

Next Ord: 1638-09

Next Res: 798-09

VISION STATEMENT

SEDRO-WOOLLEY IS A FRIENDLY CITY THAT IS CHARACTERIZED BY CITY GOVERNMENT AND CITIZENS WORKING TOGETHER TO ACHIEVE A PROSPEROUS, VIBRANT AND SAFE COMMUNITY

MISSION STATEMENT

TO PROVIDE SERVICES AND OPPORTUNITIES WHICH CREATE A COMMUNITY WHERE PEOPLE CHOOSE TO LIVE, WORK AND PLAY

CITY COUNCIL WORKSESSION

AGENDA

April 7, 2009

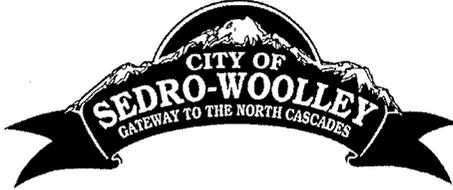
7:00 PM

**Sedro-Woolley Municipal Building
Council Chambers
325 Metcalf Street**

- A. Library Board Vision for the Future
(Staff Contact – Debra Peterson)
- B. City Code re: Urban Village Mixed Use
(Staff Contact – Jack Moore)
- C. 2009 Budget Issues/Cuts
(Staff Contact – Eron Berg)

CITY COUNCIL
WORKSESSION

APR 07 2009



AGENDA ITEM: C

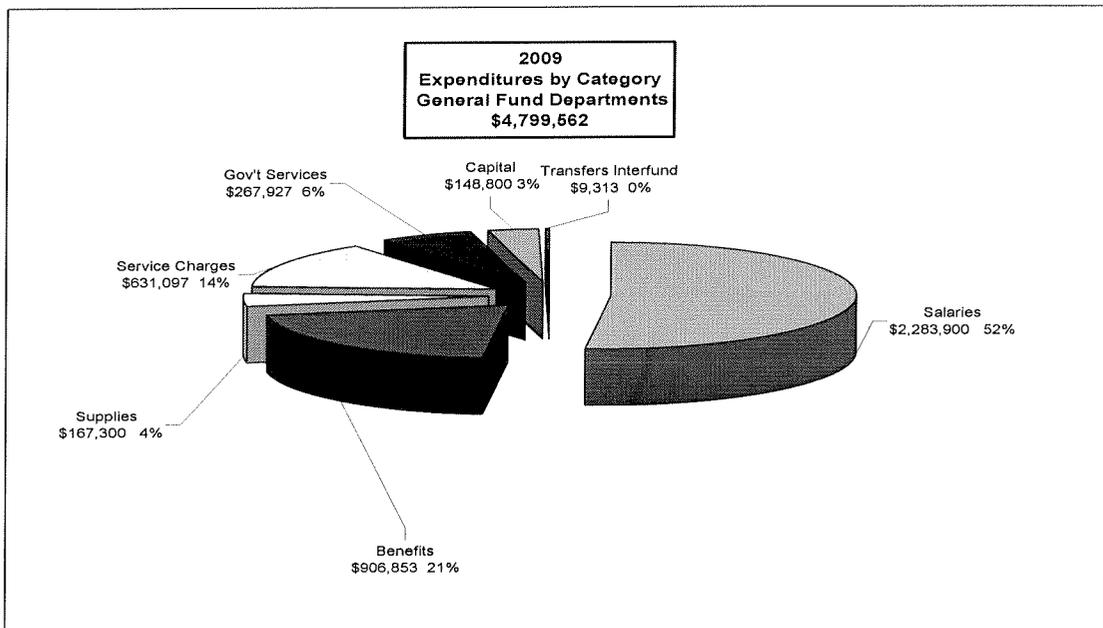
CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney

MEMO TO: City Council
FROM: Eron Berg
RE: Budget Cuts
DATE: April 7, 2009

ISSUE: We have a decline in sales tax revenues that when coupled with our \$131,000.00 reduction in ending cash from Budget Amendment 1 poses a revenue risk to the City in the range of \$400,000 to \$600,000 for 2009. In order to balance the budget, what should the Council cut?

