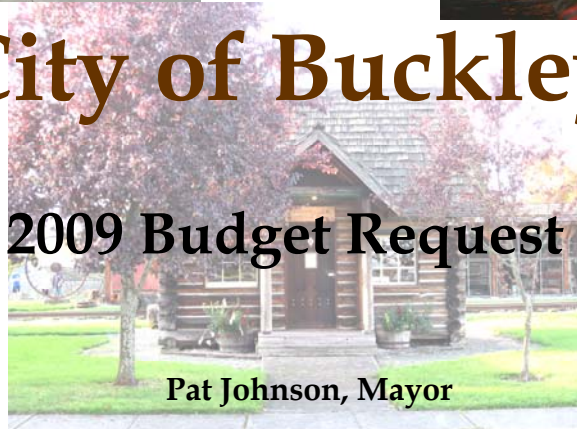




City of Buckley

2009 Budget Request



Pat Johnson, Mayor



City Council

Mark McNally
Sandra Ramsey
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James Montgomery
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Jan Twardoski

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MAYOR'S MESSAGE 2009

For several months, we have all been working on the City budget for 2009. There have been many articles in the papers and more stories on the news about government agencies all facing huge deficits. Every layer of government from small cities to the State government is faced with doing business next year with less money. That is what a "deficit" is all about.

State law requires that we have a balanced budget. We must plan for how we will spend every dollar and try to project how much money we will bring in. The overall City budget is actually several different budgets rolled into one.

So why are revenue projections so low for next year? Keep in mind that inflation has been running around 5%. Initiative 747 went into effect several years ago limiting property tax increases to 1% per year. What that initiative really says is that we can only collect 1% more than we did last year. Even if the value of your property goes up, what is collected by the City only goes up 1%. We have been losing ground each year because inflation has exceeded 1% each year that I-747 has been in effect. Property tax payments have been coming in lower than what we projected because people are not paying their taxes or are paying late. Even though property tax eventually comes in, we have to estimate what we will actually collect to keep the budget in balance. Also, because we have had very little growth like other cities, we do not have the additional tax base to draw from.

Property tax is not the only revenue source for the City. Gasoline tax revenues are down because people are cutting back on the amount of gas they are putting in their cars. The hotel-motel tax is down because there are fewer people traveling and staying in our two motels. Both utility (taxes on your utilities such as phone, water etc.) and sales tax are down because people are conserving all around. Added up, it means less money to work with and inflation is over 5%.

The utilities are each on separate budgets and are financed by rates. Water revenues must stay in the water budget, sewer in sewer, garbage in garbage, etc. Everything else is budgeted through the "General Fund". The General Fund covers police, fire, municipal court, administration, parks, streets and community's services (youth center, senior center). The gas tax money that we get from the State can only be spent on streets. The hotel & motel tax can only be spent on tourism related items (this is where we get the money for the flowers and hanging baskets you see around town). What we are trying to do is to provide the same level of service in all areas of the City for less money. We can only do that for so long.

So, how are we dealing with our deficit? First, we are looking at running the City based on a 10 hour 4 day work week (with the exception of police, fire and sewer which must

be operated 24/7). Even though most of the City will be closed one day a week, by going to a 10 hour day, City offices will be open 2 hours longer 4 days a week making it

easier for citizens that work outside of the City to do business with the City. One position at City Hall will be cut from 40 hours per week to 20 hours per week. Seasonal employees will not have as many hours next summer. Shuffling staff and positions, lowering the temperature in City buildings and centralizing the purchasing of supplies between departments all help close the gap. The City staff has done an outstanding job evaluating their work and has come up with many ways to cut cost.

Our big worries may come in the year 2010. Without growth and with continued high inflation we may need to look at cutting services. Instead of waiting until the fall to work on the budget, the Council will start in March. Everything we do, each service we provide will be carefully looked at. What is necessary and important will be kept and unnecessary services will be scraped. We will look to the citizens for their input and ideas, but the ultimate responsibility lies with the Council. They are the ones that will make the hard decisions.

Mayor Patricia Johnson

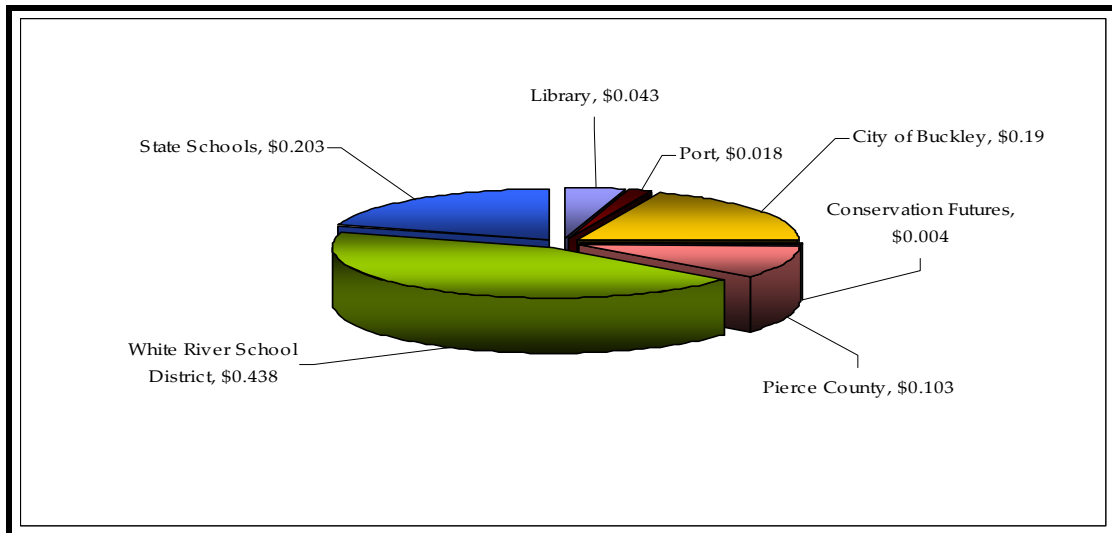
2008 BUDGET SUMMARY

The City of Buckley is a Mayor-Council form of government that provides an extensive array of services to the community. The City currently funds and operates the administrative and finance department, legislative department, municipal court, fire and EMS service, law enforcement, 911 dispatch, 25 bed jail, building and planning, parks, senior center, youth center, recreation programs, Buckley Community Hall and supports Street Operations all from the current (general) expense fund.

The general fund derives revenue from a variety of sources, including property taxes, sales and use taxes, utility taxes, land use permit fees, gambling taxes, rentals and leases, user fees, service contracts, grants, fines and forfeitures and investment interest. Although most believe that property taxes fund the largest share of City services they do in fact only represent 18.22% of the revenue to the general fund. Sales and use tax represents another 12.68%, while the remainder comes from the other revenue sources identified above.

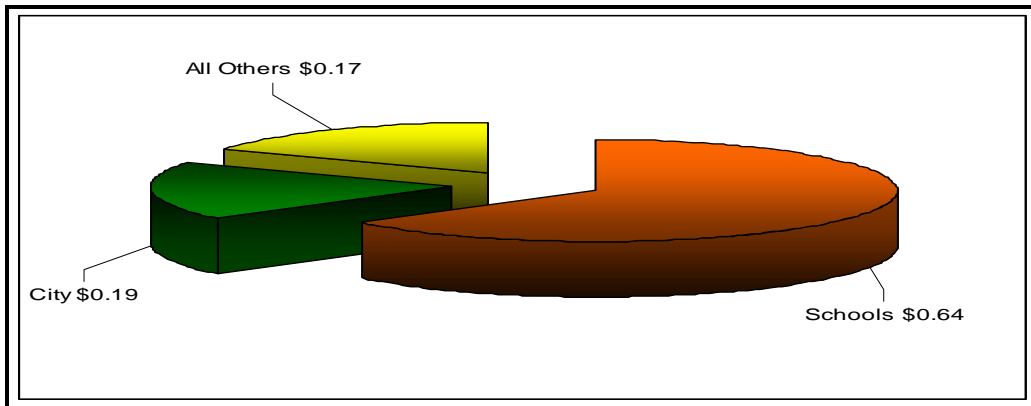
While property taxes only represent 18.22% of the general revenue it is the single largest contributor to City government operations. When comparing it to your overall property tax bill, the portion that comes to the City is only a fraction of the total bill. Table 1 below illustrates the distribution of each dollar of assessed property tax paid to Pierce County each year.

