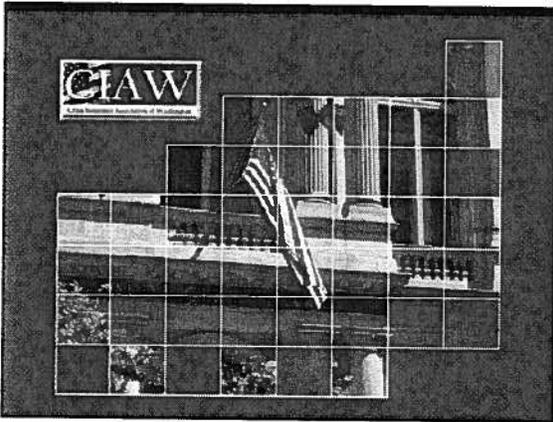
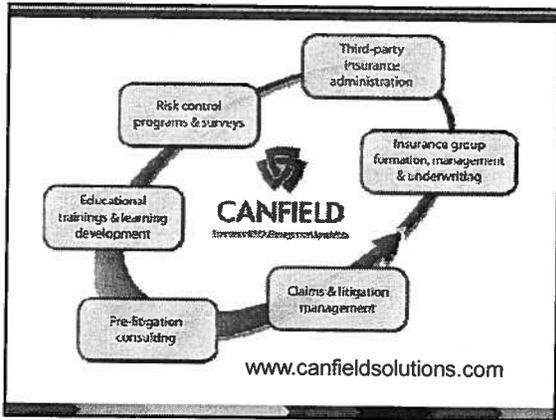

**CITY OF SULTAN
COUNCIL BUDGET RETREAT
October 11, 2014**

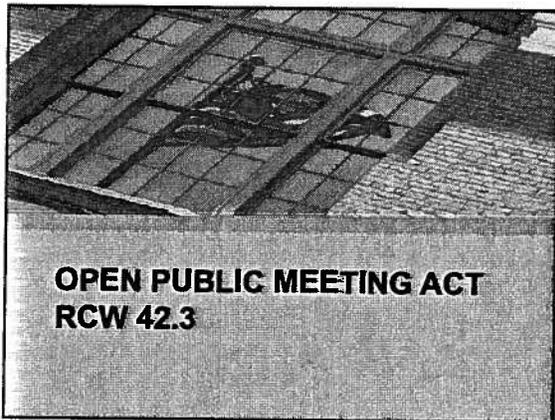
Schedule:

9:00 – 9:15	Mayor's Comments
9:15 – 10:45	Open Meetings/Public Records Training
11:00 – 11:30	Budget Themes and Revenue Assumptions
11:30 – 12:15	Lunch
12:30 – 2:00	Public Works Funds

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







Meetings

- Meetings of the governing body of a public agency are open to the public.
- Governing body is:
 - Multimember board
 - Commission
 - Committee council
 - Other rule-making body of a public agency.



Meetings

- Committees, boards etc. are to conduct all business related to the agency in public.
- Meeting means; meetings at which action is taken.
- Any actions taken outside of the meeting are considered null and void.



Meetings

- An email exchange among members of an agency which "action" is taken is considered a meeting.
- Such as a 'reply-all' and opinions are shared.
- A quorum of members may another organization's meeting provided no "action" is taken. As long as you do not discuss agency business.



Action

- Action
 - Including but not limited to
- Public notifications



Action

- Secret votes
- Publicly announce vote



Meetings Not Covered by the OPMA

- Quasi-judicial body
- Collective bargaining sessions



Attendance, Recording and Disorderly Conduct

- Not required to register name...
- May not limit attendance
- Recording



CANFIELD

Attendance, Recording and Disorderly Conduct

- Disruption
- Violation to have sign in sheet
- Location of meeting

CANFIELD

Right to Speak and Minutes

- Community speakers
- Minutes and availability



CANFIELD

Required Notice of Public Meetings

- Schedule of the time and place of such meetings
- Meetings should be held inside governing boundaries
- You are not required to publish agendas of the meeting, just notification.



Special Meetings

- Special meeting
- Notification must be given to local outlets



Special Meetings

- Notice must specify the time and place
- Emergency meetings
 - Fire, flood, earthquake or other emergencies



Consequences

- Devastating effects
- Loss of Credibility, trust and openness
- Almost impossible to regain by those served
- Outside actions
- Compliance
- Personal liability and civil penalty



CANFIELD

Executive Sessions

May be called for the following reasons:

- Selection of a site or the acquisition of real estate by lease or purchase
- Consider the minimum price at which real estate will be offered for sale or lease

CANFIELD

Executive Sessions

- To review negotiations on the performance of publicly bid contracts
- To receive and evaluate complaints or charges brought against a public officer or employee.

CANFIELD

Executive Sessions

- To evaluate the qualifications of an applicant
- To evaluate the qualifications of a candidate for appointment to elective office
- To discuss legal counsel representing agency matters



Executive Sessions

- Publicly announce the purpose for excluding the public
- Executive session may be extended



Violations

- Personal liability
 - \$100.00 penalty
- Awarded costs



Summary

- The OPMA is established to reinforce doing agency business in a open environment.
- Secret votes are prohibited
- Everyone is allowed to attend meetings.
- Disruptive attendees may be asked to leave.
- Public comments are not required unless directed.
- Regular meeting time and places are to be on file with the State code reviser.



Summary

- The public must be given 24 hour notice of special meetings.
- Action outside of the OPMA is considered null and void.
- Members acting outside of the OPMA are subject to liability.

