

**CITY OF SULTAN
COUNCIL BUDGET RETREAT
March 31, 2016**

Schedule:

- | | |
|-----------------|---|
| 6:00 – 6:15 PM | Mayor's Comments |
| 6:15 – 7:00 PM | D-1 Facility and Recreational Equipment Maintenance |
| 7:00 – 8:00 PM | D-2 Capital Infrastructure Projects |
| 8:00 – 10:00 PM | D-3 Budget Policy and Setting Goals and Priorities |

ADA NOTICE: City of Sultan Community Center is accessible. Accommodations for persons with disabilities will be provided upon request. Please make arrangements prior to the meeting by calling City Hall at 360-793-2231. For additional information please contact the City at cityhall@ci.sultan.wa.us or visit our web site at www.ci.sultan.wa.us

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: D – 1
DATE: March 31, 2016
SUBJECT: Facilities Report
CONTACT PERSON:  Connie Dunn, Public Works Supervisor

ISSUE:

This is a facilities report to the City Council work shop.

STAFF RECOMMENDATION:

The staff would like to request the city council prioritize the improvements needed to the City's facilities. When considering a 5 to 10 year Facilities Replace and Maintenance Plan.

SUMMARY:

319 Main Street

The Sultan Community Center provides space to Sno-Isle Library, City Hall and the community meeting room.

The entire building on the inside needs painting. No cost available at this time. This is a contract job. The city does not have staff knowledgeable to complete a project of this size.

The entire building on the outside needs cleaning with the brick being resealed. Attachment A is an estimate from 2012 plus a 10% cost adjustment. The estimate was \$18,480.

The base of 319 Main Street needs to be cleaned and painted at an estimated additional cost of \$4,400. Information included in Attachment A recommending the Loxon product from Sherwin and Williams.

In December 2015, a risk assessment was completed by Clear Solutions which includes a section on the City Community Center. Staff can complete some of the work but some will require a contractor. Please see Attachment B.

102 Second Street

The Post Office Buildings wood trim was painted in 2010. The discussion among Management Staff was to paint the bricks or remove the existing paint off the brick portion of the building to take it back to the natural brick color. I have not estimated cost at this time.

In December 2015, Clear Risk Solution did a risk assessment of the City owned building at the Post Office. The long term water intrusion from the leak in the valley of the roof was discussed and needs immediate action. The city has had the valley at the back of the building patched but because the metal is rotten, the roofing company stated the only real fix is to replace the roof. Included in the assessment was also some minor electrical repair work needed and interior building repair that would call for a general contractor to be approved by the council in the future. Please see Attachment B.

320 Main Street

The Visitor Information Center (VIC) had the brick cleaned, grout work, and sealing of the bricks on the west wall completed in 2013. The membrane roof was replaced in 2011 and the windows replaced in 2016. The top cap for the parapet needs to be replaced with one that comes over the top and down the exterior wall, both sides, 6 inches farther than the existing. This is specialty work and the estimated cost in 2013 was \$4,500. Included to the risk assessment, Attachment B, were some minor improvements needed.

703 First Street

The Public Works Building and Food Bank was included in the risk assessment completed in December 2015, Attachment B. This included several housekeeping issues that staff can mediate. Also in this complex are other building needs. The Public Works Shop building needs a new roof, the front building roof was replaced in 2012. The long wood building in the back is the one that needs a roof and it is estimated to be \$35,000. This roof was last replaced in 1989. The electrical service is being upgraded in April – May 2016. All the wood buildings in this complex need to be painted.

Osprey Park

800 Block of First Street was included in the Risk Assessment of December 2016, Attachment C. For Osprey Park there were several hazardous conditions in need of immediate action. Clear Risk Solutions recommends the play equipment be replaced. For your review is an itemized list which is marked what has been completed and what isn't in Osprey Park. Attachment D has those items that are completed and marked out in the red.

When calling TimberForm Play Equipment in Oregon, which is where the original equipment was purchased by the Friends of the Parks in the late 1990's, the estimated cost to replace the existing play structure is \$50,000 to \$90,000.

Also at Osprey Park is the basketball court lighting upgrade and electrical outlet installation. The cost of the lighting upgrade is estimated at \$4,298 with the PUD rebate, Attachment E. The Installation of the 110 power outlet to the basket ball court area is approximately \$2,865 which was the low bid from Titan Electric in February 2016. Included in this cost was sales tax and contingency.

ATTACHMENTS

- | | |
|--------------|---|
| Attachment A | 319 Main Street Exterior Maintenance Information |
| Attachment B | December 2015 Risk Assessment – Clear Risk Solutions |
| Attachment C | December 2015 Risk Assessment – Park/Playground Review |
| Attachment D | Recent work completed by Public Works Staff on the Osprey Park Play Equipment |
| Attachment E | Basketball Court lighting upgrade and Electrical Outlet quote. |



Finishing Touch Masonry & Restoration Solutions, LLC
 1710 100th Place S.E., Suite B, Everett, WA 98208
 Office 425.948.7837 / Mobile 425.344.9001 / Fax 425.948.7838
 www.finishingtouchmasonry.com

BID PROPOSAL

To: Connie Dunn	Date: July 25, 2012
Company: City of Sultan	Estimator: Jon Sherin
Email: Connie.dunn@ci.sultan.wa.us	Cell: 425-508-8987
Project: Sultan City Hall & Library - 319 Main Street, Sultan	

Scope of Work

Clean, seal and graffiti protect all exterior masonry. Clean all exterior brick to remove efflorescence, lime run, biological growth, graffiti remnants, and general soiling to prepare substrate to receive clear sealer with graffiti protection.

Clean all exterior brick masonry.....	\$5,600
Seal/graffiti protect all exterior brick masonry	8,600
Hoisting (<i>lift rental</i>)	2,600
TOTAL BID	\$16,800

cost adjustment 10% + 1,680
18,480

Clarifications

1. Bid includes all labor, materials and hoisting necessary to complete scope of work.
2. Bid excludes any permits. If permits are needed, actual cost of permit will be additional cost.
3. Bid excludes Washington State sales tax (8.6%).

Thank you for the opportunity to provide this bid proposal. If you have any questions, please feel free to contact Jon Sherin.
 This bid proposal is good for sixty (60) days.



**SHERWIN
WILLIAMS.**

PRICE QUOTATION

Account #: 6321-8999-9

04/27/2010
Quote #: 451587

CITY OF SULTAN
319 MAIN ST SUITE 200
PO BOX 1199
SULTAN, WA 98294
(360) 793-1114

Project: POST OFFICE TRIM & COMMUNITY CENTER CONCRETE
Purchase Type: Annual Requirements

We are pleased to quote you as follows:

SALES NUMBER	SIZE	PRODUCT/REX NUMBER	DESCRIPTION	QTY	PRICE
6403-89177	GALLON	A82W00151	A-100® Exterior Latex Satin Extra White	1	\$23.59
Note: A100 Exterior Satin 15yr warranty					
6404-13548	GALLON	K43W00051	Resilience Exterior Latex Satin Extra White	1	\$36.19
Note: Resilience limited lifetime warranty					
6403-63834	GALLON	A24W00451	Loxon® XP Waterproofing System Extra White	1	\$35.59
Note: Exterior Concrete Self-Priming					

We thank you for your consideration of Sherwin-Williams products and look forward to supplying these products to you.

TERMS OF THE SALE

Quotation Expires: 07/27/2010
F.O.B. Location:
Freight Terms:
Terms: As Agreed

By: KELLEY BROWN

Store Address: 2115 PACIFIC AVE
City: EVERETT State: WA Zip: 98201 4437
Store Number: 1739
Phone: (425) 252-0627
Territory #: 8404

NOTICE: Please take notice that the quotation set forth above is not a contract and is subject to and conditioned upon approval by SHERWIN-WILLIAMS. In the event such approval is not obtained, you will be provided with a revised quotation and the quotation set forth above shall be null, void and of no force or effect. The pricing and recommendations detailed in this proposal represent confidential information provided by SHERWIN-WILLIAMS. We request that it not to be copied or shared with others outside your firm.

ATTACHMENT A



LOXON[®]

Exterior Masonry Conditioner, Block Surfacers,
Acrylic Primer, and Acrylic Flat Coating

The complete
LOXON
System

Use on: brick,
concrete, stucco,
block or wood; new
or previously
painted surfaces.

For new construction
and repaints.

PERFORMANCE SPECIFICATIONS:

Moisture Resistance:

PASSES

MIL-P-14267B, 2-hour immersion

Wind-Driven Rain Test:

PASSES

TT-C-555B, 98 mph wind velocity

Moisture Vapor Permeability:

1.2 perms

ASTM D 1653-72, 1 coat @ 4.6 mils dft

Flexibility:

PASSES

ASTM D 1737, 180° bend,

1/8" mandrel

Tensile Strength:

220 PSI

1 coat @ 4.6 mils dft

Alkali Resistance:

PASSES

TT-P-1511B 4.4.11

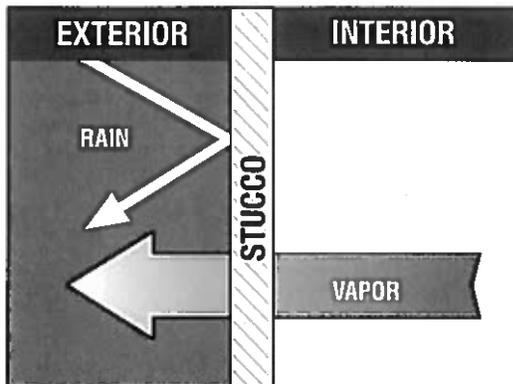
Mildew Resistance:

PASSES



For new work or repaints

LOXON is the perfect choice for professionals needing a high-performance coating system for exterior above-grade masonry surfaces. Its elastic formula helps bridge hairline cracking, and can even be applied on hot (green or fresh) concrete, stucco and block surfaces, making the most of application time. LOXON can be applied to surfaces with a Ph level as high as 13, with no resulting efflorescence problems.



The LOXON system allows the coating to resist wind driven rain. It also allows the masonry structure to release moisture vapors without interfering with the adhesion and the performance of the coating.

A high-quality finish that lasts

Best of all, LOXON maintains its integrity and the beauty of its original appearance, color and sheen despite hot, humid and damp conditions. LOXON resists mildew and actually provides a protective shield against moisture, having passed a wind-driven rain test of 98 MPH.

LOXON performs where it counts

LOXON Exterior Masonry Solutions are ideal for use on single family homes, multi-family units, high-rise condos and commercial & institutional buildings. Apply it on all above-grade masonry surfaces from concrete to stucco to block, and count on a beautiful, lasting finish every time.

LOXON Conditioner – for use on loose, powdery stucco, masonry or previously painted surfaces.

LOXON Block Surfacers – smooths, surfaces and evens porous, rough concrete.

LOXON Exterior Acrylic Primer – provides high film build for lasting durability and resistance to efflorescence.

LOXON Exterior Acrylic Flat Coating – breathes to allow vapor out, while blocking wind-driven rain.

See the Sherwin-Williams Masonry Coatings Systems Selection Guide for help in selecting the right LOXON products for your application.



December 2, 2015

Laura Koenig, Clerk/Treasurer
City of Sultan
PO Box 1199
Sultan, WA 98294



RE: Risk Assessment – Facility Reviews

Dear Ms. Koenig:

The assistance I received on November 19, 2015, in completing the risk assessment was greatly appreciated. The purpose of a risk assessment is to identify areas of potential loss and to offer recommendations on how the City can eliminate or minimize losses due to the identified hazard. By being proactive in regard to risk management, each city has the opportunity to reduce expenditures due to losses, to both itself and the Cities Insurance Association of Washington, of which the City of Sultan is a member.

Based upon discussions and observations, I am submitting the following safety concerns, which have been separated into the following categories:

- A. Hazardous conditions in need of immediate action.
- B. Safety concerns which can be remedied by City personnel as a part of the City's normal work schedule.
- C. Summary of risk.

This report is based upon observations or information available at the time of the survey. This survey may not have allowed discovery of all hazards present. The purpose of the risk manager conducting this survey is to warrant compliance with regulatory, industry standards or best practices as set forth by the insurance program. We will make every effort to identify hazards, identify compliance standards and offer assistance to rectify the situation permanently.

ATTACHMENT B

RE: City of Sultan
Facility Reviews - Risk Assessment
Page 2

There will be follow-up within ninety (90) days to ensure that items identified in this report have been corrected.

It has been a pleasure working with you and your staff on this risk assessment. Should you have any questions or if we can be of any assistance, please feel free to contact us at (509) 754-2027 or (800) 407-2027.

Sincerely,



Mark Sherwood
Risk Control Representative

/kes

cc: Mark Claffey, Sultan Insurance

ATTACHMENT B

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
Food Bank and Public Works Administration Office
703 1st Street, Sultan, WA**



- A. Conditions in need of immediate action.
1. No observable items at the time of this review.
- B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.
1. The electrical outlets located in the building have exposed electrical wiring. This creates a possible shock and/or fire hazard. We recommend replacing the covers to eliminate this hazard.



2. At the time of this review, there were numerous items on top of the hot water tank. Due to the heat generated by these tanks, we recommend keeping a clear space on and around the units.



3. The fire extinguisher in the photo is missing. We recommend the City replace this fire extinguisher. The fire extinguisher located in the Public Works Office is not properly mounted. Fire extinguishers should be mounted on the wall in a visible location between 48" and 54" off the floor. Fire extinguishers should also be properly identified. A fire extinguisher is the first line of defense in the event of a fire. To aid in easy access, we recommend a bright sign be placed on the wall above the fire extinguisher, identifying its location.



4. The electrical panels in the below photo were blocked, making access difficult. We recommend keeping a 3' area clear around all electrical panels.



5. The shelves in the building are not fastened or secured to the wall. In the event of an earthquake, these shelves could fall over, seriously injuring someone. We recommend fastening shelves to the wall to eliminate this hazard.



C. Summary of risk.

The overall condition of the building is good. Regular maintenance and adherence to housekeeping standards should be met to get the building looking and functioning smoother for employees and the public who visits for the food bank services.

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
Public Works Shop
703 1st Street, Sultan, WA**



- A. Conditions in need of immediate action.
 - 1. No observable items at the time of this review.
- B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.
 - 1. Grinder tool rests should be adjusted so they are 1/8" from the grinding wheel. A larger space will allow the metal being ground to wedge between the rests and the wheel; serious injury can result from the metal being thrown or the grinding stone shattering. As the grinding wheel is worn away through regular usage, the tool rest will need to be readjusted. We suggest checking the tool rest space weekly to ensure it has the proper spacing.

The electrical panel in the shop was blocked, making access to the panel difficult. We recommend keeping a 3' area clear around all electrical panels.



2. We recommend relocating the trimmers that are hanging from a metal pipe in the shop. The current condition allows them to fall, if accidentally bumped into, which could injure an employee.



3. There was an extension cord lying on the floor of the shop, which was providing power to a small refrigerator. This creates an extreme trip hazard. We recommend a permanent power source be installed in the area to eliminate the use of extension cords, thus, eliminating trip hazards.



4. The upper storage area of the lean-to vehicle storage facility does not have a guardrail or barrier to keep employees from falling off. We recommend installation of a barrier railing with one access point, to protect employees from this fall hazard.



5. The Public Works shop and yard facility was disorganized and cluttered. A cluttered and disorganized facility makes it difficult to conduct daily activities safely. A clean facility promotes a safe working environment. We recommend implementing a thorough cleanup program of this area to bring it in compliance with acceptable standards and have administration conduct follow up reviews to ensure this area is kept clean and in the appropriate condition.



6. We recommend the flammable liquids located in the shed be placed in a flammable cabinet and away from the electrical sources where they are now.

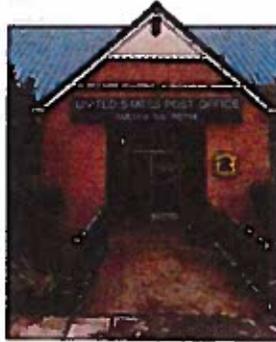


C. Summary of risk.

The age of these buildings, and what appears as a lack of good maintenance practices, places the buildings at risk for fire, wind, and storm damage. We recommend a preventative maintenance program for the buildings and grounds be implemented to prevent further damage to buildings. We further recommend being proactive in an approach to reducing risk.

Due to the age of the building and, therefore, the electrical panels and wiring, we recommend the City consider having an electrical contractor inspect the electrical distribution system to determine if upgrades to the electrical system would be needed to meet today's needs.

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
US Post Office
102 4th Street, Sultan, WA**



A. Conditions in need of immediate action.

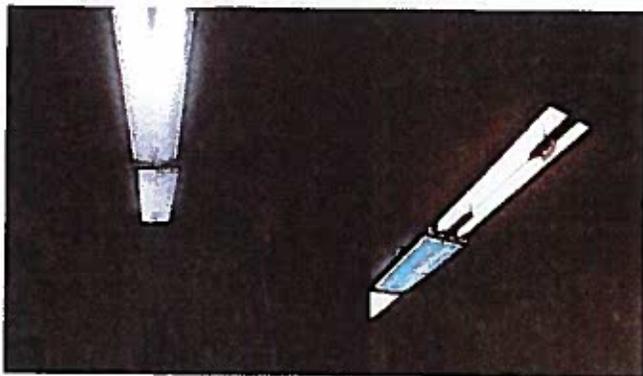
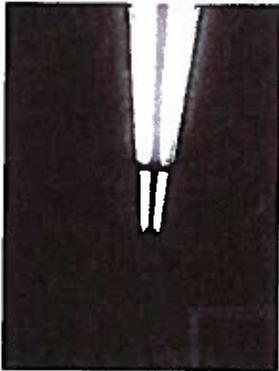
- 1. There are signs of long term water intrusion into the front of the building above the windows. The presence of efflorescence on the bricks is a strong indicator that water has been entering the exterior of the building and seeping into the interior. This is generally an indication there is an issue with water or moisture build up on ledges or through cracks in the mortar. We highly recommend the City consult with a masonry contractor to provide options of how to remediate the issue before further damage occurs. There appears to be water intrusion into the light fixtures as well. There could be significant damage to ceilings and other walls throughout the building, as well as the potential for mold.**





B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.

1. Multiple fluorescent light fixtures were missing covers or covers were hanging down and not fully secured. We recommend, for the safety of patrons of the facility, that all light fixtures have appropriate covers in place and be free of dirt or debris.



2. During my review there was evidence of recent, as well as possible long term, water damage to the ceiling in the sorting room. It will be imperative for the City to mitigate and remedy the damage, to eliminate further damage and potential for mold build up.



3. The electrical panels in Electrical/HVAC room were blocked, making access to the panel difficult. We recommend keeping a 3' area clear around all electrical panels. There are signs posted on the front of the panels stating this.

There are ladders, brooms, shovels, etc. leaning against the walls in the shop. We recommend installing ladder hooks to hang ladders from, as well as installing pegs and hooks to hold tools. This will eliminate the possibility of these items falling over and causing a trip and fall hazard to personnel.



4. There are electrical outlets in the bathrooms that are located near plumbing. When electrical outlets are within 6' of ground plumbing, there is a possibility of accidental electrocution to users of electrical appliances. We recommend outlets be equipped with a ground fault circuit interrupter (GFCI) outlet or circuit breaker to protect the user. GFCI outlets are relatively inexpensive and reduce the possibility of accidental electrical shock. If appropriately installed in the circuit, GFCI outlets will also provide protection to other electrical outlets on that circuit.

