

The  
**CITY OF LAKE STEVENS**

Washington

2014 Adopted Annual Budget



One Community Around the Lake

Vern Little  
Mayor

# City Officials

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Vern Little  
*Mayor*

John Spenser  
*Council President*

Kim Daughtry  
*Council Vice President*

Neal Dooley  
*Councilmember*

Kathy Holder  
*Councilmember*

Suzanne Quigley  
*Councilmember*

Marcus Tageant  
*Councilmember*

Todd Welch  
*Councilmember*

## **City Staff**

City Administrator  
Finance Director  
City Clerk/ Administrative Assistant  
Interim Police Chief  
Public Works Director/Engineer  
Planning Director  
Human Resources Director

Jan Berg  
Barbara Stevens  
Norma Scott  
Dan Lorentzen  
Mick Monken  
Becky Ableman  
Steve Edin, MPA

City of Lake Stevens  
2014 Adopted Annual Budget

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**November 12, 2013**

**Honorable Council President John Spencer and City Council members of the City of Lake Stevens, Washington**

I am pleased to present you with the 2014 Adopted Budget for the City of Lake Stevens. The 2014 Adopted Budget is balanced and represents our continued commitment to provide prudent fiscal management, exceptional service delivery, and the highest quality of life for our citizens.

I would also like to remind you that the annual City Budget is the Council's primary tool for policy-making. It defines the levels of services, programs and projects that you would like to fund during the coming year.

### **2014 HIGHLIGHTS**

Preparing a balanced budget for 2014 continued to be a challenging process due to the sluggish recovery of the economy and government mandated expenditures. Our duty is to manage these expenses wisely, within the resources made available under our state's municipal financing system. Despite these ongoing fiscal challenges and an increasing demand on our tax base, the City remains economically viable, thanks in part to the focus on the multiyear forecasting. This allows the City to build and refine its financial projections for 2014 and beyond.

The Adopted 2014 Budget includes an estimated decrease in revenues in all funds of 6% from the 2013 Budget. In order to help maintain a balanced budget, the Adopted 2014 budget includes a 6% reduction in expenditures in all funds to \$15.7 million.

In this fiscal environment, department requests were limited and prioritized based on necessity. Our priorities this year are to continue to maintain the high quality of services provided by city staff, streamline processes, and continue our focus on economic development. Quality development will provide a path to greater financial stability. The solution to our current financial challenges is to reduce nonessential expenditures while identifying and promoting economic development opportunities in order to broaden our tax base.

City staff has worked diligently and were able to find budgetary savings through:

- Leveraging of City resources through grant funding
- Medical/dental insurance savings due to the City's continued participation in the AWC Wellness program
- Utilizing Interns, Police Customer Service Cadets, and Seasonal Parks Workers

- Applying conservative fiscal management consistently over the past few years, regardless of economic conditions

Additionally, the City has been able to receive and offer assistance to other agencies and take advantage of monetary savings by entering into interlocal agreements and utilizing cooperative purchasing agreements such as:

- Lake Stevens Fire District for IT Services
- Lake Stevens School District for SRO Services
- Lake Stevens School District for Fuel
- Snohomish County for Overlay Improvements
- Department of Enterprise Services – Cooperative Purchasing
- U.S. General Services Administration – Police Cars and IT Products/Services

Some new projects and purchases included in this 2014 Adopted Budget are:

- Law Enforcement Strategic Plan
- SW Interceptor Overlay
- Roundabout Approach Paving
- Community Center HVAC System Replacement
- North Cove Pier Resurfacing
- Floating Dock Replacement
- Library Carpet Replacement
- Information Technology – Software Upgrades
- Law Enforcement Vehicle Replacements
- Law Enforcement Copier/Printer
- Law Enforcement Boating Underwater Sonar
- Public Works Attenuation Trailer
- Public Works Ditching Bucket
- Public Works Backhoe Trailer
- Public Works 1 Ton Dump Truck

Additionally, various projects and programs span multiple years or are funded on ongoing bases such as computer replacements, street overlays, sidewalk repairs, crosswalk safety, tree safety, and milfoil and alum treatments of the lake. These expenditure requests have also been evaluated and included in this 2014 Adopted Budget.

My goal and intent with regard to organizational structure is to align city staff positions with the Council's long-term goals and strategic plans.

The 2014 Adopted Budget incorporates a reorganization of duties that includes a transfer of code enforcement responsibilities from the Police Support Officer (PSO) to the Planning/Building Department where they belong. This transfer of duties requires the addition of a Building Inspector that will take over the code enforcement responsibilities, as well as building inspections, allowing the Building Official to do more plan review, and alleviating the need for on-call building inspection services.

Because the majority of the PSO's duties are code enforcement related and are being transferred elsewhere, I recommend the elimination of the PSO position allowing for funding of a fully commissioned officer. I also recommend the addition of a second fully commissioned officer in order to help alleviate the need for shift extensions and overtime.

