

**CITY OF SULTAN
COUNCIL BUDGET RETREAT
October 10, 2015**

Schedule:

9:00 – 9:15	Mayor's Comments
9:15 – 10:30	D-1 General Fund Revenues and Expenditures
10:45 – 12:00	D-2 Public Works Operating Budgets

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**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Retreat Discussion 1
DATE: October 10, 2015
SUBJECT: 2016 General Fund Preliminary Budget

ISSUE:

The issue before the council is to discuss the preliminary 2016 Budget for the General Fund.

SUMMARY:

The city has an obligation to provide levels of service to the community that meet the basic need. Some services are mandated such as floodplain management, Growth Management Act planning, financial reporting, and building inspection. Other services such as public safety, economic development, code enforcement and park maintenance are optional.

Whether a service is mandatory or option, the city has a choice about the level-of-service or level of investment to make when providing services to the community. The budget themes identify areas of strategic investment over the next five years to coincide with the five year forecast.

The 2016 budget forecast anticipates increasing General Fund revenues and expenditures

**FOR THE BUDGET WORKSHOP ONLY THE GENERAL
FUND WILL BE DISCUSSED**

GENERAL FUNDS

CONTENTS:

GENERAL FUNDS OVERVIEW

- 001 GENERAL FUND
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- 109 COMMUNITY IMPROVEMENT FUND
- 113 BUILDING MAINTENANCE FUND
- 114 INFORMATION TECHNOLOGY FUND (IT)
- 115 INSURANCE CLAIMS FUND

The City has six different funds that have General Fund (general government) functions. These include the General Fund, General Fund Contingency Fund, Community Improvement Fund, Building Maintenance Fund and Information Technology (IT) Fund, and Insurance Claim Fund.

2016 BUDGET SUMMARY

Fund	Fund Name	REVENUE	EXPENSE
001	General Fund	\$1,895,274	
	Legislative		\$17,680
	Executive		\$66,241
	Finance/Administration		\$83,119
	Grants		\$21,110
	Legal		\$46,843
	Other Governmental		\$86,400
	Law Enforcement		\$1,017,518
	Law Enforcement - Court		\$140,400
	Emergency Management		\$6,500
	Code Enforcement		\$64,865
	Planning and Community Development		\$213,887
	Building		\$117,341
	Public Health		\$1,200
	Library		\$6,500
	Park/Recreation		\$86,064
	Miscellaneous (Transfers Out)		\$12,000
	Total Expenditures		\$1,987,668

100	General Fund Contingency	\$0	\$0
109	Community Improvement Fund	\$0	\$0
113	Building Maintenance Fund	\$0	\$0
114	Information Tech Fund (IT)	\$0	\$0
115	Insurance Claim Fund	\$0.00	\$0.00

Total General Funds

\$1,895,274

\$1,987,668

GENERAL FUND

FUND 001

The General Fund is the largest fund in the City. The general fund is supported by taxes and fees and generally has no funding restrictions. The general fund and street fund share revenue sources including property taxes and utility taxes.

The fund collects approximately \$1.9 million in revenues to cover expenditures for the city council, city administrator, land use planning and building, public safety, code enforcement, animal control, economic development and parks maintenance. The public safety budget is approximately 61% (\$1,157,918) of the general fund expenditures.

The city's total payroll expenditures for 2016 are approximately \$1,792,434. Only \$399,988 (23%) of staff salaries and benefits are charged to the general fund. The remaining costs are allocated to the street fund (\$111,785) and enterprise funds (\$1,280,661).

The city's general fund budget is built around the city's long-range strategic plan approved by the city council at the budget retreat in 2015. The strategic plan ensures the city's resources are aligned to achieve the city council's long-range goals. The city council identified four strategic goals:

- Public Safety;
- Economic Development;
- Community Development
- Fiscal Responsibility.

Balancing the 2016 Budget

The 2016 general fund budget is balanced using a combination of expenditure reductions and revenue reallocations between the general fund, street fund and enterprise funds. The proposed budget does not recommend level of service cuts.

Each year the city updates its five-year revenue and expenditure forecast. Based on the revenue and expenditure forecast, the city will experience significant impacts to the general fund in 2016. These impacts are expected to carry through 2017:

- 1) A 11% increase in property tax revenues in 2016.
- 2) A \$145,000 debt service payment for the city hall building.
- 3) An increase in utility taxes for electrical and phones.
- 4) An increase in building permit activity

The proposed budget uses a "balanced scorecard" approach to maintain levels-of-service in finance, grants/economic development, community development, building services, public safety, parks, street and building maintenance.

The 2016 proposed budget has been increased by \$231,472 from the 2015 adopted budget. The need to fund the payments on the Community Center bonds has been offset by the increase in property tax and building permits. The major areas of change include:

- Prosecutor Services are being examined and an increase in costs is anticipated.
- The Community Development Director's position will be filled in 2016.

- The Building Department staff allocation has been increased to 90%. The position has been combined with the Utility Clerk. Building activity has continued to increase since early 2014.
- Increased hours for the Grants Coordinator (80%) and
- Continue to charge the enterprise funds rent for the use of facilities owned by the general fund (\$56,011)

Revenue Assumption and Changes

General fund revenues are broken into six categories. Following is a brief overview of the key revenues proposed in the 2016 General Fund budget.

Taxes	\$1,368,392
License and Permits	\$175,500
Intergovernmental	\$169,431
Charges for Service	\$44,800
Fines and Penalties	\$15,600
Miscellaneous	\$65,540
Interfund Transactions	\$56,011
Total Revenues	\$1,895,274

Property Tax

The Snohomish County Assessor has notified the City of Sultan that the assessment value of existing property for Property Taxes Payable in 2016 will increase by 11%

The city reached its maximum levy rate of \$1.60/\$1,000 assessed value in 2011. Property tax revenues are divided between the General Fund, Street Fund, Police Bond Fund (voter approved) and the general obligation bond for the community center (councilmatic). This will limit the actual amount of revenue collected and will provide banked capacity for future years.

B&O Tax on Utilities

The collection of utility tax has been healthy and has meet or exceeded projections

Utility Taxes

The city council approved changing the percentage of Electric Utility Tax allocated between the Street Fund and the General Fund. City staff recommends continuing the 70/30 split between the General Fund and the Street Fund. General Fund Utility taxes are expected to keep pace with inflation.

Liquor Revenue

Changes in state law have resulted in an impact to liquor profit revenues. The general fund revenue in 2016 will be approximately \$40,912.

Building Permits:

Thirty-nine (39) residential building permits are anticipated in 2016. The city's major source of variable revenues are land use and building permit fees. The city is required to use building permit revenues to support building permit services including land use permit processing, building plan review, building and infrastructure inspections and overhead.

Miscellaneous - Investment Interest.

Code cities may apportion some investment earnings from funds commingled for investment purposes to the general fund rather than the participating funds unless restricted by law (RCW 35.39.034). Utility funds, bond covenants or other provisions may require that the interest be allocated to the utility fund.

Investment interest is anticipated to be minimal in 2016. The federal government is intentionally keeping interest rates low to stimulate the economy.

Since investment interest is nominal, interest earned from the utility funds is now allocated to the fund in which it is earned rather than transferring the interest revenues to help balance the general fund.

Operating Transfer In.

In 2012, the City began charging the enterprise funds (water, sewer, garbage, stormwater, streets and cemetery) \$56,011 "rent" for the use of the public works shop and city hall owned by the general fund. The general fund "owns" city hall and the public works shop buildings located on First Street. City staff established a market rate rent for city hall (\$.876/square foot) and the public works shop building (\$.438/square foot) based on the city's lease with the post office for the building at US 2 and 4th Street.

Interfund Rents

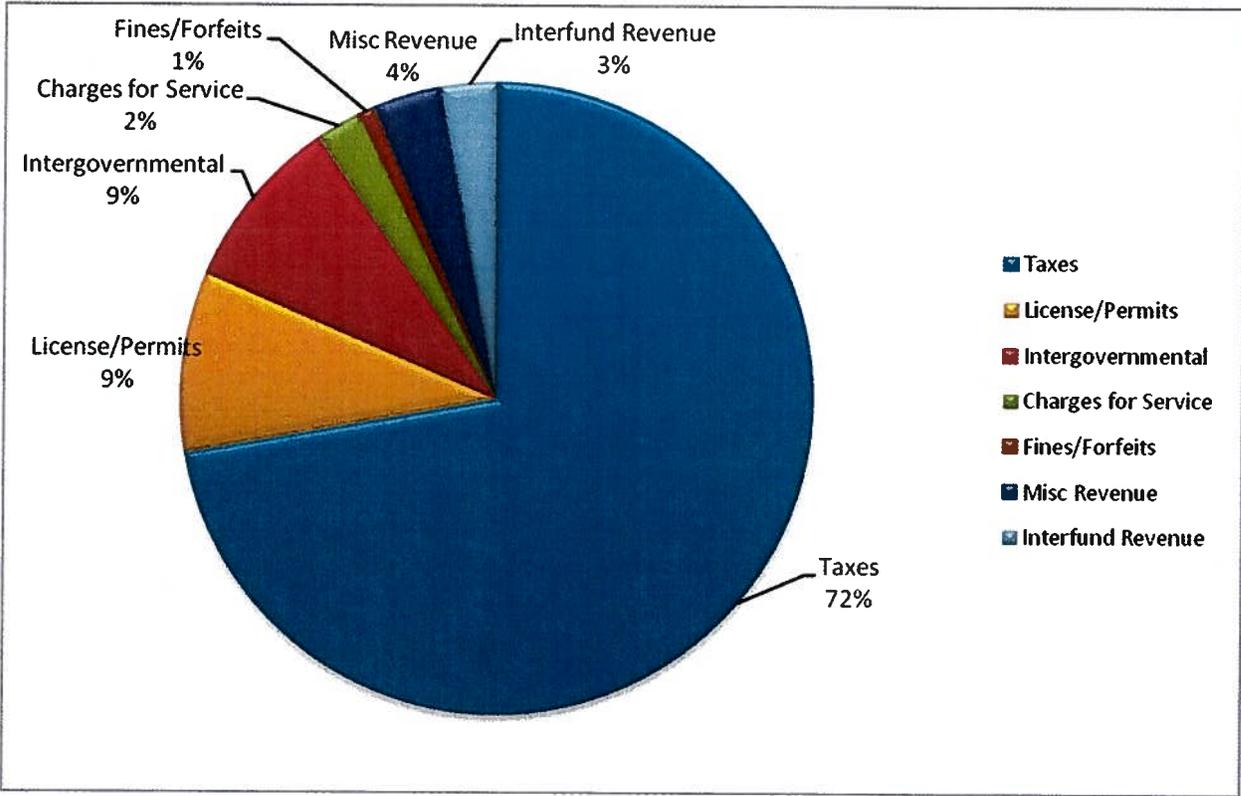
Rents are charged to the Street, Cemetery, Water, Sewer, Garbage and Stormwater funds based on the following calculations:

Total Rents	Square Feet	\$/Sqft	Less "Credits for GF use	Adjusted Total
Shop	4939	.876	(\$9,780)	\$31,727
City Hall	4228	.438	(\$20,160)	\$24,285
Total				\$56,011

The following chart shows a percentage breakdown by revenue type of the General Funds seven categories of revenue:

2016 General Fund Revenues

Taxes	\$1,368,392
License/Permits	\$175,500
Intergovernmental	\$169,431
Charges for Service	\$44,800
Fines/Forfeits	\$15,600
Misc Revenue	\$65,540
Interfund Revenue	\$56,011
Total	\$1,895,274



TAXES

Property Taxes:

Real and property taxes (\$677,079 levied for 2016) are divided between the General Fund Street Fund, GO Bond Fund and Police Bond Fund. The estimates are based on the 1% increase allowed for property taxes.

