

**CITY OF SULTAN
COUNCIL BUDGET RETREAT
October 8, 2016**

Schedule:

9:00 – 9:45	D-1 Mayor – Smart Cities
9:45 – 10:30	D-2 General Fund Revenues and Expenditures
10:45 – 12:00	D-3 Public Works Operating Budgets

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

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: D- 1

DATE: October 8, 2016

SUBJECT: Smart Cities

CONTACT PERSON: Carolyn Eslick, Mayor

ISSUE:

The item before the City Council is for the Mayor to review information that she learned at the Smart Cities Conference in Washington DC.

SUMMARY:

In any transformation, the first step is often the most difficult step. During the opening plenary of the Council's second-annual Smart Cities Week in Washington, D.C., technology leaders from all levels of government shared advice for getting the ball rolling. We've compiled four of their top tips below and as you'll see, there are a few common themes. First, start by thinking about the needs of your citizens and then thinking about how technology can help. Second, for a variety of reasons, you have to work together. If you pool resources, stretch solutions and look at the data, you can leap over many the obstacles that would otherwise get in your way. Do nothing, and you'll likely be left behind. As Smart Cities Council Chairman Jesse Berst explained to the gathering, there's likely to be more change in the next 10 years than there was in the last 100. – Kevin Ebi

1. Think about people first

It's easy to fixate on technology, but technology isn't your goal. Improving the lives of your citizens is. Technology is the tool for reaching that goal. "The reason I think smart cities are important is because of the impact on people," said Brian Kenner, deputy mayor of planning and economic development for Washington, D.C. "It enables someone to spend more time with their daughter. It enables people to use their time more efficiently. That is why smart cities are important." But it's not just about launching that technology. It's also about giving more people access to it. That's what will give more people the chance to raise their living standards and become the leaders of tomorrow.

2. Don't solve one problem; solve every problem

Think big. Think beyond the current challenge that's on your plate. Too often cities look only at one thing at a time, ignoring broader opportunities to transform. David Graham, San Diego's deputy chief operating officer, says cities much move from "one-off projects" to platforms that deliver a wider range of results. Seattle is working toward that goal by bringing city departments together, moving them away from managing their technology independently. Michael Mattmiller, Seattle's chief technology officer, says he's trying to encourage departments to work together by showing them the value of collaboration, rather than mandating that. "Everyone thinks that their business is unique," Mattmiller said. "What we're trying to do is broker a conversation. Here's

the art of the possible and here's why it's so important to work together." And beyond that, cities and technology companies need to work together too. Cities need to clearly communicate their goals; technology companies need to adapt so they're solving the problems that need to be solved. It's a partnership that needs to be a win-win. "We're all trying to get to the same place," Graham said.

3. Figure out what works

Don't wait for the results of some huge research study that may or may not apply to your city. Try things in your own community and work with universities or research experts to figure out what works and why. "When you think of research, don't think of the things that are happening in the ivory towers," said Tom Kalil, deputy director for policy for the White House Office of Science and Technology Policy. "It's very important to do this research in the wild." And your work doesn't stop when the first numbers come in. Research is a continuous process. Use the results as part of a continuous feedback loop to refine your approach.

4. Don't let funding block you

A lack of funding or other resources is one of the biggest obstacles that holds cities back. But it doesn't have to hold you back. "Even in the tightest budgets, there is still funding," said Archana Vemulapalli, chief technology officer for Washington, D.C. "It just gets prioritized." To get your initiative on the priority list, you need to form coalitions. Work with others to ensure that your efforts help boost their success. That gives them an incentive to back your efforts and ensure that you get funding, even when times are tight.

SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: Retreat Discussion 2
DATE: October 8, 2016
SUBJECT: 2017 General Fund Preliminary Budget

ISSUE:

The issue before the council is to discuss the preliminary 2017 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.

GENERAL FUNDS

GENERAL FUNDS OVERVIEW

- 001 GENERAL FUND
- 100 GENERAL FUND CONTINGENCY
- 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.

2017 BUDGET SUMMARY

Fund	Fund Name	REVENUE	EXPENSE	DIFFERENCE
001	General Fund	\$2,044,306		
	Legislative		\$37,474	
	Executive		\$78,842	
	Finance/Administration		\$84,296	
	Grants		\$55,825	
	Legal		\$57,427	
	Other Governmental		\$97,100	
	Law Enforcement		\$1,056,367	
	Law Enforcement - Court		\$128,000	
	Emergency Management		\$10,600	
	Code Enforcement		\$54,185	
	Planning and Community Development		\$186,232	
	Building		\$100,357	
	Public Health		\$1,200	
	Library		\$6,500	
	Park/Recreation		\$131,951	
	Miscellaneous (Transfers Out)		\$12,000	
	Total Expenditures		\$2,098,356	(\$54,050)
100	General Fund Contingency	\$0	\$0	\$0
109	Community Improvement Fund	\$1,500	\$1,500	\$0
113	Building Maintenance Fund	\$14,300	\$26,217	(\$11,917)
114	Information Tech Fund (IT)	\$128,866	\$86,000	\$42,866
115	Insurance Claim Fund	\$0.00	\$0.00	\$0
Total General Funds		\$2,188,972	\$2,212,073	(\$23,101)

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 \$2.1 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 56% (\$1,184,367) of the general fund expenditures.

The city's total payroll expenditures for 2017 are approximately \$1,947,949. Only \$599,813 (31%) of staff salaries and benefits are charged to the general fund. The remaining costs are allocated to the street fund and enterprise funds. The full time employees (FTE's) for the General funds for the past six years as remained verily consistent as shown on the following chart:

Funds	2012	2013	2014	2015	2016	2017
General	4.29	4.65	4.04	4.16	4.92	4.99
Building Maintenance	0.11	0.33	0.20	0.12	0.16	.17
Parks	0.83	0.89	0.72	1.15	0.87	.190
Total	5.23	5.87	4.96	5.43	5.95	6.89

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 2017. 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 2017 Budget

The 2017 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 2017. These impacts are:

- 1) An 7.31% increase in property assessments in 2017.
- 2) A \$153,705 debt service payment for the city hall building. The bonds will be paid in full in 2018.
- 3) An increase in utility taxes.
- 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 2017 proposed budget has been increased by \$131,084 from the 2016 adopted budget. The major areas of change include:

- The need to fund the payments on the Community Center bonds has been offset by the increase in property tax, REET and building permits
- The Law Enforcement contract negotiations were completed in 2015 and a new five-year contract has been signed. The 2017 budget includes \$7,500 for officer training.
- The Community Development Director's position will be replaced with a Planner Director and will be filled for 2017.
- Building activity has continued to increase since early 2014.
- Contributions of \$500 per month will be made to support the Visitor Information Center.
- 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 2017 General Fund budget.

Taxes	\$1,552,921
License/Permits	\$116,500
Intergovernmental	\$213,269
Charges for Service	\$34,150
Fines/Forfeits	\$14,800
Misc Revenue	\$56,656
Interfund Revenue	\$56,010
Total	\$2,044,306

Property Tax

The Snohomish County Assessor has notified the City of Sultan that the assessment value of existing property for Property Taxes Payable in 2017 will increase by 7.31%

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 City collects taxes for telephone, gas, electrical, water, sewer and garbage utilities.

