.

- **Projects Necessary for Development**
 - Costs estimates for the treatment system needed to support the planned growth are \$22.1 million.
 - The City continues to seek \$5 million in state financial assistance for an expansion to its sewerage treatment plant. If these funds are awarded, the amount of revenue needed by the City's system development charge (GFC) may be reduced or used for other system needs.
 - \$6.9 million is suitable (as described above) for developer financing as part of street projects.

The funding that could be generated by fully implementing the recommendations of the last rate study, which recommended setting the General Facility Charge (GFC) at \$20,086 per ERU should be evaluated to ensure it is appropriate to long term needs as well as the need to finance the WWTP in the short term¹.

¹ The amount of the GFC charge was set at a rate to generate revenue as soon as possible to build the WWTP.

Sanitary Sewerage Facilities Financing Strategy

Table CFP-13: Sewer System Funding Strategy

Sewer System Funding Strategy					
	Estimate of Current GFC Program	Grants	From Rate Revenue	Property Owner or Developer Contribution	Total
Basic Needs					
I/I Rehab and Planning Projects in Progress	\$2,380,000		\$200,000		\$2,580,000
Extend Lines to Existing unserved development	\$453,600			\$683,200	\$1,136,800
Pump Stations, Force mains and Replacements	\$4,000,000			\$6,596,000	\$10,596,000
	\$2,628,000				\$2,628,000
Projects Necessary for Development					
WWTP	\$22,100,000	\$500,000			\$22,600,000
Line Extensions in Developer Financed Street Projects	\$779,800			\$5,926,200	\$6,986,000
Total	\$32,355,400	\$500,000	\$200,000	\$13,205,400	\$46,246,800
Notes:					
Estimated GFC available if maintained at recommended level after 2013 to 2025: \$32,839,389					
The City is seeking \$5,000,000 in grants that would reduce the need for the currently planned high level of GFC					
Envisions cost sharing of line extensions to encourage property owner financing					
Includes some city cost sharing in capacity street projects					
City corridor projects open northwest area of city for service					

Storm Sewer

Storm Water Capital Project Needs

Table CFP-14: Unconstrained Storm Water Needs List

Proj ID	Basic Projects Project Name	Permits & Study	Design/ Plans	Construct	Easements or Land Acquisition	Total
C-2	Date & 3rd, Standing Water	\$0	\$5,000	\$50,400	\$0	\$55,500
C-3	Birch & 3rd, Infiltration	\$0	\$2,200	\$22,300	\$0	\$24,500
C-6a	Main Street, 1st to 5th, Stormwater Quality Retrofit	\$5,000	\$2,900	\$28,800	\$0	\$36,600
C-6b	Regional Water Quality Facility for Central Sultan, Study Only	\$60,000	\$0	\$0	\$0	\$60,000
C-7 / C-14	Murphy Way Entrance Standing Water and Flooding	\$0	\$3,200	\$32,000	\$0	\$35,200
C-8	5th Place & 6th Street, Gravel Road & Drainage Sedimentation	\$0	\$6,400	\$64,000	\$0	\$70,400
C-10	Cul-de-Sac at Dyer Road, Standing Water	\$0	\$500	\$4,600	\$0	\$5,100
C-12	Culvert at Bus Maint. Drive for School	\$0	\$140	\$1,400	\$0	\$1,500
C-15	2nd and Cedar, Standing Water	\$0	\$2,200	\$22,400	\$0	\$24,600
C-16	1st & Date, Standing Water	\$0	\$600	\$6,400	\$0	\$7,000
C-17	2nd and Birch, Standing Water	\$0	\$2,200	\$22,400	\$0	\$24,600
C-18	High Ave. Standing Water at Bus Barn Entrance	\$0	\$1,200	\$12,300	\$0	\$13,500
C-20	4th & Birch, Flooding	\$0	\$2,600	\$26,000	\$0	\$28,600
N-2A	311st & Wisteria, Street Flooding	\$0	\$900	\$9,300	\$12,800	\$23,000
N-4	Wisteria Ave & Gohr Rd, Northeast Corner Ponding	\$0	\$4,100	\$41,300	\$0	\$45,400
W-1	Highway U.S. 2, Illicit Discharge In Storm System	\$0	\$1,500	\$14,900	\$0	\$16,400
W-3	Marcus Road and Hwy U.S. 2, Semimentation	\$0	\$600	\$6,000	\$0	\$6,600
E-11	Cul-de-Sac at Dyer Road, Standing Water	\$0	\$1,000	\$9,800	\$0	\$10,800
E-12	Cul-de-Sac at Dyer Road, Standing Water	\$0	\$800	\$8,300	\$0	\$9,100
E-16b	Dyer Rd. at Wagley's Creek, Construct Bridge & Raise Road	\$30,000	\$37,560	\$375,600	\$21,000	\$464,200
E-16c	Dyer Road, Ditches and Culverts Along Road Either Side of Creek	\$0	\$1,300	\$13,400	\$0	\$14,700
SE-1	Level Spreader at 339th & Old Sultan Startup Rd., Standing Water	\$0	\$800	\$8,000	\$0	\$8,800
Non-Impact Projects Total =						\$986,100