Table 1: How Each Property Tax Dollar is Distributed



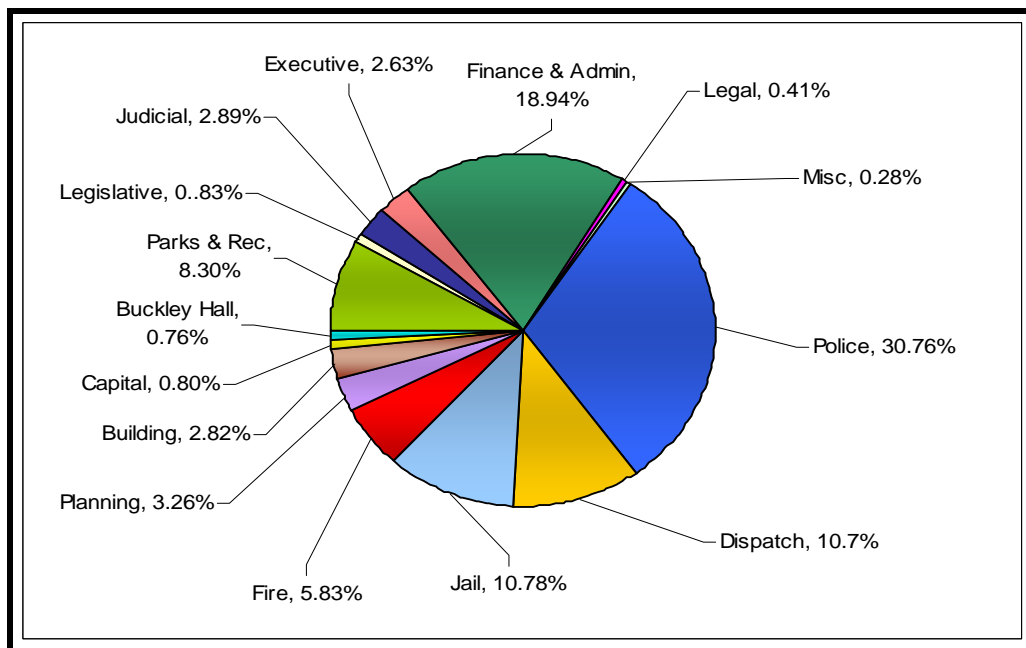
As Table 1 illustrates the City only receives \$ 0.19 of each dollar to provide the full array of services that are needed by the community. The largest recipient of your tax dollars is the local school district at \$ 0.44 on the dollar. Together the combination of both State and Local Schools get 64% or \$0.64 of every property tax dollar paid. See Table 2 below;

Table 2: Apportion of Tax Dollar to Schools



The City portion of your property tax is set annually by the City Council. This levy rate is governed by State statute as to how much the City can levy against properties within the City. For 2008 the regular property tax limit was estimated at \$682,191, which was calculated at the full levy amount of \$1.604/\$1,000 of assessed property valuation. Assessed valuation within the City totaled \$424,908,430, which included \$5,795,422 of new construction. This \$682,191 was then collected through individual property tax payments and distributed to the general fund to utilize for programs and services to the community. The chart in Table 3 below illustrates how each dollar of property tax is apportioned throughout the General Fund for the provision of these services.

Table 3: 2008 General Fund Property Tax Distributions



As Table 3 above illustrates, the largest expenditure to the current expense fund, at just short of 60%, is related to public safety including fire (5.83%) and law enforcement that consists of police (30.76%), dispatch center (10.7%) and jail (10.78%).

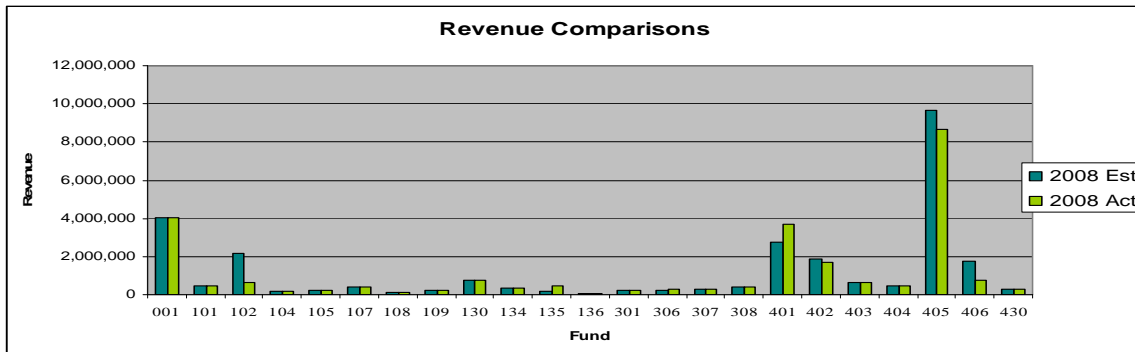
Other sources of revenue to the general fund include sales and use taxes on the sale of retail goods, utility taxes on each separate utility, permit fees for all land development, fines and forfeitures, user fees, service contracts with outside agencies, and any grants the City may receive.

The remainder of the overall budget encompasses several equipment and capital reserve accounts established to purchase equipment for the various departments or to complete specific identified capital infrastructure improvements in the City. In addition, the City operates and maintains the City Cemetery and four Utilities consisting of water, sewer, stormwater and natural gas including all the necessary appurtenances (piping, wells, lift stations, treatment facilities, process controls pumps, etc.) needed to provide service to the community. Revenue for the operation, maintenance and improvement of these enterprises and systems comes directly from user fees charged for the provision of each specific service.

During the past year we have spent considerable time and effort focusing on the completion of ongoing construction projects such as the new Youth Center, the Wastewater Treatment Plant, design of the SR165/SR410/Ryan Rd/112th St E Realignment Project and repair of the Transmission Water Main access road damaged during the November, 2006 flood. Several long-standing planning projects were completed last year such as the City’s Hazard Mitigation Plan, update to the Zoning Code and Subdivision Code, the Comprehensive Stormwater Management Plan, a draft Comprehensive Water System Plan and the City Trail Plan. All of these have taken quite a bit of time in the drafting and processing, but it’s a relief to finally have them done. As for major equipment purchases last year, the Fire Department took delivery of the new Fire Engine in June, 2008.

Overall revenues for the year are coming in below anticipated by 8.7% driven by revenue shortfalls in building permits, planning, sales tax, investment interest, rentals, and large capital sources for construction. Revenue comparisons between 2008 estimated versus actual for each fund are listed in Table 4 below;

Table 4: 2008 Revenue Comparisons



The only department within the City that saw a marked increase in revenue was in Natural Gas. Natural Gas revenue was up 36.5%, but coincided directly with increased expenditures

of 35.5% all due to increased citywide consumption from the abnormally cool year that we've had in 2008.

New construction and development throughout the City again continues to be dismal at best. While we are beginning to see new homes constructed at Elk Heights and Nielsen Meadows, as well as commercial development with the new Interwest Development Corporate Headquarters, projected revenue came in approximately \$150,000 short of what was anticipated. In addition, we are continuing to see a slide in the mortgage and sale of real estate due to the downturn, which translates into less revenue from REIT taxes. Capital Funds 307 and 308 are both funded from REIT taxes and revenue for both are being continually adjusted downward as the housing market continues to struggle.

Overall revenue and expenditures for the 2008 budget is summarized in Table 5 below;

Table 5: 2008 Budget Summaries

Fund		2008 Budget		End Balance	2008 Actual		Projected End Balance
		Revenue + Anticipated Beginning Fund	Expenditures		Revenue + Actual Beginning Fund	Expenditures	
001	General	4,059,104	3,745,863	313,241	4,017,228	3,847,852	169,376
101	Street/Storm	448,068	420,978	27,090	441,042	432,111	8,931
102	Arterial	2,169,768	2,032,510	137,258	664,069	297,139	366,930
104	Cemetery	185,719	98,352	87,367	199,580	99,685	99,895
105	EMS	231,623	148,733	82,890	231,257	153,592	77,665
107	Police Res	432,413	129,000	303,413	425,921	61,801	364,120
108	RR ROW	130,990	10,000	120,990	126,424	10,000	116,424
109	Crim Justice	215,895	95,000	120,895	214,643	82,435	132,208
130	Fire Res	787,825	787,825	0	775,354	381,069	394,285
134	Fire Const	326,478	76,000	250,478	324,488	12,750	311,738
135	Park Const	203,109	148,500	54,609	450,401	333,280	117,121
136	Visitor Prom	54,545	24,600	29,945	49,364	20,067	29,297
301	Ceme Imp	239,277	105,202	134,075	242,012	53,000	189,012
306	Storm Const	222,880	132,500	90,380	273,292	15,000	258,292
307	Capital Imp	280,414	141,500	138,914	303,422	1,500	301,922
308	Comp Plan	382,972	159,672	223,300	402,244	89,639	312,605
401	NG Oper	2,729,131	2,656,460	72,671	3,699,367	3,342,165	357,202
402	Water/Sewer	1,874,779	1,830,189	44,590	1,704,003	1,687,905	16,098
403	Solid Waste	640,586	632,110	8,476	659,764	657,935	1,829
404	NG Capital	449,685	157,337	292,348	444,382	35,000	409,382
405	Sewer Const	9,676,752	6,216,417	3,460,335	8,653,166	5,311,510	3,341,656
406	Water Const	1,750,457	1,484,000	266,457	753,467	423,867	329,600
430	Equip Res	270,036	248,750	21,286	295,087	52,987	242,100
Total		27,762,506	21,481,498	6,281,008	25,349,977	17,402,289	7,947,688

As illustrated above, we anticipated ending the year with approximately \$6,281,008 in end fund balances, including those equipment reserves that are shown as expenditures, but were not intended to be used. Current projections show that we are anticipating an overall 2008 end fund balance of \$7,947,688, which is 26.53% higher than anticipated and encompasses all monies including capital and equipment reserves. The higher than anticipated end fund balance is mainly driven by unexpended funds in operations and capital accounts primarily in 102 (Street Capital), 107 (Police Equip Reserve), 130 (Fire Equip Reserve), 134 (Fire Construction), 135 (Parks Construction), 306 (Storm Construction), 307 (Capital Improvement), 308 (Capital Plan), 401 (NG Operations), 404 (NG Construction) and 430 (Utility Equip Reserves). Example; Table 4 illustrates that Fund 130 anticipated expending \$787,825 on revenues of \$787,825 leaving an end fund balance of \$0, but this is a capital equipment reserve account for the Fire Department where replacement amortization is shown as expenditure to build the fund. Therefore, the Fund actually expended \$381,069 on the new Fire Engine on revenues of \$775,354 leaving a total end fund balance of \$364,120 that directly correlates to the increased total end fund.