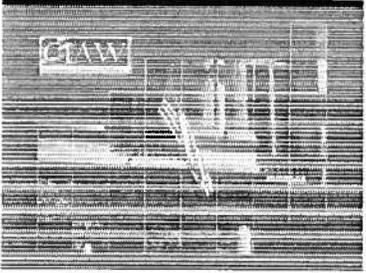


Resources

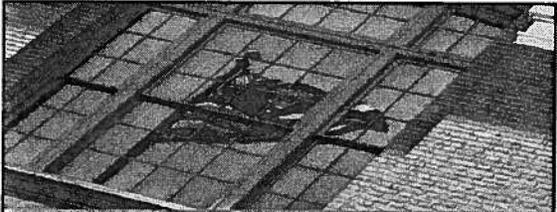
15.30.00	Agencies
15.30.01	Definitions
15.30.02	Meetings declared open and public
15.30.04	Conditions to attendance not to be required
15.30.05	Interruptions -- Procedure
15.30.06	Emergency, rules, resolutions, regulations, etc., adopted at public meetings -- Notice -- Secret voting prohibited
15.30.07	Time and places for meetings -- Emergencies -- Exception
15.30.08	Schedule of regular meetings -- Publication in state register -- Notice of change -- "Regular" meetings defined
15.30.09	Special meetings
15.30.10	Adjournments
15.30.11	Continuances
15.30.12	Executive sessions
15.30.13	Violations -- Personal liability -- Civil penalty -- Attorneys' fees and costs



Break



CANFIELD



PUBLIC RECORDS REQUEST

Disclaimer



Please understand that the purpose of this presentation and handout is educational. Nothing in either should be construed as specific legal advice for a particular situation. Sound legal advice requires an understanding of all the facts of a particular situation, something that cannot occur in a educational setting.

CANFIELD

Public Records Request



- Passed by initiative in **1972**
- All records of an agency are **presumed** to be subject to disclosure
- Agencies must **respond promptly** and provide assistance to requesters



1st Amendment, Open Government, Open to the People



- The people of this state do not yield their sovereignty to the agencies that serve them
- The people insist on being informed
- Public money, trust but verify



How to make a Public Records Request



- On the Internet, local website front page
- Public Records Disclosure information
- Public Records Request Form
- Is the requested document online?



Role of the Public Records Officer

- Provide most timely possible & efficient action on requests
- Fulfill requests without excessive interference with day to day business
- Protect public records from damage or disorganization



Role of the Public Records Officer

- Oversee compliance with the Public Records Act
- Administers program consistent with your Administrative Policy
- Coordinate responses to requests with departments and offices



Generating a 5-day Response

You must take one of four actions within FIVE days:

- Deny the request
- Fulfill the request
- Reasonable time estimate
- Request clarification



The 'all documents related to' Request

- **Not** a discovery request
- AG Model Rules' **Advice**:
- Is it obvious?
- Produce records that "directly and fairly address" the topic, explain how you selected the documents and ask if these are the records they were looking for

OR:

- Seek **clarification**



Steps to Clarifying a Request

- RCW 42.56.520 authorizes clarification
- "identifiable" means reasonably locatable
- Able to locate with existing search capabilities
- Unclear or really broad information request



Steps to Clarifying a Request

- Ask what the requestor is trying to figure out. (but they **do not** have to tell you)
- Two stage responses: Is this a broad request or a will a smaller sub-set work?
- Copies? Cost?



Cost and Timing



- For large requests, it may require:
 - A deposit of up to 10% of estimate cost before making copies
 - Provide copies in installments
 - Require advance payment before providing further installments



Cost and Timing



- There is no fee for inspecting public records
- **Black and white copies.** \$.15 per page
- **Mailing.** Actual cost of postage and mailing container
- **Other media.** Actual cost of reproduction

(Color, electronic, information provided on disk or CD-ROM)



Three Things to Remember



1. Always have a good, helpful **attitude**
2. Always **document** any revision to the request and send it to the requester.
3. If a requester fails to clarify, you may treat the request as abandoned-
Only if you cannot reasonably locate responsive documents



Public Records Requests are:

- An open invitation to openness of the agency
- To give out the records at first opportunity to show openness



Agency Must Make Documents Available

- A requesting party has a right to inspect and/or receive copies
- Make facilities available for copying them. Requestor may bring in a scanner
- Provide in electronic form if unredacted and reasonably technologically feasible



Public Records Requests are:

- An open invitation to openness of the agency
- To give out the records at first opportunity to show openness



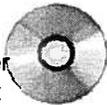
Public Dollars Pay the Full Cost of Open Government

- **No fee** shall be charged for the **inspection** of public records. **No fee** shall be charged for **locating** public documents and making them available for copying. A reasonable charge may be imposed for providing copies of public records...fifteen cents per page.
- Do not charge for search time



Charging for Actual Costs of Electronic Requests

- Cost of materials (CD)
- Per page cost for scanning paper documents (\$.15 per page). Not mandatory
- BUT, not collection time
- Include this in your policy



Embrace the Spirit of the Public Records Act

- Learn from the **Yousoufian** case. Sounding annoyed, imposed on, or as if you're doing a favor can get you in trouble
- Generous efforts to cooperate...
- Hundreds of hours of staff time...



Documentation

Develop a standard form to include:

- Date received, date 5 day letter sent
- Date estimated for completion
- Identity of person charged with managing search
- Summary of search efforts
- Date records produced



What is a Public Record?

A Public Record is:

1. Any writing
2. Relating to the conduct/performance of any governmental or proprietary function
3. Prepared, owned, used, or retained by the agency



“Writing” means handwriting, typewriting, printing, photostating, photographing and every other means of recording any form of communication or representation which information may be obtained or translated
RCW 42.56.010(3)

...including but not limited to, letters, words, pictures, sounds or symbols, or combination thereof, and all papers, maps, magnetic or paper



Examples of Records

- Letters
- Contracts
- Emails
- Word documents
- Spreadsheets
- PDF
- Calendar (Outlook)
- Public comment forms
- Photographs, videos
- MP3's (cell phones and cameras)
- Databases
- Voicemails



Not a Public Record

- Documents that don't relate to the conduct of the business
- Personal correspondence, calendars, phone messages.
- BUT, if the documents are used for discipline purposes, they will become public documents



Examples of what not to do in Emails

- "We're going to do this differently than normal but I don't want to put the details in a public record"
- "I don't think I am supposed to know this but..." 
- "Don't ask. You don't want to know, and neither does the public."
- "Is this actually legal for a public agency?"



Common Sense Advice Over the Decades



1989: Don't put anything in an email you don't want to see in the paper.

1999: Don't take pictures of anything you don't want to see in the paper.

2009: Don't tweet or post anything you don't want to see in the paper.



Steps to Clarifying a Request

- Ask what the requestor is trying to figure out. (but they **do not** have to tell you)
- Two stage responses: Is this a broad request or a will a smaller sub-set work?
- Copies? Cost?



