

**CITY OF SULTAN
COUNCIL BUDGET RETREAT
September 17, 2016**

Schedule:

9:00 – 9:15	Mayor's Comments
9:15 – 9:45	D-1 Goals and Priorities
9:45 – 10:30	D-2 Debt Service
10:30 – 10:45	Break
10:45 – 12:00	D-3 Facility, Equipment and Software Upgrades and Maintenance
12:00 – 12:45	Lunch
12:45 – 2:00	D-4 Capital Infrastructure Projects

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SULTAN CITY COUNCIL RETREAT AGENDA ITEM COVER SHEET

ITEM NO: Discussion 1
DATE: September 17, 2016
SUBJECT: Goals, and Priorities
CONTACT PERSON: Ken Walker, City Administrator

ISSUE:
The item before the city council is to review council goals and priorities.

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

The technique and process we used was simple, straight forward and to the point. The steps in the goal setting process were:

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

The 2016 goals were evaluated as:

GOALS	SUCCESS
• Revenue – Expenditure control	10
• Contingency Funds funded	10
• Reduce/manage debt	10
• Equipment replacement funds	10
• Facility Maint \$ Operating Funds	4
• Maintain existing assets	2
• Improve Public Safety	10
• Expand Camera System	8
• Update Comp Plan	5
• Update Codes – Zoning	7
• Update Codes – Development	7
• Update Codes – Nuisance	10
• Update Codes – Utility	9

The success rate was arrived at through consensus after discussion. The positive success rate for a number of the goals highlights the fiscal management of city operations. It was also agreed on that the 2016 goals should remain a focus as appropriate to maintain the fiscal health of the city, but that additional goals beyond those of fiscal responsibility would be helpful to provide staff with guidance.

Overall Budget themes were identified by council as:

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

Following the above outline on March 31, 2016, the council identified the following goals for 2016:

- Code enforcement consistency,
- Park upgrades and additions including a Park Levy discussion,
- Support the Arts Council and increase tourism,
- Develop an Emergency Action Plan,
- Address Cemetery budget shortfalls,
- Explore a Transportation Benefit District,
- Evaluate staff salaries,
- Improve communications with the public,
- US 2 eye appeal improvements,
- City building maintained.

Staff will use these guidelines identified by council to develop the budget and operating plans for 2017.

Council is asked to confirm, expand, restate, or remove the foregoing goals to provide guidance to staff.

ATTACHMENTS

A – Proposed 2016-2020 Budget Themes

B – 2016-2018 Work Plan

2016-2020 Budget Themes

Public Safety

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

Economic Development

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

Community Development

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

Fiscal Responsibility

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

2016-2018 Work Plan

Public Safety

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

Economic Development

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

Community Development

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

Fiscal Responsibility

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

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

Agenda Item #: Retreat Discussion 2

Date: September 17, 2016

SUBJECT: 2017 Budget - Debt Service Funds

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

Issue:

The issue before the Council is discuss the 2017 budgets for the Debt Service funds.

Summary:

The City has General Obligation debt bonds for construction of the Community Center issued in 1999 and for the 2004 bonds for Police Equipment. The City pledges the assets of the city (property taxes) to pay the general obligation bonds for the Community Center. The Police equipment bonds were a voted issue and additional property tax is assessed to make annual payments.

The Water and Sewer Funds have revenue bonds and Public Works Trust Fund (PWTF) loans for capital projects. The assets of the Water and Sewer Utility are pledged to make payments. The source of funding for payments can be user fees from rate payments, connection fees and reserve funds.

203 Limited GO Tax Bond Fund:

The General Obligation Tax bonds for the Community Center/Library are a General Fund obligation. In 1999 the City issued bonds for the construction of the Community Center/Library. This was a council approved bond issue, not a voted issue. The bonds will mature in 2018. The finance issue the city will face with this bond is the escalating principle payment for the remainder of the bond.

The bond payments must be made from property taxes, real estate excise tax (REET 1) funds or other general fund sources. In 2017, property taxes and Real Estate Excise (REET) will be used make the payments.

REET funds receipts are higher than expected and the current balance in the fund is approximately \$58,000. As part of the 2016 Budget Amendment process, staff will recommend the balance of the REET funds be transferred to the Bond Fund for 2017 payments. The lowest estimated amount is \$77,000 will be available to transfer. This amount will cover 50% of the bond payments for 2017.