The collection of utility tax is significantly and consistently exceeding projections. In 2017, the city anticipates receiving \$523,846 in taxes.

Utility Taxes

In prior years, 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. The funds are used to make monthly payments on the street lights. 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 2017 will be approximately \$66,582.

Building Permits:

Twenty (20) residential building permits are anticipated in 2017. 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. Building permit revenue continues to be steady. Due to the recent changes in collection of impact fees, the reserve funds may not receive revenues in 2017 if the residence does not sell.

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 2017. 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

Sales Tax Revenues:

Sales Tax revenues are fairly consistent for the City. The city anticipates a slight increase in 2017.

2017 Budget		001 GENERAL FUND				
Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
001-000-308-80-000	Beginning Fund Balance	66,924	0	246,887	0	-
001-000-311-10-000	Real/Personal Property Tax	360,403	336,250	398,570	462,636	490,822
001-000-313-11-000	Local/Retail Sales and Use	254,064	319,692	376,363	350,000	382,193
001-000-313-71-000	Sales Tax - Criminal Justice	67,305	70,839	74,231	60,000	75,000
001-000-316-41-000	B & O Electric	174,957	184,848	188,928	178,000	209,000
001-000-316-42-000	Water Utility Tax	57,625	58,537	62,786	63,396	63,000
001-000-316-43-000	B & O Gas	56,679	60,381	46,011	50,000	61,862
001-000-316-44-000	Sewer Utility Tax	77,294	76,557	78,732	79,800	82,014
001-000-316-46-000	B & O Cable	56,529	67,119	72,414	63,000	75,560
001-000-316-47-000	B & O Telephone	106,521	92,015	91,744	93,000	76,800
001-000-316-48-000	Garbage Utility Tax	35,503	36,250	32,881	33,000	31,170
001-000-316-81-000	Gambling Tax	2,221	2,899	7,171	3,500	5,500
	Total Taxes	1,249,101	1,305,386	1,429,832	1,436,332	1,552,921
001-000-321-91-000	Cable Franchise Fees	61,317	49,481	49,636	52,000	54,500
001-000-321-99-000	Business License	14,567	14,804	16,638	15,000	16,100
001-000-322-10-100	Buildings, Structures	14,827	39,897	106,630	97,500	36,000
001-000-322-10-200	Permits - Other	6,425	12,999	14,185	9,000	6,500
001-000-322-30-000	Animal Licenses	1,729	1,327	964	1,000	1,300
001-000-322-90-000	Non Business Permits	3,316	1,860	1,519	1,000	2,100
	Total License/Permits	102,181	120,368	189,572	175,500	116,500
001-000-334-04-200	Plan Grant - Dept of Com.	16,970	9,000	4,050	4,500	-
001-000-335-03-910	PUD Privilege Tax	26,945	28,398	28,719	29,000	32,000
001-000-336-00-980	Local Government Assistance	68,517	98,113	110,840	70,000	94,940
001-000-336-06-210	Criminal Justice Funding	1,121	1,225	1,247	1,310	1,507
001-000-336-06-025	CJ Contracted Services (Law)	0	0	-	0	7,936
001-000-336-06-260	CJ Special Programs	2,750	2,969	3,045	2,894	3,554
001-000-336-06-510	DUI Cities	847	839	707	700	750

001-000-337-00-100	Snolsle Utilities					6,000
	Marijuana shared revenue	0	0	-	0	2,819
001-000-336-06-510	Liquor Excise	0	0	53,577	20,732	22,696
001-000-336-06-950	Liquor Board Profits	45,010	50,162	-	40,295	41,067
	Total Intergovernmental	162,160	190,706	202,183	169,431	213,269
001-000-341-81-000	Copies and Certifications	120	191	148	300	400
001-000-341-91-000	Candidate Filing Fees	144	18	264	0	-
001-000-341-99-000	Passport Fees	7,011	9,210	7,595	7,000	8,700
001-000-345-81-000	Zoning and Subdivision Fees	21,912	3,400	1,350	4,000	7,000
001-000-345-83-000	Plan Check Fees	14,660	14,032	31,166	30,000	15,000
001-000-345-85-010	Administrative Fees	0	490	3,010	2,500	1,050
001-000-345-89-010	Prof. - Hearing Examiner	0	100	-	0	-
001-000-345-89-000	Other Environment Protection	1,420	1,000	1,300	1,000	2,000
	Total Services	45,266	28,442	44,833	44,800	34,150
001-000-353-10-100	District Court	15,557	14,036	15,213	13,000	12,000
001-000-353-10-300	Violations Bureau	1,222	1,006	745	1,500	1,000
001-000-354-10-000	Parking Infractions	0	90	60	100	-
001-000-359-90-000	Animal Control Fines	861	783	1,056	700	800
001-000-359-90-010	Animal Control Fees	103	163	423	300	1,000
	Total Fines/Forfeits	17,742	16,078	17,497	15,600	14,800
001-000-361-11-000	Investment Interest	377	437	1,893	1,000	1,000
001-000-361-40-000	Sales Tax Interest	80	92	218	180	300
001-000-362-40-000	Rents and Royalties	49,838	54,391	47,000	54,860	52,856
001-000-367-11-010	Contributions/Donations	7,738	300	8,110	5,000	1,500
001-000-369-90-000	Miscellaneous /NSF fees	25,638	5,007	19,537	11,000	1,000
	Total Miscellaneous	83,671	60,226	76,757	72,040	56,656
001-000-397-10-100	Operating Transfer In	51,380	56,010	56,011	56,011	56,010
		51,380	56,010	56,011	56,011	56,010
	Total Revenues	1,778,426	1,777,215	2,263,573	1,969,714	2,044,306

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 2017 budget reflects an increase for Legislative (Mayor and Council) salaries and benefits based on the recommendation of the Salary Commission in 2017.

The 2017 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 \$7,000 to provide training to the Mayor and Council members.

Council and Executive 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
005	Legislative					
001-005-511-60-100	Salaries and Wages	7,700	6,112	6,256	7,998	22,962
001-005-511-60-200	Benefits	1,017	800	479	612	612
001-005-511-60-310	Office/Operating	534	135	357	100	900
001-005-511-60-311	Office/Operating - Mayor	52	35	1,158	500	500
001-005-511-60-430	Travel and Seminars	4,809	5,096	5,082	5,000	7,000
001-005-511-80-490	Voter Registration	5,812	4,805	5,064	5,070	5,500
	Total Legislative	19,926	16,984	18,396	19,280	37,474
Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
010	Executive/Administrative					
001-010-513-10-100	Salaries and Wages	23,001	45,920	43,371	45,035	58,943
001-010-513-10-200	Benefits	6,576	16,532	14,686	16,542	17,249
001-010-513-10-420	Communication	707	1,086	1,300	900	150
001-010-513-10-430	Travel and Seminars	2,511	2,590	1,398	2,000	2,500
001-010-513-10-490	Miscellaneous	50	50	-	100	-
	Total Executive	32,845	66,178	60,754	64,577	78,842

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. 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.