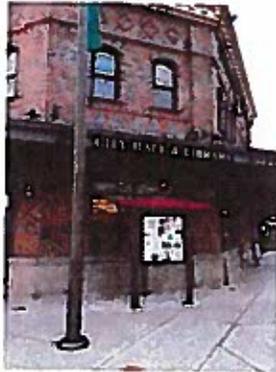


C. Summary of risk.

This is a beautiful older building being utilized for the US Post Office and Museum for the community of Sultan. However, there are many concerns with the maintenance and care of the building. The water penetration issues, along with repeat issues with the roof allowing water during storms, as well as normal rain for the area are deteriorating the building at a higher rate. We recommend the City budget funding for potential serious renovations of the building to remedy the current issues. The parking lot behind the building and the surrounding sidewalks are also in need of attention. They are beginning to breakdown creating trip and fall hazards, which creates a liability to the City.

There are adequate fire extinguishers for the facility and they are maintained on an annual basis. Emergency exits are clearly marked; however, we recommend providing lighted emergency exit signs with backup power and lighting during hours of darkness.

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
City Hall and Library
319 Main Street, Sultan, WA**



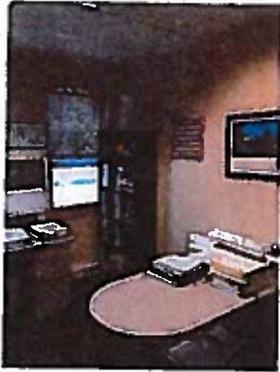
- A. Conditions in need of immediate action.
 - 1. No observable items at the time of this review.
- B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.
 - 1. There are trip and fall hazards in the council chambers, due to extension cords and microphone cables. We recommend utilization of rubber cord covers to eliminate the hazards.



- 2. Damage is being done to the wall behind the entry door to the library next to the men's restroom. The damage is done when the door is opened to its full potential as patrons enter the library. We recommend the use of a door stop to eliminate the damage being created by this occurrence.



3. The shelves in the several of the offices are not fastened or secured to the wall. In the event of an earthquake, these shelves could fall over, seriously injuring someone. We recommend fastening shelves to the wall to eliminate this hazard.



4. The electrical panel in back stairwell was blocked, making access to the panel difficult. We recommend keeping a 3' area clear around all electrical panels.



5. While reviewing the facility, I observed a missing ceiling tile. Missing ceiling tiles indicate a lack of maintenance and are also a fire code violation. We recommend replacing the missing tiles.



6. The lift lever depicted in the below photo is stuck creating a trip and fall hazard. We recommend repairing or replacing this lever to eliminate the hazard.



7. While reviewing the facility, I observed several ceiling tiles that were water spotted. These water spots can indicate the intrusion of water into the building, which could lead to serious indoor air quality issues. We recommend the tiles be replaced and any roof damage or leaking pipes, which cause these water spots, be repaired immediately.



8. Throughout the facility, there were many combustible items stored within 18" of the ceiling. According to the International Fire Code, no item may be stored within 18" of the ceiling. We recommend removing all items from the top shelves.



C. Summary of risk.

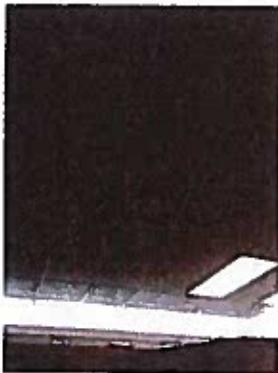
This is a beautiful facility that houses the City Hall, Library, and City Council Chambers. The overall condition of the building is in good order. We recommend a preventive maintenance program be established, if not already in place, to ensure small maintenance issues do not become large and expensive matters.

There are adequate fire extinguishers and they are maintained annually. We recommend a monthly inspection be performed with documentation on the provided cards to ensure that all fire extinguishers are ready for use at any time. This can be accomplished by maintenance or janitorial staff with a little guidance. A first aid kit and AED are available for staff usage.

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
Visitor Center
320 Main Street, Sultan, WA**



- A. Conditions in need of immediate action.
1. No observable items at the time of this review.
- B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.
1. While reviewing the facility, I observed several ceiling tiles that were water spotted. These water spots can indicate the intrusion of water into the building, which could lead to serious indoor air quality issues. We recommend the tiles be replaced and any roof damage or leaking pipes, which cause these water spots, be repaired immediately.



2. The electrical panel in this facility was blocked, making access to the panel difficult. We recommend keeping a 3' area clear around all electrical panels.

There are ladders, brooms, shovels, etc. leaning against the walls in the shop. We recommend installing ladder hooks to hang ladders from, as well as installing pegs and hooks to hold tools. This will eliminate the possibility of these items falling over and causing a trip and fall hazard to personnel.



3. There are electrical outlets in the kitchen/break room area that are located near plumbing. When electrical outlets are within 6' of ground plumbing, there is a possibility of accidental electrocution to users of electrical appliances. We recommend outlets be equipped with a ground fault circuit interrupter (GFCI) outlet or circuit breaker to protect the user. GFCI outlets are relatively inexpensive and reduce the possibility of accidental electrical shock. If appropriately installed in the circuit, GFCI outlets will also provide protection to other electrical outlets on that circuit.



4. There were many combustible items in the storage room that are stored within 18" of the ceiling. According to the International Fire Code, no item may be stored within 18" of the ceiling. We recommend removing all items from the top shelves.



5. There are extension cords plugged into extension cords. We recommend an appropriate length and diameter to handle the usage.



C. Summary of risk.

The overall condition of the building is in good repair. It is important to establish a good preventative maintenance program to take a proactive approach to reducing damage to owned property and limit liability on the City. There are adequate fire extinguishers in place, as well as smoke detectors. Emergency exits are clearly marked.

Final Summary of Risk

Consideration should be given by the City on the installation of intrusion alarm systems in all their locations. We recommend the installation of surveillance cameras both to deter and to assist in prosecution of criminal activity, which can occur on City-owned properties. These cameras can also assist in determination of liability in cases where individuals make claims as to the conditions at a specific time. Appropriately placed cameras can provide good evidence to the contrary or support a claim, which allows for a quick settlement and potential for less time and resources being tied up.

The City should also consider establishing an Electrical Preventive Maintenance program. We have information and resources available to our members to assist in developing one, if there is an interest.

We were unable to get to all the locations owned by the City of Sultan. Arrangements will be made to follow up on the remaining sites and to ensure compliance with the recommendations in this review.

I appreciate the City's willingness to allow us to review the facilities and make recommendations to improve upon the great things happening in the City of Sultan. Public Works Field Superintendant Connie Dunn's time and knowledge of the facilities was greatly appreciated.

December 2, 2015

Laura Koenig, Clerk/Treasurer
City of Sultan
PO Box 1199
Sultan, WA 98294



RE: Risk Assessment – Park/Playground Review

Dear Ms. Koenig:

The assistance I received on November 19, 2015, in completing this risk assessment was greatly appreciated. The purpose of a risk assessment is to identify areas of potential loss and to offer recommendations on how the City can eliminate or minimize losses due to the identified hazard. By being proactive in regard to risk management, each city has the opportunity to reduce expenditures due to losses, to both itself and the Cities Insurance Association of Washington, of which the City of Sultan is a member.

Based upon discussions and observations, I am submitting the following safety concerns, which have been separated into the following categories:

- A. Hazardous conditions in need of immediate action.
- B. Safety concerns which can be remedied by City personnel as a part of the City's normal work schedule.
- C. Summary of risk.

This report is based upon observations or information available at the time of the survey. This survey may not have allowed discovery of all hazards present. The purpose of the risk manager conducting this survey is to warrant compliance with regulatory, industry standards or best practices as set forth by the insurance program. We will make every effort to identify hazards, identify compliance standards and offer assistance to rectify the situation permanently.

ATTACHMENT C

RE: City of Sultan
Park/Playground Review - Risk Assessment
Page 2

There will be follow-up within forty-five (45) days to ensure that items identified in this report have been corrected.

It has been a pleasure working with you and your staff on this risk assessment. Should you have any questions or if we can be of any assistance, please feel free to contact us at (509) 754-2027 or (800) 407-2027.

Sincerely,



Mark Sherwood
Risk Control Representative

/kes

Enclosures

cc: Mark Claffey, Sultan Insurance (w/o enclosures)

ATTACHMENT C

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
Osprey Park
NW Corner of 1st Street and High Street, Sultan, WA**

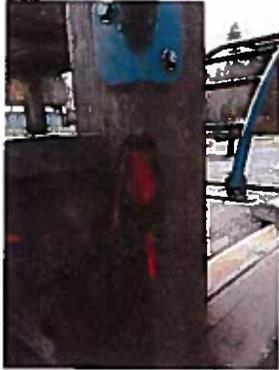


A. Conditions in need of immediate action.

1. The spiral slide sections on the 5-12 year old play structure are separating creating gaps that cause a string entanglement. Entanglements are the number one cause of death or serious debilitating injury, due to sweatshirt hood strings and other parts of clothing becoming caught or entangled. We recommend tightening the sections and/or filling the gaps to eliminate them.



2. The timbers are beginning to rot, due to age and moisture. It is my understanding that most, if not all, of the support timbers for the main structure are deteriorating. Due to this rotting and splintering, we recommend the structure be replaced.



3. Due to vandalism, the slide on the 2–5 year old play structure has string entanglement hazards. We recommend immediate removal of this slide to prevent a serious injury or death from occurring.



4. The 2-5 year old slide has a gap between the platform and the slide chute. This presents an area that could catch a string, button, zipper, or other piece of clothing, resulting in an entanglement hazard. We recommend using a type of epoxy or filler of some sort to remove the gap from this slide.



B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.

- 1. The sliding pole on the main structure is not in compliance with Consumer Product Safety Commission (CPSC) standards as to the height. Sliding poles are to be 60" higher than the platform from which access is available. This one measures 47" from the platform. We recommend removal of this sliding pole to be in compliance with CPSC standards.**
- 2. Each of the uprights on the entire structure is a designated play surfaces, per CPSC standards. Any area measuring at least 2"x2" is designated as such. To correct this, each of the upright timbers would need to be cut on a diagonal of at least 30 degrees leaving no more than 1½ inch of width to the upright top.**



- 3. The slide bar to sit mounting bolt has been identified as having bolt protrusions. Protrusions are any bolt or screw projecting more than 1/8" and are above a horizontal plane. These protrusions could injure a child or catch a piece of clothing. We recommend tightening the screw or grinding the bolt down to remove this projection.**



4. There are numerous mounting bolts missing throughout the play structure. We recommend replacing these bolts and implementing a monthly inspection procedure to ensure all bolts are kept tight and the structure is a safe place for children to play.



5. The play structure on the playground has lines on the support post that represent how deep the underlayment needs to be. During my visit, the underlayment did not reach these lines. We recommend installing underlayment to cover these lines. Over time, underlayment will lose its resiliency, as it becomes compacted. We recommend rototilling the underlayment twice each year. Ideal times to rototill are early spring after any chance of freeze has past and again around Labor Day. However, this cannot be accomplished if there is a weed fabric barrier under the surfacing material. If this is the case, you would need to rake the material by hand to fluff the surfacing material.



6. There is an area coming off of the steps to the slide that has pulled up creating a trip and fall hazard. This is most likely due to excessive moisture and settling of the structure. We recommend repair or replacement of this area to eliminate the trip and fall hazard.



7. The foot bridge leading to the open area/soccer field has a trip and fall hazard where the asphalt and concrete come together. The deviation created is more than ½ inch in height and should be ground to a smooth ramp or asphalt added to the ramp approach to eliminate the hazard.



8. The soccer goal posts are not anchored. This is a very hazardous condition. In recent years, agencies within insurance pools we represent, as well as nationally, have had deaths and serious injury to young children occur when soccer goal frames tipped over and fell on the child. For these reasons, we **strongly** recommend securing goal frames to the ground. Some agencies have driven rebar into the ground as an anchor. Others have installed concrete deadheads under the ground surface and attached them to the soccer goal frame with chains and padlocks. Other agencies utilize sand bags to hold the frame. We recommend exploring methods of fastening the soccer goal posts. Stabilization should also be considered for those times when the goals are in storage. We encourage you to talk with coaches and soccer clubs regarding the necessity to ensure these goals are secured at all times. We have enclosed CPSC guidelines on the proper storage and set up of soccer goals.

C. Summary of risk.

Due to the age, condition, and material of the 5-12 year old play structure, we recommend the City budget funding or partner with a service organization to replace the playground equipment at this park, as soon as possible. In its current condition there is a potential for high liability on the City if a child were to injure him/herself. If and when the City is able to replace this equipment, maintenance of the equipment and underlayment will be extremely important to keep the structure(s) up to current standards, as well as limiting liability for the City.

This is a beautiful area for a park and playground for use by the citizens of Sultan and surrounding area, as well as visitors to the community. In cooperation with the local PUD, there is a trail system for use by walkers, joggers, and nature enthusiasts. Continued maintenance of the park will allow many years of use by all.

**SAFETY ADDENDUM
FOR
CITY OF SULTAN
Sultan Sky-High Skate Park
Corner of Main Street and 1st Street, Sultan, WA**



- A. Conditions in need of immediate action.
1. No observable items at the time of this review.
- B. Conditions which can be remedied by City personnel as a part of the City's normal work schedule.
1. At the time of my review there was a gap between two sections of obstacles. We recommend pushing these back together to remove any non-expected hazards.



2. One of the obstacles has a small amount of graffiti, which encourages more graffiti to take place. By immediately removing graffiti, it discourages more from taking place and will give the students pride in having nice facilities.



C. Summary of risk.

The overall condition of the skate park is very good. The City has a clearly posted sign with hours of operation, warnings, and restrictions. One of the largest risks to public entities that have skate parks is the addition of obstacles brought in by participants of the park. Implementation of a maintenance and inspection program can ensure any unauthorized items are removed promptly by City workers.

Osprey Park Playground Preliminary Repair List:

February 9, 2016/March 31, 2016

Results from an inspection with Mark Sherwood, Clear Risk Solutions. Letter attached.

Issues needing addressed:

1. Leave all as is posts below ground alone, except
 - a. ~~The top of all posts need to trim at a full 45-degree angle, leaving no flat surface on the top. Any flat surface more than 1 square inch is considered a play area and the height classification of play surface needs to match the possible fall hazard. (B.2.~~
2. On the spiral slide tight the section and or filling the gaps to eliminate them. (A.1.), **Only partially completed, grout work is left.**
3. On the small metal slides, facing east has an area between platform and top of slide that needs filled with epoxy. (A.4)
4. Repair or Remove the track slide – Jim do we have the track slide bar around here and is this unit repairable, if we remove or do not repair the track slide railing will need to be placed on the platforms to prevent falling, similar to existing railing. **Checking on purchasing the replacement part.**
5. ~~Tighten bolts—There are several mounting bolts that need tightened (B.3 &4.)~~
6. Remove the fire pole, place railing on the platform, similar to existing railing, to prevent falling. (B.1) **Checking on the purchase of a taller fire pole as this is one of favorite component of the equipment**
7. Repair of trip hazard on the steps to the slide (B.6)
8. ~~Remove double slide on toddler play equipment.~~

Other Play Area Items:

~~On the little green play equipment—remove the north facing slides and place railing on that area to prevent fall hazard. The slides as they are—is a hazard~~

~~Remove damaged Picnic table until it can be repaired or replaced. SW corner of play ground~~

1. Sand surface, placing it in the low areas (in front of slides, high traffic areas, etc)
 - a. Get a price for a tandem load of play sand from Cadman Concrete. (B.5) **The cost of a truck load of playground sand is \$1,500 plus tax.**
 - b. Raking the existing surface should be done a minimum of once a month, to help minimize the fall injuries. Esp. in areas of heavy play/use.
 - i. Need to rototill the sand area around the play equipment.
2. ~~Foot Bridge between Play Equip, and the soccer/baseball field needs approach work. (B.8)~~
3. Soccer goals need secured to the Ground and ~~the enclosed labels attached.~~

February 5, 2016

Basketball Court Lighting Repair and/or Fixture replacement cost.

I have asked Platt for a quote and PUD rebate information.

The Quote:

Per lamp is 299.00 each LED

Fixtures are 440.08 each High Efficient LED fixtures

Reflectors for the Fixtures are 33.38 each.

Currently there are 8 fixtures at the basketball court, 2 where broken by vandals, then there is 6 working fixtures and lamps. I don't know we can get a rebate on partial replacement of lamps and fixtures.

Option #1:

To change out the 6 existing working fixtures lamps is \$299.00 each = \$1800.00 approx. Option #1:
an estimated total of \$924 with est. rebate.

Option #2:

Change out the 6 lamps with LED lamps and replace/repair the remaining two fixtures that do not work with the newer fixtures and lamps = \$3346.00 approx. with est. rebate, total could be \$1532.

Option #3:

Replace all fixtures and lamps = \$6730.00 approx. with Rebate of \$2432 would be est. \$4298

PUD Rebate is:

For total replace and upgrade rebate is \$2432.00 estimate through Platt.

I don't know we can get a rebate on partial replacement of lamps and fixtures. Which could change cost of each option, I note that savings about.

Rebate:

8 lamps are \$1168 est. rebate per lamp is \$146

8 fixtures are \$1264 est. rebate per fixture is \$158

If rebates would be allowed with only changing our part the lamps and fixtures.



Titan Electric

12828 Northup Way #205
Bellevue, WA 98005
PH(206)633-2811 FAX(206)374-2128

City of Sultan
319 Main Street
Sultan, WA 98294

Re.: Osprey Park
801 First Street
120/240 volt power

Attn.: Connie Dunn

3/9/2015

As per your request, we submit estimated costs for the above referenced project as follows:

- Install neutral wire in existing conduit between panel and park.
- Install underground splice box beside existing box near edge of basketball court.
- Install 60 amp connector in new box to feed city owned temp power assembly.
- Bypass timeclock at panel to keep circuits live at park 24/7.
- Install 240 volt photoeye at BB court to provide dusk to dawn operation of lights.

Estimated Price: \$2,394.00

Specific Inclusions:

- * Permit Fee

Specific Exclusions:

- * Washington State Sales Tax
- * Overtime or Shift Premiums
- * Hidden Conditions

Thank you for considering TITAN ELECTRIC for your projects. We look forward to your authorization to proceed on the above referenced project. This quote will be subject to review and subsequent revisions after 30 days. If you have any questions, or if we can be of further assistance, please contact me directly at 206-551-6601.

Steve Yarbrough

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: Discussion 2
 DATE: March 31, 2016
 SUBJECT: Capital Infrastructure Projects
 CONTACT PERSON: Mick Matheson, Public Works Director

ISSUE:

The issue before Council is to have a discussion regarding Capital Infrastructure projects for 2016.

SUMMARY:

Attached is a copy of the 2016-17 proposed Capital Budget Projects. The proposed projects are shown below. New projects are shown bold and italicized. Projects proposed to be completed by City staff are shown with an asterisk.

