

TRANSCRIPTION EXCERPTS:
City of Sultan Nov. 15, 2007 Hearings & Council Meeting

[These transcriptions are shown here in their chronological order, beginning with 6:30's hearing re Amendments to 2007 budget]

HEARINGS

6:30 PM Hearing: 2007 Budget Amendments *[Note: Hearing started late due to length of 2008 Budget hearing]*

Mayor Tolson That brings us to our budgetary amendments for 2007. *[someone whispers something; too low to hear].*

Attorney Graafstra It's increasing appropriation of funds *[unintelligible]*.

Mayor Tolson This is hearing, then? Laura?

City Clerk & Deputy Financial Director Laura Koenig Yes.

Mayor Tolson Okay. Public hearing on a proposed issue regarding the 2007 Budgetary Change is now open. *[Mayor Tolson reads his hearing rules/guidelines script; not transcribed.]* Before hearing from the audience *[i.e., "assembly"]*, I would request for Laura Koenig please provide the background information on the issue.

City Clerk & Deputy Financial Director Laura Koenig Okay. The issue before the council tonight is the public hearing on Ordinance 973-07 to amend the 2007 budget. We have two policy decisions that go along with this amendment. The first one is the allocation of \$64,000 of interest from the LID Bond Fund and the Impact Fund to the General Fund, and the allocation of all sales tax revenue of approximately \$305,000 to the General Fund. This decision would preclude a distribution to the Contingency Fund. The current budget calls for \$250,000 of your general sales tax to be receipted to the General Fund, and then the balance to the Contingency Fund. The good thing is that it is – the bottom line of this Amendment to the General Fund is it anticipates *[unintelligible]* \$4,600 positive balance. It's not great, but based on the information we had six months ago, we're very pleased to say that we're looking at a positive balance here. This will also – this amendment allows us to put the Interfund Loan payment back in, not in its full amount but enough to demonstrate a good faith effort to the auditors that we intend to pay that back. We – in the General Fund....we recommend – the recommendation by staff is we allocate all sales tax revenue to the General Fund, we cut—allocate investment interest for 2007 as part of your Resolution 07-24 which is on the agenda tonight; increase anticipated revenues based on the actual amount received year-to-date, and we did have some increases in building activity and *[unintelligible]* activity. Those are reflected in the amended budget, as well as the additional utility taxes *[sounds like either, "that were distributed"]*. And the other recommendation is we reduce expenditures for the balance of 2007 to essential costs only. The City did receive a request from Civil Service for the hearing in December to increase their budget by \$10,000. So that has been adopted to this. There are a couple other funds that have been adopted by this amendment that increases the Sewer Utility Fund. A year ago we had *[unintelligible]* there was about \$65,000 worth of *[unintelligible]*;

someone's banging around, obscuring the audio] to the sewer plant. We paid that money out also in 2007. And we currently have a [*sounds like, "claim pending for payment"*]. These are not processed to go through. So what we're recommending is that we do an interfund transfer from the [*Equipment*] Reserve Account to cover the cost of that flood damage, and then when we do [*sounds like, "make an invoice"*] from FEMA, to receipt that back into the Reserve funds. The other note(?) is your Garbage [*Utility*] Fund. And currently, the Garbage Fund has \$192,000 in it. And staff is recommending that we do an \$80,000 transfer to [*sounds like she says, "most of the"*] Equipment Reserve Fund. [*The*] Public Works Department is looking at adding on a—another garbage truck, as well as totage (sic). And Miss Dunn would be happy to give you more information on those. I obviously can't dollar cost [*unintelligible*]. That was estimated at about \$60,000 for that totage for the new truck. So the goal is to have adequate funding in that account by Year 2008 to move forward with those purchases. There's \$35,000 in there now [*in the Equipment Reserve Fund*]; this would be another \$80,000 and it looks like there would be additional funds [*unintelligible*] in 2008. The [*sounds like "read" –perhaps "REET"?*] Fund [*unintelligible*] \$40,000 in 2008?

Public Works Dir. Connie Dunn Yeah, for the garbage truck.

City Clerk & Deputy Financial Director Laura Koenig And the Equipment Reserve Fund is simply – it'd be increased by \$80,000 additional revenues. I would be more—more than happy to answer questions.

Mayor Tolson Any questions of staff at this time? [*none*] All right. Questions for staff from the public? [*none*] With no question, and...[do] council members have any question or concern at this time?