Requesters Have **No Duty to Cooperate** With Agencies Before Running Into Court

RCW 42.56.550 "Upon the motion of any person having been denied an opportunity to inspect or copy a public record by an agency, the Superior Court in the county in which a record is maintained may require the responsible agency to show cause why it has refused to allow inspection or copying of a specific public record or class of records."



Reasonable Time Estimate Based on:



- Size of request
- Location of records/number of custodians
- Likelihood of **exemptions and redactions**



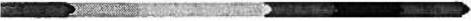
Reasonable Time Estimate Based on:



- Notice to third parties (perhaps they will block disclosures)
- Available staff, number of requests
- Your policy can address priority of requests



Reasonable Time Estimate Based on:



- You can **revise** your estimate "in good faith"
- **Installments** (some now and some later)
- **Explanation** to the requester (why it will take longer)



Redacting Electronic Records

- Print, hand-redact and scan
- Convert to .tiff image, specialized software
- Create new records. Be clear to explain to the requestor what you did
- Custom programming? Check with your lawyer
- Remember metadata



What is Metadata?

- Title and author
- Comments
- Revision number
- Last print date, creation date, last save time, total editing time
- Prior versions / tracks changes



Information the System Needs to Manage Records

- File name
- Size
- Location
- Path
- Creation Date and Modification Date



Every Copy of an Email?



- Yes, because each email has unique metadata.
- Perhaps 1 copy of an office wide email will suffice. Let requestor know 'one of many'.

CANFIELD

Searching for Records/Considerations

- All **locations** you would reasonably expect to find responsive records;
- All **sources** you would reasonably expect to have responsive records or lead to responsive records.

CANFIELD

Searching for Records/Considerations

- For e-records, use **most effective** search tools included in existing software;
- Cannot limit search to one location or one source if records might be found elsewhere.

CANFIELD

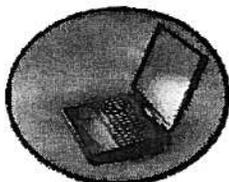
Searching for Records/Considerations

- Update assessment as the search progresses;
- Follow any obvious leads uncovered during the search; and
- Search will be judged on "reasonableness" standard-good faith effort reasonably calculated to uncover any and all responsive records.



Where do you search?

- Emails
- Central server
- Desktops and laptops
- Drawers
- Calendars
- PDA's
- Cell phones
- Thumb drives
- Off site storage



Electronic Searches Are Not Enough

- Over and under inclusive
- A lot of irrelevant information
- Search may miss relevant information from misspelled words, vague emails, etc.



Electronic Searches Are Not Enough

- Poorly organized
- Forgetful
- May not want you to find something



Notice to Third Parties

- May provide notice to allow third party to file lawsuit **AGAINST YOUR AGENCY** to block release
- PRA does not make notice mandatory but...
- Privacy or financial information
- Best practice to avoid problems with third-party records



Make Sure You Have All the Records

- **Cross-check** production between custodians
- **Review** date range for gaps
- Follow all **obvious leads**
- Common sense approach



How to Complete the Request

- **Format?** Reasonable and technologically feasible (electronic?)
- **Inform** requestor the records are available
- **Provide** exemption log
- **Encourage** them to contact you with questions



Redaction and Exemption Log

Exemption Log:

- Title
- Author and recipient
- Date
- Number of pages
- Exemption and brief explanation for withholding



Penalties for PRA Violations

- \$5 (good faith) to \$100 (not so good faith) per day, per request
- Mandatory
- No proof of damages required
- Attorney fees and costs



For Example...

- Mason County- \$175,000 and \$135,000
- L&I- \$500,000 (reduced on reconsideration)
- DSHS- \$525,000
- Board of Accountancy- \$500,000
- City of Mesa- \$240,000 (2X annual tax collection)
- City of Prosser- \$175,000
- Jefferson County- \$50,000 (redacted a phone number)



Exemptions

- Combat public cynicism by showing public **benefits**
- Add **benefit explanation** to exemption log
- Most exemptions are discretionary (**weigh public interest**)
- Show why you are selecting a certain exemption



Top 10 Public Interest Exemptions

1. **Law enforcement** RCW 42.56.420, 240
 - Terrorism prevention records, assessments, plans. RCW 42.56.420
 - Law enforcement intelligence & investigations. RCW 42.56.240 (1)
 - Identities of crime victims and witnesses.
- Public Interest Reason**
- Public Safety
 - Effective law enforcement
 - Personal privacy



Top 10 Public Interest Exemptions

2. Personal Financial Information RCW 42.56.420

- Credit card and financial account numbers (SS #)
- Tax records

Public Interest Reason- Privacy

- Risk of grave harm to individuals
- No legitimate public interest in these details



Top 10 Public Interest Exemptions

3. Employee privacy

- Information in personnel files if information would violate the right to privacy, RCW 42.56.230 (2)
- Addresses phone numbers, personal email address, RCW 42.56.250 (3)
- Healthcare records Federal Law (ADA), HIPAA
- No exemption just because NOT related to government

Public interest reason

- Risk of grave harm to individuals
- Low employee morale harms public
- No legitimate public concern in these details



Top 10 Public Interest Exemptions

4. Employment and licensing

- Public employment applications RCW 42.56.250 (20)
- Test questions RCW 42.56.250 (1)

Public Interest Reason

- Encourage qualified applicants
- Maintain integrity of hiring and licensing process
- Applicant's privacy



Top 10 Public Interest Exemptions

5. Public employment discrimination

- Identity of agency employees seeking "informal" advice. RCW 42.56.250 (4)
- Employing agency's investigative records RCW 42.56.250 (5)

Public Interest Reason

- Reduce taxpayer expenses
- Encourage informal process
- Allows investigation without interference



Top 10 Public Interest Exemptions

6. Real Estate Appraisal RCW 42.56.260

- Appraisal for agency sale or purchase of realty
- Only during sale, not more than three years

Public Interest Reason

- Fair bargaining with taxpayer dollars



Top 10 Public Interest Exemptions

7. Legal Advice

- Attorney-client communications RCW 5.60.060 (2)
- Work product RCW 42.56.290
- Mediation records RCW 42.56.600

Public Interest Reasons

- Before dispute: guide actions & avoid disputes
- During dispute: equal footing with adversary
- During mediation: encourage settlement



Top 10 Public Interest Exemptions

- 8. Deliberative process** RCW 42.56.280
- Drafts, recommendations, memos
 - Opinions and policy positions-not raw data
 - NOT exempt after final decision
- Public Interest Reasons**
- Fosters decision making process
 - Secures negotiation strategy



