

Honorable City Council and
Citizens of the City of Sultan:

It is with great pleasure to present the 2007 Adopted Budget to you. This balanced budget maintains basic services, provides improvements where possible, prepares for changes as our City grows and matches expenditures with existing revenues and projected resources.

In 2006, numerous projects were completed to help improve the effectiveness within our city organization, meet regulatory responsibilities, replace aging infrastructure and improve our ability to provide services to our citizens.

2006 accomplishments include:

- ❖ Acceptance and Implementation of Prothman Group Report
- ❖ Hiring of New City Administrator
- ❖ Purchase and implementation of new Springbrook City Operations Software
- ❖ Development of a New Utility Bill w/ Public Notification Capabilities
- ❖ New Garbage Truck
- ❖ New Waste Solids Truck
- ❖ Automated Water Meter Reading System
- ❖ New Planning Board
- ❖ GMA Development Code Updates
- ❖ General Water & Sewer Plan Updates
- ❖ Upgrade to Water System w/ Fluoridation
- ❖ Skate Park Site Preparation & Slab Completed
- ❖ Transitioned to Police 800 Mhz Radio System
- ❖ New 2006 Dodge Charger Police Vehicle
- ❖ Finalizing 1st Sewer Line Replacement
- ❖ Basin Road / Hwy 2 Intersection & Signal Light Improvements. Phase I & II.
- ❖ Sewage Treatment Plant System Upgrade Engineering Performed

Projects/Goals in 2007 include:

- ❖ Hiring of New Finance Director
- ❖ Hiring of Assistant Planner
- ❖ 5 Year Budget Plan Completed
- ❖ Sportsmans Park Facilities Upgrade
- ❖ Osprey Park Facilities Upgrade
- ❖ Reese Park Facilities Upgrade
- ❖ Skate Park Completion
- ❖ Repetitive Loss F.E.M.A. Properties Obtained
- ❖ Basin Road Paving Completion
- ❖ Phase III Hwy 2 & Basin Road Intersection / Romac Connector Started
- ❖ 2nd Street Reconstruction From Main to Ash
- ❖ Date Street Reconstruction From First To Third
- ❖ Sewage Treatment Plant Pump Flow Improvements
- ❖ Comprehensive Plan Updates Completed
- ❖ Creation of Storm Water Utility

The total City budget for 2007 is \$11,045,016. The General Fund Budget for 2007 is \$2,013,918.18. This represents a 4.8 % increase over the 2006 budget.

The 2007 budget includes a negotiated increase of 4.2% for cost of living, a 14% increase in the cost for medical insurance coverage and a 63% increase in state mandated pension benefits.

The Council authorized the 1% increase to existing 2006 property tax assessments, this resulted in a total property tax increase of only \$5,946. This amount was shared by the entire city.

Financial Health

We made significant progress during the last year to improve our overall financial health despite a drop in revenue of over \$190,000. In 2006, Council adopted two key financial decisions designed to maintain financial condition and provide direction to staff during budget preparation:

- ❖ Utility Tax Implementation
- ❖ Reserve Fund Policy

In the 2006 budget, Council had the foresight to increase taxes to support the General Fund and prevent cuts in necessary City services. This included the expansion to use the full allowance of utility taxes and the implementation of water and sewer rate study recommendations.

The city has also begun the formation of a 5 year budget plan. It is my desire to see the city plan and operate within the boundaries of known income from property & sales tax revenues and direct any unanticipated income towards it's reserve fund and capital improvements. The use of a 5 year budget plan will provide the framework to achieve the goal of providing necessary public services while minimizing the impact of "boom & bust" building cycles that has occurred in the past. With that said, significant new home growth is on our horizon. Several hundred building lots are currently under development and we should see over 150 homes start construction in 2007. We also anticipate another 200 homes to be constructed in both 2008 and 2009. The assessed value of these homes is substantially higher than average and I believe will benefit our ability to provide the levels of service our community desires. Other substantial projects, both residential and commercial, have been introduced to the city by prospective developers; these are dependent upon the expansion upgrade of our sewage treatment plant.

In the 2007 Budget, we have balanced our service provision capability with the priority needs of the community. With our City Staff's commitment to teamwork, initiative, vision, quality performance and customer satisfaction, we will assure excellence in public service and continue to build the quality of life in our city.

Sincerely,

Ben Tolson, Mayor