Although the total end fund balance for the City budget has increased, several operations funds continue to rely on reserves to meet programs and services. This has been an ongoing problem in recent years due to a lack of growth and limited ability to keep pace with inflationary increases. This issue will be discussed in more detail in the 2009 summary later on in the budget report.

The City has an ongoing commitment to pursue and take advantage of every grant opportunity that appears to offer funding for projects and/or operations that have been identified through the planning process. The City has an excellent track record when it comes to grants and staff continues to do a remarkable job in this pursuit. For 2008 the City has been successful in obtaining \$5,660,584 worth of grants/funding/donations for project completion, equipment/material purchase or program funding. Those that we have received notice of award for or we have actually received are listed in Table 5 below;

Table 5: 2008 Grants/Funding/Donations

Department	Agency	Amount
Administration	Donation Rocklin LLC	\$40,000
	Whiter River Hometown (Museum)	\$12,600
	Log Show (Museum)	\$2,000
	Total	\$54,600
Parks & Recreation	VFW Donation	\$200
	Log Show Donation	\$1,500
	Kiwanis Donation	\$1,500
	Citizen Donation	\$20
	Foothills PTA	\$900
	Whiter River Hometown (YC)	\$2,165

	Village Tutors	\$400
	Mt. Rainier Realty	\$450
	Total	\$7,135
Senior Center	Pierce County Human SVCS	\$8,800
	Catholic Community SVCS	\$3,600
	Pierce County – CDBG	\$6,710
	Total	\$19,110
Public Safety	Fire: SAFER Grant (3 yr distribution)	\$74,432
	Fire: WSDOH Health Trauma	\$1,594
	Fire: FM Global Factory Grant	\$2,300
	Fire: Friends of Spiketown Donation	\$339
	Fire: American Cycle Donation	\$344
	Fire: Misc Donations	\$630
	Total	\$79,639
Utilities/Streets	SRFB Grant – Property Acquire	\$500,000
	PWTF Loan II – WWTP Phase II	\$5,000,000
	Total	\$5,500,000
TOTAL ALL GRANTS/FUNDS/DONATIONS		\$5,660,584

A significant amount of time and energy has been spent this year on completing the various projects listed below;

- Hazard Mitigation Plan
- Comprehensive Water Plan
- W Main Street Overlay
- Water Transmission Main Access Road Repair
- Youth Center Construction
- WWTP Construction Phase II A-D
- Zoning Code update
- Subdivision Code update
- Elk Heights Home(s) Construction
- Nielsen Meadows Home(s) Construction
- New Commercial (Interwest) Review and Inspection
- Phase II NPDES Stormwater Permit Compliance
- Comprehensive Stormwater Plan
- Trail Plan
- Water Rights & Supply Assessment
- Cemetery Urn Garden Construction
- Gas Regulator Station Renovation
- Fire Impact Fee Study

We continue to move forward with implementation of the highest priority infrastructure improvements all of which continue to be impacted by increased construction material and labor costs. As a result of these major expenditures, and the fact that there are still significant improvements needed to areas such as inadequate or antiquated water

transmission/distribution piping, roadway conditions, stormwater drainage, natural gas piping, and wastewater treatment and collection piping, the City Council must evaluate the current rate structures within the City to determine if the charges are sufficient to meet these infrastructure needs. This will be discussed further in the 2009 summary.

Current energy cost projections and consumer price indexing indicate that costs have risen over 5.0%, which is higher than we've seen in some time and will add pressure to funding but, as in the past, I am confident that with our excellent management team, staff, Mayor and City Council who all share a conservative, "common sense" approach to spending, that we will be able to successfully navigate the challenging environment. Moving into the coming year the City will continue to scrutinize operations to find more efficient ways to operate while continuing to provide the personal, high quality of service that has been our hallmark over the years.

2009 PROJECTIONS &

"BOTTOM LINE"

How does one summarize 2008 and make assumptions for 2009? Since reaching a high of 14,165 in October, 2007 the Stock Market has plunged 41%, home prices are falling, credit markets are tight, the economy is slowing, job prospects are deteriorating, prices for basic items like food, fuel and retail goods continue to rise and the Federal government recently stepped in with a \$700 billion rescue package aimed at stimulating the economy. It has been splashed across the news that this is the worst financial crisis since the 1930's. Not a very rosy picture and one that could easily be described as a "perfect storm" that impacts everyone in one way or another. It is times like these that encourage us to step back and truly reflect about what is absolutely necessary and basic to our individual and collective needs. In developing an operating budget for 2009 the City had to do just that and has had to take a close look at everything we do in order to maximize cost savings and keep expenditures to a minimum.

Preliminary review of the numbers and projections for 2009 showed that revenues to the General Fund, Street Fund and Water Fund were all coming in significantly less than anticipated. Expenditures across the board were going up as we continue to see labor, material, fuel and utility costs increase. Our first look at the 2009 budget revealed that we were looking at a (\$280,000) budget shortfall in the general fund, however by making some general reductions and reanalyzing revenue we were able to get the numbers down to a (\$59,740) deficit. While it may not appear to be significant in comparison to the overall fund total of \$4 million plus, trying to make up a (\$59,740) deficit after you have already reduced everything as low as possible can be quite challenging. After operating under a scenario where growth has been limited the last 13 years under the sewer moratorium the City has become accustomed to a "lean" environment and has very little room for reductions and/or cost savings without eliminating jobs and services. Therefore after careful deliberation the

Administration decided upon taking several actions to balance the general fund budget, listed as follows;

- ♦ Mandate a 4-day workweek for all departments and facilities, except emergency Services, the WWTP and Senior Center. A cost savings will result from decreased use of utilities;
- ♦ Reduce the Administrative Assistant position at City Hall to ½ time;
- ♦ Reduce P/T Parks position for City landscaping & flowers to 1,000 hrs/yr;
- ♦ Reduce the two Seasonal P/T Parks positions from 750 hrs/yr to 500 hrs/yr;
- ♦ Consolidate Park/Bldg Maintenance position to 100% funding from the General Fund;
- ♦ Because of the funding transfer for the Park/Bldg Maintenance position to GF, increase Cemetery Caretaker from ¾ time to full time;
- ♦ Minimize all salary increases to 2.5%, except for those identified in contracts;
- ♦ Increase unrestricted utility taxes by 1%;
- ♦ Transfer \$85,200 in investment interest from unrestricted funds to the General Fund by Ordinance;
- ♦ Increase business license fees by 100%;
- ♦ Reduce Youth Center hours of operation from 30 hrs/wk to 24 hrs/week;
- ♦ Delay Patrol Officer replacement until March 1, 2009;
- ♦ Eliminate Automatic Overtime for Meeting Recording;
- ♦ Consider alternatives for City janitorial services; and
- ♦ Contract with City of Edgewood to share Building Inspection services.

The cost savings resulting from implementation of these measures will bring us from the initial projected (\$59,740) deficit to balanced general fund budget with an anticipated end fund balance of \$158,470.

The 2009 budget proposes to expend a total of \$18,128,151 with revenue projection of \$23,949,772. Expenditures for 2009 reflect a reduction of \$3,353,347 over 2008 primarily due to completion of Phase II A-D of the WWTP. Estimated revenues for 2009 reflect a reduction of \$3,812,734 over 2008, again due to capital project funding along with reduced water sales and readjustment of forward projections from the housing downturn. Revenue projections for 2009 have been based upon assumptions related to proposed increases in utility usage charges, fees, service contracts and implementation of cost saving measures outlined above. Should these assumptions prove incorrect then revenue projections would be affected accordingly. Further discussion of each will be made within the respective departmental categories.

The 2009 budget anticipates a beginning fund balance of \$7,942,107 and after projected expenditures is proposed to end the year at \$5,821,621, which reflects a decrease of \$2,120,486 in potential reserves, including capital and equipment reserves. Preliminary calculations show that approximately \$879,000 is being budgeted for capital and equipment costs that will either not be expended or is set up as reserve accounts. This would result in an overall anticipated end fund cash reserves of \$6,700,621.

The budget continues to experience pressure from salary and benefit costs plus increased fuel and utility costs. AWC Healthcare Premiums for each employee is anticipated to increase by 8.2% in 2009. Overall spending within the departments for such items as supplies, repair and maintenance services, professional services, and travel and training has been reduced as much is practical.

