

Pat Johnson, Mayor

City Council

Mark McNally
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MAYOR'S MESSAGE 2010

The newspaper headlines have been pretty dramatic of late. It seems that every city and county and even our state are facing huge funding shortfalls for the coming year, 2010. The recession has affected every city regardless of size and regardless of location.

So how has this affected Buckley? The biggest problem we have has been lack of growth. We had a building moratorium for 13 years before our new sewer plant was constructed so we did not experience the growth that the surrounding communities did. We have fewer people to distribute the cost amongst. Our population has remained pretty stagnant. Not only did we not grow in population, we also had very little commercial growth so our tax base did not go up either. Add to this inflation and recent initiatives that regulate how much taxes can be raised and all forms of government from cities and school districts to counties all the way up to the state level are finding that expenses are exceeding income.

Basically, the revenue from taxes and fees is decreasing while expenses go up. The 2010 City of Buckley Budget projects less revenue than in 2009. Even if everything stays the same for expenses, we will still be behind. Most taxes are based on some sort of consumer spending and we are all spending less. We drive more fuel efficient cars or drive less and the monies that come from gasoline taxes are down.

So where do we make the cuts? That is the big question. The cuts need to come from the General Fund which is police, fire, parks and recreation, youth and senior center, municipal court, planning and building, animal control and a transfer to street operations. Utilities are not part of the general fund but are considered enterprise funds that support each utility. Utility monies cannot be used in the General Fund by state law. In the past year, we cut one position at City Hall from full time to part time. We now share our Building Inspector with Edgewood and they pay half of his wages and benefits. We cut the Associate City Planner position and are looking to contract out only the necessary planning projects for 2010. All of our neighboring cities are starting to talk about sharing staff and equipment where we can. We are open to any and all suggestions.

Next year we will be calling for volunteers for various projects. The Chamber of Commerce is stepping up to purchase our hanging baskets for next year. Be sure to support our local businesses and the Chamber in their fund raising activities. We will need help in the parks to keep them looking nice. Look for upcoming announcements on when and where you can help.

We have a lot of great people living in Buckley with a lot of talent and we need to tap into this great resource.

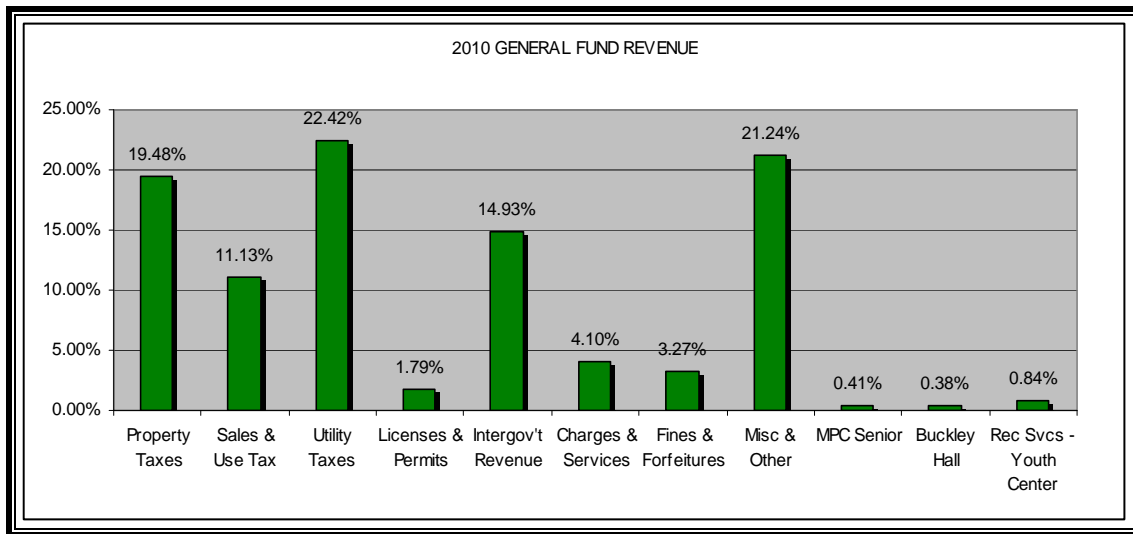
Mayor Patricia Johnson

2009 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 and executive departments, legal services, 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.

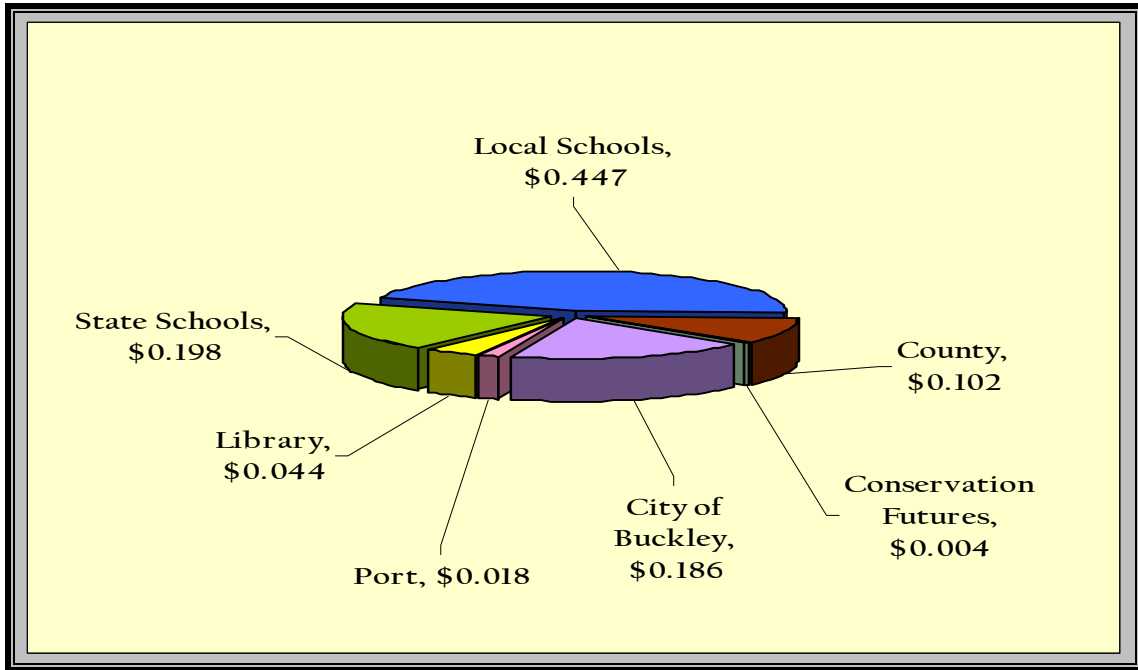
The general fund derives revenue from a variety of sources, including property taxes, sales and use taxes, utility taxes, land use and building permit fees, gambling taxes, rentals and leases, user fees, service contracts, grants, fines and forfeitures and investment interest. Although the general belief is that property taxes fund the largest share of City services they do in fact only represent 19.48% of the revenue to the City. Sales and use tax, which is down significantly, represents another 11.13%, while the remainder comes from the other revenue sources identified above. Utilities and enterprise funds, such as the Cemetery, are restricted by State law to be self supporting, but yet, not-for-profit.