The Police bond is a voted levy and the \$31,673 is in excess of the amount levied for property taxes. The City will be limited to \$1.60 per thousand of assessed value as the Library District is collecting at the allowed rate of \$.50 per thousand and the Fire District collects \$1.50 per thousand.

General property taxes are, by state law, limited to a 1% increase over the prior year's collections plus assessments on new construction. The city is also limited by the state statutory levy rate of \$3.60 per thousand of assessed value. The Fire District can collect up to \$1.50 per thousand and the Library District can collect up to \$.50 per thousand. This would limit the City to a maximum of \$1.60 per thousand of assessed value. The County Treasurer acts as an agent to collect property taxes and distributes those collections on a monthly basis.

Property taxes are levied in specific amounts, and the rates for all taxes levied for all taxing districts in the County (including the City) are determined, calculated and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The Assessor extends the taxes to be levied within each taxing City upon a tax roll, which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the County Treasurer (the "Treasurer") by January 15 of each year, and an abstract of the tax roll, showing the total amount of taxes collectible in each of the taxing districts for the year, is delivered to the County Auditor (the "Auditor") at the same time.

Based on the maximum levy rate per thousand, the city may only collect \$590,823 in 2016. The balance of the amount levied will go into the bank capacity of the city to use when levy rates fall below \$1.60 per thousand. In 2016, the city will use banked capacity as the calculated levy rate was below \$1.60/1000.

Sales Tax Revenues:

Sales Tax revenues are fairly consistent for the City. Several new business opened in 2012-2014 including Ace Hardware, Galaxy Chocolate and Grow Washington. The city anticipates a slight increase in 2016.

Building Permits:

Estimating building permit activity is an important part of the budget due to revenue impacts to other funds. Each permit generates building and plan check fees and may generate impact fees and utility connection fees.

There has been a steady increase over the past three years. There were forty-three (43) single family permits issued in 2015. There are thirty-nine (39) single family permits anticipated in 2016.

2016 General Fund Revenue Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
001-000-308-80-000	Beginning Fund Balance	181,611	66,924	0		
001-000-311-10-000	Real/Personal Property Tax	423,849	360,403	336,250	404,769	405,000
001-000-313-11-000	Local/ Retail Sales and Use	278,295	254,064	319,692	310,000	350,000
001-000-313-71-000	Sales Tax - Criminal Justice	62,462	67,305	70,839	60,000	60,000
001-000-316-41-000	B & O Electric	147,084	174,957	184,848	165,000	175,000
001-000-316-42-000	Water Utility Tax	51,444	57,625	58,537	58,000	63,396
001-000-316-43-000	B & O Gas	48,008	56,679	60,381	60,000	48,500
001-000-316-44-000	Sewer Utility Tax	75,106	77,294	76,557	77,125	79,800
001-000-316-46-000	B & O Cable	49,360	56,529	67,119	59,000	60,000
001-000-316-47-000	B & O Telephone	144,480	106,521	92,015	95,000	91,000
001-000-316-48-000	Garbage Utility Tax	34,291	35,503	36,250	34,000	32,196
001-000-316-81-000	Gambling Tax	2,856	2,221	2,899	2,000	3,500
	Total Taxes	1,317,233	1,249,101	1,305,386	1,324,894	1,368,392
001-000-321-91-000	Cable Franchise Fees	60,205	61,317	49,481	50,000	52,000
001-000-321-99-000	Business License	16,558	14,567	14,804	17,000	15,000
001-000-322-10-100	Buildings, Structures	4,101	14,827	39,897	54,000	97,500
001-000-322-10-200	Permits - Other	9,809	6,425	12,999	8,000	9,000
001-000-322-30-000	Animal Licenses	1,430	1,729	1,327	1,500	1,000
001-000-322-90-000	Non Business Permits	657	3,316	1,860	1,500	1,000
	Total License/Permits	92,760	102,181	120,368	132,000	175,500
001-000-334-04-200	Plan Grant - Dept of Com.	0	16,970	9,000	9,000	4,500
001-000-335-03-910	PUD Privilege Tax	25,828	26,945	28,398	27,000	29,000
001-000-336-04-980	Local Government Assistance	48,838	68,517	98,113	70,000	70,000
001-000-336-06-210	Criminal Justice Funding	1,049	1,121	1,225	1,166	1,310
001-000-336-06-260	CJ Special Programs	2,610	2,750	2,969	2,652	2,894
001-000-336-06-510	DUI Cities	870	847	839	900	700
001-000-336-06-510	Liquor Excise	0	0	0	-	20,732
001-000-336-06-950	Liquor Board Profits	63,579	45,010	50,162	40,912	40,295
	Total Intergovernmental	142,774	162,160	190,706	151,630	169,431
001-000-341-81-000	Copies and Certifications	281	120	191	300	300
001-000-341-91-000	Candidate Filing Fees	0	144	18	140	0
001-000-341-99-000	Passport Fees	8,405	7,011	9,210	8,500	7,000
001-000-345-81-000	Zoning and Subdivision Fees	1,900	21,912	3,400	5,000	4,000
001-000-345-83-000	Plan Check Fees	1,736	14,660	14,032	32,000	30,000
001-000-345-85-010	Administrative Fees	0	0	490	1,400	2,500
001-000-345-89-010	Prof. - Hearing Examiner	0	0	100	500	0
001-000-345-89-000	Other Environment Protection	0	1,420	1,000	1,000	1,000
	Total Other	12,322	45,266	28,442	48,840	44,800

001-000-353-10-100	District Court	25,418	15,557	14,036	12,000	13,000
001-000-353-10-300	Violations Bureau	3,835	1,222	1,006	1,500	1,500
001-000-354-10-000	Parking Infractions	90	0	90	100	100
001-000-359-90-000	Animal Control Fines	436	861	783	500	700
001-000-359-90-010	Animal Control Fees	365	103	163	500	300
	Total Fines/Forfeits	30,144	17,742	16,078	14,600	15,600
001-000-361-11-000	Investment Interest	234	377	437	500	1,000
001-000-361-40-000	Sales Tax Interest	123	80	92	120	180
001-000-362-40-000	Rents and Royalties	54,343	31,025	6,531	7,500	7,000
001-000-362-50-000	Rental Income Post Office	0	18,813	47,860	47,860	47,860
001-000-367-11-010	Contributions/Donations	2,800	7,738	300	5,000	5,000
001-000-369-90-000	Miscellaneous /NSF fees	16,234	25,638	5,007	4,000	4,500
	Total Miscellaneous	73,734	83,670	60,226	64,980	65,540
001-000-397-10-100	Operating Transfer In	51,096	51,380	56,010	56,011	56,011
		51,096	51,380	56,010	56,011	56,011
	Total Revenues	1,901,674	1,778,426	1,777,215	1,792,955	1,895,274

GENERAL FUND EXPENDITURES

Legislative/Executive Overview

The Executive, Legislative and Administrative budgets work together to develop a vision, fund programs to achieve the vision and harness the city's resources to implement projects and programs to improve the City of Sultan.

The City of Sultan operates under the Mayor-Council form of government with a strong mayor. The Mayor-Council form of government consists of two separate and coequal power centers, each directly elected by the people: the Mayor as Chief Executive, and the Council as the municipal legislature.

The Mayor-Council form of government makes a virtue of the idea divided and shared power. Neither Mayor nor Council has the absolute last word in all instances. Under this form the independently-elected mayor has powers of appointment and removal of subordinates, administrative control over departments, and the power to veto council legislation. The resulting government structure limits the council's role to policy making and oversight, and reserves administrative power and responsibility for the mayor.

The system requires constant consultation between the Mayor and the Council; sometimes cooperating, sometimes competing and conflicting; always acting as a check and balance on the other.

Roles and Responsibilities of the Mayor and Council

- Determine the general direction for the operations of the City of Sultan
- Enacting ordinances (laws)
- Establishing budgetary (taxing and spending) policies
- Adopting the Comprehensive Plan and other guiding documents
- Adopting the annual budget
- Awarding contracts
- Fiscal oversight of expenditures
- Appointing members to the Planning Board

2016 Legislative and Executive Operating Budgets

The 2016 budget reflects a slight increase for Legislative (Mayor and Council) salaries and benefits based on the time allocation review completed by the city in 2015.

The 2016 budget includes \$500 in operating/office supplies for the mayor to recognize citizen's personal contributions and individual staff members for work above and beyond the normal job requirements. The budget includes \$5,000 to provide training to the Mayor and Council members.

2016 Legislative Priorities

Public Safety

- Reduce incidents of crime as measured in monthly police reports.
- Reduce the city's transient population and incidents of public drunkenness, public urination and defecation, graffiti, and vandalism.

- Improve the community's perception of public safety.
- Use technology, such as security cameras and emergency sirens to leverage manpower.
- Seel strategic partnerships such as the school resource officer. Volunteers, and emphasis patrols to improve community safety.

Economic Development

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

Community Development

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

Fiscal Responsibility

- Pay off existing loans and reduce the city's debt service payments. Limit future debt obligations to infrastructure replacement and upgrades to existing facilities.
- Seek to set aside the maximum amount allowed by law in the general fund contingency account and a 60-day operating reserve.
- Stay current with utility rates to ensure adequate revenues to meet expenditure assumptions.
- Proactively manage equipment replacement.
- Fully utilize financial software programs and technology to increase efficiency.

2015 Legislative/Executive Accomplishments

- Adopted ordinances to maintain current water, stormwater and recycle rates.
- Continued with the Adopt a Street Program and added Adopt a Park Program.
- Phase I of the Boys/Girls Club building completed.
- Adopted several ordinances to revise the land use sections of the Sultan Municipal Code.
- Completed the Date Street Improvement Project
- Completed the 4th Street and High Street Improvement project.
- Purchased a lawn mower for the Parks Department.
- Completed Geologically Hazardous Performance Standards Code to address critical area requirements.
- Updated the city phone system.
- Updated the Nuisance Codes.
- Implemented a new Garbage Collection System with a 10% rate reduction.
- Completed a Garbage Rate Study.
- Acquired additional Park land connecting River Park and Osprey Park.

- Installed new park signage in Osprey Park.
- Installed new Gateway Signs on US 2 to promote local events.

