



City of Buckley

2011 Budget Request

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City Council

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MAYOR'S MESSAGE 2011

The headlines in all of the newspapers have been pretty bleak for several months now mainly focused on the financial crisis that many cities are facing because of decreasing revenues and increasing cost of running a city. Shortfalls in budgets are not necessarily caused by overspending but are often caused by having less money to spend.

Utilities are classified as "enterprise funds", which generate their own revenue stream and monies generated can only be used in that account. Water funds stay in the water department, gas in the gas department and so on. Utility/enterprise funds are gas, water, sewer, storm drainage, garbage and cemetery. Property taxes, utility taxes, fees and fines go into the general fund. From the general fund we pay for police, fire, planning, building, court, finance, administration, Council, parks and senior and youth centers along with their programs. The City can only raise property taxes by 1% per year which hardly keeps up with inflation.

This year, with careful oversight of the budget, with no excess spending and basically "holding the line", the City of Buckley will actually have more money at the end of the year than we had at the beginning of the year. The cost saving measures that we put into place at the end of 2009 are beginning to be realized in our bottom line.

This year we did less work in the park. The parks/building maintenance employee transferred from the parks department to the natural gas department to fill a vacancy there. The Cemetery Caretaker is now half time in the cemetery and half time in the parks. In the spring we intend to hire a couple of young adults for the summer season to help with the mowing and parks maintenance as we have for the last several years. We currently contract to Bonney Lake for part-time planning services. Our building official is still contracting to the City of Edgewood for inspection services half time. He is in Buckley in the morning and Edgewood in the afternoon. As a result each of the cities are realizing a cost savings.

The cost savings that we have achieved this year could not have been accomplished without the support and dedication of all the department heads and staff. They are working smarter and accomplishing more with less money. Also, the community has "stepped up to the plate" in areas that we felt we could no longer fund. The Chamber of Commerce raised money through donations for all the hanging baskets that lined Main Street, River Avenue and the park. The Mormon Church, Wards 1 & 2, donated an entire day of giving back to our community with over 120 people participating and completed many projects in the park, at Buckley Hall and the Museum that the city crew just could not get to. The volunteers at the senior center, youth center and museum, the scout troops and Eagle Scout projects, organizations such as the Log Show, Kiwanis and

Eagles all helped to support the City and to make Buckley such a great place to call home. We would not be where we are without them.

Thanks to the overwhelming support from the community we will be starting construction of our new fire station after the first of the year. In addition, another large project that we'll be doing next year entails replacing over two-thousand feet of our raw water pipeline which will be in large part funded by a grant the City received from FEMA. We will continue to actively apply for grants to continue supporting many of our services.

We will continue to look forward by using lessons we have learned in the past. 2011 will still be challenging to navigate financially but things are beginning to look brighter than they have the last few years.

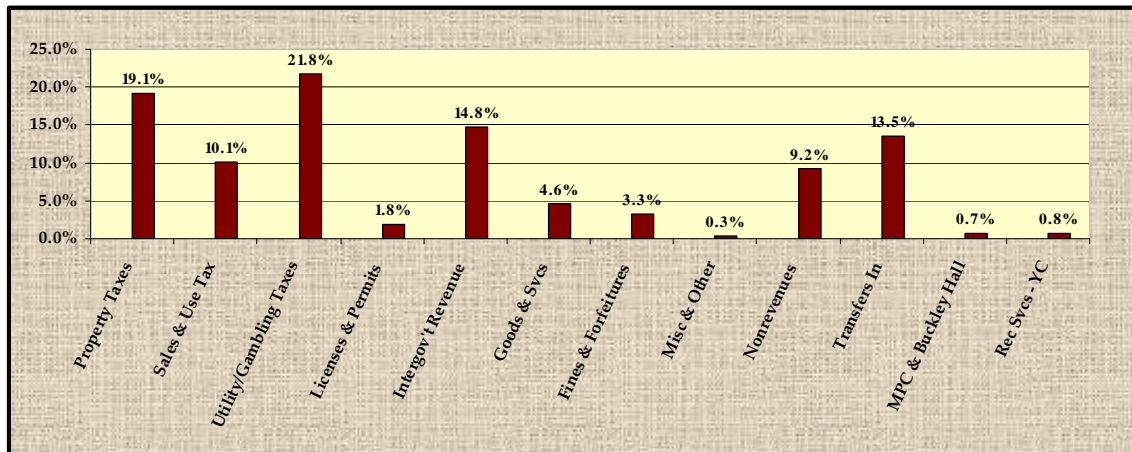
Mayor Patricia Johnson

BUDGET SUMMARY

The City of Buckley is a Mayor-Council form of government that provides an extensive array of services to the community. The entire City budget encompasses twenty-three individual funds that each has an expense and revenue category. From these accounts the City currently administers programs and services for finance and administration, legislative and executive, legal, municipal court, fire and EMS, law enforcement, 911 dispatch, 30 bed jail, building and planning, parks, senior center, youth center, recreation, Buckley Community Hall, streets, cemetery, utilities (stormwater, natural gas, water, sewer & garbage) and capital replacement.

The general fund (current expense), considered the “workhorse” of the budget, derives revenue from a variety of sources, including property taxes, sales and use taxes, public and private utility taxes, land use and building permit fees, gambling taxes, rentals and leases, user fees, service contracts (law enforcement, jail, dispatch and fire), grants, fines and forfeitures and investment interest. Although the general belief is that property taxes from real property in the City fund the largest share of services, they do in fact only represent 19.1% of the revenue to the City’s general expense fund. Utility and gambling taxes are the largest contributor at 21.8% with sales and use tax coming in third with 10.1%. The economic downturn has severely impacted business activity in the community and we’ve seen revenue from sales and use tax drop by approximately 22% since the recession started. The remainder of the general fund revenue comes from the other sources identified above. Table 1 below illustrates the breakdown of revenues to the general fund projected for 2011.

Table 1: 2011 General Fund Revenue Sources

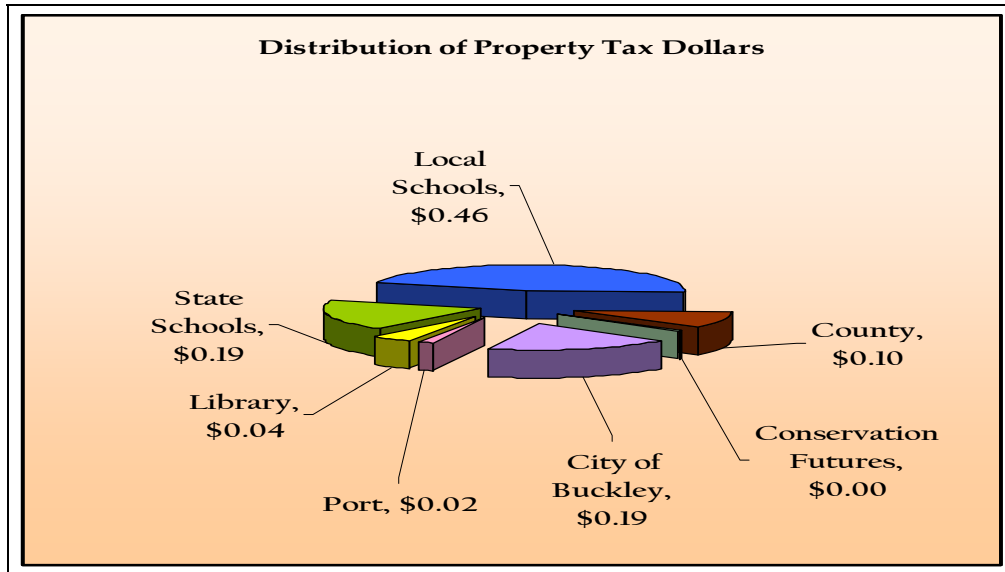


Although listed separately the City receives a significant amount of revenue from charges for services through the intergovernmental and "charges for goods & services" category titles. These two categories combined bring in another 19.4% of the revenue to the general fund through outside contracts for jail services, law enforcement to both Wilkeson and Carbonado, dispatch service, fire and EMS service to Rainier School and building services to Edgewood.