Top 10 Public Interest Exemptions

- 9. Agency "Trade Secrets"** RCW 42.56.270
- Valuable formulae, designs, source code, data
 - If disclosure would produce "private gain and public loss"
 - 5 year window
- Public Interest Reason**
- Protects public investment
 - Allows agencies to fairly compete



Top 10 Public Interest Exemptions

- 10. Private Commercial Information** RCW 42.56.270
- Economic development loan applications
 - Trade secrets
 - if private gain and public loss
 - or if Trade Secret Act applies
- Public Interest Reason**
- Encourage State industry
 - Encourage contractor/vendor applicants



Record Retention Schedule

- All public records = 6 years
- Email =
 - Administrative = 2 years
 - Citizen Complaints = 3 years
 - Public Records Requests = 3 years
 - Employee issues = 6 years
 - Finance support documents = 3 years
 - Legal opinions/advice = 10 years
 - Planning and project files = 6 years
 - Hearing examiner files = 6 years
 - Board management = 3 years



Summary

- Document all actions related to the request. Intake log, exemption log, Contact information and changes.
- Have a positive attitude when dealing with the requester.
- Follow the retention schedule.
- The public has a right to open and honest agencies.



Resources

12.24.001	Agency personnel	12.24.120	Allegation for discipline
12.50.001	Declarations	12.52.130	Other provisions not expressed
12.52.001	Short title	12.52.140	Public records exemptions accountability committee
12.52.002	Construction	12.52.150	Certain personal and other records exempt
12.52.030	Duty to publish procedures	12.52.200	Personal information (as amended by 2013 c 220)
12.52.050	Division of privacy, when	12.52.210	Personal information (as amended by 2013 c 330)
12.52.060	Disclaimer of public liability	12.52.310	Investigative, law enforcement, and crime victims
12.52.070	Documents and indexes to be made public	12.52.320	Employment and licensing
12.52.080	Facilities for copying - Availability of public records	12.52.330	Real estate appraisals
12.52.090	Times for inspection and copying - Posting on web site	12.52.340	Financial, commercial, and proprietary information
12.52.100	Protection of public records - Public access	12.52.350	Preliminary drafts, notes, recommendations, inter-agency memorandums
12.52.150	Disclosure of information relating to employee misconduct	12.52.360	Agency party to controversy



SULTAN CITY COUNCIL RETREAT AGENDA ITEM COVER SHEET

ITEM NO: D-2

DATE: October 11, 2014

SUBJECT: Budget Themes and Revenue Assumptions

CONTACT PERSON: Ken Walker, City Administrator

ISSUE:

The issue before the city council is to review:

- Proposed 2011-2015 budget themes (Attachment A)
- Proposed 3-year work plan (Attachment B)

STAFF RECOMMENDATION:

Review the financial assumptions, proposed budget themes, and three-year work plan and direct staff to areas of concern.

Discuss the financial assumptions. Use the assumptions to prioritize the budget themes and three-year work plan to achieve short-term and long-term priorities such as meeting state planning mandates, increasing public safety services, supporting economic development and preparing for economic recovery.

SUMMARY:

The city council continues to complete many of the long-range goals adopted either formally or informally beginning in 2008. These goals included:

GOAL	STATUS
Align revenues and expenditures	On going
Building savings in the contingency fund (rainy-day fund)	On going
Reducing debt	On schedule
Funding repair and replacement funds	On going
Funding facility maintenance and operations	On going
Maintaining the city's existing assets	On going
Continue equipment replacement funds	On going
Work with the police department to improve public safety	On going
Expand the network of security cameras throughout the city	On going
Update the comprehensive plan	Due 06/30/2015
Update the Water System Plan, General Sewer Plan	Due 06/30/2015
Capital Projects: Roads and Parks-6 Storm-2 Water and Sewer-6 General-3 Equipment-3	12/15/2015
Updating Zoning and Development Code	In progress
Updating future land use maps	In progress
Update Nuisance Codes	In progress
Update Utility Codes	In progress
Continue Succession planning	In progress
Donut Hole Annexation	In progress

Proposed Budget Themes

In 2010, the city council adopted new goals to move the community forward. These goals have carried forward into the 2012-2015 budgets. The adopted council goals were based in part by the priorities identified by the community in the citizen surveys and consultant interviews completed in 2009 and such as public safety, parks maintenance, and economic development.

With the adoption of the budget themes, the city council can align revenues, expenditures and staff resources to move the city towards a specific vision. The budget themes are divided into four categories:

1. Public safety
2. Economic development
3. Community development
4. Fiscal responsibility

Based on council input for 2015, city staff prepared specific implementation strategies for the 2015 budget.

DISCUSSION:

Five-Year Plan Financial Assumptions

The five-year general fund financial analysis assumed declining revenues through 2014, with more stable revenues for 2015. Assessed values are expected to increase by 10% for 2014. The city reached its maximum levy rate of \$1.60/\$1,000 assessed value in 2011. Assessed valuations have increased from \$302,489,053 to \$332,800,678 for 2015.

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 (councilmanic). Property and Sales tax revenues are approximately 50% of total taxes.

For the 2014-2018 budgets, property taxes will be needed to make the GO bond payments on the Community Center. The impact to the General Fund will be a 20-25% reduction in property tax revenues.

For 2013, the city council approved changing the percentage of B&O 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.

The city's major source of variable revenues is 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. Building permit revenue is expected to continue at record lows. The City has experienced an increase in building permit activity in the last quarter of 2014 and expects this to continue into 2015 with 20 new building permits anticipated.

EXPENSES ASSUMPTIONS AND CHANGES.

Labor Contract

The labor contract expires 12/31/2014. The city is currently in negotiations with the union for a new contract. The 2015 budget will be based on the same benchmark CPI provisions in the existing contract.

Reduced hours and pay

The position of Community Development Director has been replaced with the position of Senior Planner. The Grants Coordinator position will be changed to part time with duties reassigned, while the Code Enforcement position will be increased to full time, resulting in no significant change in expenditures.

Currently no furloughs are planned for 2015.

Contract adjustments

The contract amount for law enforcement services was successfully renegotiated in 2013. The city did accrue savings that will continue throughout the life of the contract. Still 2014 contract expenses will post a 3.1% increase in cost.