Finance 2017 Budget

<u>Account</u>	<u>Description</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Adopted</u>	<u>2017 Proposed</u>
015	Finance Administration					
001-015-514-23-100	Salaries and Wages	35,668	38,434	46,641	61,128	52,793
001-015-514-23-200	Benefits	15,671	16,700	19,896	27,907	22,903
001-015-514-23-320	Office Supplies	551	448	247	300	150
001-015-514-23-412	Audit Costs	7,032	3,731	9,366	6,000	5,000
001-015-514-23-430	Travel and Seminars	1,274	1,259	1,707	1,500	1,500
001-015-514-23-491	Bank Fees	921	908	619	800	1,200
001-015-514-23-490	Miscellaneous Expense	665	1,063	697	1,000	750
001-015-518-60-460	Judgments/Settlements	0	12,750	-	-	-
	Total Finance	61,782	75,293	79,174	98,635	84,296

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.

Grants/Economic Development 2017 Budget

<u>Account</u>	<u>Description</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Adopted</u>	<u>2017 Proposed</u>
020	Grants					
001-020-514-60-100	Salaries and Wages	24,537	22,244	17,826	18,774	36,018
001-020-514-60-200	Benefits	8,538	7,654	5,037	7,547	15,557
001-020-514-60-311	Economic Development	614	1,187	250	2,000	2,000
001-020-514-60-320	Office Supplies	47	62	51	100	-
001-020-514-60-430	Travel and Seminars	510	288	-	750	750
001-020-514-60-491	Volunteer Program	957	835	1,549	1,000	1,500
	Total Grants	35,203	32,271	24,713	30,171	55,825

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. In 2015, legal fees had a significant decrease due to settlements in ongoing litigation.

Legal Services 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
025	Legal Services					
001-025-515-30-100	Salaries and Wages	3,835	3,895	4,060	4,449	4,995
001-025-515-30-200	Benefits	1,543	1,557	1,620	1,894	2,032
001-025-515-30-411	Legal - Litigation Fees	34,370	119,173	52,285	35,000	50,000
001-025-515-70-510	Crime Victim Services	404	150	312	500	400
	Total Legal	40,152	124,775	58,277	41,843	57,427

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.

2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
035	Other Governmental Services					
001-035-518-90-310	Office/Operating Supplies	9,820	12,121	10,617	10,000	8,600
001-035-518-90-340	Books and Periodicals	5,528	4,710	1,261	1,300	2,500
001-035-518-20-490	Organization Dues	3,670	1,091	5,824	8,600	6,000
001-035-518-90-410	Professional Services	6,154	7,013	4,223	4,000	8,000
001-035-518-90-420	Communication	6,591	6,364	5,694	6,000	6,000
001-035-518-90-440	Advertising and Legal Notices	1,165	2,592	2,024	2,000	2,000
001-035-518-90-460	Insurance	36,174	54,780	43,063	47,000	50,000
001-035-518-90-470	Utilities	4,489	5,436	5,713	5,500	6,200
001-035-518-90-480	Repair and Maintenance	619	318	8,344	500	500
001-035-518-90-490	Miscellaneous	1,453	501	971	1,000	7,300
	Total Other Gov.	75,662	94,926	87,735	85,900	97,100

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 \$1,184,367. This is approximately 56% of the city's general fund budget.

Law Enforcement 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
040	Law Enforcement					
001-040-521-20-100	Salaries and Wages	2,003	2,121	1,014	2,411	1,376
001-040-521-20-200	Benefits	856	954	364	1,619	975
001-040-521-20-210	Disability Insurance	12,034	6,666	6,184	6,600	7,000
001-040-521-20-490	Miscellaneous	0	0	6,233	5,100	7,500
001-040-521-20-411	Professional Service - SnoCty	909,980	877,762	909,530	929,725	958,516
001-040-521-20-500	Intergovernmental - SNOPAC	59,731	62,488	60,456	63,000	65,000
001-040-521-20-510	Intergovernmental - 800 MHZ	14,651	14,915	13,751	13,800	16,000
	Total Law	999,254	964,907	997,531	1,022,255	1,056,367

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
045	Law Enforcement Agency Fees					
001-045-521-90-491	Misc- Court Filing Fees	5,756	7,036	8,786	7,000	7,000
001-045-521-90-412	Professional Prosecutor	9,187	8,146	10,560	50,000	54,000
001-045-521-90-411	Public Defender Attorney	17,040	21,670	22,390	22,800	27,000
001-045-521-90-492	Miscellaneous - Jail Fees	34,036	26,182	63,752	40,000	40,000
	Total Law Agency	66,018	63,034	105,488	119,800	128,000

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
050	Emergency Services					
001-050-525-50-310	Operating Supplies	0	75	620	100	2,000
001-050-525-50-480	Repair and Maintenance	0	1,292	-	1,000	3,200
001-050-525-10-510	Depart of Emergency Mgmt	5,177	5,240	5385	5400	5400
	Total Emergency	5,177	6,607	6,005	6,500	10,600

PLANNING DEPARTMENT

The Planning 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.

Planning 2017 Budget

<u>Account</u>	<u>Description</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Adopted</u>	<u>2017 Proposed</u>
065	Planning and Development					
001-065-558-60-100	Salaries and Wages	77,095	69,482	36,076	37,675	99,942
001-065-558-60-200	Benefits	30,599	29,232	15,445	19,744	41,990
001-065-558-60-310	Office/Operating Supplies	75	125	10	200	200
001-065-558-60-411	Professional Services	531	43,223	18,685	125,000	40,000
001-065-558-60-420	Communication	305	357	126	500	500
001-065-558-60-430	Travel and Seminars	935	627	936	1,500	1,500
001-065-558-60-440	Advertising and Legal Notices	535	497	575	600	600
001-065-558-60-490	Miscellaneous	855	2,262	597	700	1,500
	Total Planning	110,929	145,804	72,451	185,919	186,232

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 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.

Building Department 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
070	Building and Community Dev.					
001-070-558-50-100	Salaries and Wages	23,761	9,238	15,595	46,877	43,419
001-070-558-50-200	Benefits	11,809	5,173	9,368	30,982	28,288
001-070-558-50-310	Operating Supplies	196	936	290	250	250
001-070-558-50-340	Books and Periodical	0	0	170	100	900
001-070-558-50-410	Professional Services	0	0	-	500	3,000
001-070-558-50-420	Communication	856	863	697	300	500
001-070-558-50-430	Travel and Seminars	690	625	1,610	1,500	1,000
001-070558-50-490	Miscellaneous	160	255	230	200	-
001-070-558-50-510	SnoCty Plan/Building Service	8,477	21,372	33,356	23,000	23,000
	Total Building	45,948	38,462	61,315	103,709	100,357

Code Enforcement Division

The 2017 budget provides for continuation of the full time Community Services Officer position providing support 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.

Code Enforcement 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
060	Code Enforcement					
001-030-554-30-100	Salaries and Wages	20,289	25,454	49,503	27,878	27,878
001-030-554-30-200	Benefits	5,465	6,759	20,505	21,870	23,107
001-030-554-30-310	Office/Operating Supplies Vehicle	2,767	1,106	1,643	1,000	2,000
001-030-554-30-360	Operation/Maintenance	337	7,364	514	500	200
001-030-554-30-410	Professional Services	124	124	2,129	2,000	500
001-030-554-30-430	Travel and Seminars	25	250	-	1,000	500
	Total Code	29,007	41,056	74,293	54,248	54,185

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.

