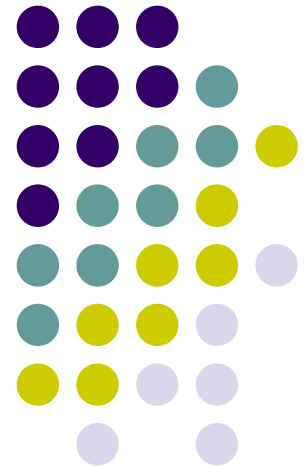


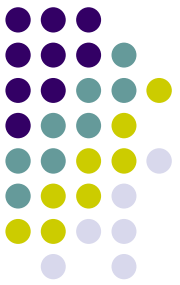
City of Sultan 2008 Proposed Budget

Budget Themes

- Economic development
- Community vision
- Financial Health
- Succession planning
- strategic partnerships

Budget Hearing
November 8, 2007

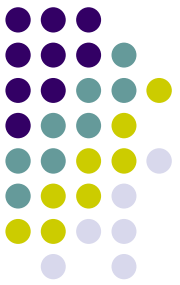




Recommended Action

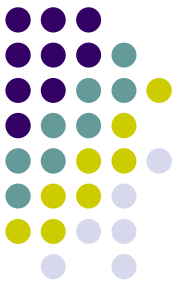
- Review the 2008 Preliminary Budget and hold the budget hearing as required by state statute (RCW 35.33)
- Direct staff to areas of concern prior to considering the 2008 Preliminary Budget for first reading on November 15, 2007

Budget Components

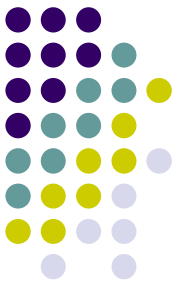


- General Fund
 - Department operating funds
- Debt Service
 - Police bonds for 911 radio system & safety improvements to the PD
 - Water and Sewer revenue bonds
- Capital Budget
 - Building new roads, sidewalks, parks and public buildings
 - Installing new sewer and water facilities
 - Major maintenance and improvements to existing facilities
- Street Fund
 - Street lights, street maintenance and repair
- Enterprise Funds
 - Water, Sewer, Garbage, Cemetery, Storm Water

General Fund Assumptions



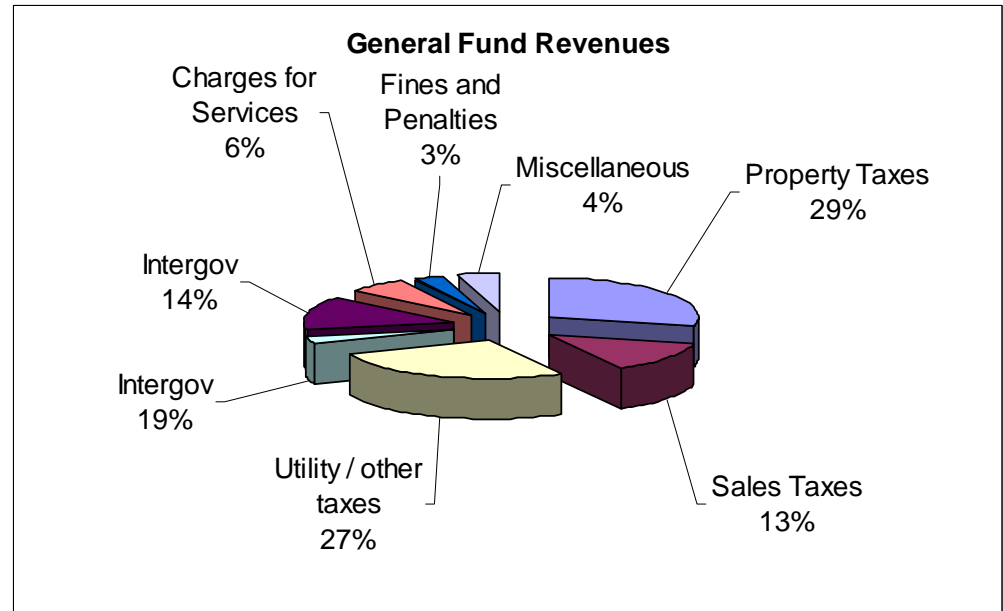
Revenues	\$1,961,520	Expenditures	\$1,854,401
<ul style="list-style-type: none">Property taxes up by \$10,249<ul style="list-style-type: none">I-747 1% limit (\$6,314) plus new construction (\$3,935)Sales tax revenues = \$250,000<ul style="list-style-type: none">No increase over 2007Building permit fees = \$54,500<ul style="list-style-type: none">Based on 33 SFR bldg permitsCity Hardship = \$104,000Investment Interest allocationComprehensive Plan Donations		<ul style="list-style-type: none">Includes police chief plus 6 patrol officersComprehensive Plan complianceAttracting and retaining businessesImproving financial stabilitySuccession planning for retiring staffLimited funding for parks and street maintenanceCost of living adjustment is 3.3% based on CPI-WMedical benefits increased by 14.8% over 2007<ul style="list-style-type: none">No increase for dental or visionRetirement Benefits increase 8.31% July 1, 2008Overall expenditures decreased by \$150,000 over 2007	