The Association of Washington Cities has notified the city its medical insurance members, like Sultan, should anticipate a 7.0% rate increase for 2015. Additionally, PERS retirement will see an increase from 9.03% to 12% of salaries for employer contributions.

Proposed Budget Themes

The city has an obligation to provide services to the community. 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 optional, 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.

Strategic investments are needed in order to ensure the city is positioned to attract new development when the economy recovers. Failing to invest now could put the city in the position of falling so far behind that future investment will not be attracted to the Sultan community and will go elsewhere. This could lead to a spiraling decline of the community rather than slow but steady improvement.

RECOMMENDED ACTION:

Review the financial assumptions, proposed budget themes, and three-year work plan and direct staff to areas of concern.

Discuss the financial assumptions. Use the assumptions to prioritize the budget themes and three-year work plan to achieve short-term and long-term priorities such as meeting state planning mandates, increasing public safety services, supporting economic development and preparing for economic recovery.

ATTACHMENTS

A – Proposed 2011-2015 Budget Themes

B – 2013-2015 Work Plan

2011-2015 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.

2013-2015 Work Plan

Public Safety

- Update the city's nuisance codes. No direct cost, staff time only,
- 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.

Economic Development

- Continue business retention and education efforts – roundtables and workshops. No direct cost. In-house staff.
- 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.
- Complete Waste Water Treatment 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 update – urban growth area change \$300,000.
- Complete Donut Hole annexation.
- Complete trail system from Riverfront Park to Osprey Park.
- Support UGA adjustment proposals.

Fiscal Responsibility

- Continue to implement debt service reduction plan
- Complete cemetery rate study to ensure adequate revenues for perpetual care.
- Use Springbrook modules and handheld devices 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
- Restructure Garbage service to maximize new equipment and generate operational savings.

**SULTAN CITY COUNCIL
BUDGET RETREAT COVER SHEET**

ITEM NUMBER: Discussion D 3
DATE: October 11, 2014
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.

2015 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		2011	2012	2013	2014	2015
Account	Description	Actual	Actual	Actual	Adopted	Proposed
101-000-308-80-000	Beginning Fund Balance	93,513	87,095	52,997	0	
	Real and Personal Property Tax	38,427	16,846	17,762	20,000	20,000
101-000-311-10-000	B & O Electric	78,960	63,559	35,866	35,000	35,000
101-000-316-41-000	Utility Tax Gas	10,339	3,841	4,534	5,000	5,100
101-000-316-43-000	Utility Tax Telephone	16,231	11,558	8,520	12,000	7,400
101-000-316-47-000	Street/Curb Permits -ROW	1,150	3,384	1,722	2,000	2,000
101-000-322-40-000	Motor Vehicle Excise Tax	97,292	95,119	96,335	95,064	94,653
101-000-336-00-870	Investment Interest	126	153	13	200	300
101-000-361-11-000	Contributions - Street Project	131	5,448	250	0	0
101-000-367-11-010	REVENUE TOTAL	336,170	287,002	217,999	169,264	164,453
Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
101-150-542-30-100	Salaries and Wages	92,692	112,160	94,142	66,620	69,826
101-150-542-30-200	Employee Benefits	28,864	33,085	32,869	25,975	31,541
101-150-542-30-220	Uniforms	667	508	470	200	200
101-150-542-30-310	Office/Operating Supplies	6,727	3,710	5,850	2,200	3,200
101-150-542-30-320	Office Supplies	1,681	1,951	1,703	1,000	1,500
101-150-542-30-350	Small Tools/Minor Equipment	1,689	344	1,255	350	1,450
101-150-542-30-360	Vehicle	3,260	2,539	1,608	1,500	2,050
101-150-542-30-360	Operation/Maintenance					2,050
101-150-542-30-370	Vehicle Repair	257	1,948	287	500	500
101-150-542-30-410	Professional Service	40,145	16,229	7,696	2,000	42,000
101-150-542-30-420	Communication	2,262	2,831	2,920	2,500	2,500
101-150-542-30-430	Travel and Seminars	652	897	640	445	370
101-150-542-30-460	Insurance	8,817	12,528	12,683	8,000	8,000
101-150-542-30-490	Miscellaneous	1,749	1,491	568	200	200
101-150-542-30-490	Capital - Equipment and	6,420	234	2,040	1,500	
101-150-594-30-640	Signs					0
101-150-597-30-000	Operating Transfer Out - 303	14,000	6,392	1,813	2,400	0
101-150-597-50-010	Operating Transfer Out - 114	3,905	2,960	9,854	3,500	3,500
101-160-542-30-480	Repair and Maintenance	2,687	200	2,240	1,000	500
101-160-542-63-470	Utilities	32,601	35,061	32,013	30,000	33,000
	EXPENDITURES TOTALS:	249,075	235,069	210,651	149,890	200,337
		87,095	51,933	7,348	19,374	-35,884

Street Fund Operating Expenditures

The current Street Fund proposal is \$35,884 out of balance primarily due to an estimated \$30,000 expenditure for the Transportation Element of the Comprehensive Plan Update.

Salaries and benefits are increased by \$8,772 in 2015 primarily due to additional staff time required to manage the Transportation Element of the Comprehensive Plan Update.

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

The current expenditures include \$20,500 for a speed cushion project for 1st Street, the annual chip seal project, raised pavement markers for Sultan Basin Road, and the 3rd Street repair is projected for 2015 using Street Operating Funds through a Operating Transfer out to the Street Capital Fund. To help make up for the \$35,884 budget shortfall, these projects will likely be funded using REET 2 funding, instead of operating funds. Council should note that the Date Avenue project and the 5th Street project may be funded by the Transportation Improvement Board, and the city has committed a ten percent match for each project which will also be funded with REET 2.

The remaining \$15,384 shortfall may require the City 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, Goldbar, 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 2015.