2016-2017 CAPITAL PROJECTS	
Street & Transportation Improvements	
Street chip seal project	\$12,000.00
4th & 5th Street Design (US2 to Alder)	\$48,600.00
4th & 5th Street Reconstruction (US2 to Alder)	\$372,600.00
4th Street Overlay Design (Fir to High)	\$23,240.00
4th Street Overlay Construction (Fir to High)	\$179,630.00
3rd Street Repair*	\$10,000.00
3rd Street Reconstruction Design (US2 to High)	\$145,000.00
3rd Street Reconstruction (US2 to High)	\$990,000.00
Sultan River Bridge Design	\$55,000.00
Sultan River Bridge Construction & CM	\$3,400,000.00
US2 Pathway (Albion to Marcus)	\$150,000
Speed Cushions*	\$3,000.00
Sultan Basin Road Raised Pavement Markers*	\$1,000.00
<i>Sultan Basin Road Sidewalk*</i>	<i>\$4,000.00</i>
<i>Evacuation Trail Repair*</i>	<i>\$3,000.00</i>
<i>Old Owen Road Improvements (86.5% STP Grant funded)</i>	<i>\$500,000.00</i>
<i>1st St. Improvements (High to Trout Farm -95% TIB funded)</i>	<i>\$250,000.00</i>
Water System Improvements	
Gohr Road Water Main Design	\$19,000.00
Gohr Road Water Main Construction & CM*	\$83,000.00
Booster Pump Station Upgrade Construction (<i>complete 4/2016</i>)	\$1,627,800.00
135th Street SE Water Main Design	\$23,000.00
135th Street SE Water Main Construction & CM	\$101,000.00
4th & 5th Street Reconstruction Water Improvements	\$30,000.00
4th Street Overlay Water Improvements	\$126,000.00
3rd Street Reconstruction Water Improvements	\$450,000.00
Rebuild Upflow Clarifier*	\$70,000.00
Sultan River Bridge Water Design	\$5,000.00
Sultan River Bridge Water Construction & CM	\$174,000.00
PRV #1 Replacement Design	\$7,500.00
PRV #1 Replacement	\$75,000.00

Sewer System Improvements	
Lift Station Upgrade	\$698,500.00
I & I Program	\$50,000.00
4th & 5th Reconstruction Sewer Improvements	\$15,000.00
4th Street Overlay Sewer Improvements	\$86,000.00
3rd Street Reconstruction Sewer Improvements	\$350,000.00
Oxidation Ditch Rotor	\$80,000.00
Rotary Fine Screen Replacement (<i>complete 3/2016</i>)	\$85,000.00
De-Gritter Replacement	\$80,000.00
Sultan River Bridge Sewer Design	\$8,000.00
Sultan River Bridge Sewer Construction	\$249,000.00
Park Improvements	
Sultan River Trail (River Park to Osprey Park) Design	\$75,000.00
Sultan River Trail (River Park to Osprey Park) Land Purchase	\$324,000.00
Storm Water Improvements	
Dyer Rd Culvert Replacement	\$400,000.00

STREET AND TRANSPORTATION IMPROVEMENTS

Street chip seal project

A street will be selected for the City's annual chip seal project. This project will be funded using Snohomish County PUD funds from the sale of City land and easements.

4th & 5th Street Design & Reconstruction (US2 to Alder Street)

This project is contingent on receiving a grant from the Transportation Improvement Board. The City has pledged a five percent (5%) match. ***Update: The City was awarded the TIB grant and has selected Gray & Osborne as the design and construction management consultant. Plans are underway with construction expected to commence in June 2016.***

4th Street Overlay Design and Construction (Fir to High)

This project is contingent on receiving a grant from the Transportation Improvement Board. The City has pledged a five percent (5%) match. ***Update: The City did not receive TIB grant funding for this project.***

3rd Street Repair

This project is proposed to be funded using Snohomish County PUD funds from the sale of City land and easements. The project is anticipated to be completed by Public Works personnel.

Sultan River Pedestrian Bridge

The design is 80 percent complete with construction tentatively planned for 2016 and 2017, contingent on receiving construction funding. The design of the transportation related bridge improvements is grant funded through a legislative proviso and the Surface Transportation Program. Construction is currently unfunded. ***Update: The City is currently working with WHPacific to complete a WSDOT 2016 Pedestrian and Bicycle Program grant application for \$3.5M.***

US 2 Bicycle/Pedestrian Pathway (Albion to Marcus)

This project is contingent on receiving a Community Development Block Grant. If the City is successful in receiving the grant funding, design and construction would occur in 2017. ***Update: The Snohomish County Policy Advisory Board has recommended to the Snohomish County Council that this project should be funded. It is expected that the Snohomish County Council will finalize the award in May 2016.***

Speed Cushions

This project is planned for 2016 and will be funded using Snohomish County PUD funds from the sale of City land and easements. The work is anticipated to be completed by Public Works personnel.

Sultan Basin Road Raised Pavement Markers (RPM's)

This project is planned to add raised pavement markers to the centerline striping on the recently completed Sultan Basin Road Overlay project. The project is proposed to be funded using Snohomish County PUD funds from the sale of City land and easements. The work is anticipated to be completed by Public Works personnel.

Sultan Basin Road Sidewalk

This project was initiated in 2015 and is planned to be completed using Public Works personnel in 2016.

Evacuation Trail Repair

The evacuation trail experienced rutting as a result of the severe rain storms that occurred in 2015. This project is eligible for FEMA reimbursement and is anticipated to be completed by Public Works personnel.

Old Owen Road Improvements

This project was selected to compete for a Puget Sound Regional Council Surface Transportation (STP) grant. The City is working with Skillings Connolly on a pro-bono basis to prepare the grant application for design and construction. The STP grant is federally funded and the only eligible projects are those streets that have a federal functional classification. STP grants provide 86.5% of the transportation related funding. The City will be responsible for a 13.5% match. It is likely that the Transportation Improvement Board will contribute the 13.5% although this is not guaranteed.

1st Street Improvements (High Ave to Trout Farm Road)

The City is planning to apply for a TIB grant for this project in 2016. The City will be responsible for a 5% match.

WATER SYSTEM IMPROVEMENTS

Gohr Road Water Main

This project is planned for 2016 and will be mostly funded by a Community Development Block Grant. The City has pledged a \$25,000 match using Water Capital Funds. *Update: The NEPA process has been completed by CDBG and the City has signed a contract to complete the project. The City has selected The BlueLine Group as the design and construction management consultant. Plans are underway with construction expected to commence in July/August 2016.*

Booster Pump House Upgrade

The design and construction of the Booster Pump House Upgrade include the replacement of pumps, the electrical system, generator, and pump house structure. The City is working with Trane and RH2 Engineering. Construction is anticipated to be completed in 2016. *Update: Trane and their subcontractors are nearing completion of the upgrade improvements. Project completion is scheduled for April 2016.*

4th & 5th Street Reconstruction Water Improvements (US2 to Alder)

This project is contingent on receiving a grant for the street reconstruction from the Transportation Improvement Board. The water main will be replaced using Water Capital Funds. *Update: The City was awarded the TIB grant and has selected Gray & Osborne as the design and*

construction management consultant. Plans are underway with construction expected to commence in June 2016.

4th Street Overlay Water Improvements (Fir to High)

This project is contingent on receiving a grant for the street reconstruction from the Transportation Improvement Board. The water main will be replaced using Water Capital Funds. ***Update: The City did not receive a TIB grant for this project. The water capital funds budgeted for this project are available for the 4th and 5th Street Reconstruction project if needed.***

Rebuild Upflow Clarifier

This project will be funded using Water Capital Funds. ***Update: The City is proceeding with this project at this time using City water department personnel.***

Sultan River Pedestrian Bridge Water Design & Construction

The design is currently 80 percent complete. The remaining design of the water element of the bridge will be funded using Water Capital Funds. The construction element is currently unfunded and will require a grant or a loan.

PRV No. 1 Station Replacement

The design and construction of PRV No. 1 are proposed to be funded using Water Capital Funds.

135th Street SE Water Main

The City applied for a Community Development Block Grant for this project in 2014, but was not successful. The project is planned for 2017 and will be funded using Water Capital Funds or a grant.

SEWER SYSTEM IMPROVEMENTS

Lift Station Upgrade

This project is tied to the Sultan River Bridge Construction and is contingent on receiving a \$3.4 million dollar grant for the bridge construction.

Infiltration and Inflow Study

This project is proposed to be funded using Sewer Capital Funds. ***Update: The City hired RH2 Engineering to conduct an Infiltration and Inflow Study for sections of the City where we have received or are pursuing grant funding for transportation improvements. The selected sewer mains and manholes have been cleaned by City crews using the vector truck, and smoke testing and television inspection is complete. RH2 is in the process of developing recommendations based on the findings.***

4th & 5th Street Design & Reconstruction Sewer Improvements (US2 to Alder Street)

This project is contingent on receiving a grant from the Transportation Improvement Board. The sewer related improvements will be funded using Sewer Capital Funds. ***Update: The City was awarded the TIB grant and has selected Gray & Osborne as the design and construction management consultant. Plans are underway with construction expected to commence in June 2016.***

4th Street Overlay Design and Construction Sewer Improvements (Fir to High)

This project is contingent on receiving a grant from the Transportation Improvement Board. The sewer related improvements will be funded using Sewer Capital Funds. ***Update: The City did not receive TIB grant funding for this project. Sewer capital funds budgeted for this project are available for the 4th & 5th Street Sewer Improvements if needed.***

Wastewater Treatment Plant Oxidation Ditch Second Mixer

This project is to replace the second mixer in the oxidation ditch at the Wastewater Treatment Plant. The project will likely be completed in 2015; however, it is not complete at this time and is therefore included in the 2016 capital budget. ***Update: This project was completed as part of the Energy Conservation Measures at the Wastewater Treatment Plant by Trane and their subcontractors. The City Council has accepted the project and retainage will be released in early April 2016.***

Wastewater Treatment Plant Rotary Fine Screen Replacement

This project is to replace the rotary fine screen at the Wastewater Treatment Plant. It is proposed to be funded using Sewer Capital Funds. The project was advertised and awarded in 2015, with construction anticipated to be completed in early 2016. ***Update: This project was completed by TEK Construction in March 2016 and will be brought before Council for final acceptance at the April 7, 2016 council meeting.***

Wastewater Treatment Plant De-Gritter Replacement

This project is to replace the de-gritter at the Wastewater Treatment Plant. This project will be funded using Sewer Capital Funds. ***Update: The project was completed by TEK Construction in March 2016 and will be brought before Council for final acceptance at the April 7, 2016 council meeting.***

Oxidation Ditch Rotor

This project is to replace the Oxidation Ditch Rotor. The project will be funded using Sewer Capital Funds.

Sultan River Pedestrian Bridge Sewer Design & Construction

The design is currently 80 percent complete. The remaining design of the sewer element of the bridge will be funded using Sewer Capital Funds. The construction element is currently unfunded and will require a grant or a loan.

PARK IMPROVEMENTS

Sultan River Trail (River Park to Osprey Park) Design

The design of the trail running parallel with the Sultan River from River Park to Osprey Park is proposed to be funded with Park Impact Fees

Sultan River Trail (River Park to Osprey Park) Land Purchase

The purchase of the property for the trail running parallel with the Sultan River from River Park to Osprey Park is proposed to be funded with an RCO grant.

STORM WATER SYSTEM IMPROVEMENTS

Dyer Road Culvert Replacement

The design is 90 percent complete. Construction is currently unfunded, and the City is seeking grants to complete the project.

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: Discussion D 3
DATE: March 31, 2016
SUBJECT: Budget Policies

CONTACT PERSON: Laura Koenig, Clerk/Finance Director

Summary:

The City operates under the guidelines of the BARS (Budget, Accounting and Reporting System) manual provided by the State Auditor's Office. This provides a starting point for the development of internal policies for financial management of the City. The State Auditor recommends that cities adopt more formal and written policies for utility billing, credit card use, purchasing, and travel expense. It is also good fiscal management to have budget, investment and debt policies in place.

The City has adopted several financial management policies including:

- Financial Policies – Summary overview of the different types of policies
- Investment Policy – Detailed investment rules and strategies
- Operating Reserve Policies – To establish optimal reserves in operating funds
- Cash Handling – Provides for internal control of city funds
- Credit Card Use Policy – Use of city owned credit cards
- Travel and Training Policy – Guidelines for elected officials and employees
- Purchasing Policies – Guidelines for purchase of supplies, equipment and capital projects.

Budget Policy:

A good budget policy needs input from staff and the council. The following elements need to be considered:

- Budget schedule and responsibility
- Allocation of costs
- Capital Improvement plan
- Debt Service needs
- Staffing needs
- Contingency and fund reserve needs
- Amendments and adjustments
- Revenue shortfalls and expenditure limitations

There are several examples of budget policies available from Municipal Research and financial groups such as WFOA and GFOA. Two samples of budget policies are attached for discussion.

Also included is an overview of a debt management policy. In 2010, the Council made a policy decision to reduce outstanding debt and limit capital projects. This decision reduced outstanding debt to provide the city with "borrowing capacity" to proceed with the water/sewer

capital projects in 2014. The Council has not adopted a formal debt management policy. An overview of debt management policies is attached for review.

Staff is looking for Council direction on how you would like to proceed with the development of a formal budget and debt management policy.

- Attachments:
- A. Budget Policy samples
 - B. Debt Management Overview
 - C. Current City Policies

BUDGET POLICY SAMPLES

Budget Policies

Fiscal Assessment

City management recognizes its ethical and fiduciary responsibility to its citizens to carefully account for public funds.

We continue to focus efforts on sound long-range financial planning, and implementing cost and process efficiencies.

The Budget document reflects the City's commitment to sound budget and fiscal policies and processes. This plan ensures that the City is in a position to maintain its current level of service delivery for the community throughout the ensuing biennium. It makes the best choices for resource allocations, meets current operational needs, and addresses future fiscal capacity.

Budget Process

This budget document represents months of hard work by City staff and the City Council. The budget as adopted by the City Council provides the plan and the resources to deliver citizen services and accomplish stated goals.

The City's Budget process incorporates a long-term perspective and linked departmental spending plans directly to the City's Budget Focus Areas and Desired Budget Outcomes. The process was also designed to promote involvement from citizens, staff, local businesses, and other interested stakeholders.

The City upheld the following long-standing ideals in preparing its spending plan:

- Living within our means by adopting a balanced budget (current revenues plus fund balance are sufficient to support current expenditures).
- Providing accurate and timely financial information – including the City's current or anticipated fiscal condition.
- Providing prudent and sound fiscal direction to help guide decision making.
- Maintaining a pay-as-you-go philosophy regarding debt and capital spending.
- Avoiding paying for ongoing expenditures with one-time revenues.
- Maintaining adequate General Fund reserves.
- Including maintenance and replacement funds to maintain essential facilities and equipment.

The City prepares budgets for all of its funds. Three of these are internal service funds, whose costs are allocated (based on usage) to the funds that utilize their services. Budgets are appropriated at the fund level, as presented on the first page of the Revenue section.

Budget Planning Process

Planning for the Budget begins in the first quarter of the prior year, immediately following the mid-biennial budget review.

The development and adoption of our City's budget is a lengthy and intense process, designed to provide adequate opportunity for public input and sufficient time for deliberation and enactment by the City Council.

See the Budget Development Process document located directly after the Desired Budget Outcomes in this section.

The major steps involved in development of the budget are listed in the budget calendars at the end of this section.

Local Government Budgeting

Local government budgeting began in the early 1900s to:

- Administer control over how public monies were spent.
- Mitigate the risk of over-spending.

Bothell's Biennial Budget

Bothell's two-year biennial budget was established by Municipal Code 3.70.010, pursuant to RCW 35A.34.040.

Bothell's first biennial budget period was 2003-2004. Less than 20 Washington cities use biennial budgets.

Advantage:

- Increases focus toward long-term planning.
- Reduces planning time, so more staff resources can be spent on achieving community goals.

Disadvantage:

- Increases the challenge of forecasting revenues and expenditures from one to two years.
- Decreases the ongoing accuracy of the spending strategy because it is more realistic to plan for shorter periods when the economy is unstable or suddenly becomes volatile.

RCW 35A.34.050

Budget Estimates and Submittal

A budget call is required on or before the second Monday of September in an even-numbered year.

The budget call defines the parameters and guidelines for budget development, along with each department's role and responsibility within the process.

Fourteen days after notification, detailed estimates of probable revenues and all expenditures required by the departments for the ensuing fiscal biennium are due.

RCW 35A.34.070

Proposed Preliminary Budget

On or before the first business day in September of an even-numbered year, the Finance Director shall submit to the City Manager a proposed preliminary budget setting forth the complete financial program of the city for the ensuing fiscal biennium by department.

RCW 35A.34.080

Preliminary Budget

The City Manager shall make any revisions or additions he deems necessary to the department head's budget submittals, and shall file them with the City Clerk as the recommended final budget by November 1st of an even-numbered year.

RCW 35A.34.090

Budget Message

A budget message prepared by or under the direction of the City Manager shall be submitted as part of the preliminary budget to the City Council by the first of November.

Prior to the final budget hearing, the City Council shall schedule hearings on the budget, and may require department heads to be present to provide information regarding estimates and programs.

Budget Message Requirements

- An explanation of the budget document.
- An outline of the recommended financial policies and programs.
- A correlation of the recommended appropriation to such policies and programs.
- A rationale for significant appropriation and revenue estimate changes.
- An explanation for any recommended major changes in financial policy.

RCW 35A.34.100

Budget Notice of Hearing

Immediately following the filing of the preliminary budget, the City Clerk shall publish a notice once a week for two consecutive weeks in the City's official newspaper stating:

- The preliminary budget for the ensuing fiscal biennium has been filed, and a copy is available for review at the Clerk's Office by any taxpayer.
- The designated date, time, and place of the City Council budget meeting, and an invitation for any taxpayer to appear and be heard for or against any part of the proposed budget.

The City Council shall meet on or before the first Monday in December of an even-numbered year to receive taxpayer input and fix the final budget.

RCW 35A.34.110

Budget – Hearing

The City Council can continue the budget hearing (RCW 35A.34.100) from day to day, but not later than December 7th of an even-numbered year.

RCW 35A.34.120

Budget – Adoption

Following conclusion of the hearing but prior to the beginning of the fiscal biennium, the City Council shall make changes as it deems necessary or proper and shall by ordinance adopt the budget in its final form and content.

A copy of the final budget as adopted shall be transmitted to the State Auditor and the Association of Washington Cities.

Budget Foundation

The foundation of the budget process is generating operational and financial plans, reviewing programs, and establishing The City's Budget Focus Areas and Desired Budget Outcomes that best serve the community - not just for the ensuing biennium, but also well into the future.

The budget process includes reassessing citywide goals and objectives and the means to accomplish them. Council meets and reconfirms budget focus areas for developing the City's upcoming budget. These budget focus areas are all compatible with the City's vision and mission statements.

Financial Stability

Maintain a long-range financial plan and biennial budget that provide sustainable

levels of service within investment limits citizens are willing to make.

Strive for cost-effective service delivery by encouraging operational efficiencies, cost containment, innovative revenue enhancement, and technology advancements.

Economic Development

Create and sustain economic development, which builds and diversifies the City's revenue streams, while complementing and enhancing the quality of life for all who live, work and play in Bothell.

Quality of Life/Livability

Achieve harmony between the built and protected natural environments, and target available resources to build infrastructure and provide services which strengthen and sustain our community.

Community Connections and Involvement

Engage in ongoing dialogue with the public to increase citizens' understanding of and engagement in City issues, and to build strong partnerships.

Public Safety and Security

Provide effective service to allow citizens to use and enjoy their community without fear of loss of life or property, while being proactive and responsive to community safety and security issues.

The needs of the community are best met through adept planning and exhaustive analysis. The City Manager, Finance

Director, and departmental staff carefully evaluate all City programs and funding requests to ensure all budget appropriations clearly contribute to the accomplishment of the City's Budget Focus Areas and Desired Budget Outcomes.

The City cannot meet all demands of the community because it has finite resources. Thus, an integral part of the budget process is to prioritize needs according to the City's Desired Budget Outcomes for the upcoming two years, and to identify dependable funding sources.