A summary of the 2009 budget request is listed in Table 6 below;

Table 6: 2009 Budget Summaries

Fund		Projected Beginning Fund Balance	2009 Budget		Projected End Fund Balance
			Total Revenue	Expenditures	
001	General	\$ 169,376	\$ 4,112,543	\$ 3,954,073	\$ 158,470
101	Street/Storm	\$ 8,931	\$ 491,982	\$ 430,411	\$ 61,571
102	Arterial	\$ 366,930	\$ 1,809,990	\$ 1,611,590	\$ 198,400
104	Cemetery	\$ 99,895	\$ 185,914	\$ 122,456	\$ 63,458
105	EMS	\$ 77,665	\$ 237,215	\$ 155,964	\$ 81,251
107	Police Res	\$ 364,120	\$ 511,020	\$ 131,000	\$ 380,020
108	RR ROW	\$ 116,424	\$ 144,796	\$ 13,500	\$ 131,296
109	Crim Justice	\$ 132,208	\$ 213,908	\$ 85,000	\$ 128,908
130	Fire Res	\$ 394,285	\$ 540,634	\$ 494,865	\$ 45,769
134	Fire Const	\$ 311,738	\$ 334,842	\$ 311,500	\$ 23,342
135	Park Const	\$ 117,121	\$ 147,101	\$ 84,500	\$ 62,601
136	Visitor Prom	\$ 29,297	\$ 46,797	\$ 18,800	\$ 27,997
301	Ceme Imp	\$ 189,012	\$ 204,012	\$ 89,202	\$ 114,810
306	Storm Const	\$ 258,292	\$ 455,929	\$ 228,500	\$ 227,429
307	Capital Imp	\$ 301,922	\$ 430,922	\$ 248,000	\$ 182,922
308	Comp Plan	\$ 312,605	\$ 375,105	\$ 131,461	\$ 243,644
401	NG Oper	\$ 357,202	\$ 4,267,545	\$ 3,579,716	\$ 687,829
402	Water/Sewer	\$ 16,098	\$ 1,954,034	\$ 1,917,128	\$ 36,906
403	Solid Waste	\$ 1,829	\$ 703,709	\$ 687,598	\$ 16,111
404	NG Capital	\$ 409,382	\$ 616,949	\$ 188,837	\$ 428,112
405	Sewer Const	\$ 3,341,656	\$ 5,369,660	\$ 3,151,900	\$ 2,217,760
406	Water Const	\$ 329,600	\$ 507,265	\$ 229,000	\$ 278,265
430	Equip Res	\$ 242,100	\$ 287,900	\$ 263,150	\$ 24,750
Total		\$ 7,942,107	\$ 23,949,772	\$ 18,128,151	\$ 5,821,621

The regular property tax limit for the coming year is \$718,551 (including new construction and refunds) and \$150,365 for EMS, which is the full levy amount of 101% as allowed by law.

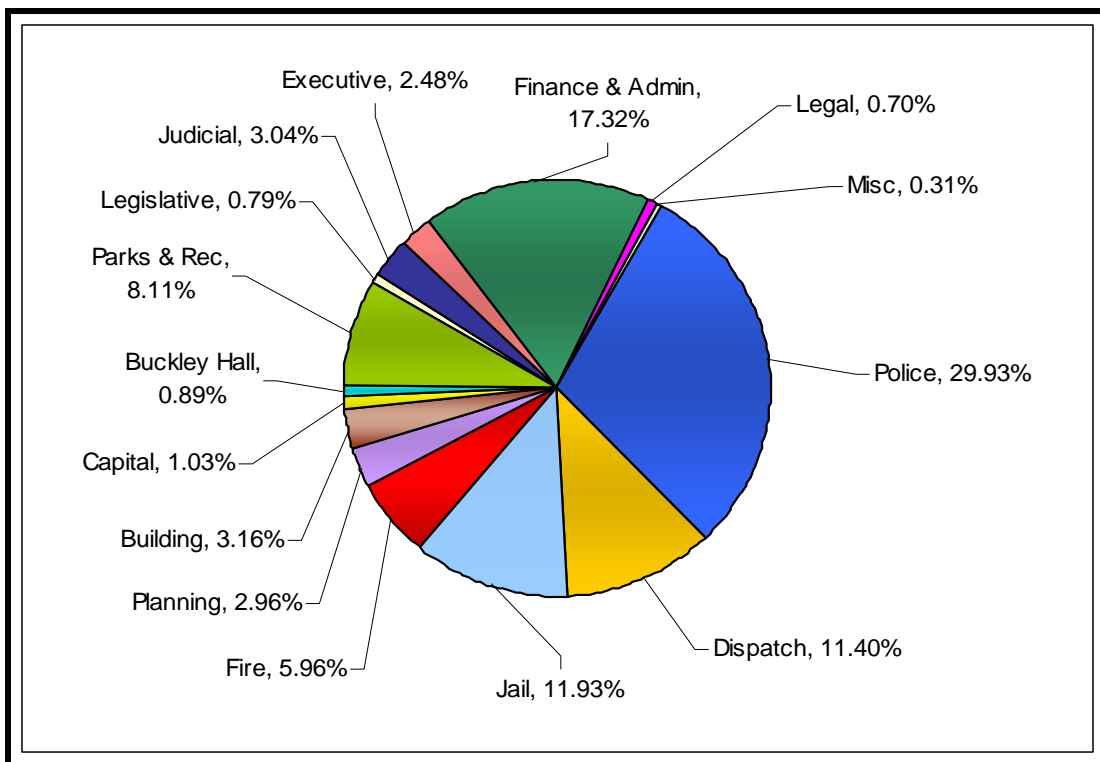
Assessed valuation of property within the City totaled \$453,760,582, which includes \$17,766,205 of new construction valuation.

The new construction will realize the City an additional \$28,369 at this year's tax rate. Total increase in property tax revenue with new construction and the full levied rate is \$ 35,194.

Last year's levy resulted in a regular property tax of \$ 1.604/\$1,000 of assessed property valuation and an EMS tax of \$.336/\$1,000 of assessed property valuation. Based on the 101% limit and amount of overall valuation the amount next year will be \$ 1.5815/\$1,000 for property tax and EMS will go down to \$.3313/\$1,000.

This \$718,551 is then collected through individual property tax payments and distributed to the general fund to utilize for programs and services to the community. The chart in Table 7 below illustrates how each dollar of property tax for 2009 is apportioned throughout the fund for the provision of these services.

Table 7: 2009 Property Tax Distribution



Inflation continues to be an ever present obstacle to maintaining current funding levels for services and programs. The Consumer Price Index (CPI) for the Puget Sound area continues to climb and with the highly volatile energy markets and price of goods it is running at or about 5% for 2008. This reflects increased costs for everyone, but for City operations it means higher costs for salaries, benefits, equipment, materials, supplies, fuel and utilities. Property tax limits set by Referendum 47, and later confirmed by Legislative action have been set at 101%, which in affect limits any property tax increases to 1% of the amount collected in the

previous year. With inflation consistently rising year after year, anywhere from 3%-5%, our ability to maintain services at current levels gradually erodes.

The City has very few options available in order to stem this gradual erosion. The only immediate options involve increases to fees and services such as permit fees, service contracts, utility taxes and user fees or in the alternative a reduction in services. Other longer term options involve voter approval such as an increase in the levy lid which raises property taxes.

With the passage of Initiative 747, there only two ways for the City to increase property taxes by more than one percent: #1 is from the use of "banked capacity" which is reserved for jurisdictions that have taken less than the maximum increase they could have in the past; and #2 is to do a levy lid lift under [RCW 84.55.050](#).

Cities, along with counties, are senior taxing districts and their maximum tax rates differ, depending on whether they have a firemen's pension fund or whether they are annexed to a fire district and/or a library district. The maximum regular property tax levy for most cities is \$3.375 per thousand dollars assessed valuation. Some cities have a firemen's pension fund. Those cities can levy an additional \$0.225 per thousand dollars assessed valuation, resulting in a maximum levy of \$3.60 per thousand dollars.

For cities that belong to a fire district and/or a library district, the rules are a little more complicated. Nominally they have a maximum rate of \$3.60 per thousand dollars. But, they can never collect that much because the levy of the special districts must be subtracted from that amount. The library district levy has a maximum rate of \$0.50 per thousand dollars and the fire district levy can be as high as \$1.50. Therefore, if a city belongs to both a fire district and a library district, and if these districts are currently levying their maximum amount, then the local levy can be no higher than \$1.60 ($\$3.60 - .50 - 1.50 = \1.60).

The City of Buckley has no "banked capacity" and currently has a maximum levy lid of \$3.10 which is the amount authorized after deductions for participation in junior taxing districts such as for the Library. Fire services are fully funded from our property tax dollars and have therefore not imposed a deduction for a Fire District. As indicated above a junior Fire District can impose up to \$1.50/1,000 for services, but Buckley is staffed almost totally by excellent volunteers. We currently have only one full time paid position, which is the Fire Chief, and two part time positions. Total cost to the general fund for fire services is \$213,901 for 2009, which translates into 6% of every dollar the City receives from property tax distribution. In Tables 1 & 2 we illustrated that the City "only" receives \$ 0.19 of every tax dollar paid to the County Assessor by a property owner. Of this \$0.19 the Fire Department receives 6% or \$ 0.014 for operations. So currently it costs the taxpayer approximately one and one-half cents of every property tax dollar paid for their fire protection service.