The 2017 Budget will include funds from property tax and REET funds to cover bond payments. It is anticipated that only \$50,000 of property tax revenues will be need for bond payments. This is a \$25,000 reduction from the 2016 Budget.

The current outstanding debt for the Community Center is:

Community Center Bonds				
Payment Schedule		2017	2018	Total Due
GO Bonds Community Center	Principle	140,000	150,000	290,000
Non Voted Issue	Interest	13,705	7,125	20,830
	Total	153,705	157,125	310,830

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
203-000-308-80-000	Beginning Fund Balance	46	414	2,222	10,358	0	70,000
203-000-311-10-000	Property Taxes	109,443	101,662	128,688	115,304	75,000	50,000
203-000-361-11-000	Investment Interest	229	223	25	36	300	100
203-000-397-20-000	Operating Transfer In	25,000	35,000	20,000	30,000	75,000	40,000
		134,718	137,299	150,935	155,698	150,300	160,100

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed t
203-203-514-20-410	Professional Services	302	302	302	479	400	400
203-203-591-15-710	Bond - Principal	95,000	100,000	110,000	120,000	130,000	140,000
203-203-592-15-800	Bond - Interest	39,003	34,775	30,275	25,270	19,750	13,705
		134,304	135,077	140,577	145,749	150,150	154,105
		414	2,222	10,358	9,949	150	5,995

205 Police GO Bond Fund:

In 2004 the City issued bonds to pay for the 800 MHz communication system and for capital improvements to the Police Station. This was a voted issue and an additional levy on property located within the city limits. An ordinance will be adopted as part of the budget process to levy the required taxes to meet the annual payment. The bonds will mature in 2024.

Police Equipment Bonds					
Payment Schedule		2017	2018	2019-24	Total Due
GO Bonds	Police				
Equipment	Principle	20,000.00	20,000.00	160,000.00	200,000.00
Voted Issue	Interest	9,912.50	9,002.50	29,493.00	48,408.00
	Total	29,912.50	29,002.50	189,493.00	248,408.00

205 POLICE GO BOND FUND

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
205-000-308-80-000	Beginning Fund Balance	25,909	22,632	18,612	18,263	0	0
205-000-311-11-000	Property Tax	25,877	29,538	32,432	31,682	30,803	29,913
205-000-361-11-000	Investment Interest	107	97	44	65	400	400
		51,894	52,267	51,088	50,010	31,203	30,313

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
205-205-514-20-410	Professional Services	302	302	302	479	400	400
205-205-591-21-700	Bond Payment - Principal	15,000	20,000	20,000	20,000	20,000	20,000
205-205-592-21-800	Bond Payment - Interest	13,960	13,353	12,523	11,673	10,803	9,913
		29,262	33,655	32,825	32,151	31,203	30,313

508-80-000	Ending Fund Balance	22,632	18,612	18,263	17,859	0	0
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403 Water Revenue Bond Fund:

Water/Sewer Revenue Bonds were issued in 1996 to fund system improvements. The assets of the Water and Sewer Utility Funds were pledged as security for the bonds. The funding source for the bond payment is a transfer from the Water and Sewer Utility Funds. Each fund will contribute \$60,000 towards bond payments. Water and Sewer revenue bonds were used to fund Main Street and Eighth Street main line upgrades and replacement. The bonds will mature in 2016.

The City refinanced the bonds which lowered the interest payments in 2012-2016. The overall savings on the refinancing was \$41,783. The bonds were paid in full in 2016. This will reduce debt payments by \$125,000 for 2017.

In 2014, the city issues \$2,870,000 in Water/Sewer Utility Bonds to finance the Booster Pump Station, Lift Station upgrades and water, sewer and storm lines on Alder, 4th and High streets.

The total payment due for 2017 is \$216,650. Based on the projects financed by the bonds, Water funds will pay 60% of the payments and Sewer and Storm will pay the other 40%.

