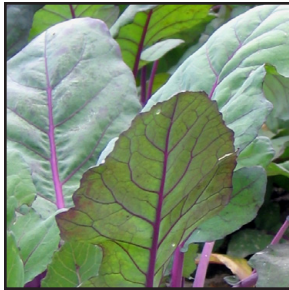
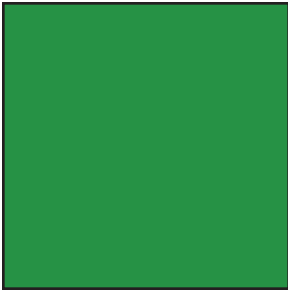
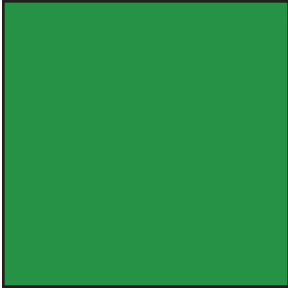
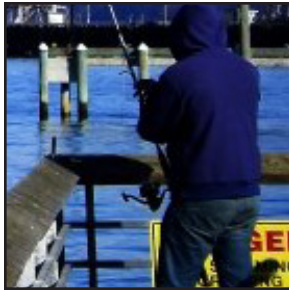


2010

City of Mukilteo

Annual Budget



City of Mukilteo, Washington

11930 Cyrus Way

Mukilteo, WA 98275

(425) 263-8000

Mayor Joe Marine

City Administrator Joe Hannan

Prepared by Finance Director Scott James



Lighthouse, windmill, and quarters

Cover design by Jennifer Gregerson, City of Mukilteo Councilmember

ELECTED OFFICIALS 2010



Joe Marine
Mayor



Randy Lord
Council President



Richard Emery
Council Vice President



Linda Grafer
Councilmember



Jennifer Gregerson
Councilmember



Kevin Stoltz
Councilmember



Howard T. Tinsley
Councilmember



Emily Vanderwielen
Councilmember

EXECUTIVE STAFF

City Administrator
City Clerk
Finance Director
Fire Chief
Planning & Community Development Director
Police Chief
Public Works Director
Recreation & Cultural Services Manager

Joe Hannan
Chris Boughman
Scott James, CPA
Mike Springer
Heather McCartney, FAICP
Michael Murphy
Larry Waters, P.E.
Jennifer Berner



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Mukilteo
Washington**

For the Fiscal Year Beginning

January 1, 2009

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented this Distinguished Budget Presentation Award to the City of Mukilteo, Washington for the Annual Budget beginning January 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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MAYOR'S 2010 BUDGET MESSAGE

November 02, 2009

Mukilteo City Council
Citizens of Mukilteo
Mukilteo Business Community

Reference: Transmittal of 2010 Preliminary Budget

Dear Council and Mukilteo Community:

It is a pleasure to submit to you the 2010 budget for your review and action. This budget is a continuation of my plan to keep the City on solid ground for providing services to our citizens during 2010 and for years to come. My plan for the City recognizes the financially unsettling times we are experiencing as a community, but also recognizes the fact that we cannot control the economy as a whole. With this being said, my Budget lays out my vision for achieving our immediate priorities and implementing our long-term goals beyond 2010.

This year we will emphasize working with what we have and with what we are. To capture an outsiders point-of-view of who we are and what we have, let me share a few perspectives from CNN's 2009 poll and Money Magazine's August 2009 article on **100 Best Places to Live in America** and Standard & Poor's bond rating rationale.

- I can't say enough about how proud I am of having our beautiful City rated tenth best City to live in America by CNN and Money magazine. Money magazine states "Mukilteo happens to be drop-dead gorgeous, with views of Puget Sound, the Olympic Mountains, and the Cascades. More reasons to love it: top-notched schools and low property taxes."
- Additionally, Standard and Poor's spent many hours in understanding the City's finances and financial policies while developing their credit rating for our new Community Center Bond. Standard & Poor's research concluded by recognizing our City's unique financial position by bestowing their highest rating of AAA on us. There are only four other municipalities in the State to receive this high of a rating. This AAA rating states a lot more about what kind of City Mukilteo has become and where we are heading than simply telling investors we are a safe haven to invest in. To quote Standard & Poor's bond rating rationale, they state the basis for our credit strengths include:
 - "What we consider to be very strong wealth and income levels;
 - Maintenance of very strong unrestricted fund balances
 - Good financial policies and practices; and
 - Low to moderate debt burden with low carrying charges."

These amenities CNN, Money magazine and Standard & Poor's identify have only come into existence through thoughtful policy development and deployment. And these policies have been brought into existence through laboring many hours at Council meetings, Council Worksessions

and Committee and Board Meetings. With this fact in mind, I extend my gratitude to Council for their many hours and dedication, and to the board and committee members for volunteering their time spent understanding, discussing and advising us and to my staff for their continued hard work and perseverance and to the citizens who have taken time out of their daily lives to share their thoughts with us. Thank-You.

Yes, we spend much time working on setting priorities, understanding details, creating a long-range financial plan, updating the Comprehensive and Capital Facilities Plans all the while looking to the long term health, public safety and viability of our City. But we have more work to do and challenges to overcome.

Keeping our City on solid ground has been and will be a subject of discussion by Council and staff with citizens. This discussion centers on five areas: the City's Comprehensive Plan, maintaining our infrastructure, keeping our community safe, development of the City's Long-range Financial Plan and on protection of Paine Field for Boeing and airplane manufacturing.

The City's **Comprehensive Plan** has been in the process of being updated this past year and will be brought to Council for adoption at the end of 2009. This forward looking plan addresses much of what Mukilteo will look like by "comprehensively planning" for how we grow and develop as a city.

The **preservation of our infrastructure** will continue to be a priority as the 2010 budget adheres to our Pavement Management Plan. This plan calls for a minimum of \$600,000 annually to be expended on maintaining our transportation network.

My **main priority** for the past four years and continues for 2010: **Keeping Our Community Safe**. During the past four years we strategically staffed our Police and Fire departments with the goal to fully provide efficient, fast and reliable emergency medical, fire response and law enforcement. The 2010 budget provides funding to maintain this goal.

The City's financial health and stability is intricately linked to these top priorities. In 2009, we officially launched the City's **Long-range Financial Planning Team**. In 2010, this team will continue reviewing and recommending updates to the City's financial policies and financial plan. Once complete, the Long-range Financial Plan will serve as the backbone to how the City's budget will be developed and deployed.

Protection of Paine Field for Boeing and airplane manufacturing continues to be a priority under my administration. In 2010 my budget will:

- Advocate recognition of Paine Field as a unique resource of national importance requiring protection and funding for airplane manufacturing;

- Insist that commercial passenger aviation services not be encouraged at Paine Field; and
- Economic development is imperative to partner with County, State, academic and private business to attract other aeronautic businesses, technical training and a campus for aeronautics engineering to Mukilteo and Paine Field.

My 2010 budget plan recognizes that **2009 has been a particularly challenging year financially** not only for Mukilteo, but the region and nation as a whole. The weakness in our economy presented substantial challenges in developing the 2010 budget. The magnitude of the economic downturn resulted in a budget balancing strategy that included the use of expenditure reductions, revenue increases, use of reserves and undertake economic development initiatives. The specific actions associated with each of these strategies are discussed in greater detail later in this message.

Providing services to our citizens is why we (Mayor, Council and staff) are here. The 2010 budget utilizes our available resources as anyone would that is on a tight budget. That is, this budget is an exercise in frugality, yet funds our top priorities of keeping our community safe and maintaining our infrastructure.

With much ground work laid during my first four years as Mayor, I again invite you to continue working with me and our staff in making Mukilteo the most viable and livable city that together we can be proud of.

Budget Overview

The 2010 Budget picks up where 2009 left off by emphasizing public safety, financial stability and effective management, infrastructure preservation, environmental protection and sustainability, park and recreation enhancement and increased and transparent communication between the city and our residents.

Highlights of Funded Programs:

1. Full funding of our career fire department with enhanced emergency medical response capabilities;
2. Crime prevention program with opportunities for neighborhood involvement;
3. Completion of the second phase of Lighthouse Park;
4. Completion of the new Rosehill Community Center;
5. Continued investments to rebuild and maintain our street and stormwater systems;
6. Investment in our Information Technology to protect our digital information;
7. Webcasting of Council meetings;
8. Funds for lobbying to protect Mukilteo's interests and obtain federal assistance;
9. Updating the City's Comprehensive Plan;

Expenditure Reductions & Savings Include:

1. Includes no cost of living increases for all staff with the exception of police and fire.
2. Limits travel and training expenditures to those who need either mandatory training or need to maintain their professional certifications.

3. Curtails 2010 equipment replacement contributions from all funds.
4. Trims professional services expenditures to include mandatory services such as auditor, project design services, comprehensive plan development, and training services.

Taxes and Fees

A significant impact to the 2010 budget is largely out of our control. My budget recognizes that the economy will experience a slow recovery in 2010 and that we have to continue to live with the new reality of 25% lower sales tax collections. The budget includes little or no increases in our utility tax receipts. Additionally, development related revenues are anticipated to decline 22% from 2009.

I am recommending that the City collect the statutory 1% increase in general property taxes (\$44,317). I am recommending a new administrative fee be charged to the solid waste companies operating within the City. This new revenue source is estimated to generate \$190,000 annually.

Reduction of Reserves

In 2009, we implemented a Fund Balance Reserve Policy for several of our operating funds. For the General Fund, the City's primary operating fund, the policy requires the equivalent of two months, or 16.67% of operating expenditures be maintained in reserves. At the end of 2010, the projected General Fund reserve will equal 33% of expenditures, a decrease of 6% from the prior year. The large General Fund Reserve provides the City with a "safety net" to weather the continued economic downturn.

Economic Development

Economic Development will be my personal commitment and staff goal throughout 2010. Our efforts will specifically focus on four areas:

- Support of Boeing
- Business retention
- Business recruitment; and
- Business expansion.

Like Council, I realize the importance of Boeing and the aeronautics industry to our quality of life and our very existence as a community. We will work tirelessly

to maintain Paine Field for Boeing and will work to recruit suppliers and like minded aeronautics companies to the Mukilteo area. I will also partner with other Snohomish County communities and business groups to recruit public or private technical and higher education programs to the Paine Field area that will support aeronautics with training and jobs.

I also realize the importance of our City's retail and industrial companies and we will work to reach out and visit as many of our 900 business licensees as possible. We will thank them for being here and determine how we can help them. We will work with banks, Everett and

Edmonds Community Colleges, Mukilteo Chamber of Commerce and business assistance agencies such as the Northwest Business Center to help Mukilteo businesses not only survive but thrive. Successful business expansion is most likely to come from existing Mukilteo companies when we work to create a business friendly (Top Ten Cities) environment.

The 2010 Budget

Anticipated revenues for all funds total \$18.5 million and are 44.7% lower than 2009. Rosehill Community Center Bond proceeds of \$12.9 million were received in 2009, which accounts the majority of 2010 revenue reduction.

Total expenditures are \$30.8 million and are \$214,214 or .69% less than last year's budget. Proposed operating expenditures total \$15.2 million or 5.5% less than the prior year; operating transfers are \$2.5 million or 5% less than the prior year, and capital improvements are \$12.1 million or 7.7% more than the prior year.

Keeping with the City's fiscally conservative approach, the budget includes a protected City Reserve of \$1,000,000 and an estimated ending General Fund balance of \$4,123,450.

Closing Comments

Thank you Councilmembers who took time to participate in our Budget Worksessions. Your questions and comments have been excellent, and many of your suggestions have been incorporated into the budget.

This Budget protects Mukilteo as a wonderful place to live and work. It is my top priority to keep our community safe, attractive to business and residents and make living in our community one of the best deals in the region.

It is my hope that I and my staff will increase the transparency, readability and usability of City Policies, Procedures and complete the City's **Long-range Financial Plan** during 2010. (See page 23 for more information on the Long-range Financial Plan development.)

My staff and I look forward to working with the Council over the next several weeks, and responding to any budget related questions that may arise from you or interested citizens.

This budget will ensure that citizens will feel safe and will provide greater access to City services in 2010 and beyond.

Thank You,



Joe Marine
Mayor

PRELIMINARY BUDGET DOCUMENT CHANGES

	<u>Effect on</u> <u>Ending Fund Balance</u>
<u>GENERAL FUND</u>	
Revenues:	
Increase in Boat launch and Parking Revenues	\$100,000.00
Reimbursement for staff time on Rosehill project	18,000.00
Eliminated proposed 1% property tax increase	<u>(44,340.70)</u>
Net change in General Fund Revenues	73,659.30
Expenses:	
Reduce Council salary expense	2,712.00
Reduce Council travel expense	200.00
Reduce Council training expense	500.00
Increase Lobbyist expense	(20,000.00)
Reduce salary expense for part-time employee at Rosehill	13,440.00
Reduce City Attorney expense	5,000.00
Increase staff training expense	<u>(15,000.00)</u>
Net change in General Fund Expenses	(13,148.00)
Net change in General Fund Ending Fund Balance	\$ <u>60,511.30</u>
<u>SURFACE WATER MANAGEMENT FUND</u>	
Expenses:	
Increase Lighthouse Park Phase II construction expense	(\$100,000.00)
Increase Big Gulch Trail Gap Area Phase I expense	<u>(27,000.00)</u>
Net change in Surface Water Mgmt Fund Expenses	(127,000.00)
Net change in Surface Water Management Fund	
Ending Fund Balance	<u>(\$ 127,000.00)</u>



CITY OF MUKILTEO PROFILE

General Information

On January 22, 1855, a peace treaty was signed in Mukilteo between the Governor of Washington and 82 Native American leaders, representing 22 tribes. Several years later, in 1858, the Jacob D. Fowler family of Poughkeepsie, New York, established the first white settlement in Snohomish County on the northern point of Mukilteo. Mukilteo served as the first county seat of Snohomish County from 1861 until 1897. The City of Mukilteo, as we know it today, was incorporated May 8, 1947.

The City of Mukilteo is a scenic waterfront community on Puget Sound, located 25 miles north of downtown Seattle. The natural beauty of the Pacific Northwest is showcased in the many spectacular views of the Olympic Peninsula and Olympic Mountains to the west, Whidbey Island to the northwest, and the Cascade Mountains to the north and east.

Mukilteo Lighthouse Park is the home of the historic Mukilteo Light Station. The park's beautiful beaches are popular beach-combing, picnicking, scuba diving and crabbing spots, and provide boat-launch access as well. The former Washington State Park was deeded to the City in 2003. In 2004, the City adopted a Lighthouse Park Master Plan to make physical improvements to the approximately 14.4 acre site. Phase I of the Plan was completed in 2009, providing new restrooms and maintenance facilities, covered picnic shelters, a playground, fire pits, landscaping improvements, and parking areas. Phase II is scheduled for completion in late June 2010, and includes improvements to the street adjacent to the Mukilteo Light Station, as well as restroom facilities and a performance platform.

The Mukilteo-to-Clinton (Whidbey Island) ferry service is one of Washington State Ferries' highest volume runs, carrying over 2.3 million vehicles, and over 4 million passengers every year. Sounder commuter rail service provides four daily round-trip trains from Mukilteo Station to King Street Station in Seattle.

While the City is known as a "bedroom community" it is also located at the northern end of the Technology Corridor which extends from Bellevue to Mukilteo and is the home of many professional, service and light industrial manufacturing businesses. The Boeing Company's largest manufacturing site is located just east of the City of Mukilteo, and houses production lines for the 747, 767, 777 and the new 787 Dreamliner. This facility employs approximately 30,000 people over three shifts. Boeing facilities located within the City of Mukilteo employ over 500 additional people.

The City owns a City Hall, Police Station, two Fire Stations, a Public Works Facility, Community Center, 57.5 acres of parks, 357.3 acres of open space, and 83.6 acres of tideland. In late 2009, construction began on a new Community Center, with scheduled completion in late 2010.