As stated above the City's maximum levy lid is \$3.10, but as discussed earlier the current rate for 2008 is \$1.5815/1,000 which is 51% of the maximum. At the current rate the City is

projected to collect \$ 718,551 in 2009. If the City were to seek a levy lid lift through ballot measure for the maximum amount authorized and the community were to support such a measure, the amount that the City would collect would increase from \$ 718,551 to \$ 1,406,658 resulting in an additional \$ 688,107 for operations and services.

Listed below in Table 8 is a ranking of Cities in Pierce County and how their 2008 property tax rates compare with one another.

Table 8: 2008 Pierce County Cities Property Tax Levy Rates

2008 Pierce County Cities Property Tax Levy Rates					
City	Valuation	Regular Levy Rate	Statutory Maximum Rate	% of Statutory Maximum Rate	Ranking Lowest to Highest
Auburn (Part)	\$ 6,526,967,110	1.48385	2.20814	67.20%	21
Bonney Lake	\$ 2,301,868,766	1.01168	1.65772	61.03%	16
Buckley	\$ 427,221,028	1.59681	3.15772	50.57%	8
Carbonado	\$ 45,844,652	0.98134	3.37500	29.08%	1
DuPont	\$ 1,212,061,693	0.97974	3.15772	31.03%	2
Eatonville	\$ 222,700,004	1.68476	3.15772	53.35%	11
Edgewood	\$ 1,345,639,653	0.96315	2.19254	43.93%	4
Fife	\$ 2,007,019,822	1.10874	2.51738	44.04%	5
Fircrest	\$ 752,019,713	1.82891	3.37500	54.19%	12
Gig Harbor	\$ 1,706,193,620	0.93716	1.76878	52.98%	9
Lakewood	\$ 5,748,937,233	1.00645	1.65772	60.71%	15
Milton (Part)	\$ 727,354,100	1.56978	1.70814	91.90%	22
Orting	\$ 558,253,887	2.00903	3.15772	63.62%	17
Pacific	\$ 600,072,865	0.99322	2.20814	44.98%	6
Puyallup	\$ 4,539,193,958	2.08242	3.60000	57.85%	14
Roy	\$ 60,406,787	1.39917	2.10000	66.63%	20
Ruston	\$ 106,286,060	1.59715	3.37500	47.32%	7
South Prairie	\$ 35,148,767	2.06903	3.15772	65.52%	19
Steilacoom	\$ 792,302,593	2.03944	3.15772	64.59%	18
Sumner	\$ 1,941,281,690	1.93474	3.38272	57.19%	13
Tacoma	\$ 20,795,031,550	2.23500	3.60000	62.08%	17
University Place	\$ 3,484,320,169	1.05562	1.98948	53.06%	10
Wilkeson	\$ 36,178,901	1.20583	3.15772	38.19%	3

The table illustrates that Buckley is ranked 8th from lowest to highest when compared to the maximum rate that could be collected versus the actual rate that is set. Another consideration is that this table doesn't identify which of those cities pay a Fire Protection Tax because they have annexed to a fire district. The following cities identified in the Table pay a Fire Protection Tax;

- ~ Auburn, Bonney Lake, Edgewood, Fife, Fircrest, Gig Harbor, Lakewood, Pacific, Roy, Sumner and University Place

The City Council has studied this issue for the last two budget years and has determined that the only possible recourse is to ask the property owners of the City to vote on a ballot measure to lift the levy lid to a level that would fund needed services in the community. The City Council plans to develop a formal recommendation sometime later in 2009 with the possibility of having a measure on the ballot later in 2009.

Utilities and subsequent rate evaluations will be discussed separately in their individual categories below.

For 2009 the City intends to move forward with a few of the highest priority capital infrastructure and planning projects listed in Table 9 below;

Table 9: 2009 Capital Projects

Capital Accounts (Primary Projects for 2009)			
Fund	Name	Expenditures	Projected EFB
SA - 102	Street Arterials	\$1,611,590	\$198,400
~	Main Street Phase II (depends upon TIB funding)		
~	River Avenue Pedestrian (depends upon TIB funding)		
~	Realignment Phase I (depends upon design completion, environmental and land)		
PC - 135	Park Construction	\$84,500	\$62,601
~	Youth Center Furnishing		
~	White River Bridge Study & Design		
CI - 301	Cemetery Improvement	\$89,202	\$114,810
~	Niche Wall Installation		
~	Caretaker Office Construction		
~	Landscape River Avenue Entrance		
~	Pavement Repair		
SC - 306	Stormwater Construction	\$228,500	\$227,429

~	McNeely Street Storm Pipe Replacement Project		
~	Spiketon Rd Culvert Replacement Design		
~	Elk Meadows Ditch Design		
CI - 307	Capital Improvement	\$248,000	\$182,922
~	Building/Planning/Court Office Remodel		
~	PW Building Remodel		
CPI - 308	Capital Plan & Imp	\$131,461	\$243,644
~	Emergency Management Plan		
~	Complete Water Rights Assessment and Acquisition		
~	Update Parks & Recreation Plan		
~	Comprehensive Plan Amendment		
~	Update Shorelines Program		
NGC-404	Natural Gas Construction	\$188,837	\$428,112
~	System Pressure Increase		
~	Leak Detection		
~	Spruce Street Gas Main Replacement		
~	SR410 or Ryan Rd Replacement Design		
WWC-405	Sewer Construction	\$3,151,900	\$2,217,760
~	Wastewater Treatment Plant Phase III Completion		
~	Install New Gravity Main to serve DSHS		
~	White River Property Acquisition		
~	System Capacity and Rate Study		
WC-406	Water Construction	\$229,000	\$278,265
~	Complete Water System Analysis		
~	Partial Telemetry Repair and Replacement		
~	Install Generator to Naches Well		
~	Sand Filter Expansion Study		
~	Transmission Access Road Repair		
~	McNeely Street Main Replacement		
UER-430	Utility & Park Equip Res	\$263,150	\$24,750
~	Replace 5 - 6 YD Dump Truck - 1967 (Snow plow)		
~	Mini-truck (fuel conservation)		
~	Replace #5 Pickup Reserve - 2002 STP		

2009 DEPARTMENTAL SUMMARY

CURRENT EXPENSE (GENERAL) FUND

The general fund usually receives quite a bit of focus and attention by being the primary central depository for City services other than the larger individual utility accounts. The general fund serves as the backbone of the City and provides funding for government administration, law enforcement, fire and emergency services, planning and building, municipal court, and parks, recreational and senior programs and services. As discussed previously, increased costs from inflationary pressures continue to take a toll on the general fund. Revenues continue to dwindle in relation to cost, and the City's inability to keep pace with these increases. The City has had to annually expend reserves in order to meet demand from operations and services. General reserves have dropped from a high of \$1,183,056 at the beginning of 2002 to the deficit amount identified on page 9. Through implementation of the cost cutting/saving measures previously discussed the City hopes to end the year with an end fund balance of \$159,030. While effective for 2009 these are simple steps that can be taken to balance the budget for 2009. If the current economic situation does not improve and/or additional sources of revenue are not developed then 2010 may be significantly more challenging.

The City Council and Administration continue to explore ways to maintain the health of this fund in order to offer a consistent and adequate level of service to the community. The 2008 general fund budget proposes an increase in expenditures of 5.56% mainly related to salaries, benefits, contract for legal services and fuel costs. Actual cuts are being made to staff at City Hall and to utilities through implementation of facility closures one day/week. We hope to see a decrease of at least 10-15% by closing the facilities.

Table 10 (A) below provides a summary and overview of the various departments funded through the general fund and a comparison of the changes proposed between the 2008 and 2009 budgets.

Table 10 (A): General Fund Summary

Departments	2008 Exp	2009 Exp	% of Change
Legislative	29,825	28,275	-5.2%
Judicial	108,529	109,167	0.6%
Executive	82,515	89,015	7.9%
Finance & Admin	654,758	619,120	-5.4%
Legal	11,500	25,500	121.7%
Misc	4,350	6,600	51.72%
Police	1,046,514	1,074,764	2.7%
Fire	200,324	213,901	6.8%
Jail	413,690	428,506	3.6%

Dispatch	386,987	409,433	5.8%
Pollution Control	2,000	2,000	0.00%
Animal Control	0	2,000	N/A
Planning	107,920	106,240	-1.6%
Building	100,362	113,422	13.0%
Alcoholism	1,000	1,000	0.00%
Parks	118,066	115,646	-2.0%
Non-Expenditures	250,000	365,000	46.00%
Other	27,000	37,000	37.00%
MPC + Reserve	96,885	96,363	-0.005%
Community Hall	28,850	31,850	10.4%
Recreation	74,787	79,272	6.0%
Total w/o EFB	3,745,863	3,954,073	5.56%
Estimated EFB	313,241	159,030	-49.2%
Total Expenditures	4,059,104	4,113,103	1.3%

ADMINISTRATIVE

Administration and finance continue to operate conservatively with a reduction in the Administrative staff position to ½-time from full-time. In addition the Mayor and City Council are evaluating janitorial services for the City. We are currently expending \$23,148 per year for contractual janitorial services at City Hall, the Multi-purpose Center, Youth center and Buckley Hall. In the last five years we have had service from two different firms with the end result ultimately being the same; the quality of service initially is “good”, but degrades over time. This is true with the current contract and we have had a number of complaints within the last few months concerning the quality of service. The Mayor and I believe that it may be possible to combine job responsibilities of janitorial with that of the seasonal parks position and end up with a full time position with duties split between the two. Table 10 (B) below illustrates a comparison of costs between the two scenarios.