The following questions are applied to evaluate priority and need of services:

Budget Prioritization Questions:

- Is this service mandated by Federal or State law?
- Should the City provide the service?
- Is the service provided by other public sector service providers?
- Is the service included in the City's Comprehensive Plan?
- Does the service alleviate identified deficiencies?
- Is there strong public and political support for the service?
- Does this service address life-safety issues?
- Are the benefits derived in line with the cost of providing the service?
- Should the service be contracted out?
- Are other potential revenues sources available to fund the service?
- Would other services be impacted if this service was eliminated?
- Does the service contribute to economic growth?

City Manager's Budget Message

The Budget Message provides the following information to stakeholders:

- Outlines the City's long-range vision and mission, current City needs and available resources, along with the City's Budget Focus Areas.
- Summarizes the City's budget planning process and financial policies. Describes the City's fiscal position and long-term sustainability strategies.
- Communicates and highlights the City's Desired Budget Outcomes.

The City Manager's Budget Message is located in the Introduction Section

Budget Amendments

Washington State law requires the City Council to adopt a balanced budget. Biennial appropriations are therefore limited to total estimated revenues for the upcoming biennium, plus any unencumbered fund balance estimated to be available at the close of the current fiscal biennium.

Modifications to the adopted biennial budget may take place no sooner than eight months after the beginning of the biennium, nor later than the conclusion of the first year of the fiscal biennium.

The City Manager and Finance Director prepare the annual budget modification for the Council's consideration.

The City Clerk publishes hearing notices consistent with the publication requirements for adoption of other city ordinances.

The budget modification must be by ordinance, and approved in the same manner as other ordinances of the city - including making the proposed amendments available to the public and providing time for public input.

A complete copy of the budget modification as adopted is transmitted to the State Auditor's office and to the Association of Washington Cities.

The Finance Director approves administrative budget transfers that do not move budget appropriations between funds. Administrative budget transfers are documented and tracked by the Finance Department.

Financial Policies

Background and Purpose

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Bothell.

Establishment and maintenance of prudent fiscal policies enables City officials to protect public interests and ensure public trust.

This document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially sound manner. These policies have been established to provide general fiscal guidelines, and are intended to provide sound direction in the management of the City's financial affairs.

General Financial Philosophy

The general financial philosophy of the City is to provide a sufficient financial reserve, along with the resources necessary to sustain a high level of municipal services while ensuring public safety, maintaining the infrastructure and surroundings of the City, and promoting the social well-being of all its citizens.

The City strives to achieve a strong financial condition with the ability to:

- Withstand local and regional economic impacts;
- Adjust efficiently to the community's changing service requirements;
- Effectively maintain and improve the City's infrastructure;
- Prudently plan, coordinate, review, and implement responsible development and growth; and
- Provide a high level of police, fire, and other protective services to assure public health and safety.

Accounting, Auditing, and Financial Reporting Policies

An independent audit is performed annually. The City produces a Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP), as outlined by the Governmental Accounting Standards Board (GASB). The City consistently meets the guidelines and criteria necessary to receive the Government Finance Officers Association (GFOA) Certificate of Excellence in Achievement in Financial Reporting.

The City of Bothell has established and continues to maintain a high standard of accounting practices.

The City's accounting and budgetary systems conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS), and local regulations.

A comprehensive accounting system shall be maintained to track all financial transactions necessary to effectively operate the City.

The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.

Full disclosure will be provided in all City financial reports and bond representations. An annual audit will be performed by the State Auditor's Office, including the issuance of a financial opinion.

Importance shall be placed on protection and enhancement of the City's credit rating.

Revenue Policies

- Revenue estimates are to be conservatively forecasted.
- The budget amendment process should be used to appropriate questionable revenues when they become certain and measurable.
- Employ revenue policies which prevent undue or unbalanced reliance on any one revenue source.

- Distribute the cost of municipal services accurately and fairly.
- Provide reliable and adequate funding sources to operate approved programs.
- Utilize annual cost allocation methods to monitor current fees for City services and ensure best business practices for cost recovery.
- Maintain an updated six-year financial forecast that estimates future revenues, and utilize this data to analyze and evaluate the long-term fiscal impacts of current budget choices, decisions, and policy options.

Expenditures, Cost Containment, and Budgetary Control Policies

Although the Budget includes sufficient resources to finance City services for the ensuing biennium, it is imperative that an adequate and effective cost analysis and containment program be maintained.

- Regularly examine programs and services (including expenditure outflows) for more efficient and/or less costly ways to deliver services to citizens.
- Perform frequent and routine fiscal and operational reviews to assess changing economic conditions and identify possible programmatic modification needs. On-going efficiency savings are a result of these type of routine fiscal and operational reviews. Routine process reviews are essential for our City's long-term fiscal sustainability.
- Provide, maintain, and track capital assets (including essential public

facilities) at a level adequate to protect the investment, and minimize future maintenance, replacement and liability costs.

- Update a rolling six-year financial forecast that estimates future expenditures, and utilize this data to analyze and evaluate the long-term fiscal impacts of current budget choices, decisions, and policy options.

Cost Recovery

The City Council considered and adopted a comprehensive fee schedule for the upcoming biennium. The City's fee schedule increases annually to reflect actual increases in the cost of providing a service, or minimally by the rate of inflation. The City bases its inflation figures on the June Consumer Price Index – Urban Wage and Clerical Workers (CPI-W) for Seattle/Tacoma-Bremerton.

Cost analyses are prepared to capture all direct and indirect costs associated with providing a City program or service. In nearly all cases, fee rates are set to recoup 100% cost recovery.

The City's fee schedule sets fees and charges collected by the City that are not dictated by the Bothell Municipal Code, State statute, or by contract.

Internal Services

Internal Service funds account for the goods and services provided by one fund for the benefit of another. This is done on a cost/benefit reimbursement basis.

The City has three internal service funds: Risk Management/Self Insurance, Fleet Management, and Asset Replacement.

The City utilizes Internal Service funds to: Account for the total cost of providing services between funds and accumulating resources for replacing fixed assets.

Isolate interfund transactions so they can be accounted for like those of a private sector business, and thus provide accurate fund expenditure reporting by including all costs resulting from the Fund's operation.

Cash Management Policies

The City deposits funds within 24 hours of receipt. Investment of City funds emphasizes the preservation of principal, with liquidity and yield being secondary factors.

Cash Handling

State law requires deposit of all cash and cash-like items to be deposited within 24 hours. City policy allows for weekly deposit of receipts totaling less than \$100.

Each person receipting funds must have their own locking cash drawer.

Cash handling training is required for all staff that work with or supervise functions which require the handling of City cash or cash-like items.

Cash handling refresher training should be repeated every three years.

Cash drawers are balanced daily.

Checks are endorsed immediately with the City's restrictive endorsement stamp.

Financial transactions are entered into the City's accounting system immediately.

Mailed payments are opened with more than one person in the room.

Sequentially numbered receipts are to be used and accounted for.

Cash handling duties are segregated so the same people do not have responsibility for collection of money, authorization to approve account adjustments, preparation of the deposit, and reconciliation of the bank statement.

Those who prepare or sign checks do not have responsibility for reconciling the accounting system or checkbook to the bank statement.

Petty Cash funds are reconciled once per month by a person who is not responsible for the day-to-day management of the fund. Customer account adjustments and refunds are preauthorized by a manager.

Cashier overages or shortages which exceed \$50 must be reported to the City's Finance Department immediately.

Investment Policies

Watchful control of the City's daily operations is an important part of Bothell's overall fiscal management program. Achieving adequate cash management and investment control requires sound financial

planning to ensure that sufficient funds are available to meet current operating needs. Idle funds are invested until such time as they are required to cover City operating expenditures.

The City's investment policy has been certified by the Municipal Treasurer's Association.

The City's idle cash is invested on a continuous basis, in accordance with the City's adopted investment policies.

The City should maintain a formal investment policy, which is reviewed and endorsed by state and national professional organizations.

The City should invest all funds (in excess of current requirements) based upon the following order of priority: 1) legality; 2) safety; 3) liquidity; and 4) yield.

Investments with City funds should not be made for purposes of speculation.

The City is prohibited from investing in derivative financial instruments for the City's managed investment portfolio.

Proper security measures should be taken to safeguard investments. The City's designated banking institution should provide adequate collateral to insure City funds.

The City's investment portfolio should be reviewed regularly to assess the portfolio's degree of risk and compliance with the adopted investment policies.

An analysis of the City's cash position should be prepared at regular intervals throughout the fiscal year.

The City Council should be provided timely updates related to changes in the City's investment policy and performance strategy.

Sufficient cash should be maintained to provide adequate funds for current operating needs.

Where permitted, the City should pool its cash resources from various funds ("Treasurer's Cash") for investment purposes.

Net investment income from Treasurer's Cash should be allocated in accordance with RCW 5.24.060 considering 1) average cash balance of the participating fund and 2) the minimum cash balance needs of each fund as determined by the Treasurer. Net investment income is the amount of annual investment proceeds after an allocation is made to enterprise funds and Council-directed obligations are met for Current Expense Fund purposes.

The City of Bothell should select its official banking institution through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

The City should diversify its deposit and investment assets by investment instrument and maturity scheduling.

All available City funds should be invested, recognizing that daily market activity or other constraints may affect investment goals.

In most cases interest should be allocated back to the fund that earned it.

Debt Policies

The City issues bonds for capital improvements. The City will not issue notes to finance operating deficits. The City publishes and distributes an official statement for each bond issue.

The City provides continuing note disclosure, in compliance with the Securities and Exchange Commission (SEC) requirements to ensure the continued marketability of City issued debt. The City annually reviews the status of outstanding and future potential debt to facilitate financial planning. City Council approval is required prior to issuance of debt.

The City's Schedule of Long-Term Debt to Maturity is Located in the Expenditure Section

Capital Facilities Plan Policies

In September of a budget year, the City Council adopts the Capital Facilities Plan (CFP). This plan includes a seven-year minimum financing plan and identifies funding sources and capital projects, including their anticipated costs.

The objective of the CFP process is to establish a spending plan that identifies and prioritizes capital needs (and future maintenance and operating costs) with

available funding sources. Appropriations for the first two years of the CFP are included in the biennial budget.

The following fiscal strategies are incorporated in the CFP:

- A minimum of 10% of projected revenues from Real Estate Excise Tax (REET) should be designated as Opportunity Funds. Only at Council discretion can these funds be appropriated towards currently unidentified projects. Per this policy, the Opportunity Fund equates to 10% of projected REET receipts.
- Annual REET receipts amounting to \$1 million should be held in reserves. These funds are reserved to address any cash flow issues that should arise for REET eligible projects.
- Councilmanic General Obligation debt service should not exceed REET revenue estimates unless other secured funding is identified.
- A 50% minimum of one-time revenue transfers should be allocated as follows: 25% Park Improvements and 25% Pavement Improvements.
- One-time revenues include construction sales tax and permit fees in excess of base figures. The City's adopted financial policy utilizes one-time revenues for one-time expenditures such as capital. The city's long-term financial plan therefore includes the transfer of one-time General Fund revenues to the Capital Improvement Fund contingent on a minimum 15% committed General Fund operating reserve, as well as a 10-year fully committed Asset Replacement reserve.

- Forty-five to sixty day operating reserves should be maintained in the Water Utility Fund.
- Thirty to sixty day operating reserves should be maintained in the Sewer Utility Fund.
- One hundred twenty to one hundred fifty day operating reserves should be maintained in the Storm & Surface Water Utility Fund.
- Capital reserves amounting to 2% of the asset replacement (value of the utility's infrastructure) should be maintained in each utility fund to provide for unexpected major repairs.
- Capital reserves amounting to 10% of average annual capital improvements projects should be maintained in each utility fund to protect against unanticipated increases in project costs.
- Asset replacement funding should be collected as an element of the utility user fees on the utility bills.

Should the City's budget process result in the budget being inconsistent with the adopted CFP, the CFP will be amended as part of the budget adoption process.

Reserve Fund Balance Policies

Adequate fund balance and reserve levels are a necessary component of the City's financial strategy, and a key factor in external agencies' measurement of the City's financial strength.

Maintenance of fund balance for accounting funds assures adequate resources for cash flow, and mitigates short term effects of unexpected revenue shortfalls.

City and State regulations have been established to allow the City of Bothell to create and maintain specific reserve funds.

Prudent use of reserve funds enables the City to defray future costs and take advantage of matching funds and beneficial opportunities. Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects.

Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in economic conditions.

The City should establish minimum fund balance targets based on cash flow requirements.

The City should include all fund balances in its biennial budget document.

Minimum fund balances should be attained and maintained through expenditure management, revenue management, and/or contributions from the General Fund.

All expenditures drawn from reserve accounts require Council approval, unless previously appropriated by the City Council in the City's biennial budget.

The City should maintain reserves for the replacement of vehicles and fixed assets.

Additional reserve designations may be created by Council to account for monies for future known expenditures, special projects, or other specific purposes.

All reserves should be presented in the annual budget.

Unrestricted reserves, along with one-time and unpredictable revenues, should be utilized for one-time expenditures - therefore avoiding using them to fund routine ongoing operating expenditures.

Basis of Budgeting and Accounting

“Basis of accounting” refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made, regardless of the measurement focus applied:

1) Accrual

Both governmental and business-type activities in the government-wide financial statements, and the proprietary and fiduciary fund financial statements, are presented on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

2) Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual: i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City considers all revenue reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The City of Bothell's budget is prepared on a modified accrual basis.

The Comprehensive Annual Financial Report presents the City's financial position on the basis of generally accepted accounting principles.

City of Mukilteo



11930 Cyrus Way, Mukilteo, WA 98275

Budget Policy

September 27, 2010

GENERAL BUDGET POLICY

These general Budget Policies are the basis on which staff develops budget recommendations and establishes funding priorities within the limited revenues the City has available to provide municipal services.

1) Operating Budgets¹ – Overall

- a) The budget should be a performance², financing and spending plan agreed to by the City Council and Mayor. It should contain information and data regarding expected revenues, expected expenditures and expected performance.
- b) The Finance Director shall prepare and present the annual budget preparation calendar to Council, Mayor and staff by the end of March each year.
- c) Annually, the Mayor will prepare and refine written policies and goals to guide the preparation of performance, financing and spending plans for the City budget. Adopted budgets will comply with the adopted budget policies and City Council priorities.
- d) As a comprehensive business plan, the budget should provide the following critical elements recommended by the Government Finance Officers Association; public policies, and Long-Range Financial Plan.
- e) The City's annual budget presentation should display the City's service/delivery performance plan in a Council Constituent-friendly format. Therefore, the City will use a program budgeting format to convey the policies for and purposes of the City operations. The City will also prepare the line item format materials for those who wish to review that information.
- f) Decision making for capital improvements will be coordinated with the operating budget to make effective use of the City's limited resources for operating and maintaining facilities.
- g) Mayor has primary responsibility for: a) formulating budget proposals in line with City Council priority directions; and b) implementing those proposals once they are approved.

2) Fiscal Integrity

- a) Ongoing operating expenditure budgets will not exceed the amount of ongoing revenue budgets to finance these costs. New program request costs will have to identify either a new ongoing source of revenue or identify offsetting/ongoing expenditures to be eliminated.
- b) In years when City Council approves operating budgets with ongoing costs exceeding ongoing revenues, the City's "Gap Closing" Policy must be invoked.
- c) Any available carryover balance will only be used to offset one-time or non-recurring costs. Cash balances in excess of the amount required to maintain strategic reserves will be used to fund one-time or non-recurring costs.³
- d) The City will maintain the fiscal integrity of its operating and capital improvement budgets which provide services and maintain certain public facilities, streets and utilities. It is the City's intent to maximize the level of public goods and services while minimizing the level of debt.
- e) Mitigation fees shall be used only for the project or purpose for which they are intended.

- f) **The City will maintain a balanced budget which is defined as planned funds available equal planned expenditures and ending fund balance.**

- 3) Revenues
 - a) Generally revenues estimates shall not assume growth rates in excess of inflation⁴ and scheduled rate increases. Actual revenues that are over estimates will be recognized through budgetary adjustments only after it takes place. This minimizes the likelihood of either a reduction in force or service level in the event revenues would be less than anticipated.
 - b) Investment income earned shall be budgeted on the allocation methodology, i.e., the projected average monthly balance of each participating fund.
- 4) Internal Services Charges
 - a) Depreciation of equipment, furnishings and computer software will be included in the service charges paid by departments to the Equipment Replacement Fund. This will permit the accumulation of cash to cost effectively replace these assets and smooth out budgetary impacts.
- 5) Reporting
 - a) A revenue/expenditure report will be produced monthly so that it can be directly compared to the actual results of the fiscal year to date. (See monthly Fund Progress Report posted on City website.)
 - b) Each quarter, staff will produce a “Quarterly Financial Report” comparing current year to past year actual revenue and expenditure and present the data to City Council.
 - c) Semi-annually, staff will provide revenue and expenditure projections for the next five years (General Fund Projection Model.) Projections will include estimated operating costs for future capital improvements that are included in the capital budget (See the Capital Facilities Plan). This data will be presented to the City Council in a form to facilitate annual budget decisions, based on a multi-year strategic planning perspective.
- 6) Citizen Involvement
 - a) Citizen involvement during the budget process shall be encouraged through public hearings, worksessions, website and surveys.
 - b) Involvement shall also be facilitated through Council appointed boards, commissions and committees that serve in an advisory capacity to the Council and staff.
- 7) Fees
 - a) Fees shall be to cover 100% of the costs of service delivery, unless such amount prevents an individual from obtaining essential services. Fees or service charges should not be established to generate money in excess of the cost of providing service.
 - b) Fees may be less than 100% if other factors, e.g., market forces, competitive position, etc., need to be recognized.
- 8) Capital Budget – Fiscal Policies
 - a) Capital project proposals should include as complete, reliable and attainable cost estimates as possible. Project cost estimates for the Capital Budget should be based upon a thorough analysis of the project and are expected to be as reliable as the level of detail known about the project. (Project cost estimates included in the City’s Capital Facilities Six Year Plan should be as reliable as possible, recognizing that Year 1 or Year 2 project cost estimates will be more reliable than cost estimates in the later years.)
 - b) Proposals should include a comprehensive resource plan. This plan should include the amount and type of resources required, a timeline and financing strategies to be employed. The plan should indicate resources necessary to complete any given phase of

the project, e.g., design, rights-of-way acquisition, construction, project management, sales taxes, contingency, etc.