Table 1: 2010 General Fund Revenue Sources



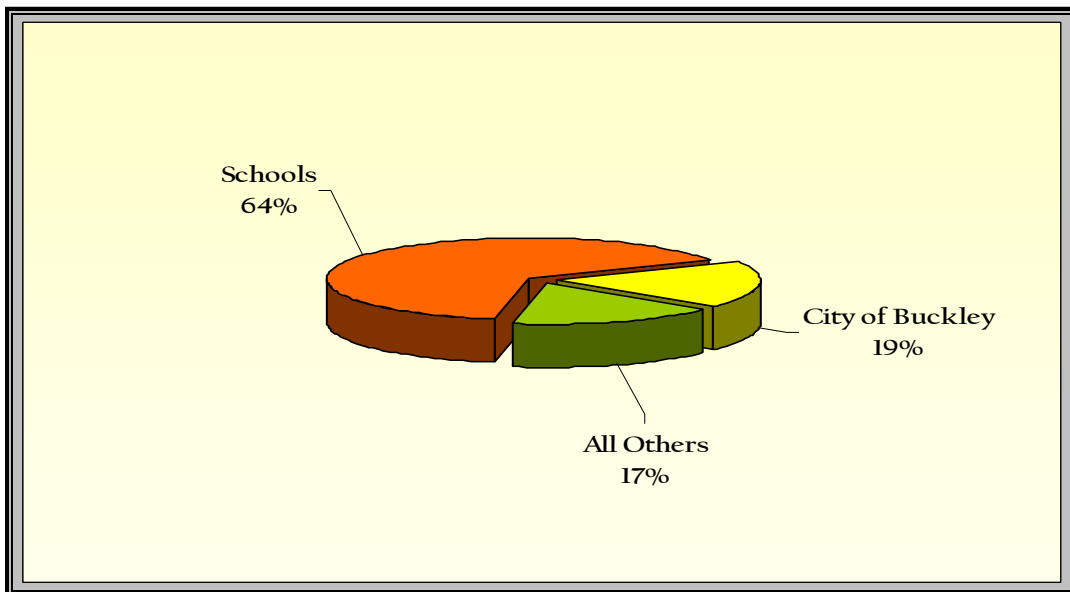
While property taxes only represent 19.48% of the general revenue, it is the “third” largest contributor to City government operations behind that of utility taxes and the combined miscellaneous category. When comparing it to your overall property tax bill, the portion that comes to the City is only a fraction of the total bill. Table 2 below illustrates the distribution of each dollar of assessed property tax paid to Pierce County each year.

Table 2: How Each Property Tax Dollar is Distributed



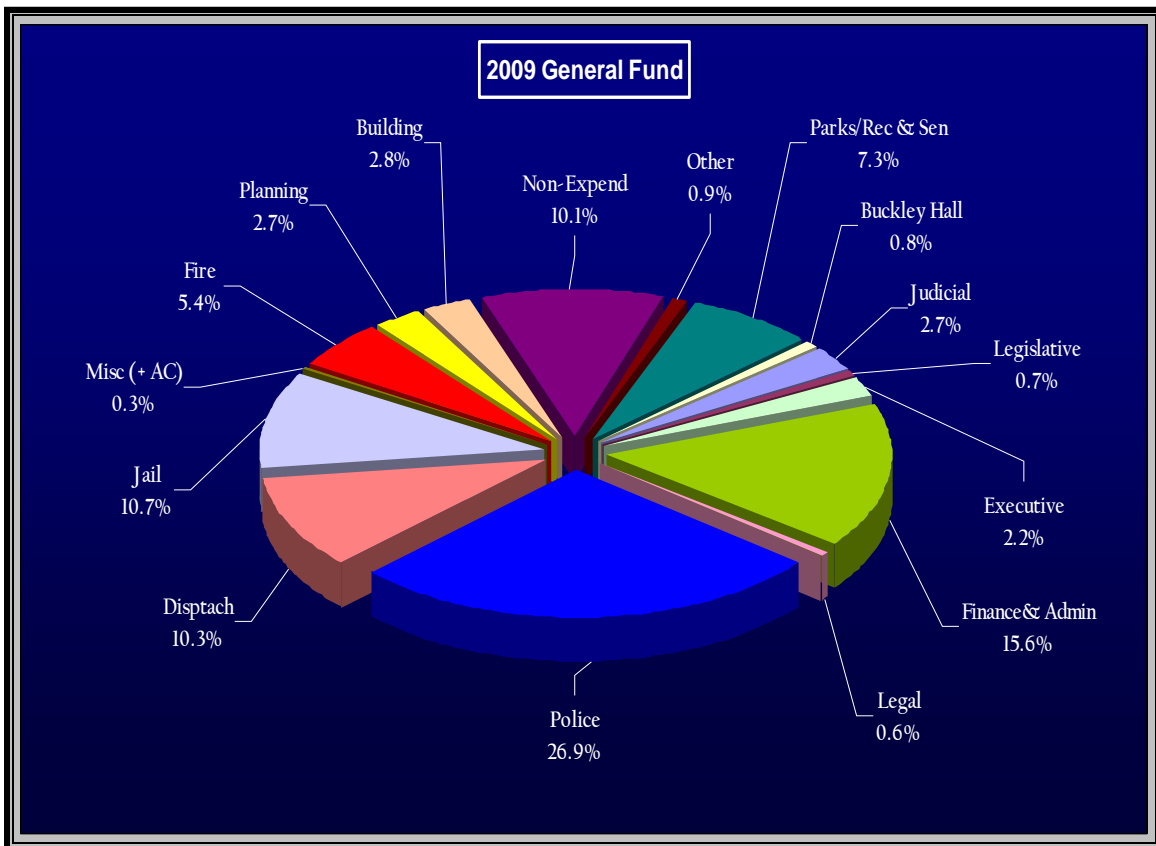
As Table 2 above illustrates the City only receives approximately \$ 0.19 of each dollar to provide the full array of services that are needed by the community. The largest recipient of your tax dollars is the local school district who receives \$ 0.45 of every tax dollar. Together the combination of both State Schools and Local Schools receive \$0.64 or 64% of every property tax dollar paid. See Table 3 below;

Table 3: Apportion of Tax Dollar to Schools



The City portion of your property tax is set annually through a levy enacted by the City Council. This levy rate is governed by State statute as to how much the City can assess against properties within the City. For 2009 the regular property tax limit was estimated at \$718,551, which was calculated at the full levy amount of \$ 1.5815/\$1,000 of assessed property valuation. Assessed valuation within the City totaled \$453,760,582, which included \$17,766,205 of new construction. This \$718,551 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 4 below illustrates how each dollar of property tax is apportioned throughout the General Fund for the provision of these services.

Table 4: 2009 General Fund Property Tax Distributions



As Table 4 above illustrates, the largest expenditure to the current expense fund, at just short of 60%, is related to public safety which includes police services (26.92%), fire control (5.36%), 911 dispatch center (10.25%), and jail (10.73%).

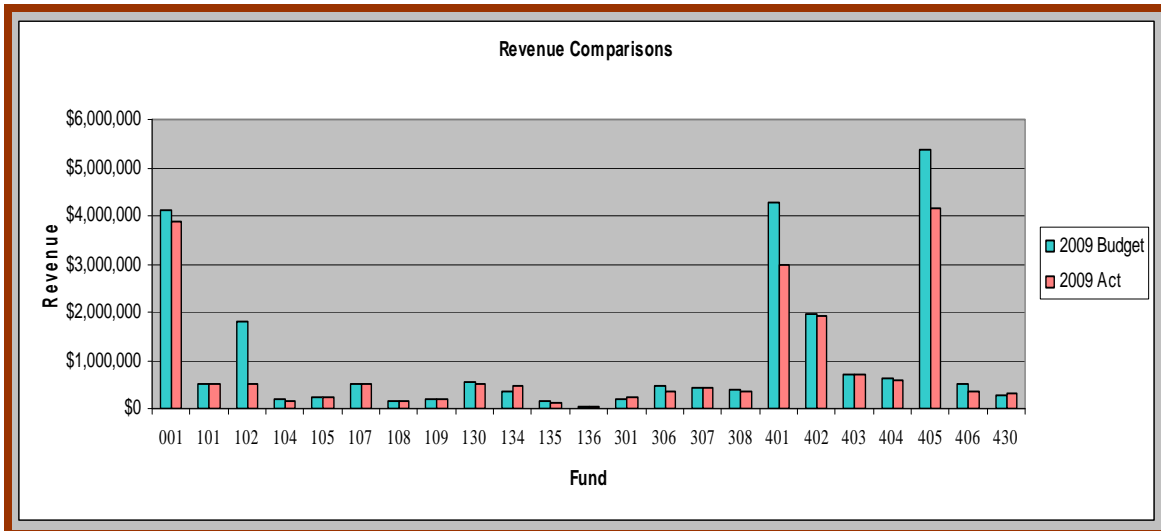
In addition to revenue from property taxes the City general fund receives revenue from sales and use taxes on the sale of retail goods, utility taxes on each separate utility, permit fees for all land development, fines and forfeitures, user fees such as Buckley Hall or MPC rental, service contracts with outside agencies, and any grants the City may receive.