Council and Executive 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
005	Legislative					
001-005-511-60-100	Salaries and Wages	7,898	7,700	6,112	6,510	6,510
001-005-511-60-200	Benefits	865	1,017	800	498	500
001-005-511-60-310	Office/Operating	824	534	135	100	100
001-005-511-60-311	Office/Operating - Mayor	170	52	35	500	500
001-005-511-60-430	Travel and Seminars	4,403	4,809	5,096	4,300	5,000
001-005-511-80-490	Voter Registration	5,832	5,812	4,805	4,800	5,070
	Total Legislative	19,993	19,926	16,984	16,708	17,680

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
010	Executive/Administrative					
001-010-513-10-100	Salaries and Wages	24,983	23,001	45,920	42,637	46,252
001-010-513-10-200	Benefits	4,931	6,576	16,532	17,913	16,989
001-010-513-10-420	Communication	26	707	1,086	500	900
001-010-513-10-430	Travel and Seminars	3,364	2,511	2,590	1,500	2,000
001-010-513-10-490	Miscellaneous	184	50	50	100	100
	Total Executive	33,488	32,845	66,178	62,650	66,241

Finance Department

The services provided by the Finance and City Clerk's Office include financial management, clerical assistance to the Council, records management, risk management and legal assistance. Those services include:

Financial Services	Clerk/Legal/Records	Risk Management
Budget Preparation/Management	Minutes for City Council	Process and Review Claims
Financial Reports	Business Licenses	Develop Policies and Procedures
Grants Management	Records Management	Monitor Worker's Comp Claims
Accounts Payable/Receivable	Ordinances/Resolutions	
Investment portfolio management	Notary Services	
Payroll Services	Passport Acceptance Agency	
Utility Billing/Account Management	Easements and Right of Ways	
Debt Management	Contract management	
Investment portfolio management	Public Records Requests	
LID Account Management		
Violations Bureaus		

The General Fund supports a portion of Finance and Clerk functions. Financial and clerical functions are provided to all funds and expenditures for salaries, benefits and operating expenses are shared by all the funds.

The State Auditor requires an independent review of the annual financial records and report. The City Administrator is a CPA and has knowledge of the report preparation and financial records requirements to complete the review in house.

The City has an annual audit on the financial records and a bi-annual accountability audit. The accountability audit is to determine if the city is complying with state law, city policies and contract requirements. In 2016, the city will need a "single audit" on the federal grants received. The single audit is for state and federal granting agencies to eliminate the need for each agency to perform separate audits. The cost of the audit is shared with enterprise funds.

Travel and training for 2016 will include the annual Finance Officers conference, monthly Snohomish County Clerk/Finance Officers meeting and Springbrook Training.

The city has four licensed Notaries and these services are used by the community on a regular basis. In addition to the processing of utility payments and utility account management, in 2015 Front Office staff:

- Processed 170 (226) Passport applications
- Issued 86 (115) pet licenses
- Processed and issued 158 Building Permits. These permits included home repairs, fences, roofs, demolition, garages, firework stands, 43 new homes, and 1 commercial buildings.

- Processed business license applications. There are 275 records in the Sultan license file.
- Processed 105 meter change outs from old meters to the electronic meters
- Set up 53 new water service accounts
- Processed 100 utility payoff requests; 89 were for closed home sales
- Set out 165 (220) leak letter notifications to customers.

NOTE: The above numbers are for January –September 2015. (Annualized)

2016 Goals

- Complete the conversion and transfer to electronic water meter system in the utility billing module.
- Complete the updates to Title 8 and Title 13 of Sultan Municipal Code.
- Maintain A+ rating on Water/Sewer bond refinance and the AA- rating on the new Water/Sewer bonds issued in 2014 with Standard and Poors.
- Continue to update the Sultan Municipal Code annually.
- Continue the Records Management program. This will include achieving old records to preserve them and to develop a centralized filing system.
- Continue to cross train employees to handle payroll, cash receipting, special assessments, utility payments and the building permit module.

2015 Goals

Goals	Status
Continue the Records Management program. This will include achieving old records to preserve them and to develop a centralized filing system.	On-going annual process.
Update Personnel Policies and the Employee Handbook to ensure compliance with Federal and State laws.	This project will be complete in 2016
Continue to cross train employees to handle payroll, cash receipting, special assessments, utility payments and the building permit module.	This is an on-going process.
Continue to meet the State Auditor's goal that the City has independent review of the financial reports. The budget includes funding to continue the contract services for financial review and assistance.	On-going.
Continue the conversion and transfer to electronic water meter system in the utility billing module.	Completed for residential, commercial will be completed in 2016.
Complete the updates to Title 8 and Title 13 of Sultan Municipal Code.	This project and will be completed in 2016.

Finance 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
015	Finance Administration					
001-015-514-23-100	Salaries and Wages	35,725	35,668	38,434	46,211	50,073
001-015-514-23-200	Benefits	10,860	15,671	16,700	23,565	23,446
001-015-514-23-320	Office Supplies	289	551	448	200	300
001-015-514-23-412	Audit Costs	14,604	7,032	3,731	6,000	6,000
001-015-514-23-430	Travel and Seminars	2,381	1,274	1,259	1,500	1,500
001-015-514-23-491	Bank Fees	2,322	921	908	650	800
001-015-514-23-490	Miscellaneous Expense	0	665	1,063	350	1,000
001-015-518-60-460	Judgments/Settlements	0	0	12,750	-	-
	Total Finance	66,182	61,782	75,293	78,476	83,119

Grants & Economic Development Department

The duties of the Grant and Economic Development Department are to assist with the planning and coordinating the annual grant/loan application process for all new grants and loans; organize and conduct interdepartmental and agency meetings to identify and prioritize project funding needs, assist the Mayor with economic development programs and oversee the volunteer program.

The Grants Coordinator:

- Helps complete grant applications and coordinates Federal, State, and County grant applications for the City of Sultan.
- Works with staff and consultants to produce quality grant applications.
- Orchestrates ground breakings, ribbon cuttings, and dedications of successful grant funded projects.
- Nominates and completes applications of successful grant funded projects for statewide achievement awards and recognition.

The purpose of the Economic Development is to:

- Networking with the business community for the purpose of Economic Development
- Monitoring business activity, assisting with ways to retain current businesses and assisting in their development and growth and attracting new businesses to the City.
- Assists the Mayor with marketing and education to the citizens and general public about the benefits of doing business in Sultan and all along the US 2 corridor from Snohomish to Skykomish.

Business Retention and Expansion Efforts

Retaining an existing business is often easier than recruiting new firms. 40 to 80% of new jobs are created by existing firms. Focusing on business retention is vital to the economic health of all business communities.

The City of Sultan continues to identify and document local business assets, profiles and infrastructure needs following the visits of each business. As a result of interviews with the businesses, the City has been able to connect businesses to share needs and assets that otherwise wouldn't have been known. Individual concerns from the businesses ranged from garbage service needs, trees blocking visibility of signs, general questions about the City Budget, operations of the City and specific questions about City codes and fees.

2016 Economic Development Goals and Objectives

- Assist Mayor providing educational workshops for local businesses.
- Work with business owners to retain and attract business with specific needs.
- Continued partnering with Snohomish County Parks & Recreation locating a regional sports park and shooting range near Sultan.
- Facilitate or participate in Grand Openings/Open Houses/Ribbon Cuttings.
- Routinely review the Pending and New Business License listing, contact and welcome new businesses to Sultan.

2015 Goals

Goals	Status
Business Education	5 business workshops held in 2015
Business Spotlights	City Council spotlighted 11 businesses in 2015
Economic Development Partnerships and Events	Joint meeting held with the Chamber and Planning Board.
Working with other governmental agencies, private industries and education facilities to form a Recreation Partnership and promote tourism activity es..	Worked with the Sky Valley Recreation Committee on the Reiter Foothills ORV project; Snohomish County's Steelhead Park and the shooting range

Grants

During 2015, the City of Sultan applied for numerous grant funding. The applications and accomplishments ranged from lobbying efforts at the State level for street and sidewalk requests to planning and design of a Pedestrian and Bicycle Bridge across the Sultan River. \$4,596,061 of applications submitted for projects were not funded. The infrastructure needs are much greater than available funding.

Pending:	\$843,000	
• CDBG Infrastructure, US2 Sidewalks		\$ 250,000
• TIB 4 th Street Overlay		\$ 193,000
• TIB 4 th and 5 th Street		\$ 400,000
Grants Funded:	\$1,494,329	
• CDBG Gohr Road		\$ 76,990
• Hazard Mitigation Buyout		\$ 270,389
• Osprey Park Interpretative Signs		\$ 9,420
• Date Avenue - TIB		\$ 244,530
• WWTP Energy Conservation	\$ 196,000	
• Conservation Futures Acquisition		\$ 374,000
• RCO Trails Construction		\$ 323,000

CITY-WIDE PRIDE Volunteer Program

The Volunteer Coordinator recruits, assists in training, and manages volunteers for various City of Sultan projects that address specific program and community needs. The volunteers recruited by the volunteer coordinator should reflect a balance of residents, students, local community service

organizations, and others who can participate in a range of volunteer service projects. Basic volunteer service project categories include one-day, short-term, and long-term service projects

The Volunteer Coordinator

- Recruits volunteers to commit to one-day, short-term, and long-term volunteer projects (details of the size and scope of these projects will be provided by the City of Sultan staff).
- Markets the City of Sultan Volunteer Program to local community organizations, student groups, faculty, and staff to obtain volunteers, and collaborate on service events.
- Supports training of all volunteers to make sure that all volunteer training meets the City of Sultan quality standards.
- Continues building a strong and healthy Volunteer Program. Support, encourage and appreciate the volunteers in their commitment to making Sultan a better place for everyone to live. Organize volunteer meetings and volunteer participation in events. Publicly thank the volunteers through Appreciation Ceremonies and Programs.

Volunteer hours are very difficult to capture because volunteers for the most part are modest and private about what they give to their community. Through July 2016, the city has logged 6,875 volunteer hours with a value of \$189,337.

Community Block Watch Members

The spirit of the Neighborhood Block Watch Program is “Neighbor watching out for their neighbor and working WITH law enforcement.” Block Watch people are the eyes and ears for the police when they aren’t there.

Community Pride Projects

- Mayor’s Youth Achievement Award
- Mayor’s Acknowledgement of Outstanding Citizens at Community Awards
- Business Recognition program
- Student Representation on City Council Recruitment

**Grants/Economic Development
2016 Budget**

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted
020	Grants					
001-020-514-60-100	Salaries and Wages	15,220	40,272	24,537	22,244	12,311
001-020-514-60-200	Benefits	4,475	6,287	8,538	7,654	6,662
001-020-514-60-311	Economic Development	99	4,903	614	1,187	3,000
001-020-514-60-320	Office Supplies	40	23	47	62	100
001-020-514-60-430	Travel and Seminars	1,334	1,588	510	288	500
001-020-514-60-491	Volunteer Program	243	542	957	835	1,200
	Total Grants	21,412	53,614	35,203	32,271	23,773

Legal Services

The city contracts with the law firm of Kenyon Disend for general legal services. The law firm of Weed, Graafstra and Benson provides legal assistance with LID issues and public records requests. A portion of the City Clerk's wages are allocated for assistance with lawsuits and risk management.

2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
025	Legal Services					
001-025-515-30-100	Salaries and Wages	3,964	3,835	3,895	3,999	4,449
001-025-515-30-200	Benefits	1,388	1,543	1,557	1,939	1,894
001-025-515-30-411	Legal - Litigation Fees	76,946	34,370	119,173	40,000	40,000
001-025-515-70-510	Crime Victim Services	335	404	150	500	500
	Total Legal	82,635	40,152	124,775	46,438	46,843

Other Government Services:

Other government services are shared expenses that cannot be specifically allocated to a particular budget. Budget items include general office supplies, utility costs, communication, insurance, organization dues and legal notices.

