

**CITY OF SULTAN
2010 BUDGET**

**CAPITAL BUDGET
FUNDS**

CITY OF SULTAN 2010 CAPITAL BUDGETS

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2010 Capital Budget

The attached 2010 Capital Budget outlines the proposed project expenditures and funding sources for the capital projects the City will be working on in the coming year. Capital project expenditures for 2010 must be included in the City's adopted 2010 Budget.

The policy question for the City Council is whether the capital projects, proposed expenditures, and revenue sources address the City's short- and long-range capital investment priorities. In other words, are these the projects Council wants to focus on in the coming year, are the expenditures adequate for the level of work, and are the funding sources appropriate? The Capital Budget includes the complete list of proposed projects and expenditures.

City staff have reviewed the proposed capital project expenditures against available revenues. The Capital Budget provides a detail of capital fund beginning balances for 2010, expected revenues for each fund, and the proposed project expenditures. The proposed expenditures are from existing and available resources. The ending fund balances are sufficient to start the 2011-2016 Capital Improvement Plan.

If projects and expenses proceed as planned the City will have approximately \$430,000 million at the beginning of 2011 to fund completion of on-going projects and add new projects to the list.

2010 Capital Projects

Project	Phase	2010 Expenditure	Project Completed
2 nd Street Reconstruction between Birch and Date	Engineering, design and construction	\$250,000	2011
East Main Street Reconstruction from US2/11 th	In-house engineering	\$5,000	2013
Sultan Basin Road – Phase III	Consultant engineering, property acquisition, design and construction	\$1,392,500	2014
Alder Street Reconstruction from 8 th to 4 th Street	In-house engineering and TIB grant app.	\$5,000	2014
Pavement Chip Seal 8 th Street from Main to High	Construction	\$20,000	2010
Light Guard Crossing	Construction Install purchased equipment	\$39,000	2010
Skate Park Phase II	Install entry way, bench and drinking fountain	\$15,000	2010
Repetitive Flood Loss	Property acquisition	\$180,000	2010
2 nd Street water line replacement Birch to Date	Engineering, design and construction	\$95,000	2011
6 th Street water line replacement from Alder to Date for fire flow	In-house engineering, design and construction	\$110,000	2010
Eastside Reservoir – Engineering Plan	Consultant engineering support. Coordinated with WSP Update	\$75,000	2014
Water Treatment Plan Hypochloride Conversion	Installation	\$45,000	2010
Waste Water Treatment Plant	Centrifuge Installation Final payment	\$75,000	2010
Inflow and infiltration study	Collect data and finalize report	\$50,000	2010
Culvert Replacement Winters Creek	Repair failed culvert and prevent street failure. Engineering, design and permitting	\$50,000	2010
LID-97 Mitigation	Design and construction to implement planting plan	\$30,000	2011
Repair and safety improvements to city facilities	In-house engineering and construction	\$50,000	2011
Total		\$2,486,500	

2010 Revenue Sources

2010 Funding Source	2010 Beginning Balance	Anticipated 2010 Revenues	2010 Total
Real Estate Excise Tax 1	\$20,000	\$37,500	\$57,500
Real Estate Excise Tax 2	\$30,000	\$37,500	\$67,500
Transportation Impact Fees	\$116,000	\$31,632	\$147,632
Park Impact Fees	\$56,000	\$19,050	\$75,050
Sewer System Imp.	\$181,000	\$67,700	\$248,700
Water Utility Reserve	\$483,000	\$37,194	\$520,194
Surface Water Utility	\$40,000	\$40,000	\$80,000
Grants	\$1,392,500	\$514,000	\$1,906,500
Street Repair	\$0	\$30,000	\$30,000
Private Contributions	\$0	\$0	\$0
Building Maint. and Repair	\$55,000	\$5,700	\$60,700
Total revenues	\$2,373,500	\$820,276	\$3,193,776
Transfer Debt Service			<361,685>
2010 Ending Balance			\$2,831,091

Real Estate Excise Tax

Sultan has levied two 1/4% real estate excise taxes. Each 1/4% should yield approximately \$37,500 in revenue annually. The Revised Code of Washington 82.46 authorizes a real estate excise tax levy of 1/4%. The Growth Management Act authorizes another 1/4% real estate excise tax to be used primarily for financing capital facilities specified in the City's capital facilities plan. Revenues from this tax must be used for financing capital facilities specified in the City's capital facilities plan.