City of Sultan Comprehensive Plan

Proj ID	Projects Related to Development Project Name	Permits & Study	Design/ Plans	Construct	Easements or Land Acquisition	Total
C-11	High School South Lot, Filling of Infiltration Ditch	\$0	\$1,600	\$15,900	\$0	\$17,500
C-13	1st Street Culvert Crossing, 200 Ft. South of Willow Ave	\$0	\$400	\$3,800	\$500	\$4,700
C-19	8th Street at Depot Ln, Regional Flooding	\$5,000	\$900	\$9,000	\$11,800	\$26,700
N-2B	311st & Wisteria, Winters Creek Culvert	\$0	\$330	\$3,300	\$14,200	\$17,800
N-3	Gohr Road 310' south of N Park Drive, Lot Flooding	\$8,000	\$1,500	\$15,300	\$16,900	\$41,700
N-5	Gohr Road, Drainage Improvements	\$0	\$870	\$8,700	\$2,300	\$11,900
E-3	Wagleys Creek Crossing at 339th Ave	\$15,000	\$2,300	\$23,300	\$4,000	\$44,600
E-8	132nd St., Plugged Culvert	\$0	\$100	\$900	\$1,000	\$2,000
E-10	E. Main Street, Drainage Problems at Gravel Rd & New Box Culvert	\$40,000	\$26,300	\$262,700	\$0	\$330,000
E-16a	Dyer Rd. Culverts at Wagleys Creek, Debris Catchment & Overflow	\$20,000	\$1,800	\$17,900	\$7,000	\$46,700
E-21	Foundry Drive, Connecting Riser & Storm Conveyance Outfall	\$0	\$22,400	\$223,600	\$49,000	\$295,000
SE-2	Extend 36" Culvert Under U.S. 2, 400 Ft. East of Shell Station	\$0	\$24,800	\$248,400	\$0	\$273,200
SE-3	Ditch on South Side of U.S. 2, East of Rice Rd.	\$0	\$16,200	\$161,500	\$0	\$177,700
Impact Projects by City, Total =						\$1,289,500
Developer Funded Improvement Project (Likely)						
E-4	Sultan Basin Rd, Flooding in Area North of Bryant Road	\$8,000	\$3,200	\$32,100	\$35,300	\$78,600
E-7A	132nd Street, Storm Conveyance	\$12,000	\$6,700	\$66,700	\$0	\$85,400
E-7B	132nd Street Storm Conveyance - Storm Pipe System	\$10,000	\$13,700	\$137,400	\$11,800	\$172,900
E-19	Wagleys Creek Culvert at 140th Street SE	\$10,000	\$1,000	\$9,800	\$0	\$20,800
N-1	Deteriorating Culvert at Trout Farm Road	\$8,000	\$5,100	\$50,700	\$12,800	\$76,600
Impact Projects Funded by Developers Likely, Total =						\$434,000
Impact Projects Grand-Total =						\$1,723,500

Strategic Considerations for Storm Water Services

- A total of \$2.7 million of projects are identified as needs (excluding projects incorporated into the costs estimates for street improvements addressed under that category).
- The proposed initial budget \$50,000 per year for capital would yield (if periodically adjusted for inflation) almost \$1.2 million in current over sixteen years, increasing as

- the city grows.
- **Basic Needs**
 - Two types of basic needs are identified, those that could worsen if further development occurs upstream (projects related to development) and projects not significantly affected by further upstream development.
 - Available rate revenue (as proposed in the proposed initial amount of 50,000 per year) can be used to finance most of these projects.
 - Regulations that would require developers to mitigate downstream impacts from their projects would create opportunities for cost sharing for the projects related to development, supplementing available rate revenue.
- **Projects Necessary for Development**
 - There is one project identified that is suitable for developer financing.

Storm Water Management Capital Financing Strategy

Table CFP-15: Storm Water Management Financing

Storm Water Management Funding Strategy				
	SWM Fees	Direct Developer Financing	Developer Cost Sharing	Total
Basic Needs				
Existing Needs	\$461,900			\$461,900
Projects Related to Development	\$597,383		\$691,617	\$1,289,000
Projects Necessary for Development Developer Funded Improvement Project		\$434,000		434,000
Total	\$1,059,283	\$434,000	\$691,617	\$2,184,900
Unfunded Projects				
Regional Water Quality Facility for Central Sultan, Study Only				\$60,000
Cul-de-Sac at Dyer Road, Standing Water				\$464,200
Total				\$2,709,100
Notes:				
Assumes an initial \$50,000 in revenue for capital				
Assumes revenue will be periodically adjusted for inflation and will grow with new development				
Assumes regulatory system to require developers to address downstream impacts.				
Unfunded project not necessary for development and will require developing financial assistance from property owners or grants.				

General Government

General Governmental Facility Needs

Two capital improvements for General Government were adopted as part of the 2004 Comprehensive Plan update:

- * Develop a new police and fire station complex on the plateau – to provide emergency management in case of a natural disaster within the Sultan and Skykomish river corridors, and from U.S. 2 or BNSF railroad activities.
- * Relocate public works yard operations to the plateau – to provide emergency response and management in case of a natural disaster within the Sultan and Skykomish river corridors, and from U.S. 2 or BNSF railroad activities.