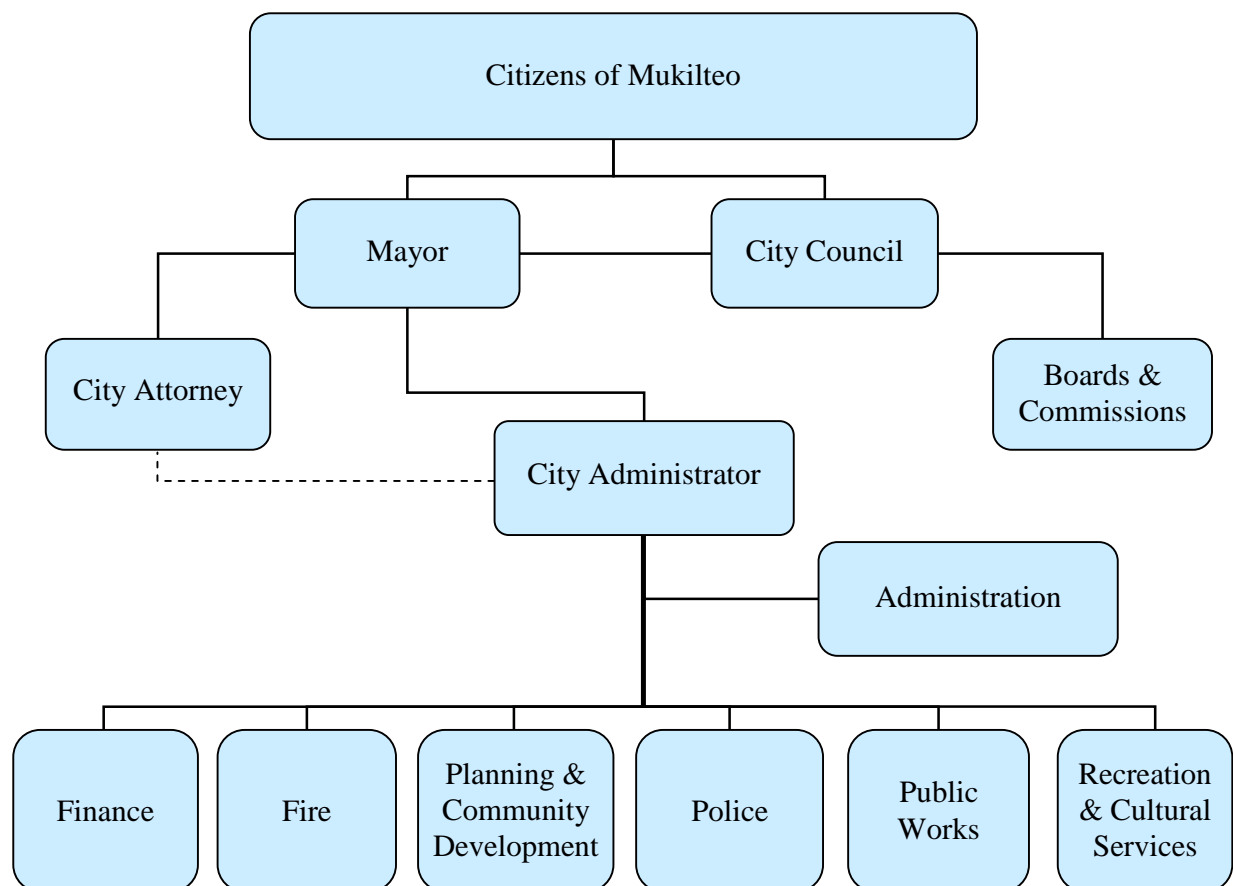


Form of Government

The City operates as a non-charter code city with a Mayor-Council form of government under the provisions of Revised Code of Washington (RCW) 35A et al. This form is commonly referred to as an “optional code city” that essentially enjoys all the rights and privileges granted to larger cities or charter cities. Legislative authority is vested in a seven member City Council. Council members are elected by position number to four-year overlapping terms. Three to four council members are up for election every two years. The Council is composed of a president and vice-president who are elected by the Council for a one-year term each.

The Mayor serves as the Chief Executive Officer and is elected to a four-year term by general election. The Mayor appoints the City Administrator, with confirmation by the Council. The City Administrator oversees all City operations and implements policy direction.

City of Mukilteo Organizational Structure



The municipal government consists of eight departments, some with multiple divisions. While multiple divisions may report to the same director, the department directors are selected by the



City Administrator and confirmed by the City Council. Department Directors report to the City Administrator.

The **Legislative Department** includes the City Council. It is responsible for establishing policy direction through ordinances, resolutions and their adoption/approval.

The **Executive Department** is headed by the City Administrator, and consists of the Administration, Human Resources, and Legal divisions. The department provides overall management direction to the City by implementing policy direction. The Human Resources division provides support services through recruitment, selection and training of employees. The City contracts for legal services with an outside legal firm. This department is also responsible for the management of Community Services.

The **Finance Department** is responsible for accurate recording of all receipts and disbursements. The department issues bi-monthly payrolls; maintains a capital asset system; compiles the annual budget; and prepares the City's Annual Financial Report. This department is also responsible for all City-wide information technology (IT) needs and other governmental services. This department is headed by the Finance Director.

The **Fire Department** has two fire stations: one centrally located on 47th Pl W, and the other located near the waterfront at the north end of the City. The Fire Department includes five divisions: The Fire Administration division, headed by the Fire Chief and Assistant Fire Chief, provides direction to Department personnel in accordance with goals and objectives, oversees the operating budget, develops strategic planning, oversees disaster planning programs, and performs program documentation, processing and archiving services. The Fire Prevention division provides fire safety inspections, fire prevention education and other community services. The Training division is responsible for all aspects of training and safety. The Fire Suppression division renders fire suppression, hazardous material and technical rescue services to the community and local region. The Emergency Medical Services division provides advanced life support and basic life support services to the community with trained paramedics and emergency medical technicians.

The **Police Department** enforces local, State and Federal laws in addition to protecting citizens and their property. The Police Department is located in a separate facility on 47th Pl W. The department, headed by a Police Chief and assisted by a Commander, consists of five divisions. The Administration and Support Services division consists of records, evidence, customer service and clerical functions. The Patrol division performs uniformed patrol, traffic enforcement, arrest, and response to calls for assistance. The Special Operations division performs investigative services. The Crime Prevention division activities include media releases, Citizen Police Academies, coordinating the City's National Night Out Against Crime Event, and presentations to schools, civic clubs, block watch groups and homeowner associations. The Training division monitors training requirements and implements programs to assure that state requirements are met.

The **Planning and Community Development Department** consists of three divisions: Planning and Community Development, Permit Services and Building. The Planning and Community



Development division is responsible for guiding the City's physical development by preparing long-range plans, reviewing and approving land use permits, drafting and processing municipal code amendments and enforcing land use regulations. The Permit Services division processes and issues permits, provides administrative support for both Planning and Community Development and Engineering staff, serves as the first point of public contact for telephone and visitors to City Hall and handles cashing. The Building Division enforces the City's adopted building and mechanical codes by reviewing plans, approving building and mechanical permits and inspecting construction. The department is headed by the Planning and Community Development Director.

The **Public Works** Department is responsible for the planning, design, construction and maintenance of City owned infrastructure, facilities, buildings, streets, landscape and fleet. This department also provides engineering services for design, review, and inspection of private development projects. The department is headed by the Public Works Director.

The **Recreation and Cultural Services Department** provides recreational opportunities to citizens through the Community Center. The department is headed by the Recreation and Cultural Services Manager.

THE BUDGET PROCESS

Under RCW 35A.12, the Mayor is responsible for proposing an annual budget to the City Council. The City's budget year runs from January 1 to December 31.

The annual budget serves five essential purposes: 1) Legal compliance – sets forth expenditure limits by fund; 2) Financial Plan – projects revenues and expenditures for the ensuing year; 3) Policy Document – reflecting how approved city expenditures are consistent with overall city policies; 4) Management Tool – documenting service level commitments made by the City departments; and 5) Public Information Document – describes the City's financial condition, its service objectives for the budget year, and the funding sources available to meet the objectives.

To assure that the budget satisfies each essential purpose, the City follows an established process. The process involves the Mayor, City Council, City Administrator, Department Directors, and the public in deliberation periods and decision points. The Mayor and City Council discuss and designate budget priorities. Expenditure requests from operating departments and revenue projections for the entire City are reviewed and evaluated. The public participates through direct contact and in public hearings with the City Council, commissions and advisory boards.

A Baseline Budget approach is used to begin the budget development process. A Baseline Budget is the minimum budget needed to offer services to citizens, without cutting back on any services. The baseline is established by the Finance Department by utilizing the prior year amended budget less all one-time expenditures as identified during the prior year budget process. The baseline budgets include mandated increases. Mandated increases are costs that are out of Department control. Examples are salaries, benefits, and utilities.

Departments requesting funds for additional expenses are required to prepare a Decision Package. The Decision Package assists decision makers in understanding:

- What staff is requesting
- Why staff is requesting the item
- Alternatives, if applicable
- Source(s) of funding for the request

After baseline budgets and decision package requests are developed, a series of meetings are held to discuss each department's decision packages with the Mayor, City Administrator, and Finance Director.

In October of each year, the Mayor presents the Preliminary Budget to the City Council and the community. During October, November and December, a series of public hearings is held and the Council reviews and amends the budget as needed. Several changes were made to the 2010 proposed budget, which are listed on page vi (following the Mayor's Budget Message.) When the budget process is complete, the Council formally adopts revenue and expenditure actions to implement the final adopted budget. The City's budget calendar is presented on page 7.

Budget Execution/Amendments

The adopted budget is recorded in the City's accounting system in detailed expenditure and revenue accounts, which are monitored throughout the year. Monthly reports of the City's financial status are made to the Mayor, City Council, and City Administrator, and are posted on the Financial Reports section of the City's website: www.ci.mukilteo.wa.us.

The budget is amended quarterly, as needed. The Mayor and City Administrator are authorized to transfer budgeted amounts within any fund. However, revisions that alter the total expenditures or revenues of any fund must be approved by the City Council through a budget amendment ordinance.

Unused Appropriations

Unused appropriations lapse at year-end. If needed in the following year, they must be re-appropriated in the next year's operating budget.

Budgetary Basis

The budgetary basis refers to the form of accounting utilized throughout the budget process. The City prepares its budgets on a cash basis in accordance with State Law (Revised Code of Washington 35A.33). Using this basis, transactions are recognized only when cash is increased or decreased. This budget basis is consistent with generally accepted accounting principals (GAAP).

Calendar year budgets are adopted by the City Council for the general fund, special revenue funds, debt service funds, enterprise funds, internal service funds, and capital projects.

The financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. For governmental type funds, revenues are recognized when susceptible to accrual; when they are measurable and available. Expenditures are recorded when the related debt is incurred, except for unmatured interest on general long term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. For Enterprise funds, the measurement focus emphasizes the determination of net income. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred.

Budget Development Calendar

	Item	Deadline
I.	Budget Committee (Mayor, City Administrator, Finance Director, Accounting Services Manager) meet to discuss budget plan.	March-April
	A. Review budget development calendar dates	
	B. Review baseline budget process & decision packages	
	C. Establish agenda & Council workshop schedule	
II.	Council Workshop - Budget Priority Setting & Long-range Financial Planning	May/June
III.	Base budget preparation	June/July
	A. Departmental expenses updated	
	1.) Mandatory (non-employee) cost increases added	
	2.) Year-end expense estimates submitted	
	3.) Decision packages submitted	
	B. Revenue projections - department revisions submitted	
	C. Employee salaries and benefits updated	
	D. Central service charges updated	
	E. Capital projects reviewed/updated	
	F. Staff request their respective Commissions to submit budget suggestions	
IV.	Budget instructions delivered to department directors	July
V.	Commission & committee budgets submitted	August
VI.	Council Workshop - internal service (IT, Facilities & Equipment) rates	August
VII.	Preliminary budget preparation	September
	A. Department director meetings with budget committee	
	B. Budget balancing	
VIII.	Mayor's Budget Address	October
	A. Preliminary budget presented to Council, citizens.	
IX.	Public Hearings & Budget Adoption	
	A. Public Hearing I	1st week in November
	B. Public Hearing II	2nd week in November
	C. Public Hearing III	3rd week in November
	D. Public Hearing IV	4th week in November
	E. Public Hearing & Adoption	4th week in November
X.	Property Tax Hearing & Adoption	November/December

Budget Calendar Summary

March/April – The Mayor meets with the City Administrator and Finance Director to provide overall budget priorities.

May/June – The Council holds workshops to set budget priorities and review the Long-range Financial Plan.

June/July – The Finance Department develops the baseline budget and budget worksheets for distribution to Department Directors. The Finance Director distributes the budget instructions and forms along with the directions for the preliminary budget preparation.

July/August – The City Administrator meets with Department Directors to hear general departmental concerns, priorities and goals.

August/September – Departments develop and submit budgets and personnel information to the Finance Department. The Finance Department compiles the departments' requests for the Mayor and City Administrator's review.

September – The Mayor, City Administrator and Finance Director hold meetings with individual departments to review the budgets. Following the meetings, Mayor and City Administrator meet with the Finance Director to make final decisions, and the Finance Department prepares the preliminary budget document and supporting information for presentation by the Mayor to the City Council and to the public.

October – The Preliminary Budget is presented to the Council in October. RCW 35A.33.052 requires that the recommended preliminary budget be filed with the city clerk at least sixty days before the beginning of the city's next fiscal year, and that copies of the preliminary budget and budget message be made available to taxpayers not later than six weeks before the beginning of the city's next fiscal year.

November/December – the City Council holds budget work sessions to review and discuss the Mayor's Preliminary Budget proposal. Preliminary recommendations are developed and formal public hearings are held to allow the public to comment on the annual budget. After these hearings, the City Council may make amendments before adopting the budget.

December – The Council amends the budget as needed and formally adopts revenue and expenditure actions to implement the final adopted budget.

Quarterly review – The budget is reviewed after the close of each quarter throughout the budget year, and is amended as needed in April, July, October and December of the budget year.

BUDGET POLICIES

The summary of budget policies listed below create a general framework of budgetary goals and objectives. They provide standards against which current budgetary performance can be measured and proposals for future programs are evaluated.

Balanced Budget

A balanced budget is one where operating revenues and sources equal or exceed operating expenditures and uses. In compliance with state law, the City's 2010 adopted budget is a balanced budget.

Budget Resources

- Expenditures from special revenue funds supported by intergovernmental revenues and special purpose taxes are limited strictly to the mandates of the funding source.
- Addition of personnel will only be requested to meet program initiatives and policy directives after service needs have been thoroughly examined.

Revenue Estimation

During the budget process, revenues are projected for the year. Budgeted revenues are reviewed by the City Council on a quarterly basis and are adjusted as deemed necessary. Factors influencing revenue forecasts for the 2010 budget are addressed in further detail beginning on page 15.

Fund Balance Reserve Policy

Fund balance is the uncommitted resources of a fund. It is the policy of the City to construct the various fund budgets in such a way that there will be sufficient uncommitted resources to cover cash flow needs at all times, regardless of seasonal fluctuations in expenditures or revenues, to provide adequate reserves for emergency needs, and to provide on-going investment earnings.

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

The City maintains reserves required by law, ordinance and/or bond covenants. All expenditures drawn from reserve accounts require prior Council approval unless previously authorized by the City Council for expenditure within the City's annual budget. If reserves and/or fund balances fall below the required levels as set by the policy, the City shall include within its annual budget a plan to restore reserves and/or fund balance to the required levels.

The Fund Balance Reserve Policy specifies individual fund requirements as follows:

Contingency Fund Reserves: The City maintains a Contingency Fund reserve equal to \$1,000,000 to provide a financial cushion to cover revenue shortfalls resulting from

unexpected economic changes or recessionary periods or to provide funds in the event of major unplanned expenditures the City could face as a result of landslides, earthquake or other natural disaster.

General Fund Operating Reserves: The City maintains a General Fund Operating Reserve to provide for adequate cash flow, budget contingencies, and insurance reserves. The cash flow reserve within the General Fund is an amount equal to two months of budgeted operating expenditures.

Hotel/Motel Lodging Tax Reserves: The City maintains a Hotel/Motel Lodging Tax Reserve in an amount equal to one prior complete year's revenues in ending fund balance. (For example, the 2010 budgeted expenditures cannot exceed the 2008 actual revenues receipted into the fund.)

Technology Replacement Reserves: The City maintains a Technology Replacement Reserve for replacement of entity-wide computer hardware, software, or telephone equipment identified in the City's Technology Replacement listing. The required level of reserve will equal each year's scheduled replacement costs. For example, if the 2010 equipment replacement costs are budgeted at \$100,000, the fund reserve balance must equal or exceed \$100,000.

Health Self-Insured Administration Reserves: The City maintains a Health Self-Insured Administration Reserve to provide Washington State mandated reserves for the City's self-insured dental and vision benefits for City Employees.

The City maintains a reserve equal to 16 weeks of budgeted expense as required by Washington State's Office of Financial Management. The City reviews the required reserve level annually and adjusts it to meet the State's requirements (Washington Administrative Code, WAC 82.60).

Equipment and Vehicle Replacement Reserves: The City maintains fully funded reserve for the replacement of vehicles and equipment identified on the City's equipment replacement listing. The required level of reserve equals each year's scheduled replacement costs. For example, if the 2010 equipment replacement costs are budgeted at \$100,000, the fund reserve balance must equal or exceed \$100,000. Contributions are made through assessments to the using funds and are maintained on a per asset basis.

Surface Water Utility Fund Reserves: The City maintains an operating reserve within the Surface Water Utility Fund of an amount equal to no less than 20% of budgeted operating revenues.

Debt Management Policy

The City's debt management policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the operating budget. In September 2009 the City sold \$12,585,000 in Long-Term General Obligation Bonds to fund construction costs for a new Community Center building. See page 60 for further information regarding debt service funds.

The Capital Facilities Plan

The Capital Facilities Plan, adopted on December 17, 2009, provides the background and detailed accounting of the City's inventory of its existing capital facilities, documentation of Level of Service (LOS) standards, and development of revenue and cost-estimating models. For those interested, copies of the entire document are available on the City's website at www.ci.mukilteo.wa.us, or may be obtained by contacting the Planning and Community Development Department at 425-263-8000.

Capital Facilities Plan Executive Summary

The City of Mukilteo's 2010-2015 Capital Facilities Plan (CFP) is an inventory of the City's existing capital facilities and a 6-year plan for construction of new capital facilities and renovation or major maintenance of existing facilities. Projects are identified and separated into five categories:

- City Buildings
- Transportation
- Stormwater
- Parks & Recreation; and
- Habitat Management (a new category created this year).

The CFP is the basis for the Capital Facilities Element of the City's Comprehensive Plan, which is a mandatory element required by the State of Washington's Growth Management Act – Revised Code of Washington 36.70A.070(3). Among the Act's requirements for the Capital Facilities Element are that it cover a six-year time span and that it must balance – that is, revenue must be identified to cover the costs for all of the projects listed.