REET 2 (second 1/4% real estate excise tax revenue) funds are restricted and may only be used for the following:

- 1) The planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation or improvement of: streets, roads, sidewalks, street and road lighting systems, and storm and sanitary sewer systems, and
- 2) The planning, construction, reconstruction, repair, rehabilitation, or improvement of parks and recreation facilities.

2010 Revenues	REET 1	REET 2
2010 Beginning Balance	\$25,000	\$25,000
2010 Revenues	\$37,500	\$37,500
Total Revenues	\$62,500	\$62,500

2010 Expenditures		
Debt Service for City Hall	\$62,500	\$62,500
Ending Balance	\$0	\$0

105 Park Improvement Fund

The Park Improvement Fund is used to track expenditures for capital projects and acquisition of park lands. The revenue sources for the projects include grants, REET funds and park impact fees. In 2010 the City will complete work on the Skate Board park and acquire additional park property on 2nd Street under the FEMA Flood Loss program.

The Park Impact Fee was established to set aside money for park facility planning, land acquisition, site improvements, construction, and engineering costs. The fee was increased to \$3,415 per residential and multi-family dwelling unit in 2006. In 2008 the fee was decreased to \$3,175 to account for one community park estimated to cost approximately \$15 million. The estimated revenue from this tax is expected to be \$19,050 and is based on 6 single family building permits in 2010.

The budget for 2010 follows:

105 PARK IMPROVEMENT FUND					
Revenues		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
105-000-308-10-000	Beginning Fund Balance	1,928	-37,327	0	0
105-000-333-03-020	FEMA Grant	0	0	225,907	150,000
105-000-337-00-640	CDBG Funding	55,629	55,627	0	0
105-000-337-07-000	Tourism Grants	0	0	0	0
105-000-367-11-040	Skateboard Park Donations	0	37	0	0
105-000-369-90-010	Miscellaneous Income	0	165	0	0
105-000-397-10-000	Operating Transfer In	134,351	182,606	60,000	45,000
	Total Resources	191,908	201,108	285,907	195,000
Expenditures		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
105-105-575-10-100	Salaries and Wages	20,816	18,365	5,564	3,664
105-105-575-10-200	Employee Benefits	4,164	4,487	1,324	610
105-105-575-20-310	Tourism Projects	760	0	0	0
105-105-575-20-640	CZM Bridge and Trails	64	0	0	0
105-105-575-20-410	Professional Services	9,583	14,544	784	0
105-105-559-60-630	FEMA Mitigation Buyout	0	0	255,806	175,000
105-105-575-21-640	Skateboard Park	0	10,256	5,106	14,000
105-105-575-22-640	Reese Park Field	0	23,669	0	0
105-105-575-25-640	General Improvements	193,847	129,788	17,206	0
	Total Expenses	229,235	201,108	285,789	193,274
105-900-508-00-000	Ending Fund Balance	-37,327	0	118	1,726

113 Building Maintenance and Repair Fund

The City Council directed staff to create a fund for major building maintenance and repair for City owned properties. The funding will come from the 1% of the 6% utility tax and transferred fund balances from the police equipment replacement fund. The fund is expected to receive \$5,700 from Utility tax in 2010. \$44,300 is need from the beginning fund balance to cover anticipated expenditures.

The City completed a Facility Study in 2009 to assess building maintenance needs. Life and safety problems identified in the study will be addressed as a priority in 2010.

The budget for 2010 follows:

113 BUILDING MAINTENANCE FUND

Revenues		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
113-000-308-10-000	Beginning Fund Balance	0	0	20,000	44,300
113-000-316-41-000	Utility Tax - Electrical	0	0	696	3,000
113-000-316-43-000	Utility Tax - Gas	0	0	253	1,200
113-000-316-47-000	Utility Tax - Telephone	0	0	578	1,500
113-000-367-19-000	Contributions	0	20,000	0	0
113-000-395-10-010	Sale of Fixed Assets	0	0	65,000	0
113-000-397-10-010	Operating Transfers In	0	0	10,634	0
	Total Resources	0	20,000	97,161	50,000
Expenditures		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
113-106-521-60-640	Capital Equipment Purchase	0	0	6,571	50,000
113-113-597-00-620	Capital Outlays - Buildings	0	0	18,014	0
	Total Expenses	0	0	24,585	50,000
113-900-508-00-000	Ending Fund Balance	0	20,000	72,576	0

303 Transportation Improvement Fund

The Transportation Improvement Fund is used to track capital street and sidewalk improvements. In 2010 project will include sidewalks and street repair on 2nd Street, continued work on the Sultan Basin Road, the Light Guard crossing at the school and preliminary design for East Main and Alder Street.