2015 CEMETERY OPERATING FUND

103 CEMETERY FUND		2011	2012	2013	2014	2015
Account	Description	Actual	Actual	Actual	Adopted	Proposed
103-000-308-80-000	Beginning Fund Balance	29,732	6,910	1,924	0	0
103-000-343-60-000	Cemetery Fees	16,080	23,989	34,784	25,000	25,000
103-000-361-11-000	Investment Interest	31	14	16	100	250
	Contributions - Cemetery	2,926	138	0	0	0
103-000-367-11-000	Impro					
	REVENUE TOTAL	48,769	31,051	36,724	25,100	25,250

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
103-103-536-10-100	Salaries and Wages	25,351	16,795	10,943	9,790	10,510
103-103-536-10-200	Benefits	9,233	4,912	4,367	4,850	5,750
103-103-536-10-220	Uniforms	138	12	20	0	0
103-103-536-10-310	Operating Supplies	307	336	56	500	500
103-103-536-10-320	Office Supplies	11	115	0	0	100
103-103-536-10-340	Items for Resale	732	747	1,363	900	2,000
103-103-536-10-350	Small Tools/Minor Equipment	40	0	147	100	0
	Vehicle	506	474	446	700	
103-103-536-10-360	Operation/Maintenance					800
103-103-536-10-410	Professional Services	400	5,187	9,324	5,000	5,000
103-103-536-10-460	Insurance	4,287	682	3,507	1,500	1,500
103-103-536-10-480	Repair and Maintenance	95	0	0	100	0
103-103-594-10-640	Capital - Equipment	761	0	0	0	1,000
103-103-597-40-000	Operating Transfers Out	0	0	0	0	500
	EXPENDITURE TOTAL	41,860	29,260	30,173	23,440	27,660
	Ending Fund Balance	6,910	1,790	6,551	1,660	-2,410

Cemetery Fund Operating Expenditures

The current Cemetery Fund proposal is \$2,410 out of balance.

Salaries and benefits are currently proposed to be increased by \$1,620 in 2015, however this is only an estimate based on last year's staff allocation for the Cemetery Fund. Public Works is hiring a new Utility Worker in October 2014 to replace a recently released employee. The new employee will likely be starting at a lower step level resulting in savings to the cemetery fund.

2015 WATER OPERATING FUND

400 UTILITY WATER FUND

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
400-000-308-80-000	Beginning Fund Balance	149,409	90,758	184,728	0	
400-000-343-90-000	Water Service	878,046	874,172	962,543	992,520	972,900
400-000-361-11-000	Turn On/Off Fees	21,171	10,879	10,708	10,500	8,780
400-000-379-10-000	Investment Interest	140	542	453	200	500
400-000-369-90-000	Miscellaneous	24,740	23,174	29,414	17,000	23,500
400-000-395-10-000	Water Connection Charges	1,600	1,200	1,000	1,000	7,000
400-000-395-10-100	Interlocal - Startup	5,321	0	518	0	45,000
	Total Revenue	1,080,427	1,000,726	1,189,364	1,021,220	1,057,680

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
400-400-534-80-100	Salaries and Wages	296,914	229,295	265,591	280,395	339,045
400-400-534-80-200	Benefits	110,136	76,238	120,562	134,510	157,225
400-400-534-80-220	Uniforms	1,468	1,785	1,683	1,000	800
400-400-534-80-310	Operating Supply	26,203	38,791	57,771	63,220	63,375
400-400-534-80-320	Office Supplies	3,267	3,052	2,502	3,600	3,700
400-400-534-80-350	Small Tools/Minor Equipment	1,194	9,422	6,893	13,175	22,950
	Vehicle	9,205	7,469	8,292	6,875	
400-400-534-80-360	Operation/Maintenance					7,825

400-400-534-80-370	Vehicle Repair	225	2,200	229	500	500
	Professional Service -	98,630	33,255	30,840	8,000	
400-400-534-80-413	General					122,000
400-400-534-80-420	Communication	10,249	9,344	9,113	7,000	8,000
400-400-534-80-430	Travel and Seminars	2,434	2,958	3,265	3,855	4,205
400-400-534-80-450	Rentals	413	1,364	3,535	3,000	1,000
400-400-534-80-460	Insurance	29,013	26,085	46,823	45,500	47,000
400-400-534-80-470	Utilities	105,020	37,976	28,940	20,000	25,000
400-400-534-80-471	Water Service - Everett	0	0	0	15,000	7,000
400-400-534-80-480	Repair and Maintenance	15,296	8,462	6,875	62,375	62,475
400-400-534-80-490	Miscellaneous	14,121	10,837	7,546	15,614	8,614
400-400-534-80-490	Water - Testing	0	0	895	4,000	4,000
400-400-534-80-510	Taxes - Excise	43,648	46,366	50,396	39,500	51,000
400-400-534-80-510	Capital - Buildings	45,370	0	4,153	14,000	75,000
400-400-594-80-620	Capital - Equipment	6,385	2,028	13,070	39,500	5,000
400-400-594-80-640	Operating Transfer Out - 412	91,500	137,167	137,000	133,090	129,476
400-400-597-20-000	Operating Transfer Out - 403	65,000	65,000	63,500	50,000	171,700
400-400-597-30-010	Operating Transfer Out - 104	3,000	46,000	40,000	8,000	57,000
400-400-597-50-020	Operating Transfer Out - 001	0	12,774	2,000	16,803	16,803
400-400-597-30-030	Operating Transfer Out - 409	0	12,774	12,774	18,500	0
400-400-597-20-040	Operating Transfer Out - 114	10,979	10,500	9,000	9,000	13,000
	Total Expense	989,669	831,143	933,248	1,016,012	1,403,693
	Ending Fund Balance	90,758	169,583	256,116	5,208	-346,013

Water Fund Operating Expenditures

The current Street Fund proposal is \$346,013 out of balance due to a number of factors.

There is an estimated \$110,000 expenditure for the preparation of the 2015 Water System Plan Element of the Comprehensive Plan Update. It is staff's intent to prepare a budget amendment and hire a consultant to proceed with the Water System Plan in 2014 with the intent of spending approximately \$30,000 in 2014. This will reduce the 2015 Water Fund Operating Fund shortfall to \$296,000.

The current budget shows a \$75,000 expenditure for Capital Buildings. This is to construct a roof over the blowers at the Water Treatment Plant (\$10,000) and to rebuild the upflow clarifier (\$65,000). The next iteration of the budget will remove this \$75,000 expenditure from the operating budget and will place it in the Capital Budget. This reduces the Water Fund Operating Fund shortfall to \$221,000.

The current budget also shows a \$22,950 expenditure for Small Tools and Minor Equipment. The next iteration of the budget will remove this \$22,950 expenditure from the operating budget and will place it in the Capital Budget. This reduces the Water Fund Operating Fund shortfall to \$198,000.