In addition, the City anticipates the need to expand City Hall as the community grows. It further anticipates that capital improvements will be required for City-owned government buildings at various times over the next decade.

Table CFP-16: Unconstrained Needs for General Government

General Governmental Unconstrained Needs Assessment		
	Year	2008 Dollars
Police Station	2020	\$1,500,000
Public Works Yard	2025	\$6,000,000
Building Maintenance Needs	On-Going	\$525,000
Expand City Hall	2020	\$450,000
	Total	\$8,475,000

Strategic Considerations for General Government

- A total of \$8.5 million is identified for general government capital needs.
- All are Basic Needs
 - As basic needs, these needs have priority for REET funding.
 - The larger expenses will occur late in the planning period and are suitable for financing through debt, including a levy lift for the police facility and city hall, which includes relocating library to freestanding building.

- The only source of general fund existing revenue available for these needs is in REET funds (although utility funds can be used to pay portions of the Public Works Maintenance Facility).
- Priority for REET funds should be given to ensuring on-going maintenance of city facilities.
- The final financial strategy will need to allocate REET funds between these needs and parks and transportation needs.
- The police and City hall expansion (including relocation of the library) is very suitable for a potential voter approved levy lift.

General Government Facilities Financing Strategy

Table CFP-17: Recommended Funding Strategy for General Government

	REET	REET Debt Service	Sewer Rates Debt Service	Water Rates Debt Service	Voted Inside Levy (Debt Service)	Total
Basic Needs						
Maintenance	\$525,000					\$525,000
Public Works Shop		\$281,380	\$281,380	\$281,380		\$844,140
Police Station					\$952,835	\$952,835
City Hall Expansion					\$285,850	\$285,850
Total	\$525,000	\$281,380	\$281,380	\$281,380	\$1,238,685	\$2,607,825
Notes:						
Public Works Shop funded by inside levy with out vote: forecasts show sufficient revenue in utilities to support this debt service in 2025						
Police Station and City Hall funded by voted levy lift in 2020. 2021 tax rate would be 22 cents per thousand and 2025 tax rate would be 13 cents per thousand assessed value.						
2008 Dollars (except for calculated tax rate)						

Overall Financial Strategy

Table CFP-18 presents the overall financial strategy to implement the comprehensive plan

In spite of the financial constraints confronting city on-going operations, the City has the financial capacity to finance the capital facility needs identified in the comprehensive plan. While this strategy relies heavily on developer financing, the projects planned to be financed by developers are appropriate for such financing. The assumptions related to external sources of funding, such as grants are reasonable and practical to anticipate, provided that the City maintains its successful aggressive approach to pursuing grant opportunities.

Sanitary sewerage needs can be financed if the City continues to implement the rate study conducted to finance those needs, although receipt of the planned grant assistance would significantly facilitate such financing. The funds generated by these measures provide the City the financial capacity to fund an expansion to its sewer treatment plant capable of serving all of the planned growth provided for in the comprehensive plan. These funds also provide the fiscal capacity to the City to cost share in extending lines into areas of existing development that are now on septic lines.

Adjustment to potential Park levels of service brings the projects required by the previously proposed level of service are within the capacity of the City to finance.

While the fiscal capacity of the City can finance the needed facilities, the financial resources are generated by new development. Consequently the construction of needed facilities will need to be closely coordinated with new development to match revenues to projects. In some cases, such as parks, resources will need to be accumulated first from new development to completely finance the facility.

Table CFP-19 presents a detailed outline of the six-year expenditure and financing strategy. The Table is divided as follows:

- Table CFP 19A: Capital Expenditures for Transportation
- Table CFP 19B: Revenues for Transportation
- Table CFP 19C: Sewer, Water, Parks Expenditures
- Table CFP 19D: Sewer, Water, Parks Revenues
- Table CFP 19E: Stormwater Expenditures
- Table CFP 19F: Stormwater Revenues