Table 10 (B): Janitorial Cost Comparison

Janitorial Comparison		
Existing SVCS Contract	Monthly	Annual
MPC	\$762	\$9,144
City Hall	\$170	\$2,040
Buckley Hall	\$362	\$4,344
Youth Center	\$438	\$5,256
Hall Rental (average)	\$197	\$2,364
Total	\$1,929	\$23,148

Current Park Pos Budget	\$1,050	\$12,600
Benefits	\$146	\$1,752
Total	\$1,196	\$14,352
Combined Total	\$3,125	\$37,500
Proposed Janitorial Position	\$2,080	\$24,960
Benefits	\$994	\$11,928
New Position Total	\$3,074	\$36,888

As illustrated above the City currently expends \$23,148 per year for contractual janitorial services and \$14,352 for a seasonal parks position (flower and landscaping maintenance) for a combined total of \$37,500. If we consolidated the two job responsibilities into one position as a new FTE the total cost with benefits would be \$36,888, saving the City \$612 in 2009. This number would increase in subsequent years as salary and benefits went up, but the City would receive the added value of having more control over the quantity and quality of work, as well as, having a full time staff person dedicated to janitorial and building maintenance duties 40 hours per week, which is a significant increase in amount of time spent over what we currently receive.

POLICE DEPARTMENT

The Police Department is not proposing any significant changes to the 2009 budget. The few fiscal changes are coming through contractual wage increases, fuel, and utilities. The Police Department is currently down one patrol officer and will not fill the position until March 1, 2009. After that period all three divisions of the Police Department will operate under the current budgeted staffing levels. Calls for service from the Police Department continue to increase each year and it is not anticipated that 2009 will be any different.

Currently the jail is running with five full-time employees. The jail's new video arraignment project is almost complete and should be up and running in January, 2009. This is a necessary project that allows us to stay competitive in the current market and is greatly appreciated by our contracting agencies. All contracts for the jail were evaluated this year and an increase in rates for 2009 was negotiated. The jail continues to be in high demand and the increase in contract rates should bring additional revenue to the general fund. Based on the past two years of demand on the jail it should meet or exceed the projected revenues for 2009.

Dispatch center is running status quo for 2009 with the only increase coming from contractual wage, and utilities. Existing dispatch contracts were evaluated and an increase in fees was negotiated, which will be effective in 2009. A constant search for new customers is being conducted around the clock in an attempt to make the dispatch center more self-supporting.

Currently there is not a lot of grant opportunity for law-enforcement. Staff hopes this will change in the future and will continue to pursue grant funding where opportunity allows. Scheduled equipment replacement and/or repairs proposed in the budget consist of a new motorcycle for patrol, replacement of laptop computers, and a radar unit.

FIRE & EMS

The City of Buckley Fire Department continues to see an increase in the demand for fire and emergency medical services. For the first time in the history of the Fire Department the department is on pace to respond to slightly over 1,000 calls for service in 2008. There are no indications that the demand for services will decrease in 2009.

The Fire Department has grown in 2008 in terms of the number of trained and certified first-responders. The increase of personnel was necessary to maintain the Level of Service while the number of calls for service continued to rise. In July of 2008 the Fire Department was able to add four additional Resident Volunteer Firefighter positions by obtaining a federal SAFER Grant to fund the lease of a house adjacent to the existing fire station. These grant funds are available to maintain the expanded Resident Program for a 3-year period. Without leasing this additional space the fire department lacks the facilities to expand this important program. In 2008 the Fire Department replaced a 25-year old fire engine with a new fire engine that we project will serve our needs for the next 22 years. However, the Fire Department continues to struggle with other growth needs because of the lack of adequate fire station facilities. In an attempt to meet current needs the Fire Department has not only leased a house adjacent to the existing fire station, but is also using on a full-time basis a classroom at Glacier Middle School and conference and meeting room space at the White River School District Support Services building located across the street from the fire station. Having the fire department spread throughout four different locations is hampering a number of operational efficiencies that would be realized from a single location of operation. In 2009 the City of Buckley must continue moving forward with property acquisition and planning to construct a new fire station facility. Construction of a new fire station facility will be dependent on funding by voter approved bonds.

In 2008 the Fire Department developed a study and proposed to the city council a Fire Impact Fee. The Fire Impact Fee study has been adopted by the city council. In 2009 the city will move forward with the remaining processes necessary to enact and impose a Fire Impact Fee for new development. Collection of Fire Impact Fees will be necessary to fund future capital improvement needs resulting from new growth.

The cost to individual taxpayers for fire and emergency medical services in the City of Buckley is far below the average of surrounding jurisdictions. The citizens of Buckley continue to benefit from the economical reward of a predominantly volunteer fire and emergency medical services department. The very dedicated men and women, who volunteer their time to the department, allow the City of Buckley Fire Department to

continually provide quality and professional services that meet or exceed the level of services provided by other area departments. We are proud to display on all of our fire department apparatus that the City of Buckley Fire Department is “professionally staffed by volunteers”.

BUILDING & PLANNING

The City has anticipated significant building activity in the last couple of years, but due to the delay in getting the new WWTP done and the current downturn in the housing sector it hasn't materialized. Phase II A-D of the WWTP is now complete and provides for additional capacity at the plant, however until the housing market and economy improves we don't anticipate any significant interest in development. Therefore, we are conservatively estimating building activity in the coming year.

The operating budget for both Building and Planning will be comparable to 2008 except for contracting the Building Department' services out to Edgewood for building inspections which will help augment revenue to the City General Fund..

Planning priorities for next year will continue to complete updates to the Comprehensive Plan and begin work on a new Economic Development Plan and update the Master Shoreline Regulations.

In addition to land use and capital facility planning, Chief Predmore recently completed the City's Hazard Mitigation Plan, but is continuing to work on our Emergency Management Plan. Additional monies have been budgeted for this work and we hope to have the Plans complete in 2009.

SENIOR CENTER

The City's Senior Program continues to see steady visitation and provides many popular on-site activities as well as recreational trips for the senior population. The senior van is continually increasing in popularity and with the aid of a grant for the second year from Pierce County Community Services Department; we have been able pay for maintenance, fuel, insurance, and offer free transportation to our elderly clients who are unable to drive themselves. Van service runs Mondays, Tuesdays, and Fridays to the Center and other local stops to provide seniors with the opportunity to come to the Center for lunch and activities and make stops at the drugstore, post office, food bank, etc. Our monthly newsletter keeps everyone informed of events, health services, classes and programs and is available in the Senior Center, at local businesses, and on the web.

The Multi-purpose Center budget is fairly consistent with prior years with basic cost increases and no additional funds requested for special projects.

MUSEUM

The City intends to continue to make repairs and improvements to the Museum Building. In 2008 the Foothills Historical Society received a grant from the Greater Tacoma Community Foundation to replace the existing heating/air conditioning system. As a second project the City contributed funds from Tourism to upgrade the electrical in the building.

In addition to the grant monies collected by the Foothills Historical Society, the society also contributed in kind contributions to the maintenance and upkeep of the building. This year, the society purchased paint and painted two sides of the building. They are currently working on an addition to the main exhibit room by removing a storage closet which adds additional floor space in the room. The desire is to have more room to provide for small programs that would be open to the public. The docents are all volunteers and currently have the museum open 3 days a week. They also provide private tours to public and private schools and various organizations and there is a small library for research of local history.

The Museum continues to be an important feature of the community that offers a glimpse into Buckley's past. In addition to its historical role the Museum also has recently been tasked with serving as the visitor information center for the City.

UTILITIES/SERVICES

The City owns and operates four separate utilities, the Natural Gas System, the Wastewater Treatment System, the Stormwater System and a shared Water System w/Rainier School. In addition to the four utilities, the Public Works Department operates and maintains City streets, Parks and the publicly owned Cemetery, and provides contractual garbage service to City residents. The department consists of shared management duties between the Administrator and Public Works Supervisor and staff consisting of the following;

Wastewater Treatment Plant (WWTP)-

- 1 WWTP Supervisor
- 1 WWTP Operator's
- 1 Utility Apprentice

Water/Sewer Collection/Streets/Storm –

- 1 Utility Lead
- 2 Utility Workers
- 1 Utility Apprentice

Natural Gas System –

- 1 Utility Lead
- 2 Utility Apprentices

Parks, Recreation & Cemetery-

- 1 Utility Mechanic
- 1 Building/Parks Maintenance Worker
- 1 Cemetery Caretaker
- 3 Seasonal P/T Parks Workers

For 2009 the Cemetery Caretaker position will be moved to full time from $\frac{3}{4}$ time and a full time Janitorial/Parks position may be added along with elimination of the service contract for janitorial services (See Administrative Narrative).