- c) Capital project proposals should include a discussion on level of service (LOS). At a minimum, the discussion should include current LOS level associated with the proposal and level of LOS after completion of proposal. Proposals with low level LOS will receive higher priority than those with higher levels of LOS. Capital project proposals that either have a current LOS level of 100% or higher or will have an LOS level of 100% or higher after completion of the proposal must include a discussion on impacts to other services that have an LOS level below 100%.
- d) All proposals for capital projects will be presented to the City Council within the framework of a Capital Budget. Consideration will be given to the commitment of capital funds outside the presentation of the annual capital budget review process for emergency capital projects, time sensitive projects, projects funded through grants or other non-city funding sources and for projects that present and answer the following questions for Council consideration:
 - 1) Impacts to other projects
 - 2) Funding sources
- e) Capital project proposals shall include all reasonably attainable cost estimates for operating and maintenance costs necessary for the life cycle of the asset.
- f) Major changes in project cost must be presented to the City Council for review and approval. Major changes are defined per City's Procurement Policies & Procedures⁵ as amounts greater than \$30,000 for single craft or trade and greater than \$50,000 for two or more crafts or trades.
- g) At the time of project award, each project shall have reasonable contingencies also budgeted:
 - i) The amount set aside for contingencies shall correspond with industry standards and shall not exceed ten percent (10%), or a percentage of contract as otherwise determined by the City Council.
 - ii) Project contingencies may, unless otherwise determined by the City Council, be used only to compensate for unforeseen circumstances requiring additional funds to complete the project within the original project scope and identified needs.
 - iii) For budgeting purposes, project contingencies are a reasonable estimating tool. At the time of contract award, the project cost will be replaced with an appropriation that includes the contingency as developed above.
- h) Staff shall seek ways of ensuring administrative costs of implementing the Capital Budget are kept at appropriate levels.
- i) The Capital Budget shall contain only those projects that can be reasonably expected to be accomplished during the budget period. The detail sheet for each project shall contain a project schedule with milestones indicated.
- j) Capital projects that are not expensed during the budget period will be re-budgeted or carried over to the next fiscal period except as reported to the City Council for its approval. Multi-year projects with unexpended funds will be carried over to the next fiscal period.
- k) If a proposed capital project will have a direct negative effect on other publicly owned facilities and/or property, or reduce property taxes revenues (for property purchases

within the City), mitigation of the negative impact will become part of the proposed capital project costs.

- l) A capital project will not be budgeted unless there is a reasonable expectation that funding is available.

9) Debt Policies

- a) Debt will not be used for operating costs.
- b) Whenever possible, the City shall identify alternative sources of funding and availability to minimize the use of debt financing.
- c) Whenever possible, the City shall use special assessment, revenue or other self-supporting debt instead of general obligation debt.
- d) Tax Anticipation Notes will be issued only when the City's ability to implement approved programs and projects is seriously hampered by temporary cash flow shortages.
- e) Long-term general obligation debt will be issued when necessary to acquire land and/or fixed assets, based upon the City's ability to pay. Long-term general obligation debt will be limited to those capital projects that cannot be financed from existing revenues and only when there is an existing or near-term need for the acquisition or project. The acquisition or project should also be integrated with the City's Long-range Financial Plan and the Capital Facilities Plan.
- f) The maturity date for any debt issued for acquisition or project will not exceed the estimated useful life of the financed acquisition or project.
- g) Current revenues or ending fund balance shall be set aside to pay for the subsequent two year's debt service payments. This is intended to immunize the City's bondholders from any short-term volatility in revenues.
- h) The City shall establish affordability guidelines in order to preserve credit quality. One such guideline, which may be suspended for emergency purposes or unusual circumstances, is as follows: Debt service as a percent of the City's operating budget should not exceed ten percent (10%).

¹Operating Budgets Include: General Fund, Street Fund, Recreation and Cultural Services Fund, Emergency Medical Services Fund & Facilities Maintenance Fund.

²The City currently does not have a formal performance plan, even though the Budget Policy mentions that the City's Annual Budget should include one. The development of a "Performance Plan" will be a priority for completion during 2011.

³Carryover balances can only be calculated in years when revenues exceed expenditures & actual revenues exceed budgeted revenues.

⁴Consumer Price Index, Urban – Seattle average of June to June will be used as growth rate of inflation.

⁵Procurement Policies & Procedures can be found on the City's website:
<http://www.ci.mukilteo.wa.us/files/doc-procurement-policy-finance.pdf>

DEBT MANAGEMENT OVERVIEW



Debt Management Policies

This page provides an overview city and county debt management policies along with some examples.

Overview

The use of debt is governed by state and federal laws. State law establishes legal limits on the type and amount of debt that can be used by local government. Federal law establishes rules about the tax status of government securities and the process for issuing and disclosing debt obligations. Local government fiscal policies provide additional guidelines for the appropriate use of debt.

Local debt management policies are fiscal policies adopted by local government to provide written guidelines for the appropriate use of debt. While state laws establish the overall debt limits for a jurisdiction, The amount of debt issued is an important factor in measuring financial performance and condition of local government. Proper use and management of borrowing can yield significant fiscal advantages.

Issues to Consider

What are the acceptable uses of short-term debt?

Short-term borrowing should not be used to cover ongoing operating deficits. Consideration of how to best manage temporary cash flow deficits may consider interfund loans, TANs, or a commitment to increasing fund balance to cover these temporary cash flow issues.

“Pay-as-you-go” versus “pay-as-you-use”?

There are differing philosophies but the discussion should be part of the debt management process.

What is the appropriate term of the bond or loan?

The period of indebtedness should be no longer than the life of the facility/infrastructure. It can always be less, but debt that exceeds the life expectancy of the capital project should be evaluated as part of the policy development process.

When should non-voted debt be used?

Two issues should be considered here. First, there is a limited amount of non-voted debt capacity available. Policy discussion may want to retain a portion for future uses or emergencies. Second, the revenues to pay debt service on this form of debt must come from the general fund. Non-voted debt does not have its own revenue source, therefore any shortfall in revenues in the general fund must come from other items such as police, fire, and parks. Debt service cannot be cut.

What are the operating costs associated with capital projects funded by debt?

Almost every project will have operating costs in addition to the capital costs. Before deciding to issue debt to build

a new facility, the impact on the annual budget should be considered as part of the overall financing decision matrix.

How much debt can be safely issued?

Each local government entity will have to find its own comfort level by developing a measure of its ability to pay for debt service. It can be helpful to begin by comparing your city's debt levels and debt burden with those of other cities. Debt ratios are often used to make these comparisons. Utilization of tools such as the State Auditor's Office [Local Government Performance Center Financial Intelligence Tool](http://www.sao.wa.gov/local/Pages/LGPC.aspx#.VsYhLubdgQM) (<http://www.sao.wa.gov/local/Pages/LGPC.aspx#.VsYhLubdgQM>) would assist in evaluating this question.

Items to Include in a Policies

Debt Limits

- State limitations
- Local ordinance/resolution or covenant

Type of Debt Permitted

- General obligation
- Revenue
- Other

Structure

- Maximum term
- Debt service patterns (such as equal payments or equal principal amortization)
- Variable or fixed-rate
- Short-term use

Debt Issuance Practices

- Selection and use of professional service providers (bond counsel, financial advisor, underwriters)
- Criteria for selecting sale method (competitive vs. negotiated, private placement)
- Criteria for issuance of advance refunding and current refunding bonds
- Credit ratings (use, minimum, selection)

Capital Planning

- Incorporation of the capital improvements planning (CIP) document to the extent that it ties the objectives of the CIP into the policies of debt management.

Examples

- [Kirkland Debt Management Policy \(/getmedia/15C9AC26-4F8C-4863-8E01-6F1393B99D84/k53debt.aspx\)](http://www.kirklandwa.gov/DocumentCenter/View/15C9AC26-4F8C-4863-8E01-6F1393B99D84/k53debt.aspx) (2010) -Certified by Association of Public Treasurers of US and Canada

- [Poulsbo Debt Policy \(/getmedia/3C646B5F-FA58-4DF3-9C99-D6C40266B172/P58Debt.aspx\)](#) (2010)
- [Sequim Debt Management Policies \(/getmedia/B5DD6594-054A-47B2-9326-54E2232FA070/s46debt.aspx\)](#) (2013)
- [Shoreline Debt Policies \(/getmedia/6C7694E5-5989-4291-AF10-EBE3AA32EFD3/S55debt.aspx\)](#)
- [Yakima County Debt Policy \(http://www.yakimacounty.us/DocumentCenter/View/7308\)](#) (2007)

Recommended Resources

- [Washington Public Treasures Association \(http://www.wmta-online.com/cert_debt.html\)Debt Policy Certification Program \(http://www.wmta-online.com/cert_debt.html\)](#) - Designed to provide individuals involved in their jurisdictions debt process guidance and assistance in developing or revising a debt policy
- [Association of Public Treasurers of the U.S. and Canada \(https://www.aptusc.org/certifications/debt-policy-certification?id=35:publications\)Debt Policy Handbook \(https://www.aptusc.org/certifications/debt-policy-certification?id=35:publications\)](#) - Provides practitioners with the information needed for preparing a comprehensive capital financing policy. It includes chapters on: formulating a policy, legal and regulatory requirements; needs assessment and funding alternatives; issuance of obligations; administration of obligations; and using pertinent internet sites.
- [Government Finance Officers Association \(http://www.gfoa.org/debt-management-policy\)Debt Management Policy \(http://www.gfoa.org/debt-management-policy\)](#) - Provides best practices debt structuring, issuance, management, and use of derivatives
- [Department of Commerce \(http://www.commerce.wa.gov/Services/researchservices/buc/Pages/default.aspx\) Bond Users Clearinghouse \(http://www.commerce.wa.gov/Services/researchservices/buc/Pages/default.aspx\)](#) - Collects, analyzes, and publishes information on all bonds issued in the state, and on local government outstanding general obligation debt.
- [MRSC Insight Financing Public Infrastructure: Generational and Municipal Debt \(http://mrsc.org/Home/Stay-Informed/MRSC-Insight/September-2012/Financing-Public-Infrastructure-Generational-Equit.aspx\)](#) (2012)

Last Modified: March 09, 2016

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CURRENT CITY POLICIES

Financial Policies

As stewards of the public's resources, the City Council and City Administrator need to ensure sound financial management of the City. A clear and well-designed set of Financial Policies can provide consistent guidance regarding financial and budget decisions, and serve to assure the citizens, creditors, grantors and others interested in the City's financial conditions, and cash flows that the city is operated in a fiscally sound and prudent manner.

Budget Policies

As required by State law and by prudent financial management, the City shall:

- Prepare an annual or biennial balanced budget where projected resources meet or exceed projected expenditures.
- Prepare a five-year forecast of the City's revenues and expenses at the fund level so that policy makers can make near term budget decisions in the context of projected long term financial conditions.
- Establish utility rates sufficient to provide financial conditions, net positive operating results and cash flows to meet or exceed any revenue bond coverage requirements.

The City will strive to:

- Fund recurring operating expenses with recurring revenues so that ongoing needs are not adversely impacted by the loss of one-time revenues.
- Allow for funding one-time needs with non-recurring revenues wherever possible.
- Provide sufficient resources to the Contingency Fund so that it can reasonably respond to critical unforeseen needs of the City without requiring the City to divert resources from other important services, but not to exceed the legal maximum funding.
- Administer the Contingency Fund in a manner consistent with the requirements of RCW 35A.34.260, and in the event a withdrawal from the Contingency Fund is made, the City shall specify the amount to be restored, if any, and a corresponding schedule.

Reserve Policies

Reserves provide important protections against the regular fluctuations of local economic conditions and the month to month variability of revenue collections. Reasonable reserves provide the working capital needed to support City operations through these cycles and should be set at a level that can sustain City operations for the most adverse conditions that can reasonably be expected. It is most useful to define reserves as a percentage of budgeted expenses so it can be readily converted to the number of days or months the City can operate without receiving additional revenues. The City of Sultan maintains its accounting records on the cash basis of accounting where revenues and expenses are only recognized when revenues are actually

received and expenses when actually paid. Therefore, to properly determine the amount of the reserve in any fund, known liabilities expected to be paid from current resources will be considered as an obligation of existing cash balances (similar to the accrual basis of accounting) so that only the unobligated portion of the cash balance is used to determine that reserve amount. The City Council, as the highest level of government within the City provides:

General Fund

- The General Fund shall have a reserved fund balance financed with property tax revenues due to the highly stable but seasonable receipt pattern (May and November) of this revenue source. The dollar amount of this reserve shall be one year of property tax revenue or two months (i.e. 17% of annual) budgeted expenditures excluding debt service, whichever is lower.
- The General Fund may also have additional reserves but these shall be in addition to the reserve requirement above.

Utilities

- The Water, Sewer and Storm Drainage utilities combined shall maintain a minimum of two months cash reserves financed from utility rates, to provide for seasonal variability of revenues and to allow them to operated if a bi-monthly billing cycle is disrupted for any reason.

Other Funds

- The other funds of the City are used to account for restricted revenue sources provided for a specifically defined service or expense. Any reserve requirements thought prudent for operations should be determined by the City Administrator as part of the budget process.

All Funds

- Reserved amounts shall automatically include the amounts of cash not available for appropriation due to the restrictions imposed upon them by external parties (e.g. grantors, creditors, etc) and shall remain in effect until the restrictions are lifted.
- Limitations on expenditures due to intended use may be created in policy documents including the annual/biennial budget but shall lapse at the end of the budget period or the limitation period, whichever is later. These limitations shall be labeled as temporarily restricted and reported in accordance with the BARS manual.

Accounting & Financial Reporting Policies

The City shall utilize a "funds" accounting system wherein monies restricted for specific purposes are accounted for in separate "funds" in accordance with national accounting practices. Unrestricted monies will be accounted for in the General Fund. The City will maintain its accounting system on the cash basis of accounting as permitted by the State Auditor and will use the BARS chart of accounts as required by the State Auditor.

The City shall prepare an annual financial report using the forms prescribed by the State Auditor and will be audited on a schedule determined by the State Auditor as prescribed by State law. The City may, from time-to-time, arrange for additional audits when considered beneficial to the City's operations. Additionally, the Finance Director will prepare quarterly financial reports showing the budget versus actual revenues and actual expenses and actual expenses and projecting year end results for the General Fund and utility funds, and as directed by the City Administrator.

Debt Policies

The City's ability to pledge its revenues in support of debt is a valuable "tool" for providing essential public services, but can threaten the City's financial flexibility and a City's credit rating if not used prudently. Excessive use of debt can also create an onerous tax burden on city property owners. Therefore, the City adopts the following policies to guide its use of debt:

- Debt shall not be used to fund operating expenses, but will be used solely to fund capital expenses (which can include city costs associated with the capital project) and long-term obligations.
- Utility debt shall be secured solely by the revenues of the utility or by special assessments in the case of Utility Local Improvement Districts (ULID's) and will not ordinarily be secured by a general pledge of the City's revenues.
- The City shall annually prepare Schedules of Liabilities and Constitutional Limitation of Indebtedness in the form prescribed by the State Auditor to report its debt outstanding and its compliance with State debt limits.
- The City shall reserve at least 20% of its non-voted legal debt capacity to provide for emergency needs.
- Long-term debt shall be structured in a manner so that the term of the debt does not exceed the expected useful life of the asset or improvement being funded.

In the event of extreme economic circumstances or natural or manmade disaster the City will modify these policies to ensure the safety and security of the community.

Effective Date

This update to the Financial Policies is effective as of May 22, 2014, and shall remain in effect until subsequently amended or repealed by the City Council.

CITY OF SULTAN INVESTMENT POLICY

Policy:

It is the policy of the City of Sultan to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands and conforming to all state and local statutes governing the investment of public funds.

Scope:

This investment policy applies to all financial assets of the City of Sultan. These funds are accounted for in the City's annual report and include:

1. General Fund
2. Special Revenue Funds
3. Capital Project Funds
4. Enterprise Funds
5. Trust and Agency Funds
6. Any new fund created by City ordinance, unless specifically exempted.

Prudence:

Investments shall be made with judgment and care to the degree which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The investment officers acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse development.

Objective:

The primary objectives, in priority order, of the City's investment activities shall be:

Safety: Safety of the principal is the foremost objective of the investment program. Investments of the City of Sultan shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Yield: The City's investment portfolio will be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio. Investment of tax exempt borrowing proceeds and of any debt service funds will comply with the arbitrage restrictions of section 148 of the IRS Code of 1986.

Delegation of Authority:

Management responsibility for the investment program is delegated to the City Administrator or their designee who shall establish written procedures for the operation of the investment program consistent with this investment policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that would conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Council any material financial interest in financial institutions that conduct business with the City. They shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City of Sultan, particularly with regard to the timing and purchases and sales.

Authorized Financial Dealers and Institutions:

The City Administrator or their designee is authorized to conduct investment transactions with several competing, reputable investment securities broker/dealers and financial institutions. Security dealers and financial institutions may include primary or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 and investment departments of local banks on the list of Qualified Public Depositories approved by the Washington Public Deposit Protection Commission as authorized to provide investment services under RCW 39.58.080.

Authorized Investments:

The City is empowered to invest in the following types of securities:

- Certificates, notes, bonds or other obligations of the United States
- Obligations of the U.S. agencies or of any corporation wholly owned by the government of the United States.
- State of Washington Investment Pool
- Any investment authorized by law for the treasurer of the State of Washington or any local government of the State of Washington but, except as provided in Chapter 39.58 RCW, such investments shall not include certificates of deposit (CD) of banks or bank branches not located in the State of Washington.

Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City of Sultan shall be conducted on a delivery-vs-payment (DVP) basis. Securities purchased by the City will be delivered against payment and held in a custodial safekeeping account with the trust department of the bank. The trust department of a bank, a third party custodian, will be designated by the Finance Director and all transactions will be evidenced by safekeeping receipts.

Diversification:

The City will diversify the investment portfolio to the extent necessary to maximize the return on investment while minimizing the risk of loss and to retain sufficient liquidity to meet cash flow obligations. With the exception of U.S. Treasury securities and authorized pools, no more than percent of the city's total investment portfolio will be invested in a single security type or with a single financial institution. Nothing herein should be construed as a mandate to place investments with any specified number of firms or financial institutions or to distribute investments among firms or financial institutions based on a ratio or total funds to be invested. Safety, liquidity and return should be the determining factors, along with each of working with a given broker/dealer or financial institution, in placement of investment funds.

Maximum Maturates:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase.

Internal Controls:

The City Administrator or their designee shall establish a process of independent review by an external auditor. The external audit may be completed by the contract Financial Advisor. This review will provide internal control by assuring that policies and procedures are being followed.

Performance Standards:

The investment portfolio will be designed to obtain an average rate of return during budgetary and economic cycles which meets or exceed the average rate of return of the Local Government Investment Pool of the State of Washington. This performance standard shall take into account the City's investment risk constraints and cash flow needs.

Reporting:

The Finance Department will provide the City Council with a quarterly report of investment holdings and activity.

Investment Policy Adoption:

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis by the Council and any modifications must be approved by the City Council.

City of Sultan Operating Reserve Policies

Purpose:

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength

Maintenance of fund balances for each operating fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

General Policy:

The City shall maintain reserves required by law, ordinance and/or bond covenants.

All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditures within the City's annual budget.

If reserves and/or fund balances fall below required levels as set by this policy, the City shall make all efforts possible to include within its annual budget a plan to restore reserves and/or fund balances to the required levels.

General Fund Operating Reserve:

The General Fund is used to account for all general revenues of the City not specifically levied or collected for other City funds, and for expenditures related to providing general services by the City.

For the purposes of this policy as it applies to the General Fund only, the City has established a Contingency Reserve Fund. The balance in that fund shall be in accordance with RCW 35A.33.145.

The City has established a target of 90 days operating expense for operating reserve fund balances. To achieve this goal the City has proposed the following schedule:

- 45 day reserve by December 2011
- 60 day reserve by December 2012
- 75 day reserve by December 2013
- 90 day reserve by December 2014

Enterprise Fund Operating Reserve:

The City shall maintain an adequate operating fund balance in each of enterprise funds to provide funding for capital expenses, unanticipated revenue declines and any other unbudgeted expense. The policy applies to the following funds:

1. Street Fund
2. Cemetery Fund
3. Water Fund
4. Sewer Fund
5. Garbage Fund

6. Stormwater Fund

The City has established a target of 90 days operating expense for operating reserve fund balances. To achieve this goal the City has proposed the following schedule:

- 45 day reserve by December 2011
- 60 day reserve by December 2012
- 75 day reserve by December 2013
- 90 day reserve by December 2014

City of Sultan Cash Handling

Effective Date:

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Section 1	Purpose
Section 2	Who Should Know About This Policy
Section 3	Procedure
Section 4	Instructions
Section 5	Pre-Numbered Receipts
Section 6	Exceptions
Section 7	Record Retention
Section 8	Procedures for Cash Register Out of Balance Condition

Section 1. Purpose

1.1 Strong internal controls for cash collection are necessary to prevent mishandling of city funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. The City cash handling policy requires that departments receiving cash be approved by the Finance Department and be designated as cash collection points. A cash collection point is defined as a department that handles cash on a regular basis.