2016 Budget

<u>Account</u>	<u>Description</u>	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Adopted</u>	<u>2016 Proposed</u>
035	Other Governmental Services					
001-035-518-90-310	Office/Operating Supplies	9,988	9,820	12,121	9,000	10,000
001-035-518-90-340	Books and Periodicals	1,067	5,528	4,710	1,000	1,300
001-035-518-20-490	Organization Dues	6,039	3,670	1,091	4,000	8,600
001-035-518-90-410	Professional Services	19,201	6,154	7,013	6,000	4,000
001-035-518-90-420	Communication	6,812	6,591	6,364	6,085	6,000
001-035-518-90-440	Ads and Legal Notices	3,364	1,165	2,592	2,000	2,000
001-035-518-90-460	Insurance	32,207	36,174	54,780	44,578	47,000
001-035-518-90-470	Utilities	4,599	4,489	5,436	5,340	5,500
001-035-518-90-480	Repair and Maintenance	130	619	318	500	1,000
001-035-518-90-490	Miscellaneous	856	1,453	501	1,300	1,000
	Total Other Gov.	84,262	75,662	94,926	79,803	86,400

LAW ENFORCEMENT OPERATING BUDGET

The police operating budget includes funding to support city staff time for managing the violations bureau (traffic infractions), the professional services contract with the Snohomish County Sheriff's Office and intergovernmental services including SnoPac and the city's proportionate share of the 800 MHz system. Law enforcement agency fees for court costs, prosecuting attorney and jail fees are also covered in the law enforcement budget.

Combined, the Law Enforcement and Law Enforcement Agency fees are \$1,157,918. This is approximately 61% of the city's general fund budget.

The Mission of the Sultan Police Department, through a contract with the Snohomish County Sheriff's Office is to:

*"To Protect and Serve Our Community" Our Values are:
Integrity - Dignity - Commitment - Pride.*

Police Personnel

The city signed 5 year renewal of the Interlocal Agency Agreement with the Snohomish County Sheriff's Office in December 2013 effective January 1, 2014 through December 31, 2018. The contract budget for 2016 is \$929,725.

The contract funds 5.33 full-time equivalent employees consisting of a contract police chief, sergeant, master patrol deputy, deputy sheriff, detective and law enforcement secretary. The officers and staff work out of the city's police station located at 515 Main Street. The police station also serves as the Sheriff's Office East Precinct under a separate agreement between Sultan and Snohomish County. The city leases the building to the Sheriff's Office. The lease was renewed on December 31, 2013. The Sheriff's Office is responsible for routine building maintenance.

The support staff, deputies and detectives are in service and available twenty four hours a day, seven days a week, available to respond to 911 calls, provide proactive patrol and traffic enforcement to follow the mission and live by the values which makes the city very proud to report some of the accomplishments in 2015

2016 Goals and Work Plan

- Work to improve prosecution services.
- Continue to work with Snohomish County DEM.
- Management of emergency preparedness, including working on the evacuation sirens, school drills and emergency drill for the City of Sultan.
- Become more involved in the Washington Association of Sheriffs and Police Chiefs, to enhance communications and opportunities for Sultan.
- Continue working with city staff, Sultan Fire and School District staff to maintain communications and emergency preparedness.
- Continue working with and developing our Block Watch program.
- Continue working with Snohomish County DEM and CERT members and Snohomish County Fire District 5 to develop a CERT response vehicle and program.

- Continue working with the Community Task Force to develop prevention and recovery programs in the community and schools. Increase programs to reduce / prevent substance abuse in the Skykomish Valley and Sultan School District.
- Continue work with Snohomish County and other partners to develop Steelhead Park and Campground.
- Continue to work with regional partners to develop recreation opportunities to improve our economy.
- Increase police presence at the Safe Stop Program on a consistent basis.

2015 Accomplishments

- Worked with city, school and fire staff to activate the new evacuation siren system.
- Held Block Watch Meetings presenting educational classes
- Participated in a number of Sultan events and projects including clean up day, National Drug Take Back Day, School Spirit Day, Sultan Shindig and more.
- Celebrated Sultan's first National Night Out Against Crime.
- Working with Community Task Force, Snohomish County Human Services, Denny Youth Center, Sultan School District, to develop strategies to reduce and prevent substance abuse. Working with Volunteers of America, Snohomish County Human Services and Catholic Services, staff developed a plan to help the chronically homeless get services and move out of the wooded areas around Sultan. This program is now being developed as a standard for Snohomish County.

Law Enforcement 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
040	Law Enforcement					
001-040-521-20-100	Salaries and Wages	2,053	2,003	2,121	2,204	1,961
001-040-521-20-200	Benefits	444	856	954	1,014	1,332
001-040-521-20-210	Disability Insurance	12,034	12,034	6,666	6,160	6,600
001-040-521-20-320	Operating Supplies	0	0	0	100	100
001-040-521-20-490	Miscellaneous	726	0	0	500	1,000
001-040-521-20-411	Professional - SnoCty	958,931	909,980	877,762	901,771	929,725
001-040-521-20-500	Intergovernmental - SNOPAC	61,059	59,731	62,488	62,480	63,000
001-040-521-20-510	Intergovernmental - 800 MHZ	13,857	14,651	14,915	14,900	13,800
	Total Law	1,049,103	999,254	964,907	989,129	1,017,518

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
045	Law Enforcement Agency Fees					
001-045-521-90-491	Misc- Court Filing Fees	12,664	5,756	7,036	5,700	7,000
001-045-521-90-412	Professional Prosecutor	31,542	9,187	8,146	13,500	60,000
001-045-521-90-411	Public Defender Attorney	0	17,040	21,670	20,400	20,400
001-045-521-90-492	Miscellaneous - Jail Fees	50,764	34,036	26,182	32,000	53,000
	Total Law Agency	94,970	66,018	63,034	71,600	140,400

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
050	Emergency Services					
001-050-525-50-310	Operating Supplies	0	0	75	100	100
001-050-525-50-480	Repair and Maintenance	1,292	0	1,292	500	1,000
001-050-525-10-510	Depart of Emergency Mgmt	3,776	5,177	5,240	5,385	5,400
	Total Emergency	5,068	5,177	6,607	5,985	6,500

Community Development Department

The mission of the Department is:

To help the community plan its future and to make daily progress on that plan by assisting residents and developers with quality development decision making systems.

The Community Development Department coordinates all planning and land use activities, development regulations, environmental review, building permit process, inspection activities, animal control, and community standards/nuisance abatement codes within the city. The Department leads the Comprehensive Plan development and administration. The Comprehensive Plan is the city's guiding document, describing the vision for the city's future, directing budget and development decisions, and describing the long-term goals and policies for the city. The Department provides professional and administrative staff support to the Planning Board and presents to the City Council on department projects.

Community Development staff work in three division areas: Planning, Building, and Code Enforcement. Each division works independently but coordinates administrative duties, review, and works collaboratively within the department and city-wide. Additionally, building plan review is provided through an interlocal agreement with Snohomish County.

Planning Division

The Planning Division oversees both long-range (comprehensive planning and code development) and current planning (land use and environmental development applications and daily contact with residents and developers wanting to do projects in the community). While the highest priority of the Planning Division is the daily contact with residents, property owners, and developers in the community, statutory requirements that are legally required or impact outside funding continually drive work priorities. Current planning support assists residents with understanding of the zoning, land division, land use, and environmental codes required by city, county, State, and Federal law. Long-range planning activities guide the future development of the community and can influence what, as well as, if, development occurs.

The 2016 Planning Division budget replaces the 40 hour work week for the Senior Planner with 24 hours per week for a contract Community Development Director. The long rang plans are to hire a Planner/Community Development Director full time. Development activity from individual property owners continues to increase. Staff focus in the later portion of 2015 and through all of 2016 is on code development while physical development activity is steadily increasing.

The city has a volunteer-based Planning Board made up on five citizens. They meet monthly and act as an advisory body to the city council on the comprehensive plan, development standards, subdivision code, other land use codes, and matters related to land use as delegated by the city council. The planning board has a role in seeking information from and taking information to the community. The Planning Board continues to meet once per month. This reflects the staff work load and limited time available for Board support.

2015 Planning Division Goals

Current Planning Goals

- Provide quality customer support to residents and the development community:
 - Provide accurate, complete, and prompt responses to applications and inquiries
- Annex the “Doughnut Hole” into the municipal boundaries
- Process the annexation application on 124th Street
- Process land use applications needed to develop the Sultan River Pedestrian and Bike Bridge
 - SEPA, Shoreline, and Critical Areas Review
- Implement the Aerial Mapping Project Interlocal agreement for updated imagery
- Update the PROS Plan.

Long-range Planning Goals

- Update the Development Code (Zoning Code)
 - Coordinate the development code with the Comprehensive Plan and the Subdivision Code
 - Update the development code to reflect legal and statutory requirements
- Complete the 2016 Comprehensive Plan amendments
 - Based on amendments to the UGA boundaries
 - Overhaul the Critical Areas Ordinance (Wetlands and Streams)
 - The Department of Ecology updated the stream rating classifications in 2010
 - The Department of Ecology updated the wetland ratings changed in 2014

2015 Planning Division Accomplishments

- Provided quality customer contact services as needed by residents and the development community:
 - Provided fastest possible response to save time and money.
- Successfully lobbied Snohomish County to include the area known as “the Doughnut Hole” into the city’s UGA
- Updated the Nuisance Code.
- Adopted new Geological Hazards Code implementation standards.

Planning 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
065	Planning and Development					
001-065-558-60-100	Salaries and Wages	113,482	77,095	69,482	58,589	56,094
001-065-558-60-200	Benefits	37,377	30,599	29,232	31,183	29,293
001-065-558-60-310	Office/Operating Supplies	439	75	125	200	200
001-065-558-60-411	Professional Services	2,760	531	43,223	75,000	125,000
001-065-558-60-420	Communication	528	305	357	500	500
001-065-558-60-430	Travel and Seminars	2,286	935	627	1,500	1,500
001-065-558-60-440	Advertising and Legal Notices	1,369	535	497	700	600
001-065-558-60-490	Miscellaneous	967	855	2,262	900	700
	Total Planning	159,207	110,929	145,804	168,572	213,887

Building Division

The Building Division manages the application, plan review, inspection, and certification of occupancy for all manner of construction projects in the community. Sultan development regulations and related elements of state and federal laws are enforced through inspections and meetings with property owners to insure code compliance. Non-compliance can result in a STOP WORK order and in some instances, a citation.

The role of the Building Department is to assist homeowners, builders, and private developers to comply with zoning, building, environmental and engineering requirements of the City of Sultan. It is the mission of the Building Department to provide effective and efficient professional services to the citizens and development industry clientele to safeguard life and property and enhance the quality of life in Sultan.

Building is beginning to pick up in Sultan. Previously completed subdivisions are resuming building with close to 80-new homes on the two-year horizon. Inquiries into commercial development, both tenant improvements and new development, has steadily increased with some demand occurring in I-502 business inquiries.

The Building Division contracts with the Snohomish County Building Division for plan review and inspection services. The City takes in the permit application and handles the site development components while sending the structural plans to the County. When the plan review is complete, the City issues the permit and coordinates the inspections. The plan review and inspection functions are handled on an on-demand at-cost basis. The city is drafting an interlocal agreement with Snohomish County to have the county provide Building Official services to the city. The Building Official provides building code interpretations, code applicability, and issues certificates of occupancy. The City has not had a licensed Building Official since at least 2010.