COUNCIL MEETING:

Changes to Agenda: Pull Action Item #7 [*Note: Action Item #7 is Resolution 07-24, the City's Interest Distribution Policy*]

Mayor Tolson We do have one change to the agenda this evening on Action Item #7. We need to pull that. We have a—a conflict regarding the int—interest distribution between what the RCW says and what the AWC has been informing the City, so we're going to research that and bring it down to the next council.

Action Item #4, Ord. 97-607 2008 Capital Budget (1st reading)

City Admin. Deborah Knight. Thank you, Mr. Mayor. The Capital Budget has been discussed by the city council again at a number of meetings in the last several months; also held a budget hearing on the capital budget at the meeting on November 8th, last Thursday. So the issue in front of you this evening is adoption of the capital budget. The...single change between the preliminary budget that the council looked at last week and the final budget that you see in front of you this evening is the removal of the project for the Highline Reservoir. That project isn't quite ready to move forward into the capital budget at this time. We had a discussion, internal discussion about that project, so we'd like to remove it. And at such time – perhaps next year – we may bring that

back when it's fully baked and—and ready for council discussion and the decision as to whether or not you want to add it into your packet (sic) or budget at that time. Other than that, this is the same capital budget that you seen in the past. In response to Mr. Gibson's question regarding the developer contributions and whether or not the council has actually seen that come forward to you, that actually is only a placeholder in your budget at this time. So at such time at which we have a developer that's ready to come forward with contributions, either for Foundry Drive or for another project, we would bring that back to you in accordance with Sultan Municipal Code. I believe it's 2.26, but I may be mistaken about that *[unintelligible]* interest. I'm not—not asking you to approve the developer contribution; we're only saying that's where we think the funding is going to be coming from. If for some reason we don't get the funding from developer contributions for that particular project, again, we'd have to go back to the city council and say, "You need to amend your capital budget because that funding source isn't available." So this sets the money aside in your budget for expenditures.

Mayor Tolson Council, what's your pleasure?

C/M Jim Flower Mayor, I move for *[unintelligible]* proposed 2008 capital budget as outlined in the *[unintelligible]* tonight.

C/M John Seehuus Second.

Mayor Tolson Any discussion? *[extended pause]*

City Admin. Knight Can—can I just interrupt for a bit? Ms. Koenig pointed out to me that initially in your council packet, it's listed as being Ordinance 976-07. That's actually been folded into your—into your regular *[2008]* budget. So that's why it says "The issue before the City Council is approving the 2008 capital budget." It does not need to be adopted by a separate ordinance. So rather than cause confusion by adopting that capital budget by a separate ordinance, we just folded it in. But we do want the council make a separate motion approving it – direction approving it.

Mayor Tolson Okay.

City Admin. Knight I apologize for not bringing that to your attention.

Mayor Tolson Any question of council for staff? We have a motion and a second. All in favor, then, please say aye. *[passed unanimously]*

Action Item #6: Resolution 07-30 *{Original Nomenclature of #07-23 was revised to 07-30}*

Mayor Tolson Resolution 07.... Is there a change on this one as well?

Clerk/Deputy Fin. Dir. Koenig There is. This will be Resolution 07-30.

Mayor Tolson All right. *[extended pause]*
[unintelligible brief statements by several people]

Mayor Tolson This is the investment policy and interest allocated in – now, does that impact the issue that we're pulling for the distribution?

Clerk/Deputy. Fin. Dir. Koenig No. This is –this is actually just the investment policy itself. Resolution 07-24 is the distribution, which is the one that we pulled.

Mayor Tolson All right. Proceed.

Clerk/Deputy. Fin. Dir. Koenig Okay. The Investment Policy was discussed during the November 8th council meeting. This is a...adopting a formal policy for investment procedures. Staff currently uses the guidelines in the BARS manual, which is the

Budget and Accounting Reporting System by the State Audit—for the—the state auditor. As well as the RCWs regarding investments, what we can and can't invest in. We.... The policy is based on a model obtain from the Washington Municipal Treasurer's Association. Um...it will provide us with consistency in....our investments, and it also requires oversight by the *[council's]* Finance Committee. So there'll be additional bodies to, you know, look at where we invest our funds.

Mayor Tolson Okay. What's your pleasure, council?

JF *[unintelligible]* Resolution 07-30.

JS Second.

BT Discussion? *[extended pause]* No further discussion *[unintelligible]*. All in favor, please say aye. *[all ayes]*. Any opposed? *[none heard]*