Given the current uncertain economic environment, it is difficult to accurately estimate project costs and project revenues beyond two years. Therefore, it is likely this 6-year plan is only accurate for the first two years. That is why, along with the fact new revenues have significantly declined, few projects are shown as being built during the years 2012-2015. An update of the CFP will thus be necessary in 2011- 2012, when hopefully the economic environment is more settled and predictable. If not, then the 2011- 2012 update may well have the same limitations as this version of the CFP.

The 2010-2015 CFP adds approaches that are new for the City. It includes annual programs intended to provide for the major maintenance of existing facilities. Also, funds are to be accumulated through the years in order to finance larger projects. In addition, only projects with an estimated cost above \$50,000 are included on project lists.

Several new policies are introduced to establish City priorities for choosing capital projects to be undertaken, including:

- **CF-8 (Capital Facilities Policy - 8)** Establishes the principle that because the uses of some revenue sources are restricted, projects shall only be prioritized with projects within their own category. It also establishes a finance-based methodology for prioritizing those projects that are within the same category.
- **CF-9** Elaborates on the prioritization process by establishing a prioritization methodology based on public safety, levels of service and other non-financial considerations.
- **CF-23** Establishes how pedestrian pathway/sidewalk projects should be prioritized in comparison to each other; and
- **CF-24** Does the same thing for bikeway projects.

Much of the data for this plan was developed in 2008 at a time when the expectation was that project costs would increase year-to-year. Therefore, the estimated project costs shown in Appendix E should only be considered to be “ballpark” estimates as it is impossible to know at this time if the existing favorable bidding climate will continue or, if as the economy improves, the bidding climate will return to what it was before 2008.

This CFP identifies a list of projects the City expects to construct in the next 20 years. The projects identified in the body of the CFP are those the City expects to construct in the next six years. The City’s priorities act as a sieve which resulted in the 6-year lists. If additional funds are identified, more projects will be able to move up to a 6-year list.

The key projects to be built in 2010-2015 include:

- New community center (including demolition of the existing building)
- Lighthouse Park Phase II (without a band shell/picnic shelter)
- SR525/88th St. SW intersection’s left turn lanes
- Public Work’s Facility Equipment Shed
- Mukilteo Lane slide repair
- Japanese Gulch Stream fish barrier removal and habitat restoration
- Big Gulch Trail Gap (2010 City budget includes the start of this project with a volunteer constructed portion. Because that portion of the project is less than \$50,000 it is not included on a 6-year project list. The larger project is included on the 20-year list and will be added to a 6-year list when funding becomes available.)

This CFP represents a significant step forward in the City’s planning process for capital facilities. While its vision into the future is less focused after a couple of years, with the prioritization policies and comprehensive project lists the foundation has been laid to facilitate decision-making into the future.

The Capital Facilities Plan is used to determine which projects will be included in the annual capital budget and to anticipate future capital requirements. Approved projects for the 2010 budget year are shown in the Capital Improvements section of this budget.

Capital Equipment Acquisition

The City defines Capital Equipment as “equipment, machinery, vehicles, and tools, with a value of \$5,000 or more, having a useful life exceeding one year from the date of acquisition.” Acquisition of additional capital equipment items needed is requested by Department Directors with their annual operating budget requests. These items, along with all other budget requests, are evaluated by the Mayor, City Administrator and Finance Director. The Mayor makes a recommendation to the City Council regarding these capital equipment requests in the preliminary budget. The approved budget items are included in the capital outlay section of each division budget.

The scheduled replacement of existing vehicles and equipment is managed through the Equipment Replacement Fund. Replacement and upgrades to technology and technology related equipment is managed through the Technology Replacement Fund. Monthly transfers are made into these funds over the projected life of each specific item of equipment so that there are adequate funds available to replace the equipment when scheduled.

Legal Compliance and Financial Management – Fund Accounting

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the City’s accounting and budget structure is segregated into various funds. This approach is unique to the government sector. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For example, Special Revenue Funds are used to account for expenditures of restricted revenues, while Enterprise Funds are used to account for self-sustaining “business” related activities for which a fee is charged to cover all costs associated with that business. Information regarding each fund is included in the “Funds by Fund Class” section that begins on page 45.



The ferry pulls into the dock in this photograph taken circa 1944 by Ben Hassler, a soldier stationed at the Army barracks in Mukilteo.

Photograph courtesy of the Mukilteo Historical Society

REVENUE TREND ANALYSIS AND ASSUMPTIONS

Objective

The purpose of the financial trend analysis and assumptions is to provide a tool to identify, and analyze the effects of, factors that have a potential impact on the City's financial health. The financial trend analysis focuses on the General Fund, the City's primary operating fund.

Background

Data used in developing this financial trend report is primarily drawn from the City's financial software and the City's Comprehensive Annual Financial Reports.

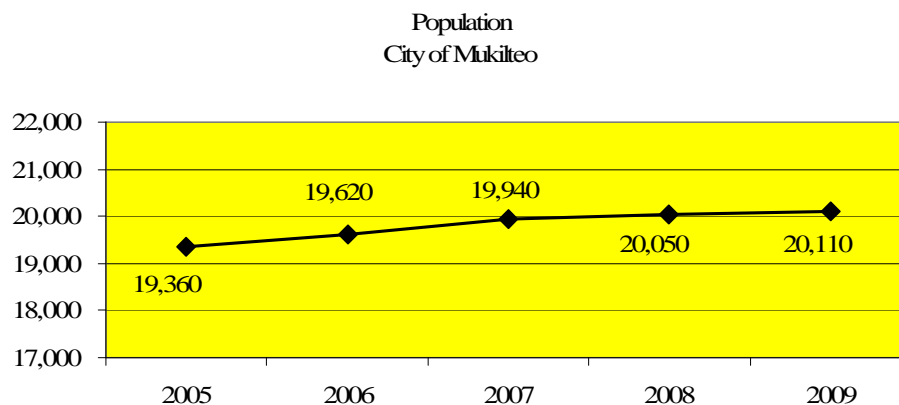
Financial Indicators and Related Factors include:

- 1) Population trend
- 2) Historical revenue and expenditures trends analysis
 - a) The types and amounts of General Fund revenues: Are they sufficient, and does the City have the right mix to support the demands as the City grows?
 - b) General Fund expenditure levels: Are these expenditures sufficient to provide the desired level of services currently and as the City continues to grow?
 - c) Operating surplus or deficit and the resulting impact upon the current City financial resources.

Executive Summary

The City's financial trends that follow provide City Council and management with insight into the overall financial position of the City's General Fund, the primary source of funds for City operations. This analysis makes it possible to identify specific areas where new policies should be implemented or existing ones revised.

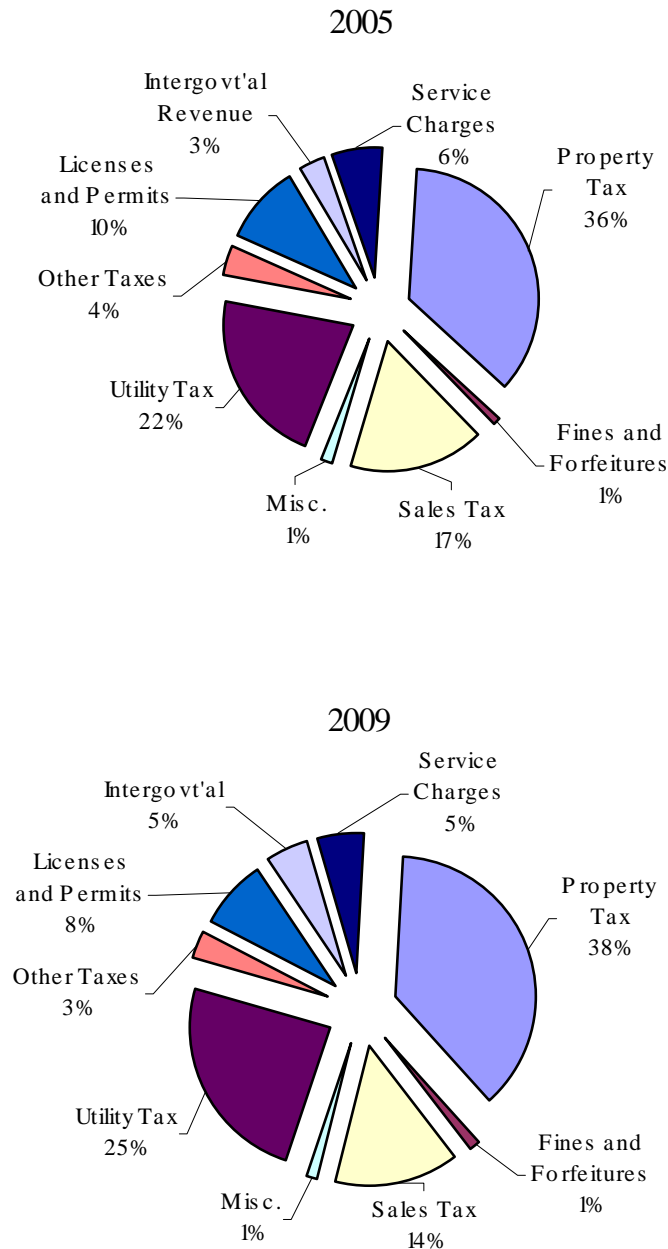
City of Mukilteo Population



Comments: The population for the City of Mukilteo has grown less than 4% over the past five years, or averaging less than 1% growth per year. This slow growth is a signal that City is nearing build out, which also signals that the City should plan for less development related revenues in future years.

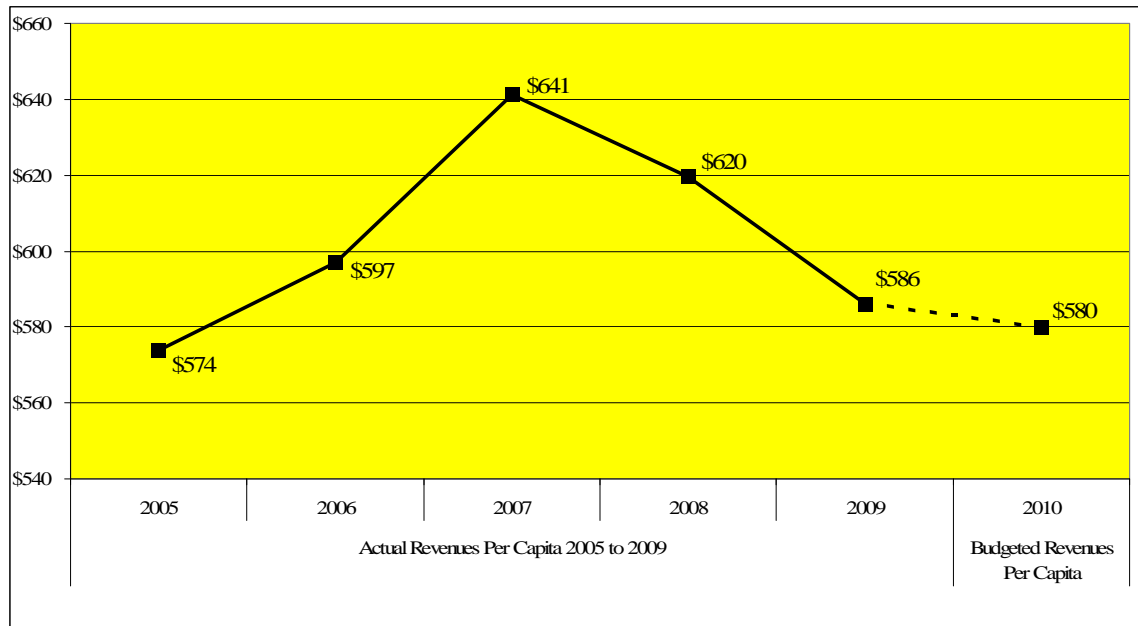
Revenue Trend Analysis

Comparison of Revenues by Source FY 2005 vs. FY 2009



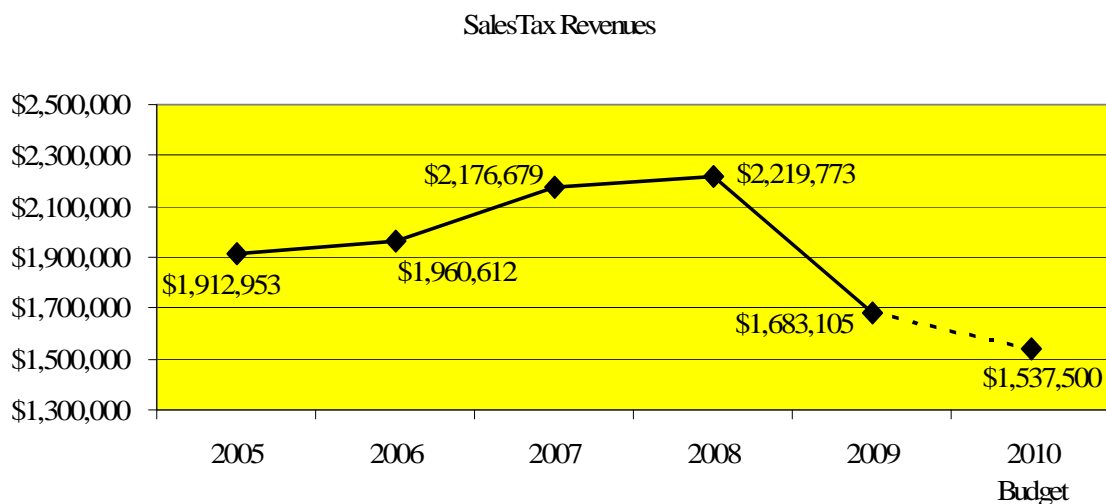
Comments: These charts compare actual General Fund revenue sources from last year to those five years ago. There has been little change in the revenue percentages by source. The current revenue mix has remained very stable over this five year comparison.

Revenues Per Capita



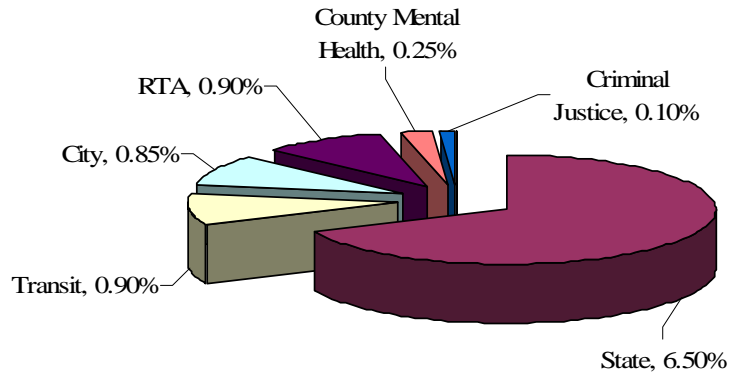
Comments: Total revenues per capita reflect a 9% decrease from 2007 to 2009 compared to an 11% increase from 2005 to 2007. The primary driver of change in both cases was sales tax revenues. The recent downward trend is a strong indication that the City's future revenue streams will need to be closely monitored for their potential threat to current service levels.

Sales Tax Revenues



Comments: Sales tax revenues declined 24% or \$536,669 in 2009. The City is anticipating that sales tax revenues will decline an additional \$145,605 or 9% in 2010 due to the weak economy.

The chart below shows how the 9.5% Sales Tax collected on retail sales with the City of Mukilteo is distributed:



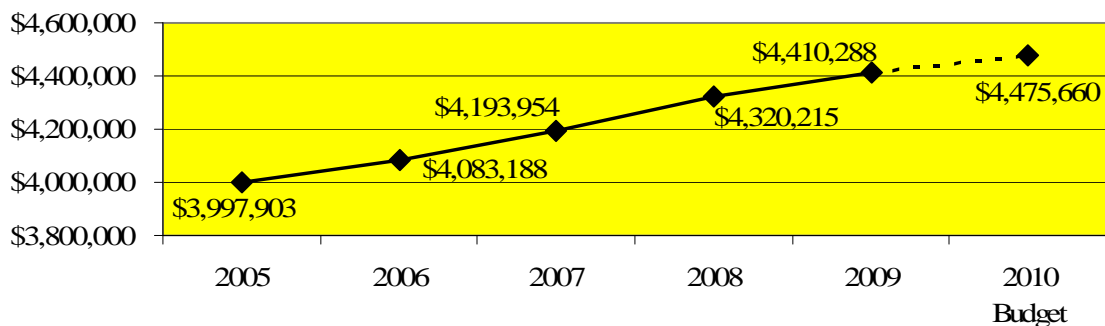
Property Tax Revenues

The City may levy up to \$3.375 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

The Washington State Constitution limits the total regular property taxes to 1 percent (1%) of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed that amount, each is proportionally reduced until the total is at or below the 1 percent (1%) limit.

Additional information regarding property taxes is included in the General Fund Revenues discussion which begins on page 49.

Property Tax Revenues

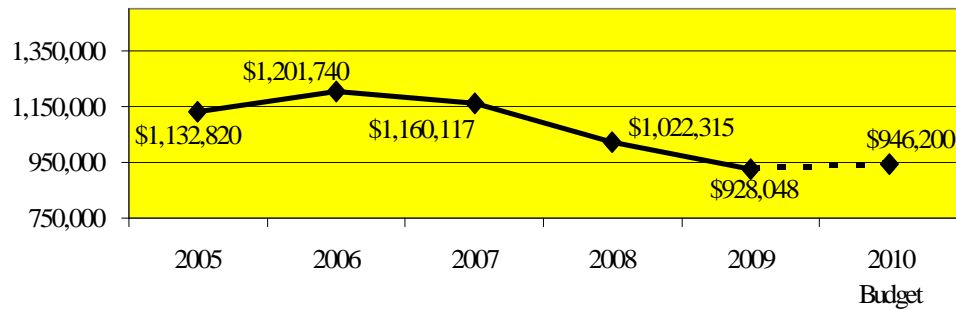


Comments: The City levied 1% property tax increases in 2006 and 2009. The remaining increases were due to new construction. With slowing population growth and a weak economy, future property tax revenues are anticipated to increase 1.5% annually.