Building Division operations also include the flood management functions that are particularly critical to public health and safety in the community. Extremely specific standards and accurate records are required to continue the community's eligibility for National Flood Insurance Program. The City currently is a Class 6 in the Community Rating Systems program that gives the citizens of Sultan a 20% decrease in their flood premiums. Without availability of flood insurance, no new residences or businesses would qualify for financing anywhere in the community.

2016 Building Division Goals:

- Update contract relationship with Snohomish County for plan review and inspection services. Continue to monitor services for quality customer service.
- Track permit activity and report to Planning Board and City Council quarterly.
- Hold weekly meetings with the Planning and Public Works Departments to review development proposals.
- Perform the annual review of the Community Rating System and explore ways to further lower the rating for Flood Insurance premiums
- Provide all needed development consultation, permits and inspections to support increasing building and development activity.
- Continue to update and improve the Dashboard program for tracking Business Licenses and Building Permits.

- Explore the feasibility of adding land use permits to the program or create a tracking system for land use applications
- Work with planning division to update the Special Events Permit application and review process
- Continue department's education through training and seminars.

2015 Building Division Accomplishments

- Monitor computerized permit process for efficiencies. Implement changes as appropriate.
- Continue contract relationship with Snohomish County for plan review and inspection services. Monitor services for quality customer service
- Permit activity was tracked and reported to the Planning Board and City Council on a quarterly basis.
- Completed yearly Community Rating System review and successfully maintained a Class 6 rating for Flood Insurance Premiums.

Building 2016 Budget

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted
070	Building.					
001-070-558-50-100	Salaries and Wages	27,829	39,979	23,761	9,238	14,729
001-070-558-50-200	Benefits	12,849	15,088	11,809	5,173	8,673
001-070-558-50-310	Operating Supplies	59	206	196	936	250
001-070-558-50-340	Books and Periodical	8	0	0	0	1,200
001-070-558-50-410	Professional Services	0	1,525	0	0	500
001-070-558-50-420	Communication	948	1,019	856	863	250
001-070-558-50-430	Travel and Seminars	708	1,451	690	625	600
001-070558-50-490	Miscellaneous	587	50	160	255	200
001-070-558-50-510	SnoCty Plan/Building Service	8,638	12,573	8,477	21,372	13,000
	Total Building	51,626	71,891	45,948	38,462	39,402

Code Enforcement Division

The 2016 budget provides for a full time Community Services Officer position and support funding for Animal Control Services and Land Use Code Enforcement. The job of the code enforcement officer (CSO) is an important part of the effort to provide a safe and healthy environment for the public.

Animal Control:

The Community Services Officer performs animal control work for the city. The work involves patrolling assigned areas of the city to enforce animal control ordinances and related laws, rules and regulations. The CSO carries out daily assignments and uses independent judgment and training to take appropriate actions to deal with standard and recurring situations. Enforcement

of City and State animal regulations including, but not limited to, cruelty to animals, dangerous/vicious animals, and animal bites, including dogs, cats, livestock and fowl. Patrols assigned County areas, contains and picks-up stray, sick/injured, feral, and/or unwanted and captured domestic animals.

A monthly report is provided to the City Council indicating an ongoing need for these services based on calls from community residents. The budget allows the CSO to provide supplies to feed and care for animals in the city's holding kennel, and for professional services of a veterinarian when needed.

Code Compliance & Nuisance Abatement:

The community is working diligently to improve its appearance and quality of life despite the difficulties of the current economy. The CSO helps protect the safety and health of citizens by ensuring that the buildings and land within the city are in accordance with housing and zoning ordinances. They also play a major role in maintaining the quality of the city.

Nuisance issues can reduce property values in a neighborhood and constitute safety hazards for surrounding residents. The Community Services Officer works through the legal process in conjunction with the owner of the property to resolve the matter.

2016 Community Services Officer Division Goals:

Animal Control:

- Update the Animal Control Code
 - Amendments to the appeal section are necessary to provide due process and applicability for both the city and an animal owner.
- Increase license compliance
- Begin development of an educational outreach program for children

Code Enforcement:

- Conduct public education program on the topic of property maintenance/upkeep.
- Continue to address street level issues with homeless and at risk youth populations.
- Advise administration on code standards and operating policies to upgrade safety and general appearance of the community.
- Respond to property condition complaints as allowed by code Priorities for code investigate, resolve and abate if necessary
 - Egregious life-safety violations
 - Citizen-based complaints
 - Officer initiated
- Establish a quadrant system for officer initiated violation abatement
 - Provide education about property maintenance and upkeep requirements
- Recognizing that a community's vision is manifest in its code and the code is only as good as its enforcement, update the nuisance code to allow effective enforcement of code violations
 - Coordinate the nuisance code with the land use code so the land use violations can be enforced
 - Coordinate the public works code with the nuisance code to make it more enforceable by the CSO

2015 Accomplishments

- Provided proper necessary professional care for animals in city custody and the holding kennel as a result of enforcement of animal control codes.
- Advised administration on code standards and operating policies to upgrade animal control program for the health and safety of the community and the animals needing city care.
- Responded to animal-related complaints as allowed by code.
- Provided flyers and publications to educate the public program on the topic of property maintenance/upkeep.
- Advised administration on code standards and operating policies to upgrade safety and general appearance of the community.
- Responded to property condition complaints as allowed by code and staff time.
- Rewrite of Nuisance Code.
- Implementation of development from Sultan Task Force to the Sultan Community Alliance.
- Park clean up, over 150 tons of trash removed from city parks.
- Addressed street level issues in the downtown corridor.

Code Enforcement 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
060	Code Enforcement					
001-030-554-30-100	Salaries and Wages	21,679	20,289	25,454	29,894	32,664
001-030-554-30-200	Benefits	5,224	5,465	6,759	23,814	27,701
001-030-554-30-310	Office/Operating Supplies	1,216	2,767	1,106	1,500	1,000
001-030-554-30-360	Vehicle OP/Maintenance	1,732	337	7,364	1,650	500
001-030-554-30-410	Professional Services	566	124	124	750	2,000
001-030-554-30-430	Travel and Seminars	365	25	250	250	1,000
	Total Code	30,782	29,007	41,056	57,858	64,865

Public Health and Library:

The General Fund has budget departments for Public Health.

The City annexed into the Sno-Isle Library District in 2009. The City pays for insurance and building maintenance and utilities. Sno-Isle reimburses the city for 50% of the electrical and gas utility bills.

2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
075	Public Health					
001-075562-50-510	Intergovernmental	2,471	1,063	753	1,000	1,200
	Total Health	2,471	1,063	753	1,000	1,200
080	Library					
001-080-572-20-470	Utilities	6,876	6,696	5,802	6,500	6,500
	Total Library	6,876	6,696	5,802	6,500	6,500

PARKS

The public works department, with the assistance of community volunteers, maintains the city's parks, open spaces and trails. The city has over 168 acres of parks, open spaces and trails. This provides a high level of service (35.74 acres/1,000 residents).

The majority of the city's park system is located near the city's historic town center and adjacent to the Sultan River. The challenge in the coming years will be to operate and maintain existing park properties while acquiring land for a future community park east of the town center on the plateau above the valley floor formed by the Skykomish and Sultan Rivers. This is the city's future growth area where more than 6,000 new residents are expected to live by the year 2025. There is a strong community preference for adding a community park with sports fields in this area to serve young families and their children.

In 2009 and 2010 the city spent considerable time surveying Sultan residents, business owners, and visitors to determine preferences and priorities for the city's park system. The community expressed many ideas for improving parks and recreational opportunities in Sultan including:

- Providing a balance of active and passive activities with the city's parks. Seeking dedicated funding to support park management and maintenance responsibilities and costs.
- Providing trail connectivity between parks and connecting residential and commercial neighborhoods to the city's park system.
- Providing a park system that offers something for all ages and types of users.

In 2011, as a result of the effort to update the city's Park, Recreation and Open Space Plan (PROS Plan), the city council identified Sultan's parks as an asset to attract new investment and residents to the Sultan community.

2016 PARKS OPERATING BUDGET

The parks operating budget is part of the city's general fund budget. Revenues dedicated to the parks budget are used to support staff and resources to maintain the city's six parks, trails and open space areas. The parks budget "competes" with other general fund priorities such as finance, planning, building, code enforcement, animal control and public safety.

Overall, the 2016 Parks Budget is decreased by \$6,440.

Park Staffing Levels

The 2016 budget includes minimal staffing to maintain Sultan's parks. There is approximately 1.15 full-time equivalent (FTE) dedicated parks operation/maintenance staff from October to April. During the spring, summer and early fall (May-October), the city adds additional staff time for mowing parks and streetscapes. Parks are mowed weekly during the spring, summer and fall. It generally takes two crew members two days to mow Osprey, Reese, River Park and the Cemetery Ball Fields. During the winter months, city crews trim trees and repair equipment and facilities. The crew also ensures the irrigation system in Reese and Osprey Parks are brought on line, work properly and shut-down each winter.

The city's adopt-a-park and park patrol programs are integral part of the city's long-range plan to maintain and operate the city's park facilities. Adopt a park volunteers pick up trash, remove and replace non-native invasive species, gravel trails, remove graffiti and perform other tasks not

assigned to the public works department. Youth sports organizations offset the overall need for public works maintenance staff by helping take care of sports fields in Reese and Osprey Parks.

2016 Parks Maintenance and Operations

Maintenance is a factor affecting the usability and desirability of a park, and is an on-going requirement for Sultan's park system. The present level of maintenance varies from park to park and is generally minimal. As more parks and recreation facilities are developed, it will be necessary to expand the maintenance operation commensurate with the increase in park care needs.

Sultan's park maintenance operations are the responsibility of the public works department. As a result of voter approved initiatives in the late 1990's and declining tax revenues per capita, the city was forced to focus its limited general fund revenues on core services such as public safety and street maintenance.

Park Maintenance Standards

The maintenance crew strives to keep the parks and open spaces in a well-kept condition free of safety hazards. In the past, park maintenance was not directed by a formal set of standards tailored to the unique needs of the park system or land management objectives.

The Field Supervisor periodically surveys the physical condition of the parks so the city can effectively and efficiently schedule routine maintenance projects. This allows maintenance needs to be detected and corrected before they become major problems, resulting in minimal disruptions in usage and lower costs for repairs.

The city administrator, public works director and field supervisor meet quarterly to develop a systematic maintenance program designed to evaluate the manpower, equipment, and supply needs for the park system and set a productive and efficient means of keeping the parks orderly.

The community expects a safe environment in the parks. Staff has worked with volunteers to monitor park activity, to help keep the parks clean, and to provide maintenance through mowing, trimming, and keeping the trails open. This has also increased the presence of people in the parks, lessening vandalism and crime.

Park Capital Budget

The parks capital budget is used to purchase and develop park land, open space and trail systems. The most recent addition to the park system was the acquisition of property on Dyer Road and Sultan River front land connecting River Park and Osprey Park.. The Dyer Road acquisition was funded by a FEMA hazard mitigation grant to purchase the property and demolish the residence. The lot was added to the city's open space inventory as a condition of the grant funds. The Sultan River front property was purchased through a Snohomish County Conservation Futures Grant. An RCO Grant was awarded to construct a trail along the Sultan River to connect River Park and Osprey Park.

Park impact fees provide the majority of city funding for new park, open space and trail systems. The current park impact fee is \$3,175 per dwelling unit.