While property taxes represent 19.1% of the general revenue, it is the “second” largest single contributor to City government operations behind that of utility and gambling taxes. When comparing it to your overall property tax bill, the portion that is allocated to the City through the

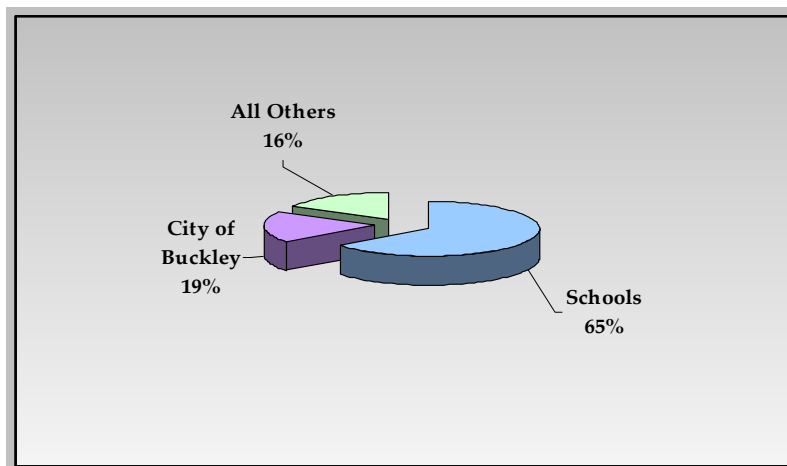
tax levy is only a fraction of the total property tax bill. Table 2 below illustrates the distribution of each dollar of assessed property tax paid to Pierce County each year.

Table 2: How Each Property Tax Dollar is Distributed



As Table 2 above illustrates the City only receives \$ 0.19 of every property tax dollar to use towards providing the vast array of services to the community such as police, fire, parks, senior center, youth center, etc. The largest recipient of your tax dollars is the local school district, which receives \$ 0.45 of every tax dollar. Together the combination of both State Schools and Local Schools receive \$0.65 or 65% of every property tax dollar paid. See Table 3 below;

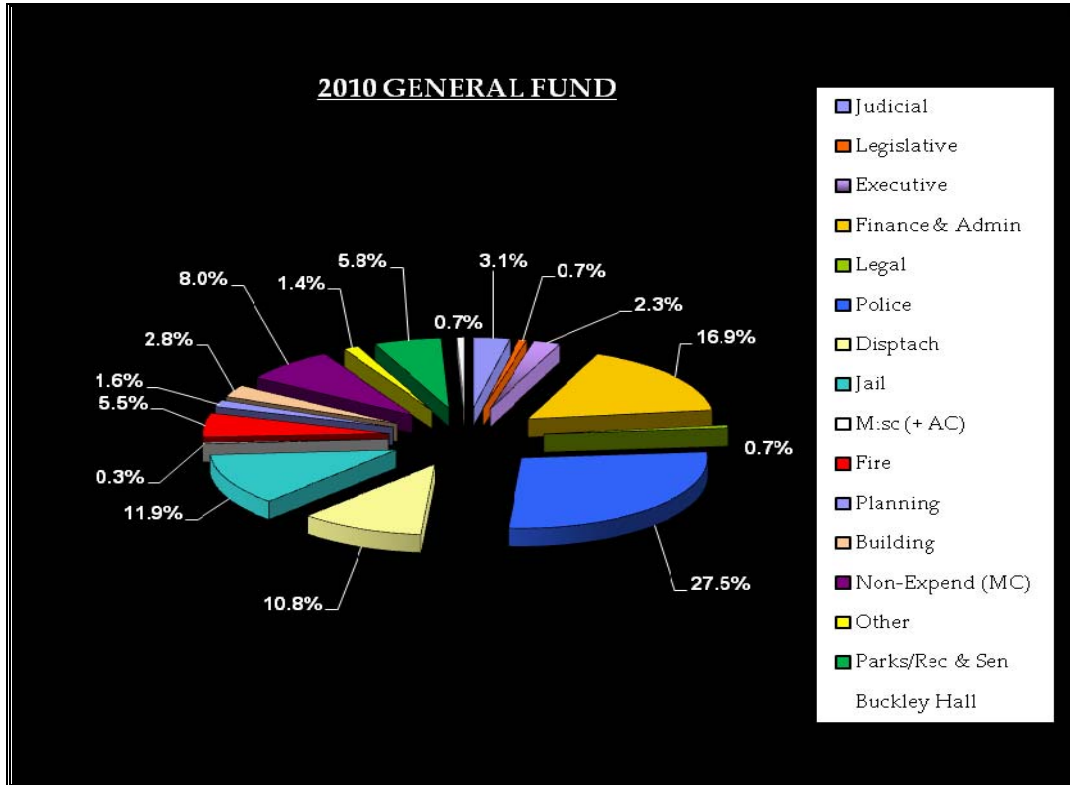
Table 3: Apportionment of Tax Dollar to Schools



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 2010 the regular property tax limit was estimated at \$743,899, which was calculated at the full levy amount of \$1.7384/\$1,000 of assessed property valuation. Assessed valuation of property within

the City totaled \$427,586,763, which included \$9,281,572 of new construction valuation. This \$743,899 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 was apportioned throughout 2010 in the General Fund for the provision of these services.

Table 4: 2010 General Fund Property Tax Distributions



As Table 4 above illustrates, the largest area of expense within the general fund, at just under 60%, is related to public safety which includes police services (27.5%), fire control (5.5%), 911 dispatch center (10.8%), and jail (11.9%).

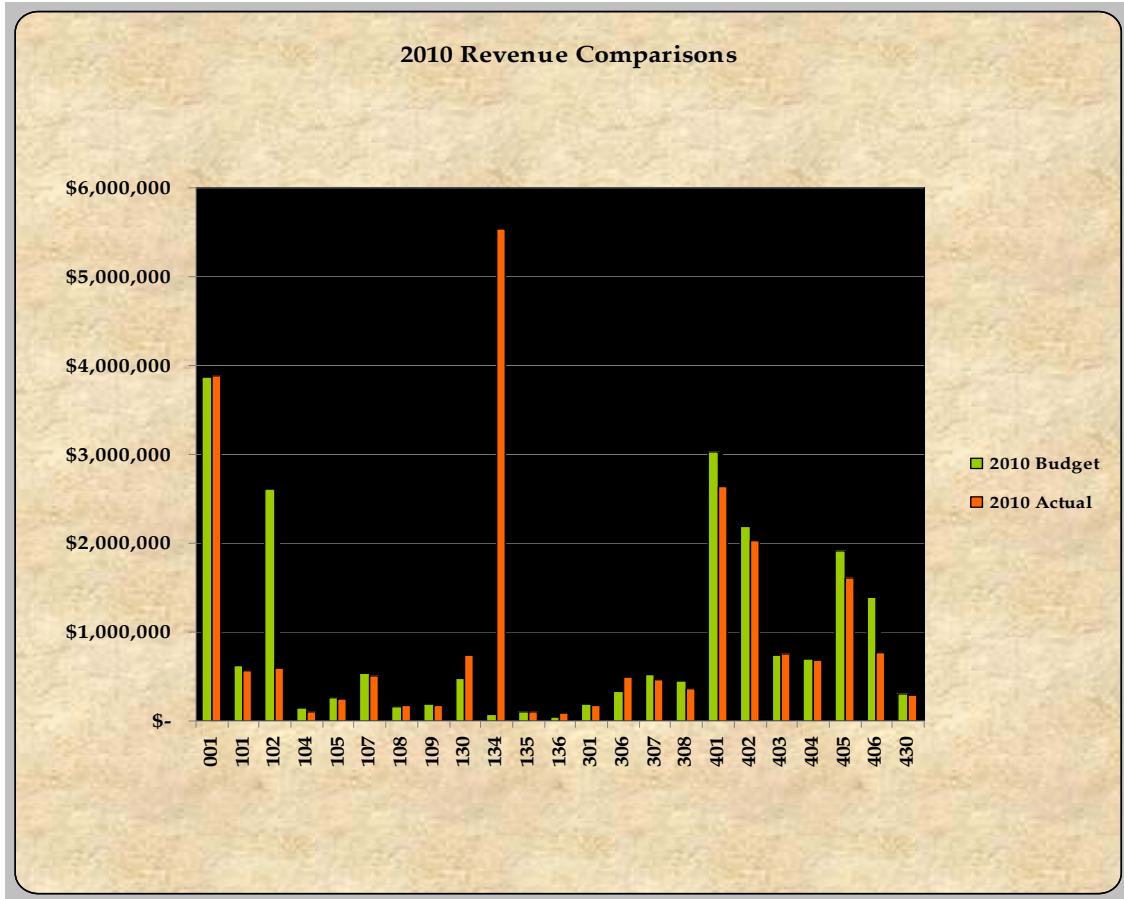
In addition to revenue from property taxes the City’s general fund receives revenue from sales and use taxes on the sale of retail goods, utility taxes on each separate utility, permit fees for all land development, fines and forfeitures, user fees such as Buckley Hall or MPC rental, service contracts 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. Revenues from each of these utilities and/or enterprises are restricted by State law to be self supporting and cannot be used to fund services outside of their approved categories.

