

**CITY OF SULTAN
COUNCIL WORKSHOP
319 MAIN STREET, SULTAN, WA 98294
June 2, 2022**

**IN PERSON & REMOTE ATTENDANCE AVAILABLE
(SEE PAGE 2 FOR INSTRUCTIONS ON HOW TO ATTEND)**

7:00 PM - CALL TO ORDER - Pledge of Allegiance and Roll Call

CHANGES/ADDITIONS TO THE AGENDA (Requires a motion)

DISCUSSION

- 1) Discussion on the key priorities for the 2023 budget
 - a. Presentation from Finance on the state of the city's finances
 - b. Review of priorities by department
 - c. Discussion with council on the priorities

COMMENTS FROM THE PUBLIC

Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak.

Adjournment - 10:00 PM or at the conclusion of Council business.

WRITTEN PUBLIC COMMENT SHOULD BE EMAILED TO THE CITY
CLERK, TAMI PEVEY
EMAIL: TAMI.PEVEY@CI.SULTAN.WA.US

WRITTEN COMMENTS SHOULD BE RECEIVED NO LATER THAN 4:00 PM
THE DAY OF THE MEETING

REMINDER TO STAFF AND VISITORS TO SPEAK INTO THE
MICROPHONE

DIRECTIONS FOR ATTENDING THE COUNCIL MEETING AND INSTRUCTIONS ON PROVIDING REMOTE ORAL PUBLIC COMMENT:

1. At 7:00 p.m. (or shortly before or after) on Thursday, please join the meeting via computer or phone as shown below and enter the meeting ID to join the meeting. If using the website, the phone number given may be different, please follow prompts given:

- Via Computer:
- <https://us02web.zoom.us/j/85222759686?pwd=ODdnOUNIMVcrZ21NURrSDh5czYrQT09>
- Phone# +1 253 215 8782 US
- Meeting ID: 852 2275 9686
- Passcode: 975575
- After you enter the meeting ID, if it asks for a participant ID, just wait or press # and you will be added to the meeting.

Please note if you attend via computer, your computer may provide different options for connecting to audio to include different phone numbers. It is recommended to follow the zoom compute prompts to connect to the meeting

2. You will be muted upon entry to the meeting. When it is the portion of the meeting for Public Comment, your name will be called to speak, and the City Clerk will unmute you.
3. Please begin your comments by stating your name, city of residence, and any organization represented.
4. Please be advised that your comments are being recorded.

Each speaker is allotted 3 minutes and you will be notified when your time has expired.

ADA NOTICE:

Accommodations for persons with disabilities will be provided upon request. Please make arrangements prior to the meeting by calling City Hall at 360-793-2231. For additional information please contact the City at cityhall@ci.sultan.wa.us or visit our web site at www.ci.sultan.wa.us



To: Sultan City Council

From: Mayor Russell Wiita and City Administrator Will Ibershof

Re: 2023 Budget – Draft goals and priorities

Introduction

To kick off the 2023 budget process, staff has outlined by department recommended priorities. At the workshop, staff will ask council if you agree with the recommendations or feel staff needs to focus on a different direction.

In 2023, staff is recommending a different approach than was taken for the planning of the 2022 budget. The reasons for this are as follows. First, the continued growth, staff's bandwidth to take on additional projects is limited. Secondly, there are a few very large projects that the city is undertaking or soon will be undertaking that will limit the capacity for additional projects.

To help with the discussion, staff will outline the projects that are budgeted for 2022 and the status of those projects. Then staff will highlight the key projects or areas of focus for 2023. These two areas will help with the starting point to discuss the key goals and objectives for 2023.

In this discussion, we will review key budgeted projects and outline key areas of focus for 2023:

- ARPA discussion on priorities 2022 and beyond
- Major Infrastructure Projects
- Community Development Department
- Finance
- Clerk
- Public Works
- Administration

ARPA discussion on priorities

The city received \$1,504,000 in funding. The city has invested the following funds:

- \$60,000 to VOA in two separate grants
- \$200,000 to the Chamber of Commerce for an Economic Development and Tourism Manager
- \$11,000 for council chamber upgrades to the audio and video system
- \$2,000 for PPE and test kits
- \$9,500 for barricades for community events

- \$8,000 for tables and chairs for community events
- There is a verbal commitment of \$30,000 for a mental health counselor

The remaining funds, \$1,183,500 can be used for the following projects:

- Downtown improvements, ranging from future property for a community center to façade and street improvements. Staff asks that council establish a budget
- Permanent digital reader signs

Staff is looking for council to help establish a budget for downtown improvements and if council wishes to move forward with a mobile reader board and digital reader signs on US2.