Table CFP 18: Total Recommended Financial Strategy

			REET	Grant or Community Support	Impact Fees	Rates Or GFC	Inside Levy Lift	Excess Levy	Developer Financing	Total	Percent
Basic Needs											
	Transportation*		\$4,678,000	\$312,000	\$0	\$0	\$0	\$0	\$550,000	\$5,540,000	2%
	Water*		\$0	\$0	\$0	\$12,322,519	\$0	\$0	\$5,571,819	\$17,894,338	7%
	Sewer		\$0		\$0	\$9,661,600	\$0	\$0	\$7,279,200	\$16,940,800	7%
	SWM		\$0	\$0	\$0	\$1,059,283	\$0	\$0	\$692,117	\$1,751,400	1%
	General Government		\$806,380	\$0	\$0	\$562,760	\$1,238,685	\$0	\$0	\$2,607,825	1%
	TOTAL		\$5,484,380	\$312,000	\$0	\$23,606,163	\$1,238,685	\$0	\$14,093,136	\$44,734,363	17%
Projects Necessary for Development											
	Transportation		\$0	\$28,271,776	\$20,017,097	\$0	\$0	\$0	\$93,903,951	\$142,192,824	56%
	Parks		\$4,354,727	\$0	\$8,651,483	\$0	\$2,743,789	\$0	\$3,850,000	\$19,600,000	8%
	Water		\$0	\$0	\$0	\$0	\$0	\$0	\$9,424,000	\$9,424,000	4%
	Sewer		\$0	\$500,000	\$0	\$22,879,800	\$0	\$0	\$5,926,200	\$29,306,000	12%
	SWM		\$0	\$0	\$0	\$0	\$0	\$0	\$434,000	\$434,000	0%
	TOTAL		\$4,354,727	\$28,771,776	\$28,668,580	\$22,879,800	\$2,743,789	\$0	\$113,538,151	\$200,956,824	79%
Improvement Projects											
	Transportation		\$900,000	\$5,874,800	\$0	\$0	\$0	\$0	\$1,984,200	\$8,759,000	3%
	Parks		\$0	\$584,750	\$0	\$0	\$0	\$0	\$0	\$584,750	0%
	TOTAL		\$900,000	\$6,459,550	\$0	\$0	\$0	\$0	\$1,984,200	\$9,343,750	4%
TOTAL FUNDED			\$10,739,108	\$35,543,326	\$28,668,580	\$46,485,963	\$3,982,474	\$0	\$129,615,487	\$255,034,937	100%
Percent			4%	14%	11%	18%	2%	0%	51%	100%	
Not Funded											
	Transportation SWM									\$524,200	
TOTAL NEEDS										\$255,559,137	

Table CFP 19A: Transportation CIP Expenditures 2009-2014

Project Number	Project Name	Project Cost (includes Other Projects in Planning)	Year Complete	2009	2010	2011	2012	2013	2014	2009-2014 Project Cost
Motorized										
	Sultan Basin Road - Overlay	\$200,000	2009	\$20,000	-	-	-	-	-	\$20,000
	Sultan Basin Rd Sidewalk and Waterline	\$250,000	2009	\$25,000	-	-	-	-	-	\$25,000
	2 nd Street Capital Project not listed in the 20-yr/6-yr TIP and CIP	\$212,000	2009	212,000	-	-	-	-	-	\$212,000
T-54	Railroad Crossing Improvements	\$50,000	2011	\$25,000	-	\$25,000	-	-	-	\$50,000
T-45	Alder Street Reconstruction and Improvements	\$1,378,000	2012	-	\$50,000	\$75,000	\$1,253,000	-	-	\$1,378,000
T-56	East Main Street Reconstruction	\$500,000	2012	-	\$40,000	\$60,000	\$400,000	-	-	\$500,000
T-60	Sultan Basin Rd - Phase III	\$2,800,000	2014	\$50,000	\$50,000	\$200,000	\$200,000	\$1,500,000	\$800,000	\$2,800,000
T-57	132nd St/Sultan Basin Rd north-west to 307th	\$17,480,000	2020	-	-	-	-	\$100,000	\$500,000	\$600,000
T-39	Pavement Overlay Program	\$522,000	2025	-	\$50,000	\$50,000	\$50,000	-	-	\$150,000
TOTAL MOTORIZED		\$79,275,600	-	\$332,000	\$190,000	\$410,000	\$1,903,000	\$1,600,000	\$1,300,000	\$5,735,000
Non-Motorized										
	Light Guard Crossings	\$100,000	2009	\$55,000	-	-	-	-	-	\$55,000
NM-3	Sidewalk Spot Improvements	\$130,000	2025	-	\$20,000	-	\$20,000	-	\$20,000	\$60,000
NM-4	Sidewalk Enhancements	\$310,000	2025	-	-	\$50,000	-	-	\$50,000	\$100,000
TOTAL NON-MOTORIZED		\$1,060,000		\$55,000	\$20,000	\$50,000	\$20,000	-	\$70,000	\$215,000

Table CFP-19B Transportation Revenues – 2009-2014

		Local Base Revenues					Debt	Private & Developer Contributions	Grants	
		General Fund	REET	Impact Fee	GFC	Surface Water	Revenue Totals			
Balances Forward		-	-	-	\$1,000,000	-	\$1,000,000	-	-	
Estimated Revenues		\$198,000	\$2,706,723	\$8,548,596	\$23,451,287	\$300,000	\$35,204,606	\$6,700,000	\$3,629,600	\$7,691,500
Transfer Debt Service		-	(\$125,000)	-	(\$175,000)	-	(\$300,000)	-	-	
TOTAL REVENUES		\$198,000	\$2,581,723	\$8,548,596	\$24,451,287	\$300,000	\$36,079,606	\$6,700,000	\$3,629,600	\$7,691,500
Motorized										
Proj #	Project Name	General Fund	REET	Impact Fee	GFC	Surface Water	Grant	Debt	Private & Developer Contributions	Revenue Totals
	Sultan Basin Road - Overlay	-	\$20,000	-	-	-	-	-	-	\$20,000
	Sultan Basin Rd Sidewalk and Waterline	-	\$25,000	-	-	-	-	-	-	\$25,000
	2nd Street Capital Project not listed in the 20-year/6-year TIP and CIP	-	-	-	-	-	\$212,000	-	-	\$212,000
T-54	Railroad Crossing Improvements	-	-	-	-	-	\$20,000	-	\$30,000	\$50,000
T-45	Alder Street Reconstruction and Improvements	-	\$1,378,000	-	-	-	-	-	-	\$1,378,000
T-56	East Main Street Reconstruction	-	-	-	-	-	-	-	\$500,000	\$500,000
T-60	Sultan Basin Rd - Phase III	-	-	\$560,000	-	-	\$2,240,000	-	-	\$2,800,000