In early 2013, the city contracted to have a LEMAP study performed to evaluate the strengths and weaknesses of the Police Department. This evaluation resulted in recommendations to improve the department that included the addition of an Office of Professional Standards position. The 2014 Adopted Budget includes the elimination of one Sergeant position in order to fund a Lieutenant position to fill this LEMAP recommendation.

The final staffing change included in the 2014 Adopted Budget is the addition of two Customer Service Cadets to assist the Record Clerks with passports, concealed pistol licenses, and record keeping which will also allow the Record Clerk/Evidence Technician more time to process and audit evidence.

I acknowledge that the recommended changes have caused some concern, yet we must create the most efficient and effective organizational structure possible to balance the needs of the community and organization as a whole. Management will continue to review the needs of all city departments in order to achieve and maintain this objective.

## **CONCLUSION**

We are continuing to put a great deal of emphasis on forecasting for the future of the City beyond 2014. We are challenged with increasing demands on our tax base but we are rising to the challenge. This City is well managed and our staff is highly motivated. We will continue to use our greatest talents to put our scarce resources to their best use.

In presenting this information, I welcome any comments, questions, or recommendations to the Budget. It is important to remember that State law requires adoption of a balanced budget. If a majority of the Council wishes to increase expenditures for a certain program, we may also need a corresponding decrease in expenditures in another program. Ultimately, the final outcome of any revisions to this adopted budget must still be a balanced budget.

I would like to thank the City Administrator and the Finance Director for their hard work in preparing the adopted budget document. In addition, the department directors worked diligently to produce their departmental budgets and offered reductions wherever possible. The teamwork from our dedicated staff, City Council, and Community is why Lake Stevens remains "One Community Around the Lake."

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Vern Little", with a stylized flourish at the end.

Vern Little, Mayor

CITY OF LAKE STEVENS  
LAKE STEVENS, WASHINGTON

ORDINANCE NO. 904

AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF LAKE STEVENS,  
WASHINGTON, FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2014

WHEREAS, the Mayor of the City of Lake Stevens, Washington completed and placed on file with the City Clerk a adopted budget and estimate of the amount of the moneys required to meet the public expenses including salaries and benefits of City employees, bond retirement and interest, reserve funds and expenses of government of said City for the fiscal year ending December 31, 2014, and a notice was published that the Council of said City would meet for the purpose of making a budget for said fiscal year and giving taxpayers within the limits of said City an opportunity to be heard upon said budget, and

WHEREAS, the said City Council did meet at said time and place and did then consider the matter of said adopted budget; and

WHEREAS, notices were published in the official newspaper of the City, that the Council of said City would meet on the 12th day of November and the 25th day of November, 2013, at the hour of 7:00 P.M., at the City Council Chambers in the Lake Stevens School District Educational Service Center of said City for the purpose of receiving public testimony in a public hearing as to the matter of said adopted budget; and

WHEREAS, the said City Council did meet at said dates, times, and place and did receive public testimony during a public hearing as to the matter of said adopted budget; and

WHEREAS, the said adopted budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Lake Stevens for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Lake Stevens do ordain as follows:

Section 1. The budget for the City of Lake Stevens, Washington, for the year 2014 is hereby adopted in its final form and content as set forth in the document entitled City of Lake Stevens 2014 Annual Budget, 1 copy of which is on file in the Office of the Clerk.

Section 2. Totals for all such funds combined, for the year 2014 are set forth in summary form below, and are hereby appropriated for expenditure during the year 2014 as set forth below:

<b>Fund #</b>	<b>Fund Name</b>	<b>Estimated Beg. Bal.</b>	<b>Resources</b>	<b>Expenditures</b>	<b>End. Bal.</b>
001	General	\$ 5,308,720	\$ 8,191,627	\$ 8,300,517	\$ 5,199,830
002	Contingency Reserve	\$ 2,100,125	\$ 503,100	\$ 8,050	\$ 2,595,175
101	Street	\$ 2,619,102	\$ 1,998,291	\$ 1,669,919	\$ 2,947,474
103	Street Reserve	\$ 1,524	\$ 3	\$ -	\$ 1,527
111	Drug Seizure & Forfeiture	\$ 25,038	\$ 2,205	\$ 200	\$ 27,043
112	Municipal Arts Fund	\$ 1,322	\$ 2	\$ -	\$ 1,324
205	PWTF Loan 2002	\$ -	\$ 89,548	\$ 89,548	\$ -
206	Police Station LTGO 2004	\$ -	\$ 105,769	\$ 105,769	\$ -
207	PWTF 2006	\$ -	\$ 436,160	\$ 436,160	\$ -
208	PWTF 2005	\$ -	\$ 65,264	\$ 65,264	\$ -
209	PWTF 2008	\$ -	\$ 594,669	\$ 594,669	\$ -
210	2008 Bonds	\$ -	\$ 359,299	\$ 359,299	\$ -
211	PWTF 2010	\$ -	\$ 958	\$ 958	\$ -
212	2010 LTGO Bonds	\$ -	\$ 95,613	\$ 95,613	\$ -
301	Cap. Proj.-Dev. Contrib.	\$ 2,777,203	\$ 231,900	\$ -	\$ 3,009,103
303	Cap. Imp.-REET	\$ 848,161	\$ 301,000	\$ 374,668	\$ 774,493
304	Cap. Improvements	\$ 1,577,919	\$ 301,000	\$ 156,776	\$ 1,722,143
305	Downtown Redevelopment	\$ 1,638	\$ 2	\$ -	\$ 1,640
309	Sidewalk Capital Project	\$ 493,117	\$ 800	\$ -	\$ 493,917
401	Sewer	\$ 292,421	\$ 1,430,694	\$ 1,432,564	\$ 290,551
406	Sewer Reserve	\$ 167,589	\$ 150	\$ 167,739	\$ -
410	Storm and Surface Water	\$ 1,164,829	\$ 1,434,794	\$ 1,302,384	\$ 1,297,239
501	Unemployment	\$ 101,621	\$ 22,635	\$ 24,000	\$ 100,256
510	Equipment Fund	\$ 108,194	\$ 82,317	\$ 75,398	\$ 115,113
520	Equipment Fund-Police	\$ 209,686	\$ 167,400	\$ 121,700	\$ 255,386
530	Equipment Fund-PW	\$ 244,725	\$ 52,289	\$ 106,800	\$ 190,214
540	Aerator Equipment Repl.	\$ 101,124	\$ 8,175	\$ -	\$ 109,299
621	Refundable Deposits	\$ 1,973	\$ 1,000	\$ 2,973	\$ -
<u>633</u>	<u>Treasurer's Trust</u>	<u>\$ 11,779</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 11,779</u>
	Total	\$18,157,810	\$16,776,664	\$15,790,968	\$19,143,506

Section 3. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities.

Section 4. A summary of this ordinance consisting of the title shall be published in the official City newspaper. This ordinance shall take effect and be in full force five (5) days after publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LAKE STEVENS this \_\_\_\_ day of \_\_\_\_\_, 2013.

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Vern Little, Mayor

## About the Budget and the Budget Process

### What?

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction from the City Council to the Mayor, City staff and the community. As a result, the City Council, Mayor, staff, and public are involved in establishing the budget for the City of Lake Stevens.

The budget provides four functions:

#### 1. A Policy Document

The budget functions as a policy document in that the decisions made within the budget are designed to "reflect the Major Themes & Policies that guide the actions taken for the future." As a policy document, the budget makes specific attempts to link desired themes and policy direction to the actual day-to-day activities of the City staff.

#### 2. An Operational Tool

The budget details all of the operations of the City. Activities of each City function and organization have been planned, debated, formalized, and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they relate to each other and to the attainment of the Major Themes & Policy issues of the City Council.

#### 3. A Link with the General Public

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

#### 4. A Legally Required Financial Planning Tool

The budget is a financial planning tool, which has been its most traditional use. In this light, the budget is a State law requirement of all cities, as stated in Title 35A RCW. The budget must be a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies and controls those expenditures by limiting the amount of the appropriation at the fund level. The revenues of the City are estimated, along

with available cash carry-forward, to indicate funds available. The staff's requests for appropriations comprise the disbursement side of the preliminary budget.

## **Why?**

The budget is a requirement of State law and constitutes the legal authority for expenditures. Although the City's budget document includes line item detail, the City's budget ordinance is adopted at the fund level so expenditures may not legally exceed appropriations at the fund level of detail.

But more than that, the budget process affords both an interesting and challenging opportunity to reassess plans or legislative policies and the means for accomplishing them. It's through this effort that the budget becomes the single most important policy document produced each year. Much effort is expended to ensure the budget plan will achieve the Major Themes & Policies of the City Council.

## **How?**

### **The Budget Process**

Determining Budget Themes and Policies - The Budget process for the City of Lake Stevens is, in some respects, an on-going, year-round activity. The formal budget planning begins in the summer, with discussions between the Mayor, City Administrator, departments, and the City Council about status of on-going programs, and new policies and objectives for the future which result from the legislative retreat and priority setting process.

### **Reporting and Monitoring**

The budget and its policies are implemented through the individual departments and the accounting controls of the Finance Department. The budget is monitored by a reporting system consisting of monthly reports to the department heads. Financial reports are issued by the Finance Department which compares actual expenditures and revenues with the budget. In these reports, financial data is presented at the same level of detail as the final budget document. Financial reports are reported to the City Council in summary on a quarterly basis.

### **Staff Planning and Preparation**

Budget preparation actually begins in late spring and early summer with the completion and Council's subsequent review of the six-year financial forecast. Then typically in August, the budget process kicks off with the budget call letter which requests all department heads to complete their departmental expenditure requests.