BACKGROUND: The City budgeted sales tax revenue of \$1,555,000.00 for 2009. January, February and March sales tax revenues are down 20-30% over 2008 revenue (which was only \$1,243,786.98). If a 20% reduction trend continues for the rest of the year, then the City would receive only \$1,029,585.42. It is important to note that our sales tax revenue budget was created BEFORE the City received indication that it would be a net loser from streamlined sales tax. When coupled with the \$131,000 reduction in ending cash from Budget Amendment 1, this amounts to a potential deficit of \$656,414.60 in the general fund. The total budgeted amount of the general fund is \$4,799,562. The following chart shows the 2009 general fund expenditures by category:



Following is the 2009 general fund budgeted expenditures by department:

City of Sedro-Woolley 2009 Budget									
Expenditures by Category - General Fund Departments									
Department Name	Service				Gov't		Transfers	Total	%
	Salaries	Benefits	Supplies	Charges	Services	Capital	Interfund		
Legislative	37,200	2,950	4,500	6,000	10,500	-	-	61,150	1.27%
Judicial	22,650	20,355	3,500	83,976	8,500	3,800	-	142,781	2.97%
Executive	53,500	14,840	500	13,000	-	500	-	82,340	1.72%
Finance	54,000	25,410	11,000	55,919	-	1,000	-	147,329	3.07%
Legal	18,500	6,690	250	48,550	1,400	-	-	75,390	1.57%
Civil Service	-	-	250	3,000	-	-	-	3,250	0.07%
Information Technologies	53,500	13,885	7,200	38,075	-	25,000	-	137,660	2.87%
Central Services	-	-	3,000	27,100	50	-	9,313	39,463	0.82%
Planning	150,500	57,150	3,500	31,360	5,015	1,000	-	248,525	5.18%
Engineering	92,600	39,450	4,000	44,500	-	3,500	-	184,050	3.83%
Police	1,317,950	619,120	59,600	161,210	172,800	60,000	-	2,390,680	49.81%
Fire	432,200	86,633	69,000	103,655	-	54,000	-	745,488	15.53%
Building	51,300	20,370	1,000	14,752	-	-	-	87,422	1.82%
Emergency Services	-	-	-	-	20,535	-	-	20,535	0.43%
Pollution Control	-	-	-	-	3,481	-	-	3,481	0.07%
Economic Development	-	-	-	-	2,000	-	-	2,000	0.04%
Aging	-	-	-	-	20,441	-	-	20,441	0.43%
Public Health	-	-	-	-	23,205	-	-	23,205	0.48%
Ending Fund Balance								384,372	8.01%
TOTAL	2,283,900	906,853	167,300	631,097	267,927	148,800	9,313	4,799,562	100.00%

As you can see, the majority of the general fund is spent on the people who run work for the City, providing the services to the citizens of Sedro-Woolley (73%). Also clear from this information, the largest department in the general fund is police (49.81%). The proposed cuts include other departments that are funded by property tax (parks & library, for example) because the allocation of sales and property tax is within the Council's discretion and cuts in property tax funded departments allow additional property tax to support the general fund. Sales tax directly supports the general fund departments (listed above) and the street department.

Patsy reports that other funds are meeting the 2009 budget projections. She also estimates that our 2009 deficit is closer to \$400,000. With this information available and understanding that these projections are based upon only three months of experience in 2009, it appears that we have a deficit range of between \$400,000 and \$650,000.

I am recommending that the City Council cut approximately \$400,000 in expenditures at this time. Those cuts, along with the continued budget spending freeze, should allow the city to make it through the rest of 2009 without further cuts, assuming, that the economy does not decline further. Attached to this memo is a two page table prepared by MRSC which shows typical municipal services and identifies whether those services are mandatory or discretionary for cities and counties. Patsy thought you might find it useful when you are deliberating cuts that will reduce services and I agree. The following are the cuts I am proposing the City Council make at this time.

	<u>Recommended Cut</u>	<u>Savings</u>	<u>Cumulative Total</u>
1.	Furlough dept. heads 1 day per month beginning April	\$21,190.43	\$ 21,190.43
2.	Defer equip. purchases & reduce ER&R deposits	\$40,000.00	\$ 61,190.43
3.	Cut seasonal employees in parks and streets	\$32,000.00	\$ 93,190.43
4.	Reallocate 100% of building inspector May 18 – Nov. 30	\$31,203.22	\$124,393.65
5.	Reallocate 50% of permit tech. May 18 – Nov. 30	\$17,112.06	\$141,505.71
6.	Reallocate 75% of asst. engineer May 18 – Nov. 30	\$34,227.56	\$175,733.27
7.	Reallocate 75% of PW support April 30 – Dec. 31	\$31,779.98	\$207,513.25
8.	Layoff 15 th police officer (position currently vacant)	\$58,481.37	\$265,994.62
9.	Layoff two AFSCME public works employees May – December	\$80,238.72	\$346,233.34
10.	Layoff PD transcriptionist & replace With part-time effective April 30	\$25,000.00	\$371,233.34
11.	Cut library budget (Library Board to recommend cuts)	\$21,000.00	\$392,233.34
12.	Jo Ann Lazaron voluntarily cut her medical benefits May 1	\$ 7,593.60	\$399,826.94