To help with the discussion, there are general fund dollars available for these projects. The city has seen an increase of \$255,000 in the revenues for 2022, based on growth, fees, and taxes. These are one-time funds that should be invested in one-time projects.

Major Infrastructure Projects

Within the last few months there have been several grants that the city has applied for. These grants exist because of Federal infrastructure funding. The success of these grants is yet to be determined. The table below outlines them.

GRANT TITLE	COS TITLE	FUNDING AMOUNT REQUESTED	SPONSOR
USDA-NRCS-NHQ-RCPP-22-NOFO0001136 NRCS'S REGIONAL CONSERVATION PARTNERSHIP PROGRAM (RCPP) FOR FEDERAL FISCAL YEAR 2022. Community Project Funding	WWTP	\$1,000,000	Community Project Funding Rep DelBene
USDA-NRCS-NHQ-RCPP-22-NOFO0001136 NRCS'S REGIONAL CONSERVATION PARTNERSHIP PROGRAM (RCPP) FOR FEDERAL FISCAL YEAR 2022. Community Project Funding	Lake 16 Transmission Line Replacement 2.5 miles	\$10,585,423	Community Project Funding Rep DelBene
Community Project Funding	US2/Old Owen Road Roundabout	\$990,000	Community Project Funding Rep DelBene
Community Project Funding	WTP	\$1,000,000	Community Project Funding Rep DelBene

Community Project Funding	US2 Route Corridor Trail Phase One	\$127,200	Community Project Funding Rep DelBene
Regional Transportation Plan ID - Snohomish County	US2/Old Owen Road Intersection Improvements	\$1,192,000	PSRC
Regional Transportation Plan ID - Snohomish County	US2 Route Corridor Trail Phase One	\$980,000	PSRC
National Infrastructure Project Assistance grants program (AUTOMATICALLY REVIEWED FOR MEGA. AGENCY: DOT-DOT X-50 DOT opportunity # NIPA-22-MEGA-22	US2/Old Owen Road Intersection Improvements GRANTS.GOV Tracking Number: GRANT13621498	\$9,580,800	AGENCY: DOT-DOT X-50 DOT opportunity # RSTGP-22-RURAL-22
National Infrastructure Project Assistance grants program (AUTOMATICALLY REVIEWED FOR MEGA. AGENCY: DOT-DOT X-50 DOT opportunity # NIPA-22-MEGA-22	US2 Route Corridor Trail Phase One GRANTS.GOV Tracking Number: GRANT13620520	\$980,000	AGENCY: DOT-DOT X-50 DOT opportunity # RSTGP-22-RURAL-22
Snohomish County	Lighting of the Evacuation trail	\$50,000	Councilmember Sam Low
Snohomish County	Additional parking behind City Hall	\$25,000	Councilmember Sam Low
Snohomish County	Improvements to the Gazebo at River Park	\$40,000	Councilmember Sam Low

Traffic and US-2

Resources available: \$2,039,449 (traffic impact fee fund – as of May 25, 2022)

The number would be \$4,000,000 without the transfer to the street fund of \$2,047,000. Of the two-million \$1,700,000 is for US2 improvements. The city hopes that WSDOT will support these improvements, so the city does not have to make the investment.

The city is in full swing with its work on US2. Success of the open house and the survey results are helping shape the discussions within the three working groups. The groups are technical, they had their first meeting. The community group is meeting on June 1st, and the Regional Group is meeting on June 7th. These three groups will help focus the report to improve US2.

Once we receive the report, a presentation to council will occur and we will discuss potential funding to design them. The City hopes that WSDOT will fund the design, yet we know we cannot

wait. Staff does not feel that we will have cost estimates for complete design by the time council decides on the framework for the 2023 budget.

Our recommendation is that Council set aside a large portion of its transportation funding for a thorough discussion later this year and early 2023.

Water and Wastewater Treatment Plants

In 2022, council approved a contract for \$22,295,950 to upgrade the wastewater treatment plant. Based on supply chain issues, that project will continue into early 2024. At this point, staff is not recommending any additional wastewater projects for 2023.