City of Sultan Comprehensive Plan

	Local Base Revenues						Debt	Private & Developer Contributions	Grants
	General Fund	REET	Impact Fee	GFC	Surface Water	Revenue Totals			
T-57 132nd St/Sultan Basin Rd north-west to 307th	-	-	\$600,000	-	-	-	-	-	\$600,000
T-39 Pavement Overlay Program	-	\$150,000	-	-	-	-	-	-	\$150,000
TOTAL MOTORIZED		\$1,573,000	\$1,160,000	\$0	-	\$2,472,000	-	\$530,000	\$5,735,000
NON-MOTORIZED	-	-	-	-	-	-	-	-	-
Light Guard Crossings	-	-	-	-	-	\$55,000	-	-	\$55,000
NM-3 Sidewalk Spot Improvements	-	\$60,000	-	-	-	-	-	-	\$60,000
NM-4 Sidewalk Enhancements	-	\$100,000	-	-	-	-	-	-	\$100,000
TOTAL NON-MOTORIZED	-	\$160,000	-	-	-	\$55,000	-	-	\$215,000

Table CFP-19C: Sewer, Water & Parks 2009-2014 CIP Revenues/Expenditures

			<u>Year Complete</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2009-2014 Project Cost</u>
PARKS										
	Roadside mini-park	\$10,000	2011	-	-	\$10,000	-	-	-	\$10,000
P-27	2nd and Alder. Park Development.	\$24,750	2012	-	-	\$4,750	\$20,000	-	-	\$24,750
	Osprey Park	\$10,000	2014	-	-	-	-	-	\$10,000	\$10,000
P-34	Community Park - Plateau	\$15,750,000	2025	\$50,000	\$150,000	\$150,000	\$150,000	-	-	\$500,000
	TOTAL PARKS	\$15,794,750		\$50,000	\$150,000	\$164,750	\$170,000	-	\$10,000	\$544,750
WATER										
W-5	Sultan Basin Rd PRV Station	\$100,000	2009	\$100,000	-	-	-	-	-	\$100,000
W-7	Sultan River Crossing 12" main	\$500,000	2011	\$25,000	\$50,000	\$425,000	-	-	-	\$500,000
W-18	Alder Street Reconstruction and Improvements	\$453,600	2011	-	\$53,600	\$400,000	-	-	-	\$453,600
W-9	East Main Street Reconstruction	\$250,000	2012	-	-	\$50,000	\$200,000	-	-	\$250,000
W-58	132nd St/Sultan Basin Rd east to Rice Rd	\$890,400	2013	-	-	\$20,400	\$70,000	\$800,000	-	\$890,400
W-41	Rice Rd (339th Ave SE)/Sultan Startup Rd to 132nd Street.	\$319,200	2014	-	-	-	\$19,200	\$60,000	\$240,000	\$319,200
W-6	U.S. 2/SBR to Cascade View Drive	\$412,638	2015	-	-	-	-	-	-	-
W-25	Highlevel Reservoir	\$300,000	2016	-	-	-	-	\$100,000	\$50,000	\$150,000
W-25a	Highlevel Reservoir Transmission Line	\$940,800	2016	-	-	-	-	-	\$75,000	\$75,000
	2nd Street Capital Project not listed in the 20-year/6-year TIP and CIP	\$125,000	2009	\$125,000	-	-	-	-	-	\$125,000

City of Sultan Comprehensive Plan

			<u>Year Complete</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2009-2014 Project Cost</u>
	TOTAL WATER	\$7,933,238		\$250,000	\$103,600	\$895,400	\$289,200	\$960,000	\$365,000	\$2,863,200
	SEWER									
	Waste water treatment plant - short term	\$450,000	2009	\$400,000	-	-	-	-	-	\$400,000
SW-13	Alder Street/5th Street to 8th Street	\$453,600	2011	-	\$53,600	\$400,000	-	-	-	\$453,600
SW28(Q)	132nd St/Sultan Basin Rd East to Rice Rd	\$772,800	2013	-	-	\$20,000	\$52,800	\$700,000	-	\$772,800
SW-41	Rice Rd (339th Ave SE)/Sultan Startup Rd to 132nd Street.	\$683,200	2013	-	-	\$20,000	\$63,200	\$600,000	-	\$683,200
	Waste water treatment plant - MBR	\$17,600,000	2016	-	-	-	-	\$2,000,000	\$15,150,000	\$17,200,000
	TOTAL SEWER	\$24,504,000		\$400,000	\$53,600	\$440,000	\$116,000	\$3,300,000	\$15,600,000	\$19,509,600