The remainder of the overall City budget, other than general fund, encompasses equipment and capital reserve accounts established to purchase high dollar equipment (patrol cars, fire trucks, etc) for the various departments or to complete specific identified capital infrastructure improvements in the City such as the new wastewater treatment plant, Ryan Rd realignment project, etc. In addition, the City owns, operates and maintains the City Cemetery and four Utilities consisting of water, sewer, stormwater and natural gas, which includes 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 public user fees charged for 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 Wastewater Treatment Plant, installation of the new sewer collection line to hook up Rainier School, 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, 2008 and January, 2009 flood.

Overall revenues for the 2009 are coming in below anticipated by approximately 21.55% driven in large part by revenue shortfalls in building permits, sales tax, user fees, investment interest, rentals, natural gas consumption and funding for construction of large capital projects. Revenue comparisons between 2009 estimated versus actual for each fund are listed in Table 5 below;

Table 5: 2009 Revenue Comparisons



Revenues to the City’s general fund are projected to be short by 6.15% or \$238,320, driven largely by a 17.65% drop in sales tax and the lack of new construction and development. New construction and development continue to remain fairly non-existent. The City did see approximately 8 individual single-family homes constructed in 2009, and processed and

approved a new preliminary plat application for a 260 unit subdivision, named Van Sickle Landing; however all indications are that this development will probably not move forward with construction until there's a marked improvement in the housing sector. While we had anticipated the construction of new homes in Elk Heights and Nielsen Meadows, the housing downturn has slowed or stopped construction in these developments and as a result projected revenue came in approximately \$100,000 short of what was anticipated. Another by-product of the housing downturn is a slide in the sale of real estate which translates into less revenue to the City from Real Estate Excise Taxes (REET). Capital Funds 307 and 308 are both funded from REET taxes and revenue for both are being continually adjusted downward as the housing market continues to struggle.

Overall revenue and expenditures for the 2009 budget is summarized in Table 6 below;

Table 6: 2009 Budget Summaries

Fund		2009 Budget		2009 Budgeted End Fund Balance	2009 Actual		Projected End Balance
		2009 Budgeted Revenue	2009 Budgeted Expend		Est Actual Revenue	Est Actual Expend	
001	General	\$3,954,074	\$3,954,074	\$158,469	\$3,873,029	\$3,817,039	\$55,990
101	Street/Storm	\$430,411	\$430,411	\$61,571	\$494,796	\$420,955	\$73,841
102	Arterial	\$1,611,590	\$1,611,590	\$198,400	\$499,158	\$141,355	\$357,803
104	Cemetery	\$122,456	\$122,456	\$63,458	\$176,015	\$127,603	\$48,412
105	EMS	\$155,964	\$155,964	\$81,251	\$238,793	\$142,958	\$95,835
107	Police Res	\$131,000	\$131,000	\$380,020	\$500,756	\$114,012	\$386,744
108	RR ROW	\$13,500	\$13,500	\$131,296	\$150,924	\$17,580	\$133,344
109	Crim Justice	\$85,000	\$85,000	\$128,908	\$193,049	\$84,796	\$108,253
130	Fire Res	\$494,865	\$494,865	\$45,769	\$527,022	\$195,186	\$331,836
134	Fire Const	\$311,500	\$311,500	\$23,342	\$473,889	\$406,259	\$67,630
135	Park Const	\$84,500	\$84,500	\$62,601	\$124,329	\$32,716	\$91,613
136	Visitor Prom	\$18,800	\$18,800	\$27,997	\$49,671	\$16,364	\$33,307
301	Ceme Imp	\$89,202	\$89,202	\$114,810	\$247,468	\$80,864	\$166,604
306	Storm Const	\$228,500	\$228,500	\$227,429	\$365,077	\$226,160	\$138,917
307	Capital Imp	\$248,000	\$248,000	\$182,922	\$425,562	\$33,296	\$392,266
308	Comp Plan	\$131,461	\$131,461	\$243,644	\$368,160	\$88,977	\$279,183
401	NG Oper	\$3,579,716	\$3,579,716	\$687,829	\$2,976,664	\$2,735,004	\$241,660
402	Water/Sewer	\$1,917,128	\$1,917,128	\$36,906	\$1,920,451	\$1,907,382	\$13,069
403	Solid Waste	\$687,598	\$687,598	\$16,111	\$698,135	\$697,538	\$597
404	NG Capital	\$188,837	\$188,837	\$428,112	\$576,720	\$30,134	\$546,586
405	Sewer Const	\$3,151,900	\$3,151,900	\$2,217,760	\$4,152,068	\$3,145,665	\$1,006,403
406	Water Const	\$229,000	\$229,000	\$278,265	\$363,339	\$221,146	\$142,193
430	Equip Res	\$263,150	\$263,150	\$24,750	\$307,874	\$42,984	\$264,890
Total		\$23,949,772	\$18,128,152	\$5,821,620	\$19,702,949	\$14,725,973	\$4,976,976

As illustrated above, we anticipated ending the year with approximately \$5,821,620 in end fund balances, including capital equipment reserves that are shown as expenditures, but were not intended to be used. Current projections show that we are anticipating an overall 2009 end fund balance of \$4,976,976, which is \$844,644 or 16.97% lower than anticipated. This projection includes all funds including capital and equipment reserves. The lower than anticipated end fund balance is mainly driven by revenue shortfalls in the General Fund (001), Cemetery Operations (104) and Natural Gas (401) receipts. The lowered end fund can also be attributed to construction costs for projects that were completed in 2009 that were carried over from 2008, where they were previously scheduled for completion.

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 2009 the City has been successful in obtaining \$1,270,415 worth of grants/funding/donations for project completion, equipment/material purchase and/or program funding. Those that the City has either received notice of award or has actually been received are listed in Table 7 below;

Table 7: 2009 Grants/Funding/Donations

Department	Agency	Amount
Building/Planning	State L&I – OJT Award	\$6,000
	DOE Shorelines Grant (3 yr phasing)	\$50,000
	Total	\$56,000
Parks & Recreation	PC Violence Prevention	\$27,500
	Whiter River Hometown (YC)	\$8,125
	REACH Summer Rec Intern (2)	\$2,052
	REACH Summer Park Intern (2)	\$1,026
	WORK FORCE Summer Park Intern	\$2,570
	Total	\$41,273
Senior Center	Pierce County Human SVCS	\$5,742
	Catholic Community SVCS	\$3,600
	Pierce County – CDBG	\$5,171
	Total	\$14,513
Law Enforcement	WASPC Safety grant	\$2,323
	LPRS W.A. AUTO Theft Grant	\$29,632
	CTED GRANT (Computers)	\$9,999
	CTED GRANT (Training Weapons)	\$9,999
	Multi Agency Equipment Grant	\$1,229
	Total	\$53,182
Fire/EMS	Fire: SAFER Grant	\$24,977
	Fire: FIRE ACT Grant	\$23,470
	Total	\$48,447
Utilities/Streets	TIB: Realignment Project	\$837,000
	DOE Stormwater NPDES Grant (2 yr)	\$50,000
	WSDOT: Ped & Bicycle Safety	\$170,000

	Total	\$1,057,000
TOTAL ALL GRANTS/FUNDS/DONATIONS		\$1,270,415

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

- Emergency Management Plan
- Water Transmission Main and Access Road Repair
- WWTP Construction Phase II E
- City/DSHS Sewer Line Construction
- Future Land Use Map Adoption
- Van Sickle Landing Subdivision Processing
- New Commercial (Interwest) Review and Inspection
- Phase II NPDES Stormwater Permit Compliance
- Continued Water Rights & Supply Negotiation
- Cemetery Urn Garden Construction
- Gas Regulator Station Renovation
- Fire Impact Fee Study
- Negotiation & Acquisition of Proposed Fire Station Property
- Arts Commission Veteran's Memorial
- Acquisition and Clean-up of Taylor Property
- SR410/SR165/RyanRD/112thStE Realignment Design & Environmental
- PSE Property Negotiation
- State Audit of Federal Projects
- Cemetery Columbaria Construction
- Fire Station Design Consultant Selection

We continue to move forward with implementation of the highest priority infrastructure improvements all of which continue to be impacted by dwindling revenue and grant sources. 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 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 2010 summary.