Water/Sewer Revenue Bonds							
2014 Issue		2017	2018	2019	2020	2021-33	Total Due
W/S Revenue Bonds	Principle	120,000	125,000	125,000	130,000	2,175,000	2,675,000.00
	Interest	96,650	94,250	90,500	86,750	730,460	1,098,610.00
Total Revenue Bond Debt		216,650	219,250	215,500	216,750	2,905,460	3,773,610.00

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
403-000-308-80-000	Beginning Fund Balance	57,351	74,767	75,414	2,088,122	0	
403-000-361-11-000	Investment Interest	188	167	7,275	1,054	400	800
403-000-391-20-000	Bond Proceeds	0	0	2,981,720	0	0	0
403-000-397-30-300	Operating Transfer In (400/401)	130,000	127,000	100,000	343,400	345,300	216,650
		187,539	201,934	3,164,409	2,432,575	345,700	217,450

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
403-403-514-20-410	Professional Services	320	0	10,481	958	400	400
403-403-591-80-720	Bond - Principal	105,000	120,000	120,000	195,000	245,000	120,000
403-403-592-80-830	Bond - Interest	7,454	6,520	5,230	147,891	100,300	96,650
403-403-597-00-100	Transfer Out	0	0	940,576	1,799,920	0	0
		112,774	126,520	1,076,287	2,143,769	345,700	217,050
	Ending Balance	74,766	75,414	2,088,122	288,806	0	400

412 Water Debt Service Fund:

The purpose of this fund is to provide for the payment of debt service incurred by the Water Utility System for capital projects. The fund has outstanding debt for the previous the connection to the Everett Waterline and for the second reservoir.

The funding for debt service has been from operating fund transfers. For 2017 the debt service payments will be made from the operating fund (Water Utility Fund – 400). The Public Works Trust Fund (PWTF) loan documents pledge the assets of the Water Utility for repayment of the loan

The following details the debt schedule for the water system. The loans for the water reservoir and water filtration plant will be paid in full in 2018. The loan for the Regional Waterline will not be paid in full until 2022. The city should consider paying on the balance of \$64,836 in 2019.

WATER DEBT SERVICE SCHEDULE		2017	2018	2019-22	Total Due
PW 98-791-063	Principle	41,550	41,550	0	83,100
Water Reservoir	Interest	2,493	1,247	0	3,740
	Total	44,043	42,797	0	86,840
SFF 97-78-897-076	Principle	57,147	57,147	0	114,294
Water Filtration Plant	Interest	4,572	2,286	0	6,858
	Total	61,719	59,433		121,152
PW 02-691-PRE 119	Principle	16,009	16,009	64,036	96,054
Regional Water Supply line	Interest	480	400	800	1,680
	Total	16,489	16,409	64,836	97,734
Total Water Service Debt		122,251	118,639	64,836	305,726

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
412-000-308-80-000	Beginning Fund Balance	35,810	32,575	32,945	33,024	10,000	
412-000-361-11-000	Investment Interest	78	70	79	49	0	100
412-000-397-10-100	Operating Transfer In	137,000	137,000	133,088	109,478	115,864	122,251
		172,888	169,645	166,112	142,551	125,864	122,351
Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
412-412-591-34-780	State Revolving Fund Principal	57,147	57,147	57,147	57,148	57,147	57,147
412-412-591-34-781	PWTF Loan Principle	57,559	57,559	57,559	57,559	57,559	57,559
412-412-592-34-831	State Revolving Fund Interest	9,606	13,715	11,429	8,674	6,858	4,572
412-412-592-34-830	PWTF Loan Interest	16,001	8,279	6,953	5,627	4,300	2,973
		140,313	136,701	133,088	129,008	125,864	122,251
	Ending Balance	32,575	32,944	33,024	13,543	0	100

413 Sewer Debt Service Fund:

The purpose of this fund is to provide for the payment of debt service incurred by the Sewer Utility System for capital projects. The fund has outstanding debt for the I & I Reduction program. The loan payments for the Sewer Plant upgrades was paid in full in 2016. This reduced the annual debt payments for this fund by \$108,000 per year.

The funding for debt service is from current customers. For 2017, the debt service payments will all be made from the operating funds (Sewer Utility Fund – 401). The PWTF loan documents pledge the assets of the Sewer Utility for repayment of the loan.