## **Major Funds of the Budget**

The City's budget and accounting structure uses funds as a means to collect and record all the revenues and expenditures associated with different departments, areas of service, grants, and other projects. There are three primary funds utilized to track a majority of the City's activities. The first is the General Fund which is responsible for a majority of all departments and general operations of the City. The second fund is the Street Fund which supports a variety of activities associated with building, maintaining, and planning for the City's transportation network. The third fund is the Storm and Surface Water Fund which provides maintenance and operations of the City's storm drainage system and lake restoration efforts.

## **Preliminary Budget**

In September the budget is ready for the Mayor and City Administrator's review. The preliminary budget is prepared and available for City Council and citizen review in November. The Council holds formal hearings on the preliminary budget and conducts a series of workshops to examine the budget in detail during October and November. Final action on the budget usually occurs in late November or early December.

## **Final Budget**

The final budget is issued as a formal published document in the same format as the preliminary budget, but as modified by the City Council. The actual appropriations implementing and amending the budget are contained in the budget ordinance by the City Council.

## **Amending the Budget**

The budget can be amended at anytime during the budget year. If the amendment consists of just the movement or adjustment of budget within a single fund without increasing or decreasing the budget grand total for that fund, it may be adjusted with just administrative approval. However if the amendment changes the grand total for that fund or creates or deletes a fund, the amendment must be approved by the city council in the form a budget amendment ordinance.

# CITY OF LAKE STEVENS 2014 ANNUAL BUDGET CALENDAR

<u>TASK/EVENT</u>	<u>DATE</u>
Budget Instructions to Department Heads	July 29
Budget Revenue & Expense Estimates Filed with City Clerk	August 16
Budget Estimates Presented to Mayor & Administrator	August 21
Dept Heads Meet with Mayor & Administrator	August 26 - September 6
Budget Sub Committee Meeting	September 12
Budget Sub Committee Meeting	September 16
Budget Sub Committee Meeting	September 23
Estimates Presented to Legislative Body	September 30
Budget Sub Committee Meeting	October 10
City Council Budget	October 14
City Council Budget	October 28
Preliminary Budget Filed with City Clerk	November 1
Copies of Adopted Budget and Message Available to the Public	November 12
Notice of Public Hearing	October 30
Notice of Public Hearing	November 6
Public Hearing #1 (Property Tax Levy)	November 12
Final Public Hearing and Budget Adoption	November 25

**2014 Adopted Budget  
All Funds  
Summary of Revenues**

<b>Fund #</b>	<b>Fund Name</b>	<b>2013 Budgeted Revenues</b>	<b>2013 Estimated Revenues</b>	<b>2014 Budget Revenues</b>	<b>% Change (2013 vs. 2014 Budget)</b>	<b>% Change (2013 Est vs. 2014 Budget)</b>
001	General Fund	\$ 7,941,265	\$ 8,317,762	\$ 8,191,627	3%	-2%
002	Reserve Fund	\$ 503,454	\$ 502,858	\$ 503,100	0%	0%
101	Street	\$ 2,142,685	\$ 2,197,880	\$ 1,998,291	-7%	-9%
103	Street Reserve	\$ 3	\$ 3	\$ 3	0%	0%
111	Drug Seizure & Forfeiture	\$ 2,205	\$ 5,000	\$ 2,205	0%	-56%
112	Municipal Arts Fund	\$ 2	\$ 2	\$ 2	0%	0%
205	PWTF Loan 2002	\$ 89,976	\$ 89,976	\$ 89,548	0%	0%
206	Police Station LTGO 2004	\$ 103,369	\$ 103,369	\$ 105,769	2%	2%
207	PWTF 2006	\$ 787,323	\$ 787,323	\$ 436,160	-45%	-45%
208	PWTF 2005	\$ 66,316	\$ 66,316	\$ 65,264	-2%	-2%
209	PWTF 2008	\$ 1,096,170	\$ 1,096,170	\$ 594,669	-46%	-46%
210	2008 Bonds	\$ 366,499	\$ 366,499	\$ 359,299	-2%	-2%
211	PWTF 2010	\$ 977	\$ 977	\$ 958	-2%	-2%
212	2010 LTGO Bonds	\$ 95,613	\$ 95,613	\$ 95,613	0%	0%
301	Cap. Proj.-Dev. Contrib.	\$ 549,650	\$ 475,639	\$ 231,900	-58%	-51%
303	Cap. Imp.-REET	\$ 287,754	\$ 430,302	\$ 301,000	5%	-30%
304	Cap. Improvements	\$ 287,854	\$ 431,002	\$ 301,000	5%	-30%
305	Downtown Redevelopment	\$ 2	\$ 2	\$ 2	0%	0%
309	Sidewalk Capital Project	\$ 205,750	\$ 205,604	\$ 800	-100%	-100%
401	Sewer	\$ 1,437,549	\$ 1,437,631	\$ 1,430,694	0%	0%
406	Sewer Reserve	\$ 300	\$ 300	\$ 150	-50%	-50%
410	Storm and Surface Water	\$ 1,471,850	\$ 1,435,906	\$ 1,434,794	-3%	0%
501	Unemployment	\$ 22,635	\$ 17,027	\$ 22,635	0%	33%
510	Equipment Fund	\$ 54,132	\$ 54,132	\$ 82,317	52%	52%
520	Equipment Fund-Police	\$ 108,400	\$ 109,595	\$ 167,400	54%	53%
530	Equipment Fund-PW	\$ 52,125	\$ 52,274	\$ 52,289	0%	0%
540	Aerator Equipment Replacement	\$ 40,135	\$ 40,259	\$ 8,175	-80%	-80%
621	Refundable Deposits	\$ 30,500	\$ 750	\$ 1,000	-97%	33%
633	Treasurer's Trust	\$ 300,000	\$ 200,000	\$ 300,000	0%	50%
	<b>Total</b>	<b>\$ 18,044,493</b>	<b>\$ 18,520,171</b>	<b>\$ 16,776,664</b>	<b>-7%</b>	<b>-9%</b>