With the exception of natural gas and water sales, overall revenues for 2010 have either met or exceeded expectations. Natural gas and water sales are down between 6 and 10 percent. Revenue comparisons between 2010 estimated versus actual for each fund are listed in Table 5 below;

Table 5: 2010 Revenue Comparisons



Although the housing market is still flat and the economy continues to struggle, the measures that the City has taken the last couple of years to stabilize the financial condition of the City, have paid off. Revenues to the City’s general fund are in line with projections despite the continued drop in sales tax and lack of new construction and development. We are continuing to see losses in revenue from Real Estate Excise Taxes (REET) as a result of the flat housing market. Capital Funds 307 and 308 are both funded from REET taxes.

Overall revenue and expenditures for the 2010 budget are summarized in Table 6 below;

Table 6: 2010 Budget Summaries

Fund	2010 Budget		2010 Budgeted End Fund Balance	2010 Actual		Projected End Balance	
	2010 Budgeted Revenue	2010 Budgeted Expend		Est Actual Revenue	Est Actual Expend		
001	General	\$ 3,874,223	\$ 3,793,134	\$ 81,089	\$ 3,879,937	\$ 3,647,831	\$ 232,106
101	Street/Storm	\$ 622,276	\$ 556,505	\$ 65,771	\$ 565,944	\$ 519,530	\$ 46,414
102	Arterial	\$ 2,609,833	\$ 2,419,955	\$ 189,878	\$ 596,161	\$ 354,630	\$ 241,531
104	Cemetery	\$ 140,112	\$ 119,427	\$ 20,685	\$ 99,738	\$ 92,887	\$ 6,851
105	EMS	\$ 265,071	\$ 155,521	\$ 109,550	\$ 252,039	\$ 138,538	\$ 113,501
107	Police Res	\$ 532,244	\$ 202,450	\$ 329,794	\$ 508,739	\$ 88,945	\$ 419,794
108	RR ROW	\$ 161,091	\$ 28,007	\$ 133,084	\$ 167,906	\$ 27,826	\$ 140,080
109	Crim Justice	\$ 185,653	\$ 125,000	\$ 60,653	\$ 180,642	\$ 118,104	\$ 62,538
130	Fire Res	\$ 480,608	\$ 427,181	\$ 53,427	\$ 736,478	\$ 327,776	\$ 408,702
134	Fire Const	\$ 76,414	\$ 36,473	\$ 39,941	\$ 5,537,143	\$ 522,048	\$ 5,015,095
135	Park Const	\$ 103,833	\$ 57,500	\$ 46,333	\$ 95,488	\$ 2,741	\$ 92,747
136	Visitor Prom	\$ 48,058	\$ 14,611	\$ 33,447	\$ 88,640	\$ 49,789	\$ 38,851
301	Ceme Imp	\$ 181,605	\$ 66,102	\$ 115,503	\$ 175,167	\$ 55,797	\$ 119,370
306	Storm Const	\$ 336,798	\$ 313,000	\$ 23,798	\$ 498,277	\$ 42,770	\$ 455,507
307	Capital Imp	\$ 523,716	\$ 301,529	\$ 222,187	\$ 459,852	\$ 28,334	\$ 431,518
308	Comp Plan	\$ 454,933	\$ 192,609	\$ 262,324	\$ 360,399	\$ 107,909	\$ 252,490
401	NG Oper	\$ 3,028,848	\$ 2,667,503	\$ 361,345	\$ 2,636,459	\$ 2,383,315	\$ 253,144
402	Water/Sewer	\$ 2,186,617	\$ 2,155,138	\$ 31,479	\$ 2,023,850	\$ 2,021,194	\$ 2,656
403	Solid Waste	\$ 741,987	\$ 723,335	\$ 18,652	\$ 747,043	\$ 719,808	\$ 27,235
404	NG Capital	\$ 693,670	\$ 186,337	\$ 507,333	\$ 680,072	\$ 11,596	\$ 668,476
405	Sewer Const	\$ 1,909,386	\$ 678,430	\$ 1,230,956	\$ 1,608,902	\$ 962,939	\$ 645,963
406	Water Const	\$ 1,389,313	\$ 1,229,500	\$ 159,813	\$ 769,011	\$ 495,730	\$ 273,281
430	Equip Res	\$ 309,391	\$ 248,000	\$ 61,391	\$ 289,860	\$ 2,545	\$ 287,315
Total		\$ 20,855,680	\$ 16,697,247	\$ 4,158,433	\$ 22,957,747	\$ 12,722,582	\$ 10,235,165

As illustrated above, we anticipated ending the year with approximately \$4,158,433 in end fund balances (EFB), 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 2010 EFB of \$10,235,165. While this appears to be a significant increase, the EFB includes the \$5,000,000 in proceeds from bond sales for construction of the new fire station. After accounting for the addition of the bond proceeds, we're still projecting an EFB of \$5,235,165, which is an impressive 25.89% increase over the budgeted amount. This projection includes all funds including capital and equipment reserves.

The City has made 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 2010 the City has been successful in obtaining **\$1,646,412** 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 have actually been received are listed in Table 7 below;

Table 7: 2010 Grants/Funding/Donations

Department	Agency	Amount
Building/Planning	State L&I – OJT Award	\$6,000
	DOE Shorelines Grant (additional)	\$20,000
	Total	\$26,000
Parks & Recreation	PC Violence Prevention	\$15,000
	Whiter River Hometown (YC)	\$3,902
	Total	\$18,902
Senior Center	Pierce County Human SVCS	\$4,688
	Catholic Community SVCS	\$3,600
	Pierce County – CDBG	\$3,400
	Total	\$11,688
Law Enforcement	WASPC Safety grant	\$2,500
	WASPC Equipment grant	\$1,000
	WASPC Equipment grant (2)	\$1,000
	FED BPV grant	\$5,800
	Total	\$10,300
Fire/EMS	SAFER Grant	\$21,310
	State Dept of Health Trauma Grant	\$2,186
	Total	\$23,496
Utilities/Streets	TIB: Pavement Preservation	\$0
	DOE Stormwater NPDES Grant	\$82,000
	FEMA: Water Trans Main Replacement	\$1,500,000
	Total	\$1,646,412
TOTAL ALL GRANTS/FUNDS/DONATIONS		\$1,646,412

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 City’s water transmission main and access road damaged during the January, 2009 flood. In addition to these projects a large amount of time and energy was spent on the following;

- Emergency Management Plan
- Water Transmission Main and Access Road Repair
- City/DSHS Sewer Line Construction
- Future Street Plan (update)

- Nanevicz Trust Subdivision Processing
- Phase II NPDES Stormwater Permit Compliance
- Continued Water Rights & Supply Negotiation
- Design of the new Fire Station
- Arts Commission Veteran's Monument
- SR410/SR165/RyanRD/112thStE Realignment Design & Environmental
- PSE Property Negotiation
- Shoreline Master Program (update)
- SR410 & Mason Ave Pedestrian Crossing Project
- Fire Station Site Development Processing

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 2011 summary.

Going into 2010 we had grave concerns over the poor economic conditions and continued revenue losses resulting from such. Initial projections last fall revealed that we were looking at a (-\$208,129) budget shortfall in the general fund. As a result of this outlook the City Council met in a special budget session last fall to discuss various paths that we could take to contain costs. Through these discussions the Mayor and Council identified the following eighteen (18) actions for implementation;

- ◆ 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 contract planning services from Bonney Lake;
- ◆ 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.