The challenge in 2009 has been to maintain vigilance on the budget and to make adjustments when and where necessary to correspond to the fluctuating economic conditions. The Puget Sound region continues to experience job losses, sluggish retail sales and business closures, and therefore State and local revenue follows suit. Because the City receives some tax distributions directly from the State the factors mentioned above translate into budget shortfalls to the City. As our projected assumptions change so does the City's ability to provide services at historical levels. So far the City has been able to weather these extreme changes without significantly reducing service to the community. We have not had to cut programs and our job losses have been minimal, consisting of one ½ time position at the beginning of the year and a planning associate

position in October. The loss of 1.5 positions when most of the other City's in the area are cutting 10% or more of their staff, is an affirmation and reflection that the City is operating at a basic level that is lean and efficient.

2010 BUDGET PROJECTIONS &

“BOTTOM LINE”

The good news is that Warren Buffet and Bill Gates both say that the worst is behind us! However credit is still tight, housing remains depressed and the Federal Reserve recently announced that “U.S. unemployment likely will remain high for the next several years because the economic recovery won't be strong enough to spur robust hiring”.

Attempting to project a budget in this environment becomes largely a “best guess” with our only control coming through minimizing and prioritizing expenditures. The City has spent considerable time evaluating operational costs and services and has developed the 2010 budget accordingly.

On September 24, 2009 the City Council conducted a special budget workshop to review and analyze priorities in the delivery of citywide programs and services and by a majority consensus determined that police, fire, senior and youth services were those that needed to receive top priority and funding. Table 8 below identifies the services evaluated and their respective ranking;

Table 8: City Council Priorities

Council 2010 Budget Priorities (Budget Workshop 9/24/3009)								
Member	Police	Fire	Building	Planning	Youth	Senior	Parks	Other
Boyle-Barrett	x	x			x	x		
Patson	x	x			x	x		› Revenue
Montgomery	x	x	One	x	x		No	
Ramsey	x	x	comment		x	x	comment	› Revenue
McNally	x	x	but no				or	
			support	x			support	
Twardowski	x	x						Economize
Reed (Pro-tem)	x	x		x	x	x		

Preliminary review of the numbers and projections for 2010 showed that revenues to the General Fund, Street Fund and Cemetery 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 2010 budget revealed that we were looking at a (-\$255,644) 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 (-\$208,129) deficit. After several years of experiencing minimal growth, dwindling revenues and increased operational costs, a deficit of this size is extremely difficult to overcome without making significant cuts. Therefore after careful deliberation the Administration decided upon taking several actions to balance the general fund budget, listed as follows;

- ♦ Continue the 4-day workweek policy for all departments and facilities, except emergency Services, the WWTP and Senior Center;
- ♦ Eliminate the Associate Planner position and seek contract services for project/issue specific planning;
- ♦ Reassign the Bldg/Parks Maintenance position to special projects funded from other areas for a short term to minimize general fund expenditures;
- ♦ Reduce the Seasonal P/T Parks positions to only one (1) at 500 hrs/yr;
- ♦ Suspend all salary increases to include Step adjustments, except for those identified in contracts;
- ♦ Maintain investment interest transfer from unrestricted funds to the General Fund by Ordinance;
- ♦ Fund a portion of patrol officer salaries from Fund 109 for drug investigations and enforcement;
- ♦ Convert custodial position to a full time FTE;
- ♦ Contract with City of Edgewood to share Building Inspection services;
- ♦ Eliminate two sani-cans from the parks and foothills trail;
- ♦ Analyze, identify and charge utilities proportionate costs for insurance, communication and public utilities;
- ♦ Devote considerable effort towards identifying and implementing energy cost savings measures, such as energy retrofits, energy and lighting audits, etc;
- ♦ Enhance the City Wellness Program to capitalize on premium reductions;
- ♦ Consider transferring City Business Licensing to the State Department of Licensing;
- ♦ Research and install a new citywide phone system;
- ♦ Take full advantage of Stimulus Funding work programs for summer help;
- ♦ Minimize all non-essential travel and training.
- ♦ Consolidate purchasing of materials and supplies.

The cost savings resulting from implementation of these measures will bring us from the initial projected (-\$208,129) deficit to balanced general fund budget with an anticipated end fund balance of \$81,089.

The 2010 budget proposes to expend a total of \$16,699,747 with revenue projection of \$20,855,680. Expenditures for 2009 reflect a reduction of \$1,428,405 over 2009 primarily due to the implementation of cost savings measures, decreased gas revenue and completion of the WWTP. Estimated revenues for 2010 reflect a reduction of \$3,094,093 over 2009, again due to capital project funding along with reduced tax revenue, gas sales and utilization of capital reserves. Revenue projections for 2010 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 2010 budget anticipates a beginning fund balance of \$4,976,976 and after projected expenditures is proposed to end the year at \$4,155,933, which reflects a decrease of \$821,043 in potential reserves, including capital and equipment reserves. Preliminary calculations show that approximately \$670,000 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 \$4,825,933.

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 10.0% in 2010. 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 2010 budget request is listed in Table 9 below;

Table 9: 2010 Budget Summaries

Fund		Projected Beginning Fund Balance	2010 Budget		Projected End Fund Balance
			Total Revenue	Expenditures	
001	General	\$55,990	\$3,874,223	\$3,793,134	\$81,089
101	Street/Storm	\$73,841	\$622,276	\$556,505	\$65,771
102	Arterial	\$357,803	\$2,609,833	\$2,422,455	\$187,378
104	Cemetery	\$48,412	\$140,112	\$119,427	\$20,685
105	EMS	\$95,835	\$265,071	\$155,521	\$109,550
107	Police Res	\$386,744	\$532,244	\$202,450	\$329,794
108	RR ROW	\$133,344	\$161,091	\$28,007	\$133,084
109	Crim Justice	\$108,253	\$185,653	\$125,000	\$60,653
130	Fire Res	\$331,836	\$480,608	\$427,181	\$53,427
134	Fire Const	\$67,630	\$76,414	\$36,473	\$39,941
135	Park Const	\$91,613	\$103,833	\$57,500	\$46,333
136	Visitor Prom	\$33,307	\$48,058	\$14,611	\$33,447
301	Cem Imp	\$166,604	\$181,605	\$66,102	\$115,503
306	Storm Const	\$138,917	\$336,798	\$313,000	\$23,798
307	Capital Imp	\$392,266	\$523,716	\$301,529	\$222,187
308	Comp Plan	\$279,183	\$454,933	\$192,609	\$262,324
401	NG Oper	\$241,660	\$3,028,848	\$2,667,503	\$361,345
402	Water/Sewer	\$13,069	\$2,186,617	\$2,155,138	\$31,479
403	Solid Waste	\$597	\$741,987	\$723,335	\$18,652
404	NG Capital	\$546,586	\$693,670	\$186,337	\$507,333
405	Sewer Const	\$1,006,403	\$1,909,386	\$678,430	\$1,230,956
406	Water Const	\$142,193	\$1,389,313	\$1,229,500	\$159,813
430	Equip Res	\$264,890	\$309,391	\$248,000	\$61,391
Total		\$4,976,976	\$20,855,680	\$16,699,747	\$4,155,933