The Transportation Impact Fee (Fund 108) collects fees from developers for transportation construction and engineering costs. The fee is based on the number of car trips a development will generate and how those trips will impact areas of the City. Impact fee revenue is dependent on the types and level of development within the City. The fee is was increased in 2008 from \$1,837 per PM peak hour trip to \$5,272. The estimated revenue is \$31,632 and is based on 6 single family building permits in 2010. \$30,000 will be transferred from Fund 108 (Impact Fees) to cover fund expenditures.

The budget for 2010 follows:

Account	Revenues Description	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
303-000-308-10-000	Beginning Fund Balance	-269,492	-473,629	-189,607	0
303-000-334-03-010	WSDOT - Sultan Basin Road	96,152	319,485	381,472	1,392,500
303-000-334-03-800	TIA Funds Street Project	0	0	0	57,000
303-000-334-03-810	TIB (Stop Light)	8,605	85,442	0	0
303-000-334-14-200	HUD Funds - Street Projects	0	101,360	181,276	289,000
303-000-369-90-010	Miscellaneous Income	640	35,465	0	0
303-000-397-10-001	Operating Transfer In	302,230	500,000	0	0
303-000-397-10-002	Operating Transfer In	0	27,235	108,000	30,000
	Total Resources	138,135	595,359	481,141	1,768,500

Account	Expenditures Description	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
303-303-595-10-100	Salaries and Wages	38,525	37,399	49,120	36,864
303-303-595-10-200	Employee Benefits	7,705	8,341	10,848	7,767
303-303-595-10-410	Engineering - SR2 Stop Light	2,446	0	0	0
303-303-595-10-411	Engineering (Street Projects)	264,861	27,504	11	143,000
303-303-595-10-412	Sultan Basin Road	194,805	54,772	383,559	0
303-303-595-10-413	SBR Widening - Engineering	9,028	20,654	0	0
303-303-595-10-490	Miscellaneous	3,267	26,856	0	0
303-303-595-64-010	Street Construction - Basin Rd	0	286,596	0	1,262,500
303-303-595-64-030	Street Construction - Other	62,806	295,069	169,638	281,000
303-303-591-50-780	Interagency Loan Payment Issue	27,231	27,231	0	0
303-303-591-80-830	Interest - Long Term External	1,089	545	0	0
303-303-597-55-000	Operating Transfer Out	0	0	0	0
	Total Expenses	611,763	784,966	613,176	1,731,131
303-900-508-00-000	Ending Fund Balance	-473,629	-189,607	-132,035	37,369

307 LID Improvement Fund

The LID Improvement Fund was created for track LID 97-1. The City was required to mitigate damage that occurred during the construction phase of the project. The plan has been completed and planting of native growth plants will be done in 2010.

Funds from the Sewer Reserve fund will be used to finance the project.

The budget for 2010 follows:

307 LID CONSTRUCTION FUND

Revenues		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
307-000-308-10-000	Beginning Fund Balance	129,603	120,449	103,351	0
307-000-397-10-000	Operating Transfer In	0	0	60,000	30,000
	Total Resources	129,603	120,449	163,351	30,000
Expenditures		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
307-307-596-40-410	Professional – Engineering	5,235	13,440	1,680	0
307-307-596-40-411	Professional Service - Other	3,919	99	5,268	0
307-307-596-40-490	Miscellaneous	0	3,559	154,800	30,000
307-307-596-35-630	Construction	0	0	1,362	0
	Total Expenses	9,154	17,098	163,110	30,000
307-900-508-00-000	Ending Fund Balance	120,449	103,351	241	0

407 Sewer System Improvement Fund

The Sewer System Improvement fund was established to fund construction, reconstruction, and expansion of sewer lines, treatment plants, and other related facilities and to reduce infiltration and inflow into the sewer treatment plant.

The City Council has made a policy decision that 60% of the revenues that come from new connection fees (general facility charge) will be dedicated to sewer system improvements. The remaining 40% of the fee will be used to pay for debt service. In 2010 the Council changed its policy to dedicate 100% of the general facilities charge collected to pay for the Public Works Trust Fund Loans borrowed to upgrade the existing waste water treatment plan.

The general facility charge increased to \$11,282 on January 1, 2008. The City anticipates collecting general facility charges for 6 building permits in 2010.