Natural Gas Department:

Gas operations receive funding from the sale of natural gas to our customers. We purchase our supply wholesale through IGI Brokerage Services and redistribute to our customers. Natural gas continues to be a problem due to volatility and high prices.

We attempt to secure our natural gas supply 1 to 3 years in advance of the actual need, hoping to gain the best price; however, we are somewhat at the mercy of the market forces at play. When we do find an entry price we lock-up a supply of 80% of our previous year's consumption. This allows us some flexibility because we have to pay for the reserved quantity whether we use it or not. In an exceptionally mild year the City could end up paying for gas we don't use. In an abnormally cold year it can have the opposite affect by forcing the City to purchase a higher percentage of supply off the open market at the current index price which forces our average cost/therm higher.

The Gas Utility is beginning to recover from the pricing blow that we took in 2007, when prices jumped 76% overnight after our previous "low price" contract expired. In 2008 we began to make up some ground and anticipate ending the year with approximately \$357,202 in reserves. The end goal of the Mayor and City Council is to set aside a minimum of \$1 million in reserves in order to begin offering a budget payment plan to eligible customers. Implementation of this Plan would allow customer's to distribute their average annual usage over 12 consecutive payments utilizing prior year's averages.

Water Department:

Water sales for 2008 came in significantly lower than anticipated by approximately 20.77% and expenditures by 17.77%. Revenue was lower than expected because of what we believe is twofold; 2008 continued with a similar pattern experienced in 2007 of more rainfall with cooler than normal decreasing demand; and second the tiered, seasonal rate structures put into place by the City Council in January, 2008 had a significant affect meeting the conservation goal intended by the City.

It was discussed earlier that in order to balance the General Fund the Administration was proposing several cost saving/revenue producing options, one of which included a 1% increase in utility tax rates. Rates will be adjusted to reflect this increase.

The proposed new base rate and seasonal structure for 2009 – 2010 is listed below in Tables 11-A.1 and 11-A.2;

Table 11-A.1: Proposed Base Water Rate Structure

Meter Size	2009	2010
	Within City	Within City
Up to 3/4"	14.69	15.13
1"	18.64	19.20
1-1/2"	26.79	27.59
2"	37.28	38.39
3"	55.35	57.01
4"	89.78	92.48
6"	173.18	178.38
8"	424.30	437.03

In addition to the base rate identified in Table 11-A.1 customers will pay a usage charge per CCF (100 cubic feet) of water consumed as illustrated in Table 11-A.2 below;

Table 11-A.2: Proposed Seasonal Rate Structure

Effective Beginning		1/1/2009	1/1/2010
Winter			
	2 - 7 CCF	1.82	1.87
Single-family & Multifamily residential	7.01 - 15 CCF	2.05	2.15
	Over 15 CCF	2.30	2.47
Commercial/ Industrial		1.87	1.93
Schools		1.77	1.82
Summer			
	2 - 7 CCF	1.82	1.87
Single-family & Multifamily residential	7.51 - 15 CCF	2.18	2.33
	Over 15 CCF	2.62	2.92
Commercial/ Industrial		1.87	1.93
Schools		1.87	1.93

In addition to ensuring the quality and efficient use of our existing resource, the City is diligently pursuing additional supplies for future needs.

Sewer Department:

The sewer section of Fund 402 serves as a combined budget which functions to provide funding for the two sections of city-wide waste treatment (collection and treatment). The collection portion focuses mainly on conveyance pipes, manholes and lift stations throughout

the City and the wastewater treatment plant, located on Hatch Street, serves to treat the waste. The two sections are operated and maintained independently of one another. The collection section is maintained by the water/sewer section of the Public Works Department and the WWTP separately by staff members assigned to the facility. Revenue for the two sections is derived from the monthly sewer rates charged to customers throughout the City.

The City has been diligently completing upgrade to the WWTP. Initial construction of Phase I began in 2005 at a cost of \$925,585.32. Phase II A-D followed beginning in late 2006 at a cost of \$6,220,976. Phase II A-D recently received final acceptance and completion, which made available additional capacity which has been lacking for over 13 years. Phase II E was awarded by the City Council in July, 2008 for a cost of \$1,163,512.48. Completion of this Phase early in 2009 will finish up the required upgrades to the WWTP necessary in order to meet Federal and State water quality standards through our NPDES Discharge Permit effluent to the White River. Future projects identified by the City that may be completed include adding treatment of wastewater to Class A for potential reuse and development of a Regional Composting Facility at the old WSU Facility.

Expenditures in 2009 for sewer operation are anticipated to increase for waste treatment by 20.79%. Primary reasons for the increase are directly related to higher costs of operating the new plant. Utility costs have almost doubled from \$46,000 budgeted in 2008 to over \$70,000 in 2009. Other impacts consist of higher transport and disposal costs of dewatered waste and a new line item for payment of the new lease of the State School Property expected to begin July 1, 2009. In addition to operations, capital costs for sewer are increasing, as we begin debt repayment to PWTf for the construction.

The City has made every effort to keep costs of construction down and had hoped that completion of the new plant would coincide with new development which would help offset any increase in rates that would be necessary to repay debt. However, given the current economic crisis and housing downturn the timing couldn't have been worse. Debt repayment will start in July, 2009 and by all appearances growth will be anywhere from 3 to 5 years out.

We do anticipate some near term relief when the new sewer conveyance line from River Ave to Shay Estates is complete next summer and Rainier School is able to connect to the existing system and becomes a customer. This increase in revenue should help support operations moving forward, but until this occurs revenue from current rates will have to support the operation and repayment. A minimum increase of 8% is being proposed to rates for 2009, which includes 7% to meet operations and debt repayment and 1% as utility tax to the general fund. Table 12 below illustrates overall changes in the 2009 budget;

Table 12: Sewer Operations

Sewer Operations			
EXPENDITURES	2008	2009	Change

Administration	\$133,554	\$164,512	23.18%
Sewer Collection	\$101,899	\$108,258	6.24%
Sewer Treatment	\$371,485	\$448,598	20.76%
Transfers	\$499,963	\$626,750	25.36%
	\$1,106,901	\$1,348,118	21.79%

As indicated above the City Council is proposing an 8% increase for 2009 as follows in Table 13 below;

Table 13: Sewer Rates

Sewer Rates	2008	Proposed 2009 (8%)
For a single-family residence	\$58.93/month	\$63.64/month
for multi-family residences	\$49.79 per unit, per month	\$53.77 per unit, per month
For mobile homes	\$58.93/month	\$63.64/month
Non-System Sewage Disposal	\$208.31/105 cubic feet	\$224.97/105 cubic feet
	\$58.93/900 cubic feet	\$63.64/900 cubic feet
Commercial users	+\$2.31/100 cubic feet excess	+\$2.49/100 cubic feet excess

Streets/Storm Department:

Street operations continue to be a challenge because of the lack of adequate funding. Revenue to the Street Fund comes from only two sources; the primary being gas tax distributions from the State which are directly proportional to the amount of fuel consumed in the State. As the price/gallon stays high, fuel consumption drops off, cutting distributions. The second source is continued support from the general fund. For 2009 the transfer to streets from general fund is projected to be \$35,000, which is a \$10,000 increase over last year. In 2008 revenue was down by 11.5% and for 2009 we anticipate seeing a similar trend.

Annual maintenance payments to PSE for street and parking lot lighting are approximately \$45,100. This amount paid for lighting is equal to 38% of the total street operations budget. In 2008 we adjusted funding for salaries and benefits to an FTE (Full Time Employees) system to assist with the impact to the Street Operations. It helped in 2008, but for 2009 these costs are going up once again due to salary and benefit increases. Overall increases to street operations have been held to 1.1%, but this is only possible by continuing reduction in maintenance and supplies leaving less to do more with. Maintenance and operations will continue to be constrained until other funding measures are developed by the Legislature.

In 2008 the City was successful in adopting its first Comprehensive Stormwater Management Plan. This has been a long effort which has taken 7 years to complete and the City is truly grateful to all those that took part in helping to get this Plan in place. Also in 2008 the City was required by DOE to adopt and implement a Phase II NPDES Stormwater Management Program. This program requirement is another of those unfunded mandates imposed on local communities that will end up costing

approximately \$1 million over the next ten years to implement. In 2009 the cost associated with maintaining the program is estimated to be \$79,650 or 28% of the overall budget for stormwater. Revenue to support funding for this program must come from the rates charged to the Stormwater Utility customers.