1.2 "Cash" is defined as coin, currency, checks, and credit and debit card transactions.

1.3 Required procedures for cash collection include the following:

1. Accounting for cash as is it received.
2. Adequate separation of duties which includes cash collecting, depositing and reconciling.
3. Proper pre-numbered receipts given for any cash received.
4. Approval of any voided cash receipts by a supervisor.
5. Deposit of cash promptly into an authorized City account.
6. Reconciliation of validated deposit forms to supporting documentation and to the account statement.
7. Approval by the Finance Department of any changes in cash handling procedures.
8. Proper safeguarding of cash.

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1.4 The use of non-city checking or other bank accounts by City personnel for depositing City cash is prohibited. The Finance Department will conduct periodic reviews of cash handling procedures.

Section 2. Who Should Know About This Policy

2.1 Any official or administrator with responsibilities for managing City cash receipts and those employees who are entrusted with the receipt, deposit and reconciliation of cash for City related activities.

Section 3. Procedure

3.1 Establishing Cash Collection Points

The Finance Department must authorize all cash collection points. The main cash collection point will be City Hall. Additional departments (i.e. Police Department, off site events such as the annual Cleanup Day) may require status as a cash collection point if city funds are collected. Prior to authorization the department must submit a request to the Finance Department that includes:

1. Reason(s) why cash collection point is needed.
2. A list of those positions involved with the cash collection point, a description of their duties and how segregation of duties will be maintained.
3. Whether there is a need for a change advance.
4. A description of the reconciliation process, including frequency of reconciliation.
5. A description of the process for safeguarding cash until it is deposited.
6. A schedule of how often cash deposits will be made.

The request will be reviewed, and if appropriate, approved by the Finance Department.

3.2 Procedures for Cash Collection Points

The following list of procedures is required for the operation of cash collection points:

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1. All cash received must be recorded through a cash register when one is available, or the customer must be presented a pre-numbered receipt form with a duplicate record being retained by the city. All numbered receipts must be accounted for, including voided receipts. Approved pre-numbered receipts are provided by the Finance Office. Re-form receipts are not acceptable.
2. The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collecting, depositing and reconciling.
3. The funds received must be reconciled to the cash register ("Z" tapes) or to the pre-numbered receipts at the end of the day or at the end of each shift. Cash must be reconciled separately from checks/credit cards by comparing actual cash received to the cash total from the cash register tape or to the sum of the cash sales from the manual receipts.
4. All checks, cash and credit card receipts must be protected by using a cash register or safe until they are deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel.
5. Checks must be made payable to the City of Sultan (COS) and must be endorsed promptly with a restrictive endorsement stamp payable to the City. The endorsement stamps should be ordered through the Finance Department.
6. Checks or credit card transactions will not be cashed or written for more than the amount of purchase.
7. Receipts of more than \$500.00 in the Treasurer's receipt cash register must be deposited on a daily basis. Treasurer's receipts regardless of the amount must be deposited on the last working day of the week. All funds must be deposited intact, and not intermingled or substituted with other funds.
8. Refunds or expenditures must be paid through the appropriate budget with a City generated check.

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9. The Finance Department will issue a receipt of deposit to be used for reconciliation of the supporting documentation to the deposit and to the monthly statements of account.

Section 4. Instructions

4.1 Cash received in person

1. A receipt must be issued for each payment received. At a minimum, manual pre-numbered receipts must include the date, mode of payment (cash, check or credit card), and the identification of the department and the person issuing the receipt. Machine generated receipts must contain similar information.
2. All checks must be endorsed immediately with a restrictive endorsement stamp payable to The City.
3. All voided transactions are to be approved and initialed by the a supervisor.
4. Only authorized cashier are allowed access to a cash register or cash drawer.
5. Cash must be kept in a the cash register or safe until it is deposited.

4.2 Cash received Through the Mail

1. The mail must be opened as soon as possible and all checks must be endorsed with a restrictive endorsement stamp. All receipts of coin or currency received by mail or picked up in the payment drop boxes must be logged and verified by two people.
2. If the cash is not credited directly into the appropriate City account or receipted through a cash register, a list of the checks, credit card transactions and or cash should be prepared in duplicate. The list should include the customer's name, amount received, and check number. One copy should be kept in a secure area and the other should accompany the deposit.
3. Cash must be stored in a the cash register or safe until they are deposited. This includes a locked room with restricted access.

4.3 Balancing of Cash Receipts

1. All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks and credit cards to the cash register totals, to the pre-numbered receipts totals and to the totals of the money received by mail.

2. Over/short amounts must be separately recorded, and investigated and resolved to the extent possible. Two people will independently verify the amounts and reconcile the deposit. See Procedures for Cash Register Out of Balance Conditions.

4.4 Preparation of Deposits

1. Checks must be made payable to The City of Sultan. A calculator tape of the checks should be included with the checks bundled together.
2. Cash must be recorded on the deposit slip in the appropriate space.
3. Attach a copy of the Transmittal Batch showing transaction totals for credit card receipts and record the total on the deposit slip.
4. Someone not involved with collecting the cash, opening the mail or reconciling the deposit should prepare the deposit.
5. The utility payments deposit must be delivered to the bank on a daily basis.
6. Locking deposit bags are available at the Finance Department for use when depositing in the Night Drop Box.

4.5 Reconciliation of Cash Collected

1. Compare the receipt issued by the Finance Department to the supporting documentation (copy of deposit slip, cash register "Z" tapes) and resolve any discrepancies.
2. Compare the receipts to the monthly account statements.

Section 5. Pre-Numbered Receipts

5.1 Pre-numbered receipts will be issued by the Finance Department and a log will be maintained that will include the number(s) of the receipts, and the date and name of the person receiving the receipts. All voided receipts must be accounted for.

Section 6. Exceptions

6.1 The Finance Department must approve exceptions to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an

Page 6 – Cash Handling Policy

alternate process to safeguard City funds must be established and approved by the Finance Department.

Section 7. Record Retention

7.1 All cash receipts and related documents must be maintained in accordance with Record Retention schedules. Cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, etc. should be kept for six years.

Section 8. Procedures for Cash Register Out of Balance Conditions

8.1 Utility Clerk or other employee verify out of balance condition:

1. Re-add all figures on a reconciliation sheet using an adding machine.
2. Verify beginning and ending sales figures from the register.
3. Check the cash register tape or the cash drawer for any register over/under rings.
4. Re-count money, making sure that no bills or checks are stuck under the cash drawer, all denominations are together, and no bills are commingled in the wrong slot (i.e. \$10 bill in the \$1 slot, etc).

8.2 Check the office area (trash cans, behind the counter, the floor area around the register, under the cash register) to see if a check or cash was dropped or misplaced.

8.3 If any other employees were using the register, ask them if they had any over/under rings, or unusual transactions that could have resulted in the discrepancy.

8.4 If any unauthorized office employees may have had access to the receipts, check with them to see if they used the receipts in any way. (If this is the case, the matter should be reported immediately to the Deputy Finance Director. The Deputy Finance Director will notify the employee's supervisor immediately so that this situation does not re-occur.)

8.5 If the shortage still has not been reconciled by the Utility Clerk or other employee, the Deputy Finance Director will:

1. Follow steps 1 to 4 above.
2. Notify the City Administrator and/or Mayor immediately upon substantiating the shortage.
3. Record and report the discrepancy. For overages or shortages of \$25.00 or more, you must notify the Mayor.
4. Shortages or overages must be officially documented and recorded the day of the occurrence in the departmental accounting records.

CITY OF SULTAN

Petty Cash Policies and Procedures

Effective Date:

Table of Contents:

Section 1	Purpose
Section 2	Policy
Section 3	Procedures for Receiving Petty Cash
Section 4	Procedures for Processing Petty Cash

Section 1. Purpose:

The Petty Cash Account is a sum of money set-aside for minor cash disbursements for which the issuance of a formal voucher would be impractical.

Incidental expenses allowed through petty cash include but are not limited to: registered mail, postage, emergency supplies, supplies not available through a vendor, parking expenses, film development, vehicle licensing, and any one-time purchases that have to be handled on a cash basis.

Requests for meals, travel, and mileage related to travel should be done on an employee expense reimbursement form. All cash reimbursements for business expenses must meet the requirements of the City's Travel Allowance Policies.

This policy applies to all Council members, Employees, Volunteers and Planning Board members.

Section 2. Policy:

1. There is one petty cash accounts authorized for the City of Sultan. The amount to be included in the City's petty cash accounts shall be \$200.
2. The amount to be disbursed from the petty cash accounts for any purpose shall not exceed \$50 without the prior approval of the City Administrator or Finance Director.
3. All subsequent increases or decreases in the City's established dollar amount for the petty cash account shall be authorized by the City Council through resolution.
4. A custodian shall be appointed for the petty cash account by the Finance Director.
5. The Finance Director or their designee shall assure that the amount in the petty cash account is counted and reconciled at least quarterly by someone other than the custodian.
6. The petty cash will be kept in a locked safe place.
7. When petty cash is disbursed, it must be replenished by warrant payable to the Municipal Petty Cash. The replenishment should be subject to the same review and approval as invoices.

8. The petty cash account shall always be replenished at the end of the fiscal year (December 31st) so that expenditures will be reflected in the proper accounting period.
9. The replenishment must be by voucher with the appropriate receipts attached. The receipts should show the date, recipient, the purpose, and amount of each cash disbursement. These receipts must be signed by the person receiving the cash and their department head or designated supervisor.
10. At the time of replenishment, the custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the total authorized for the petty cash account.
11. The petty cash accounts may not be used for personal cash advances.
12. The petty cash accounts may not be used to cash checks or City warrants.

Section 3. Procedures for Receiving Petty Cash:

1. The employee makes an approved purchase and obtains a receipt from the vendor. The receipts should show the date, recipient, the purpose, and amount of each cash disbursement. These receipts must be signed by the person receiving the cash and their department head or designated supervisor.
2. The custodian assigns a petty cash slip to the employee. The slip must show date, recipient, item purchased, the purpose, the amount, and the account to be charged.
3. The employee will be reimbursed with cash within 24 hours of the receipt of the completed slip. The original, legible, sales invoice or receipt must accompany the slip.

Section 4. Procedures for Processing Petty Cash:

1. The petty cash custodian will log in the petty cash fund journal each petty cash slip issued, reflecting the slip number, individual's name, and department.
2. Upon receiving a completed petty cash slip, the custodian will verify the dollar amount of the receipt against the requested amount of cash and record the amount in the journal. The receipt should be attached to the completed petty cash slip and kept in the petty cash fund until time of reimbursement.
3. The petty cash account will be balanced at the end of each day that there is activity. The custodian will sign and date the tape detailing the petty cash slips, cash and outstanding petty cash slips, and place in the petty cash box.
4. The petty cash account will be replenished quarterly using the claims process. The replacement process is subject to the same review and approval as other claims.
5. The petty cash account will be kept locked and in a secured place.

**CITY OF SULTAN
POLICY AND PROCEDURE**

TITLE: FINANCIAL POLICY SUBJECT: CREDIT CARD USE POLICY
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EFFECTIVE DATE: April 13, 2012	ADOPTED DATE: April 12, 2012
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1.0 PURPOSE:

To authorize the City's Policy on the use of City credit cards to transact official City business.

2.0 DEPARTMENTS EFFECTED:

Mayor, Council, City Administrator, Department Heads and employees

3.0 REFERENCES:

Ordinance 949-07, Resolution 12-07 and RCW 43.09.2855

4.0 POLICY:

A. The City Council has authorized the City Administrator and Finance Director to implement procedures for the use of City credit cards for the following uses:

- **Travel:** Credit cards may be used by the above assigned individuals (section 2) for official business – related expenditures for hotel, parking, ferry, taxi, meals, gas, airline tickets, emergency city vehicle repairs and other travel related expenses as authorized by the Mayor or City Administrator. In addition the assigned individual may use the City credit card for conference and class registrations. Out of state travel and out of state registration require the Mayor's pre-approval.
- **Purchases:** The assigned credit cards may be used for ordering supplies, including on line purchases, under \$1,000 for City purposes, when pre-approved by the Department Head.
- **Purchases** where an open charge account exists may be utilized for convenience at the time of purchase with the approval of the Finance Director.
- **Credit Limit:** The credit limit for each assigned City credit card shall be \$2,500 except for Public Works which shall have a credit card limit of \$5,000.
- City credit cards shall not be used for cash advances or personal purchases.

B. Credit Cards may be issued to Departments as follows:

Administration:	Mayor, Council and City Administrator, Grants
Finance:	Finance, Legal,
Community Development:	Planning, Building, Code Enforcement
Public Works:	Parks, Streets, Cemetery, Water, Sewer, Garbage and storm

- C. Any exceptions to this policy must be approved in writing in advance by the City Administrator
- D. Assigned individuals will sign a Credit Card User Agreement (Attachment A) before they are eligible to use the card.
- E. Credit cards are to be returned to the City immediately upon ending employment with the City.
- F. Misuse of a city credit card may result in disciplinary action or termination or legal action
- G. Failure to provide detailed documentation as required by the policy will result in the user being responsible for the charge.

**CITY OF SULTAN
POLICY AND PROCEDURE**

TITLE: FINANCIAL POLICY

SUBJECT: Travel and Training

EFFECTIVE DATE: 04/12/07

ADOPTED DATE: 04/12/07

REVISED:

1.0 PURPOSE:

City Officials and employees may incur travel and/or training expenses while conducting official City business or enhancing professional skills and qualifications through attending schools, training programs, conferences or professional meetings.

The purpose of this policy is to establish fair and consistent application of and use of travel funds and vehicle usage and to provide guidelines for authorization and reimbursement of travel and training expenses.

2.0 DEPARTMENTS EFFECTED:

Mayor, Council, City Administrator, Department Heads and employees

3.0 REFERENCES:

Resolution 07-07 and RCW 42.24.090

4.0 TRAVEL POLICY:

A. Travel Liaison: The City shall appoint a Travel Liaison who shall be responsible for making travel, hotel and conference arrangements.

B. Training and Travel Plan

At budget preparation time, each Department Head shall submit a training and travel plan for the coming year. Department Heads will manage the travel training approved for their department's budget.

C. Training and Travel Categories and Priorities

Budget dollars will be allocated in the following priority order:

1. Official travel necessary to conduct city business.
2. Training legally required by state, federal or equipment use mandates.
3. Training essential to the performance of the employees work assignment
4. Training, seminars, workshops, association meetings or conferences which provide "direct identifiable benefit to the City".

3. Miscellaneous Provisions

- A. No out of state travel will be allowed without the written approval of the Mayor.
- B. Except in case of emergencies or circumstances beyond the person's control, any person who fails to attend or contact the Travel Liaison or the Department Head to cancel any prearranged accommodations and registrations for any meeting, conference, workshop or seminar shall be responsible for reimbursement to the City.

allowed by the IRS. Whenever possible, prior arrangements for billing meals to the hotel account will be made by the Travel Liaison.

1. Credit Cards: The use of city credit cards will be allowed for meals while attending conferences and training. The use of personal credit cards will require a receipt for reimbursement.
2. Restriction on Credit Card Use: The following restrictions shall apply to meal reimbursements:
 - a. No reimbursement for meals will be made if meals are included as a part of the schooling, conference, workshop or seminar.
 - b. No reimbursement shall be made for alcoholic beverages.
 - c. Employees attending half-day training will not be reimbursed for meals.
 - d. Routine meals with individuals, consultants, employees, service clubs or the way to local meetings will not be allowed.

C. Lodging

Expense will be allowed for lodging that is necessary and appropriate to the purpose of the trip.

1. Reservations: The Travel Liaison shall make lodging arrangement using the lowest rates available and requesting the government discount on all rooms. Payment shall be made by city credit card or by direct billing to the city. Use of the conference hotel is encouraged whenever possible.
3. Restrictions: The following restrictions shall apply to lodging:
 - a. Lodging expenses are generally not allowed within a fifty mile radius of the city limits for conferences, seminars, meetings or workshops with a duration of one day or less. With the approval of the Department Head, lodging will be allowed if it is more cost effective.
 - b. In the event the employee or city official takes his or her family members to a conference, the City will pay only the single room rate. Employees must reimburse the City for any amounts charged to the City for family members.
 - c. Employees choosing to travel to the conference site the day before the conference begins for their convenience will not be reimbursed for travel expense or considered to be on paid time.
 - d. The city will not reimburse the extra travel costs incurred by an individual on authorized travel who extends the trip for personal vacation or other personal reasons.

D. Registration Fees:

The cost of the registration should be included on the Request for Travel/Training form. After authorization from the Department Head is received, a completed registration form should be submitted to the Travel Liaison to make arrangements for payment or direct billing to the City.

E. Miscellaneous Expenses:

The following reasonable travel expenses shall be reimbursed if they are essential to the travel:

- a. Garage and parking fees, receipt required.
- b. Taxi expense, receipt required.



**CITY OF SULTAN
TRAVEL AUTHORIZATION REQUEST FORM**

EMPLOYEE NAME: _____ **TITLE:** _____
DEPARTMENT: _____

PURPOSE OF TRIP: (Check One)

Official or Mandated City Business Essential Training Directed Travel:

TITLE OF COURSE/SEMINAR: _____ **Credits/CEU's:** _____

CONFERENCE/WORKSHOP: _____

Describe the scope and content of the training program and how this training will be utilized in your present position:

DATES OF REQUESTED TRAVEL:

DEPARTURE: _____ **RETURN DATE:** _____

LOCATION (City and Preferred Hotel): _____

MODE OF TRANSPORTATION: (Check One)

City Vehicle Private Vehicle Air Travel Other _____

PROJECTED COSTS:

Registration _____ Meals _____

Lodging _____ Transportation _____

Miscellaneous _____ **TOTAL \$** _____

See Back Page →

**CITY OF SULTAN
TRAVEL EXPENSE VOUCHER**

NAME OF CLAIMANT _____ DATE: _____

DATE AND LOCATION OF TRAVEL _____

I HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THIS IS A TRUE AND CORRECT CLAIM FOR NECESSARY EXPENSES INCURRED BY ME AND THAT NO PAYMENT HAS BEEN RECEIVED BY ME ON THE ACCOUNT THEREOF.

SIGNATURE OF CLAIMANT

SUMMARY OF EXPENSES:

Mileage @ \$0.405	_____
Meals/Tips	_____
Hotel/Motel	_____
Other Transportation	_____
Miscellaneous	_____
Less City Payments	_____
Total Due Claimant	_____

**ITEMIZATION OF EXPENSE
RECEIPTS ARE REQUIRED FOR MEALS AND LODGING**

DATE	MEALS	LODGING	MILEAGE	MISC	PURPOSE	LOCATION

TOTALS

APPROVED BY DEPARTMENT HEAD:

_____ DATE: _____

Date Paid: _____
Voucher #: _____

CLAIMS MUST BE SUBMITTED NO LATER THAN THE 10TH DAY FOLLOWING THE CLOSE OF THE AUTHORIZED TRAVEL PERIOD FOR WHICH THE EXPENSES WERE INCURRED.