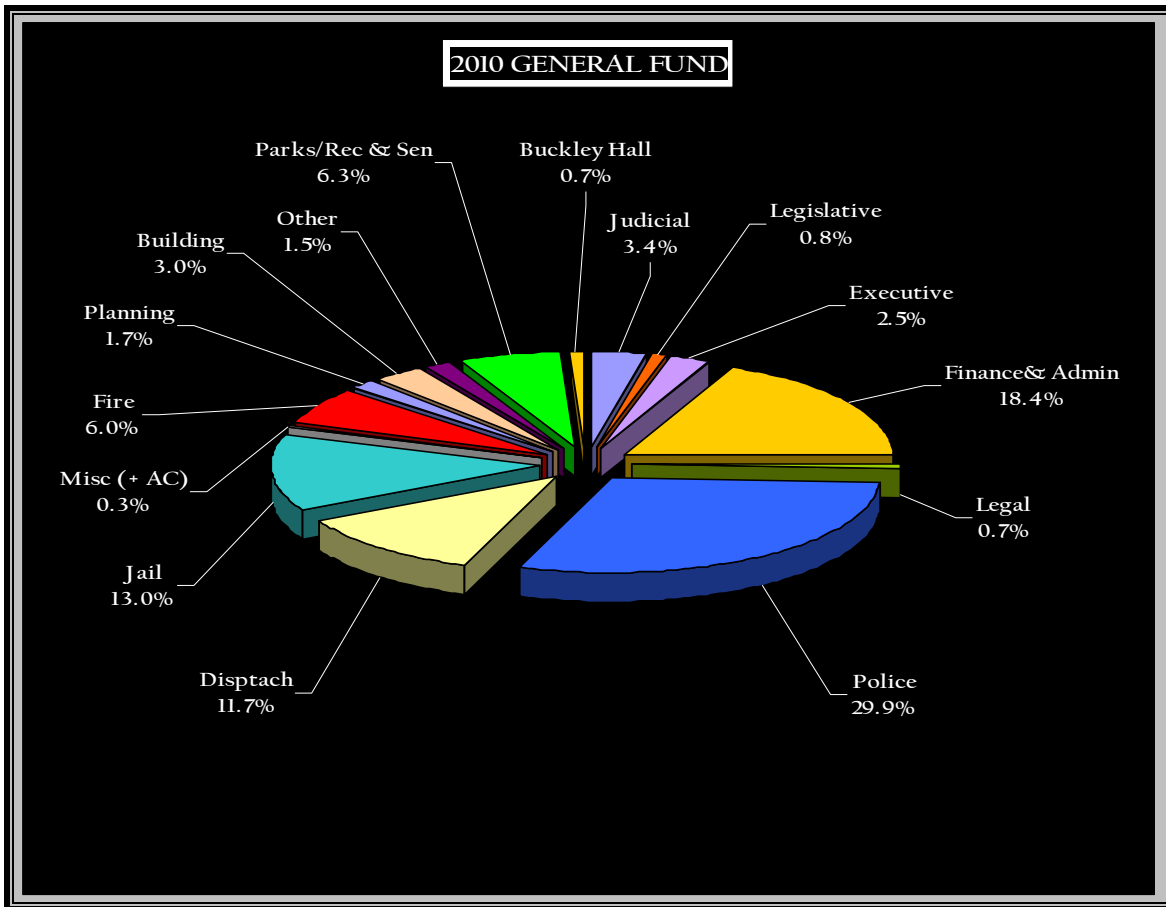
The regular property tax limit for the coming year is \$743,899 (including new construction and refunds) and \$155,737 for EMS, which is the full levy amount of 101% as allowed by law. Assessed valuation of property within the City totaled \$427,586,763, which includes \$9,281,572 of new construction valuation.

The new construction will realize the City an additional \$14,578 at this year's tax rate. Total increase in property tax revenue with new construction and the full levied rate is \$ 25,348.

Last year's levy resulted in a regular property tax of \$ 1.5815/\$1,000 of assessed property valuation and an EMS tax of \$.3313/\$1,000 of assessed property valuation. Based on the 101% limit and amount of overall valuation the amount next year will be \$1.7384/\$1,000 for property tax and for EMS \$0.3642/\$1,000. For the first time in many years the levy rate actually increased slightly for 2010 because of depreciating property values.

This \$743,899 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 10 below illustrates how each dollar of property tax for 2010 is apportioned throughout the fund for the provision of these services.

Table 10: 2010 Property Tax Distribution



Deteriorating economic conditions and rising costs continue to be an ever present obstacle to maintaining current funding levels for services and programs. For City operations this translates into declining revenues and higher costs for employee 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 and revenue streams from all sources falling below even some of the worst case scenarios, local governments are stretched extremely thin and the ability to maintain basic services gradually erodes.

The City has very few options available in order to stem this 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. However with building at a standstill very little revenue is generated from an increase in building and land use fees. Utility tax and user fee increases only increase the burden on taxpayers who are already suffering from the economic conditions. 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 (1%) 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 enact a voter approved 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 resulted in 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 5.36% 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 5.36% or \$ 0.01 for operations. So currently it costs the taxpayer approximately one cent of every property tax dollar 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 2009 is \$1.5815/1,000 which is 50.67% of the maximum. At the 2010 levy rate the City is projected to collect \$ 743,899. 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 \$743,899 to \$ 1,334,444 resulting in an additional \$ 590,545 for operations and services.

Listed below in Table II is a ranking of Cities in Pierce County and how their 2009 property tax rates compare with one another.

Table II: 2009 Pierce County Cities Property Tax Levy Rates

City	Valuation	Regular Levy Rate	% of Statutory Maximum Rate	Ranking Lowest to Highest
Bonney Lake	\$ 2,393,756,664	\$ 1.0267	61.94%	16
Buckley	\$ 457,478,593	\$ 1.5707	50.67%	10
Carbonado	\$ 45,149,737	\$ 1.0075	29.85%	2
Dupont	\$ 1,271,721,694	\$ 0.9974	32.17%	3
Eatonville	\$ 230,640,572	\$ 2.7100	87.42%	21
Fife	\$ 2,232,235,640	\$ 1.1466	45.55%	6
Fircrest	\$ 746,975,432	\$ 1.8754	55.57%	12
Gig Harbor	\$ 1,967,770,378	\$ 0.8830	49.92%	9
Milton Joint	\$ 689,509,198	\$ 1.5187	88.91%	22
Orting	\$ 577,187,234	\$ 2.0476	66.05%	17
Puyallup	\$ 4,755,926,244	\$ 2.0241	56.22%	13
Roy	\$ 60,314,597	\$ 1.4395	68.55%	20
Ruston	\$ 125,083,079	\$ 1.6242	48.12%	7
South Prairie	\$ 38,448,898	\$ 2.7568	88.93%	23
Steilacoom	\$ 786,024,813	\$ 2.1219	68.45%	19
Sumner	\$ 2,014,010,234	\$ 0.4456	13.17%	1
Tacoma	\$ 21,625,087,509	\$ 2.2165	61.57%	15
Wilkeson	\$ 37,593,616	\$ 1.2156	39.21%	4
University Place	\$ 3,521,778,468	\$ 1.0645	53.51%	11
Edgewood	\$ 1,390,286,001	\$ 0.9516	43.40%	5
Lakewood	\$ 5,948,981,404	\$ 0.9960	60.08%	14
Pacific Joint	\$ 165,440,907	\$ 1.1000	49.82%	8
Auburn Joint	\$ 853,413,073	\$ 1.4868	67.33%	18

Table II illustrates that Buckley is ranked 10th 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 three 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 2010 with the possibility of having a measure on the ballot later in 2010.