With the exception of installing a new phone system and relying on “only” one seasonal parks employee to maintain parks, the remaining sixteen (16) measures were implemented with huge success. The budget analysis in Table 6 above shows that although revenues were very close to projections, expenditures came in \$145,303 under budget. This increased our projected EFB from \$81,089 to \$232,106. While this clearly demonstrates that the proactive steps that the City took to contain costs made a huge difference, these actions by and of themselves wouldn’t have gotten us to where we are without tremendous assistance from the City departments. Almost every departmental budget came in under original projections as a result of conscious effort on the part of Department managers and staff. My hat goes off to them!

As a result of these efforts we have not had to cut programs or services, and job losses, while painful, have been minimized to only 1.5 positions at a time when most of the other cities in the area are cutting 10% or more of their workforce. The City’s efforts have been further recognized by the excellent bond rating of A+ which we recently received from Standard & Poor’s for sale of the new fire station bonds.

2011 BUDGET PROJECTIONS

While conditions appear to be stabilizing and the City has taken appropriate action to contain costs, the challenge in 2011 will be to maintain vigilance on the budget and to make adjustments when and where necessary to correspond to any fluctuation in conditions. The region continues to experience job losses, sluggish retail sales and business closures, and therefore State and local revenue follows suit. Because the City receives tax distributions such as gas tax directly from the State, the economic factors mentioned above translate into potential budget shortfalls for the City. Up to this point the City has been able to weather the conditions without significantly reducing service to the community. This remains our primary goal.

The 2011 budget proposes to expend a total of \$23,502,463 with a revenue projection of \$27,246,652. Revenue projections for 2011 are based upon assumptions related to proposed increases in utility usage charges, fees, service contracts and continued 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 2011 budget anticipates a beginning fund balance of \$10,235,165 and after projected expenditures is proposed to end the year at \$3,744,189, which reflects the expenditure of \$5,000,000 for the new fire station construction and any capital infrastructure and equipment reserves.

The budget continues to experience pressure from salary and benefit costs plus increased fuel and utility costs. AWC Healthcare premiums for each employee are anticipated to increase by 12.0% in 2011. 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 2011 budget request is listed in Table 9 below;

Table 9: 2011 Budget Summaries

Fund		Projected Beginning Fund Balance	2011 Budget		Projected End Fund Balance
			Total Revenue	Expenditures	
001	General	\$ 232,106	\$ 4,181,926	\$ 3,888,124	\$ 293,802
101	Street/Storm	\$ 46,414	\$ 638,489	\$ 613,069	\$ 25,420
102	Arterial	\$ 241,531	\$ 2,933,811	\$ 2,824,500	\$ 109,311
104	Cemetery	\$ 6,851	\$ 67,551	\$ 66,294	\$ 1,257
105	EMS	\$ 113,501	\$ 310,499	\$ 190,892	\$ 119,607
107	Police Res	\$ 419,794	\$ 587,894	\$ 447,450	\$ 140,444
108	RR ROW	\$ 140,080	\$ 167,282	\$ 28,612	\$ 138,670
109	Crim Justice	\$ 62,538	\$ 129,888	\$ 85,000	\$ 44,888
130	Fire Res	\$ 408,702	\$ 678,129	\$ 533,792	\$ 144,337
134	Fire Const	\$ 5,015,095	\$ 5,423,761	\$ 5,345,000	\$ 78,761
135	Park Const	\$ 92,747	\$ 101,667	\$ 15,700	\$ 85,967
136	Visitor Prom	\$ 38,851	\$ 60,951	\$ 21,511	\$ 39,440
301	Cemetery Imp	\$ 119,370	\$ 124,370	\$ 11,000	\$ 113,370
306	Storm Const	\$ 455,507	\$ 629,320	\$ 409,500	\$ 219,820
307	Capital Imp	\$ 431,518	\$ 477,518	\$ 310,000	\$ 167,518
308	Comp Plan	\$ 252,490	\$ 397,090	\$ 176,404	\$ 220,686
401	NG Oper	\$ 253,144	\$ 2,843,644	\$ 2,587,528	\$ 256,116
402	Water/Sewer	\$ 2,656	\$ 2,345,133	\$ 2,330,006	\$ 15,127
403	Solid Waste	\$ 27,235	\$ 777,714	\$ 731,192	\$ 46,522
404	NG Capital	\$ 668,476	\$ 801,976	\$ 149,200	\$ 652,776
405	Sewer Const	\$ 645,963	\$ 1,477,603	\$ 773,189	\$ 704,414
406	Water Const	\$ 273,281	\$ 1,773,621	\$ 1,676,500	\$ 97,121
430	Equip Res	\$ 287,315	\$ 316,815	\$ 288,000	\$ 28,815
Total		\$ 10,235,165	\$ 27,246,652	\$ 23,502,463	\$ 3,744,189

The regular property tax limit for the coming year is \$754,496 (including new construction and refunds), which is the full levy amount of 101% as allowed by law. The EMS levy, which was recently

approved by the community through general election, will be at the 100% level of \$0.50/1,000 and will total \$190,797.

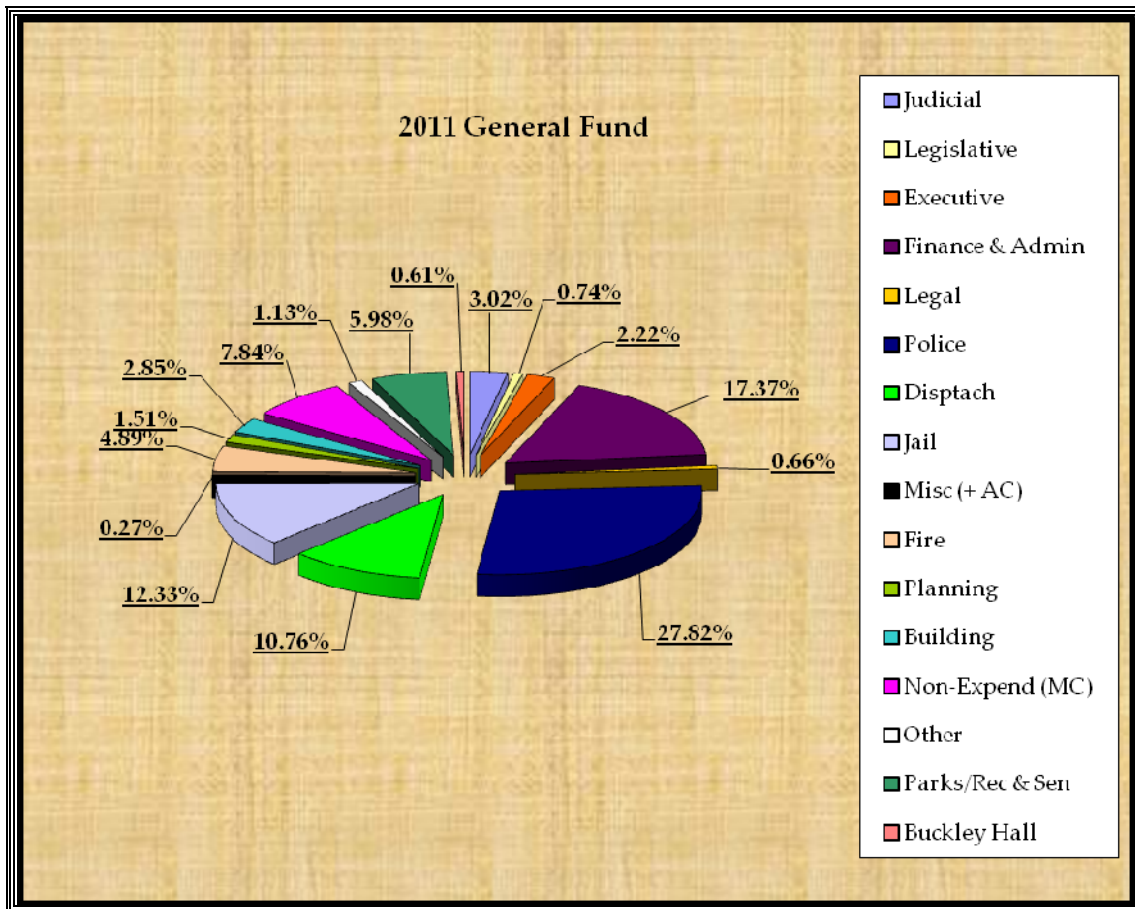
Assessed valuation of property within the City totaled \$381,595,178, which includes \$9,581,402 of new construction valuation. This year's valuation after accounting for new construction is 13% lower than last year's valuation \$427,586,763 which reflects the continued decline in property values.