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
075	Public Health					
001-075562-50-510	Intergovernmental	1,063	753	1,327	1,200	1,200
	Total Health	1,063	753	1,327	1,200	1,200
080	Library					
001-080-572-20-470	Utilities	6,696	5,802	5,784	6,500	6,500
	Total Library	6,696	5,802	5,784	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 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.

The 2017 budget includes increased staffing to maintain Sultan's parks. The Council has set a goal to enhance economic development and to beautify the downtown and highway corridors.

Park 2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
085	Parks and Recreation					
001-085-576-80-100	Salaries and Wages	32,985	40,278	38,781	44,825	65,550
001-085-576-80-200	Benefits	12,598	14,781	16,172	21,265	33,624
001-085-576-80-220	Uniforms	339	154	340	250	800
001-085-576-80-310	Office/Operating Supplies	3,678	4,117	7,652	4,500	10,810
001-085-576-80-350	Small Tools/Minor Equipment	1,263	782	1,795	1,000	3,695
001-085-576-80-360	Vehicle Maintenance	1,546	1,263	1,390	1,600	1,400
001-085-576-80-370	Vehicle Repair	488	457	1,506	600	500
001-085-576-80-420	Communication	638	738			

				824	800	800
001-085-576-80-430	Travel and Seminars	15	265	266	300	372
001-085-576-80-450	Rentals	0	0	137	-	-
001-085-576-80-460	Insurance	3,035	0	-	-	-
001-085-576-80-470	Utilities	117	3,167	3,954	3,300	4,000
001-085-576-80-480	Repair and Maintenance	109	10	110	3,000	2,500
001-085-576-80-490	Miscellaneous	146	199	658	100	100
001-085-594-80-640	Capital - Equipment	73	0	53	3,000	4,800
001-085-597-55-000	Operating Transfer Out	1,000	0	3,000	7,000	3,000
	Total Parks	58,028	66,212	76,637	91,540	131,951

Interfund Transactions:

Includes the transfers to the IT fund

2017 Budget

<u>Account</u>	<u>Description</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Adopted</u>	<u>2017 Proposed</u>
E90	Interfund Services					
001-090-597-55-000	Operating Transfer Out -100	27,121	0	6,798	14,695	-
001-090-597-55-000	Operating Transfer Out -113	0	0	-	8,500	-
001-090-597-55-001	Operating Transfer Out - 114	9,000	9,000	9,000	12,000	12,000
		36,121	9,000	15,798	35,195	12,000

The total for the General fund expenditures for 2017 is:

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Adopted</u>	<u>2017 Proposed</u>
Total Expenditures	1,623,812	1,752,066	1,745,676	1,967,272	2,098,356
Fund Balance	154,614	25,150	517,897	2,442	(54,050)

General Fund Contingency

100 General Fund Contingency

In 2006, the City established a General Fund Contingency and General Fund Reserve Fund with the intent of providing an emergency fund. The intent of the funds is to provide reserves for unexpected events or emergencies.

RCW 35A.33.145 provides that "the total amount accumulated in such fund at any time shall not exceed the equivalent of thirty-seven and one-half cents per thousand dollars of assessed valuation of property within the city at such time". The current assessed value of the property for 2016 is \$368,901,951 (estimate). This currently limits the amount allowed to be accumulated in the fund to \$138,338.

Transfers for 2017 will be completed as part of the annual report closeout process. The fund has a current balance of \$123,166.

2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
100-000-308-80-000	Beginning Fund Balance	55,642	65,760	65,919	-	-
100-000-361-11-000	Investment Interest	118	158	449		
100-000-397-40-400	Operating Transfer In	10,000	0	56,798	14,695	-
	Total Revenue	65,760	65,918	123,166	14,695	-
Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
100-100597-60-000	Operating Transfer Out	0	0	-	-	-
	Total Expense	0	0	0	0	-
	Ending Fund Balance	65,760	65,918	123,166	14,695	-

109 Community Improvement Fund

The Community Improvement Fund is used to track revenues and expenditures for community oriented programs and improvements. The City partners with the School District and VOA to operate and fund the Safe Stop program.

The City will contribute \$1,500 in 2016 from Criminal Justice Special programs funds.

2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
109-000-308-80-000	Beginning Fund Balance	254,205	151,476	80,760	-	-
109-000-336-06-260	CJ Special Prog - Safe Sto	1,421	1,470	1,522	1,500	1,500
109-000-361-11-000	Investment Interest	323	194	-		
109-000-397-10-100	Operating Transfer In	0	0	-		
	Total Revenue	255,949	153,140	82,282	1,500	1,500

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
109-109-594-90-640	Capital Outlay	104,190	70,881	1,500	-	-
109-109-571-10-310	Supply - Safe Stop	283	1,500	905	1,500	1,500
109-109-597-10-000	Operating Transfer Out	0	0	80,000		
	Total Expense	104,473	72,381	82,405	1,500	1,500
	Ending Fund Balance	151,476	80,760	-123	0	-

113 BUILDING MAINTENANCE AND REPAIR FUND

The City of Sultan owns, operates and maintains a variety of buildings housing government and non-profit organizations. City facilities include city hall, public works field and food bank, public works shop, police station, post office, and visitor information center.

The Building Maintenance Fund amount in 2017 from the Utility tax collections will be approximately \$14,100. It covers anticipated normal, routine maintenance expenditures of approximately \$24,000. The annual expenditures include fire protection inspections, HVAC inspections, elevator maintenance and inspection, labor and industries inspections, light bulb replacements, etc.

Building Maintenance expenditures being proposed in 2017 are limited to basic maintenance. Maintenance activity is proposed to be limited to light bulb and ballast replacement, janitorial services, elevator maintenance, fire extinguisher maintenance services, fire alarm testing services, and servicing the Community Center HVAC system.

2017 Budget

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
113-000-308-80-000	Beginning Fund Balance	11,357	47,617	9,244	12,000	-
113-000-316-41-000	Utility Tax - Electrical	7,873	8,318	8,502	8,700	9,200
113-000-316-43-000	Utility Tax - Gas	1,763	2,013	1,530	2,200	2,200
113-000-316-47-000	Utility Tax - Telephone	3,314	3,113	3,194	3,800	2,700
113-000-361-11-000	Investment Interest	80	7	363	200	200
113-000-397-40-400	Operating Transfer In	78,502	28,000	116,500	8,500	-
	Total Revenues	102,889	89,068	139,332	35,400	14,300

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
113-113-518-30-100	Salary and Wages	13,354	12,972	12,294	10,060	10,456
113-113-518-30-200	Benefits	4,857	4,452	4,447	4,427	5,461
113-113-518-30-310	Operating Supply	23,050	2,823	2,059	1,000	700
113-113518-30-480	Repair and Maintenance	6,429	11,890	8,510	9,500	9,600
113-113594-00-620	Capital - Buildings	7,003	53,617	15,254	10,000	-
	Total Expenditures	54,693	85,754	42,564	34,987	26,217
	Ending Balance	48,196	3,314	96,768	413	(11,917)

114 Information Technology (IT) Fund

IT Fund:

In 2009, the city began the process of standardizing computers and servers in all city departments. The information technology fund was created to track the cost of information technology services. Revenues are provided from interfund transfers from the operating budget.