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

For 2010 the City intends to move forward with a few of the highest priority capital infrastructure and planning projects listed in Table 12 below;

Table 12: 2010 Capital Projects

Capital Accounts (Primary Projects for 2010)			
Fund	Name	Expenditures	Projected EFB
SA - 102	Street Arterials	\$2,422,455	\$187,378
~	SR410/Mason Pedestrian Crossing		
~	River Avenue Pedestrian (depends upon TIB funding)		
~	Realignment Phase I (depends upon design completion, environmental and land)		
PC - 135	Park Construction	\$57,500	\$46,333
~	White Water Rafting Study		
CI - 301	Cemetery Improvement	\$66,102	\$115,503
~	Caretaker Office Construction		
~	Landscape River Avenue Entrance		
~	Pavement Repair		
SC - 306	Stormwater Construction	\$313,000	\$23,798
~	Ryan Rd/112 th St Storm Pipe Extension		

~	Spiketon Rd Culvert Replacement Design		
~	Elk Meadows Ditch Design		
CI - 307	Capital Improvement	\$301,529	\$222,187
~	Building/Planning/Court Office Remodel		
~	PW Building Remodel		
CPI - 308	Capital Plan & Imp	\$192,609	\$262,324
~	Emergency Management Plan		
~	Complete Water Rights Assessment and Acquisition		
~	Update Parks & Recreation Plan		
~	Comprehensive Plan Amendment		
~	Update Shorelines Program		
~	DSHS Ag Land Master Plan Study		
NGC-404	Natural Gas Construction	\$186,337	\$507,333
~	System Pressure Increase		
~	Leak Detection		
~	Spruce Street Gas Main Replacement		
~	SR410 or Ryan Rd Replacement Design		
WWC-405	Sewer Construction	\$678,430	\$1,230,956
~	White River Property Acquisition		
~	System Capacity and Rate Study		
WC-406	Water Construction	\$1,229,500	\$159,813
~	Complete Water System Analysis		
~	Partial Telemetry Repair and Replacement		
~	Install Generator to Naches Well		
~	Transmission Access Road Repair		
~	Booster Station Design		
UER-430	Utility & Park Equip Res	\$248,000	\$61,391
~	Mini-truck (fuel conservation)		

2010 DEPARTMENTAL SUMMARY

CURRENT EXPENSE (GENERAL) FUND

The general fund serves as the backbone of the City and provides funding for government administration, law enforcement, fire control, planning and building, municipal court, parks, recreation 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 all but depleted any reserves in order to meet demand from operations and services. General fund reserves have dropped from a high of \$1,183,056 at the beginning of 2002 to the deficit amount identified on page 11. Through implementation of the cost cutting/saving measures previously discussed the City hopes to end the year with an end fund balance of \$81,089. Both the Federal Reserve and top economists seem to think that the recession has bottomed out and we may begin to see a “very slow” recovery, however if the current economic situation does not improve or we see continued deterioration then reassessment will be necessary.

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 2010 general fund budget proposes a reduction in expenditures of 5.79% that are fairly well distributed throughout the fund, however the largest cuts will be targeted towards planning, animal control, parks, Buckley hall and recreation all of which will be experiencing double digit reductions.

Table 13 below provides a summary and overview of the various departments funded through the general fund and a comparison of the changes proposed between the 2009 and 2010 budgets.

Table 13 : General Fund Summary

Departments	2009 Exp	2010 Exp	% of Change
Legislative	28,275	\$27,450	-2.92%
Judicial	109,167	\$117,519	7.65%
Executive	89,015	\$86,250	-3.11%
Finance & Admin	619,120	\$640,121	3.39%
Legal	25,500	\$25,500	0.00%
Misc	6,600	6,350	-3.79%
Police	1,074,764	\$1,044,248	-2.84%
Fire	213,901	\$209,690	-1.97%
Jail	428,506	\$453,043	5.73%
Dispatch	409,433	\$408,268	-0.28%
Pollution Control	2,000	2,000	0.00%
Animal Control	2,000	1,750	-12.50%
Planning	106,240	\$59,850	-43.67%

Building	113,422	\$105,712	-6.80%
Alcoholism	1,000	1,000	0.00%
Parks	115,646	\$69,464	-39.93%
Non-Expenditures	365,000	323,500	-11.37%
Other	37,000	34,000	-8.11%
MPC + Reserve	96,363	90,398	-6.19%
Community Hall	31,850	25,500	-19.94%
Recreation	79,272	61,521	-22.39%
Total w/o EFB	3,954,073	3,793,134	-4.07%
Estimated EFB	158,470	81,089	-48.83%
Total Expenditures	4,112,543	3,874,223	-5.79%

ADMINISTRATIVE

Administration and finance reflects a slight increase of 3.39% which can primarily be attributed to the increase in employee healthcare benefit premiums and the City's general liability insurance premium. Further reductions are being proposed to supplies, salaries & wages, fuel and communications.

For informational purposes we are including a new Table 14 into the budget document that reflects the number of both full and part-time employees along with total monthly payrolls and annual benefit costs for each department.

Table 14: City Employment Payroll

City employment and payroll (approximate)					
Function	Full-time employees	Monthly full-time payroll	Annual Benefit Costs	Part-time employees	Monthly part-time payroll
Finance & Admin	4	\$22,474	\$105,531	1	\$1,245
Judicial and Legal	1	\$4,164	\$21,269	2	\$228
Police	9	\$50,833	\$312,162	1	\$2,164
911 Dispatch Center	5	\$21,495	\$112,665	1	\$2,106
City Jail	5	\$17,881	\$124,629	0	\$0
Fire & EMS	1	\$6,977	\$63,991	3	\$4,326
Building/Planning	1	\$5,842	\$23,826	0	\$0
Community SVCS	3	\$10,048	\$56,173	2	\$1,808
Streets & Stormwater	1.7	\$9,001	\$46,051	1	\$1,340

City employment and payroll (approximate)					
Function	Full-time employees	Monthly full-time payroll	Annual Benefit Costs	Part-time employees	Monthly part-time payroll
Cemetery	1.1	\$3,738	\$28,470	0	\$0
Natural Gas	3.45	\$14,732	\$91,413	.5	\$439
Water	2.45	\$11,659	\$72,402	1	\$1,779
Sewer Collection/ Treatment	4.3	\$18,329	\$93,005	.5	\$0
Totals for Government	41	\$197,173	\$1,151,587	13	\$15,435

POLICE DEPARTMENT

The Police Department is not proposing any significant changes to the 2010 budget. The Police portion of the budget has been reduced by 2.84% from 2009. This was achieved by forming a drug task force in 2009, which will allow a portion of the task force salary to be taken from Fund 109 in 2010 reducing the salary portion of the budget. The task force has been very successful so far with serving over ten search warrants seizing over \$20,000 dollars in cash, six vehicles, and taking over \$100,000 dollars street value drugs off the streets in the three towns we give police protection to. Although we are at current budgeted staffing levels we had high hopes for the 2009 COPS grant to add an additional officer to the force. We were unsuccessful in obtaining the grant but have high hopes that a second round will be distributed in 2010. This would help us meet the ever-increasing calls for service that I do not anticipate will change in the future.

Currently the jail is running with five full-time employees. The jail budget will see a 5.7% increase. This increase will come as a result of the salary and benefit portion of the budget. The remainder of the jail budget either stayed the same or was decreased from the 2009 budget. The jails new video arraignment project is now complete and being used by many of our customers. This was a necessary project to stay competitive in the market and has proven to be a big success. The jail continues to be in high demand at the current time. Given the current economic state that many Cities are in, the jail could experience a decrease in demand in 2010. Our hopes are that budgets do not influence jail time imposed by court systems and that we will meet or exceed the projected revenues for 2010.

The dispatch center budget will decrease by 0.28% in 2010. Dispatch runs with five full time employees and one part time. Currently the dispatch center is at full budgeted staff. Federal law requires that all VHF dispatch centers be narrow-banded and in compliance by 2013. This is a very in-depth project and was started in 2009 by obtaining licensing for

narrow band frequencies. Phase I and II will be completed in 2010 with hopes of finishing the project in 2011. A constant search for new customers is being conducted around the clock in an attempt to make the dispatch center more self-supporting.

The over-all police budget was decreased from 2009 by 0.3% for 2010 budget.

2009 was a great year for grant opportunities mainly due to the federal stimulus packages. This allowed the police department to secure over \$53,000 dollars in grant monies. Staff hopes this will be the case in 2010 and we will continue to pursue grant funding where opportunity allows.

Scheduled equipment replacement and/or repairs proposed in the budget are Phase I and II of the narrow-banding project, replace two patrol vehicles, and upgrade the current records management system being used at the police station.