The budget for 2010 follows:

407 SEWER CONSTRUCTION FUND

Revenues		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
407-000-308-10-000	Beginning Fund Balance	792	42,743	55,742	0
407-000-333-03-100	DOE Centennial Clean Water	0	0	450,000	0
407-000-361-11-000	Investment Interest	9	0	753	0
407-000-367-10-000	Sewer Connection Fees	59,599	0	0	50,000
407-000-369-90-000	Miscellaneous	0	28,943	31,590	75,000
407-000-382-10-000	GO Bond Proceeds - WWTP	0	0	396,000	0
407-000-382-80-010	Loan Proceed	250,000	565,750	250,000	0
407-000-397-10-000	Operating Transfer In	231,700	170,000	0	0
	Total Resources	542,100	807,436	1,184,085	125,000
Expenditures		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
407-407-596-35-410	Professional Engineering	361,225	59,120	141,822	0
407-407-596-35-490	Miscellaneous	603	108	8,401	0
407-407-596-35-631	I & I Reduction Program	106,702	46,104	0	50,000
407-407-596-35-632	Sewer Plant Construction	30,827	608,468	620,912	0
407-407-596-35-633	Construction - Centrifuge	0	12,608	0	75,000
407-407-596-40-630	Sewer Infrastructure Repair	0	25,286	48,475	0
407-407-597-55-000	Operating Transfer Out	0	0	0	0
	Total Expenses	499,357	751,694	819,610	125,000
407-900-508-00-000	Ending Fund Balance	42,743	55,742	364,475	0

409 Water System Improvement Fund

The Water System Improvement Fund is used for the construction, extension, repair and betterment of the municipal water system, and head-works and reservoir, or for the purchase of rights-of-way, and/or necessary land.

The connection fees collected in 2010 will be used for debt service payments.

The \$325,000 operating transfer is from the 405 Water Reserve Fund. Project expenditures include 2nd Street waterline replacement (\$95,000); 6th Street waterline replacement (\$110,000) and engineering for the high level reservoir (\$75,000). The hypochlorite conversion has a \$45,000 carryover from 2009.

The budget for 2010 follows:

Account	Revenues Description	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
409-000-308-10-000	Beginning Fund Balance	21,481	193,284	59,675	0
409-000-334-14-200	CDBG Funds	0	0	48,257	0
409-000-361-11-000	Investment Interest	997	5,057	626	0
409-000-367-11-000	Contributions	74,020	37,830	4,203	0
409-000-397-10-000	Operating Transfer In	200,000	0	0	325,000
	Total Resources	296,499	236,170	112,761	325,000
Account	Expenditures Description	2007 Actual	2008 Actual	2009 Actual	2010 Adopted
409-409-534-80-412	Professional – In house Eng.	0	0	0	25,000
409-409-596-34-411	Professional Services Engineer	247	0	0	70,000
409-409-596-34-631	Construction - Basin Rd Water	0	51,902	0	0
409-409-596-34-632	Construction - Filtration Plan	0	0	8,774	0
409-409-596-34-634	Construction - Water Line	89,203	121,641	18,989	230,000
409-409-596-34-640	Water Project - Other	13,766	2,953	0	0
	Total Expenses	103,215	176,495	27,763	325,000
409-900-508-00-000	Ending Fund Balance	193,284	59,675	84,998	0

410 Surface Water Capital Reserve

The Surface Water Reserve Fund receives 50% of the revenues from the Surface Water Utility Fund for the planning, acquisition, construction, reconstruction, repair, rehabilitation, or improvement of surface water or stormwater facilities. The Utility went into effect in January 2009. The city will collect approximately \$80,000.

The City Council authorized \$50,000 from the utility fees to fund surface water capital projects in 2009. The Council reduced this to \$40,000 in 2010.

Culvert replacement at Winters Creek is planned in 2010.

The budget for 2010 follows:

410 STORMWATER IMPROVEMENT FUND

Revenues		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
410-000-308-10-000	Beginning Fund Balance	0	0	0	30,000
410-000-397-10-000	Operating Transfer In	0	0	30,000	20,000
	Total Resources	0	0	30,000	50,000
Expenditures		2007	2008	2009	2010
Account	Description	Actual	Actual	Actual	Adopted
410-410-596-35-410	Professional – Engineering	0	0	0	15,000
410-410-596-35-633	Construction Project	0	0	0	35,000
410-410-596-40-630	Sewer Infrastructure Repair	0	0	0	0
410-410-597-55-000	Operating Transfer Out	0	0	0	0
	Total Expenses	0	0	0	50,000
410-900-508-00-000	Ending Fund Balance	0	0	30,000	0