Funds have been set aside funds in the 2017 budget to accumulate for future purchases and upgrades to the server system. The city purchased laptops for the Mayor and Council in 2015.

Large expenditures such as upgrading software and computers are saved for over several years with the interfund payments held in the information technology fund until sufficient revenues are collected.

The City will upgrade the Springbrook Financial system from V7 to V18 in 2017. The cost of the upgrade is \$25,000.

2017 Budget:

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
114-000-308-80-000	Beginning Fund Balance	8,479	2,541	36,004	-	55,000
114-000-361-11-000	Investment Interest	5	86	248	150	150
114-000-397-50-500	Operating Transfer In	44,494	60,100	64,100	67,100	73,716
	Total Revenue	52,978	62,727	100,352	67,250	128,866

Account	Description	2013 Actual	2014 Actual	2015 Actual	2016 Adopted	2017 Proposed
114-114-518-80-310	Operating Supply	1,502	0	-	-	-
114-114-518-80-410	Professional Service	33,329	24,296	27,212	27,000	30,000
114-114-518-80-480	Repair and Maintenance	12,855	375	2,102	1,000	1,000
114-114-594-80-640	Capital - Equipment	2,751	2,053	3,160	10,500	55,000
	Total Expense	50,437	26,724	32,474	38,500	86,000
		2,541	36,004	67,877	28,750	42,866

115 Insurance Claim Fund

The purpose of the Insurance Claim fund is to track revenues and expense associated with claims filed by the City against a third party for damages to City property or unforeseen disasters.

The City does not budget for insurance claims and losses. A budget amendment is completed in November to cover any cost incurred during the year.

**SULTAN CITY COUNCIL
BUDGET RETREAT COVER SHEET**

ITEM NUMBER: Discussion D 3
DATE: October 8, 2016
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.

2017 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.

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
101-000-308-80-000	Beginning Fund Balance	\$25,261.57	\$17,091.48	\$0.00	\$0.00
101-000-311-10-000	Real and Personal Property Tax	\$21,534.50	\$28,713.47	\$53,177.00	\$50,000.00
101-000-316-41-000	B & O Electric	\$37,893.91	\$38,730.31	\$36,000.00	\$37,000.00
101-000-316-43-000	Utility Tax Gas	\$4,701.30	\$3,580.49	\$4,000.00	\$4,000.00
101-000-316-47-000	Utility Tax Telephone	\$7,104.17	\$7,002.86	\$7,500.00	\$7,000.00
101-000-322-40-000	Street/Curb Permits -ROW	\$1,850.00	\$1,700.00	\$2,000.00	\$2,000.00
101-000-336-00-710	Multimodal Trans - City	\$0.00	\$0.00	\$0.00	\$5,103.00
101-000-336-00-870	Motor Vehicle Excise Tax	\$96,124.83	\$98,300.78	\$100,948.00	\$105,753.00
101-000-361-11-000	Investment Interest	\$38.07	\$107.75	\$400.00	\$200.00
101-000-397-10-100	Operating Transfer In	\$0.00	\$22,500.00	\$0.00	\$0.00
		\$194,508.35	\$217,727.14	\$204,025.00	\$211,056.00

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
101-150-542-30-100	Salaries and Wages	\$66,808.84	\$76,248.21	\$81,377.00	\$88,957.00
101-150-542-30-200	Employee Benefits	\$23,707.23	\$28,475.94	\$35,487.00	\$39,613.00
101-150-542-30-220	Uniforms	\$195.49	\$505.74	\$700.00	\$900.00
101-150-542-30-310	Office/Operating Supplies	\$3,792.68	\$6,437.50	\$4,710.00	\$5,680.00
101-150-542-30-320	Office Supplies	\$2,157.62	\$1,857.22	\$1,750.00	\$1,700.00
101-150-542-30-350	Small Tools/Minor Equipment	\$924.92	\$1,425.20	\$1,000.00	\$1,470.00
101-150-542-30-360	Vehicle Operation/Maintenance	\$1,286.18	\$1,359.20	\$2,050.00	\$1,800.00
101-150-542-30-370	Vehicle Repair	\$564.31	\$1,542.73	\$1,000.00	\$5,000.00
101-150-542-30-410	Professional Services	\$3,982.75	\$9,577.31	\$0.00	\$20,000.00
101-150-542-30-420	Communication	\$2,848.11	\$3,237.62	\$3,300.00	\$3,300.00
101-150-542-30-430	Travel and Seminars	\$990.74	\$843.75	\$650.00	\$920.00
101-150-542-30-450	Rentals	\$0.00	\$17.00	\$0.00	\$0.00
101-150-542-30-460	Insurance	\$11,828.01	\$7,039.18	\$8,000.00	\$8,000.00
101-150-542-30-490	Miscellaneous	\$2,520.10	\$1,513.50	\$200.00	\$200.00
101-150-594-30-630	Capital - Improvements	\$0.00	\$0.00	\$0.00	\$0.00
101-150-594-30-640	Capital - Equipment and Signs	\$728.58	\$3,641.27	\$5,000.00	\$6,500.00
101-150-597-30-000	Operating Transfer Out - 104	\$0.00	\$0.00	\$15,000.00	\$6,500.00
101-150-597-50-010	Operating Transfer Out - 114	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00
101-160-542-30-480	Repair and Maintenance	\$0.00	\$371.50	\$500.00	\$500.00
101-160-542-63-470	Utilities	\$35,271.13	\$39,308.32	\$34,000.00	\$34,000.00
101-160-542-66-310	Snow and Ice Control	\$0.00	\$0.00	\$0.00	\$0.00
101-160-542-67-310	Street Cleaning	\$0.00	\$0.00	\$0.00	\$10,000.00
		\$161,106.69	\$186,901.19	\$198,224.00	\$238,540.00

DIFFERENCE -\$27,484.00

Street Fund Operating Expenditures

The current Street Fund proposal is \$27,484 out of balance, primarily due to a proposed \$20,000 expenditure for professional services to update the Transportation Element of the City's Comprehensive Plan. An expenditure of \$10,000 is also planned to start dealing with street sweeping debris that has accumulated at the Public Works yard that must be incinerated or disposed of at an approved waste receiving site. The Street Funds proposed proportionate contribution to the Equipment replacement fund (Operating Transfer Out to Fund 104) is \$6,500. This contribution proposes set asides of \$2,500 for utility trucks, \$3,000 for a side arm mower, and \$1,000 for a bucket truck. Council may choose to use beginning fund balance to help balance the Street fund.

Salaries and benefits are increased by \$11,706 in 2017 in anticipation of receiving a Transportation Improvement Board grant for the 1st and 8th Street projects.

Similar to 2016, 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, and speed cushions are anticipated to be funded using REET 2 instead of operating funds.

The Street Fund is an annual problem. Revenues generated to supply the fund are 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 2017.

2017 CEMETERY OPERATING FUND

Cemetery Fund Operating Expenditures

The current Cemetery Fund proposal is \$519 out of balance.