FIRE & EMS

In 2010 the City of Buckley Fire Department will be challenged by meeting the need to continue to grow in response to the steadily increasing demand for service while working within the constraints of a slim budget and an unstable economy.



In 2008, for the first time in the history of the fire department, the number of calls for service in an operating year exceeded 1,000. The City of Buckley Fire Department responded to 1,032 calls for service in 2008. In 2009 we will have responded to more calls for service by mid-November than we did in all of 2008. Based on the upward trend of calls for service we have seen in the past 5-years, we project in 2010 there will be 1,250 calls for service.



In response to the rising demand for service, it is again necessary to increase our volunteer staffing. Without adequate staffing, we would not be able to meet our Level of Service goals. The fire department has been actively recruiting for the past three-months and is in the process of completing the selection process. We anticipate selecting 8 – 10 of the most qualified applicants from the nearly 20 applications received. Those selected to serve as volunteer firefighters with our department will begin training in our annual Basic Firefighter Training Academy beginning in early January.



The major project for the fire department in 2010 will be the continuation of the planning and design process for a new fire station facility. The city has nearly finalized the purchase of property for the site of the new fire station. Group Mackenzie has been selected to provide architectural services for the conceptual design of a new fire station

facility. The final decision of whether to build a new fire station facility will be made by voters in May when the city plans to present a Bond Measure to the voters for funding the complete design and construction of a new fire station facility.



The citizens of Buckley continue to enjoy the economic benefits of a predominantly volunteer staffed fire department. The cost to citizens in Buckley for fire and emergency medical services is less than half that of the surrounding area, while the level of service is equal or better.

BUILDING & PLANNING

As indicated in previous sections the new construction that the City has been anticipating hasn't materialized with the current downturn. In 2009 the Building Department issued approximately 80 total permits. Of these 7 were for new single-family residences and 8 were for residential remodels/additions. The remainder was for miscellaneous reasons.

The new Sewer Plant upgrade is now complete and the additional capacity at the plant is fully available once market conditions improve. However, until there's been a significant change in the economic climate we don't anticipate any major interest in development. Therefore, we are conservatively estimating building activity in the coming year.

The operating budget for the Building Department will be comparable to 2009 including continuing the contract with Edgewood to provide building services which will help augment revenue to the City General Fund.

The budget for the Planning Department is reflecting a significant (-43.67%) cut with the elimination of the full time Planning Associate. Overall cost savings will come from salary and benefits, supplies, travel and training. The Mayor is currently exploring potential contract services with one of the adjacent communities such as Bonney Lake, or by hiring a consulting firm to fill this role.

Planning priorities for next year will focus on completing 2011 GMA updates to the Comprehensive Plan, update the Master Shoreline Regulations and begin work on the DSHS Property Master Plan.

Chief Predmore 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 2010-2011.



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

From January through October, 2009, the Museum saw 665 walk-in visitors (those that signed the guest book). A large number of visitors were from outside the local area from as far away as the East Coast and England. Some wanted information on family members or wanted to know more about the local area. 194 additional visitors were school tours both from local public and private schools. The museum is open on Tuesday, Wednesday, Thursday and Sunday. More days will be added in the future if additional docents are found to commit to additional days. The Museum is run totally by volunteers that logged 1,702 hours of volunteer time in 2009.

The docents at the Museum are working on a walking map and tour of our cemetery of a “who’s who” of the cemetery and a History of Buckley program geared to different age groups. They are working on a grant from the Muckleshoot Tribe for display and history of the plateau before Buckley was here.

The historical society continues to raise funds and apply for grants for the addition of an ADA accessible bathroom and additional exhibit space. They are also pursuing funding to replace several large windows with energy efficient double or triple pane glass.

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

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, Buildings & Cemetery -

1 Utility Mechanic

1 Building/Parks Maintenance Worker

1 Building/Parks Maintenance Custodial Worker

1 Cemetery Caretaker

1 Seasonal P/T Parks Worker

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 and 2009 we began to make up some ground and had anticipated ending 2009 with approximately \$357,202 in reserves, however gas sales were less than anticipated and we are projecting being short of this by approximately \$115,542 with an adjusted balance of \$241,660. 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.

Through execution of a new “short term” gas contract which becomes effective November, 2009 the City has been able realize a small percentage decrease in supply cost, so the City Council has indicated that they are considering a 3% rate reduction for 2010.

Water Department:

Water sales for 2009 came in slightly higher than anticipated by approximately 15.0% and expenditures by 7.47%. Higher than anticipated operating costs were directly related to additional taxes on the increased sales, higher utility costs, professional services and increased water testing mandated by DOE.

The City is continuing to see a minor drop in average daily household use, which further goals of the City Council to implement conservation measures mandated by the State.

Water rates for 2010 are already set by ordinance from 2008 when the new tiered, seasonal structure was implemented and are scheduled to increase an average of 3% on January 1, 2010.

Proposed new base rate and seasonal structure for 2010 is listed below in Tables 15-A.1 and 15-A.2;

Table 15-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 13-A.1 customers will pay a usage charge per CCF (100 cubic feet) of water consumed as illustrated in Table 13-A.2 below;

Table 15-A.2: Proposed Seasonal Rate Structure

Effective Beginning		1/1/2009	1/1/2010
Winter			
Single-family & Multifamily residential	2 - 7 CCF	1.82	1.87
	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.

Water Capital:

The City’s water transmission main from South Prairie Creek remains one of the primary infrastructure concerns for the community. The transmission main is over 70 years old and is steadily deteriorating. The water main and access road was both once again damaged by the flood of January, 2009, only this time the estimated cost of damage more than doubled from the last event to \$1,100,000. We are currently working with FEMA to complete repairs on the facility and road, but the repairs will only restore it back to its original condition. Replacement of this main pipeline will be critical to the City’s long term water supply needs and at a cost at over \$12.5 million will be a major financial impact.

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 (WWTP), 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 completed construction of the Phase II E upgrade of the WWTP in August, 2009. Completion of this Phase finishes 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. In addition the City is poised to complete installation of the sewer conveyance line that will act as the connection to serve Rainier School. 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 by 11.9% primary related to increased salaries and benefits, public utilities, insurance premiums and higher costs of operating the new plant. Utility costs have almost doubled from \$46,000 budgeted in 2008 to

a projected \$75,000 in 2010. Other impacts consist of higher transport and disposal costs of dewatered waste. In addition to operations, capital costs for sewer are increasing, as we begin debt repayment to the State Public Works Trust Fund (PWTF) for the construction loan the City obtained to complete the upgrade.

The current economic crisis and sluggish housing market continue to weigh heavily on utility operations. The City 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. The City should experience some additional revenue in 2010 when Rainier School is able to connect to the existing system and becomes a sewer customer. A minimum increase of 3% is being proposed to rates for 2010 to fund operations and debt repayment. Table 16 below illustrates overall changes in the 2010 budget;

Table 16: Sewer Operations

Sewer Operations			
EXPENDITURES	2009	2010	Change
Administration & Taxes	\$164,512	\$198,555	20.69%
Sewer Collection	\$108,258	\$105,587	-2.48%
Sewer Treatment	\$448,598	\$480,364	7.08%
Capital Transfers	\$626,750	\$734,058	17.12%
	\$1,348,118	\$1,518,564	12.64%

As indicated above the City Council is proposing a 3% increase for 2010 as follows in Table 17 below;

Table 17: Sewer Rates

Sewer Rates	2009	Proposed 2010 (3%)
For a single-family residence	\$63.64/month	\$65.55/month
for multi-family residences	\$53.77 per unit, per month	\$55.38 per unit, per month
For mobile homes	\$63.64/month	\$65.55/month
Non-System Sewage Disposal	\$224.97/105 cubic feet	\$231.72/105 cubic feet
Commercial users	\$63.64/900 cubic feet +\$2.49/100 cubic feet excess	\$65.55/900 cubic feet +\$2.56/100 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 2010 the transfer to streets from general fund

is projected to be \$33,000. In 2009 revenue from gas tax distributions was down by 9.5% and for 2010 we anticipate seeing a similar trend.