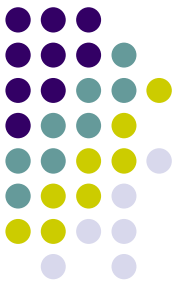
General Fund Revenues

General Fund Revenues

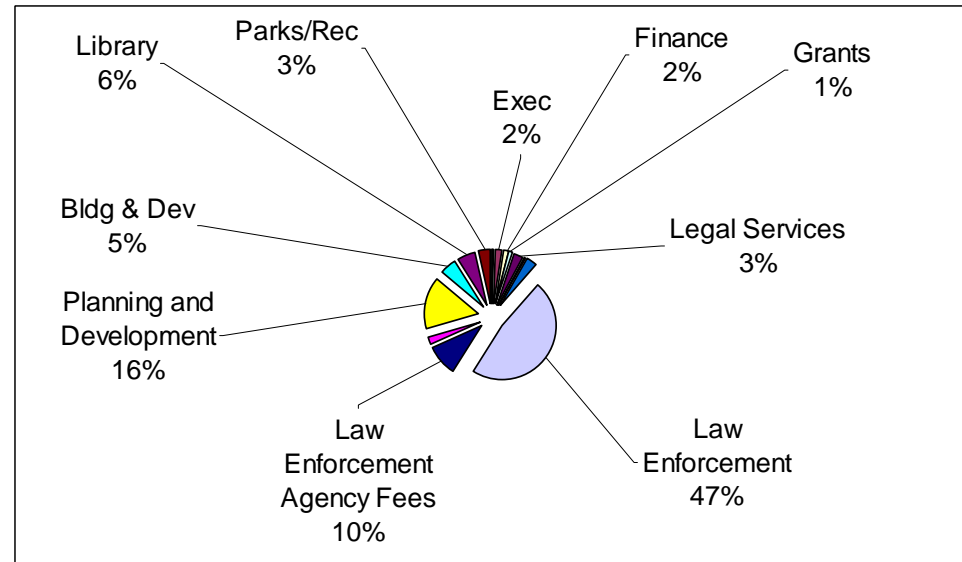
Property Taxes	\$	572,538
Sales Taxes	\$	250,000
Utility / Other Taxes	\$	527,020
License and Permits	\$	69,500
Intergovernmental	\$	265,468
Charges for Services	\$	125,800
Fines and Penalties	\$	65,250
Miscellaneous	\$	85,944
Total General Fund	\$	1,961,520