The Parks Capital Budget is based on the assumption that 39 single family residential building permits will be issued in 2016. The City has approximately \$218,000 in park impact fees to use as the city's match for the grants.

2016 Park Goals:

- Continue to seek property acquisition opportunities for a Community Park.
- Continue to partner with both volunteers and citizens in need of community service to maintain City Parks.
- Design and construct the trail between Riverfront and Osprey parks.

2015 Goals

Goals	Status
Seeking property acquisition opportunities for a Community Park	City will continue to look for parcels.
Continue to partner with both volunteers and citizens in need of community service to maintain City Parks.	Ongoing process. Volunteers have contributed several hours to park and trail maintenance.
Acquire the land connecting River Park and Osprey Park.	Completed in 2015
Develop Maintenance Schedule	Developed quarterly maintenance priorities and work schedule.

Park 2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
085	Parks and Recreation					
001-085-576-80-100	Salaries and Wages	40,847	32,985	40,278	39,463	39,834
001-085-576-80-200	Benefits	17,821	12,598	14,781	20,584	19,280
001-085-576-80-220	Uniforms	498	339	154	250	250
001-085-576-80-310	Office/Operating Supplies Small Tools/Minor Equipment	2,678	3,678	4,117	3,135	6,000
001-085-576-80-350	Equipment	398	1,263	782	3,750	1,000
001-085-576-80-360	Vehicle Maintenance	0	1,546	1,263	1,600	1,600
001-085-576-80-370	Vehicle Repair	165	488	457	500	600
001-085-576-80-410	Professional Services	0	0	0	1,000	-
001-085-576-80-420	Communication	564	638	738	600	800
001-085-576-80-430	Travel and Seminars	95	15	265	222	300
001-085-576-80-450	Rentals	3,330	0	0	1,000	
001-085-576-80-460	Insurance	956	3,035	0	-	-
001-085-576-80-470	Utilities	2,751	117	3,167	3,300	3,300
001-085-576-80-480	Repair and Maintenance	446	109	10	5,000	3,000
001-085-576-80-490	Miscellaneous	399	146	199	100	100
001-085-594-80-640	Capital - Equipment	33	73	0	9,000	3,000
001-085-597-55-000	Operating Transfer Out	0	1,000	0	3,000	7,000
	Total Parks	70,981	58,028	66,212	92,504	86,064

Interfund Transactions:

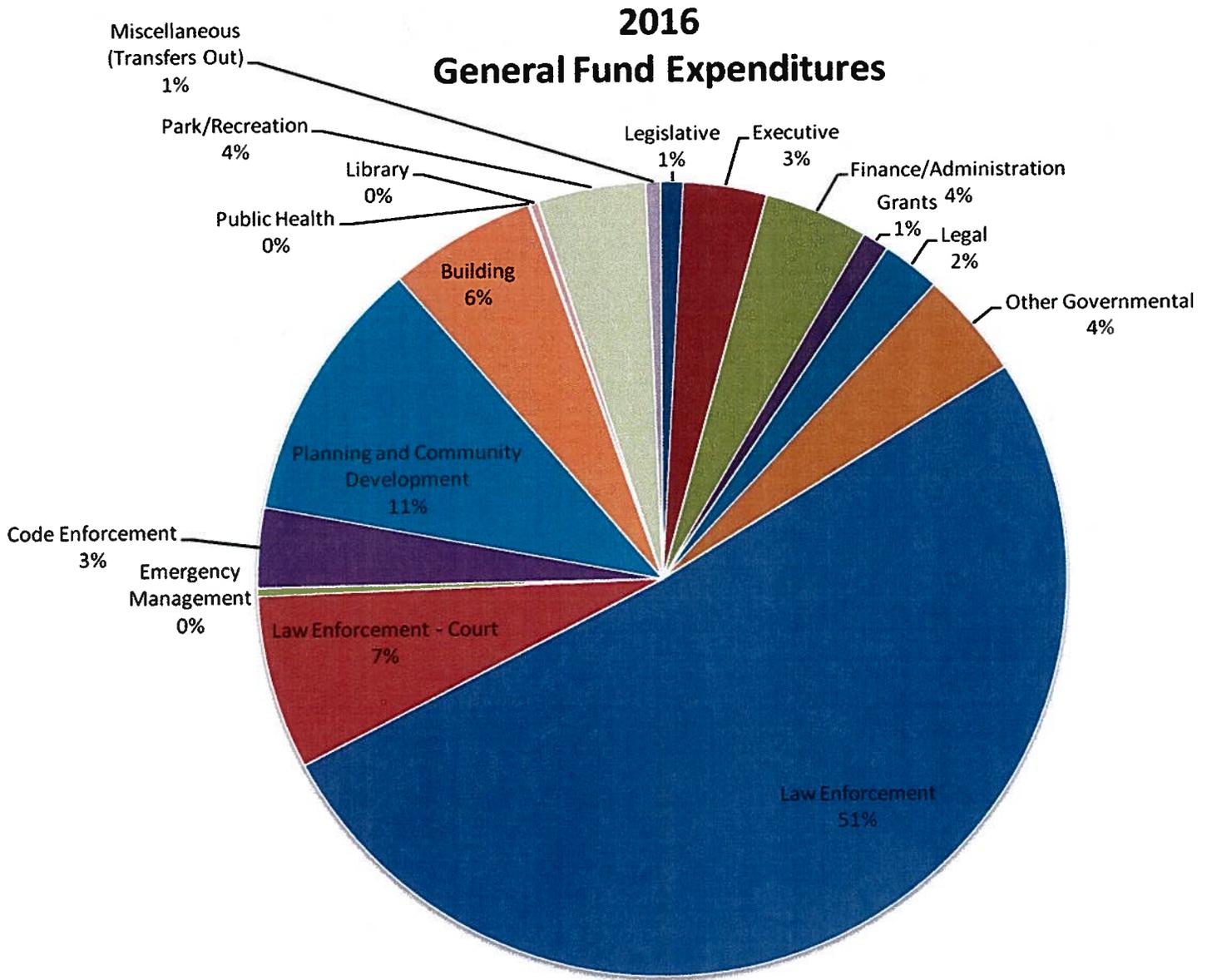
Includes the transfers to the IT fund

2016 Budget

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
E90	Interfund Services					
001-090-597-55-000	Transfer Out -100	1,798	27,121	0	6,798	-
001-090-597-55-001	Transfer Out - 114	8,576	9,000	9,000	9,000	12,000
		10,374	36,121	9,000	15,798	12,000

GENERAL FUND EXPENDITURES BY DEPARTMENT

Legislative	\$17,680
Executive	\$66,241
Finance/Administration	\$83,119
Grants	\$21,110
Legal	\$46,843
Other Governmental	\$86,400
Law Enforcement	\$1,017,518
Law Enforcement - Court	\$140,400
Emergency Management	\$6,500
Code Enforcement	\$64,865
Planning and Community Development	\$213,887
Building	\$117,341
Public Health	\$1,200
Library	\$6,500
Park/Recreation	\$86,064
Miscellaneous (Transfers Out)	\$12,000
Total Expenditures	\$1,987,668.00



**SULTAN CITY COUNCIL
BUDGET RETREAT COVER SHEET**

ITEM NUMBER: Discussion D 3
DATE: October 10, 2015
SUBJECT: Public Works Funds Expenditures
CONTACT PERSON: Mick Matheson, P.E., Public Works Director



ISSUE:

- Review the proposed expenditure budgets for the operating funds
- Determine if additional expenditures are needed
- Determine if expenditures should or can be delayed

PUBLIC WORKS FUNDS

The City's goal is to lead a well equipped and effective staff in serving the Citizens of Sultan. As the City continues to grow and develop, so will the Public Works Department in providing services in a professional manner.

The Public Works Department serves the citizens of Sultan with a wide variety of services, as well as being an integral part of Sultan governmental offices. The divisions within Public Works operations and maintenance are Streets, Cemetery, Water, Sewer, Garbage and Stormwater. Public Works is also responsible for maintenance of the parks and city buildings. Those budgets included in the General Fund portion of the budget.

The City has 6 Public Works Operating Funds:

- 101 Street
- 103 Cemetery
- 400 Water
- 401 Sewer
- 402 Garbage
- 406 Storm

With the exception of the Street Fund (which is technically part of the General fund and tax supported) the funds are enterprise funds and must be self-supporting.

2016 STREET OPERATING FUND

The Street Fund is used to repair and maintain the City's streets, sidewalks, alley ways, trails, signs, and vegetation (street trees and grass strips). The City has approximately 31 miles (62 lane miles) of roadways and trails, 600 signs, and 150 trees.

Although the Street Fund is not a part of the city's general fund budget, the two funds share operating revenues. The Street operating budget is supported by property taxes, utility taxes, B & O taxes and the motor vehicle excise tax which is dedicated solely to the Street Operating Fund.

101 STREET FUND							
Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
101-000-308-80-000	Beginning Fund Balance	93,513	87,095	52,997	5,913	14,519	0
101-000-311-10-000	Real and Personal Property Tax	38,427	16,846	17,762	21,535	28,547	30,000
101-000-316-41-000	B & O Electric	78,960	63,559	35,866	37,894	38,000	36,000
101-000-316-43-000	Utility Tax Gas	10,339	3,841	4,534	4,701	5,300	400
101-000-316-47-000	Utility Tax Telephone	16,231	11,558	8,520	7,104	7,400	7,500
101-000-322-40-000	Street/Curb Permits -ROW	1,150	3,384	1,722	1,850	2,000	2,000
101-000-336-00-870	Motor Vehicle Excise Tax	97,292	95,119	96,335	96,125	94,653	100,948
101-000-361-11-000	Investment Interest	126	153	13	38	300	400
101-000-367-11-010	Contributions - Street Project	131	5,448	250	30	0	0
	REVENUE TOTAL	336,170	287,002	217,999	175,190	190,719	177,248
Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
101-150-542-30-100	Salaries and Wages	92,692	112,160	94,142	66,809	75,281	78,383
101-150-542-30-200	Employee Benefits	28,864	33,085	32,869	23,707	37,268	33,401
101-150-542-30-220	Uniforms	667	508	470	195	200	700
101-150-542-30-310	Office/Operating Supplies	6,727	3,710	5,850	3,793	3,200	4,710
101-150-542-30-320	Office Supplies	1,681	1,951	1,703	2,158	1,500	1,750
101-150-542-30-350	Small Tools/Minor Equipment	1,689	344	1,255	925	1,450	1,000
101-150-542-30-360	Vehicle Operation/Maintenance	3,260	2,539	1,608	1,286	2,050	2,050
101-150-542-30-370	Vehicle Repair	257	1,948	287	564	500	1000
101-150-542-30-410	Professional Service	40,145	16,229	7,696	3,983	22,000	0
101-150-542-30-420	Communication	2,262	2,831	2,920	2,848	2,500	3,300
101-150-542-30-430	Travel and Seminars	652	897	640	991	370	650
101-150-542-30-460	Insurance	8,817	12,528	12,683	11,828	7,200	8,000
101-150-542-30-490	Miscellaneous	1,749	1,491	568	2,520	200	200
101-150-594-30-640	Capital - Equipment and Signs	6,420	234	2,040	729	0	5,000
101-150-597-30-000	Operating Transfer Out - 104	0	0	0	0	0	15,000
101-150-597-50-010	Operating Transfer Out - 114 IT	3,905	2,960	9,854	3,500	3,500	3,500
101-160-542-30-480	Repair and Maintenance	2,687	200	2,240	0	500	500
101-160-542-63-470	Utilities	32,601	35,061	32,013	35,271	33,000	34,000
	EXPENDITURES TOTALS:	235,075	228,677	208,838	161,107	190,719	193,144
		101,095	58,325	9,161	14,083	0	-15,896

Street Fund Operating Expenditures

The current Street Fund proposal is \$15,896 out of balance, primarily due to a proposed \$15,000 expenditure for the Street Funds proportionate contribution to the Equipment replacement fund (Operating Transfer Out to Fund 104). This contribution proposes set asides of \$5,000 for a sidearm mower, \$5,000 for a street sweeper, and \$5,000 for utility trucks. Council may choose to eliminate this proposed operating transfer out or use beginning fund balance to help balance the Street fund.