Valuation from new construction will realize the City an additional \$3,270 at this year's tax rate. Total increase in property tax revenue with new construction and the full levied rate is \$10,703.

Last year's levy resulted in a regular property tax of \$1.74/\$1,000 of assessed property valuation and based on the 101% limit and amount of overall valuation the amount next year will be \$1.97/\$1,000 for property tax. The increase in assessed rate is directly related to declining property values and the method that the levied tax is calculated.

This \$754,496 levied as property tax is 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 is apportioned throughout the proposed 2011 Budget for the provision of programs and services.

Table 10: 2011 Property Tax Distribution



Poor economic conditions and rising costs continue to be ever present obstacles to maintaining current funding levels for services and programs. For City operations this translates into declining or flat 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 operational costs consistently rising year after year and revenue streams failing to keep pace, 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 containment of costs through cuts to programs and services or by increasing fees and services such as permit fees, service contracts, utility taxes and user fees. With building and new development still flat or nonexistent 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 initiatives, 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 \$190,065 for 2011, which translates into 4.89% 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 4.89% 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 2011 is \$1.97/1,000 which is 63.55% of the maximum. At the 2011 levy rate the City is projected to collect \$754,496. 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 \$754,496 to \$1,182,945 resulting in an additional \$428,449 for operations and services.

The City Council has considered seeking a ballot measure to ask voters to raise the levy lid several times over the last 3-4 years, but has decided not to pursue this as an option to date. However, this option is being discussed again and may be one that the City Council considers if the current financial condition should worsen and major cuts to programs and/or services become a consideration.

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

For 2011 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: 2011 Capital Projects

Capital Accounts (Primary Projects for 2011)			
Fund	Name	Expenditures	Projected EFB
SA - 102	Street Arterials	\$ 2,824,500	\$ 109,311
~	SR410/Mason Pedestrian Crossing		
~	Naches Street/River Ave Chip Seal or Overlay (depends upon TIB funding)		
~	Realignment Phase I (depends upon environmental permitting)		
SC - 306	Stormwater Construction	\$409,500	\$219,820
~	Ryan Rd/112 th St Storm Pipe Extension		
~	Spiketon Rd Culvert Replacement Design		
~	Elk Meadows Ditch Design		
CI - 307	Capital Improvement	\$310,000	\$167,518
~	City Communication System Upgrade		
~	Building/Planning/Court Office Remodel		
~	PW Building Remodel		
CPI - 308	Capital Plan & Imp	\$176,404	\$220,686

~	Emergency Management Plan		
~	Complete Water Rights Assessment and Acquisition		
~	Update Parks & Recreation Plan		
~	Update Shorelines Program		
~	DSHS Ag Land Master Plan Study		
WWC-405	Sewer Construction	\$773,189	\$704,414
~	White River Property Acquisition		
WC-406	Water Construction	\$1,676,500	\$91,956
~	Page Creek Blowoff Const		
~	Water Transmission Main Replacement Project		
~	Booster Station Design		
UER-430	Utility & Park Equip Res	\$288,000	\$28,815
~	Utility Line Viewing Camera		

2011 DEPARTMENTAL SUMMARY

CURRENT EXPENSE (GENERAL) FUND

The Budget Summary discussed that the general fund serves as the “workhorse” of the City and that it provides funding for local government administration and finance, law enforcement, fire control, planning and building, municipal court, parks, recreation programs, youth center and senior center. As discussed previously, increased costs “fixed costs” from employee benefits, equipment, materials, supplies, fuel and utilities continue to take a toll on the general fund. Revenues continue to erode in relation to cost, and the City’s ability to keep pace with these increases remains challenging. Steps taken late last year and throughout 2010 by the City seem to have stemmed the tide and halted, at least for the time being, the downward spiral that we were experiencing. Through the measures taken we managed to end 2010 with an EFB of \$232,106, which is a 186% increase of the projected \$81,089. For 2011 the budget proposes to build on this reversal by increasing the EFB by another 26.58% to \$293,802. This is only possible by operating at very minimal levels such as less than full time service in the planning, building and parks departments. In time, operational levels will have to be increased, but hopefully this won’t be until economic conditions improve.

ADMINISTRATION & FINANCE

Administration and finance reflects an increase of 5.5% primarily attributed to the increase in employee healthcare benefit premiums and the City’s general liability insurance premium. The only change in the 2011 budget is the potential addition of a new FLSA exempt City Clerk

position which the Mayor and Council have been discussing for several years. Salary range for this new position was previously adopted by the City Council in 2009 and the Finance & Public Safety Committee is currently reviewing the job description for the position.

For informational purposes we are including Table 13 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 13: City Employment Payroll

City employment and payroll (approximate)					
Function	Full-time employees	Monthly full-time payroll	Annual Benefit Costs	Part-time employees	Monthly avg part-time payroll
Finance & Admin	4	\$22,966	\$116,538	1	\$1,359
Judicial and Legal	1	\$4,156	\$21,605	2	\$295
Police	9	\$53,536	\$302,600	1	\$2,164
911 Dispatch Center	5	\$20,601	\$116,141	1	\$1,735
City Jail	5	\$18,318	\$128,251	1	\$1,625
Fire & EMS	1	\$7,417	\$69,805	3	\$4,675
Building/Planning	1	\$5,378	\$23,771	0	\$0
Community SVCS	2.5	\$7,789	\$50,424	3	\$2,505
Streets & Stormwater	1.9	\$11,827	\$36,996	1	\$312
Cemetery	0.55	\$2,047	\$15,136	0	\$0
Natural Gas	3.45	\$15,673	\$72,658	.5	\$424
Water	2.45	\$11,601	\$69,657	1	\$736
Sewer Collection/ Treatment	4.15	\$19,809	\$112,327	.5	\$312
Totals for Government	41	\$201,118	\$1,135,909	15	\$16,142

LAW ENFORCEMENT

Police Department:

The Police Department has experienced an exciting but challenging year in 2010 and expects nothing different for the 2011 year. Currently the Operations Division, Investigative Sergeant,



Investigations Division, Patrol Sergeant, Patrol Staff, the Chief of Police and the I.T. Specialist, have all moved across the street to 146 Cedar Street in anticipation of an expansion to the City Jail.

All employees mentioned above with the exception of the Chief were working out of an approximate 400 square foot space in the Police Station located at 146 Cedar Street. The White River School District had remodeled the 2,700 square foot building several years back and had placed it on their surplus list. The City saw this as an excellent opportunity and the Police Department entered into a lease/purchase agreement with the school district. If all goes well the PD plans to purchase the building next spring out of fund 107. The layout of the building allowed for an easy transition from one use to another with minimal improvement. A fresh coat of paint,



minor purchase of furniture, and installation of phone and cable wiring throughout the building were the only real challenges. This was made possible by an incredible staff who worked many voluntary hours getting these projects completed.

The Police Department also trained Officer Tom Chess as a Commercial Vehicle Enforcement Officer. The addition of this training in the department will help educate commercial vehicle drivers on safety which ultimately reduces serious accidents. Future expansion and enhancement of this program will include the purchase of scales that the PD will seek grant money to fund. In addition it will be necessary at some point to replace the officer's current vehicle with a vehicle more suitable for commercial vehicle enforcement. This will not be accomplished until the current vehicle comes up in rotation for replacement.

The Buckley Police Department has continually set an example and raised the bar for surrounding agencies when it comes to DUI enforcement and 2010 was no exception. Officer Garrett has been honored and given an award the past two years and was nominated for an award again in 2010 for his excellence in DUI enforcement. Thus far this year in 2010 the Buckley Officers have made our streets a lot safer by already taking over 100 impaired drivers off the streets of Buckley. This is an incredible number for a Police Department the size of Buckley.



The 2011 Police budget is proposed at \$1,081,680, which is up from 2010 by \$37,432. Of that \$32,994 is in the wage line item of the Police budget. This is adding back the monies reduced in 2010 by paying a portion of the drug task force salary from fund 109. The remaining is in anticipation of a contractual increase through negotiations with the Police Guild. The remainder of the increase is in the fuel line item and utility line item.

The Police Department will be operating under the current budgeted staffing levels in 2011. The calls for service and demands placed on the Officers keeps increasing at an alarming rate and it is not anticipated that 2011 will be any different.