License and Permit Revenues

- Business Licenses
- Franchise Fees
- Building Permits
- Right of Way Permits

License & Permit Revenues

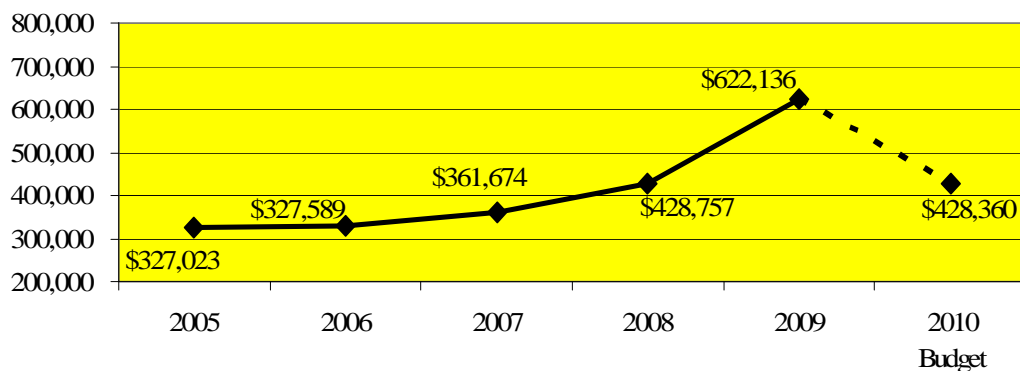


Comments: Declines in building permit revenues were the most significant factor for the drop in license and permit revenues for 2009. The related decline in building activity also contributed to the decrease in sales tax revenues. For 2010 the sagging License and Permit revenues will be boosted by a new Garbage Administrative fee assessed to solid waste haulers. This new fee is anticipated to generate \$190,000 in 2010.

Intergovernmental Revenues

- Liquor Board Profits
- PUD Privilege Tax
- Liquor Excise Tax
- Grants

Intergovernmental Revenues

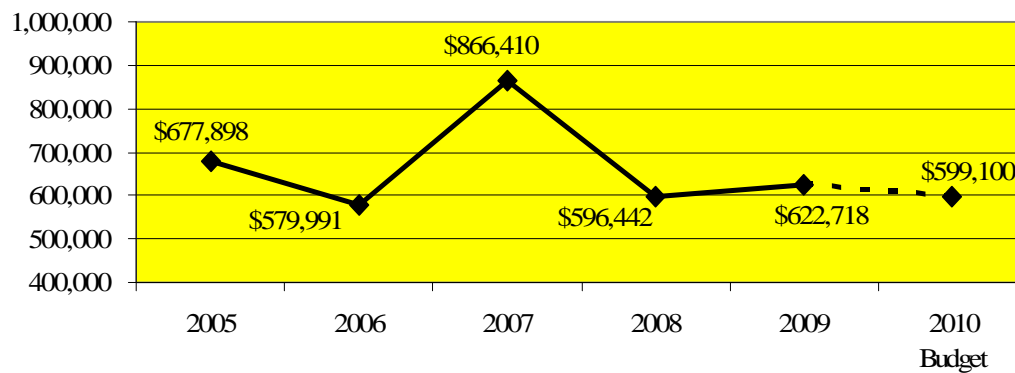


Comments: The City received \$170,000 in grants during 2009 contributing the bulk of the increase in revenues. The City anticipates Intergovernmental revenues to return to 2008 levels for 2010.

Charges for Services Revenues

- Overhead Cost Recovery
- Plan Checking Fees
- Ambulance Fees
- Zoning and Subdivision Fees

Charges for Service Revenues

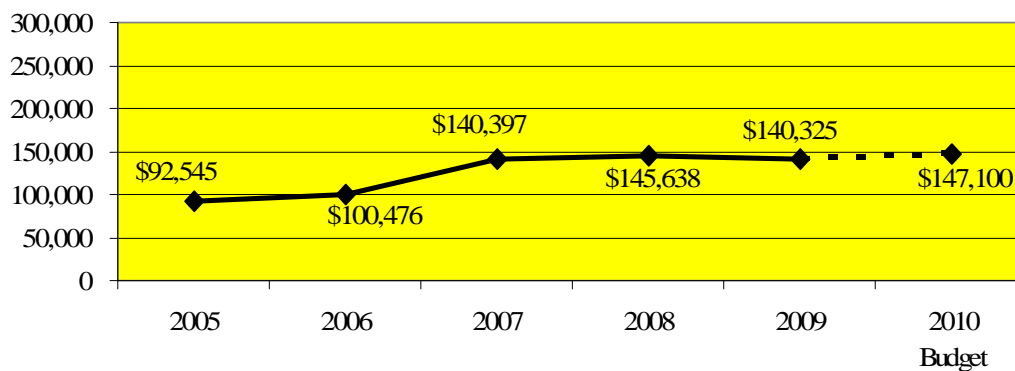


Comments: The slowing growth in the City's population signals that City is nearing build out, which also means that the City has to plan for less development related revenues in future years. It is anticipated that Charges for service revenues will decline \$23,618 or 3.8% in 2010.

Fines and Forfeitures Revenues

- Traffic Violations
- Parking Fines

Fines & Forfeiture Revenues

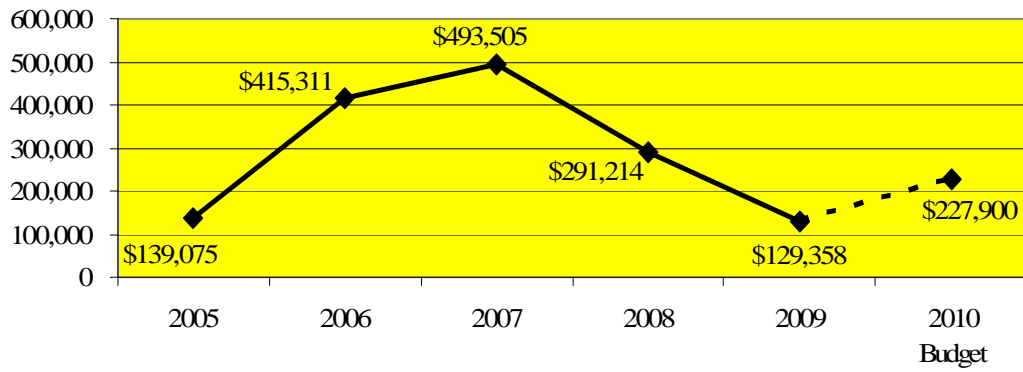


Comments: Fines and Forfeiture revenue has stabilized after 2007.

Miscellaneous Revenues

- Investment Interest
- Other Misc. Revenue

Miscellaneous Revenues



Comments: Interest earning matches declines in the economy.



With a Tall Ship in the background, this 1903 photograph shows Mukilteo's thriving waterfront.

Photograph courtesy of the Mukilteo Historical Society

LONG-RANGE FINANCIAL PLAN DEVELOPMENT

The City of Mukilteo formally began work on their inaugural Long-range Financial Plan on July 13, 2009 at a Council work session. During the work session, staff presented information covering:

What is a “Long-range Financial Plan?”

A Long-range Financial Plan (LRFP) provides a “road map” for where the City wants to go financially and how it plans to get there, by combining financial forecasting with financial strategizing. The LRFP is intended to serve as a tool to identify problems and opportunities, and to provide Council, citizens and staff with the insight required to address issues impacting the City’s financial condition. The City’s plan will have a multi-year planning horizon: with three to five years for projecting current operations and philosophically addressing issues beyond five years.

Why do we need a Long-range Financial Plan?

A Long-range Financial Plan is needed as a communication aide for citizens, staff and rating agencies. When Council and staff receive questions from constituents, the LRFP will help provide an answer that is factually supported and provides constituents a consistent answer. The LRFP clarifies the City’s financial strategic intent and imposes discipline on decision makers by highlighting the cumulative effects of decisions.

Who Benefits From Having a Long-range Financial Plan?

- Citizens – Effective financial stewardship enhances the quality of life for a community – increasing the desirability of the community as a place to live.
- Council – Long-range financial plans offer guidance to new Council members. The plan also serves as an ongoing context for Council decisions, thereby providing consistency and quality control.
- Businesses looking to operate in the City – Long-range financial plans increase certainty for business decisions which in turn increases the desirability of the community as a place to locate.
- Department heads & staff benefit from knowing the City’s financial future is a priority with Council & Mayor.

How is the Long-range Financial Plan Developed?

The City Council sets financial goals & priorities with input from citizens. The LRFP Team relies on these goals & priorities to develop the LRFP, for Council to adopt. The development of a Long-range financial plan can be broken down into four major phases:

- 1) **The mobilization phase** puts in place the cornerstones for financial planning: resources to undertake planning, preliminary financial analysis, definition of the underlying purpose of the planning process, the City’s service-level preferences, financial policies, and the scope of the planning effort.
- 2) **The analysis phase** focuses on the City’s financial position, making long-term projections, and then analyzing the City’s probable future financial position.

- 3) **The decision phase** is where strategies, plans, and adjustments are created and agreed upon.
- 4) **The execution phase** carries the plan forward into action.

Who are the members of the Long-range Financial Planning Team?

The Core Team includes three City of Mukilteo Citizens, three City Council Members, the Mayor, the City Administrator and the Finance Director.

Long-range Financial Planning Team Members - 2010

Core Team

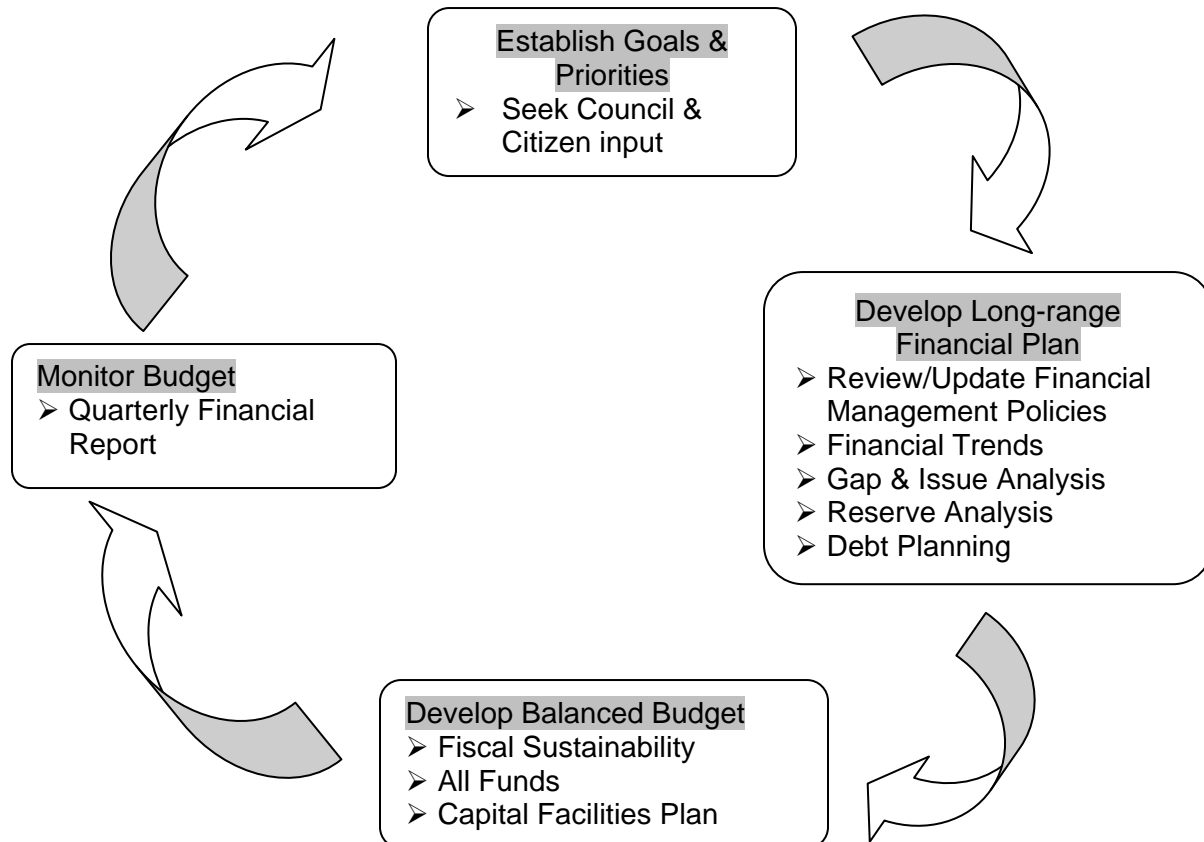
- **Citizens**
 - Luann Bialaszewski, CPA
 - William Cooper
 - Russell Rosendal
- **Council**
 - Randy Lord, Council President
 - Richard Emery, Council Vice President
 - Linda Grafer, Council Member
- **Staff**
 - Joe Marine, Mayor
 - Joe Hannan, City Administrator
 - Scott James, CPA, Finance Director & LRFP Team Chair

Capital Projects Team

The long-range plan must be related to other planning processes such as the Comprehensive Plan and the Capital Facilities Plan. The Capital Projects Team is responsible for drafting these plans and will help integrate these plans into the long-range plan.

- **Staff**
 - Heather McCartney, FAICP, Planning & Community Development Director
 - Larry Water, P.E., Public Works Director

Long-range Financial Plan Cycle



Current Issues and Objectives

The Long-range Financial Planning team has identified the following three items as the principal issues facing the City of Mukilteo in 2010:

Issue: General Fund Gap. For 2010, the General Fund is anticipated that expenses will exceed revenues by \$1 million.

Background: During development of the 2010 budget, \$809,190 of expenditures were eliminated from the budget to reduce the gap. Expenditure reductions included \$124,620 for part-time personnel, \$61,240 for supplies, \$258,860 for services, \$21,470 for intergovernmental services, \$39,000 for capital outlays and \$304,000 for annual equipment replacement.

The regional and local economic sluggishness is impacting sales tax and development related revenues. City of Mukilteo sales tax revenues declined 24% or \$536,000 in 2009 and are anticipated to decrease an additional 9% or \$145,000 in 2010.

Objective:

Development of Gap Closing Strategy: The Long-range Financial Planning Team has been tasked to develop a “gap-closing” strategy to recommend to the City Council that will help ensure the City will be able to meet the future needs of the community, while ensuring that future resources can sustain on-going operations.

Issue: EMS Levy Expires December 31, 2010

Objective: 1) Inform citizens about the emergency medical services the City provides; 2) educate citizens on how the amount of an EMS levy will impact emergency medical service levels, 3) determine citizen’s appetite for how much levy they are willing to pay through various outreach efforts, 4) determine if levy should either be a 6 or 10 year levy or a permanent levy and 5) place an EMS Levy on the ballot for citizens to vote on during 2010.

Issue: The City is constructing a new community center that offers opportunities for expanded services and programs.

Objective

Analyze the Community Center’s business model and the General Fund’s ability to provide funding to support expanded community center operations.

What are the next steps?

As the plan takes shape, other City staff members will be asked to contribute their perspectives on topics like infrastructure needs, land use and human resources. Once the LRFP is completed and adopted by the City Council, staff will utilize the LRFP as part of the budget development process and will provide the City Council with quarterly reports on progress.

BUDGET SUMMARY – ALL FUNDS

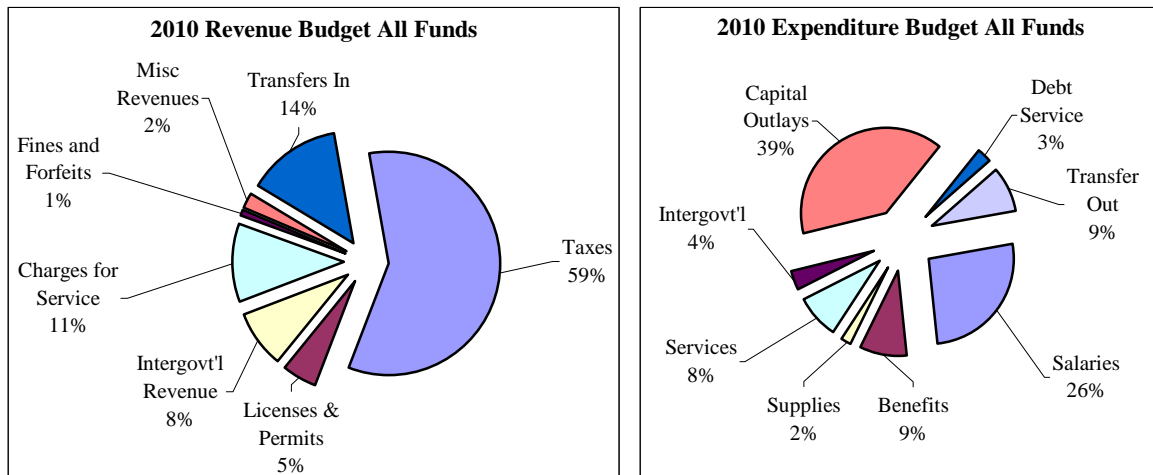
Exhibit 1 lists projected 2010 beginning fund balances, revenues, expenditures and ending fund balances for each fund.