Annual maintenance payments to PSE for street and parking lot lighting are approximately \$49,400. This amount paid for street and parking lot lighting is equal to 42.16% of the total street operations budget. In 2009 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 and 2009, but for 2010 these costs are going up once again due to salary and benefit increases so the level of maintenance for streets had to be adjusted downward another 5% to balance the budget. The 2010 street operations have been held to a reduced -1.12% budget, 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 2009 the City continued to expand the Phase II NPDES Stormwater Management Program that was mandated by DOE. In 2010 further emphasis will be placed on implementing the program by updating and adopting new Illicit Discharge Regulations, updating stormwater regulations and initiating a sampling program in specific discharge areas of the community. 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.

The financing plan adopted in the City’s Comprehensive Stormwater Plan identified that in 2010 a rate increase of 3% would be necessary to support funding of the Phase II NPDES Stormwater Management Program. The total increase for 2010 is listed in Table 18 below;

Table 18: Storm Sewer Monthly Service Charge

Storm Sewer Monthly Service Charge		
Use	2009 Rate	2010 Rate
Single-family residence	\$16.65/residence/month.	\$17.15/residence/month.
Multi-family and/or Accessory residences	\$10.98/residence/month.	\$11.31/residence/month.
Other	\$16.65/ERU*/month.	\$17.15/ERU*/month.
*ERU for Storm Sewer calculation is defined to mean 8,000 square feet of impervious surface area		
Alternate: Commercial	\$16.65/business/month plus \$16.65 for parking whether on-site or off-site	\$17.15/business/month plus \$17.15 for parking whether on-site or off-site

Stormwater Capital:

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 19;

Table 19: 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 2010 the City is planning to move forward with Phase I construction of the SR165/SR410/RyanRd/112th St E Realignment Project. Stormwater drainage for this project will provide the City with an opportunity to connect with the end of the “deep” 36” storm line on Ryan Road and complete the connection to Hinkleman Extension, which will complete a vital drainage link for the community. Both WSDOT and the State TIB have agreed that grant funding is eligible to pay for a considerable portion of this project. The City’s cost will be directly related to an upsizing of the pipe from 36” to 48” and is estimated to be \$130,000 to \$150,000. In addition the City has budgeted \$130,000 to complete design and potential Phase I construction of Storm CIP #1.

Street Capital:

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 2010. Other lesser projects proposed for next year include the following;

- ◆ 2010 Sidewalk Replacement Project
- ◆ SR410 and Mason Avenue Pedestrian Crossing (WSDOT)
- ◆ River Avenue Sidewalk Project (TIB Contingent)

Solid Waste:

Revenues from solid waste are in slightly short of revised projections made in May when the City had to implement additional rate increases to cover costs from an increase in current service contract with D&M Disposal and tipping fees at Pierce County. With the expectation of another increase coming from both D&M and the County once again in March, 2010 and increases in administrative costs of 5.64% the City is anticipating a rate increase of 6.5% in January, 2010.

PARKS & RECREATION DEPARTMENT

Once again 2009 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.



The Buckley Youth Activities Center has had one full year of programs and is seeing ever increasing participation from many age groups. The BYAC 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. This summer was the first full summer of programs and we were able to offer some wonderful Summer Fun Days, the Summer Lunch Program which enabled us to offer a free lunch to any child under the age of 18.



The Center has received 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 BYAC charges a small fee for special events, and all classes are offered at little or no charge.



The BYAC is supervised by the Recreation Services Director and staffed by a 30 hour per week Recreation Coordinator. The Center is open Tuesday through Friday from 2:30-7:30 and Saturdays 11-5 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 for the summer lunch program and special events beginning in January 2010.

The Parks Department continues to be affected by reduced revenue projections. In 2009 the City reduced the seasonal staff by one part-time position. For 2010 the budget is targeted even harder with a (-39.93%) reduction which cuts the department by another seasonal part-time and reassigns the full time Building/Parks maintenance position to special projects for ½ of the year to minimize expenditures from the general fund. This severely limits the ability of the department to maintain the City facilities next year. The Mayor has indicated that volunteers will be sought and a continued effort be made to take advantage of any stimulus programs available to assist with maintenance.

Due to limited funding in Park Construction Fund 135 the City is not proposing any major capital projects for 2010, but will conduct a \$15,000 White Water Rafting study for potential recreational use of the White River.

CEMETERY

The Cemetery commemorated their new Columbaria earlier in 2009 and has continued improvement to the new Urn Garden.

The Cemetery fund is experiencing increases similar to those throughout the rest of the budget such as in wages, benefits, administration, insurance 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 2010 include the caretaker office construction, roadway pavement repair and entrance landscaping.

UTILITY RESERVES

Proposed equipment purchases for 2010 include;

- ◆ Mechanic Shop Tools
- ◆ Small tools and equipment
- ◆ 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

I have become accustomed to the expectation of reading the news each day and seeing headlines of another City, a County or the State slashing budgets, making further staff reductions, cutting programs and lowering revenue projections. We're fighting wars in two different countries, our healthcare system is broke, terrorism is an ever present danger and the planet is on the precipice of catastrophic climate change from global warming. I used to wonder where they got the ideas for some of the movies they make, but then I realized they didn't have to venture very far. It certainly makes it difficult to anticipate that things will improve or leave us with a feeling of hope for the future.

Someone taught me an interesting concept awhile back. For me I summarize the meaning to be that "our perception leads to a belief, the belief then to an action, and the action to ones reality". Now I believe that this short euphemism works in one of two ways. One can look at appearances and look at it from the perception that everything's negative, and then from this perception believe that you have no power to change really any of the things that you see are wrong or out of whack, so therefore your action(s) are to do nothing and presto the reality is nothing changes. On the other hand one can look at appearances and perceive that it is simply temporary and as a result of this perception you take the position of personal power and believe that even in some small way you can make a difference (pebble in the pond concept), then your actions will reflect this and reality will change, even if it is simply in your own attitude and life.

Are things out there great right now or are things terrible; or maybe somewhere in between? Guess it's all in how you look at it.

The Mayor made a statement some time back, that the severity of the recession and the changes that have come as a result are forcing us back into a different lifestyle. One that is similar to that of the 40's and 50's. Well that sounded good to me, but even though I have gray hair, I'm not that old and really have no frame of reference for that period. What I do have a reference for is growing up on a small Midwest farm, where cash money was tight, but yet we had everything we needed. The community I lived in had a population of approximately 4,400 which was about 200 less than Buckley has now. The phrase community and family was not the most recent political buzzword, but actually meant something and was practiced even though the people who were doing it didn't know it. It was a place where family gatherings and reunions were an every Sunday occurrence and you had a hard time finding a parking place at the local park. Potlucks were the usual fair at churches and socials and every one knew each other. Isolation and separateness only existed in the extreme and even then someone would usually be watching out for them. Now I'll be the first person to say that it was no Wally & Beaver world, people still had their problems and had trouble getting along, but they gathered "together", helped and cared for one another and they spent time doing things that benefited the community.

Somewhere along the line we seem to have traded this away. Now we all have the newest toys, nice big screen TV's, computers, fancy cars and trucks, big homes, cell phones and blackberries, closets full of clothes and yet, more making and selling more

pharmaceuticals than at any time in history. Have you ever asked yourself why? I'm going to make a huge leap and say that maybe, just maybe what's going on around us can be perceived as a gift and not a tragedy. Maybe through perceiving things in a different way we can see that we are being pushed towards change, but a change that takes us back towards a simpler lifestyle. One that can be integrated with the new knowledge that time has brought so that it ends up being a better world. I don't know, I guess that maybe it could be just in how you look at it.

We are in challenging times, but I believe that the phrase "this too shall pass" has never been more appropriate. By continuing to focus on priorities, efficiency and cooperation we will navigate through it and come out the other side. In closing I would like to once again express my sincere gratitude to the elected officials, staff and volunteers for helping to keep the dream and reality of Buckley alive. Thanks to everyone for their time, commitment and input into the development of this 2010 budget request.

City Administrator