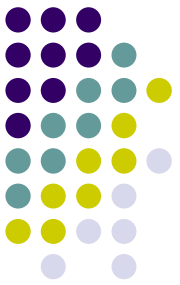


General Fund Expenditures



Department	Budget
Legislative	\$ 8,951.00
Executive	\$ 36,705.00
Finance	\$ 31,850.00
Grants	\$ 16,600.00
Legal Services	\$ 49,610.00
Civil Service	\$ 4,150.00
Other Governmental Services	\$ 63,788.00
Law Enforcement	\$ 878,500.00
Law Enforcement Agency Fees	\$ 179,400.00
Code Enforcement	\$ 31,250.00
Planning and Development	\$ 294,465.00
Building and Development	\$ 95,280.00
Library	\$ 102,915.00
Parks and Recreation	\$ 58,840.00
Miscellaneous	\$ 2,097.00
Total	<u>\$1,854,401.00</u>





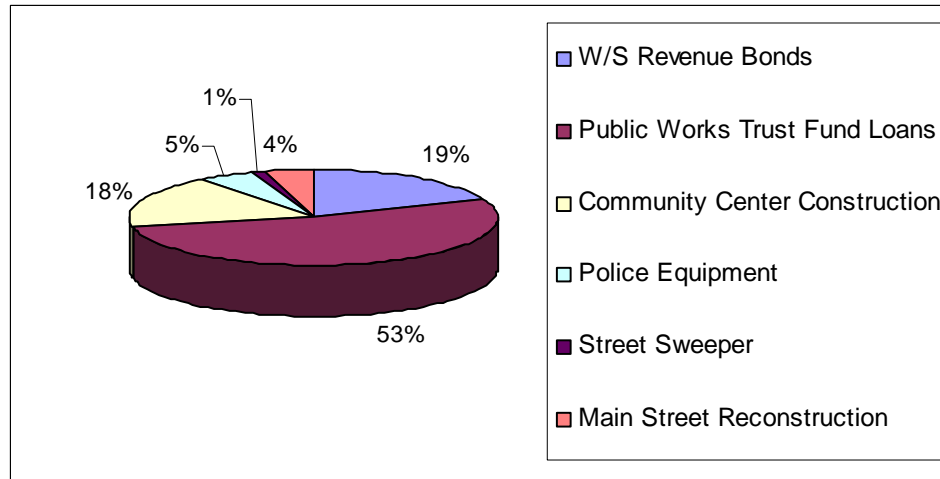
2008 Debt Service

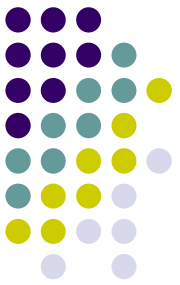
- Debt service means interest and principal payments made by City to pay back borrowed funds
 - Water and Sewer System Improvements
 - Main Street Paving
 - Waste Water Treatment Plant Design
 - Community Center Construction
 - Police Equipment
 - Street Sweeper



Debt Service Payments

Loan Type	Amount
W/S Revenue Bonds	\$ 126,290
Public Works Trust Fund Loans	\$ 357,688
Community Center Construction	\$ 122,423
Police Equipment	\$ 31,045
Street Sweeper	\$ 9,753
Main Street Reconstruction	\$ 27,775
Total	\$ 674,974

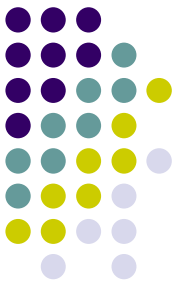




Police Bonds

- Issued in 2004
 - \$399,750
 - 20 year bond
 - Average payment \$31,000/year
- Purpose
 - 911 Emergency radio system
 - Public health and safety improvements to the police department
 - Improvements completed in 2008
- Revenue Source
 - Voted tax levy
 - Average household pays \$19.25/year