Salaries and benefits are decreased slightly by \$765 in 2016 due to a similar workload anticipated in the Street Fund for the coming year compared to 2015.

Similar to 2015, the Public Works Director is projected to be spending less time in the Street Fund than in past few years as development activity is picking up, and more time is likely to be spent working with developers and providing plan review services.

Street fund expenditures in 2016 such as a chip seal project, matching funds for TIB grants, 3rd Street dip repair, and speed cushions are anticipated to be funded using REET 2 instead of operating funds.

Should the Council choose to authorize an operating transfer out to fund Equipment Replacement, the Council may choose to use the beginning fund balance in the Street Fund which is not typical Council policy.

The Street Fund is an annual problem. Revenue generated to supply the fund is simply not adequate to meet maintenance expenditures. The City of Sultan has traditionally relied on grants to pay for Transportation projects and traditional funding sources are drying up. The Community Block Grant (CDBG) program is now only available for properties west of the Sultan River. **The downtown area of Sultan is no longer eligible for CDBG grants.** The Surface Transportation Program (STP) that funded the design of the Sultan River Pedestrian Bridge and the Sultan Basin Overlay project had a rural set-aside for communities of less than 5,000 residents. The Federal Highway Administration that administers STP grants recently made the determination that Sultan, Gold Bar, and Index **are no longer rural** and are not eligible for a rural set-aside.

The bottom line is that Sultan residents will need to pay more in the future to maintain their street system. Several Snohomish County cities (Snohomish, Monroe, Stanwood) have adopted Transportation Benefit Districts in order to increase revenue to maintain streets. Council should consider taking this step in 2016.

2016 CEMETERY OPERATING FUND

103 Account	CEMETERY FUND Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
103-000-308-80-000	Beginning Fund Balance	29,732	6,910	1,924	6,405	2,757	0
103-000-343-60-000	Cemetery Fees	16,080	23,989	34,784	20,844	25,000	25,000
103-000-361-11-000	Investment Interest	31	14	16	12	250	400
103-000-367-11-000	Contributions - Cemetery Impro	2,926	138	0	0	0	0
	REVENUE TOTAL	48,769	31,051	36,724	27,261	28,007	25,400

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
103-103-536-10-100	Salaries and Wages	25,351	16,795	10,943	10,295	11,692	12,069
103-103-536-10-200	Benefits	9,233	4,912	4,367	4,251	6,515	6,003
103-103-536-10-220	Uniforms	138	12	20	0	0	200
103-103-536-10-310	Operating Supplies	307	336	56	29	200	400
103-103-536-10-320	Office Supplies	11	115	0	0	100	0
103-103-536-10-340	Items for Resale	732	747	1,363	2,183	1,500	3,300
103-103-536-10-350	Small Tools/Minor Equipment	40	0	147	0	0	0
103-103-536-10-360	Vehicle Operation/Maintenance	506	474	446	359	500	800
103-103-536-10-410	Professional Services	400	5,187	9,324	3,751	5,000	8,000
103-103-536-10-460	Insurance	4,287	682	3,507	1,500	1,500	1,500
103-103-536-10-480	Repair and Maintenance	95	0	0	0	0	0
103-103-594-10-640	Capital - Equipment	761	0	0	0	500	0
103-103-597-40-000	Operating Transfers Out -104	0	0	0	0	500	500
	EXPENDITURE TOTAL	41,860	29,260	30,173	22,368	28,007	32,772
	Ending Fund Balance	6,910	1,790	6,551	4,893	0	-7,372

Cemetery Fund Operating Expenditures

The current Cemetery Fund proposal is \$7,372 out of balance.

Salaries and benefits are currently proposed to be slightly decreased by \$135 in 2016, however this is only an estimate based on last year's staff allocation for the Cemetery Fund. It is anticipated that the 2016 staff allocation will result in more time being spent maintaining the cemetery by a newly hired Public Works employee, and less time by more experienced staff members resulting in a savings to the cemetery fund.

A possible solution to the budget shortfall could include spending even less time on cemetery maintenance, however this is likely to be unpopular as the cemetery is currently being maintained on a very limited basis such as before major holidays.

Professional services are a "pass-through" cost and lowering this expenditure will not solve the issue.

Council may need to choose to use the beginning fund balance to make up for the budget shortfall, however this is not typical Council policy.

2016 WATER OPERATING FUND

400 Account	UTILITY WATER FUND Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
400-000-308-80-000	Beginning Fund Balance	149,409	90,758	184,728	252,738	25,848	0
400-000-343-90-000	Water Service	878,046	874,172	962,543	976,467	980,000	1,056,068
400-000-361-11-000	Turn On/Off Fees	21,171	10,879	10,708	7,584	8,780	900
400-000-379-10-000	Investment Interest	140	542	453	835	500	500

400-000-369-90-000	Miscellaneous	24,740	23,174	29,414	43,877	23,500	25,000
400-000-395-10-000	Water Connection Charges	1,600	1,200	1,000	7,801	7,000	8,000
400-000-395-10-100	Interlocal - Startup	5,321	0	518	0	60,000	45,000
	Total Revenue	1,080,427	1,000,726	1,189,364	1,289,302	1,105,628	1,135,468

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
400-400-534-80-100	Salaries and Wages	296,914	229,295	265,591	294,358	302,802	334,938
400-400-534-80-200	Benefits	110,136	76,238	120,562	131,893	177,376	163,605
400-400-534-80-220	Uniforms	1,468	1,785	1,683	907	800	1,400
400-400-534-80-310	Operating Supply	26,203	38,791	57,771	49,029	63,375	64,885
400-400-534-80-320	Office Supplies	3,267	3,052	2,502	3,141	3,700	2,700
400-400-534-80-350	Small Tools/Minor Equipment	1,194	9,422	6,893	6,171	12,950	15,550
400-400-534-80-360	Vehicle Operation/Maintenance	9,205	7,469	8,292	6,220	7,825	7,825
400-400-534-80-370	Vehicle Repair	225	2,200	229	498	500	10,000
400-400-534-80-413	Professional Service - General	98,630	33,255	30,840	21,283	44,500	100,000
400-400-534-80-420	Communication	10,249	9,344	9,113	10,337	8,000	13,000
400-400-534-80-430	Travel and Seminars	2,434	2,958	3,265	4,133	4,205	5,205
400-400-534-80-450	Rentals	413	1,364	3,535	1,772	1,000	1,000
400-400-534-80-460	Insurance	29,013	26,085	46,823	49,530	42,000	47,000
400-400-534-80-470	Utilities	105,020	37,976	28,940	34,235	25,000	40,000
400-400-534-80-471	Water Service - Everett	0	0	0	4,569	7,000	7,000
400-400-534-80-480	Repair and Maintenance	15,296	8,462	6,875	20,476	20,000	47,475
400-400-534-80-490	Miscellaneous	14,121	10,837	7,546	8,280	8,614	9,250
400-400-534-80-490	Water - Testing	0	0	895	4,085	4,000	5,000
400-400-534-80-510	Taxes - Excise	43,648	46,366	50,396	51,480	51,000	53,000
400-400-534-80-510	Capital - Buildings	45,370	0	4,153	624	0	500
400-400-594-80-620	Capital - Equipment	6,385	2,028	13,070	10,572	10,000	16,500
400-400-594-80-640	Operating Transfer Out - 412	91,500	137,167	137,000	133,088	109,478	125,864
400-400-597-20-000	Operating Transfer Out - 403	65,000	65,000	63,500	50,000	171,700	172,650
400-400-597-30-010	Operating Transfer Out - 104	3,000	46,000	40,000	8,000	0	22,000
400-400-597-50-020	Operating Transfer Out - 001	0	12,774	2,000	16,803	16,803	16,803
400-400-597-30-030	Operating Transfer Out - 409	0	12,774	12,774	18,500	0	0
400-400-597-20-040	Operating Transfer Out - 114 IT	10,979	10,500	9,000	9,000	13,000	13,000
	Total Expense	989,669	831,143	933,248	948,984	1,105,628	1,296,150
	Ending Fund Balance	90,758	169,583	256,116	340,319	0	-160,892

Water Fund Operating Expenditures

The Water Fund is \$160,892 out of balance due to a number of factors.

There is an estimated \$100,000 expenditure for Professional Services which includes approximately \$87,000 for the preparation of the 2016 Water System Plan Element of the Comprehensive Plan Update and a rate study.

The current budget shows a \$22,000 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the purchase of a used utility truck (\$15,000), a side arm mower (\$5,000), and a replacement lawn mower (\$2,000). Council may choose to remove these expenditures from the operating budget.

Salaries and benefits are increased by \$18,365 in 2016. One of the main factors for the increase is due to a wage adjustment for the Water Systems Manager. The Washington State Department of Health has re-rated the City's Water Treatment Plant to a Level 3 facility which requires that the plant be operated by an employee with a Level 3 certification. The City's Water Systems Manager has now obtained this certification, and his wage has been increased to be competitive with other Level 3 Manager positions in Washington State.

Repair and maintenance has increased from \$20,000 in 2015 to \$47,475 in 2016, partially due to cleaning the drinking water reservoirs at the Water Treatment Plant.

With such a large budget deficit mostly due to the need for a Water System Plan update to comply with the state mandated Comprehensive Plan update; council will need to consider using the Beginning Fund Balance to have a balanced budget for 2016.