City of Sultan Purchasing Policies



Adopted November 2007
Revised August 11, 2011

**CITY OF SULTAN, WASHINGTON
RESOLUTION NO. 11-12**

A RESOLUTION OF THE CITY OF SULTAN REPEALING RESOLUTION 07-27 ESTABLISHING PURCHASING POLICIES AND PROCEDURES; ADOPTING A NEW RESOLUTION 11-12 ESTABLISHING PURCHASE POLICIES AND PROCEDURES.

WHEREAS, the City Council of the City of Sultan has determined that it is in the best interests of the City of Sultan to provide guidelines and procedures for purchases made by the City; and

WHEREAS, the City Council has determined that the procedures should provide a consistent process for the purchase of supplies, equipment and services by all City departments;

WHEREAS, the City Council adopted purchasing policies on November 15, 2007 by Resolution 07-27; and

WHEREAS, the City Council seeks to amend the purchasing policies to establish service contract authorization and limits; and

WHEREAS, the Washington State legislature has adopted new limits for purchasing office supplies, operating supplies and equipment and new limits for public works contracts involving a single trade or multiple trades;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sultan that Exhibit A entitled "City of Sultan Purchasing Policies and Procedures" are hereby adopted.

PASSED AND ADOPTED this 11th day of August 2011.

CITY OF SULTAN

Carolyn Eslick, Mayor

ATTEST/AUTHENTICATED:

Laura Koenig, City Clerk

Approved as to form:

Margaret J. King, City Attorney

Passed by the City Council:
Resolution No.:
Date Posted:



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

Exhibit A

I. PURPOSE:

This policy is established in order to reduce costs, increase efficiencies, ensure compliance with policies, laws and regulations, and establish/improve internal controls.

II. SCOPE:

This policy applies to all contracting, purchases and services provided to the City including, but not limited to materials, equipment, professional services, maintenance work, and public works.

III. RESPONSIBILITIES:

- 1.1 Procedures. The Finance Department will develop procedures to be followed for all purchases.
- 1.2 Inventory. The Finance Department will maintain an inventory of commonly used office and operating supplies to facilitate quantity buying and reduce stockpiling of supplies at a department level.
- 1.3 The Finance Department is to notify requisitioning departments whenever the quantity or specifications of materials ordered are inconsistent with sound purchasing practices and of alternative solutions and products.
- 1.4 The Finance department will coordinate the establishment of standard products which are used by multiple departments which will enable the City to combine purchases to take advantage of quantity discounts, etc.
- 1.5 The Finance Department will review all formal bids, and coordinate participation in the Municipal Research Small Works Roster. It is the responsibility of the requisitioning department to prepare technical specifications for formal bids.
- 1.6 Each Department Head has the responsibility for their department for the procurement of all goods and services; and to either provide the services for such procurement and processing or give functional directions to others delegated the authority to perform such services.
- 1.7 Specifications. All specifications must be written in a manner so as not to preclude products or services of an equal nature to participate and compete.
- 1.8 Department Head approval. All purchase orders will be reviewed and approved by the Department Head.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

- 1.9 Final determination. The Department Head has the responsibility for making the final determination of a source of supply, quantities purchased, delivery schedule and price negotiations, except where others are so authorized. These decisions will be made in compliance with the budget and all applicable procedures, policies, laws, and regulations.
- 1.10 Professional relationships. The Department Head or their designee is responsible for initiating and maintaining effective and professional relationships with suppliers, actual and potential.
- 1.11 Quotes. If the purchasing department contacts the required number of firms, but receives less than the required number of responsive quotes, the department may award to the contractor/firm with the lowest responsible quote.
- 1.12 Award. The Department Head or their designee will seek to obtain and purchase all goods at the lowest possible total end-use cost from a responsible bidder, while considering the vendor's ability to meet the City's timeliness and costs associated with opportunity loss.
- 1.13 Verifying shipments. The Department Head or their designee is responsible for verifying all shipments received for accuracy to the packing/shipping lists and ensuring that they are received in good condition. All shipments will be shipped to the appropriate department unless it is not feasible due to size, weight, hazardous materials, etc. If a shipment is received at a different location, the responsibility for verification of contents and condition falls on the employee who receives it.
- 1.14 Discrepancies. It is the responsibility of the department who requisitioned the goods to verify that they are correct and to notify all discrepancies to the finance department immediately.
- 1.15 Returns. Purchasing personnel will coordinate and negotiate the return of rejected equipment or supplies to suppliers.
- 1.16 Compliance with the budget is the responsibility of the Department Head of the requisitioning department. All purchases not appropriated in the budget must be approved by the City Council.
- 1.17 Conflict of interest. No employee will participate directly or indirectly in a procurement when they know there is a conflict of interest. Any potential conflicts should be reported to the City Administrator for his/her decision as to whether a conflict does exist.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

1.18 Solicitation of donations. The City will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing relationship.

1.19 Gifts and gratuities. No employee will accept gifts or gratuities from existing or potential vendors.

IV. DEFINITIONS:

4.1 Consultant. Any individual, organization, firm, group, association, corporation, partnership, joint venture or combination thereof that provides professional services including, but not limited to, architects, engineers, planners, appraisers, surveyors, attorneys and accountants.

4.2 Lowest Responsible Bidder. In determining the "lowest responsible bidder", in addition to price, the following elements will be given consideration:

- The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- The character, integrity, reputation, judgment, experience and efficiency of the bidder;
- Whether the bidder can perform the contract within the time specified;
- The quality of performance of previous contracts or services;
- The previous and existing compliance by the bidder with laws relating to the contract or service;
- Any preferences allowed by law; and
- Such other information as may be secured having a bearing on the decision to award the contract, including, but not limited to, life cycle cost, (i.e., the total cost of an item over its useful life) where warranted.

V. PURCHASING PROCEDURES:

The following procedures will apply to the purchase of materials, supplies, equipment and services.

5.1 Purchase Orders: All purchases of supplies and equipment require a purchase order.

- Purchases made due to an emergency must be confirmed with a purchase order as soon as it is feasible.
- Purchases made without a purchase order may be determined as unauthorized and become the responsibility of the employee initiating the purchase.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

5.2 Reoccurring Purchases: Do not require a purchase order. The following types of services are examples of reoccurring purchases:

- Phone
- PUD Power
- PSE Gas service
- SNOPAC monthly fees
- Court fees – requires Department Head approval
- Jail bills – requires Department Head approval
- Lease payments on vehicles
- Vehicle gas purchases – requires Department Head approval
- Other monthly recurring services as determined by Department Head

5.3 Consultant/Contract Services. The following types of professional services performed under contract do not require a purchase order. The city council must approve all consultant and contracts for services:

- Public Defender – requires Department Head approval
- Public Prosecutor – requires Department Head approval
- Hearing Examiner – requires Department Head approval
- Plat/Land Use Review – requires Department Head approval
- Comp Plans/Rate Studies – requires Department Head approval
- Capital Projects – requires Department Head approval. Requires a purchase order if connected to a grant or loan funded project.

5.4 Purchase Order Forms:

- The Finance Department will issues batches of pre-numbered purchase orders to each Department
- A list of the purchase order numbers will be provided with each batch of assigned purchase orders
- Departments will fill in the vendor information on the purchase order list as they issue purchase orders
- When all the purchase orders in a batch have been used, the Department Head will submit the list to the Finance Department. No additional purchase order batches will be assigned without the prior list being submitted.
- The Finance Department will audit the lists submitted to ensure that the purchase orders match up to the accounts payable.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

VI. PURCHASING PARAMETERS:

6.1 Office Supplies, Operating Supplies and Equipment

6.1.1 Purchases of office supplies, operating supplies and equipment may be made within the following limits and approval:

- \$500 or less - Department Head
- \$501 to \$4999 – Department Head and City Administrator
- \$1000 or less – Department Head
- \$1001 to \$4999 – Department Head and City Administrator

6.1.2 Purchases costing more than \$5,000 and less than \$7,500 require **at least written quotations from a minimum of two vendors**, unless the item(s) are from a sole source vendor. Purchases in this price range require the requesting department head or designee pre-approval and completion of the vendor quote form.

6.1.3 Purchases costing more than \$7,500 and less than \$15,000 **require written quotations from a minimum of three vendors if the vendor list is used**, unless the item(s) are from a sole source vendor.

In addition, the Mayor or City Administrator and requesting Department Head must approve purchase orders in this range prior to the purchase transaction. At the time of solicitation, the City will not inform a vendor of other vendor's quotes.

6.1.4

6.1.5 Purchase in excess of **\$15,000 must be bid competitively.**

6.1.6 A sole source vendor is characterized as the one and only source for the product or service in accordance with state law. The vendor shall certify that the city is getting the lowest price it offers anyone. Sole source purchases as defined by state statute must be approved as follows:

- \$5,000 to \$15,000 Mayor or City Administrator
- More than \$15,000 City Council resolution

6.1.7 Vendor list. At least twice per year, the City will publish in a newspaper of general circulation within the City a notice of the existence of vendor lists and will solicit the names of vendors for the lists in accordance with RCW 39.04.190.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

6.2 Service Contracts:

6.2.1 A service contract is a business agreement between the city and a vendor or consultant (other than architects or engineers) including but not limited to the following:

- Repair services, small equipment rental, laboratory testing services, computer and phone support services, janitorial services, and maintenance and servicing of equipment over a specified period.
- Consulting services such as accounting, inspection, plan review, finance, planning, legal or technical support.

6.2.2 Consultants and service providers, other than architects and engineers will be recommended by the department and approved by the City Council. The documentation for an award decision for service contracts will include:

- Council project authorization (may be in budget)
- Type of services needed and method of solicitation (i.e., newspaper, direct contact, etc.)
- Approximate value of contract
- Term of contract
- Basis of selection and method of evaluation

6.2.3 Quotations will be used to ensure that a competitive price is established and the purchase contract will be awarded to the lowest responsible bidder as defined in this policy.

6.2.4 Service Contract Approvals

- All contracts and contract amendments for services require the approval of the city council regardless of dollar amount.
- Contracts for services and contract amendments where the total contract value is less than \$5,000 may be placed on the consent agenda for council approval.
- Contracts for services and contract amendments where the total contract value is \$5,000 or more must be approved by the city council as an affirmative action (i.e. placed on the agenda as an "action" item).

6.2.5 Purchases of services may be made within the following limits and approval:



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

1. Purchases less than \$5,000 require at least two documented telephone or electronic quotes and must be approved by the Department Head and by action of the City Council. Criteria for approval include, but are not limited to:
 - cost
 - quantity
 - type of item
 - past purchasing history and length of time since the quotation process was performed
 - purchasing intervals,
 - availability
 - previous vendor performance
 - familiarity with available vendors
 - requisitioning departments
 - time line, etc.
2. Purchases between \$5,000 and \$15,000 require **written quotations** from **a minimum of two vendors**.
3. Purchases between 15,001 and 49,999 will require **three written quotes**.
4. Purchases of \$50,000 or above - a request for proposal process is required.
 - Advertisement. The purchasing department shall advertise in appropriate publications and/or use the professional services listings, as available, during the solicitation process.
 - Fourteen-Day Notice. Notice inviting RFPs should be advertised at least fourteen calendar days before the due date of submission of the RFP.
 - Notice Contents. The notice shall, at a minimum, describe the general type of service needed, how the RFP minimum scope of work can be obtained, the requirement of a written sealed proposal, and state the closing date, place, and time for submission of the RFP.
 - Solicitation Procedure. Sealed request for proposals should be submitted to the city clerk or department head. RFP's need not be opened publicly. All proposals shall be analyzed by the mayor or city administrator and the requesting department for compliance with RFP requirements, value of total scope of services and a recommendation made to city council for



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

selection, or for follow up interviews of those submitting a proposal.

5. Purchasing departments may choose to use an RFP process 6.2.5(4) in lieu of the purchasing procedures for service contracts less than \$50,000.

6.3 Public Works Projects:

6.3.1 Public works projects are governed by RCW 35.23.352 and RCW 39.04.155, as well as Resolution 9-12 for establishing a small works roster process. All public works contracts must be approved by the city council regardless of dollar amount.

- All public works contracts and contract amendments for services require the approval of the city council regardless of dollar amount.
- All public works contracts and contract amendments where the total contract value is less than \$5,000 may be placed on the consent agenda for council approval.
- All public works contracts and contract amendments where the total contract value is \$5,000 or more must be approved by the city council as an affirmative action (i.e. placed on the agenda as an "action" item).

6.3.2 The city is required to pay prevailing wage on all public works contracts and maintenance contracts of any nature and for any amount (RCW 39.12).

6.3.3 The city must withhold retainage and must also have a contractor's performance and payments bonds on file before awarding a contract unless the Limited Public Works process is used in accordance with RCW 36.04.155.

6.3.3 Small works roster. The small works roster may be used in lieu of competitive bidding for public works projects valued below \$300,000 in accordance with Resolution 09-12.

6.3.4. Limited Public Works. The Limited Public Works process may be used for public works projects estimated to cost less than \$35,000.

- Electronic or written quotes from a minimum of three contractors off the small works roster are required. The contract must be awarded to the lowest responsible bidder.
- The city may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW.



**CITY OF SULTAN
PURCHASING POLICIES AND PROCEDURES**

6.3.5 Projects for which the small works roster is not used will be handled as follows:

Less than \$5,000	Purchases less than \$5,000 require at least two documented telephone or electronic quotes and must be approved by the Department Head and by action of the City Council.
\$5,000 - \$15,000	Three written quotes are required.
One craft or trade \$15,000 - \$40,000	Three written quotes are required.
Multiple craft or trade \$15,000 - \$65,000	Three written quotes are required.
>\$40,000 single craft or trade	Formal bidding is required.
>\$65,000 multiple craft or trade	Formal bidding is required.

6.4 Professional Services:

6.4.1 Contracts for professional architectural, landscape architecture, surveying and engineering services require an advertising and negotiation process (Request for Qualifications) in accordance with RCW 39.80.

- **Advertisement.** The purchasing department shall advertise in appropriate publications and/or use the professional services listings, as available, during the solicitation process.
- **Fourteen-Day Notice.** Notice inviting RFQ should be advertised at least fourteen calendar days before the due date of submission of the RFQ.
- **Notice Contents.** The notice shall, at a minimum, describe the general type of service needed, how the RFQ minimum scope of work can be obtained, the requirement of a written sealed proposal, and state the closing date, place, and time for submission of the RFQ.
- **Solicitation Procedure.** Sealed request for proposals should be submitted to the city clerk or department head. RFQ need not be opened publicly. All proposals shall be analyzed by the mayor or city administrator and the requesting department for compliance with RFQ requirements, value of total scope of services and a recommendation made to city council for selection, or for follow up interviews of those submitting a proposal.



CITY OF SULTAN PURCHASING POLICIES AND PROCEDURES

6.4.2 Professional Service Contract Approvals

- All professional services contracts must be approved by the city council regardless of dollar amount.
- All professional services contracts and contract amendments for services require the approval of the city council regardless of dollar amount.
- All professional service contracts and contract amendments where the total contract value is less than \$5,000 may be placed on the consent agenda for council approval.
- All professional service contracts and contract amendments where the total contract value is \$5,000 or more must be approved by the city council as an affirmative action (i.e. placed on the agenda as an "action" item).

BUDGETING

2.4

Budget Compliance

2.4.1

Introduction

2.4.1.10 A budget is a legal document that forecasts the financial resources of a government and authorizes the spending of those resources for a fiscal period. At a minimum, local governments' budget must meet the requirements of Washington state law and the State Auditor's Office. The SAO does not prescribe how to budget or what a budget should look like. The adopted budget should be of sufficient detail to be meaningful and meet the intention of the law. The SAO considers budgets showing revenues and expenditures at the legal fund level to be the minimum acceptable level of detail.

2.4.1.20 Budgeting is more than just an activity to satisfy state law. It is a sophisticated process of strategic planning, communication and policy development resulting in a detailed plan of operations for allocating and monitoring the use of limited resources among various competing demands. Teaching how to budget is outside the scope of the BARS. However, there are many educational resources available to local governments, such as the Municipal Research and Services Center (mrsc.org) and the Government Finance Officers Association (gfoa.org).

2.4.1.30 **Glossary of Budgetary Terms:**

- ✓ **Appropriation.** The legal spending level authorized by a budget ordinance or resolution. Spending should not exceed this level without prior approval of the governing body.
- ✓ **Original Budget.** The first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law.
- ✓ **Final Amended Budget.** The original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.
- ✓ **Comprehensive Budget.** An government-wide budget that includes all resources the government expects and everything it intends to spend or encumber during a fiscal period. The comprehensive budget contains annual/biennial appropriated budgets, the annual/biennial portion of continuing appropriations such as the capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and all non-budgeted funds.
- ✓ **Fixed Budget.** Those budgets which set an absolute maximum or ceiling on the expenditures of a particular fund, department, or other specific category. A fixed budget can be either an annual/biennial appropriated budget or a continuing appropriation. Fixed budgets must be adopted by ordinance or resolution, either for the government's fiscal period or at the outset of a service project, debt issue, grant award, or capital project.
- ✓ **Annual/Biennial Appropriated Budget.** A fixed budget adopted for the government's fiscal period. The appropriated budget was traditionally used to determine a government's property tax levy, and a ceiling on expenditures was made absolute so that the expenditures of a government unit would not exceed its revenues. This budget was also historically a balanced

budget, estimated revenues equaling appropriations. The appropriated budget is still used to set tax levies and some budget statutes still require balanced budgets, but it is more generally used to authorize a specific amount of expenditures regardless of whether estimated resources meet or exceed that amount. Appropriated budgets are required by statute in cities (Chapter 35.32A RCW, Chapter 35.33 RCW and Chapter 35A.33 RCW), counties (Chapter 36.40 RCW), and most other local governments in Washington State. These budgets are also called legal budgets, adopted budgets, or formal budgets. The appropriated budgets should be adopted by ordinance or resolution.

- ✓ **Continuing Appropriation.** A fixed budget which authorizes expenditures for a fiscal period that differs from the government's fiscal year, such as capital projects, debt issues, grant awards, and other service projects. These expenditures require an ordinance or resolution to authorize the project, establish the assessment roll, adopt the debt amortization schedule, or accept the grant award. Such ordinances or resolutions set an absolute maximum or ceiling on the expenditures, but the time period for incurring expenditures does not coincide with the government's fiscal year; it may even cover several years. The major difference between annual/biennial appropriated budgets and continuing appropriations is that the latter do not lapse at fiscal period end; this implies that no legislative action is required to amend the annual/biennial portion of a continuing appropriation, unless the total authorized expenditures would exceed the entire appropriation.
- ✓ **Flexible Budgets.** Are usually regarded as managerial tools, which do not set a ceiling on expenses or expenditures but establish a plan for them at various levels of service. They are especially appropriate for the day-to-day operations of a public utility where it is essential to plan fluctuations in the demand for services and where revenues will automatically increase with demand, so that a balanced budget does not depend on establishing a ceiling for expenses.
- ✓ **Working Capital Budget.** Combines flexible and fixed budget elements in one document for enterprise and internal service funds. Current operations are flexibly budgeted based on the estimated level of services to be provided and long-range sources and uses of assets are controlled by annual/biennial appropriations and continuing appropriations.
- ✓ **Capital Improvement Budget.** Consists of two elements: the annual/biennial portion of capital projects and annual/biennial appropriations for the purchase, construction or replacement of major fixed assets in the current fiscal period.
- ✓ **Operating Budget.** Presents the estimated expenditures and available resources necessary to provide the services for which the government was created. An operating budget will contain flexible budgets and fixed budgets; the fixed budgets will include annual/biennial appropriations for services and the annual/biennial portion of continuing appropriations for debt service and for service projects.
- ✓ **Encumbrances.** Commitments related to unperformed (executory) contracts for goods or services should be utilized to the extent necessary to assure effective budgetary control and to facilitate cash planning. Encumbrances outstanding at year end represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed; they do not constitute expenditures or liabilities.