Exhibit 1: Budget Summary by Fund – All Funds

Fund Number	Fund Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
009	LEOFF I Reserve	142,060	26,200	29,400	138,860
011	General	5,189,600	11,661,920	12,667,558	4,183,962
015	Paine Field Emergency Reserve Fund	55,000	0	55,000	0
111	Street	189,710	650,500	665,260	174,950
112	Arterial Street	123,610	411,670	485,090	50,190
114	Recreation & Cultural Services	48,130	316,720	333,460	31,390
116	Hotel/Motel Lodging Tax Fund	168,400	134,500	131,800	171,100
120	Technology Replacement	49,130	76,000	91,180	33,950
125	City Reserve	1,000,000	0	0	1,000,000
126	Emergency Medical Services	189,180	1,607,000	1,634,600	161,580
141	Municipal Facilities	52,170	440	50,000	2,610
142	Parks and Open Space	133,495	0	133,495	0
275	LTGO Bond Fund 2009	7,350	907,970	907,960	7,360
322	Park Acquisition & Development	92,490	443,690	500,000	36,180
323	Transportation Impact Fee	26,480	20,120	0	46,600
331	Real Estate Excise Tax I	6,249,750	356,700	982,600	5,623,850
332	Real Estate Excise Tax II	1,392,350	308,420	1,374,930	325,840
375	Community Center Project Fund	8,901,750	0	8,901,750	0
440	Surface Water Management	1,786,030	1,275,000	1,686,810	1,374,220
502	Health Insurance Administration	45,130	4,870	0	50,000
510	Equipment Replacement Reserve	1,038,920	15,860	2,000	1,052,780
516	Unemployment Compensation	40,490	0	0	40,490
518	Facilities Maintenance	69,260	390,000	409,510	49,750
TOTALS		26,990,485	18,607,580	31,042,403	14,555,662

Exhibit 2 lists revenues, expenditures and fund balances for all funds. Total estimated revenues and operating transfers for 2010 are \$18,607,580 a decrease of \$2,129,385 over the 2009 adopted budget. These figures do not include 2009 budget of \$12,812,742 for bonds issued to fund construction of the new Community Center.

Exhibit 2: Total Budgeted Revenues, Expenditures and Fund Balances – All Funds



Item	2008 Actual	2009 Budget	2010 Budget	\$ Change '10 - '09	% Change '10 - '09
Beginning Fund Balance	32,034,296	21,383,688	26,990,485	5,606,797	26.22%
Revenues:					
Taxes	11,850,526	10,750,830	10,892,260	141,430	1.32%
Licenses and Permits	1,022,315	887,650	946,200	58,550	6.60%
Intergovernmental Revenue	892,518	2,906,400	1,542,160	(1,364,240)	-46.94%
Charges for Service	2,249,583	2,267,700	2,135,600	(132,100)	-5.83%
Fines and Forfeitures	145,638	139,500	147,100	7,600	5.45%
Miscellaneous Revenues	2,044,418	1,102,030	409,860	(692,170)	-62.81%
Transfers In	6,707,640	2,682,855	2,534,400	(148,455)	-5.53%
Other Financing Sources	-	12,812,742	-	(12,812,742)	-100.00%
Total Revenues	24,912,638	33,549,707	18,607,580	(14,942,127)	-44.54%
Expenditures:					
Salaries	7,191,895	7,912,650	8,135,538	222,888	2.82%
Benefits	2,943,935	2,588,225	2,771,920	183,695	7.10%
Supplies	596,595	607,445	567,470	(39,975)	-6.58%
Services	3,303,925	3,547,416	2,603,370	(944,046)	-26.61%
Intergovernmental	1,353,024	1,434,895	1,139,520	(295,375)	-20.59%
Capital Outlays	13,847,268	11,253,857	12,248,730	994,873	8.84%
Debt Service	0	969,071	907,960	(61,111)	-6.31%
Transfer Out	6,321,440	2,682,855	2,667,895	(14,960)	-0.56%
Total Expenditures	\$35,558,084	\$30,996,414	\$31,042,403	\$45,989	0.15%
Ending Fund Balance	\$21,388,851	\$23,936,981	\$14,555,662	(9,381,319)	-39.19%

Exhibit 3: Revenue Summary – All Funds

Fund No.	Fund Description	2008 Actual	2009 Budget	2009 YE Estimate	2010 Budget	\$ Change '10 - '09	% Change '10 - '09
009	LEOFF I Reserve	\$ 192,835	\$ 1,200	\$ 1,000	\$ 26,200	\$ 25,000	2083.33%
011	General	12,417,946	11,770,080	11,768,600	11,661,920	(108,160)	-0.92%
015	Paine Field Emergency Reserve	1,000	0	0	0	0	0.00%
111	Street	828,500	811,250	723,340	650,500	(160,750)	-19.82%
112	Arterial Street	149,081	170,400	168,400	411,670	241,270	141.59%
114	Recreation & Cultural Services	371,422	355,685	363,130	316,720	(38,965)	-10.95%
116	Hotel/Motel Lodging Tax	131,827	465,480	443,350	134,500	(330,980)	-71.11%
120	Technology Replacement	59,111	52,100	51,500	76,000	23,900	45.87%
125	City Reserve	31,837	0	0	0	0	0.00%
126	Emergency Medical Services	1,258,525	1,411,650	1,385,640	1,607,000	195,350	13.84%
141	Municipal Facilities	1,131,856	51,000	16,790	440	(50,560)	-99.14%
142	Parks and Open Space	96,685	95,000	128,100	0	(95,000)	-100.00%
275	LTGO Bond Fund	0	91,653	91,650	907,970	816,317	890.66%
322	Park Acquisition & Development	452,883	1,322,300	920,300	443,690	(878,610)	-66.45%
323	Transportation Impact Fee	691,906	48,100	47,880	20,120	(27,980)	-58.17%
331	Real Estate Excise Tax I	737,389	1,355,265	1,355,265	356,700	(998,565)	-73.68%
332	Real Estate Excise Tax II	3,651,488	319,000	319,000	308,420	(10,580)	-3.32%
375	Community Center Project Fund	0	12,805,394	12,925,820	0	(12,805,394)	-100.00%
440	Surface Water Management	1,303,099	1,694,000	1,390,410	1,275,000	(419,000)	-24.73%
502	Health Insurance Administration	599,684	0	0	4,870	4,870	100.00%
510	Equipment Replacement Reserve	412,717	340,150	340,150	15,860	(324,290)	-95.34%
516	Unemployment Compensation	4,317	0	0	0	0	0.00%
518	Facilities Maintenance	388,530	390,000	390,000	390,000	0	0.00%
	Totals	\$ 24,912,638	\$ 33,549,707	\$ 32,830,325	\$ 18,607,580	\$ (14,942,127)	-44.54%

Exhibit 4: Revenue Estimates by Fund Class – All Funds

		2008 Actual	2009 Budget	2010 Budget	% Change
General Fund					
<u>Taxes</u>					
011.311.100.00	Real & Personal Property Tax	4,320,215	4,351,650	4,475,660	2.85%
011.313.101.00	Retail Sales & Use Tax	2,219,788	1,537,500	1,537,500	0.00%
011.313.600.00	Natural Gas Use Tax	3,291	4,000	4,000	0.00%
011.313.710.00	Local Criminal Justice Tax	303,845	255,680	255,600	-0.03%
011.316.200.00	Admissions Tax	63,485	60,000	60,000	0.00%
011.316.300.00	Commercial Parking Tax	76,161	35,000	50,000	42.86%
011.316.xxx.00	Utility Taxes	2,825,048	2,920,000	2,927,000	0.24%
011.317.200.00	Leasehold Excise Tax	4,955	4,500	3,500	-22.22%
011.317.500.00	Gambling Tax	3,010	3,500	0	-100.00%
Total Taxes		9,819,798	9,171,830	9,313,260	1.54%
<u>Licenses & Permits</u>					
011.321.700.00	Special Event Permits	75	0	0	0.00%
011.321.910.00	Franchise Fees	285,951	270,000	280,000	3.70%
011.321.920.00	Garbage Administration Fee	0	0	190,000	100.00%
011.321.xxx.00	Business Licenses	380,704	341,150	353,000	3.47%
011.322.101.02	Plumbing Permits	16,495	12,000	9,300	-22.50%
011.322.101.03	Mechanical Permits	15,018	12,000	10,100	-15.83%
011.322.101.xx	Building Permits	254,064	208,000	62,000	-70.19%
011.322.102.00	Sign Permits	4,960	4,500	5,000	11.11%
011.322.103.00	Right of Way Permits	52,179	30,000	26,000	-13.33%
011.322.301.00	Dog Licenses	6,750	7,000	7,000	0.00%
011.322.901.00	Gun Permits (City)	3,347	1,500	3,500	133.33%
011.322.902.00	Gun Permits (State)	2,772	1,500	300	-80.00%
Total Licenses & Permits		1,022,315	887,650	946,200	6.60%
<u>Intergovernmental</u>					
011.331.970.78	Homelnd Security-Buffer Zone Prot. Grant	0	194,000	0	-100.00%
011.333.970.36	FEMA Disaster Assistance Grant	32,060	0	0	0.00%
011.333.970.42	Homeland Security Indirect ESCA Grant	10,500	0	13,600	100.00%
011.334.000.31	Secretary of State	0	0	10,000	100.00%
011.334.010.80	State Military Department Grant	5,447	0	0	0.00%
011.334.018.00	State Military Department Grant	0	0	650	100.00%
011.334.030.10	State Grant - Dept Of Ecology	0	15,000	15,000	0.00%
011.334.035.00	Traffic Safety Commission Grant	5,051	0	1,700	100.00%
011.334.040.20	State Grant - CTED	18,750	0	30,000	100.00%
011.334.040.90	Pre-Hospital Grant	1,644	0	1,720	100.00%
011.335.000.91	PUD Privilege Tax	98,491	95,000	98,000	3.16%
011.336.006.21	Criminal Justice - Population	4,113	3,500	4,000	14.29%
011.336.060.26	CJ - Special Programs	15,862	12,000	16,000	33.33%
011.336.060.51	DUI Cities	3,603	3,500	3,800	8.57%
011.336.060.90	Cost Reimburse Fire Fighter Volunteers	600	0	0	0.00%
011.336.060.94	Liquor Excise Tax	73,047	85,000	92,000	8.24%
011.336.060.95	Liquor Board Profits	157,698	135,000	140,000	3.70%
011.337.200.00	Interlocal Agreement - Snohomish County	0	150,000	0	-100.00%
011.337.300.00	King County WRIA I Grant	0	15,500	0	-100.00%
011.338.000.22	Ferry Fire Svcs	1,892	1,900	1,890	-0.53%
Total Intergovernmental		428,757	710,400	428,360	-39.70%

Revenue Estimates by Fund Class – All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Charges for Services</u>				
011.341.050.00 Sale of Maps, Copies Etc.	33	0	0	0.00%
011.341.053.00 Non Taxable Sales	1,608	1,000	1,000	0.00%
011.341.431.00 School Mitigation Admin Fee	1,898	2,000	1,400	-30.00%
011.342.100.00 Law Enforcement Services	3,917	2,500	1,900	-24.00%
011.342.361.00 Home Detention Application Fee	720	100	300	200.00%
011.342.362.00 Home Detention Daily Fee	2,890	2,500	2,050	-18.00%
011.342.370.00 Fingerprinting Fees	1,840	1,500	1,500	0.00%
011.342.400.00 Protective Insp. Fees	80	0	100	100.00%
011.342.602.00 BLS - Non-Medicare	112,172	160,000	136,000	-15.00%
011.342.602.01 BLS - Medicare	35,438	67,500	47,000	-30.37%
011.342.901.00 Misc Security, Persons & Prop	1,700	700	1,700	142.86%
011.343.200.00 Engineering Fees & Charges	14,400	20,000	25,430	27.15%
011.345.810.00 Zoning And Subdivision Fees	53,901	60,000	40,710	-32.15%
011.345.820.00 Hearing Examiner Fees	7,646	30,000	13,000	-56.67%
011.345.830.00 Plan Checking Fees	189,400	175,000	108,510	-37.99%
011.345.890.00 Reimbursable Development	1,800	5,000	5,000	0.00%
011.348.950.00 Community Center Engineering Reimb.	0	0	18,000	100.00%
011.349.180.00 Overhead Cost Recovery	167,000	195,500	195,500	0.00%
Total Charges for Services	596,442	723,300	599,100	-17.17%
<u>Fines & Forfeitures</u>				
011.350.100.00 Traffic Violations	130,757	125,000	125,000	0.00%
011.352.201.00 Civil Penalties	1,140	1,000	1,500	100.00%
011.353.700.00 Non-Traffic Infraction Penalty	5,531	7,500	600	-92.00%
011.354.000.01 Parking Fines	8,210	6,000	20,000	233.33%
Total Fines & Forfeitures	145,638	139,500	147,100	5.45%
<u>Miscellaneous</u>				
011.361.110.00 Investment Interest	228,312	77,000	60,500	-21.43%
011.361.400.00 Sales Tax Interest	7,404	8,000	5,000	-37.50%
011.362.300.00 Parking Fees*	0	0	63,500	100.00%
011.362.301.00 Boat Launch Fees*	0	0	30,000	100.00%
011.362.501.00 Annual Boat Launch Permits*	0	0	6,500	100.00%
011.362.600.00 Rentals & Leases	2,433	2,400	17,300	620.83%
011.363.900.00 WCIA Insurance Recovery	10,318	0	0	0.00%
011.367.100.00 Contributions - Private Source	5,226	0	0	0.00%
011.368.901.00 Cable Subscriber Assessment	0	40,000	40,000	0.00%
011.369.100.00 Gain/Loss on Sale of Surplus Assets	25,778	0	0	0.00%
011.369.200.00 Sale of Unclaimed Property	159	0	0	0.00%
011.369.301.00 Proceeds From Forfeited Prop	100	0	0	0.00%
011.369.400.00 Judgements and Settlements	78	0	100	100.00%
011.369.901.00 Other Miscellaneous Revenue	6,500	10,000	5,000	-50.00%
011.397.100.00 Operating Transfers In	118,689	0	0	0.00%
Total Miscellaneous	404,997	137,400	227,900	65.87%
*Budgeted to the Parks & Open Space Fund prior to 2010.				
Total General Fund Revenues	12,417,946	11,770,080	11,661,920	-0.92%
<u>LEOFF I Reserve Fund</u>				
009.361.110.00 Investment Interest	1,610	1,200	1,200	0.00%
009.397.100.00 Operating Transfers In	191,225	0	25,000	100.00%
Total LEOFF I Reserve Fund	192,835	1,200	26,200	2083.33%
Total LEOFF I Reserve Fund	192,835	1,200	26,200	2083.33%

Revenue Estimates by Fund Class – All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Paine Field Emergency Reserve Fund</u>				
015.338.150.00 Intergovernmental Legal Services	1,000	0	0	0.00%
Total Paine Field Emergency Reserve Fund	1,000	0	0	0.00%
Total Paine Field Emergency Reserve Fund	1,000	0	0	0.00%
<u>Special Revenue Funds</u>				
<u>Street Fund</u>				
111.336.000.87 Street Fuel Tax	311,093	305,000	300,000	-1.64%
111.361.110.00 Investment Interest	2,407	1,250	500	-60.00%
111.397.100.00 Operating Transfers In	515,000	505,000	350,000	-30.69%
Total Street Fund	828,501	811,250	650,500	-19.82%
<u>Arterial Street Fund</u>				
112.334.000.00 WA State Grant	0	30,000	270,000	800.00%
112.336.000.88 Arterial Street Fuel Tax	145,457	140,000	140,800	0.00%
112.361.110.00 Investment Interest	3,624	400	870	117.50%
Total Arterial Street Fund	149,081	170,400	411,670	141.59%
<u>Recreation & Cultural Services</u>				
114.347.304.00 Rec Program Fees	35,768	37,000	45,000	21.62%
114.347.401.21 Farmers Mkt Booth Fees	693	0	0	0.00%
114.347.901.00 Off Hour Staffing Fees	2,022	2,400	1,500	-37.50%
114.361.110.00 Investment Interest	927	550	600	9.09%
114.362.401.00 Community Center Room Rental	10,387	23,500	6,000	-74.47%
114.362.501.01 Community Center Tenant Rent	44,042	40,500	42,060	3.85%
114.362.502.00 Parking Rental - Long Term	44,667	20,000	0	-100.00%
114.369.901.00 Miscellaneous Revenue	0	200	0	-100.00%
114.397.100.00 Operating Transfers In	232,915	231,535	221,560	-4.31%
Total Recreation & Cultural Services	371,422	355,685	316,720	-10.95%
<u>Hotel/Motel Lodging Tax Fund</u>				
116.313.300.00 Hotel/Motel Transient Tax	126,887	130,000	130,000	0.00%
116.361.110.00 Investment Interest	4,939	2,200	4,500	104.55%
116.381.100.00 Interfund Loans Received	0	333,280	0	-100.00%
Total Hotel/Motel Lodging Tax Fund	131,827	465,480	134,500	-71.11%
<u>Technology Replacement</u>				
120.361.110.00 Investment Interest	9,111	2,100	1,000	-52.38%
120.397.100.00 Operating Transfers In	50,000	50,000	75,000	50.00%
Total Technology Replacement	59,111	52,100	76,000	45.87%
<u>City Reserve</u>				
125.361.110.00 Investment Interest	31,837	0	0	0.00%
Total City Reserve	31,837	0	0	0.00%