		2017	2018	2019	2020	2021-24	Outstanding Total
PW 04-691-064							
Sewer I & I Project	Principle	69,859.37	69,859.37	69,859.37	69,859.37	279,437.52	558,875.00
Interest rate .02%	Interest	2,794.38	2,445.07	2,095.79	1,746.48	3,492.97	12,574.69
	Total	72,653.75	72,304.44	71,955.16	71,605.85	282,930.49	571,449.69

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
413-000-308-80-000	Beginning Fund Balance	68,995	69,396	70,913	72,594	0	
413-000-361-11-000	Investment Interest	167	151	174	188	0	100
413-000-397-10-100	Operating Transfer In	425,700	216,032	194,744	183,182	181,757	72,655
		<u>494,862</u>	<u>285,579</u>	<u>265,831</u>	<u>255,964</u>	<u>181,757</u>	<u>72,755</u>

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
431-413-591-35-700	PWTF Principal Payment	385,868	177,535	177,535	177,535	177,536	69,860
	State Revolving Fund	27,483	27,953	8,217	21,474	0	0
431-413-591-35-780	Principal						
413-413-592-35-831	State Revolving Fund Interest	1,148	679	415	161	0	0
413-413-592-35-830	PWTF Interest	10,966	8,499	7,073	5,176	4,221	2,795
		<u>425,466</u>	<u>214,666</u>	<u>193,239</u>	<u>204,346</u>	<u>181,757</u>	<u>72,655</u>
	Ending Balance		69,396	70,913	72,592	51,618	0
						0	100

207 LID Bond Fund - Sewer Debt

The LID Bond payments are made by the benefited property owners who receive annually billing statements in December. The LID (Local Improvement District) project is a sewer line from the Sultan Basin Road to Rice Road that was constructed in 1997 that runs parallel to Wagley Creek. Payments on the bonds are from assessment against the benefitted properties. The LID payments are for 18 years and are considered a lien against the property. The bonds will mature in 2021. The City obligations under LID 97-1 have been paid in full.

The problem the city will face over the next five years of the bond is the lack of any payments due from the Hammer property. The total principal assessment for this property was \$591,900. With accrued principal, interest and penalties, the total outstanding payments are \$1,002,495.

The anticipated payments from other properties in the LID for principal payments on the bonds are \$423,600. There is \$230,000 in the bond fund from properties that have paid the assessments in full over the past year (this amount also includes interest and penalties).

The City will need to consider how they will make the payments on the outstanding LID debt. It is not in the best interest of the city to default on the debt or to continue to make interest payments on the outstanding bonds.

The Sewer fund will have an additional \$108,000 per year that will not be allocated to debt service. Staff recommends the Council consider the following options:

1. Make additional principal payments on the outstanding PWTF loan for I & I. This would pay off the loan in 3 ½ years instead of 8 years.
2. Transfer the funds to the sewer reserve fund for future capital projects.

3. Transfer the funds to the LID bond fund to cover the unpaid assessments on the Hammer property.

LID 97-1	2016	2017	2018	2019	2020	2021	Total Due
Principle	205,000	205,000	205,000	205,000	205,000	205,000	1,230,000
Interest	0	68,162	68,162	68,162	68,162	68,162	340,810
Total	205,000	273,162	273,162	273,162	273,162	273,162	1,570,810

Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
207-000-308-80-000	Beginning Fund Balance	422,149	361,269	297,857	313,785	117,189	
207-000-361-11-000	Penalties	5,266	0	1,096	0	1,000	500
207-000-359-90-100	Investment Interest	895	685	856	1,520	800	800
207-000-361-40-000	Interest Payments	67,313	43,170	50,872	30,859	47,733	45,000
207-000-368-10-000	Special Assessments - LID 97-1	112,578	86,814	119,258	151,321	122,278	10,000
		608,201	491,938	469,939	497,484	289,000	56,300
Account	Description	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2017 Proposed
207-207-514-201-410	Professional Services	1,565	3,690	1,877	9,123	4,000	1,000
207-207-591-35-790	Principal - Special Assessment	205,000	205,000	205,000	0	205,000	205,000
207-207-592-35-820	Interest - Special Assessment	109,368	99,528	89,278	78,825	80,000	78,900
		315,933	308,218	296,155	87,948	289,000	284,900
	Ending Balance	292,269	183,720	173,784	409,536	0	-228,600

CITY OF SULTAN
AGENDA ITEM COVER SHEET

ITEM: Discussion 3
DATE: September 17, 2016
SUBJECT: Capital Equipment/Buildings
CONTACT PERSON: Laura Koenig, Clerk/Finance Director

SUMMARY:

As a part of the budget process, the staff evaluates the capital equipment needs (and wants) of the City and the ongoing need for building maintenance.