BUDGETING

2.4
2.4.2

Budget Compliance
Budget Process

2.4.2.10 The budgetary process encompasses a number of different activities and decisions over a period of several months. See the budget calendar below for cities and counties. Similar steps can be used to develop all types of budgets.

BUDGET CALENDAR

Steps in Budget Preparation	Cities	Counties
<p>1 BUDGET ESTIMATES Department heads are requested by clerk to prepare estimates of revenue and expenditures for the next fiscal year.</p>	<p>On or before the second Monday of the fourth month prior to the beginning of the city's/town's next fiscal year (i.e., September).</p> <p>RCW <u>35.33.031</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.050</u> (Biennial Budgets) RCW <u>35A.33.030</u> (Code Cities) RCW <u>35A.34.050</u> (Code Cities - Biennial Budgets)</p>	<p>On or before the second Monday in July.</p> <p>RCW <u>36.40.010</u></p>
<p>2 BUDGET ESTIMATES Estimates are to be filed with the city clerk/county auditor.</p>	<p>On or before the fourth Monday in September.</p> <p>RCW <u>35.33.031</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.050</u> (Biennial Budgets) RCW <u>35A.33.030</u> (Code Cities) RCW <u>35A.34.050</u> (Code Cities - Biennial Budgets)</p>	<p>On or before the second Monday in August.</p> <p>RCW <u>36.40.010</u></p>
<p>3 PROPOSED PRELIMINARY BUDGET Estimates are presented to the chief administrative officer for modification, revision, or additions.</p>	<p>On or before the first business day in October.</p> <p>RCW <u>35.33.051</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.070</u> (Biennial Budgets) RCW <u>35A.33.050</u> (Code Cities) RCW <u>35A.34.070</u> (Code Cities - Biennial Budgets)</p>	<p>County auditor or chief financial officer shall prepare the county budget.</p> <p>RCW <u>36.40.040</u></p>

<p>4 PRELIMINARY BUDGET Chief administrative officer provides the legislative body with:</p> <p>(a) Estimates of revenues (setting of levies),</p> <p>(b) Clerk's proposed preliminary budget, and</p> <p>(c) Copies of the preliminary budget are made available to the public.</p>	<p>(a) Revenue estimates (setting of levies) due no later than the first Monday in October.</p> <p>RCW <u>35.33.135</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.230</u> (Biennial Budgets) RCW <u>35A.33.135</u> (Code Cities) RCW <u>35A.34.230</u> (Code Cities - Biennial Budgets)</p> <p>(b) Preliminary budget at least 60 days before the beginning of the next fiscal year and,</p> <p>(c) Copies are made available to the public not later than six weeks before the beginning of the city's next fiscal period.</p> <p>RCW <u>35.33.055</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.080</u> (Biennial Budgets) RCW <u>35A.33.052</u> (Code Cities) RCW <u>35A.34.080</u> (Code Cities - Biennial Budgets)</p>	<p>(a) Revenue estimates are part of the preliminary budget process and due when preliminary budget is due. See next section.</p> <p>RCW <u>36.40.040</u>; RCW <u>36.40.090</u></p> <p>(b) Preliminary budget submitted by the auditor to the Board of County Commissioners on or before the 1st Tuesday in September for adoption of the preliminary budget.</p> <p>(c) Copies of the preliminary budget are available to the public not later than two weeks immediately preceding the first Monday in October.</p> <p>RCW <u>36.40.050</u>; RCW <u>36.40.060</u></p>
<p>5 NOTICE OF PUBLIC HEARING Clerk publishes notice of filing of preliminary budget with city clerk and publishes notice of public hearing on final budget once a week for two consecutive weeks.</p>	<p>Published no later than the first two weeks in November.</p> <p>RCW <u>35.33.061</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.100</u> (Biennial Budgets) RCW <u>35A.33.060</u> (Code Cities) RCW <u>35A.34.100</u> (Code Cities - Biennial Budgets)</p>	<p>Notice shall be published once each week for two consecutive weeks immediately following adoption of the preliminary budget.</p> <p>RCW <u>36.40.060</u></p>

<p>6 PUBLIC HEARING Budget hearing is held.</p>	<p>On or before the first Monday of December, and may be continued from day to day but not later than the 25th day prior to the commencement of the new fiscal year.</p> <p>RCW <u>35.33.071</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.110</u> (Biennial Budgets) RCW <u>35A.33.070</u> (Code Cities) RCW <u>35A.34.110</u> (Code Cities - Biennial Budgets)</p>	<p>On the first Monday in October.</p> <p>RCW <u>36.40.070</u></p>
<p>7 FINAL BUDGET Adoption of budget for next fiscal year.</p>	<p>Following the conclusion of the hearing and prior to the beginning of the fiscal year, the legislative body shall by ordinance adopt the budget in its final form.</p> <p>A copy of the finalized budget must be sent to the Association of Washington Cities. RCW <u>35.33.075</u> (2nd, 3rd, towns, 1st class<300,000) RCW <u>35.34.120</u> (Biennial Budgets) RCW <u>35A.33.075</u> (Code Cities) RCW <u>35A.34.120</u> (Code Cities - Biennial Budgets)</p>	<p>At the conclusion of the budget hearing, the county legislative authority shall by resolution adopt the budget.</p> <p>A copy of the finalized budget must be sent to the State Auditor's Office. RCW <u>36.40.080</u></p>

Which funds need budgets?

- 2.4.2.20 Generally, all governmental funds including the general fund (also called the current expense fund) and special revenue funds of a local government must have annual/biennial appropriated budgets. Most debt service and capital project fund budget requirements are met by the continuing appropriation contained in the enabling legislation. These funds may not need annual/biennial appropriated budgets.
- 2.4.2.30 Expenses of proprietary, internal service and fiduciary funds are not considered to be appropriations and therefore are only subject to budgeting requirements as required by the government's policy.
- 2.4.2.40 Fiduciary and permanent funds are subject to the trust agreement and their use is restricted by such.
- 2.4.2.50 Local governments may separately account for different aspects of a legal fund in several "sub-funds" on their general ledger for managerial purposes and roll-up these funds for financial reporting purposes. The minimum level of detail for budget purposes is the legal fund level.

2.4.2.60

Budgeted expenditures (or estimated expenses) should be limited to the amount of budgeted revenues plus the beginning fund balance. Governments are not authorized to appropriate (or estimate) more resources for expenditures than are available. Note that this requirement only applies at the legal fund level. Entities may budget a negative fund balance for departments, programs or sub-funds so long as the combined fund balance for the legal fund is positive.

What constitutes appropriations?

2.4.2.70

All final amounts budgeted as expenses, expenditures, transfers and other financing uses for a fund or department is the appropriation. The government cannot legally exceed this amount. Ending fund balance and nonrevenues (BARS 508 and 58X, if shown on the budget) would not be considered an appropriation. Only line items shown as expenditures (BARS 51X-57X and 59X) would be considered appropriations.

BUDGETING

2.4
2.4.3

Budget Compliance **Budget Adoption and Amendments**

2.4.3.10 All taxing districts must file certified levies and budgets with the county per RCW 84.52.020. All taxing districts are required to hold a public hearing on the proposed levy and budget (excluding capital, enterprise, and special assessment funds) and adopt their levy by ordinance or resolution per RCW 84.55.120.

2.4.3.20 Additional specific requirements for local governments that **are required to expend within their budget** are as follows:

- **Air Pollution Control Authorities (RCW 70.94.092)**. The budget year of each activated authority is July 1st to June 30th. On or before the fourth Monday in June of each year, the activated authority must adopt a budget sufficient to carry out the provisions of all applicable ordinances, resolutions, and local regulations related to the reduction, prevention, and control of air pollution.
- **Cities over 300,000 in population (Chapter 35.32A RCW)**. No later than 90 days prior to the beginning fiscal year, the mayor must submit the proposed budget to the city council who may accept or revise the budget. A summary of the proposed budget must be advertised in the official city newspaper at least once. Public hearings must be scheduled on two or more days, and the scheduled hearings must be published in the city official newspaper and provided to general news media. No later than 30 days prior to the beginning of the fiscal year, the city council must adopt an ordinance approving the budget submitted by the mayor. The detail of the budget is specified by the state statute, and in no case can the adopted budget expenditure allowances exceed total estimated revenues unless accompanied by proposed legislation to raise an equivalent amount of additional revenue. The detail of the budget is specified by the state statute.
- **Cities under 300,000 in population (Chapter 35.33 RCW)**. At least 60 days prior to the beginning of the fiscal year (or other time as established by ordinance or charter), the chief administrative officer must submit the preliminary budget to the legislative body. The clerk must publish a notice once a week for two consecutive weeks in the official city newspaper that includes the following information: a copy of the preliminary budget is available to any taxpayer; and the date, time, and place the legislative body will meet to discuss the budget (must be on or before the first Monday of the month preceding the beginning of the fiscal year). Prior to the beginning of the fiscal year, the legislative body must adopt an ordinance approving the budget. A complete copy of the final budget as adopted must be transmitted to the association of Washington cities. The detail of the budget is specified by the state statute.
- **Counties (Chapter 36.40 RCW)**. On or before the first Tuesday of September each year, the auditor must submit the budget to the board of county commissioners, who may accept or revise the preliminary budget. Immediately following the adoption of the preliminary budget, the county legislative authority must publish a notice once a week for two consecutive weeks in the official county newspaper that includes the following information: a copy of the preliminary budget is available to any taxpayer; and the date, time, and place the legislative body will meet to discuss the budget and making tax levies. Copies of the preliminary budget must be available two weeks prior to the first Monday in October. At the conclusion of the budget hearing the county legislative authority must adopt a resolution approving the budget.

- **Diking, Diking Improvement or Consolidated Diking Districts (RCW 85.38.170)**. On or before December 1st each year, the governing body must adopt a resolution approving the budget and special assessments sufficient to finance the budget. A copy of the resolution must be forwarded immediately to the county commissioners.
- **Drainage, Drainage Improvement or Consolidated Drainage Districts (RCW 85.38.170)**. On or before December 1st each year, the governing body must adopt a resolution approving the budget and special assessments sufficient to finance the budget. A copy of the resolution must be forwarded immediately to the county commissioners.
- **Flood Control Districts (RCW 86.09.466)**. On or before November 1st each year, the board must adopt a budget including the amount of funds necessary. The district must submit this budget for approval by the county commissioners, who may accept the budget as submitted or revised. The district's assessments for the year are limited to the approved budget. The budget shall only be approved after a public hearing with notice per RCW 36.32.120(7).
- **Flood Control Zones (RCW 86.15.140)**. Annually, at the same time that county budgets are required to be prepared, the board of supervisors must adopt a budget. The detail of the budget is specified by the state statute.
- **Library Districts (RCW 27.12.210)**. Annually, prepare and certify a budget to deliver to the county "in ample time" for the county to levy taxes.
- **Sewerage Improvement Districts (RCW 85.38.170)**. On or before December 1st each year, the governing body must adopt a resolution approving the budget and special assessments sufficient to finance the budget. A copy of the resolution must be forwarded immediately to the county commissioners.

2.4.3.30 Requirements for local governments that are not limited to expenditures within their budget are as follows:

- **Fire Districts (RCW 52.16.030)**. Annually, after the county board has equalized the assessments for general tax purposes, the district secretary must prepare and certify a budget for each fund. The budget must be delivered to the county board in ample time for the tax levies to be made for the district.
- **Hospital Districts (RCW 70.44.060(6))**. On or before November 1st, the superintendent must prepare and submit a proposed budget to the district commission. The district must publish a notice of a public hearing once a week for two consecutive weeks in a newspaper printed in and of general circulation of the county that states the date, time, and place the commission body will meet to discuss the budget. The hearing must be held on or before November 15th. At the conclusion of the hearing, the commission must adopt a resolution approving the budget. *Note: Hospital districts are not required to amend their budgets if actual expenditures exceed those budgeted.*
- **Housing Authorities**. Not required by state law to create or follow a budget. However, authorities are required to create budgets for most of the federal grants they receive. The authority's responsibilities for these budgets would be a matter of grant compliance.

- **Irrigation/Reclamation Districts (RCW 87.80.140).** Not required by state law to create or follow a budget. However, Boards of Joint Control established under Chapter 87.80 RCW must prepare annual budgets per RCW 87.80.140 on or before the month of September each year.
- **Port Districts (Chapter 53.35 RCW).** On or before the September 15 each year, port commission must prepare a preliminary budget showing estimated revenues and expenses. Between September 15 and the first Tuesday (following the first Monday) in October, the port must advertise, hold a hearing and adopt a final budget by resolution. The port has until the first Wednesday (following the first Monday) in October to submit a certified copy of the budget to the county. However, ports are not required to limit expenses to budgeted amounts.
- **Public Development Authorities.** Not specifically required by state law to create or follow a budget. However, PDAs operations and funds are subject to the creating government's limitations and budgeting restrictions.
- **Public Facilities Districts.** As a proprietary fund, PFDs are not subject to budgeting requirements; they are not required by state law to create or follow a budget.
- **Public Utility Districts (RCW 54.16.080).** *If property taxes are levied*, a budget is required, although the PUD is not required to limit expenses to budgeted expenses. On or before the first Monday in September, the district must prepare a preliminary budget. A notice of the budget hearing must be published at least two consecutive weeks in a newspaper of general circulation within the county. The hearing must occur on the first Monday in October, at which the commission must adopt the budget by resolution.
- **Water/Sewer Districts.** As a proprietary fund, water-sewer districts are not subject to budgeting requirements.

Budget Amendments

2.4.3.40

For governmental funds, budgeted appropriations are legally binding. This means that the government cannot spend more than the amount budgeted. As new information becomes available throughout the year, the government can amend (increase) the budget through formal processes. Budget compliance is determined at the end of the fiscal period. Therefore, amendments may be done at any time during the fiscal period, but cannot be done after the fiscal period. If the entity adopts a biennial budget, amendments may be made at any time during the biennium. Regardless, budgetary authority must be in place before actual expenditures are made.

The following local governments have specific requirements for adoption of supplemental budgets:

- **Flood Control Zones (RCW 86.15.140).** If additional funds become available, a supplemental budget may be done covering additional authorized improvements. Supplemental budgets shall only be approved after a public hearing with notice per RCW 36.32.120(7).
- **Port Districts (RCW 53.35.050).** Supplemental budgets may only be adopted by resolution subsequent to a hearing that is advertised between 5 and 15 days in advance of the hearing.

SULTAN CITY COUNCIL RETREAT AGENDA ITEM COVER SHEET

ITEM NO: Discussion 3
DATE: March 31, 2016
SUBJECT: Goal Setting
CONTACT PERSON: Ken Walker, City Administrator

ISSUE:
The item before the city council is a goal setting workshop..

DISCUSSION:
The top goals are broad imperatives that will, of necessity, include many of the more narrowly tailored goals. Accordingly, the goals could be consolidated to reflect this.

GOAL SETTING SESSION:
The technique and process we will use is simple, straight forward and to the point. The steps in the goal setting process are :

1. **LOOK BACK:**
Review the goals set last year. Using a scale from 1 -10, assign a rating of how successful you believe you as a council were in accomplishing each of the goals.
- DISCUSS LONG RANGE ISSUES:**
Brain storm to identify potential goals for next year.
- GROUP GOALS BY TOPIC:**
Cluster various goal statements into logical groupings under appropriate headings. Individual goals should be edited, analyzed, and often rewritten to meet the needs of the council.
- PRIOPRTIZE GOALS:**
Resource points are distributed among the various goals and objectives to represent the collective sense of priority of the council as a whole.

This exercise will follow the above outline using flip charts, listing the ideas discussed. We will work as a council to develop final goals to provide staff direction and citizens information.

Please list your most important goals prior to attendance if possible to facilitate an efficient exercise and effective conclusion.

ATTACHMENTS

- A – Proposed 2016-2020 Budget Themes
- B – 2016-2018 Work Plan

2016-2020 Budget Themes

Public Safety

1. Reduce incidents of crime as measured in monthly police reports
2. Reduce the city's transient population and incidents of anti-social behavior not acceptable to the Sultan community.
3. Improve the community's perception of public safety.
4. Use technology – such as security cameras and emergency sirens to leverage manpower.
5. Seek strategic partnerships such the school resource officer, volunteers, and emphasis patrols to improve community safety.

Economic Development

1. Seek strategic public and private partnerships to enhance the city's economic growth.
2. Remove unnecessary bureaucracy and regulatory barriers to encourage economic development while maintaining city standards.
3. Maintain the city's existing public buildings, parks and streets.
4. Improve and enforce existing land use and building code regulations.
5. Prepare the city's parks, roads, stormwater, water and wastewater facilities for an increasing population and more rigorous state and federal operating standards.
6. Support business growth working with regional partners to bring recreational business and opportunities to the valley.

Community Development

1. Stay current with growth management act and other state planning requirements. Update supporting plans as required and needed.
2. Maximize land use strengths such as proximity to US 2 while minimizing land use weaknesses such as proximity to floodplain.
3. Strategically study city owned resources and seek opportunities to lead community development with public investment.

Fiscal Responsibility

1. Fully utilize financial software programs and technology to increase efficiency
2. Proactively manage equipment replacement
3. Proactively manage facility maintenance
4. Pay off existing loans and reduce the city's debt service payments. Limit future debt obligations until economic recovery is certain.
5. Seek to set aside the legally allowable amount in the general fund contingency account and 60-day operating reserve.
6. Stay current with utility rates to ensure adequate revenues to meet expenditure assumptions.

2016-2018 Work Plan

Public Safety

- Fund annual security cameras replacement program - \$2,000 per location for replacement and installation
- Continue fire inspections of public and private businesses to ensure public safety.
- Work with Snohomish County Sheriff's Office to bring emphasis patrol to city.
- Enhance prosecution of criminal behavior.

Economic Development

- Continue business retention and education efforts – roundtables and workshops.
- Amend the city's land use and development codes to enhance usability
- Participate in public/private partnerships to increase recreation and tourism opportunities in the Sky Valley - No direct cost. In-house staff.
- Support construction of the Boys and Girls Club, phase II.
- Complete Utility Plant short-term improvements and remove bottlenecks.
- Fund road and street maintenance leveraging grant opportunities
- Fund capital improvements to enhance public owned facilities such as City Hall (community center), Post Office and Food Bank.
- Identify potential parcels for future park acquisition and set aside park impact fees for specific acquisition strategy.

Community Development

- 2015 comprehensive plan – urban growth area change \$300,000.
- Complete Donut Hole annexation.
- Complete trail system from Riverfront Park to Osprey Park.
- Complete the rewrite of development (Title 16) and utility (Title 13) code.
- Complete the 124th St annexation.

Fiscal Responsibility

- Continue to implement debt service reduction plan
- Complete cemetery rate study to ensure adequate revenues for perpetual care.
- Use computer systems to reduce redundant data entry and increase efficiency.
- Create 60 day operating reserve for all operating funds.
- Update sewer and water rate studies following growth allocation report in 2013.
- Establish depreciation schedule for equipment replacement
- Continuously review city services to improve efficiency and reduce costs.
- Complete rate studies for Water/Sewer/Storm.
- Continue succession planning for key staff positions.