# REVENUE ASSUMPTIONS

## GENERAL FUND

The General Fund provides general purpose governmental services to the citizens. The City's General Fund receives a wide variety of revenue. This section of the budget will discuss the assumption affecting the revenue for 2014.

The 2014 Budgeted General Fund revenues of \$8,388,602 are only \$352 more than estimated to be received in 2013.

Anticipated major revenue sources are: Taxes (82%), Licenses and Permits (4%), Grants & State Remitted Revenue (5%), Charges for Services (5%), Fines and Forfeitures (3%), Miscellaneous Revenues (1%), and Other Sources (0%).

### GENERAL FUND REVENUE BY SOURCE

Source	Estimated 2013	% of Total	2014 Budget	% of Total
Taxes	6,583,230	79%	6,730,166	82%
Licenses and Permits	460,180	6%	361,862	4%
Grants & State Shared Revenue	508,272	6%	434,652	5%
Charges For Services	500,168	6%	417,205	5%
Fines And Forfeits	195,281	2%	198,778	2%
Miscellaneous Revenue	70,084	1%	48,565	1%
Non- Revenue	546	0%	400	0%
Other Financing Sources	0	0%	0	0%
<b>Total Revenue</b>	<b>8,317,761</b>	<b>100%</b>	<b>8,191,628</b>	<b>100%</b>

## GENERAL FUND REVENUE ASSUMPTIONS

Property tax receipts in the General Fund are budgeted at \$2,726,286. The allocation remains at 72% to the General Fund and 28% to the Street Fund. Assessed values of property within the City of Lake Stevens has increased approximately 8% over 2013, this allows the City to utilize additional "banked capacity". Banked capacity occurs when a jurisdiction is unable to levy the highest amount allowed due to statutory caps. The City of Lake Stevens fell under this cap during 2012 and 2013 resulting in nearly \$583,000 of lost receipts.

The 2014 levy rate remains capped at \$3.60 per \$1,000 of assessed value. This rate is shared with the Lake Stevens Fire District who is able to levy up to \$1.50, and the Sno Isle Library District that is allowed to levy up to \$0.50. When the junior taxing districts levy their entire amount allowed, the City is capped at \$1.60. If they do not levy the entire amount, the City is able to utilize any unused portion.

Sales tax receipts are budgeted at \$2,048,060. This is an assumed 1% increase overall and a 20% decrease of our top two retailers due to competition in the area. This equates to a 2% budgeted decrease. Additionally State Law & Justice receipts correlate with sales tax receipts so a 2% is expected here as well.

Utility taxes are levied on the gross operating revenue that private utilities earn from operations within the boundaries of the City. Electric utility tax will continue to be split 50% General Fund and 50% Street Fund

and are anticipated to increase slightly with cost increases. Building permits and zoning & subdivision fees are anticipated to slow down slightly.

Liquor Excise tax will increase slightly, yet not as much as originally anticipated as half will be retained by the State per recent legislation. Liquor Board Profits (revenues replacing board profits) are anticipated to remain constant as Cities are to remain "whole", at the same revenue level as 2011, according to the Liquor Initiative.

## **NON GENERAL FUND REVENUE ASSUMPTIONS**

### *Street Fund*

The Street Fund is allocated 28% of property tax receipts which equates to \$1,060,222 in 2014. Electric utility tax will continue to be split 50% General Fund and 50% Street Fund and are anticipated to increase slightly with cost increases. Additionally, the State of Washington provides a state-collected gasoline tax that is shared with cities. This tax is distributed to the City for the construction, improvement, chip sealing, seal coating and repair of arterial highways and city streets. Receipts are anticipated to remain fairly consistent at \$560,941 in 2014.