Capital Equipment:

In 2015 and 2016, the City purchased and installed several items that had been on the list for several years. These included:

1. Phone System – The phone system upgrade for all city facilities was completed in 2016.
2. Lap Top Computer for the Mayor and Council: Computers were purchased and distributed to the Council in 2015.
3. Copy Machine: The City replace the copier with a color copier in 2016.

There are additional needs staff would like the Council to consider as part of the 2017 budget.

1. Cameras/Server: The City has several security cameras placed around the community. The cameras are not designed to provide long distance detail and some are not designed for night time use. The current capacity on the server only allows for 24-36 hours of storage. Staff would recommend upgrading the server to hold at least 7 days of tape.

Estimate cost: \$23,000

2. Springbrook Software: Staff would like to update from Version 7.1 to Cloud Version 7.18. The last upgrade was completed in 2011-12. Moving to the Cloud version would eliminate the need to upgrade servers and also provide customer access to utility accounts on line.

Estimated cost: \$25,069

4. Generator – City Hall: The city has generators at the Police Station, Water Plant and Sewer Plant. There is no generator at City Hall and when the power is out, staff has no access to phones or computers. In an emergency, the city has limited ability to handle community needs.

Estimate Cost: \$10,000 - \$15,000.

5. Public Works: Equipment needs include:

Sweeper: The City purchased the current Athney Sweeper used from the City of Yakima for \$75,007 in 1998. It was purchased through the Local Options Loan Program and is paid in full. The sweeper was used when purchased and the city has used it for 17 years.

Estimate Cost: \$200,000

Dump truck: The current 1980 International dump truck was purchased from Snohomish County surplus in the mid 1996. The truck is used for hauling rock and soil, on job sites to haul debris, plowing snow, and sanding roads. This truck is wore-out. In 6 hours of use it burns a gallon of oil, the clutches has been going out for the last 10 years. The staff would like to recommend purchasing another used 5 yard dump truck for operation in the Public Works Department.

Vehicles: The city is in need of several of the vehicles:

- Utility Truck (similar to the one used by the Water Department) Estimate cost is \$42,000 new.
- ½ Ton Pickup with 4 WD – estimate cost \$28,000 new
- 2 Ford Escapes – one to replace the Crown Vic and one to replace the Explorer. Estimate cost \$18,600 new.

Side Arm Mower: Used by all departments in the utilities. Estimate cost \$80,000

Bucket Truck: The city discussed purchase of a bucket truck. Staff is currently looking for a used vehicle to be purchased in 2016.

Building Maintenance:

In 2009, the City completed a Facility Assessment Study. The study provided a detailed analysis of building maintenance and repair needs. A copy of the report for each building is included as Attachment A. The majority of the items listed in the report have not been addressed. City staff identified three projects that are in need of attention to preserve the buildings for future use:

1. Visitor Information Center: The roof cap still needs to be repaired. The windows were replaced in late 2015.
2. Post Office Loading Dock and Museum: The small leak in the roof was repaired, however, this a temporary fix and eventually the entire roof will need to be replaced. The exterior of the building needs to be painted and resealed. Staff obtained one bid for painting of \$6,600.
3. Community Center: The city has occupied the building for use as City Hall and the Library since 2000. The exterior of the building is beginning to show its "age" and will need to be cleaned, sealed and graffiti protected within the next 2-3 years. The concrete area also needs to be cleaned and painted. Estimated cost is \$16,800.

The following projects are a “wish list” and not a critical must do:

1. City Hall Painting: The interior of the building (with the exception of the meeting room) has not been painted since the building was constructed 16 years ago. Staff obtained a bid to paint the interior lobby walls (upstairs and downstairs) of \$3,300. No bids for the back offices has been requested.
2. City Hall – HVAC Systems: There has been a continuous problem with the heating and cooling systems in City Hall. There are a total of 5 units for the building. Staff requested a bid to replace the 5 systems and controllers. The total estimate is \$99,644.

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

ITEM NO: Discussion 4
DATE: September 17, 2016
SUBJECT: Capital Projects
CONTACT PERSON: Mick Matheson, P.E., Public Works Director



ISSUE:

The issue before the Council is to discuss capital projects that are upcoming in 2017-2018.

DISCUSSION:

Transportation

Transportation projects have historically been grant funded through various programs such as Transportation Improvement Board (TIB), Community Development Block Grants, Surface Transportation Plan (STP), Puget Sound Regional Council, and Legislative Provisos.