Water/Sewer Revenue Bonds

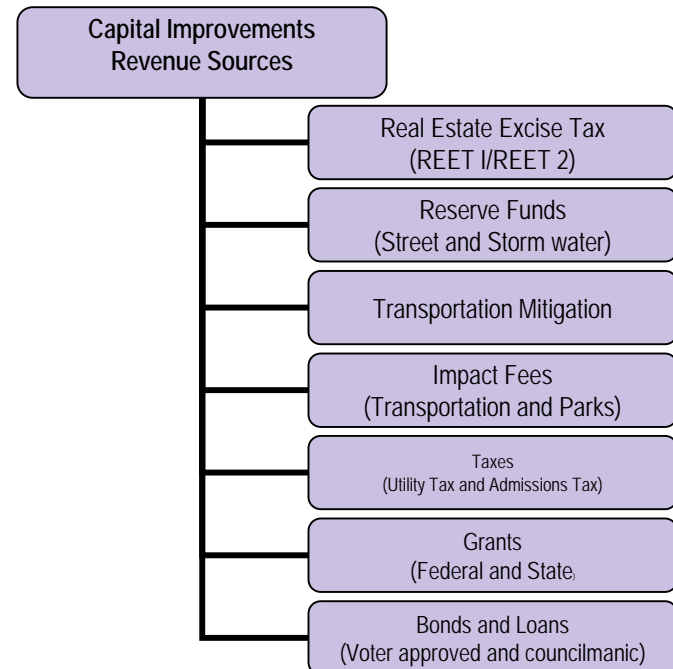
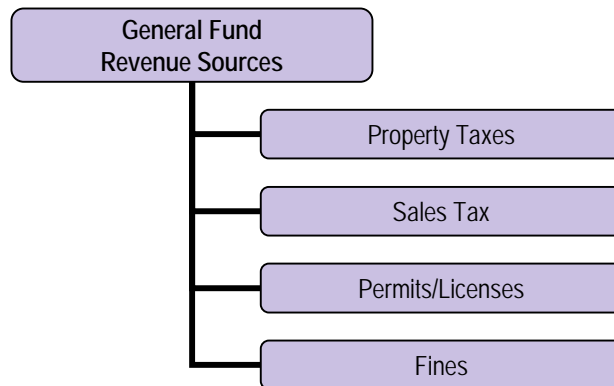


- Issued in 1996
 - \$1,500,000 in proceeds
 - 20 year bond
 - Average annual payment \$126,000
- Purpose
 - Improvements to the Wastewater Treatment Plant
 - Water system improvements
- Revenue Source
 - Funds collected from current water/sewer customers

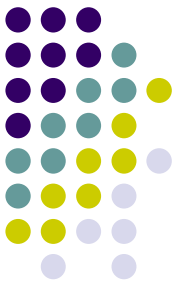


Capital Budget

- Expenditures and funding sources for capital improvements
 - Roads, parks, trails, sidewalks, water, sewer, and other city buildings and facilities
- Separate Sources of Revenue from General Fund

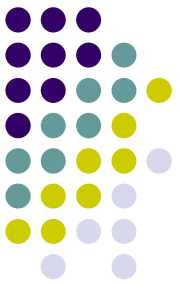


Capital Budget Assumptions



- Post office rent (\$46,000) reallocated from REET to General Fund
- REET I and REET 2 will be separated into two accounts
- REET funds decline slightly do to housing slow-down
- Transportation and Park Impact fees separated into two accounts
- Impact Fees and Water Connection Fees based on 31 SFR permits
- Sewer Connection Fees based on 26 permits
- Sewer General Facility Charge (connection fee) increases 1/1/2008 to \$11,282
- City is allocating \$500 of water connection fee to debt service.
 - Recommending Water Rate Study
- City will establish Storm Water Utility.
 - \$50,000 annually to capital improvements
- City will receive new grants totaling \$1,603,914