### *Sewer Fund*

In June of 2005 the City of Lake Stevens and the Lake Stevens Sewer District entered into an interlocal agreement to allow the Sewer District to be the sole provider of sewer service within the Lake Stevens Community. To set rates and charges for the combined system, the Sewer Utility Committee was formed consisting of members from the City Council and the Sewer District Commission.

The 2014 Budget reflects the fees charged per the operating agreement between the Sewer District and the City for the entire combined sewer utility and will remain unchanged from prior year.

### *Storm/Surface Water Fund*

The City imposes a storm/surface water charge for the maintenance and operation of the storm drainage system. No increases have been budgeted for 2014 and the total receipts are anticipated to remain fairly consistent. Additionally, the City receives contributions from Snohomish County to perform milfoil and alum treatments on the lake. This budget assumes the contribution will remain 11% of the total costs.

The 2014 Adopted Budget includes various Department of Ecology Grants. These include a Capacity grant, a Milfoil grant that continues through June 2015, and a Low Impact Development (LID) grant that has been extended through June 2015 as well.

## **MISCELLANEOUS REVENUES**

### *Real Estate Excise Tax*

This tax is imposed on sales of real property within the City upon transfer of title. One ¼ of one percent of the selling prices is paid to the City. By local option, an additional one ¼ of one percent is also levied by the City. This revenue is restricted by law to be spent on specific capital projects.

### *Impact Fees*

Mitigation impact fees are assessed to developers when properties are developed. Impact fees are assessed for such things as traffic and parks. The fees are held until a project is started that matches the purpose of the contributed funds and are then used to help fund that project.

The City recently transitioned to Growth Management Act (GMA) based planning for traffic mitigation including creating three distinct traffic impact zones (TIZ). The TIZ's in the two subarea plans were combined to allow the funds collected to be utilized within the two subarea plans. This will allow for simplified project budgeting for developers as well as increased accessibility of funds for infrastructure related capital projects.

#### *Issuance of Debt Proceeds*

One method of funding large projects or purchases is by issuing debt. The City has developed a central Civic Center "Mainstreet" plan. In order to accomplish this plan, certain properties must be purchased. Some of the properties were purchased in 1995, 1996, and 2008. The 2014 Budget reflects the debt service payments for these properties. These councilmanic bonds were issued to finance major sewer projects as well as repayment of interfund loans for the purchase of this property. The term general obligation debt means that bonds or some other type of debt instrument are authorized by the Council, and are paid from general revenues already established and collected, not an additional levy of property tax.

The remaining amount of the 1997 bonds was refunded into the 2008 series A bonds. The issuance of the 2008 bonds includes a portion of the 1997 bonds that is reimbursed by the Sewer District. The additional issuance is backed by the general revenues of the City but will be paid from real estate excise revenues and sewer rates and charges.

In 2010, the 2008 series B bonds were refunded into the 2010 series B bonds, the principle of which will come due in 2015. The remainder of the 2010 bond, or series A bonds, were used for the purchase of the City Shop. The additional issuance is backed by the general revenues of the City but will be paid from real estate excise revenues.

In 2002, the City received a \$1,692,900 Public Works Trust Fund Loan to construct sewer projects within the City limits. Currently, \$1,626,040 of this loan has been drawn upon. Following the transfer of the sewer utility to the Sewer District, the associated debt service is reimbursed to the City by the Sewer District.

The City issued \$1,340,000 in 2004 for the construction of a new Police Station to replace the old house the department was previously located in. This debt service is being paid from real estate excise tax collections.

In 2005, the City received a \$1,000,000 Public Works Trust Fund Loan to construct the Sunnyside Waste Water Treatment Facility within the City limits. Following the transfer of the sewer utility to the Sewer District, the associated debt service is reimbursed to the City by the Sewer District.

In 2006, the City received an additional \$7,000,000 Public Works Trust Fund Loan for the construction of the Sunnyside Waste Water Treatment Facility. The debt service related to this loan is reimbursed to the City by the Sewer District.

In 2008, the City received an additional \$10,000,000 Public Works Trust Fund Loan for the construction of the Sunnyside Waste Water Treatment Facility. The debt service related to this loan is reimbursed to the City by the Sewer District.

In 2010, the City received an 80,300 Public Works Trust Fund Loan for the emergency repair of the 36<sup>th</sup> Street Bridge. Only \$12,045 of this loan was drawn upon prior to closing. The debt service related to this loan is paid by the Street Fund.