Corrections Department:

This year has been very challenging with the addition of the Federal Way contract and bringing our video arraignment on line. Revenues for 2010 appear to be exceeding projections. Planning and design has started with the intent to remodel the officer's room up stairs at the police station and expand the jail by ten beds. Expansion of the jail has the potential of increasing revenues to the general fund by approximately \$200,000 dollars a year at maximum use and capacity. Preliminary cost estimates for this project appear to make it feasible to do and the hope is that the project will be complete between April and June of 2011. Funding for this project is proposed to come from fund 107. The expansion of the jail will also entail the installation of a new sprinkler system to the entire building, which will address life safety issues and make the Buckley City Jail that much more enticing to contract agencies.

The proposed 2011 Corrections budget is \$479,555, which is an increase of 5.9% or \$26,512. The largest majority of the increase is related to salaries and wages, which is driven by contractual step increases. The other major increase is related to the 12% increase in medical premiums for healthcare benefits.

Currently the jail is running with five full time employees and one part-time position that has limited funding. With the addition of beds to the jail it may become necessary to increase the part-time budget slightly. All contracts for the Jail will be evaluated and adjustments will be made if warranted in the 2012 budget cycle.

Dispatch:

The Dispatch Center is seeing a few changes as well. Pierce County 911 is currently installing the next generation 911 equipment. This comes at no cost to the City and keeps our 911 dispatching up to date with the latest technology. Again we are facing unfunded mandates which are forcing us to transition to narrow banding of our frequencies in the dispatch center. Phase two was completed in 2010 which resulted in giving us mapping details of the areas we will have coverage for after the narrow banding is complete and also provided us with equipment lists of compatible and non-compatible equipment needed for the completion of narrow banding. For 2011 we have budgeted for the completion of the Police side of narrow banding and plans are to complete the Fire portion in 2012. The entire project must be complete by December 31, 2012 or the City may be forced to stop using our current communication system. It appears that we are moving forward nicely and are ahead of the game compared to surrounding dispatch centers that are still using VHF radio frequencies.

Also for 2011 we have budgeted to remove old equipment in the dispatch center, re-surface the dispatch counter, re-program Buckley and Orting's radios (mobile and portable) and re-program all bay stations. This will allow us to throw the switch on the Police side and be in compliance. We will continue to work through details with the Fire portion to meet our deadline.

The 2011 budget for the Dispatch Center is \$418,525 which is an increase of 2.5% or \$10,257 over 2010. Again the major portion of this increase comes from the 12% increase in medical premiums from the healthcare benefit.

The Dispatch center will run with the budgeted five and one half positions with no changes to staffing levels. All dispatch contracts will be evaluated in 2011 and adjustments will be made where warranted.

Currently there is not a lot of grant opportunities for law-enforcement. Staff will have a watchful eye out for any grant opportunities that should arise in 2011. Equipment budgeted for 2011 include the replacement of one patrol vehicle, and the purchase of Net Motion Software, which will be installed in car mobile data terminals, in order for us to be in compliance with Washington State Patrol standards.

The men and women of the Buckley Police Department work extremely hard every day and night so that the citizens of Buckley can feel safe in their homes. This is done on an extremely tight budget with a staff of well trained professionals that the community can take pride in.

FIRE & EMS

2011 will be an exciting and challenging year for the City of Buckley Fire Department. Demand for service, which has grown steadily for the past twelve years, appears to be stabilizing in 2010



consistent with what we saw in 2009. With the current economy driving a slowed rate of growth, the demand for fire and emergency medical services in 2011 is projected to be consistent with the past two years – generating approximately 1,200 calls for emergency services per year.

To meet demand for service the City of Buckley Fire Department will continue to maintain fifty volunteer firefighters, including six live-in resident volunteer firefighters; one 30-hour per week part-time paid firefighter position; one 16-hour per week part-time administrative position; and one fulltime fire chief position. When adequate facilities are available to accommodate additional personnel the fire department intends to increase the number of volunteer firefighters to sixty, including nine live-in resident volunteer firefighters, as well as adding as many as eight volunteer support staff positions.



The ability of the Fire Department to build progressive and robust volunteer programs relates to a direct cost saving to taxpayers. At the same time, the City of Buckley expects from its volunteer firefighters the same level of training and professional qualifications required of fulltime firefighters. In the 12-month period ending October 31, 2010 – the volunteer firefighters have volunteered a total of 24,400 hours



of service. Using the value identified by the Independent Sector (a non-governmental agency) who establishes the value of an hour of volunteer service in each of the fifty states (\$21.18 per hour in Washington State) – the value of volunteer service was \$516,792. This, in addition to the 7,488 hours of staffing each year as a result of the live-in resident volunteer firefighter program, equal a volunteer value to taxpayers of \$675,387.84 annually. The Fire Department estimates the minimum cost of providing basic fire and emergency medical services using a predominantly



fulltime staff would cost taxpayers \$748,000 annually (based on neighboring Pierce County Fire District fire protection levy assessment to taxpayers of \$2.00 per \$1,000.00 of assessed valuation).

In 2011, in addition to maintaining training programs, fire inspection programs, public education programs, emergency response, and day-to-day operations of the fire and emergency medical services; the Fire Department will be actively planning and preparing to move into a new fire station facility. In April 2010 voters overwhelmingly approved a bond measure to fund the cost of constructing a new fire station facility. The new fire station will replace the existing 60-year old fire station. The new fire station will provide the Fire Department with the needed facilities to meet the current future level of service expected in our community. In an effort to control and reduce costs associated with the new fire station facility, the Fire Department is undertaking the responsibilities of selecting and purchasing all furnishings, fixtures, and equipment necessary to make the new fire station facility fully functional. Doing so will require significant effort from the fire department – both paid staff and volunteers. The Fire Department anticipates construction of the new fire station facility to be completed in November 2011, with occupancy of the new fire station scheduled for December 2011.



BUILDING & PLANNING

As indicated in previous sections the new construction that the City has been anticipating hasn't materialized with the current downturn. In 2010 the Building Department so far has issued approximately 75 permits. Of these 5 were for new single-family residences and 6 were for residential remodels/additions and 11 were for commercial tenant improvement or alterations. The remaining were for garages, covered patio/porches and other 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 once again conservatively estimating building activity in the coming year.

The operating budget for the Building Department will be comparable to 2010 with continuance of the contract with Edgewood to provide building services which will help augment revenue to the City General Fund.

The budget for the Planning Department will remain reduced throughout 2011 and the current plan is to extend our existing contract with Bonney Lake for part-time planning services. Under this contract Bonney Lake supplies the City with a part-time planning associate to staff the office at approximately 20 hours per week. The planning associate receives and processes minor land use permits and responds to customer questions. The City Administrator serves to fill in as support for the remainder of the time and will continue to do so until such time that development picks up and revenue is available to fully fund the department.

Planning priorities for next year will focus on completing the update to the Master Shoreline Regulations and beginning 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 plan complete in 2011-2012.

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 fourth year from Pierce County Community Services Department we have been able pay for maintenance, fuel, 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

In 2010, the Museum underwent a major expansion of the building. The building that the museum is housed in is owned by the City of Buckley and the Foothills Historical Society owns the collection and takes care of the day to day operations of running the museum.

Due to a complete failure of the plumbing system in the museum, the museum was forced to close in late March. Plans were drawn up by a museum volunteer to enclose the outdoor exhibit area to add an ADA accessible bathroom, small break room, 300 sq. feet of additional exhibit area and an addition to the library that stores the archives.

The Foothills Historical Society (FHS) took the construction lead and managed the entire project. Over 600 hours of volunteer construction labor were donated as well as many materials. A grant paid for the plumbing, bathroom fixtures, break room cabinets and flooring materials. The City crew did the new water and sewer hook-ups. Electrical, insulation and materials were paid for by the City. Concrete work on the exterior of the building was completed by the LDS Church on their day of giving back to the community. The FHS spent about \$15,000 of their own funds plus coordinated the volunteer labor to make this project possible.

Now that the museum is open again, plans are moving forward to add a small local visitor center. If volunteers can be found, from Memorial Day until the end of September, the Museum/Visitor Center will be open an additional two days a week.

The museum is open on Tuesday, Wednesday, Thursday and Sunday through the fall and winter. With the new bathroom, the museum is now able to host small programs of historical interest and will be expanding their programs offered in 2011.