Table CFP-19D: Sewer, Water & Parks: 2009-2014 Revenues

		<u>General Fund</u>	<u>REET</u>	<u>Impact Fee</u>	<u>GFC</u>	<u>Surface Water</u>	<u>Grant</u>	<u>Debt</u>	<u>Private & Developer Contributions</u>	<u>Rev Totals</u>
PARKS										
P-27	Roadside mini-park 2nd and Alder. Park Development.	-	-	\$24,750	-	-	-	-	\$10,000	\$10,000
P-34	Osprey Park Community Park - Plateau	\$10,000	-	-	-	-	-	-	-	\$10,000
		-	-	\$500,000	-	-	-	-	-	\$500,000
TOTAL PARKS		\$10,000	-	\$524,750	-	-	-	-	\$10,000	\$544,750
WATER										
W-5	Sultan Basin Rd PRV Station	-	-	-	\$100,000	-	-	-	-	\$100,000
W-7	Sultan River Crossing 12" main	-	-	-	\$500,000	-	-	-	-	\$500,000
W-18	Alder Street Reconstruction and Improvements	-	-	-	\$453,600	-	-	-	-	\$453,600
W-9	East Main Street Reconstruction	-	-	-	\$250,000	-	-	-	-	\$250,000
W-58	132nd St/Sultan Basin Rd east to Rice Rd	-	-	-	-	-	-	-	\$890,400	\$890,400
W-41	Rice Rd (339th Ave SE)/Sultan Starup Rd to 132nd Street.	-	-	-	-	-	-	-	\$319,200	\$319,200
W-6	U.S. 2/SBR to Cascade View Drive	-	-	-	-	-	-	-	-	-
W-25	Highlevel Reservoir	-	-	-	\$150,000	-	-	-	-	\$150,000
W-25a	Highlevel Reservoir Transmission Line	-	-	-	\$75,000	-	-	-	-	\$75,000
	2 nd Street Capital Project not listed in the 20-year/6- year TIP and CIP	-	-	-	\$125,000	-	-	-	-	125,000
TOTAL WATER		-	-	-	\$1,653,600	-	-	-	\$1,209,600	\$2,683,200

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	<u>General Fund</u>	<u>REET</u>	<u>Impact Fee</u>	<u>GFC</u>	<u>Surface Water</u>	<u>Grant</u>	<u>Debt</u>	<u>Private & Developer Contributions</u>	<u>Rev Totals</u>
SEWER									
Waste water treatment plant - short term	-	-	-	-	-	-	-	-	\$400,000
SW-13 Alder Street/5th Street to 8th Street	-	-	-	\$453,600	-	-	-	-	\$453,600
SW28 (Q) 132nd St/Sultan Basin Rd east to Rice Rd	-	-	-	-	-	-	-	\$772,800	\$772,800
SW-41 Rice Rd (339th Ave SE)/Sultan Startup Rd to 132nd Street.	-	-	-	-	-	-	-	\$683,200	\$683,200
Waste water treatment plant - MBR	-	-	-	\$6,300,000	-	\$5,000,000	\$5,900,000	-	\$17,200,000
TOTAL SEWER	-	-	-	\$6,753,600	-	\$5,000,000	\$6,700,000	\$1,456,000	\$19,509,600

Table CFP-19E: Stormwater 2009-2014 Expenditures

			<u>Year Complete</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2009-2014 Project Cost</u>
Stormwater										
SWM-E16a	Dyer Rd Culverts at Wagley's Creek	\$46,700	2011	-	\$6,700	\$40,000	-	-	-	\$46,700
SWM-E10	East Main Street Reconstruction	\$329,000	2012	-	\$9,000	\$20,000	\$300,000	-	-	\$329,000
SWM-E7a	132nd St Storm Conveyance	\$85,400	2013	-	-	-	-	\$85,400	-	\$85,400
SWM-E7b	132nd Street Storm Conveyance. Storm pipe system	\$174,100	2013	-	-	-	-	\$174,100	-	\$174,100
SWM-E3	Wagley's Creek Crossing at 339th Ave.	\$44,600	2014	-	-	-	-	\$4,600	\$40,000	\$44,600
TOTAL STORMWATER		\$941,800		\$14,095	\$15,700	\$60,000	\$300,000	\$264,100	\$40,000	\$679,800
FACILITIES										
	Major rehabilitation of existing facilities	\$525,000	2025	\$33,000	\$27,000	\$33,000	\$27,000	\$33,000	\$33,000	\$186,000
TOTAL FACILITIES		\$9,450,000		\$33,000	\$27,000	\$33,000	\$27,000	\$33,000	\$33,000	\$186,000
TOTAL				\$1,120,000	\$559,900	\$2,053,150	\$2,825,200	\$6,157,100	\$17,418,000	\$29,733,350