**2014 Adopted Budget  
All Funds  
Summary of Expenditures**

<b>Fund #</b>	<b>Fund Name</b>	<b>2013 Budgeted Expenditure</b>	<b>2013 Estimated Expenditure</b>	<b>2014 Budget Expenditure</b>	<b>% Change (2013 Budget vs. 2014 Budget)</b>	<b>% Change (2013 Est vs. 2014 Budget)</b>
001	General Fund	\$ 8,028,354	\$ 7,637,895	\$ 8,300,517	3%	9%
002	Reserve Fund	\$ 8,050	\$ -	\$ 8,050	0%	
101	Street	\$ 1,875,905	\$ 1,850,310	\$ 1,669,919	-11%	-10%
103	Street Reserve	\$ -	\$ -	\$ -		
111	Drug Seizure & Forfeiture	\$ 8,500	\$ 5,000	\$ 200	-98%	-96%
112	Municipal Arts Fund	\$ -	\$ -	\$ -		
205	PWTF Loan 2002	\$ 89,976	\$ 89,976	\$ 89,548	0%	0%
206	Police Station LTGO 2004	\$ 103,369	\$ 103,369	\$ 105,769	2%	2%
207	PWTF 2006	\$ 787,323	\$ 787,323	\$ 436,160	-45%	-45%
208	PWTF 2005	\$ 66,316	\$ 66,316	\$ 65,264	-2%	-2%
209	PWTF 2008	\$ 1,096,170	\$ 1,096,170	\$ 594,669	-46%	-46%
210	2008 Bonds	\$ 366,499	\$ 366,499	\$ 359,299	-2%	-2%
211	PWTF 2010	\$ 977	\$ 977	\$ 958	-2%	-2%
212	2010 LTGO Bonds	\$ 95,613	\$ 95,613	\$ 95,613	0%	0%
301	Cap. Proj.-Dev. Contrib.	\$ 70,190	\$ 70,190	\$ -	-100%	-100%
303	Cap. Imp.-REET	\$ 376,608	\$ 376,608	\$ 374,668	-1%	-1%
304	Cap. Improvements	\$ 74,515	\$ 74,515	\$ 156,776	110%	110%
305	Downtown Redevelopment	\$ -	\$ -	\$ -		
309	Sidewalk Capital Project	\$ 305,054	\$ 305,000	\$ -	-100%	-100%
401	Sewer	\$ 1,454,826	\$ 1,454,648	\$ 1,432,564	-2%	-2%
406	Sewer Reserve	\$ 3,220	\$ 2,500	\$ 167,739	5109%	6610%
410	Storm and Surface Water	\$ 1,377,050	\$ 1,223,866	\$ 1,302,384	-5%	6%
501	Unemployment	\$ 46,740	\$ 15,588	\$ 24,000	-49%	54%
510	Equipment Fund	\$ 35,516	\$ 33,131	\$ 75,398	112%	128%
520	Equipment Fund-Police	\$ 82,000	\$ 82,000	\$ 121,700	48%	48%
530	Equipment Fund-PW	\$ 60,000	\$ 32,000	\$ 106,800	78%	234%
540	Aerator Equipment Replacement	\$ 34,866	\$ 34,886	\$ -	-100%	-100%
621	Refundable Deposits	\$ 31,000	\$ 12,256	\$ 2,973	-90%	-76%
633	Treasurer's Trust	\$ 300,000	\$ 200,000	\$ 300,000	0%	50%
	<b>Total</b>	<b>\$ 16,778,637</b>	<b>\$ 16,016,636</b>	<b>\$ 15,790,968</b>	<b>-6%</b>	<b>-1%</b>

## 2014 Expenditure Assumptions

In order to continue to meet governmental mandates and also provide essential services during the current economic downturn, the City has evaluated all departments and reduced expenditures accordingly.

The 2014 Adopted Budget assumes general fund expenditures will increase approximately 9% between 2013 estimated ending expenditures and the 2014 Budget. The City will continue budgeting and saving for future Economic Development. This budget also includes a transfer of \$500,000 to the reserve fund for development and infrastructure needs.

The 2014 budget includes a cost of living increase of 2% and medical/retirement benefit increases of approximately 2%. With the approval of the Association of Washington Cities Trust application to self-insure for medical, dental, and vision insurance, the increases assumed for 2014 are minimal.

The 2014 Adopted Budget incorporates a reorganization of some staffing positions. One Police Sergeant position is eliminated in order to fund a Lieutenant position that will act as the Office of Professional Standards. This recommendation was made due to the results of a LEMAP study performed in early 2013 that analyzed the strengths and weakness of the department.

The budgeted reorganization also includes transferring code enforcement duties from the Police Support Officer (PSO) to the Planning/Building department which will require the addition of a Building Inspector position. The addition of this position will also allow the Building Official to do more plan review and will eliminate the need for an on-call contract for inspection services. With the majority of the PSO duties being transferred to another department the budget assumes elimination of that position. This will allow for the funding of a fully commission officer. The budget also includes an additional position for a fully commission officer to help alleviate overtime.

The Street fund budget includes a continuation of the annual overlay paving program in the amount of \$250,000. Also included in this budget is the Eagle Round-about paving. This will include removing weeds from approach medians and replacing with concrete. This will reduce the need for future maintenance costs.