Staff is working with a consultant to complete the design of the water plant. We are on track to ask council to allocate funds to build a new water plant in 2023. Within the various water funds, the city is collecting general facility charges, water fees and taxes on water. Each of these funds are coming in higher than projected. An example, the city budgeted \$1,038,843 in connection fees, and we have already received \$698,789.

Main St. Improvements

Resources available: (General fund reserves \$2,000,000. This number represents the fund balance above and beyond the City's operating reserves of 90-days. ARPA funds \$ 1,183,500 as of 5/25/2022)

The city completed the downtown visioning and has taken the recommendations from this plan to engage the University of Washington's Store Front Studio group. The students under the direction of their professor and feedback from the community is working on recommendations for how the city and business community can improve the look and feel of downtown. The recommendations and the guidelines for the grant will come out in 2022, yet most of the work will take place in 2023. As mentioned above, staff is asking council for a budget.

One additional project that staff is recommending is setting aside \$40,000 in 2023, to work with KPG on additional design and implementation of the improvements of our downtown.

Community Development Department

Resources available - \$2,000,000 (General fund balance: this number represents the fund balance above and beyond the City's operating reserves of 90-days)

The city planned and budgeted for 85 new homes in 2022. As of May 25, 2022, we have processed 119.

In 2022, the Community Development Department has started or completed a few of the 2022 budgeted projects.

Housing Action Plan - \$50,000 (reimbursable by the State Department of Commerce)

The city received the funding for this project, and council met with the Planning Board to review the findings and discuss next steps. Some of the work will continue in 2023, as the city begins updating the comprehensive plan.

Storefront Studio Project - \$4,000

The store front studio work will be completed in 2022. The next steps are the improvements. As mentioned above, staff is recommending that council use ARPA funds for this work.

Developing Commercial Design Guidelines - \$45,000

This project was budgeted for 2022, and staff has not been able start the work. Staff would like to budget this project for 2023.

Hiring a firm to develop commercial design guidelines for new buildings downtown. This would include public outreach to determine the character and design elements preferred by the community. These guidelines were recommended by several cities interviewed for the visioning process. These guidelines can help define a theme for the city.

Modernization of permit processing - \$30,000

Community Development Department recommends we drop this project and not budget it for 2023. Staff investigated doing this in 2022, but it was too difficult to find a firm who could do it and we thought it would be too much work to try to hire and manage a summer intern to do some of this work. Staff have talked about it, and we are going to try and complete this with internal resources this year and into next.

Development Code Updates - \$30,000

Community Development Department recommends we drop this project and not budget it for 2023. We are going to push this out until after we complete the comp plan update in 2024. The only projects staff is going to attempt next year (on top of the comp plan stuff which is going to be a heavy lift) is maybe some changes to the downtown regulations and the sign code coming off recommendations from Storefront Studio and visioning.

Day-to-Day Consultant Work - \$25,000

With the recent hiring of a building inspector and the continued work with commercial and residential development, the Community Development Department is requesting this amount for 2023. Staff may need some help doing project reviews to keep timelines reasonable and cover for vacations and other absences by staff. This is just kind of a catch all to bring blueline in for stuff we normally do with internal staff.

SB 5235/HB 1220 Updates - \$15,000

City staff was not able to undertake this project in 2022 and is not recommending that council fund it for 2023. It is a code project, where the State is asking municipalities to update their municipal code to meet the changes to housing needs. Staff envisions this project being completed with the update to the comprehensive plan

Comprehensive plan work - \$300,000 of which \$125,000 is a grant. The city is expected to receive half of the grant this year and the balance in 2023. City's investment would be \$175,000. The comp plan work will start this year and roll into 2023 and part of 2024.

The city will need to undertake a large body of work within the Community Development Department. This will be a two-year project that will involve several open houses and public hearings.

The total investment requested from the Community Development Department is \$245,000. Of this amount, a portion will carry over into 2024.

Finance

Resources available - \$2,000,000 (General fund balance: this number represents the fund balance above and beyond the City's operating reserves of 90-days)

The Finance Department does not have any projects or programs that it will taking on that require investments in the 2023 budget. With several staffing and operational changes, the department will continue to work on day-to-day operations. These include hiring and training a new Deputy Treasurer to State and Federal compliance with grants and ARPA.