In addition to increased operational costs the new Comprehensive Stormwater Plan identifies 13 high priority capital improvement projects throughout the City that when constructed will effectively convey runoff from the community to various points of discharge. The cost to implement all 13 projects in 2008 dollars is \$14,812,500, but after adjustments were made for inflation and schedule of implementation the cost increases to \$17,478,377. Funding for these projects is anticipated to come from a variety of sources to include grants, low interest loans, developer charges and a portion of rates. A complete list of these projects is identified below in Table 14;

Table 14: Stormwater System Capital Improvement Projects

STORMWATER CAPITAL IMPROVEMENTS			2008 COST	FUTURE COST ADJ
1	Spiketon Bridge	2010	\$243,750	\$243,750
2	Dundass Avenue	2011	\$77,500	\$77,500
3	Sheets Road Diversion	2012	\$672,500	\$733,025
4	Division Street (Ryan Diversion)	2012	\$277,500	\$302,475
5	Hinkelman East	2012	\$1,587,500	\$1,730,375
6	Regional Detention Facilities	2013	\$10,000	\$10,600
7	Regional Water Quality Facilities	2013	\$10,000	\$10,600
8	Hinkelman Extension/Ryan Extension	2014	\$2,276,250	\$2,617,688
9	Ryan Road	2014	\$3,771,250	\$4,336,938
10	McNeely	2016	\$438,750	\$530,888
11	Elk Meadows Ditch	2016	\$476,250	\$576,263
12	Spiketon Road	2017	\$173,750	\$215,450
13	Collins Road	2018	\$4,797,500	\$6,092,825
Totals			\$14,812,500	\$17,478,377

The numerical sequence of the projects listed within the table is not necessarily intended to illustrate the priority or completion schedule of the project. Projects listed will be completed as funding and opportunity presents itself. In 2009 the City is planning to install a new sewer collection line from River Avenue east to Shay Estates to convey Rainier School's waste to the new treatment plant. The route of this new line will bisect McNeely Street and parallel a portion of the roadway that is identified for Storm CIP #10. Therefore while construction is occurring within this area the City intends to take advantage of this opportunity and complete replacement of the storm pipe in this area. The cost to complete this portion of CIP #10 is estimated to be \$130,000. In addition the City has budgeted \$25,000 to complete design of Storm CIP #1 in order to be prepared for construction in 2010 and design of CIP #11 for a cost of \$25,000.

In addition to maintenance and capital improvements plans the new Comprehensive Stormwater Management Plan laid out financing options to ensure adequate funding for support of the utility. The financing plan identified that in 2009 a substantial rate increase of 31% would be necessary to support funding of the Phase II NPDES Stormwater Management Program. In addition to this increase the City Council has expressed the intent of imposing an additional 1% of utility tax to support general fund operations. The total increase for 2009 is anticipated to be 32% as listed in Table 15 below;

Table 15: Storm Sewer Monthly Service Charge

Storm Sewer Monthly Service Charge		
Use	2008 Rate	2009 Rate
Single-family residence	\$12.61/residence/month.	\$16.65/residence/month.
Multi-family and/or Accessory residences	\$8.32/residence/month.	\$10.98/residence/month.
Other	\$12.61/ERU*/month.	\$16.65/ERU*/month.
*ERU for Storm Sewer calculation is defined to mean 8,000 square feet of impervious surface area		
Alternate: Commercial	\$12.61/business/month plus \$12.61 for parking whether on-site or off-site	\$16.65/business/month plus \$16.65 for parking whether on-site or off-site

Arterial revenue historically is limited to revenue received from grants and transfers in from the general fund and fund 101 for capital projects. Staff continues to work on funding for several of the large capital street projects throughout the City. The City intends to continue to move forward with completion of design, environmental permitting and Phase I of the SR165/SR410/ Ryan/112th Realignment Project in 2009. Other lesser projects proposed for next year include the following;

- ◆ 2009 Sidewalk Replacement Project
- ◆ West Main Street Overlay (TIB Contingent)
- ◆ River Avenue Sidewalk Project (TIB Contingent)

Solid Waste:

Revenues from solid waste are in line with revised projections made in July when the City had to implement additional increases to cover shortfalls in revenue. Under the current service contract terms D&M Disposal is permitted to make a CPI adjustment in March, 2009 which is limited to 80% of the CPI up to a maximum of 2.5%. Based on the current CPI figures we are anticipating that the increase will be the maximum 2.5%. In addition the City Council has expressed the intent of imposing an additional 1% of utility tax to support general fund operations. Therefore current increases overall to solid waste for 2009 is projected to be 3.5%, however the City will continue to monitor revenue and if the current 2008 projections fall short or exceed expectations then this rate structure may be revised.

PARKS & RECREATION DEPARTMENT

Once again 2008 demonstrated that continued expansion of City park and recreation facilities and related maintenance is creating an increased demand upon our resources. As we continue to add facilities, these increases will rise proportionally.

In June of 2008, the Buckley Youth Activities Center was completed and opened for programs. The YAC is a drop-in center; open to youth ages 8-18 for the White River area. It provides a safe and fun environment for youth to go during non-school hours. It has everything from pool tables, ping pong, video games, and much more. The Center also provides a variety of classes and programs for youth and families such as music, art, and toddler yoga classes, free tutoring, dances, camps, and other community based classes. The Center has filed for status as a non-profit 501 c(3) organization and will be funded not only through the City of Buckley but also by various grants and donations from community groups. The YAC charges a small membership fee for use, and all classes are offered at little or no charge.

The YAC is supervised by the Recreation Services Director and staffed by a 30 hour per week Recreation Coordinator. The Center is open Tuesday through Saturday from 2:30-7:30 to accommodate school schedules and other events and programs at the Center. This program is continually growing and we have applied for a grant from Pierce County Violence Prevention to add a second staff person 15 hours per week beginning in January 2009.

Due to limited funding in Park Construction Fund 135 the City is not proposing any capital projects for 2009.

CEMETERY

In 2007 the City created the position of Cemetery Caretaker and filled the position to provide a minimum of 30 hours per week of dedicated maintenance to the facility. This change has resulted in many positive benefits to the operation. In 2008 the previous Caretaker transferred to the Utilities Department and the City was fortunate to fill the vacancy with Scott deCarteret whose previous experience working at the Auburn Cemetery has benefitted the operations. Scott has brought a lot of ideas and proposals to enhance operations. Currently a new Urn Garden is being completed and in 2009 the City intends to construct the first two of five Niche Walls. Based on this increased activity this budget reflects adjusting the position to full time beginning January 1, 2009.

The Cemetery fund is experiencing increases similar to those throughout the rest of the budget such as in wages, benefits, administration and utilities. In order to offset the costs the City Council is proposing an inflationary adjustment of 3% to the current rates.

Projects being planned for Cemetery Improvement Fund 301 in 2009 are Niche Wall construction, electrical power installation, office construction, roadway pavement repair and entrance landscaping.

UTILITY RESERVES

Proposed equipment purchases for 2009 include;

- ◆ Mechanic Shop Tools
- ◆ WWTP Pickup
- ◆ Small tools and equipment
- ◆ New Dump Truck to Replace 1967 Snow Plow
- ◆ Mini-truck for Parks and Cemetery use

We will continue to allocate a portion of each department's budget toward building our equipment reserve fund and transferring a portion from each utility fund to build capital reserves for major improvements or upgrades to existing facilities.

CONCLUSION

Preparing the budget for 2009 has not been an easy task. Costs of goods, materials, utilities, fuel and healthcare continue to escalate at a rate that neither the City nor personal households can keep pace with. Revenues to the City from sales taxes, gasoline taxes, building permits, water and rentals continue to dwindle leaving us less and less with which to provide the same programs and level of service that has been offered in the past. The Mayor, Council and staff have worked long and hard to identify and implement strategies that would reduce costs all the while preserving and protecting jobs and programs. We believe that the proposed measures that have been developed will achieve these goals.

In 2009 the City's primary goal will be to maintain "all programs" and services that we currently provide, at the lowest possible cost. This may mean that we have to scale back and/or reduce hours of operation to continue to offer such. As discussed in the Mayor's message the City intends to transition all departments, with the exception of emergency services and the WWTP, to 4-day work weeks closing the respective facilities one full day per week. Through implementing this measure we hope to reduce utility costs from 10 to 15%. Hours of operation on the days the facilities are open will be adjusted, as well, to provide clerical employees with brief intervals of undisturbed time when they can focus on completing workloads without distraction. This is necessary especially at City Hall where the administrative assistant position is being reduced or eliminated. Capital projects for 2009 have been reduced to only those that are of the highest priority, which have been in ongoing development or are grant funded and must move forward.

Because of the lack of growth during the last few years the City's pattern of frugal, conservative spending has positioned us fairly well to meet the economic challenges confronting us. We do not have an excessive number of employees, but actually have significantly less in overall numbers than other communities our size. All of our Department Managers are performing multiple roles for a salary that is either less than or equal to a single position. This willingness to do more for less has served to keep the City's costs manageable over the long term.

Therefore while the future in the near term may appear to be somewhat rocky, we are confident that our fiscal habits, discipline, dedication and creativity will weather anything that comes and help us navigate through to the recovery that will be immediately behind this correction.

Within the budget the City has proposed to make additional increases to selected utility rates. This decision to increase rates as a result of increased costs and capital infrastructure necessities, as always, was not an easy one, especially in light of the current economic crisis, but our utilities are "not for profit" and must, by State statute, be self supporting. So the City only considers increases when our operating costs exceed revenue. The City, in an effort to minimize hardship to those least able to afford it continue to provide relief by offering one of the most generous low-income discount rate programs throughout the State. This program is designed to make eligible those individuals/families struggling to make ends meet on less than a "living wage".

In closing I would like to once again express my sincere gratitude to the elected officials, staff and volunteers for helping to make Buckley one of, if not the best small town in the Pacific Northwest. Thanks to everyone for their time, commitment and input into the development of this 2009 budget request.

City Administrator