Table CFP-19F: Stormwater 2009-2014 Revenues

	<u>General Fund</u>	<u>REET</u>	<u>Impact Fees</u>	<u>GFC</u>	<u>Surface Water</u>	<u>Grant</u>	<u>Debt</u>	<u>Private & Developer Contributions</u>	<u>Revenue Totals</u>	
Stormwater										
SWM-E16a	Dyer Rd Culverts at Wagley's Creek	-	-	-	\$46,700	-	-	-	\$46,700	
SWM-E10	East Main Street Reconstruction	-	-	-	-	\$164,500	-	\$64,500	\$329,000	
SWM-E7a	132nd St Storm Conveyance	-	-	-	-	-	-	\$85,400	\$85,400	
SWM-E7b	132nd Street Storm Conveyance. Storm pipe system	-	-	-	-	-	-	\$174,100	\$174,100	
SWM-E3	Wagley's Creek Crossing at 339th Ave.	-	-	-	\$44,600	-	-	-	\$44,600	
TOTAL STORMWATER		-	-	-	\$91,300	\$164,500	-	\$424,000	\$679,800	
FACILITIES										
	Major rehabilitation of existing facilities	\$186,000	-	-	-	-	-	-	\$186,000	
TOTAL FACILITIES		\$186,000	-	-	-	-	-	-	\$186,000	
TOTAL USE		\$196,000	\$1,733,000	\$1,684,750	\$8,407,200	\$91,300	\$7,691,500	\$6,700,000	\$3,629,600	\$29,733,350
TOTAL AVAILABLE		\$198,000	\$2,581,723	\$8,548,596	\$24,451,287	\$300,000	\$7,691,500	\$6,700,000	\$3,629,600	\$54,100,706
BALANCE		\$2,000	\$848,723	\$6,863,846	\$16,044,087	\$208,700	-	-	-	\$24,367,356

Capital Facilities Goals and Policies

Goal: Ensure that public facility plans adequately address existing service deficiencies and future needs.

Include all projects intended to enhance the current level of service in the community along with projects that are necessary for new development into an integrated program of capital improvements.

City Capital Projects shall include two types of projects:

- Projects that are necessary for development as defined by the Growth Management Act and are required to be provided pursuant to this plan in order for new development to be approved.
- Projects that address basic community needs or provide community amenities to improve the overall quality of life in the community, that are not directly necessary to support new development, or that raise levels of service above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.

1 Cost Sharing²

Ensure that the burden for financing capital facilities be borne by the primary beneficiaries of the facility, unless potential sharing of benefits is related to the purpose of the facility.

2 Community Benefit³

Use general revenues to fund projects that provide a general benefit to the entire community.

3 Phasing⁴

Phase delivery of utility services to planning units with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs.

4 Service Provider Coordination⁵

Encourage all governmental entities with capital facilities serving the city to continue to develop those facilities consistent with community needs and consistent with this comprehensive plan.

5 Concurrency⁶

² Policy heading added after Council approval of the Comprehensive Plan revision.

³ Policy heading added after Council approval of the Comprehensive Plan revision.

⁴ Policy heading added after Council approval of the Comprehensive Plan revision.

⁵ Policy heading added after Council approval of the Comprehensive Plan revision.

⁶ Policy heading added after Council approval of the Comprehensive Plan revision.

Phase delivery of utility services to planning units with major population growth potential so that Sultan public services and facilities can be coordinated in advance of each area's development needs.

3.5 Reassessment Strategy

An important part of the financial strategy is to monitor its implementation and make adjustments in the comprehensive plan and the capital facilities element as may be needed consistent with the strategic approach described above. The Growth Management Act requires that provisions should be made to reassess Plan elements periodically in light of the evolving capital facilities plan. This is to determine if probable funding for capital facilities is insufficient to meet existing needs. If a funding shortfall occurs, the Land Use Element must be reassessed. Changes can then be made to rectify the shortfall either by restricting land use development or by lowering the facility standard. In the event that the City cannot fund the capital improvements needed to maintain required service levels (as identified in the Capital Facilities Plan), then the City shall take one or a combination of the four following actions:

1. Phasing of proposed developments that are consistent with the Land Use Element until such time that adequate resources can be identified to provide adequate capital facility improvements.
2. Reassessment of the City's financing strategy to find additional opportunities. These could include federal and regional grants, loans, and funding programs; partnerships with Snohomish County or other service providers; or partnerships with the private sector.
3. Reassessment of the City's adopted service standards to reflect service levels that can be maintained given known financial resources.
4. Reassessment of the Future Land Use Map as it affects the need for services. For example, in order to provide necessary balance between the forecasted 2007 – 2025 transportation revenues and the costs of the recommended 2007 – 2025 transportation projects, the City may need to reexamine its adopted Future 2025 Land Use Plan, review the list of recommended transportation projects for possible project modifications or deletions, and or pursue additional revenues. These are all potential methods for bringing the Comprehensive Plan into balance with future available revenues.

Six Year Capital Improvement Program (CIP) and Financing Plan

The City's progress in providing the facilities necessary to support development that is occurring at the adopted levels of service shall be assessed as part of the process of the annual update to the six-year capital improvement program. This update is done as part of the city budget process.

The long-range financial strategy outlines a general approach to funding the needs identified in the comprehensive planning process. This strategy is implemented in a detailed six-year financing plan that identifies how and when specific projects are programmed to be implemented over the next six years. Since the long-range strategy is generalized and intended to be flexible in

responding to varying funding opportunities and constraints that will occur each year, the six year plan is based on a year-to-year an assessment of those changes in opportunities and constraints. For example, the six-year plan may pursue specific grant opportunities that may be available to assist in funding projects that may not have been specifically anticipated in the long-range strategy. Similarly, the six-year revenue estimates need to reflect a current forecast of business cycles that may be averaged in the long-term strategy. If the current business cycle is poor, less development would occur, generating less revenue. Conversely, a better business cycle may stimulate more development, allowing more projects to be funded in the short-term. These opportunities and constraints will need to be evaluated each year in evaluating how, when and how much of the long term strategy can be implemented within each six-year program and the program amended accordingly. This evaluation would occur in conjunction with the reassessment strategy to ensure that the construction of facilities is maintaining the levels of service necessary to support actual development that is and will be occurring over the six-year period. Since anticipated revenue generation is linked to development (e.g. new development will generate the revenue needed to finance projects), it will be possible to coordinate the financing of needed facilities with the actual development of property as such development occurs.