Salaries and benefits are currently proposed to be decreased by \$2,970 in 2017. It is anticipated that the City will hire two seasonal employees with minimal overlap in 2017 to help maintain the cemetery. Seasonal employees have a lower salary than full time Public Works employees and receive no benefits. Having seasonal employees working more at the cemetery and less time by more experienced staff members results in a savings to the cemetery fund.

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

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
103-000-308-80-000	Beginning Fund Balance	-\$9,982.00	-\$8,470.21	\$2,304.00	\$0.00
103-000-343-60-000	Cemetery Fees	\$20,843.69	\$41,698.57	\$25,000.00	\$20,000.00
103-000-361-11-000	Investment Interest	\$12.48	\$69.32	\$400.00	\$200.00
103-000-367-11-000	Contributions	\$0.00	\$0.00	\$0.00	\$0.00
		\$10,874.17	\$33,297.68	\$27,704.00	\$20,200.00

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
103-103-536-10-010	Salaries and Wages	\$10,294.95	\$11,296.83	\$10,207.00	\$8,266.00
103-103-536-10-200	Benefits	\$4,251.44	\$5,059.95	\$5,097.00	\$4,068.00
103-103-536-10-220	Uniforms	\$0.00	\$155.77	\$200.00	\$0.00
103-103-536-10-310	Operating Supplies	\$28.94	\$8.28	\$400.00	\$150.00
103-103-536-10-320	Office Supplies	\$0.00	\$0.00	\$0.00	\$0.00
103-103-536-10-340	Items for Resale	\$2,182.86	\$2,770.39	\$1,000.00	\$500.00
103-103-536-10-350	Small Tools/Minor Equipment	\$0.00	\$0.00	\$0.00	\$335.00
103-103-536-10-360	Vehicle Operation/Maintenance	\$358.73	\$398.27	\$800.00	\$400.00
103-103-536-10-370	Vehicle Repair	\$0.00	\$0.00	\$0.00	\$0.00
103-103-536-10-410	Professional Services	\$3,751.04	\$9,943.44	\$8,000.00	\$5,000.00
103-103-536-10-420	Communication	\$0.00	\$0.00	\$0.00	\$0.00
103-103-536-10-460	Insurance	\$1,500.00	\$1,445.66	\$1,500.00	\$1,500.00
103-103-536-10-480	Repair and Maintenance	\$0.00	\$0.00	\$0.00	\$0.00
103-103-594-10-620	Capital - Buildings	\$0.00	\$0.00	\$0.00	\$0.00
103-103-594-10-640	Capital - Equipment	\$0.00	\$0.00	\$0.00	\$0.00
103-103-597-40-000	Operating Transfers Out	\$0.00	\$500.00	\$500.00	\$500.00
103-900-508-80-000	Ending Fund Balance	\$0.00	\$0.00	\$0.00	\$0.00
		\$22,367.96	\$31,578.59	\$27,704.00	\$20,719.00

DIFFERENCE

-\$519.00

2017 WATER OPERATING FUND

Water Fund Operating Expenditures

The Water Fund is \$76,411 out of balance due to a number of factors.

There is an estimated \$35,000 expenditure for Professional Services for the completion of the 2017 Water System Plan Element of the Comprehensive Plan Update.

The City is also planning a rate study for Water with Katy Isaksen & Associates. The current plan is to adopt a new water rate for 2017 in November 2016 to bring the 2017 Water Operating fund into balance. Ms. Isaksen is scheduled to provide Council with a presentation at the November 17, 2016 council meeting. The City will work with Ms. Isaksen in 2017 to prepare a longer term rate study with the idea of increasing rates to fund Capital Improvements identified in the 2017-2027 Water Capital Improvement Plan. The 2017 rate study is proposed to be funded using Capital Reserves (not operating funds).

The current budget shows a \$11,500 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the purchase of a used utility truck (\$2,500), a side arm mower (\$6,000), a replacement lawn mower (\$2,000), and a bucket truck (\$1,000). Council may choose to remove these expenditures from the operating budget.

Salaries and benefits are increased by \$8,166 in 2017. This is mostly due to an increase in benefits as a result of the renegotiated union contract.

Capital Equipment has increased by \$11,000 in 2017 due to a proposed expenditure for small motors, breakers, samplers, etc.

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
400-000-308-80-000	Beginning Fund Balance	-\$438,831	-\$526,412	\$59,745	\$0
400-000-337-00-000	Startup Water District	\$0	\$36,203	\$0	\$33,000
400-000-341-82-100	Engineering Review Services	\$0	\$1,607	\$0	\$0
400-000-343-40-000	Water Service	\$976,467	\$1,053,648	\$1,056,068	\$1,010,328
400-000-343-40-100	Authorization to Bill Rentor	\$0	\$485	\$0	\$150
400-000-343-40-200	Late Fees - Water Service	\$0	\$22,134	\$0	\$13,000
400-000-359-10-000	Turn On/Off Fees	\$7,584	\$9,550	\$9,000	\$9,500
400-000-361-11-000	Investment Interest	\$835	\$1,353	\$500	\$500
400-000-369-90-000	Miscellaneous	\$43,877	\$0	\$25,000	\$4,000
400-000-379-10-000	Water Connection Charges	\$7,801	\$18,950	\$15,600	\$6,000
400-000-397-10-100	Operating Transfer In	\$0	\$0	\$0	\$0
		\$597,733	\$617,517	\$1,165,913	\$1,076,478

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
400-400-534-80-100	Salaries and Wages	\$294,358	\$335,693	\$334,344	\$334,875
400-400-534-80-200	Benefits	\$131,893	\$149,197	\$159,512	\$167,147
400-400-534-80-220	Uniforms	\$907	\$1,471	\$1,400	\$1,600

400-400-534-80-310	Operating Supply	\$49,029	\$70,518	\$64,885	\$60,705
400-400-534-80-320	Office Supplies	\$3,141	\$2,760	\$2,700	\$4,000
400-400-534-80-350	Small Tools/Minor Equipment	\$6,171	\$2,098	\$10,500	\$12,890
400-400-534-80-360	Vehicle Operation/Maintenance	\$6,220	\$8,799	\$7,825	\$6,825
400-400-534-80-370	Vehicle Repair	\$498	\$1,201	\$1,000	\$5,000
400-400-534-80-410	Professional Service - General	\$21,283	\$50,466	\$100,000	\$25,000
400-400-534-80-411	Professional Service - Other	\$0	\$0	\$0	\$10,000
400-400-534-80-420	Communication	\$10,337	\$12,015	\$10,000	\$10,000
400-400-534-80-430	Travel and Seminars	\$4,133	\$7,087	\$5,205	\$4,080
400-400-534-80-450	Rentals	\$1,772	\$1,604	\$1,000	\$1,000
400-400-534-80-460	Insurance	\$49,530	\$40,579	\$47,000	\$47,000
400-400-534-80-470	Utilities	\$34,235	\$19,709	\$35,000	\$20,000
400-400-534-80-471	Water Service - Everett	\$4,569	\$19,391	\$7,000	\$7,500
400-400-534-80-480	Repair and Maintenance	\$20,476	\$10,392	\$30,975	\$28,975
400-400-534-80-490	Miscellaneous	\$8,280	\$8,311	\$9,250	\$9,249
400-400-534-80-491	Water - Testing	\$4,085	\$4,480	\$5,000	\$5,000
400-400-534-80-510	Taxes - Excise	\$51,480	\$57,073	\$53,000	\$56,400
400-400-594-80-620	Capital - Buildings	\$624	\$1,797	\$500	\$0
400-400-594-80-640	Capital - Equipment	\$10,572	\$3,132	\$6,500	\$17,500
400-400-597-20-000	Operating Transfer Out - 412	\$133,088	\$109,476	\$115,864	\$122,251
400-400-597-20-050	Operating Transfer Out - 403	\$50,000	\$171,700	\$172,650	\$148,405
400-400-597-30-010	Operating Transfer Out - 104	\$8,000	\$0	\$0	\$11,500
400-400-597-30-030	Operating Transfer Out - 409	\$18,500	\$0	\$0	\$0
400-400-597-50-020	Operating Transfer Out - 114	\$25,803	\$13,000	\$13,000	\$19,184
400-400-597-50-040	Operating Transfer Out - 001	\$0	\$16,803	\$16,803	\$16,803
		\$948,984	\$1,118,753	\$1,210,913	\$1,152,889