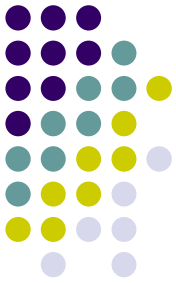
2008 Capital Budget Revenues



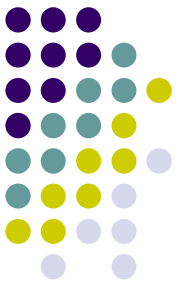
2008 Funding Sources	2008	Anticipated	2008 Total
Real Estate Excise Tax 1	\$109,000	\$62,500	\$171,500
Real Estate Excise Tax 2	\$109,000	\$62,500	\$171,500
Transportation Impact Fees	\$652,000	\$56,947	\$708,947
Park Impact Fees	\$153,739	\$105,865	\$259,604
Sewer System Imp.	\$27,318	\$167,456	\$194,774
Water Utility Reserve	\$1,124,500	\$162,874	\$1,287,374
Surface Water Utility	\$0	\$50,000	\$50,000
Grants	\$1,250,000	\$1,603,914	\$2,853,914
Loans (PWTF)	\$500,000	\$0	\$500,000
Private Contributions	\$0	\$10,000	\$10,000
Developer Contributions (Twin Rivers RR crossing)	\$0	\$10,000	\$10,000
Special Parks Fund (Treasurer's Trust)	\$138,217	\$0	\$138,217
Total revenues	\$4,063,774	\$2,292,056	\$6,355,830
Total 2008 proposed construction expenses			<u>(\$3,443,473)</u>
Transfer Debt Service			(\$627,776)
2008 Ending Balance			\$2,284,581

2008 CIP Expenditures

Motorized	<u>Year Complete</u>	<u>2008 Total Project Cost</u>
2nd Street Reconstruction - Phase I / II	2009	\$25,000
6th Street Overaly	2009	\$0
Date Avenue - Phase II	2008	\$185,000
Railroad Crossing Improvements	2009	\$10,000
Sultan Basin Road - Overlay	2008	\$200,000
Sultan Basin Rd - Phase III	2011	\$720,000
Non-Motorized		
6th Street Sidewalks		
Light guard crossing	2008	\$60,000
Sultan Basin Rd Sidewalk	2008	\$500,000
Parks		
Park - Westside	2009	\$400,000
Reese/Sportsmans Parks	2008	\$249,473
Skate Park	2008	\$75,000
Water		
Highlevel reservior and transmission line - Design Only	2008	\$200,000
Sultan Basin Rd - waterline	2008	\$100,000
Sultan River Crossing, 12" - Design only	2008	\$25,000
Sewer		
Inflow and Infiltration Rehabilitation	2013	\$60,000
Sultan River Crossing, 12" force main - design only	2008	\$25,000
Waste water treatment plant - short term	2008	\$120,000
Waste water treatment plant - MBR	2012	\$500,000

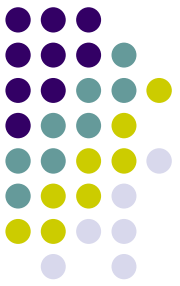


2008 Capital Budget Expenditures



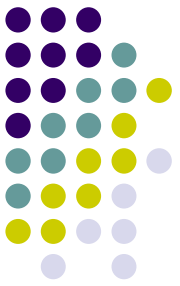
	Motorized	Non-Motorized	Parks	Water	Sewer	Total
Total CIP Budget	\$1,140,000	\$560,000	\$724,473	\$325,000	\$585,000	\$3,334,473
Construction	\$355,000	\$530,000	\$304,473	\$95,000	\$0	\$1,284,473
Property Acquisition	\$450,000	\$0	\$395,000	\$0	\$0	\$845,000
<u>Engineering & Design</u>	<u>\$335,000</u>	<u>\$30,000</u>	<u>\$25,000</u>	<u>\$230,000</u>	<u>\$585,000</u>	<u>\$1,205,000</u>
	\$1,140,000	\$560,000	\$724,473	\$325,000	\$585,000	\$3,334,473
	34.2%	16.8%	21.7%	9.7%	17.5%	

Street Fund

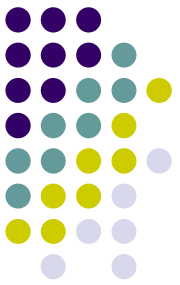


- The Street Fund supports street lights, repairs and maintenance for roads and signs
- Storm water maintenance will be transferred to the Storm Water Utility
- Budget crisis requires reducing service in 2008
 - Staff time (approx. 3.21 FTE) \$153,110
 - Equipment and materials \$12,000
 - Street lights \$35,000 adding 20 street lights due to new construction
 - Maintaining rights-of-way \$10,000
 - Debt service on the street sweeper \$9,754