Revenue Estimates by Fund Class – All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Emergency Medical Services</u>				
126.311.106.00 EMS Levy	857,960	849,000	849,000	0.00%
126.342.601.00 Ambulance Transport Fees	131,995	180,000	180,000	0.00%
126.361.110.00 Investment Interest	16,372	2,900	18,000	520.69%
126.367.100.00 Contributions - Private Source	0	10,000	0	-100.00%
126.369.901.00 Other Miscellaneous Revenue	2,197	0	0	0.00%
126.397.100.00 Operating Transfers In	250,000	369,750	560,000	51.45%
Total Emergency Medical Services	1,258,525	1,411,650	1,607,000	13.84%
<u>Municipal Facilities</u>				
141.361.110.00 Investment Interest	131,856	1,000	440	-56.00%
141.397.100.00 Operating Transfers In	1,000,000	50,000	0	-100.00%
Total Municipal Facilities	1,131,856	51,000	440	-99.14%
<u>Parks & Open Space</u>				
142.361.110.00 Investment Interest*	1,474	1,000	0	-100.00%
142.362.301.00 Boat Launch Revenue*	28,557	30,000	0	-100.00%
142.362.501.00 Annual Boat Launch Permits*	3,730	4,000	0	-100.00%
142.362.502.00 Lighthouse Park Lt Parking*	62,533	60,000	0	-100.00%
142.362.600.00 Park Rentals*	390	0	0	0.00%
Total Parks & Open Space	96,685	95,000	0	-100.00%
*These revenues are budgeted to the General Fund in 2010.				
Total Special Revenue Fund Revenues	4,058,844	3,412,565	3,196,830	-6.32%
Debt Service Funds				
<u>LTGO Bond Fund</u>				
275.391.100.00 G.O. Bond Proceeds	0	7,348	0	-100.00%
275.397.100.00 Operating Transfers In	0	84,305	907,970	977.01%
Total LTGO Bond Fund	0	91,653	907,970	890.66%
Total Debt Service Funds	0	91,653	907,970	890.66%
Capital Projects Funds				
<u>Park Acquisition & Development</u>				
322.334.020.41 Lighthouse Park Grant	0	1,290,000	403,000	-68.76%
322.345.852.00 Park Mitigation Fees	51,198	30,000	40,000	33.33%
322.361.110.00 Investment Interest	11,485	2,300	690	-70.00%
322.xxx.xxx.xx Interfund Loan	390,200	0	0	0.00%
Total Park Acquisition & Development	452,883	1,322,300	443,690	-66.45%
<u>Transportation Impact Fees</u>				
323.345.841.00 Street Mitigation Fees	171,581	45,000	20,000	-55.56%
323.361.110.00 Investment Interest	15,959	3,100	120	-96.13%
323.397.100.00 Operating Transfers In	504,366	0	0	0.00%
Total Transportation Impact Fees	691,906	48,100	20,120	-58.17%
<u>Real Estate Excise Tax I</u>				
331.317.340.00 Local Real Estate Excise Tax	522,940	300,000	300,000	0.00%
331.361.110.00 Investment Interest	214,449	53,000	56,700	6.98%
331.397.100.00 Operating Transfers In	0	1,002,265	0	100.00%
Total Real Estate Excise Tax I	737,389	1,355,265	356,700	-73.68%

Revenue Estimates by Fund Class – All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Real Estate Excise Tax II</u>				
332.317.340.00 Local Real Estate Excise Tax	522,940	300,000	300,000	0.00%
332.361.110.00 Investment Interest	71,119	19,000	8,420	-55.68%
332.397.100.00 Operating Transfers In	3,057,429	0	0	0.00%
Total Real Estate Excise Tax II	3,651,488	319,000	308,420	-3.32%
<u>Community Center Project Fund</u>				
375.391.100.00 G.O. Bond Proceeds	0	12,805,394	0	0.00%
Total Real Estate Excise Tax II	0	12,805,394	0	-100.00%
Total Capital Projects Funds Revenues	5,533,665	15,850,059	1,128,930	-92.88%
Utility Enterprise Funds				
<u>Surface Water Management</u>				
440.334.000.00 WA State Grants	0	431,000	0	-100.00%
440.334.030.10 WA State Dept of Ecology Grant	6,211	0	0	0.00%
440.343.830.01 Storm Drainage Fees & Charges	1,259,883	1,250,000	1,250,000	0.00%
440.361.110.00 Investment Interest	27,498	13,000	25,000	92.31%
440.369.901.00 Other Miscellaneous Revenue	221	0	0	0.00%
440.397.100.00 Operating Transfers In	9,286	0	0	0.00%
Total Surface Water Management	1,303,099	1,694,000	1,275,000	-24.73%
Total Utility Enterprise Funds Revenues	1,303,099	1,694,000	1,275,000	-24.73%
Internal Service Funds				
<u>Health Insurance Administration</u>				
502.366.500.00 Interfund Insurance Payments	599,684	0	0	0.00%
502.397.100.00 Operating Transfers In	0	0	4,870	100.00%
Total Health Insurance Administration	599,684	0	4,870	100.00%
<u>Equipment Replacement Reserve</u>				
510.365.902.00 Equipment Replacement Charge	412,717	340,150	15,860	-95.34%
Total Equipment Replacement Reserve	412,717	340,150	15,860	-95.34%
<u>Unemployment Compensation</u>				
516.369.901.00 Other Miscellaneous Revenue	4,317	0	0	0.00%
Total Unemployment Compensation	4,317	0	0	0.00%
<u>Facilities Maintenance Fund</u>				
518.397.100.00 Operating Transfers In	388,530	390,000	390,000	0.00%
Total Facilities Maintenance Fund	388,530	390,000	390,000	0.00%
Total Internal Service Funds Revenues	1,405,248	730,150	410,730	-43.75%
Totals	24,912,638	33,549,707	18,607,580	-44.54%

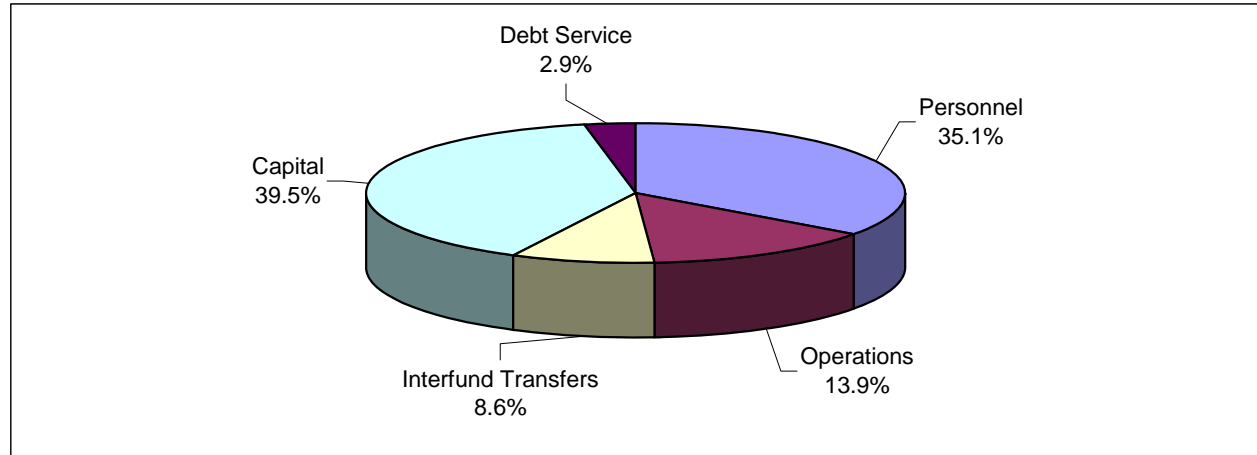
Exhibit 5: Expenditure Summary – All Funds

Fund No.	Fund Description	2008 Actual	2009 Budget	2010 Budget	\$ change '10 - '09	% Change '10 - '09
009	LEOFF I Reserve	\$ 26,136	\$ 27,000	\$ 29,400	\$ 2,400	8.89%
011	General	13,380,032	13,788,501	12,667,558	(1,120,943)	-8.13%
015	Paine Field Emergency Reserve	125,314	150,000	55,000	(95,000)	-63.33%
111	Street	795,529	812,290	665,260	(147,030)	-18.10%
112	Arterial Street	747,422	130,000	485,090	355,090	273.15%
114	Recreation & Cultural Services	351,052	364,300	333,460	(30,840)	-8.47%
116	Hotel/Motel Lodging Tax	78,678	512,670	131,800	(380,870)	-74.29%
120	Technology Replacement	95,305	228,240	91,180	(137,060)	-60.05%
125	City Reserve	0	190,000	0	(190,000)	-100.00%
126	Emergency Medical Services	1,706,763	1,800,885	1,634,600	(166,285)	-9.23%
141	Municipal Facilities	7,546,641	50,000	50,000	0	0.00%
142	Parks and Open Space	56,984	96,175	133,495	37,320	38.80%
275	LTGO Bond Fund	0	84,305	907,960	823,655	976.99%
322	Park Acquisition & Development	1,548,531	1,317,070	500,000	(817,070)	-62.04%
323	Transportation Impact Fee	170,193	550,500	0	(550,500)	-100.00%
331	Real Estate Excise Tax I	4,323,513	2,303,561	982,600	(1,320,961)	-57.34%
332	Real Estate Excise Tax II	1,651,561	1,662,794	1,374,930	(287,864)	-17.31%
375	Community Center Project Fund	0	3,974,828	8,901,750	4,926,922	123.95%
440	Surface Water Management	1,027,124	1,989,525	1,686,810	(302,715)	-15.22%
502	Health Insurance Administration	1,101,678	0	0	0	0.00%
510	Equipment Replacement Reserve	535,579	500,280	2,000	(498,280)	-99.60%
516	Unemployment Compensation	26	0	0	0	0.00%
518	Facilities Maintenance	290,023	463,490	409,510	(53,980)	-11.65%
	Totals	\$ 35,558,084	\$ 30,996,414	\$ 31,042,403	\$ 45,989	0.15%

The 2010 expenditure budget for all funds totals \$31,042,403, an increase of \$45,989 over the 2009 amended budget. Increases in salaries, benefits, and capital expenditures have been offset by reductions in professional services, travel, training, motor pool, and various other operating expenses.

Exhibit 6: Expenditure Summary by Major Component – All Funds

2010 Budget



Department	Personnel	Operations	Interfund Transfers	Capital	Debt Service	Total Expenditures
Legislative	46,058	27,100				73,158
Executive	603,330	189,250		-		792,580
Legal		281,000				281,000
Finance	764,160	182,750		91,180		1,038,090
Non-Departmental	28,000	694,370	1,626,430			2,348,800
Police	3,374,950	733,380				4,108,330
Fire	3,133,960	590,230		52,400		3,776,590
Planning & Community Development	1,040,320	160,330				1,200,650
Public Works	1,721,010	1,313,760	133,495	5,000		3,173,265
Recreation & Cultural Services	195,670	138,190				333,860
Capital Projects			907,970	12,100,150	907,960	13,916,080
Total Operations	10,907,458	4,310,360	2,667,895	12,248,730	907,960	31,042,403
% of Total	35.1%	13.9%	8.6%	39.5%	2.9%	100.0%

Exhibit 6 represents the distribution of expenses by five major components, which include all appropriations (all Governmental and Enterprise funds) for the City:

- The **personnel services budget** consists of the salaries and fringe benefits for all the City's employees. The amount budgeted for personnel services is \$10,907,458.
- The **operating budget** finances the day-to-day provisions of the City, consisting of supplies, services and intergovernmental, and totals \$4,310,360.
- The **interfund transfers budget** of \$2,667,895 represents the amount of funds transferred from one fund to another.
- The **capital outlay budget** funds the construction or improvement of City facilities and infrastructure and the purchase of various types of machinery and equipment. Capital infrastructure improvements are budgeted within the various City accounts. The capital improvement project budget totals \$12,248,730.
- The **debt service budget** is used to repay money borrowed by the City for capital improvements, and amounts to \$907,960.