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 with 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
- 3 Utility Workers

Natural Gas System -

- 1 Utility Lead
- 1 Utility Worker
- 1 Utility Apprentices

Parks, Recreation, Buildings & Cemetery -

- 1 Utility Mechanic
- 1 Building/Parks Maintenance Worker (vacant)
- 1 Building/Parks Maintenance Custodial Worker
- 1 Cemetery Caretaker
- 2 Seasonal P/T Parks Workers

Natural Gas Department:

Natural Gas operations receives funding from the sale of natural gas to our customers. We purchase our supply wholesale through IGI Brokerage Services and redistribute it throughout the community to our customers.

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 supply equal to 80% - 90% of a five year average 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 in the dead of winter is usually higher and it forces our average cost/therm higher.

The Natural Gas utility continues to recover from the pricing blow that it took in 2007 when prices jumped 76% overnight after our previous "low price" contract expired. For the last two years we have been recovering from losses and are making forward progress. In 2010 we anticipated on ending the year with approximately \$361,345 in reserves; however gas sales again were less than anticipated and we are projecting falling short of this by approximately \$108,201 with an adjusted balance of \$253,144. The City has established a goal 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 the prior year's averages. Through combining the reserves in the EFB identified above and those in the Natural Gas Capital Reserve, Fund 404, the City believes that we will reach our goal at the end of 2011 so that implementation of a equalization payment plan may begin in 2012.

For now our current natural gas supply contract extends through November, 2011 and wholesale price is steady so the City Council has indicated that rates will remain unchanged for 2011.

Water Department:

Overall expenditures in water operations are on track to be under budget by 0.8%; however water sales are down approximately (-\$40,000) or (-6.1%) setting the fund up for a budget shortfall by year's end unless actions are taken to offset the potential deficit. In the short term, spending for controllable costs has been suspended and several transfers out of this fund have been delayed in order to reach the goal of balancing the fund.

Expenditures remain fairly steady with only slight increases in operational related expenditures such as benefits, utilities and sampling. We are seeing large increases in professional services for legal fees associated with litigation over the City's reservoir overflow and use of Spiketown Ditch. Costs for professional services are projected to be around \$40,000 in 2010 and could be that high again in 2011 until the matter is resolved.

The City is continuing to see reductions in average daily household use, which has a direct impact on revenue to operations and capital investment. Although reduced consumption furthers the conservation goals mandated to the City Council by the State, it makes it extremely difficult to budget for operations and capital improvement. The City's water system reached a high in 2006 for average daily consumption of 685,431 gallons/day when the City Council implemented the conservation

measures mandated by the State and went to a tiered-seasonal rate structure. Since that time the average daily consumption has dropped 24.82% to 515,302 gallons/day. We have observed this downward trend in every consecutive year since implementation of the new rate structure. This steady decline in water consumption driven by rate structure along with cooler summers and economic turmoil have played havoc with revenues.

This issue is one that the City Council will be taking a hard look at early in 2011. In addition to operations, aging and deteriorating infrastructure along with long term viability of the City's available water supply will be factors that the City Council will be reviewing as part of any debate.

The 2011 budget proposes an increase in water operations expenditures of 7.29% primarily attributable to administrative costs associated with ongoing litigation over the City's reservoir overflow in Spiketon ditch and capital transfers to the water capital fund.

As discussed in previous sections, revenue from water sales fell short by (-6.1%) in 2010. The difference between revenue received and projected expenditures results in a 13% gap between the two and the City Council will be considering ways to close this gap including increases to rates in early 2011 to generate the revenue needed to meet the projected expenditures. The preliminary recommendation considers a flat across the board increase of 10% to the base rate for water with variable percentage changes to tiered and seasonal rates as reflected in Tables 14-A.1 and 14-A.2 below. However, the Council subcommittee for utilities has indicated that they intend to explore all options for revenue generation before making a formal recommendation on the percentage of rate increase. Options that the committee will be considering include but are not limited to base rates, tiered/seasonal structures, utility discount eligibility thresholds and applicability of the discount rate.

Proposed new base rate and seasonal structures for 2011 are listed below in Tables 14-A.1 and 14-A.2;

Table 14-A.1: Proposed Base Water Rate Structure

Meter Size	2010	2011
	Within City	
Up to 3/4"	14.69	16.64
1"	18.64	21.12
1-1/2"	26.79	30.35
2"	37.28	42.23
3"	55.35	62.71
4"	89.78	101.73
6"	173.18	196.22
8"	424.30	480.73

In addition to the base rate identified in Table 14-A.1 customers will pay a usage charge per CCF (100 cubic feet) of water consumed as illustrated in Table 14-A.2 below;

Table 14-A.2: Proposed Seasonal Rate Structure

Effective Beginning		1/1/2010	1/1/2011
Winter			
Single-family & Multifamily residential	2 - 7 CCF	1.87	1.96
	7.01 - 15 CCF	2.15	2.31
	Over 15 CCF	2.47	2.72
Commercial/Industrial	CCF (100 cubic feet)	1.93	2.03
Schools	CCF (100 cubic feet)	1.82	1.91
Summer			
Single-family & Multifamily residential	2 - 7 CCF	1.87	1.96
	7.01 - 15 CCF	2.33	2.50
	Over 15 CCF	2.92	3.14
Commercial/Industrial	CCF (100 cubic feet)	1.93	2.07
Schools	CCF (100 cubic feet)	1.93	2.07

Water Capital:

The City obtains its water supply from two primary sources; surface water and groundwater. Surface water is diverted and transported from South Prairie Creek, through 6 miles of older pipe, before going through a sand filter treatment cell where it is purified, chlorinated and delivered to City customers. This water transmission pipeline was constructed over 70 years ago and is steadily deteriorating. Due to its age, location and vulnerabilities it remains one of the primary infrastructure concerns for the community. Both the water transmission main and access road experienced significant damage from consecutive major storm events in 2006 and 2009. Combined cost for repair of the facility from both events came in at just under \$1,000,000. We were fortunate that in each case the events were declared Federal disasters and funding through FEMA and State DEM was authorized for repair. While in each case 87.5% of the cost was grant funded, the City was still required to provide the local match in order to complete repairs.

The City's second source of supply comes from three groundwater wells owned by the City and one owned by the State on Rainier School's campus. Each of these wells was originally developed to supplement the City's and Rainier School's water supplies and not intended to be used for permanent supply sources. However, in recent years with the condition of the surface water transmission main the City has had to rely more and more on these sources for primary withdrawals. Two wells, one belonging to the City and the other to the State, are experiencing mechanical issues and/or falling water tables both of which put their continued viability into question.

These water supply issues are cause of concern for both the Mayor and City Council and in 2010 the City Council commissioned our consulting engineers to complete a study evaluating future supply options. The results of this study should be completed and presented to the City Council early in 2011 which will lead to discussion and consideration of the alternatives.

Water capital improvement projects budgeted for 2011 consist of the replacement of 2,700 lineal feet of the water transmission pipeline funded in large part by a Hazard Mitigation Grant from FEMA which the City recently received. The section of pipeline targeted for this project is one of the most vulnerable and replacement should minimum future risk of damage. The other two projects identified in the budget are installation of a blow-off valve in the Page Creek area to reduce backpressure on the water transmission pipeline and design of the new Booster Station Intertie designed to connect the City to Tacoma Water for emergency usage.

- ◆ Transmission Main Replacement Project
- ◆ Page Creek Blow-off Installation
- ◆ Booster Station Intertie Design

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 is operated and maintained 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 the last phase of construction for overall upgrade to the WWTP in 2009. In 2010 the City moved forward with installation of the sewer conveyance line from River Avenue to Shay Estates, which will act as the primary conveyance of waste from Rainier School once the final connection of the two facilities occur, which we hope will be in December, 2010. Once the two facilities are joined, Rainier School will become a permanent sewer customer of the City. A service contract for WWTP use has been jointly negotiated and recently approved by both the State and the City.

Completion of the WWTP upgrade moves the City a giant leap forward towards meeting Federal and State water quality standards through our NPDES Discharge Permit effluent to the White River. One last hurdle that will eventually have to be addressed has to do with the removal of phosphorus from our effluent, once the State Department of Ecology establishes threshold limits within our permit. The new system has been designed to reduce phosphorus levels below those previously discharged; however if limits are set too low we may find the new limits challenging to meet.