DIFFERENCE

-\$76,411

2017 SEWER OPERATING FUND

Sewer Fund Operating Expenditures

The Sewer Fund currently shows a surplus of \$138,304.

Salaries and benefits are increased by \$35,415 in 2017. The Public Works Director is projected to spend more time working with the new Wastewater Treatment Supervisor in 2017 due to the retirement of the former Supervisor. In addition, the new Wastewater Treatment Plant Supervisors negotiated wage at the time of hire will be implemented to be competitive with others in the industry with the same certifications necessary to operate the Wastewater Treatment Plant.

A \$27,000 Professional Services expenditure is proposed to finalize the General Sewer Plan in 2017.

The City will be working with Katy Isaksen & Associates in 2017 to conduct a rate study for Sewer. Rate study expenditures are proposed to be paid with Sewer Capital Reserves (not operating funds).

An \$11,000 increase is proposed in 2017 for Vehicle Repair.

The current budget shows a \$34,000 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the purchase of a utility truck (\$25,000), a side arm mower (\$6,000), a replacement lawn mower (\$2,000), and a bucket truck (\$1,000).

Based on Council direction at the September 17, 2016 budget retreat, \$75,600 is proposed as an Operating Transfer Out to Fund 207 (LID Guaranty and Bond Fund).

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
401-000-308-80-000	Beginning Fund Balance	-\$484,041	-\$510,192	\$0	\$0
401-000-341-82-100	Engineering Service	\$0	\$1,607	\$0	\$0
401-000-342-00-200	Sewer Inspection Fee	\$2,250	\$11,000	\$5,000	\$3,750
401-000-343-50-000	Sewer Service	\$1,277,056	\$1,311,683	\$1,325,039	\$1,333,757
401-000-343-50-200	Late Fees - Sewer Service	\$0	\$15,281	\$0	\$9,000
401-000-361-11-000	Investment Interest	\$1,191	\$2,259	\$500	\$500
401-000-369-90-000	Miscellaneous	\$41,359	\$0	\$17,500	\$0
401-000-369-91-000	Rebate	\$0	\$3,938	\$0	\$0
		\$837,816	\$835,575	\$1,348,039	\$1,347,007

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
401-401-535-80-100	Salaries and Wages	\$253,334	\$269,532	\$275,957	\$294,167
401-401-535-80-200	Benefits	\$100,982	\$108,249	\$121,272	\$138,477
401-401-535-80-220	Uniforms	\$995	\$1,127	\$1,300	\$2,000
401-401-535-80-310	Operating Supplies	\$15,941	\$14,021	\$41,085	\$39,930
401-401-535-80-320	Office Supplies	\$3,498	\$2,789	\$3,000	\$4,000
401-401-535-80-350	Small Tools/Minor Equipment	\$1,173	\$2,731	\$6,650	\$13,460
401-401-535-80-360	Vehicle Operation Maintenance	\$3,006	\$3,503	\$10,800	\$7,800
401-401-535-80-370	Vehicle Repair	\$301	\$1,084	\$2,000	\$13,000
401-401-535-80-410	Professional Service	\$26,491	\$50,912	\$97,000	\$27,000
401-401-535-80-411	Services - Sludge Hauling	\$14,097	\$5,048	\$10,000	\$10,000
401-401-535-80-413	Professional - Engineers	\$4,129	\$0	\$0	\$13,000
401-401-535-80-420	Communication	\$11,273	\$12,823	\$13,000	\$13,000
401-401-535-80-430	Travel and Seminars	\$2,611	\$1,881	\$3,405	\$3,180
401-401-535-80-450	Rentals	\$7,523	\$6,248	\$13,226	\$28,226
401-401-535-80-460	Insurance	\$65,780	\$54,071	\$56,000	\$56,000
401-401-535-80-470	Utilities	\$40,699	\$42,810	\$40,000	\$40,000
401-401-535-80-480	Repair and Maintenance	\$51,258	\$42,371	\$67,575	\$49,500
401-401-535-80-490	Miscellaneous	\$7,457	\$7,598	\$4,754	\$12,000
401-401-535-80-491	Sewer - Testing	\$1,682	\$1,968	\$1,500	\$1,700

401-401-535-80-510	Taxes - Excise	\$28,603	\$29,776	\$30,000	\$32,400
401-401-594-80-620	Capital - Buildings	\$87,799	\$1,510	\$0	\$8,000
401-401-594-80-640	Capital - Equipment	\$26,063	\$341	\$30,000	\$81,500
401-401-597-20-000	Operating Transfer Out - 413	\$324,608	\$183,182	\$181,756	\$72,655
401-401-597-20-040	Operating Transfer Out - 403	\$50,000	\$171,700	\$172,650	\$68,245
401-401-597-30-010	Operating Transfer Out - 104	\$34,000	\$37,000	\$35,000	\$34,000
401-401-597-30-030	Operating Transfers Out - 407	\$65,000	\$100,000	\$70,000	\$32,400
401-401-597-50-020	Operating Transfers Out - 114	\$35,403	\$18,600	\$18,600	\$20,660
401-401-597-50-040	Operating Transfer Out - 001	\$0	\$16,803	\$16,803	\$16,803
401-401-597-50-040	Operating Transfer Out - 207	\$0	\$0	\$0	\$75,600
		\$1,263,705	\$1,187,677	\$1,323,333	\$1,208,703

DIFFERENCE

\$138,304

2017 GARBAGE OPERATING FUND

Garbage Fund Operating Expenditures

The current Garbage Fund proposal is \$7,670 out of balance.

Salaries and benefits are decreased by \$9,309 in 2017 primarily due to less labor required to operate the garbage service after the City purchased the new garbage truck with an automated lift arm.

The current budget shows a \$27,500 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the future purchase of a new garbage truck (\$25,000), and a used utility truck (\$2,500). Council may choose to reduce the operating transfer out in order to balance this fund.