The six-year financial plan primarily includes those projects that are funded or built with public funding. Since developer construction or financed construction does not often include public funding, these projects are not included in the six year CIP. The financial strategy is based on development directly financing for 50% of the total cost of the identified projects. Developer fees in the form of impact fees and system development charges will contribute as much as 30% more, for a total developer contribution of up to 80% of the total.

As part of the annual budget process the City will:

- Review the needs list for each system,
- Examine the progress on projects currently being engineered or constructed,
- Evaluate funding resources likely to be available during the next six years,
- Identify projects necessary to support development at adopted levels of service,
- Evaluate which projects appear to be feasible for implementation during the following six years, and
- Other factors related to which projects are most needed and appear ready for implementation.

On the basis of this analysis, the City will update the annual six-year capital improvement program, adjusting it for progress made on each project to date and other changes that may affect the implementation schedule of the projects on the previous program and add those projects that appear most feasible, needed to the six year program.

Goals and Policies

1 Keeping the CIP Current⁷

Establish a policy that results in the timely review of all City capital facilities plans on a regular basis to ensure that the plans provide for appropriate levels of infrastructure development.

2 Consistency with Budget⁸

Ensure that the public funding for infrastructure development is accounted for in city budgets

3 Plan Coordination⁹

Maintain a coordinated capital facilities program and fiscal strategy that support the implementation of the comprehensive plan land use, transportation, public services, and other infrastructure services. Re-examine the phasing sequence envisioned between land use, infrastructure, and other comprehensive plan elements in the event city revenues and fiscal strategies are not able to fund the plan's growth requirements.

4 Definitions (Former Policy CF-1,3)¹⁰

Define the terms used in the Capital Facilities Plan as follows:

1. Streets, water, sewer, stormwater drainage, schools and parks shall be considered those facilities “necessary to support” new development.
2. The “locally established minimum standards” shall be those minimum levels of service defined and set forth in the related planning elements.
3. In addition to the level of service based on roadway capacity as specified in the Transportation element, the following improvements shall be considered “locally established minimum standards” for streets (as identified the Transportation element):
 - projects that are needed to improve substandard streets to City standards,
 - projects necessary to provide **urban level** access with adopted City street standards to new development, and
 - projects required to provide adequate circulation.
4. “Available at the time of development” shall mean that such facilities are in place or that a financial commitment is in place to complete the improvements or strategies within six years of the time of development. In the case of park facilities, “available at the time of development” includes development contributing toward the financing of a community park in accord with the financing strategy contained in this plan.

⁷ Policy heading added after Council approval of the Comprehensive Plan revision.

⁸ Policy heading added after Council approval of the Comprehensive Plan revision.

⁹ Policy heading added after Council approval of the Comprehensive Plan revision.

¹⁰ Policy heading added after Council approval of the Comprehensive Plan revision.

5. “Projects that address basic community needs” provide community amenities to improve the overall quality of life in the community, are not directly necessary to support new development, or raise levels of service above minimum levels. These projects are not projects that are necessary for new development but are goals and targets for the community to achieve if revenue can be generated especially in the form of grants, or voter approved bond issues.

Concurrency and timing of improvements

5 Concurrency and Timing of Improvements (Former Policy CF-1.4)¹¹

Establish and implement strategies to address facility and service needs that are consistent with the land use and transportation elements, existing facility plans, and are financially feasible.

1. Base land use decisions on a finding that any proposed development, along with the cumulative impacts of other developments, can be supported by public facilities necessary for development at “locally established minimum standards” consistent with this plan.
2. Allow new development only when and where such development can be adequately served by necessary public services without reducing levels of service elsewhere below locally established minimum standards.
3. Encourage the phasing of development so that public facilities and services can be provided for both existing and future growth in a manner that does not outpace the City's ability to provide and maintain “locally established minimum standards” of service for facilities necessary to support development.
4. Require a feasible plan to provide an adequate level of service of all facilities needed for development prior to annexation of, or the extension of any City service to properties within the UGA. Such plan shall include measures to ensure that levels of service will not be lowered below locally established minimum standards to existing City residents in order to serve the annexed or unincorporated area.
5. Evaluate the cumulative impact of any significant development proposal (defined as any development that is not a categorical exemption under the State Environmental Policy Act) where there is a substandard system of services and public facilities necessary for development.
 - In such cases, the City will require a feasible plan for providing public facilities necessary for development at “locally established minimum

¹¹ Policy heading added after Council approval of the Comprehensive Plan revision.

standards” to serve the development prior to the approval of the development.

6. The City shall encourage property owners and developers to work together to finance necessary improvements such as Local Improvement Districts, developer extension agreements and latecomers agreements to jointly finance entire systems of improvements.