Expenditures in 2011 for sewer operation are anticipated to increase by 10.47% due to the increases in public utilities, utility taxes, permit fees, billing and I.T. services. However, the largest single increase in operations comes from capital costs due to debt payments on the new WWTP, which reflect an increase of 17.65% over 2010. Physical operation and maintenance of the WWTP is actually reduced in 2011 by a little less than (-1%) and sewer collection by (-8.49%).

The recession coupled with the 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.

However, this has failed to transpire and full debt payment begins in 2011, which translates into the need to increase fund transfer from operations to capital by over 27% to meet this obligation. The City will experience additional revenue beginning in 2011 from Rainier School, which will help offset a portion of this impact, but it will fall short of the total needed. A minimum increase of 10.5% is being proposed to rates for 2011 to fund operations and debt repayment. Table 15 below illustrates overall changes in the 2011 budget;

Table 15: Sewer Operations

Sewer Operations				
EXPENDITURES	2009	2010	2011	Change 2010-2011
Administration & Taxes	\$164,512	\$198,555	\$240,938	21.35%
Sewer Collection	\$108,258	\$105,587	\$96,625	-8.49%
Sewer Treatment	\$448,598	\$480,364	\$476,328	-0.84%
Capital Transfers	\$626,750	\$734,058	\$863,627	17.65%
	\$1,348,118	\$1,518,564	\$1,677,518	10.47%

As indicated above the City Council is proposing a 10.5% increase for 2011 as follows in Table 16 below;

Table 16: Sewer Rates

Sewer Rates	2010	Proposed 2011
For a single-family residence	\$65.55/month	\$72.43/month
for multi-family residences	\$55.38 per unit, per month	\$61.19 per unit, per month
For mobile homes	\$65.55/month	\$72.43/month
Non-System Sewage Disposal	\$231.72/105 cubic feet	\$266.48/105 cubic feet
Commercial users	\$65.55/900 cubic feet +\$2.56/100 cubic feet excess	\$72.43/900 cubic feet +\$2.94/100 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 is from 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 and the economy struggles, fuel consumption drops off, cutting distributions to local governments. The second source is continued support from the general fund. For 2011 the transfer to streets from general fund is projected to be \$30,000. In 2009 revenue from gas tax distributions was down by 9.5%, in 2010 by another 5.8% and in 2011 projections indicate that revenue will continue to be down. This continual erosion of revenue makes it extremely difficult to perform even the minimal maintenance to City streets.

Annual maintenance payments to PSE for street and parking lot lighting are approximately \$50,500, which is 44.33% 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 the cost of operations due to salary and benefit increases and lighting went up again so we were forced to adjust the level of maintenance for streets downward by 5% to balance the budget. For 2011, projections once again force us to cut the street budget even further and we are proposing another (-2.8%) reduction to maintain a balanced budget. Maintenance and operations will continue to be constrained until other funding measures are developed by the Legislature.

In 2010 the City continued to expand the Phase II NPDES Stormwater Management Program that was mandated by DOE. In 2011 further emphasis will be placed on developing the program by implementing the new Illicit Discharge Regulations, conducting inventories Citywide on nonpoint discharges 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 2011 a rate increase of 3% would be necessary to support funding of the Phase II NPDES Stormwater Management Program. The total increase for 2011 is listed in Table 17 below;

Table 17: Storm Sewer Monthly Service Charge

Storm Sewer Monthly Service Charge		
Use	2010	Proposed 2011
Single-family residence	\$17.15/residence/month.	\$17.66/residence/month.
Multi-family and/or Accessory residences	\$10.98/residence/month.	\$11.65/residence/month.
Other	\$17.15/ERU*/month.	\$17.66/ERU*/month.
*ERU for Storm Sewer calculation is defined to mean 5,000 square feet of impervious surface area		
Alternate: Commercial	\$17.15/business/month plus \$17.15 for parking whether on-site or off-site	\$17.88/business/month plus \$17.66 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 18;

Table 18: Stormwater System Capital Improvement Projects

Stormwater Capital Improvement			2008 Cost	Future Cost Adjusted
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 and dates of the projects listed within the table are 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 2011 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 \$50,000 to complete engineering design of Storm CIP #1 (Spiketon Bridge Culvert) and \$12,000 to finish with the feasibility of the Elk Meadows Drainage.

Street Capital:

Arterial revenue historically is limited to revenue received from grants, impact fees from new development and transfers in from both 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 2011. Other lesser projects proposed for next year include the following;

- ◆ 2011 Sidewalk Replacement Project
- ◆ SR410 and Mason Avenue Pedestrian Crossing (WSDOT)
- ◆ River Avenue/Naches Street Chip Seal (TIB Contingent)

Solid Waste:

After increases were passed on to the City early in 2010 from both D.M. Disposal and Pierce County, Fund 403 experienced shortfalls, which the Council had to address by adopting rate increases in May. These adjustments were successful and the fund is now projected to finish in the black by \$27,235. Revenues for 2010 came in slightly over projections by 0.7% and expenditures slightly less by 0.5%. With the expectation of another small CPI increase coming from both D&M and the County again in March, 2011 the City is anticipating a rate increase of 1.0% in January, 2011 to compensate.

PARKS & RECREATION DEPARTMENT

Once again 2010 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 BYAC is a drop-in center, open to youth ages 8-18 from the White River area. It provides a safe and fun environment for youth 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 obtained a non-profit 501 c(3) designation and will continue to be funded not only through the City of Buckley but also by various grants and donations from community groups. In the summer of 2010, the City Council allowed the BYAC to offer all

Summer Fun Days and Drop-In free of charge. In coordination with a grant from Pierce County Youth Violence Prevention we were also able to add two part time summer staff. With this change to the program, we saw a 436% increase in participation in the Summer Fun Days and a 285% increase in the drop-in programs. For the second summer we offered the Free Lunch Program and saw another huge increase in participation numbers.

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 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 are continuing to submit grant applications for operations, staff, and supplies.



CEMETERY

Revenue to the City Cemetery is projected to be short (-34.8%) of budgeted amounts. This shortfall has forced the administration to temporarily transfer the full time caretaker out of the cemetery and into

parks where the position can be partially funded. This change will result in short term impacts to maintenance of the cemetery for the remainder of this year and 2011. The budget for 2011 has been reduced by (-51.8%) in an attempt to balance the fund. If revenues recover in 2011 then adjustments can be made to bring operational levels back up to 2008 and 2009 levels.

Projects being planned for Cemetery Improvement Fund 301 in 2011 include roadway pavement repair and entrance landscaping.

UTILITY RESERVES

Proposed equipment purchases for 2011 include;

- ◆ Mechanic Shop Tools
- ◆ Small tools and equipment

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

The past year has been challenging but offered moments of excitement and accomplishment as well. In the past year we saw the successful conclusion of the drawn out negotiations between the Four Cities and Cascade Water Alliance (CWA) over long term water rights and the availability of future supplies in the White River Basin. In the end CWA and DOE agreed that reserve quantities of water would be left in the Basin for the Four Cities use in meeting their 50 year water demands. The result is one that provides long term future benefit to the community.

Also 2010 became the year that the community voted and approved the levy to construct a new Fire Station. The need was great, but the timing couldn't have been much worse. To consider voting on a bond levy in the middle of the worst economic recession since the Depression had to have been a difficult decision for many in the community, but the final tally illustrated the overwhelming support that the community has for our "all volunteer" department and for the appreciation that they have for their dedication and commitment.

The other bright spot came at the end of October when the City received an A+ bond rating from Standard & Poor's in prelude to the sale of the fire station bonds. Given the fact that we are a small community with limited economic base, and in the midst of a recession, the rating that we received was the highest possible for us to obtain given all the factors involved. This speaks volumes for management of the City and the community as a whole.

I spoke earlier in previous sections about the results of the various actions that the City has taken to stabilize operations and the success that they have had. We have eliminated positions, restructured departments and schedules, cut costs and are now at what I consider to be the apex of what can be expected from our staff without eliminating programs and services. That said, based upon the results that we've seen it feels like we've turned a corner and can now begin to

look forward to the future. With the exception of the two utilities (water and sewer) and cemetery, the budget for 2011 looks promising. It will still require continued diligence from the departments to ensure that expenditures are at or below incoming revenue, but given past performance, this will not be a concern

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 2011 budget request.

City Administrator