Exhibit 7: Expense Estimates by Category – All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Salaries & Wages</u>				
1101 FULL TIME EMPLOYEES	6,352,154	7,077,095	7,437,170	5.09%
1102 PART TIME EMPLOYEES	182,688	242,540	194,458	-19.82%
1105 VOLUNTEER FIREFIGHTERS	74,477	120,000	0	-100.00%
1111 PART PAID	26,640	0	0	0.00%
1113 SPECIAL ASSIGNMENT PAY	66,396	42,675	35,900	-15.88%
1114 EDUCATION PREMIUM PAY	48,520	50,090	56,090	11.98%
1115 ACTING SUPERVISOR PAY	5,513	8,360	9,760	16.75%
1116 PARAMEDIC INCENTIVE	46,591	55,955	64,530	15.32%
1117 MERIT PAY	9,990	9,365	10,080	7.63%
1120 HOLIDAY BUY BACK	0	0	50,010	100.00%
1201 OVERTIME	310,540	254,670	226,240	-11.16%
1202 OFF DUTY OVERTIME	3,363	3,500	3,900	11.43%
1203 STANDBY PAY	16,156	13,000	12,000	-7.69%
1204 OVERTIME HOLIDAY	48,867	35,400	35,400	0.00%
	7,191,895	7,912,650	8,135,538	2.82%
<u>Personnel Benefits</u>				
2101 FICA	434,163	455,515	477,950	4.93%
2102 LAW ENF. RETIREMENT SYSTEM	208,906	233,125	239,390	2.69%
2103 PERS	218,100	221,565	181,330	-18.16%
2104 L&I	107,908	120,595	148,090	22.80%
2105 MEDICAL BENEFITS PACKAGE	992,698	1,177,110	1,308,720	11.18%
2106 MEDICAL SAVINGS ACCOUNT	19,275	22,950	22,500	-1.96%
2107 TEAMSTERS PENSION	44,726	40,200	40,180	-0.05%
2109 UNEMPLOYMENT COMP.	0	11,145	11,140	-0.04%
2110 DEFERRED COMP	59,053	52,795	83,240	57.67%
2112 VEHICLE ALLOWANCE	14,300	15,600	13,200	-15.38%
2113 DENTAL BENEFITS PACKAGE	96,247	115,680	121,140	4.72%
2114 VISION BENEFITS PACKAGE	21,343	35,455	37,010	4.39%
2115 LEOFF I MEDICAL PAYMENTS	1,845	3,000	3,000	0.00%
2116 VOLUNTEER FIREMENS PENSION	4,050	3,085	3,100	0.49%
2117 UNEMPLOYMENT COMP. INSURANCE	26	0	0	0.00%
2119 LIFE INSURANCE	17,463	23,000	25,870	12.48%
2121 LONG TERM DISABILITY INSURANCE	19,998	24,405	26,560	8.83%
2125 CLOTHING ALLOWANCE	3,000	3,000	0	-100.00%
2126 LEOFF I INS PREMIUMS	24,291	23,500	25,000	6.38%
2130 GENERAL EMPLOYEE BENEFITS	9,303	6,500	4,500	-30.77%
2505 INS. PREMIUMS - AWC	647,240	0	0	0.00%
	2,943,935	2,588,225	2,771,920	7.10%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Supplies</u>				
3101 OFFICE SUPPLIES	26,003	43,180	43,250	0.16%
3102 COMPUTER SUPPLIES	6,416	5,000	5,000	0.00%
3103 PURCHASE OF FORMS	6,211	5,000	2,700	-46.00%
3104 REFERENCE MATERIAL	8,131	13,300	8,750	-34.21%
3105 PAPER STOCK	4,869	3,000	6,500	116.67%
3108 PHOTO SUPPLIES	472	0	100	100.00%
3110 AMMUNITION	8,699	12,750	9,000	-29.41%
3111 PUBLIC RELATIONS PROGRAMS	2,741	0	0	0.00%
3112 OPERATING SUPPLIES	51,976	95,730	112,730	17.76%
3113 VEHICLE REPAIR TOOLS & EQ	860	1,000	750	-25.00%
3114 SUPPLIES - FIRE SUPPRESSION	6,615	0	0	0.00%
3115 SUPPLIES - TRAINING	425	8,000	8,000	0.00%
3116 SUPPLIES - EMG MEDICAL SVC	36,599	37,500	37,500	0.00%
3121 CLEANING & HOUSEHOLD SUPPLIES	14,226	0	0	0.00%
3124 CLOTHING/BOOTS	110,102	84,600	81,830	-3.27%
3130 BLDG. MATERIALS & SUPPLIES	4,523	0	0	0.00%
3131 RADIO PARTS AND SUPPLIES	13,464	500	500	0.00%
3132 MTR VEHICLE REPAIR MATERIALS	5,974	0	0	0.00%
3133 TIRES & WHEELS	5,849	0	0	0.00%
3135 AGGREGATE	36,867	22,360	24,000	7.33%
3138 BUILDING MAINTENANCE SUPPLIES	8,190	2,500	2,500	0.00%
3147 TRAFFIC CONTROL DEVICE SUPPLY	15,764	13,000	11,000	-15.38%
3148 SIGNS	1,267	1,000	2,500	150.00%
3155 LANDSCAPE MATERIALS	6,824	20,000	10,000	-50.00%
3156 TREES AND SHRUBS	3,307	3,500	5,000	42.86%
3157 ANCILLARY MEETING COSTS	63	2,000	1,000	-50.00%
3158 COMMUNITY PROMOTIONAL SUPPLIES	2,432	0	0	0.00%
3206 MOTOR FUEL	130,423	122,715	110,200	-10.20%
3341 RESALE PURCHASES	0	100	50	-50.00%
3501 SMALL ITEMS OF EQUIPMENT	76,264	110,710	84,610	-23.58%
3503 TRAINING EQUIPMENT & SUPPLIES	1,040	0	0	0.00%
	596,595	607,445	567,470	-6.58%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Services</u>				
4101 BILLING SERVICES	15,417	19,400	15,000	-22.68%
4102 CONSULTING SERVICES	50,067	28,500	13,500	-52.63%
4103 ENGINEERING & ARCHITECT SVCS	167,691	35,000	25,000	-28.57%
4104 SPECIAL LEGAL SERVICES	18,670	15,000	18,000	20.00%
4105 CITY ATTORNEY	90,965	90,975	105,000	15.42%
4106 OTHER PROFESSIONAL SVCS.	309,581	258,245	183,460	-28.96%
4107 STORM DRAINAGE UTILITY ENGINEERING	0	30,000	30,400	1.33%
4108 WSU BEACH WATCHERS	0	6,750	6,750	0.00%
4109 CITY ATTY. OTHER SVCS.	184,564	187,000	99,000	-47.06%
4111 HAZARDOUS MATERIALS TESTING	2,045	6,000	6,000	0.00%
4115 CITY PROSECUTING ATTORNEY	44,241	38,710	43,000	11.08%
4125 CONTRACT SERVICES	64,964	113,000	62,000	-45.13%
4132 REIMBURSABLE CONSULTING	3,060	6,500	6,500	0.00%
4138 PUBLIC AFFAIRS & COMMUNITY OUTREACH	9,035	62,410	74,050	18.65%
4140 YOUTH ADVISORY COUNCIL	0	16,000	1,000	-93.75%
4145 POLICY & CODE CONSULTING SERVICES	0	1,000	0	-100.00%
4153 SURVEY SERVICES	0	7,000	0	-100.00%
4162 ANNEXATION SERVICES	0	95,000	0	-100.00%
4170 LOBBYIST SERVICES	0	90,000	65,000	-27.78%
4171 RECORDS SERVICES	1,373	10,000	11,500	15.00%
	961,671	1,116,490	765,160	-31.47%
<u>Utilities</u>				
4201 TELEPHONE	90,999	94,415	51,600	-45.35%
4202 POSTAGE	34,249	25,900	24,250	-6.37%
4204 ON-LINE CHARGES	17,731	12,500	14,200	13.60%
4209 CELL PHONES & PAGERS	0	0	24,910	100.00%
4701 NATURAL GAS	47,845	56,600	52,100	-7.95%
4702 ELECTRICITY	87,635	95,800	96,000	0.21%
4703 SEWER SERVICE	29,320	41,000	40,000	-2.44%
4704 GARBAGE SERVICES	20,548	30,400	27,000	-11.18%
4709 WATER SERVICE	23,692	24,900	22,720	-8.76%
4710 STORM DRAINAGE CHGS.	28,418	24,800	25,800	4.03%
4712 ALARM SYSTEM	6,350	7,100	7,500	5.63%
4713 ELECTRICITY STREET LIGHTS	105,529	110,000	95,000	-13.64%
	492,316	523,415	481,080	-8.09%
<u>Travel</u>				
4301 TRAVEL & SUBSISTENCE	55,097	55,350	34,250	-38.12%
	55,097	55,350	34,250	-38.12%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Advertising & Publishing</u>				
4401 CLASSIFIED ADVERTISING	10,346	13,600	2,000	-85.29%
4402 LEGAL PUBLICATIONS	4,855	6,500	6,850	5.38%
4404 CITY NEWSLETTER	36,548	30,000	26,000	-13.33%
4405 PUBLICATION OF AGENDAS	2,789	3,300	3,300	0.00%
4406 ADVERTISING	2,266	2,700	2,300	-14.81%
4407 COMMUNITY ADVERTISING	198	39,605	33,500	-15.41%
4408 COMMUNITY ORGANIZATIONAL SUPPORT	87,830	159,390	141,800	-11.04%
	<u>144,831</u>	<u>255,095</u>	<u>215,750</u>	<u>-15.42%</u>
<u>Rentals</u>				
4501 LAND RENTAL	1,800	0	1,850	100.00%
4503 WORK EQUIP & MACHINE RENTAL	12,179	15,500	15,500	0.00%
4504 OFFICE EQUIPMENT RENTAL	2,250	2,000	1,500	-25.00%
4509 MOTOR POOL CHARGES	408,717	340,155	15,860	-95.34%
4512 CITY HALL RENT	175,085	18,000	0	-100.00%
	<u>600,030</u>	<u>375,655</u>	<u>34,710</u>	<u>-90.76%</u>
<u>Insurance</u>				
4601 INSURANCE	164,147	176,500	218,260	23.66%
	<u>164,147</u>	<u>176,500</u>	<u>218,260</u>	<u>23.66%</u>
<u>Disposals</u>				
4705 HAZARDOUS WASTE DISPOSAL	9,036	22,700	36,500	60.79%
4706 PUBLIC UTILITY SOLID WASTE	57	1,500	1,500	0.00%
4722 BRUSH DISPOSAL	8,643	9,000	9,000	0.00%
4723 LARGE ITEM PICKUP	31,860	24,000	15,000	-37.50%
4730 CONSTRUCTION DEBRIS DISPOSAL	0	4,500	3,000	-33.33%
	<u>49,596</u>	<u>61,700</u>	<u>65,000</u>	<u>5.35%</u>
<u>Repair & Maintenance</u>				
4801 OFFICE EQUIPMENT M&R	5,743	11,500	15,000	30.43%
4802 INTERCEPTOR CLEANING	1,166	0	0	0.00%
4807 COMMUNICATIONS EQUIP M & R	16,957	4,500	10,500	133.33%
4808 BLDG & FIXTURE M&R	77,635	88,945	73,250	-17.65%
4815 WORK EQUIPMENT M&R	13,733	53,150	57,050	7.34%
4816 OTHER MAINTENANCE & REPAIR	8,374	4,700	2,100	-55.32%
4817 COMPUTER SYSTEM MAINT	8,858	7,300	8,000	9.59%
4820 VEHICLE R&M	54,851	121,861	113,250	-7.07%
4821 ACCOUNTING SYSTEM MAINT	27,932	38,100	34,000	-10.76%
4822 eCITYGOV ALLIANCE CONTRACT	13,538	14,400	3,000	-79.17%
4840 INSURANCE DEDUCT REPAIRS	2,000	15,000	0	-100.00%
	<u>230,787</u>	<u>359,456</u>	<u>316,150</u>	<u>-12.05%</u>

Expense Estimates by Category - All Funds

	2008	2009	2010	
	Actual	Budget	Budget	% Change
<u>Miscellaneous</u>				
4902 ASSOC. DUES & MEMBERSHIPS	7,520	13,855	7,650	-44.79%
4903 SUBSCRIPTIONS	0	100	0	-100.00%
4904 LAUNDRY SERVICES	4,770	34,440	21,050	-38.88%
4905 FILE, RECORDING FEES	140	500	500	0.00%
4906 VEHICLE CONTRACT LABOR	90,131	6,900	0	-100.00%
4907 FILM PROCESSING	0	100	100	0.00%
4909 PRINTING AND BINDING	16,998	10,100	5,750	-43.07%
4911 CONTRACTUAL SERVICES	995	850	2,400	182.35%
4912 TRAINING & REGISTRATION	46,090	86,300	58,250	-32.50%
4917 INVESTIGATION COSTS	2,462	3,910	3,910	0.00%
4918 CONTRACT LABOR	9,081	0	0	0.00%
4920 ANNEXATION SERVICES	93,804	0	0	0.00%
4921 PERMIT FEES	8,536	9,000	9,000	0.00%
4922 HEARING EXAMINER	17,003	20,000	10,000	-50.00%
4923 DOMESTIC VIOLENCE SERVICES	0	5,000	0	-100.00%
4924 JANITORIAL SERVICES	22,500	23,500	24,000	2.13%
4926 CITY CODE REVISION	3,043	3,000	3,000	0.00%
4927 MISCELLANEOUS	2,569	2,000	6,100	205.00%
4928 VEHICLE EQ REMOVAL	3,013	2,000	2,000	0.00%
4929 TAXES AND ASSESSMENTS	4,255	10,200	11,400	11.76%
4931 PROP TAX CERT ADJ EXPENSE	34,520	0	0	0.00%
4932 EMERGENCY MGMNT MISC	3,377	5,000	2,500	-50.00%
4935 BACKGROUND INVESTIGATIONS	0	0	500	100.00%
4937 CONCEALED PISTOL LICENSE	5,191	3,500	5,000	42.86%
4940 VACTOR SERVICE	10,514	21,000	3,000	-85.71%
4941 STREET SWEEPING	9,490	0	0	0.00%
4947 RECORDS RETENTION	9,466	0	0	0.00%
4958 COMPREHENSIVE PLAN	0	60,000	75,000	25.00%
4961 ADMIN CHARGE - TPA	16,697	0	0	0.00%
4962 ADMIN CHARGE - COBRA NCAS	0	0	0	0.00%
4963 OFM ASSMT FEE	950	500	1,400	180.00%
4990 COMPENSATION ADJUSTMENTS	0	107,000	0	-100.00%
4991 RESERVE FOR ACCRUED LEAVE	0	0	25,000	100.00%
4997 RAILROAD QUIET ZONE CONTRACT	15,337	0	0	0.00%
	438,450	428,755	277,510	-35.28%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Intergovernmental</u>				
5104 ALCOHOL PROGRAM	4,548	5,000	6,000	20.00%
5106 ELECTION SERVICES	23,755	32,500	32,500	0.00%
5112 MUKILTEO WATER DISTRICT	24,687	30,000	30,000	0.00%
5114 HOME DETENTION	2,197	2,000	2,000	0.00%
5115 JAIL CONTRACT	80,788	67,900	95,000	39.91%
5116 EMERGENCY SERVICES	41,139	44,000	54,000	22.73%
5117 ANIMAL SHELTER	12,760	18,000	15,000	-16.67%
5118 LANE STRIPING & MARKING	24,167	30,000	25,000	-16.67%
5119 SNOHOMISH COUNTY EDC	10,000	0	0	0.00%
5120 SNOHOMISH COUNTY - ILA	1,628	3,000	21,000	600.00%
5122 COMMUTE TRIP REDUCTION	0	1,000	1,000	0.00%
5123 NARCOTICS TASK FORCE	4,622	4,600	4,600	0.00%
5125 EVERETT DISTRICT COURT	69,931	57,000	70,000	22.81%
5127 INTERLOCAL EXTRADITION	0	1,000	1,000	0.00%
5130 DISPATCH SERVICES	376,100	394,820	455,560	15.38%
5132 ASSOC WASH CITIES	11,766	13,870	13,580	-2.09%
5133 PUGET SOUND AIR POLLUTION	11,536	12,800	12,510	-2.27%
5134 PUGET SOUND REGION COUNCIL	8,176	8,750	8,320	-4.91%
5136 SNOHOMISH COUNTY TOMORROW	6,437	7,000	5,250	-25.00%
5139 VOTER REGISTRATION	25,526	38,000	25,000	-34.21%
5140 STATE AUDITOR AUDIT	67,108	40,000	40,000	0.00%
5142 PARAMEDIC SERVICES CONTRACT	462,684	366,000	0	-100.00%
5143 WA ST PURCHASING COOP	800	900	1,000	11.11%
5146 NATIONAL LEAGUE OF CITIES	1,489	2,000	1,500	-25.00%
5149 LYNNWOOD EMS CONTRACT	0	0	145,000	100.00%
5151 SERS OPERATING ASSESSMENT	32,946	35,805	33,470	-6.52%
5153 WRIA ILA	8,915	8,000	8,000	0.00%
5154 STREET LIGHT MAINTENANCE	13,030	20,000	14,000	-30.00%
5155 REPAIRS IN ROW	557	0	2,130	100.00%
5157 ROW VEG MAINTENANCE	7,324	11,000	2,000	-81.82%
5165 SNOHOMISH COUNTY CITIES	0	100	100	0.00%
5170 REGIONAL SERVICE CONTRACTS SNO CO	0	130,000	0	-100.00%
5301 TAXES AND ASSESSMENTS	18,409	15,000	15,000	0.00%
9918 OVERHEAD COSTS	167,000	195,000	195,500	0.26%
	1,520,024	1,595,045	1,335,020	-16.30%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Capital Outlay</u>				
6103 LAND PURCHASES	129,954	3,231,500	0	-100.00%
6201 PRELIMINARY DESIGN	98,886	110,000	0	-100.00%
6202 DESIGN	51,306	0	0	0.00%
6203 CONSTRUCTION	2,784,285	1,550,000	1,450,000	-6.45%
6204 INSPECTION	0	0	125,000	100.00%
6205 FENCING	0	0	28,750	100.00%
6210 BUILDING IMPROVEMENTS	0	97,000	50,000	-48.45%
6240 VISITOR CENTER BUILDING	0	5,000	0	-100.00%
6250 VISITOR CENTER BUILDING	0	373,280	0	-100.00%
6306 LIGHTING SYSTEMS	2,280	5,000	5,000	0.00%
6308 ROADWAYS	337,755	0	0	0.00%
6336 SIGN WORK	8,460	11,500	8,000	-30.43%
6340 TRAFFIC CONTROL EQUIPMENT	5,076	0	0	0.00%
6355 BIG GULCH TRAIL GAP AREA PHASE I	0	0	27,000	100.00%
6402 COMPUTER HARDWARE	132,320	228,240	91,180	-60.05%
6403 COMPUTER SOFTWARE	41,317	4,350	0	-100.00%
6404 OFFICE FURN. AND EQUIPMENT	290,791	360,300	0	-100.00%
6407 OTHER MACHINERY & EQUIPMENT	86,774	303,490	52,400	-82.73%
6408 VEHICULAR EQUIPMENT	812,245	165,000	0	-100.00%
6503 LIGHTHOUSE PARK PHASE II CONSTRUCTION	0	0	100,000	100.00%
6510 STREET RECONSTRUCTION PROJECT	0	219,365	275,060	25.39%
6511 88TH STREET LEFT TURN LANE	0	30,000	10,000	-66.67%
6512 88TH STREET LEFT TURN LANE	0	0	400,000	100.00%
6520 STREET CONSTRUCTION	188,061	217,385	295,030	35.72%
6530 BIG GULCH BASIN	0	500,000	0	-100.00%
6534 CITY HALL DESIGN/CONST	8,185,235	0	0	0.00%
6535 BIG GULCH ESTUARY DESIGN	0	160,000	0	-100.00%
6538 COMMUNITY CENTER DESIGN/CONSTRUCTION	0	70,000	243,150	247.36%
6539 COMMUNITY CENTER DESIGN	486,434	2,466,722	6,750,950	173.68%
6540 PEDESTRIAN IMPROVEMENTS CONSTRUCTION	29,620	430,000	837,780	94.83%
6541 COMMUNITY CENTER FF&E	0	16,425	698,720	4154.00%
6542 COMMUNITY CENTER ALT CONSTRUCTION	0	0	515,710	100.00%
6545 JAPANESE GULCH FISH LADDER	0	150,000	285,000	90.00%
6555 BIG GULCH TRAIL CONSTRUCTION	85,260	399,300	0	-100.00%
6560 JAPANESE GULCH TRAIL CONSTRUCTION	54,208	0	0	0.00%
6565 PEDESTRIAN & TRAIL PLANNING	37,000	0	0	0.00%
6575 NEARSHORE RESTORATION PROJECT	0	150,000	0	-100.00%
	13,847,268	11,253,857	12,248,730	8.84%
<u>Debt Service</u>				
7165 BOND PRINCIPAL	0	0	455,000	100.00%
7190 DEBT SERVICE	0	412,070	0	-100.00%
7850 INTERFUND LOANS	0	333,280	0	-100.00%
8365 BOND INTEREST	0	84,305	452,960	437.29%
8401 SERVICE FEES	0	139,416	0	-100.00%
	0	969,071	907,960	-6.31%

Expense Estimates by Category - All Funds

	2008 Actual	2009 Budget	2010 Budget	% Change
<u>Interfund Transfers</u>				
5504 TRANSFER TO GENERAL FUND	319,200	0	133,495	100.00%
5506 TRANSFER TO TECH REP FUND	50,000	50,000	75,000	50.00%
5508 TRANS TO EMS FUND	250,000	369,750	560,000	51.45%
5509 TRANSFER TO EQUIPMENT RENTAL	4,000	0	0	0.00%
5511 TRANSFER TO STREET FUND	515,000	505,000	350,000	-30.69%
5515 TRANSFER TO MUN FAC FUND	1,002,000	50,000	0	-100.00%
5517 TRANSFER TO COMMUNITY CENTER FUND	232,915	231,535	221,560	-4.31%
5518 TRANSFER TO FACILITIES MAINT FUND	386,530	390,000	390,000	0.00%
5521 TRANSFER TO REET II FUND	3,057,429	0	0	0.00%
5522 TRANSFER TO REET I FUND	0	1,002,265	0	-100.00%
5523 TRANSFER TO LEOFF I RESERVE FUND	0	0	25,000	100.00%
5530 TRANSFER TO SELF INSURANCE FUND	0	0	4,870	100.00%
5532 TRANSFER TO TRANS. IMPACT FEE FUND	504,366	0	0	0.00%
5540 TRANSFER TO LTGO BOND FUND	0	84,305	907,970	977.01%
5590 TRANSFER TO RESERVES	0	34,850	0	-100.00%
	6,321,440	2,717,705	2,667,895	-1.83%
<u>TOTAL</u>	35,558,084	30,996,414	31,042,403	0.15%

FUNDS BY FUND CLASS

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The number of funds maintained by the City is consistent with legal and managerial requirements.