2016 SEWER OPERATING FUND

401 Account	UTILITY SEWER FUND Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
401-000-308-80-000	Beginning Fund Balance	181,176	196,455	250,012	463,338		
401-000-342-00-200	Sewer Inspection Fee	750	0	250	2,250	5,000	5,000
401-000-343-50-000	Sewer Service	1,240,277	1,248,369	1,286,780	1,277,056	1,286,195	1,325,039
401-000-361-11-000	Investment Interest	273	496	1,095	1,191	500	500
401-000-369-90-000	Miscellaneous	14,464	18,337	17,019	41,359	17,500	17,500
	Total Revenue	1,436,940	1,463,656	1,555,156	1,785,195	1,309,195	1,348,039

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
401-401-535-80-100	Salaries and Wages	284,669	240,139	250,714	253,334	256,329	266,115
401-401-535-80-200	Benefits	91,096	95,984	96,638	100,982	123,371	118,880
401-401-535-80-220	Uniforms	1,665	1,939	1,672	995	800	1,300
401-401-535-80-310	Operating Supplies	17,536	23,148	28,796	15,941	39,875	41,085
401-401-535-80-320	Office Supplies	3,752	3,282	2,281	3,498	3,500	3,000
401-401-535-80-350	Small Tools/Minor Equipment	1,065	1,909	5,650	1,173	7,950	6,650
401-401-535-80-360	Vehicle Operation Maintenance	2,848	2,250	2,586	3,006	9,300	10,800
401-401-535-80-370	Vehicle Repair	2,971	2,676	229	301	500	10,000
401-401-535-80-412	Professional Service	98,826	66,311	49,338	30,621	43,000	97,000
401-401-535-80-413	Services - Sludge Hauling	0	0	9,983	14,097	30,000	10,000
401-401-535-80-420	Communication	10,725	10,739	10,606	11,273	9,000	13,000
401-401-535-80-430	Travel and Seminars	1,119	3,226	1,726	2,611	3,405	3,405
401-401-535-80-450	Rentals	292	3,175	14,285	7,523	12,226	13,226
401-401-535-80-460	Insurance	35,580	37,042	52,079	65,780	56,000	56,000
401-401-535-80-470	Utilities	41,418	38,934	39,741	40,699	37,000	40,000

401-401-535-80-480	Repair and Maintenance	58,210	49,270	35,147	51,258	64,875	67,575
401-401-535-80-490	Miscellaneous	10,442	11,578	6,730	7,457	4,664	4,754
401-401-535-80-490	Sewer - Testing	0	0	498	1,682	1,400	1,500
401-401-535-80-510	Taxes - Excise	29,825	31,447	29,995	28,603	30,000	30,000
401-401-594-80-620	Capital - Buildings	15,336	0	4,153	119,799	4,000	0
401-401-594-80-640	Capital - equipment	4,170	47,639	2,109	26,063	0	30,000
401-401-597-20-000	Operating Transfer Out - 413	410,000	432,712	301,537	324,608	183,182	181,756
401-401-597-20-040	Operating Transfer Out - 403	65,000	65,000	63,500	50,000	171,700	172,650
401-401-597-30-010	Operating Transfer Out - 104	45,400	21,000	120,000	34,000	37,000	22,000
401-401-597-30-030	Operating Transfer Out - 001	0	12,774	12,774	16,803	16,803	16,803
401-401-597-30-040	Operating Transfer Out - 407	0	0	50,000	65,000	100,000	0
401-401-597-50-020	Operating Transfer Out - 114	8,979	14,660	14,660	18,600	18,600	18,600
Total Expense		1,240,923	1,216,835	1,207,427	1,295,705	1,264,480	1,236,099
Ending Balance		196,016	246,821	347,729	489,489	44,715	111,940

Sewer Fund Operating Expenditures

The Sewer Fund currently shows a surplus of \$111,940.

Salaries and benefits are increased by \$5,295 in 2016.

There is an estimated \$97,000 expenditure for Professional Services which includes approximately \$86,000 for the preparation of the 2016 General Sewer Plan Element of the Comprehensive Plan Update and a rate study.

Sludge hauling has been reduced from \$30,000 in 2015 to \$10,000 in 2016 to be more in line with past year expenditures.

2016 GARBAGE OPERATING FUND

402 Account	UTILITY GARBAGE FUND Description	2011	2012	2013	2014	2015	2016
		Actual	Actual	Actual	Actual	Adopted	Proposed
402-000-308-80-000	Beginning Fund Balance	152,859	181,476	202,853	267,155	0	0
400-000-316-48-000	Garbage State Tax	19,085	19,459	20,223	20,580	\$21,250.00	\$20,064.00
402-000-321-91-000	Garbage Franchise Fees	1,473	2,962	3,401	3,256	\$3,300.00	\$3,500.00
402-000-334-03-100	Coordinated Prevention Grant	2,680	1,770	1,789	2,211	\$1,700.00	\$1,600.00
402-000-343-70-000	Garbage/Solid Waste	545,216	566,490	577,803	592,059	\$590,000.00	\$557,340.00
402-000-343-70-100	Recycling Charges	175,355	165,586	167,695	166,456	\$167,900.00	\$177,816.00
402-000-361-11-000	Investment Interest	246	424	730	814	\$500.00	\$500.00
402-000-362-20-000	Dumpster Delivery Charges	20,658	20,675	21,214	21,136	\$21,500.00	\$20,940.00
402-000-369-90-000	Miscellaneous	350	150	180	531	\$500.00	\$500.00
402-000-395-10-000	Sale of Fixed Assets	1,027	284	114	0	\$0.00	\$0.00
Total Revenue		918,949	959,276	996,002	1,074,199	806,650	782,260

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Adopted	2016 Proposed
402-402-537-80-100	Salaries and Wages	168,048	143,871	143,195	146,406	154,672	128,164
402-402-537-80-200	Benefits	65,380	73,944	59,848	63,126	80,625	70,052
402-402-537-80-220	Uniforms	680	1,208	1,186	718	800	1,000
402-402-537-80-230	Contract Labor	0	3,565	1,783	0	0	0
402-402-537-80-310	Operating Supplies	1,585	1,090	1,487	2,804	3,540	5,000
402-402-537-80-320	Office Supplies	3,180	2,687	2,223	2,592	2,700	2,400
402-402-537-80-350	Small Tools/Minor Equipment	304	92	708	1,054	350	2,000
402-402-537-80-360	Vehicle Operation/Maintenance	19,148	19,565	23,604	19,247	33,300	16,000
402-402-537-80-370	Vehicle Repair	12,643	7,373	5,049	7,404	3,000	7,000
402-402-537-80-380	CPG Grant - Clean UP	2,464	1,333	969	897	1,700	1,600
402-402-537-80-410	Professional	6,439	12,850	7,696	4,105	9,750	9,700
402-402-537-80-420	Communication	8,296	7,402	7,527	8,053	7,000	8,500
402-402-537-80-430	Travel and Seminars	478	1,566	453	800	790	1,400
402-402-537-80-460	Insurance	13,817	16,722	13,393	33,461	29,000	31,000
402-402-537-80-470	Utilities	2,489	2,246	2,114	2,077	2,000	2,000
402-402-537-80-480	Repair and Maintenance	1,181	224	2,919	9,061	3,975	3,000
402-402-537-80-490	Miscellaneous	959	2,434	1,725	2,490	1,235	2,600
402-402-537-80-510	Intergovernmental - Recycle	141,917	139,141	113,943	143,516	145,865	150,000
402-402-537-80-500	Intergovernmental - Disposal F	185,726	188,400	191,316	182,982	192,000	192,000
402-402-537-80-520	Taxes - Excise	32,128	30,728	30,282	30,050	30,000	30,000
402-402-594-80-620	Capital Outlay - Buildings	0	0	2,040	0	5,000	0
402-402-594-80-640	Capital Outlay - Equipment	20,315	18,605	19,009	14,009	10,000	10,000
402-402-597-30-000	Operating Transfer Out - 104	44,000	79,639	75,000	31,000	35,000	30,000
402-402-597-50-010	Operating Transfer Out - 001	0	0	0	16,803	16,803	16,803
402-402-597-50-010	Operating Transfer Out - 114	6,479	3,710	17,434	16,000	16,000	16,000
	Total Expenditures	737,655	758,397	724,903	738,656	785,105	776,359
	Ending Balance	181,294	200,879	271,099	335,543	21,545	46,041

Garbage Fund Operating Expenditures

The Garbage Fund has a surplus of \$46,041.

The City purchased a new garbage truck and toters in 2015 and has modified garbage service to once every two weeks. A garbage rate study is underway, and the results will be available soon. As a result of the garbage rate study, garbage rates are expected to change.

Salaries and benefits are decreased by \$37,081 in 2016 primarily due to less labor required to operate the garbage service.

Vehicle Operation/Maintenance has been reduced from \$33,000 in 2015 to \$16,000 in 2016 primarily due to the new garbage truck purchased in 2015.

2016 STORMWATER OPERATING FUND

406 STORMWATER UTILITY FUND		2011	2012	2013	2014	2015	2016
Account	Description	Actual	Actual	Actual	Actual	Adopted	Proposed
406-000-308-80-000	Beginning Fund Balance	60,026	66,020	69,367	18,616	14,380	0
406-000-343-50-000	Stormwater Utility Fee	126,428	150,169	163,084	165,910	166,000	175,164
406-000-361-11-000	Investment Interest	92	306	89	89	200	200
406-000-397-10-100	Operating Transfer In	0	0	0	0	0	0
	Total Revenues	186,546	216,494	232,540	184,615	180,580	175,364

Account	Description	2011	2012	2013	2014	2015	2016
		Actual	Actual	Actual	Actual	Adopted	Proposed
406-406-531-10-100	Salaries and Wages	23,023	77,239	85,724	77,912	83,305	86,932
406-406-531-10-200	Benefits	7,020	5,951	33,579	33,682	41,280	42,388
406-406-531-10-220	Uniforms	145	354	483	217	400	400
406-406-531-10-310	Operating Supplies	436	772	1,097	1,608	2,250	2,500
406-406-531-10-320	Office Supplies	297	415	316	14	500	500
406-406-531-10-350	Small Tools/Minor Equipment	1,526	389	404	859	1,850	1,150
406-406-531-10-360	Vehicle Operation Maintenance	331	154	684	386	1,800	2,000
406-406-531-10-370	Vehicle Repair	60	1,954	229	301	0	5,000
406-406-531-10-410	Professional Service	0	5,503	495	0	19,500	14,500
406-406-531-10-420	Communication	1,267	1,485	1,328	1,543	1,000	1,800
406-406-531-10-430	Travel and Seminars	382	1,172	769	298	1,190	1,190
406-406-531-10-450	Rentals	17,961	5,047	11,004	976	0	600
406-406-531-10-460	Insurance	1,000	4,762	10,209	9,013	9,000	9,000
406-406-531-10-470	Utilities	0	0	0	0	0	0
406-406-531-10-480	Repair and Maintenance	3,882	116	332	211	1,020	1,320
406-406-531-10-490	Miscellaneous	886	40	50	279	184	184
406-406-531-10-510	State Excise Tax	2,309	2,709	2,695	2,487	2,700	0
406-406-594-10-640	Capital Outlay - Equipment	0	33	2,040	0	5,000	300
406-406-597-50-020	Operating Transfer - 413 Debt	28,700	28,700	28,632	10,136	0	0
406-406-597-60-030	Operating Transfers Out - 114	0	3,712	10,104	4,000	4,000	4,000
406-406-597-20-010	Operating Transfer Out - 001	0	0	0	5,601	5,601	5,601
406-406-597-20-010	Operating Transfer Out - 104	31,300	7,127	23,000	0	0	0
	Total Expenditures	120,525	147,633	213,174	149,524	180,580	179,365
	Ending Fund Balance	66,020	68,861	19,366	35,090	0	-4,001

Stormwater Fund Operating Expenditures

The Stormwater Fund is \$4,001 out of balance.

Salaries and benefits are increased by \$4,735 in 2016.

Professional services in 2016 are budgeted for legal counsel, the Washington State auditor, and street sweeping disposal services.

As the City moves forward, **the stormwater rates will very likely need to be raised** to be able to afford the design and construction of stormwater and flood prevention projects, and to incorporate state mandated Low Impact Development requirements. The current rate structure has residential customers subsidizing commercial accounts. Council should consider moving forward with a rate study in 2017 to evaluate the current rate structure.