Notes on proposed cuts:

Items 1, 3, & 8 are already in place. Please note that the elimination of seasonal employees will impact parks and streets and may reduce their levels of service.

Items 4, 5, 6, & 7 would shift current employees from their current departments to serve the public works department on this year's projects. The biggest differences would be for Eric Potash and Jo Ann Lazaron. Eric would no longer work for the building department or report to Jack, instead he would work for public works and would be tasked to the field. Jo Ann would spend 50% of her time managing paperwork for the Fruitdale/McGarigle project and would report to Mark. These reallocations allow the City to reduce its consultants' budgets and keep these two City employees working for the rest of 2009. Both of these positions have significantly reduced work flow due to reductions in permitting activity.

Item 9 cannot occur until the City has bargained with AFSCME regarding the impacts and implementation of the layoffs. Realistically, we are looking at implementation no earlier than the month of May. AFSCME members voted on April 2nd to empower a negotiating team to bargain this issue and consider other options. Because the proposed layoffs (coupled with the cuts in seasonal help) will significantly impact street and parks by reducing their manpower, I believe we will need to consider restructuring those departments to include a single supervisor so our resources are focused on field work rather than desk work.

Item 10 is subject to approval of the SWSPG. The Guild is reviewing a proposed MOU that would make this effective.

Item 11 is a bottom line budget cut that leaves the details of the cut for the library board to make. This amount represents a reduction in service of approximately 1 day per week.

Item 12 is a cut offered by Jo Ann Lazaron. She is entitled to the benefit but by maintaining coverage on her husband's plan, she will save the City approx. \$7,593.60 this year.

RECOMMENDATION: I recommend that we cut approximately \$400,000 at this time and assume additional savings from the spending freeze and continue to review this each month.

The proposed Budget Amendment 2 ordinance in your packet for April 8th includes items 2, 3, 4, 5, 6, 7, 8, and 11. Budget Amendment 2 will be on your agenda for consideration on April 8th. Not all items will require a budget amendment so long as we know they are implemented. Also, item 9 is ready for concept approval, subject to bargaining and the potential that other ideas might change our direction.

Mandatory/Discretionary Functions of Cities and Counties

M=Mandatory D=Discretionary

A blank space indicates that the jurisdiction does not have authority to perform the activity or it is not a significant activity for that class of jurisdiction.

Program	City	County
Public Health		M
Juvenile Detention and Courts		M
Juvenile Probation		D
Youth Services	D	D
Hospital	D	D
Veteran's Programs	D	M
Cooperative Extension		D
Mental Health		M
Developmental Disabilities		M
Arts	D	D
Courts	M	M
Adult Detention Pretrial	M	M
Adult Detention Felons		M
Public Safety (Crimes)	M	M
Traffic Enforcement	M	M
Public Defense	M	M
Attorney (City/County Cases)	M	M
Airport	D	D
Roads	M	M
Surface Water	M	M
Solid Waste Collection	D	
Solid Waste Disposal	D	D
Sewage Collection	D	D
Sewage Treatment	D	D
Planning (GMA)	M	M
Land Use Controls (GMA)	M	M
Boundary Review Boards		M (D in small

		counties)
Parks and Recreation	D	D
County Fair		D
Building/Fire Code	M	M
Fire Suppression	D	
Historic Preservation	D	D
Community Development	D	D
Stadium	D	D
Water Supply	D	D
Electric Energy	D	
Licensing	D	M
Workmen's Compensation	M	M
Budget	M	M
Auditor		M
Elections		M
Administrative Support	D	D
Finance/Treasurer	M	M
Executive	M	M
Legislative Council	M	M
Assessor		M
Animal Control	D	D
Library	D	D
Involuntary Treatment		M
Emergency Medical Services	D	D
Medical Examiner		M
Air Pollution	M	M
Public Transportation	D	D
Employment and Training	D	D
Cemetery	D	