The current budget also shows a \$57,000 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the purchase of a used utility truck, a side arm mower, a replacement lawn mower, and a \$35,000 generator set. The next iteration of the budget will remove this \$57,000 expenditure from the operating budget and will either place it in the Capital Budget or defer this expenditure. This reduces the shortfall to \$141,000,

Salaries and benefits are increased by \$81,365 in 2015 primarily due to promoting a utility worker to spend significantly more time with in water related activities, to support the Startup Water District, and hiring a replacement Utility Worker. Approximately \$45,000 is assumed be provided by Startup Water District, however \$60,000 is a more realistic number which Startup will need to agree with. If Startup backs out of negotiations, the City will need to rethink this endeavor.

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 2015.

2014 SEWER OPERATING FUND

401 UTILITY SEWER FUND

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
401-000-308-80-000	Beginning Fund Balance	181,176	196,455	250,012	0	
401-000-342-00-200	Sewer Inspection Fee	750	0	250	0	5,000
401-000-343-50-000	Sewer Service	1,240,277	1,248,369	1,286,780	1,275,912	1,286,195
401-000-361-11-000	Investment Interest	273	496	1,095	500	500
401-000-369-90-000	Miscellaneous	14,464	18,337	17,019	15,000	17,500
	Total Revenue	1,436,940	1,463,656	1,555,156	1,291,412	1,309,195
Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
401-401-535-80-100	Salaries and Wages	284,669	240,139	250,714	244,780	248,845
401-401-535-80-200	Benefits	91,096	95,984	96,638	101,531	119,185
401-401-535-80-220	Uniforms	1,665	1,939	1,672	1,700	800
401-401-535-80-310	Operating Supplies	17,536	23,148	28,796	41,270	39,875
401-401-535-80-320	Office Supplies	3,752	3,282	2,281	3,500	3,500
401-401-535-80-350	Small Tools/Minor Equipment	1,065	1,909	5,650	16,575	7,950
	Vehicle Operation	2,848	2,250	2,586	8,375	
401-401-535-80-360	Maintenance					9,300
401-401-535-80-370	Vehicle Repair	2,971	2,676	229	3,000	500
401-401-535-80-412	Professional Service	98,826	66,311	49,338	10,500	120,500
401-401-535-80-413	Services - Sludge Hauling	0	0	9,983	30,000	30,000
401-401-535-80-420	Communication	10,725	10,739	10,606	9,000	9,000
401-401-535-80-430	Travel and Seminars	1,119	3,226	1,726	2,755	3,405
401-401-535-80-450	Rentals	292	3,175	14,285	29,226	12,226
401-401-535-80-460	Insurance	35,580	37,042	52,079	50,420	56,000
401-401-535-80-470	Utilities	41,418	38,934	39,741	38,000	37,000
401-401-535-80-480	Repair and Maintenance	58,210	49,270	35,147	66,375	64,875
401-401-535-80-490	Miscellaneous	10,442	11,578	6,730	4,654	4,664
401-401-535-80-490	Sewer - Testing	0	0	498	1,400	1,400
401-401-535-80-510	Taxes - Excise	29,825	31,447	29,995	29,500	30,000
401-401-594-80-620	Capital - Buildings	15,336	0	4,153	12,000	4,000
401-401-594-80-640	Capital - equipment	4,170	47,639	2,109	57,450	5,000
401-401-597-20-000	Operating Transfer Out - 413	410,000	432,712	301,537	324,608	183,182
401-401-597-20-040	Operating Transfer Out - 403	65,000	65,000	63,500	50,000	171,700
401-401-597-30-010	Operating Transfer Out - 104	45,400	21,000	120,000	34,000	22,000
401-401-597-30-030	Operating Transfer Out - 001	0	12,774	12,774	16,803	16,803
401-401-597-30-040	Operating Transfer Out - 407	0	0	50,000	65,000	0
401-401-597-50-020	Operating Transfer Out - 114	8,979	14,660	14,660	18,600	18,600

Total Expense	1,240,923	1,216,835	1,207,427	1,271,022	1,220,310
Ending Balance	196,016	246,821	347,729	20,390	110,885

Sewer Fund Operating Expenditures

The Sewer Fund is proposed to have an \$88,885 balance. Salaries and benefits are increased by \$21,719 in 2015.

Professional services have a proposed significant increase due to a proposed \$110,000 expenditure to update the General Sewer Plan. It is staff's intent to prepare a budget amendment and hire a consultant to proceed with the General Sewer Plan in 2014 with the intent of spending approximately \$30,000 in 2014.

Rentals have a \$17,000 decrease in 2015 primarily due to the vector truck purchase.

2014 GARBAGE OPERATING FUND

402 UTILITY GARBAGE FUND

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
402-000-308-80-000	Beginning Fund Balance	152,859	181,476	202,853	0	0
400-000-316-48-000	Garbage State Tax	19,085	19,459	20,223	20,600	\$21,250.00
402-000-321-91-000	Garbage Franchise Fees	1,473	2,962	3,401	3,000	\$3,300.00
402-000-334-03-100	Coordinated Prevention Grant	2,680	1,770	1,789	1,700	\$1,700.00
402-000-343-70-000	Garbage/Solid Waste	545,216	566,490	577,803	540,000	\$590,000.00
402-000-343-70-100	Recycling Charges	175,355	165,586	167,695	166,500	\$167,900.00
402-000-361-11-000	Investment Interest	246	424	730	200	\$500.00
402-000-362-20-000	Dumpster Delivery Charges	20,658	20,675	21,214	21,500	\$21,500.00
402-000-369-90-000	Miscellaneous	350	150	180	400	\$500.00
402-000-395-10-000	Sale of Fixed Assets	1,027	284	114	0	\$0.00
	Total Revenue	918,949	959,276	996,002	753,900	806,650

Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
402-402-537-80-100	Salaries and Wages	168,048	143,871	143,195	146,880	151,575
402-402-537-80-200	Benefits	65,380	73,944	59,848	69,080	80,607
402-402-537-80-220	Uniforms	680	1,208	1,186	900	800
402-402-537-80-230	Contract Labor	0	3,565	1,783	0	0
402-402-537-80-310	Operating Supplies	1,585	1,090	1,487	3,520	3,540
402-402-537-80-320	Office Supplies	3,180	2,687	2,223	2,600	2,700
402-402-537-80-350	Small Tools/Minor Equipment	304	92	708	1,100	350
402-402-537-80-360	Vehicle Operation/Maintenance	19,148	19,565	23,604	27,000	33,300
402-402-537-80-370	Vehicle Repair	12,643	7,373	5,049	500	3,000
402-402-537-80-380	CPG Grant - Clean UP	2,464	1,333	969	1,700	1,700
402-402-537-80-410	Professional	6,439	12,850	7,696	9,750	9,750
402-402-537-80-420	Communication	8,296	7,402	7,527	7,000	7,000
402-402-537-80-430	Travel and Seminars	478	1,566	453	915	790
402-402-537-80-460	Insurance	13,817	16,722	13,393	12,890	14,000
402-402-537-80-470	Utilities	2,489	2,246	2,114	2,000	2,000
402-402-537-80-480	Repair and Maintenance	1,181	224	2,919	4,175	3,975
402-402-537-80-490	Miscellaneous	959	2,434	1,725	1,120	1,235
402-402-537-80-510	Intergovernmental - Recycle	141,917	139,141	113,943	141,500	145,865
402-402-537-80-500	Intergovernmental - Disposal F	185,726	188,400	191,316	185,000	192,000

402-402-537-80-520	Taxes - Excise	32,128	30,728	30,282	27,000	30,000
402-402-594-80-620	Capital Outlay - Buildings	0	0	2,040	8,000	5,000
402-402-594-80-640	Capital Outlay - Equipment	20,315	18,605	19,009	15,000	0
597-30-000	Operating Transfer Out - 104	44,000	79,639	75,000	49,000	35,000
402-402-597-50-010	Operating Transfer Out - 001	0	0	0	16,803	16,803
402-402-597-50-010	Operating Transfer Out - 114	6,479	3,710	17,434	16,000	16,000
	Total Expenditures	737,655	758,397	724,903	749,433	756,990
	Ending Balance	181,294	200,879	271,099	4,467	49,660

Garbage Fund Operating Expenditures

The Garbage Fund has a surplus of \$49,660.

The City has purchased a new garbage truck and toters. The City will distribute the toters and start collecting garbage with the new truck in January 2015.

Salaries and benefits are increased by \$16,222 in 2015. It is important to point out that the estimate for salaries and benefits was based on the 2014 staff allocation for the garbage fund. Three utility workers equally share the garbage duties in 2014, however there will likely be two utility workers sharing duties in 2015 resulting in a savings to the garbage operating fund.

The Operating Transfer Out for Equipment Replacement (104) has been reduced from \$49,000 to \$35,000 due to the purchase of the new garbage truck.

2014 STORMWATER OPERATING FUND

406 STORMWATER UTILITY FUND		2011	2012	2013	2014	2015
Account	Description	Actual	Actual	Actual	Adopted	Proposed
406-000-308-80-000	Beginning Fund Balance	60,026	66,020	69,367	0	0
406-000-343-50-000	Stormwater Utility Fee	126,428	150,169	163,084	165,945	166,000
406-000-361-11-000	Investment Interest	92	306	89	200	200
406-000-397-10-100	Operating Transfer In	0	0	0	0	0
	Total Revenues	186,546	216,494	232,540	166,145	166,200
Account	Description	2011 Actual	2012 Actual	2013 Actual	2014 Adopted	2015 Proposed
406-406-531-10-100	Salaries and Wages	23,023	77,239	85,724	75,845	77,865
406-406-531-10-200	Benefits	7,020	5,951	33,579	34,085	39,352
406-406-531-10-220	Uniforms	145	354	483	400	400
406-406-531-10-310	Operating Supplies	436	772	1,097	2,250	2,250
406-406-531-10-320	Office Supplies	297	415	316	500	500
406-406-531-10-350	Small Tools/Minor Equipment	1,526	389	404	2,050	1,850
406-406-531-10-360	Vehicle Operation Maintenance	331	154	684	1,400	1,800
406-406-531-10-370	Vehicle Repair	60	1,954	229	500	0
406-406-531-10-410	Professional Service	0	5,503	495	0	34,500
406-406-531-10-420	Communication	1,267	1,485	1,328	1,000	1,000
406-406-531-10-430	Travel and Seminars	382	1,172	769	500	1,190
406-406-531-10-450	Rentals	17,961	5,047	11,004	10,000	0
406-406-531-10-460	Insurance	1,000	4,762	10,209	9,980	9,000
406-406-531-10-470	Utilities	0	0	0	800	0
406-406-531-10-480	Repair and Maintenance	3,882	116	332	1,020	1,020
406-406-531-10-490	Miscellaneous	886	40	50	184	184

406-406-531-10-510	State Excise Tax	2,309	2,709	2,695	2,700	2,700
406-406-594-10-640	Capital Outlay - Equipment	0	33	2,040	0	5,000
406-406-597-50-020	Operating Transfer - 413 Debt	28,700	28,700	28,632	10,136	10,480
406-406-597-60-030	Operating Transfers Out - 114	0	3,712	10,104	4,000	4,000
406-406-597-20-010	Operating Transfer Out - 001	0	0	0	5,601	5,601
406-406-597-20-010	Operating Transfer Out - 104	31,300	7,127	23,000	0	35,000
	Total Expenditures	120,525	147,633	213,174	162,951	233,692
	Ending Fund Balance	66,020	68,861	19,366	3,194	-67,492

Stormwater Fund Operating Expenditures

The Stormwater Fund has a proposed budget shortfall of \$67,492.

Professional services are increasing significantly to cover the expenditure for the update the stormwater update to the Comprehensive Plan which is assumed to cost \$30,000

The Operating Transfer Out for Equipment Replacement (104) has been increased from \$0 in 2014 to \$35,000 in 2015 for money to be set aside towards the purchase of new utility trucks, a side arm mower, and a sweeper. Due to the budget shortfall, these expenditures will need to be deferred, which reduces the budget shortfall to \$32,492.

Salaries and benefits are increased by \$7,287 in 2015.

Rentals are reduced by \$10,000 primarily due to the vector truck purchase.

With such a large budget deficit mostly due to the need for an stormwater 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 2015.

As the City moves forward, **the stormwater rates will 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.