Current Transportation Projects

Sultan River Pedestrian Bridge

The City is continuing to work with WHPacific on the design of the pedestrian bridge together with associated sanitary sewer and water facilities. Design is approximately 90 percent complete. The City does not currently have construction funding for this project. The estimated cost is approximately \$3.5 million. The City applied for a WSDOT grant this year, and we will know whether we are to receive funds by June 2017. In the event we do not receive WSDOT grant funding, the City's lobbyist will continue to work with State Legislators to fund the project.

4th & 5th Streets (US 2 to Alder)

The City received a Transportation Improvement Board Small City Arterial Program (SCAP) grant to fund this project. The project scope is to reconstruct 4th Street and 5th Street from the northern side of US 2 to the south edge of Alder Avenue. The proposed improvements include:

- Full reconstruction of both 4th and 5th Streets from US2 to Main Street
- Grind (adjacent to existing curbs) and overlay both 4th and 5th Streets from Main Street to Alder Avenue
- Replacement of approximately 50% of the sidewalk, curb, and gutter throughout the project area; and
- Reconstruct the intersections of 4th and 5th Street with Main Street and provide ADA compliant curb ramps.

The TIB grant is \$444,778 with a required five percent City match of \$28,409. This project was designed by Gray & Osborne and is being built by SRV Construction. Construction started August 15, 2016 and is expected to be completed in early October 2016.

US 2 Bicycle /Pedestrian Pathway (Albion to Marcus)

The City applied for a Community Development Block Grant to construct a bicycle/pedestrian path from Albion to Marcus and was selected for funding. The City is working with CDBG to receive a No Effects Finding and to complete NEPA. Design and construction is anticipated to be completed in 2017.

Sultan Basin Road Sidewalk

The City plans to finish the construction of approximately 350 feet of detached sidewalk on the east side of Sultan Basin Road starting north of 141st Street SE.

Future Transportation Projects

1st Street Reconstruction (High to Trout Farm Road) & 8th Reconstruction (High to Evacuation Trail)

The City recently applied for a Transportation Improvement Board grant to reconstruct 1st Street from High Avenue to Trout Farm Road together with a detached sidewalk, and 8th Street from High Avenue to the Evacuation Trail. The TIB grant is estimated to be \$758,000 with a required five percent City match of \$40,000. The project is contingent on receiving TIB grant funding.

3rd Street (Street repair north of Alder Avenue)

The City worked with Robinson Noble and WHPacific to estimate costs to repair the dip in Third Street just north of Alder Avenue. The estimated cost is approximately \$10,000.

3rd Street Reconstruction (US 2 to High)

The Transportation Improvement Board has modified their definition of small city arterials so that 3rd Street is eligible for Small City Arterial Program (SCAP) grant monies in the future. A key component of receiving TIB grant money is that a funding strategy must be in place to replace or rehabilitate dilapidated utilities beneath the roadway to receive funding. This project is an excellent candidate for Transportation Improvement Board funding in 2017 or 2018 provided the sewer and water funds are healthy.

Annual Chip Seal Project

The City may partner with Snohomish County to chip seal a roadway in 2017 to extend the useful life.

Speed Cushions

The City plans to install speed cushions on a yet-to-be determined street to control speed. Approximate cost is \$3,000.

Raised Pavement Markers

The City has purchased and plans to install raised pavement markers on Sultan Basin Road in 2016 pending staff availability. Approximate cost is \$1,000.

Roadway Striping

The City plans to partner with Snohomish County in 2016 or 2017 to provide roadway striping for the City's arterials.

Storm Drainage

Current Storm Drainage Projects

Wagley Creek Culvert Replacement at Dyer Road

The City is working with WHPacific and their subconsultants to prepare a bid-ready set of construction drawings and specifications to replace the twin culverts at Dyer Road with a single fish passage friendly bottomless arch culvert. The City is currently seeking grant funding for the construction. The estimated cost of construction is \$408,000 and is not funded.

4th & 5th Streets (US 2 to Alder)

This Transportation Improvement Board funded project will improve drainage in the project corridor, as storm drainage improvements are eligible costs as part of the grant.

Future Storm Drainage Projects

1st Street Reconstruction (High Avenue to Trout Farm Road)

If the City is successful in receiving TIB grant funding to move forward with this project, storm drainage improvements will be eligible as part of the grant.