Enterprise Funds



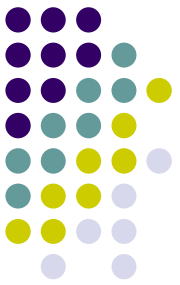
- Separate accounting and financial reporting
- Revenues and expenditures are segregated and are not commingled with General Fund
- Provides total cost of providing utility and other services
 - Water
 - Sewer
 - Garbage
 - Cemetery
 - Storm Water



Utility Water Fund

- City owns its own watershed in Township 16, Range 8 east.
- Water Treatment Plant located on 124th Ave SE
- Programs for 2008 include:
 - Replacing mechanical meters with electronic meters \$100,000
 - Dept of Health Sanitary Survey Compliance \$6,000
 - Water Rate Study \$45,000

Total Revenues	\$912,555
Total Expenses	\$911,310
Balance	\$1,245



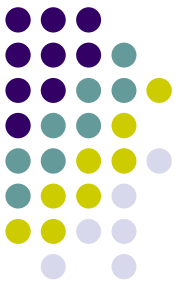
Utility Sewer Fund

- Waste Water Treatment Plant located on West Stevens Ave
- Plant constructed in 1969 and replaced 1998
- Capital upgrade underway to add _____ ERUs over next 20 yrs

Programs for 2008 include:

- Continue design of the MBR Treatment Plant
- Continue infill and infiltration study to provide additional plant capacity
- Complete sewer demand study
- Minimize sludge hauling and disposal costs

Total Revenues	\$1,042,900
Total Expenses	\$976,958
Balance	\$65,942

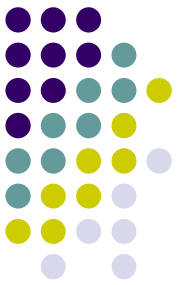


Garbage Utility

- City provides garbage collection service to 1,320 residential and 80 commercial customers 3-days/week with a 2-man crew
- Revenues come from fees for service
 - Residential and commercial customers \$480,000
 - Dumpster rental fees \$17,853
 - Recycling charges offset by recycling expense \$58,800
- Forecast 33 new homes may need to extend to a 4th day of service – additional crew member may be needed

Total Revenues	\$573,198
Total Expenses	\$556,027
Balance	\$17,171

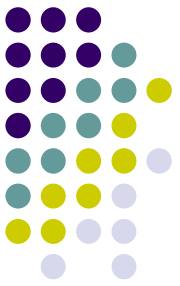
Cemetery



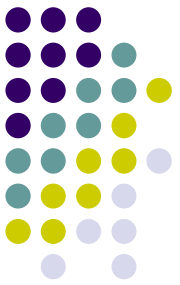
- City owns and operates its own cemetery located on Cascade View Drive
- Currently 2,500 lots sold with approximately 300 lots remaining w/o expansion
- Operating expenses are funded by lot sales (\$11,250) and investment interest from endowment care fund (\$3,000) and liner fees (\$8,700)
- Programs for 2008 include:
 - Working with Snohomish County regarding wood debris recycling on expansion site
 - Creating a niche wall for ash burials and entrance sign
 - Contracting with a private provider for grave site “open/close” services

Total Revenues	\$23,000
Total Expenses	\$20,838
Balance	\$2,162

Storm Water Utility



- City is seeking to adopt a storm water utility to address flooding, water quality and riparian needs within the City
- City has discussed storm water utility throughout the year.
 - Public Hearings held on June 17, 2007 and August 9, 2007
- Residential properties will pay a flat fee of \$12.35/month
- Commercial property owners will pay \$12.35/month x ERU of 4,519 square feet of impervious surface
- Programs for 2008 include:
 - Implementing utility for residential and commercial properties
 - Street sweeping
 - Inventory and maintenance of city facilities
 - Initiating surface water comprehensive plan



Recommended Action

- Review the 2008 Preliminary Budget and hold the budget hearing as required by state statute (RCW 35.33)
- Direct staff to areas of concern prior to considering the 2008 Preliminary Budget for first reading on November 15, 2007