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
402-000-308-80-000	Beginning Fund Balance	-\$31,516	-\$99,904	\$0	\$0
402-000-316-48-000	Garbage State Tax	\$20,580	\$19,333	\$20,064	\$18,500
402-000-321-91-000	Garbage Franchise Fees	\$3,256	\$3,263	\$3,500	\$3,800
402-000-333-03-100	Coordinated Prevention Grant	\$2,211	\$3,878	\$1,600	\$1,600
402-000-343-70-000	Garbage/Solid Waste	\$592,059	\$545,478	\$557,340	\$503,750
402-000-343-70-100	Recycling Charges	\$166,456	\$175,191	\$177,816	\$180,196
402-000-361-11-000	Investment Interest	\$814	\$1,172	\$500	\$500
402-000-362-20-000	Dumpster Delivery Charges	\$21,136	\$20,665	\$20,940	\$20,950
402-000-369-90-000	Miscellaneous	\$531	\$339	\$500	\$0
		\$775,528	\$669,414	\$782,260	\$729,296

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
402-402-537-80-100	Salaries and Wages	\$146,406	\$153,036	\$137,507	\$129,451

402-402-537-80-200	Benefits	\$63,126	\$69,253	\$69,887	\$68,634
402-402-537-80-220	Uniforms	\$718	\$862	\$1,000	\$1,400
402-402-537-80-310	Operating Supplies	\$2,804	\$4,571	\$5,000	\$3,750
402-402-537-80-320	Office Supplies	\$2,592	\$2,463	\$2,400	\$4,000
402-402-537-80-350	Small Tools/Minor Equipment	\$1,054	\$1,808	\$2,000	\$2,485
402-402-537-80-360	Vehicle Operation/Maintenance	\$19,247	\$15,628	\$16,000	\$22,600
402-402-537-80-370	Vehicle Repair	\$7,404	\$724	\$7,000	\$3,000
402-402-537-80-380	CPG Grant - Clean UP	\$897	\$3,061	\$1,600	\$1,600
402-402-537-80-410	Professional	\$4,105	\$19,143	\$9,700	\$1,000
402-402-537-80-420	Communication	\$8,053	\$7,981	\$8,500	\$8,500
402-402-537-80-430	Travel and Seminars	\$800	\$1,354	\$1,400	\$680
402-402-537-80-460	Insurance	\$33,461	\$27,999	\$31,000	\$31,000
402-402-537-80-470	Utilities	\$2,077	\$1,983	\$2,000	\$2,000
402-402-537-80-480	Repair and Maintenance	\$9,061	\$2,068	\$3,000	\$1,975
402-402-537-80-490	Miscellaneous	\$2,490	\$3,503	\$2,600	\$2,700
402-402-537-80-500	Intergovernmental - Recycle	\$143,517	\$147,135	\$150,000	\$151,728
402-402-537-80-510	Intergovernmental - Disposal F	\$182,982	\$183,098	\$192,000	\$192,000
402-402-537-80-520	Taxes - Excise	\$30,050	\$28,402	\$30,000	\$31,000
402-402-594-80-620	Capital Outlay - Buildings	\$0	\$1,510	\$0	\$3,000
402-402-594-80-640	Capital Outlay - Equipment	\$14,009	\$0	\$10,000	\$15,000
402-402-597-30-000	Operating Transfer Out - 104	\$31,000	\$50,000	\$60,000	\$27,500
402-402-597-50-010	Operating Transfer Out - 114	\$32,803	\$16,000	\$16,000	\$15,160
402-402-597-50-040	Operating Transfer - 001	\$0	\$16,803	\$16,803	\$16,803
		\$738,657	\$758,383	\$775,397	\$736,966

DIFFERENCE

-\$7,670

2017 STORMWATER OPERATING FUND

Stormwater Fund Operating Expenditures

The Stormwater Fund is \$18,612 out of balance.

Salaries and benefits are decreased by \$6,894 in 2017.

The City is also planning a rate study for Stormwater with Katy Isaksen & Associates. The current plan is to adopt a new stormwater rate for 2017 in November 2016 to bring the 2017 Water Operating fund into balance. Ms. Isaksen is scheduled to provide Council with a presentation at the November 17, 2016 council meeting. The City will work with Ms. Isaksen in 2017 to prepare a longer term rate study with the idea of increasing rates to fund Capital Improvements identified in the 2017-2027 Stormwater Capital Improvement Plan. The 2017 rate study is proposed to be funded using Capital Reserves (not operating funds).

The current budget shows a \$33,500 Operating Transfer Out for Equipment Replacement (104). This involves setting money aside to go towards the purchase of a used utility truck (\$2,500), a side arm mower (\$5,000), a street sweeper (\$25,000), and a bucket truck (\$1,000).

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
406-000-308-80-000	Beginning Fund Balance	-\$7,588	-\$21,931	\$0	\$0
406-000-343-10-000	Stormwater Utility Fee	\$165,910	\$172,106	\$175,164	\$187,020
406-000-361-11-000	Investment Interest	\$89	\$393	\$200	\$200
406-000-397-10-100	Operating Transfer In	\$0	\$0	\$0	\$0
		\$158,411	\$150,568	\$175,364	\$187,220

Account Number	Description	2014 Actual	2015 Actual	2016 Adopted Budget	2017 Budget Requested
406-406-531-10-100	Salaries and Wages	\$77,912	\$86,735	\$67,459	\$62,790
406-406-531-10-200	Benefits	\$33,682	\$37,479	\$32,800	\$30,575
406-406-531-10-220	Uniforms	\$217	\$319	\$400	\$600
406-406-531-10-310	Operating Supplies	\$1,608	\$526	\$2,500	\$5,400
406-406-531-10-320	Office Supplies	\$14	\$162	\$500	\$200
406-406-531-10-350	Small Tools/Minor Equipment	\$859	\$1,555	\$1,150	\$1,910
406-406-531-10-360	Vehicle Operation Maintenance	\$386	\$1,348	\$2,000	\$1,300
406-406-531-10-370	Vehicle Repair	\$301	\$799	\$500	\$11,000
406-406-531-10-410	Professional Service	\$0	\$0	\$14,500	\$30,500
406-406-531-10-420	Communication	\$1,543	\$1,754	\$1,800	\$1,800
406-406-531-10-430	Travel and Seminars	\$298	\$556	\$1,190	\$840
406-406-531-10-450	Rentals	\$976	\$781	\$600	\$0
406-406-531-10-460	Insurance	\$9,013	\$8,724	\$9,000	\$9,000
406-406-531-10-470	Utilities	\$0	\$0	\$0	\$0
406-406-531-10-480	Repair and Maintenance	\$211	\$639	\$1,320	\$1,320
406-406-531-10-490	Miscellaneous	\$279	\$1,909	\$184	\$184
406-406-531-10-510	State Excise Tax	\$2,487	\$2,608	\$2,700	\$3,600
406-406-594-80-640	Capital Outlay - Equipment	\$0	\$1,707	\$0	\$2,500
406-406-597-20-010	Operating Transfer - 410 Cap	\$10,136	\$0	\$17,000	\$0
406-406-597-50-020	Operating Transfers Out - 114	\$9,601	\$4,000	\$4,000	\$3,212
406-406-597-50-040	Operating Transfer - 001	\$0	\$5,601	\$5,601	\$5,601
406-406-597-60-030	Operating Transfer Out - 104	\$2,130	\$0	\$9,500	\$33,500
		\$151,655	\$157,202	\$174,704	\$205,832

DIFFERENCE -\$18,612