8th Street Reconstruction (High Avenue to the Evacuation Trail)

If the City is successful in receiving TIB grant funding to move forward with this project, storm drainage improvements will be eligible as part of the grant.

3rd Street Reconstruction (US 2 to High)

When this project receives Small City Arterial Program (SCAP) grant monies in the future, storm drainage improvements are eligible as part of the grant.

Water

Current Water Projects

Gohr Road Water Main

The City received a Community Development Block Grant (CDBG) for design and construction of water main improvements on Gohr Road. CDBG has committed \$77,000 with a required City match of \$31,000. Construction was completed in September 2016.

4th & 5th Streets (US 2 to Alder)

The City is replacing asbestos cement water main with ductile iron in the project corridor as part of the TIB funded project.

Sultan River Pedestrian Bridge

The City is working with WHPacific to design a pedestrian bridge over the Sultan River. A 12-inch water main is proposed to be constructed as part of the project. The water related construction element of the bridge is estimated to be \$150,000.

Upflow Clarifier Reconstruction

The City went out to bid to purchase new filter media and has ordered the material. The reconstruction effort is scheduled to be performed by City staff and is expected to be complete in late 2016 or early 2017.

Future Water Projects

135th Street SE Water Main

The City applied for a Community Development Block Grant (CDBG) for design and construction of this project in 2015, but did not receive funding. We have learned this project is not a good candidate for CDBG funding in the future because it benefits too many customers that do not qualify as low income. The estimated cost is \$124,000. Staff is recommending lobbying the Washington State Legislature in 2017 for a legislative proviso, or funding the project using City Capital Funds.

1st Street Reconstruction (High Avenue to Trout Farm Road)

If the City is successful in receiving TIB grant funding to move forward with this project, the existing asbestos cement water main will be replaced with ductile iron.

3rd Street Reconstruction (US 2 to High)

If this project receives expected TIB funding in the future, the City would plan to replace the existing asbestos cement water main with ductile iron.

PRV Station Design and Construction

The project is estimated to cost \$82,500 for design and construction. Staff recommends funding the project using City Capital funds.

US2 Water Main Improvements (Old Owen Road to Marcus Street)

The City is considering pursuing CDBG design and construction funding for this project to replace 6-inch asbestos cement water main with 12-inch ductile iron to improve fire flow.

Sanitary Sewer

Current Projects

4th & 5th Streets (US 2 to Alder)

The City is lining the existing sewer mains from 4th Street to 10th Street on the north side of US2 as part of the TIB funded project.

De-Gritter Replacement

This project is expected to go out to bid this fall with construction being completed in late 2016 or early 2017.

Main Pump Station Upgrade

Construction of the ultimate Main Pump Station upgrade design that involves constructing the new pedestrian/bicycle bridge over the pump station will not move forward until the pedestrian/bicycle bridge is funded.

Sultan River Pedestrian Bridge

The City is working with WHPacific to design a pedestrian bridge over the Sultan River. An 18-inch force main, is part of the project. The grant funding in place will not pay for sanitary sewer improvements.

Future Sewer Projects

3rd Street Reconstruction (US 2 to High)

The Transportation Improvement Board is modifying their definition of small city arterials so that 3rd Street will be eligible for Small City Arterial Program (SCAP) grant monies in the future. A key component of receiving TIB funding is that a funding strategy must be in place to replace or rehabilitate dilapidated utilities beneath the roadway to receive funding. If the project is funded, the City will consider lining or replacing sections of sewer main within the project limits depending on the results of an Infiltration and Inflow study.

Clarifier Rehabilitation

The two clarifiers at the Wastewater Treatment plant are in need of rehabilitation. This capital improvement project is anticipated to be completed in 2017.

Infiltration & Inflow Study

The City is currently working with RH2 Engineering to identify sections of sanitary sewer that may need to be replaced to improve Infiltration and Inflow for transportation improvement projects that may receive grant funding, and other areas in the downtown core.

Parks

Current Parks Projects

Dog Park

The City is working with volunteers to create a dog park using vacant City shop property just south of Osprey Park and the area where the former Boys & Girls Club/Public Works office was located prior to the 2010 fire.

Sultan River Trail Acquisition/Design/Construction

The City has received grant funding to move forward with the acquisition/design and construction of the Sultan River Trail.