Expenditures in the Storm/Surface Water fund include continuing the annual phosphorus treatment (Alum) of the lake anticipated at \$100,000, as well as the annual milfoil eradication plan anticipated at \$43,000. Additional expenditures will continue to be reimbursed by Department of Ecology grants approved for 2014.

Below is a list of requests that have been included in the 2014 Adopted Budget as well as the Salary Range List, and Draft Organizational Chart.

**City of Lake Stevens  
Adopted Budget 2014**

**Budget Requests by Fund Included in Budget**

<b>Fund</b>	<b>Department</b>	<b>Description</b>	<b>2014 Budget</b>
General	HR	FMLA Book	\$400
General	HR	Employment Law Newsletter	\$400
General	HR	Chair	\$400
General	Planning	Arcview upgrade	\$1,200
General	Building	Reference Materials & Gas Tag Forms	\$700
General	Building	Damaged Clothing Replacement	\$150
General	Police	Clothing	\$10,000
General	Police	Towing	\$5,200
General	Police	Radio Batteries	\$1,100
General	Police	Duty Ammunition - Rifles	\$1,500
General	Police	Training Ammunition - Rifles	\$1,500
General	Police	Taser Repair & Replacement	\$4,500
General	Police	Efile Cab Annual Renewal	\$900
General	Police	Firearm Rifle Lights	\$3,000
General	Police	Office Chairs (4)	\$1,600
General	Police	NW Laptops (3)	\$10,890
General	Police	Generator/Monitor/Lens/Toolbox/Printer	\$2,600
General	Police	Boating - Underwater Sonar	\$1,700
General	Police	Copier/Printer	\$12,000
General	Police	Vehicle Replacement (3)	\$118,000
General	Police	Firearm Eye& Ear Protection	\$300
General	Police	Entry Tools	\$450
General	Police	Investigations	\$5,000
General	Police	Boating - Rescue Disks (12)	\$720
General	Police	Boating - Personal Flootation Devices	\$2,500
General	Police	2 Color Printers	\$725
General	Police	Strategic Plan (\$5K - \$7K)	\$6,000
General	Police	Background checks (2)	\$2,000
General	Police	Training Bulletins	\$2,000
General	Police	Chief Phone & 1 Aircard	\$900
General	Police	3 additional CAD lines	\$3,000
General	Police	Boating Operating	\$1,000
General	Police	Boating R&M	\$3,000
General	Comm. Center	HVAC System Replacement	\$10,000
General	Parks	Tree Safety Program	\$4,000
General	Parks	North Cove Pier Resurfacing	\$8,000
General	Parks	Tot Lot Base/Sign Upgrade Replacement	\$700
General	Parks	Repairs to Bumpers	\$400
General	Parks	Stage Tent Replacement	\$3,500
General	Parks	Floating Dock Replacement	\$2,000
General	Parks	Regulation Signing Upgrade	\$6,000
General	Parks	Seasonal Clothing	\$600
General	Parks	North Cove Park Beautification	\$1,200
General	Library	Replace Carpet	\$8,000

## Budget Requests by Fund Included in Budget (Con't)

<b>Fund</b>	<b>Department</b>	<b>Description</b>	<b>2014 Budget</b>
Capital	IT - 510	Exchange Server 2013	\$5,000
Capital	IT - 510	Window 7 or 8	\$4,000
Capital	IT - 510	Office 2013	\$21,300
Capital	IT - 510	PD Firewall Upgrade	\$3,500
Capital	IT - 510	Fix PD Network Cabling	\$3,000
Capital	IT - 510	Symatec Backup Software	\$7,000
Capital	IT - 510	Wireless Access Point & Controller	\$1,300
Capital	IT - 510	Replacement Computers	\$6,000
Street	Street	Thermo Plastic & RPM Supplies	\$3,400
Street	Street	Continue annual pavement program	\$250,000
Street	Street	Crosswalk Safety Program	\$8,000
Street	Street	License Renewal CAD/GIS	\$1,200
Street	Street	Sidewalk patching	\$1,000
Street	Street	Construct bin to store materials	\$2,000
Street	Street	Roundabout Landscape	\$4,000
Street	Street	Eagle Roundabout Paving	\$43,000
Sewer/REET	PW	SW Interceptor Overlay	\$250,000
Storm	Storm	Continue Annual Treatment	\$100,000
Storm	Storm	Continue 2010 Milfoil Treatment Plan	\$43,000
Storm	Storm	Confined Space Respirator	\$4,000
Storm	Storm	License Renewal CAD/GIS	\$1,200
Capital	PW	Attenuation Trailer	\$20,000
Capital	PW	Ditching Bucket	\$4,800
Capital	PW	Trailer - Backhoe New	\$32,000
Capital	PW	1 Ton Dump Truck	\$50,000
<b>TOTAL</b>			<b>\$ 1,118,435</b>

**City of Lake Stevens  
Organizational  
Chart  
2014**