City Clerk

Resources available - \$2,000,000 (General fund balance: this number represents the fund balance above and beyond the City's operating reserves of 90-days)

The city clerk would like council to consider an Electronic Content Management (ECM) system for city records. The clerk is still working on pricing and will have the information for a future budget discussion.

Public Works

Resources Available: \$890,950.76 (REET 1), \$1,127,829.52 (REET 2), \$1,319,782.38 (Parks Capital) as of 5/25/2022

Covered parking at Public Works - \$60,000

This project is a carry over from previous years. Staff may purchase the parts this year and build it in 2023. The determining factor will be if staff can find the parts this year. When parts are available and at what cost will determine this project.

Traveler's Park Parking Lot - \$125,000

This project was budgeted in 2022. Staff is recommending that council drop this project. There are other key projects on which we can focus.

Traveler's Park Paved Trails - \$204,000

This project was budgeted for 2022. Currently, staff is not recommending moving forward on this project currently. If the city receives a grant for the US2 corridor trail, then we can revisit it.

Travelers bark dog park - \$10,000, initially a grant, shifted to a parks project
The project is complete. Staff installed water and we are awaiting a sign.

Lighting of the evac trail - \$50,000 Grant from Snohomish County
City staff is working with a consultant and lighting company to complete the project this year. City staff will install the conduit, and the lighting company will assist with the lights.

Improvements to the water system at Osprey - \$70,000
The initial budget was to install a water filtration system. As staff researched the issue further, it was determined that a cost-effective solution was to tie the sprinkler system into the existing water system. The revised amount is \$8,000. This project will be completed this year.

ADA ramp for the Gazebo - \$20,000, grant from Snohomish County
City staff is working on this project. They expect to complete the project before Sultan Shindig.

Replacement of the roof at the Gazebo - \$20,000, grant from Snohomish County
This is the second half of the grant for improvements to the Gazebo. City staff would like to complete the work this year. The challenge is finding a contractor. The city did request bids in January of 2022, and they came in from \$67,000-\$102,000. Staff will continue to obtain bids and select a contractor this year.

City Hall Parking Lot Expansion – Project cost estimate is \$76,000. We did secure a grant from Snohomish County for \$25,000
Public works staff will have this project completed this year. City's investment into the project is projected to be \$51,000. The big unknown is the cost of paving.

Sultan Basin Park Design – The 2022 budget for design \$145,000. Construction estimate is \$1,500,000.
In 2022, the City commissioned conceptual drawings of a potential park on the City owned lot off Sultan Basin Road (Hammer Property). The public was engaged in the process and council has provided direction to council on what the design should be. Staff will bring forward a task order for the design at the June 23rd meeting. The goal would be to complete the design this year. Then in 2023, start construction of phase one.

Replacement of the VIC roof and flashing Project for 2023, budget not yet set

PW shop roof replacement Project for 2023, budget not yet set

Drinking fountain and two dog watering fountains - \$25,000 from the park improvement fund
The city needs to add a drinking fountain to one park and install a dog drinking fountain at two other parks.

Park benches and trash receptacles for city parks - \$25,000 from the park improvement fund

City staff has improved the look and feel of our parks with landscaping etc. These improvements would allow residents and visitors to better enjoy the parks.

Ecology blocks for PW yard to store materials Staff has not established a budget for this item

Purchasing Property – Investments to be determined following the appraisals, downtown property for a future community center.

If council wishes the city to look at additional properties downtown, staff will obtain appraisals.

Administration

Resources available - \$2,000,000 (General fund balance: this number represents the fund balance above and beyond the City's operating reserves of 90-days)

Communications Specialist - \$100,000-\$105,000 total investment split three ways.

Building on the work of the communications intern, the city in partnership with the school district and fire district is looking to hire a Communications Specialist in 2023. This position would be split between all three agencies. The city's contribution would be \$35,000. This amount includes wages and benefits.

Conclusion

When the city closed the books on 2021 and what we have seen 6 months into 2022, there is an increase in one-times resources. It is the strong recommendation of staff that these resources be used on one-time projects or programs and not on wages or benefits.

As mentioned in the introduction, staff would like to take a different approach to the budget process for 2023. Staff will add a few key projects, with a strong focus on the current larger projects that will continue into 2023.

If council feels that staff needs to go in a different direction, please let us know.