The following fund classes and individual funds are discussed in further detail in this section:

Governmental Funds

- General Fund
- LEOFF I Reserve Fund
- Paine Field Emergency Reserve Fund

Special Revenue Funds

- Street Fund
- Arterial Street Fund
- Recreation and Cultural Services Fund
- Hotel/Motel Lodging Tax Fund
- Technology Replacement Fund
- City Reserve Fund
- Emergency Medical Services
- Parks and Open Space Fund

Debt Service Funds

- LTGO Bond Fund

Capital Project Funds

- Municipal Facilities Fund
- Park Acquisition & Development Fund
- Transportation Impact Fee Fund
- Real Estate Excise Tax Funds
- Community Center Project Fund

Enterprise Funds

- Surface Water Management Fund

Internal Service Funds

- Health Insurance Administration Fund
- Equipment Replacement Fund
- Unemployment Compensation Fund
- Facilities Maintenance Fund

Exhibit 8 summarizes sources and uses by fund class for the entire City budget.

Exhibit 8: Summary of Sources and Uses by Fund Class
2010 Budget

	General Fund	Other Governmental Funds	Special Revenue Funds	Debt Service Funds
SOURCES OF FUNDS				
BEGINNING FUND BALANCE	5,189,600	197,060	1,953,825	7,350
Revenues	11,661,920	1,200	1,990,270	-
Interfund Transfers	-	25,000	1,206,560	907,970
TOTAL SOURCES OF FUNDS	16,851,520	223,260	5,150,655	915,320
USES OF FUNDS				
OPERATIONS				
Legislative	73,158	-	-	-
Executive	707,830	-	-	-
Human Resources	78,850	29,400	-	-
Legal Services	192,000	55,000	-	-
Judicial	89,000	-	-	-
Finance	646,090	-	-	-
Information Technology	300,820	-	91,180	-
Non-Departmental	512,070	-	131,800	-
Police	4,108,330	-	-	-
Fire	2,141,990	-	1,634,600	-
Planning & Community Development	1,200,650	-	-	-
Public Works	981,940	-	665,260	-
Recreation & Cultural Services	400	-	333,460	-
TOTAL OPERATIONS	11,033,128	84,400	2,856,300	-
DEBT SERVICE	-	-	-	907,960
TOTAL DEBT SERVICE	-	-	-	907,960
CAPITAL PROJECTS	8,000	-	535,090	-
TOTAL CAPITAL PROJECTS	8,000	-	535,090	-
OTHER USES				
Interfund Transfers	1,626,430	-	133,495	-
TOTAL OTHER USES	1,626,430	-	133,495	-
TOTAL USES OF FUNDS	12,667,558	84,400	3,524,885	907,960
ENDING FUND BALANCE	4,183,962	138,860	1,625,770	7,360
Fund Balance % Change 2009-2010 *	-19.38%	-29.53%	-16.79%	0.14%

Continued on following page

Sources of Funds

The top portion of the statement shows all anticipated "sources" of funds that will be available during the budget year. These sources include beginning fund balance reserves and current year revenues.

Uses of Funds

The middle portion of the statement shows all anticipated "uses" of funds, by major fund class and by department or major expenditure classification. Uses of funds include operating expenditures, debt Service expenditures, capital expenditures, and transfers to other funds.

Ending Fund Balance

The second line from the bottom of the statement shows projected Ending Fund Balance by major fund class. This is the anticipated amount of funds projected to be remaining at year-end. This is followed by the anticipated percentage change in ending fund balance from the prior year.

Continued from previous page

**Exhibit 8: Summary of Sources and Uses by Fund Class
2010 Budget**

	Capital Funds	Enterprise Funds	Internal Service Funds	Total Budgeted Funds
SOURCES OF FUNDS				
BEGINNING FUND BALANCE	16,662,820	1,786,030	1,193,800	26,990,485
Revenues	1,128,930	1,275,000	15,860	16,073,180
Interfund Transfers	-	-	394,870	2,534,400
TOTAL SOURCES OF FUNDS	17,791,750	3,061,030	1,604,530	45,598,065
USES OF FUNDS				
OPERATIONS				
Legislative	-	-	-	73,158
Executive	-	-	-	707,830
Human Resources	-	-	-	108,250
Legal Services	-	-	-	247,000
Judicial	-	-	-	89,000
Finance	-	-	-	646,090
Information Technology	-	-	-	392,000
Non-Departmental	-	-	-	643,870
Police	-	-	-	4,108,330
Fire	-	-	-	3,776,590
Planning & Community Development	-	-	-	1,200,650
Public Works	-	981,060	411,510	3,039,770
Recreation & Cultural Services	-	-	-	333,860
TOTAL OPERATIONS	-	981,060	411,510	15,366,398
DEBT SERVICE	-	-	-	907,960
TOTAL DEBT SERVICE	-	-	-	907,960
CAPITAL PROJECTS	10,851,310	705,750	-	12,100,150
TOTAL CAPITAL PROJECTS	10,851,310	705,750	-	12,100,150
OTHER USES				
Interfund Transfers	907,970	-	-	2,667,895
TOTAL OTHER USES	907,970	-	-	2,667,895
TOTAL USES OF FUNDS	11,759,280	1,686,810	411,510	31,042,403
ENDING FUND BALANCE	6,032,470	1,374,220	1,193,020	14,555,662
Fund Balance % Change 2009-2010 *	-63.80%	-23.06%	-0.07%	-46.07%

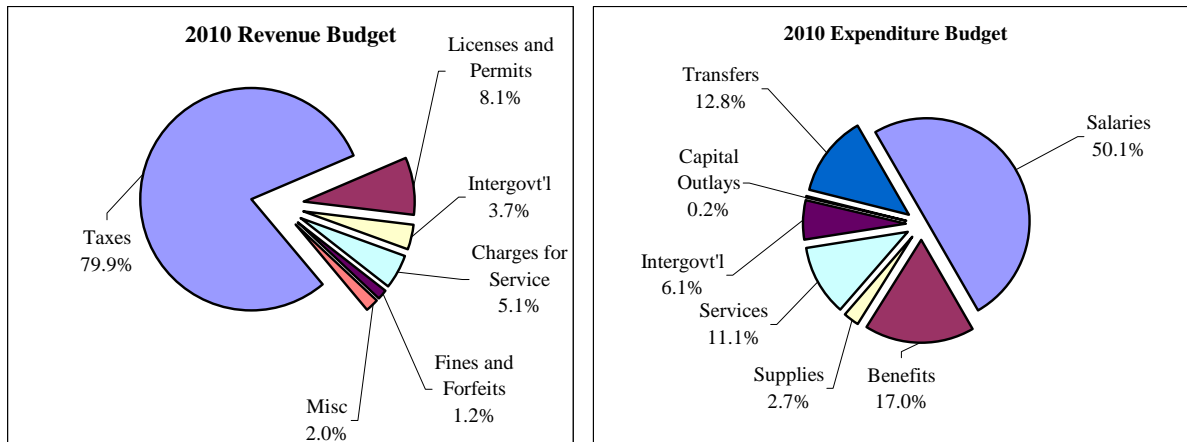
*Decreases in fund balances are due to reduced revenues related to the economic downturn, and expenditures for capital projects, including Community Center Facility construction, and Lighthouse Park construction.

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is used to account for all financial activity not reflected in another fund. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police, fire, parks, economic development, engineering, general administration and any other activity for which a special revenue fund or enterprise fund has not been created. The General Fund is the largest fund and typically the fund of most interest and significance to citizens.

Exhibit 9: General Fund Revenues, Expenditures, and Fund Balance



Item	2008 Actual	2009 Budget	2010 Budget	\$ Change '10 - '09	% Change '10 - '09
Beginning Fund Balance	\$ 7,304,198	\$ 6,421,657	\$ 5,189,600	\$ (1,232,057)	-19.19%
Revenues:					
Taxes	9,819,798	9,171,830	9,313,260	141,430	1.54%
Licenses and Permits	1,022,315	887,650	946,200	58,550	6.60%
Intergovernmental Revenue	428,757	710,400	428,360	(282,040)	-39.70%
Charges for Service	596,442	723,300	599,100	(124,200)	-17.17%
Fines and Forfeitures	145,638	139,500	147,100	7,600	5.45%
Miscellaneous Revenues	286,307	137,400	227,900	90,500	65.87%
Transfers In	118,689	-	-	-	0.00%
Total Revenues	\$ 12,417,946	\$ 11,770,080	\$ 11,661,920	\$ (108,160)	-0.92%
Expenditures:					
Salaries	5,647,602	6,161,280	6,350,618	189,338	3.07%
Benefits	1,686,186	2,010,380	2,152,840	142,460	7.09%
Supplies	364,825	360,150	339,830	(20,320)	-5.64%
Services	2,006,156	2,023,426	1,401,930	(621,496)	-30.72%
Intergovernmental	717,733	839,740	772,910	(66,830)	-7.96%
Capital Outlays	517,085	797,240	23,000	(774,240)	-97.12%
Transfers	2,440,445	1,596,285	1,626,430	30,145	1.89%
Total Expenditures	\$13,380,032	\$13,788,501	\$12,667,558	\$ (1,120,943)	-8.13%
Ending Fund Balance	\$6,342,112	\$4,403,236	\$4,183,962	\$ (219,274)	-4.98%

General Fund Revenues

The General Fund's major revenue categories are Taxes, Licenses and Permits, Intergovernmental Revenues, Fees for Service, Fines and Forfeitures and Other Miscellaneous Revenues. Taxes are the General Fund's largest revenue source, comprising 80% of total 2010 General Fund revenues. Tax revenues are generated from property taxes, sales tax, utility taxes and a few miscellaneous taxes.

Exhibit 10: General Fund Revenues – Major Revenue Sources

GENERAL FUND	2008 Actual	2009 Budget	2010 Budget	\$ Change '10 - '09	% Change '10 - '09
<u>Taxes</u>					
Property Taxes	4,320,215	4,351,650	4,475,660	124,010	2.85%
Sales Tax	2,219,788	1,537,500	1,537,500	0	0.00%
Utility Taxes	2,828,339	2,924,000	2,931,000	7,000	0.24%
Other Taxes	451,456	358,680	369,100	10,420	2.91%
Total Taxes	9,819,798	9,171,830	9,313,260	141,430	1.54%
<u>Licenses & Permits</u>					
Business Licenses	380,704	341,150	353,000	11,850	3.47%
Building & Other Permits	641,611	546,500	593,200	46,700	8.55%
Total Licenses & Permits	1,022,315	887,650	946,200	58,550	6.60%
<u>Intergovernmental Revenues</u>					
Liquor Board Profits	157,698	135,000	140,000	5,000	3.70%
Liquor Excise Tax	73,047	85,000	92,000	7,000	8.24%
State Entitlements & Impact Payments	24,178	19,000	23,800	4,800	25.26%
Other Intergovernmental Revenue	173,834	471,400	172,560	(298,840)	-63.39%
Total Intergovernmental Revenues	428,757	710,400	428,360	(282,040)	-39.70%
<u>Fees For Service</u>					
General Government	3,540	3,000	2,400	(600)	-20.00%
Public Safety	158,756	234,800	190,550	(44,250)	-18.85%
Utilities and Environment	267,146	290,000	210,650	(79,350)	-27.36%
Overhead Charge to Other Funds	167,000	195,500	195,500	0	0.00%
Total Fees For Service	596,442	723,300	599,100	(124,200)	-17.17%
<u>Fines & Forfeitures</u>					
Fines & Forfeitures	145,638	139,500	147,100	7,600	5.45%
Total Fines & Forfeitures	145,638	139,500	147,100	7,600	5.45%
<u>Miscellaneous Revenues</u>					
Interest Earnings	228,312	85,000	65,500	(19,500)	-22.94%
Other Miscellaneous Revenue	176,685	52,400	162,400	110,000	209.92%
Total Miscellaneous Revenues	404,996	137,400	227,900	90,500	65.87%
Total General Fund	\$12,417,946	\$11,770,080	\$11,661,920	(\$108,160)	-0.92%

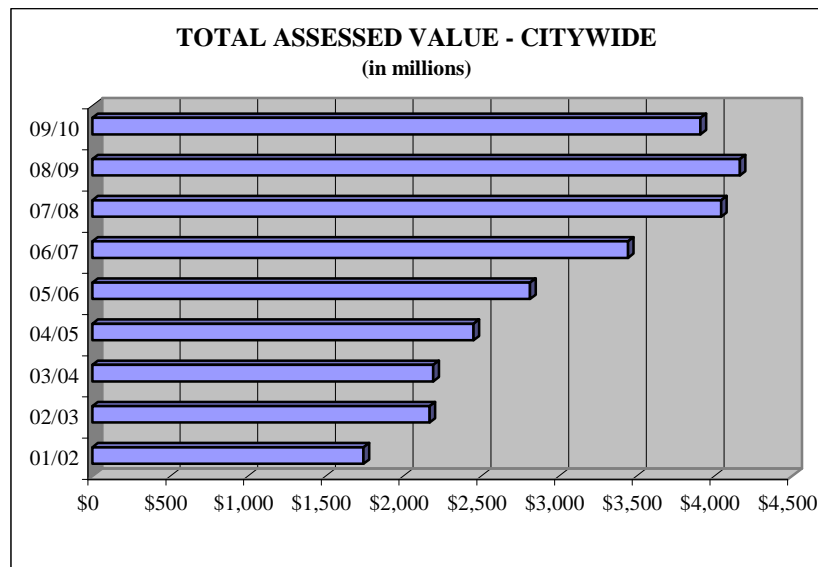
Property Taxes

Property taxes are the largest portion (38%) of General Fund revenues. Property taxes include amounts levied against all real, public utility and tangible personal assets located within the City. Taxes collected on real property in one calendar year are levied in the preceding calendar year on assessed values as of the levy date (January 1 of that preceding year.) The assessor sets the levy rate based on the City's budget request, the total assessed value of properties in the City, and any applicable limitations or other adjustments. Washington State law restricts taxing districts to a 1% monetary aggregate increase after adjustments for new construction. Increases exceeding 1% require a vote of the citizens. This law applies whether the real estate market and assessed values are increasing or decreasing. The City Council voted to not include the allowable 1% annual property tax increase in the 2010 budget. The slight increase of \$50, 646 in total tax for the City is due to new construction and other property adjustments made by the Snohomish County Assessor's office.

The Snohomish County Assessor's Office statistically updates all real property in Snohomish County to "true and fair market value" every year, and physically inspects each property at least once every six years. Because Washington State has a budget based property tax system instead of a rate-based system, when property values decrease for the taxing district the levy rates increase and when property values increase the levy rates decrease. However, the budget amount levied and collected by the taxing district does not fluctuate with property values. The Assessor's office annually redistributes the "share" of taxes levied against each property based upon the market value of the property. For more information on how property tax levies are calculated visit the Snohomish County Assessor's website at: <http://assessor.snoco.org/forms/levyclass.pdf>.

As represented in exhibit 11, the total assessed value of all properties in Mukilteo increased by 124% from \$1.7 billion to \$3.9 billion between 2001 and 2009. This increase is partially attributed to increases in property values due to the nationwide real estate boom, and partially due to new construction. From 2008 to 2009, total assessed values decreased \$254 million, or -6%, as compared to an increase of \$121 million, or +3%, the previous year, which reflects recent declines in the real estate market.

Exhibit 11: Total Assessed Value of Property in Mukilteo



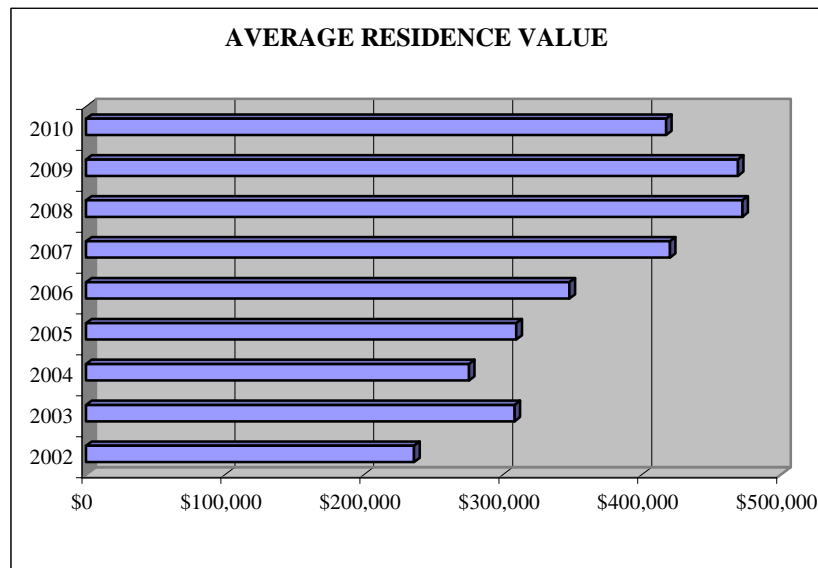
Levy Year/ Collection Year	Total Assessed Value (millions)	Annual Change in Assessed Value (millions)	Annual % Change in Assessed Value	Cumulative Change in Assessed Value Since 01/02 (millions)	Cumulative % Change in Assessed Value Since 01/02
01/02	\$ 1,744				
02/03	\$ 2,169	\$ 425	24%	\$ 425	24%
03/04	\$ 2,192	\$ 23	1%	\$ 448	26%
04/05	\$ 2,452	\$ 260	12%	\$ 708	41%
05/06	\$ 2,815	\$ 363	15%	\$ 1,071	61%
06/07	\$ 3,445	\$ 630	22%	\$ 1,701	98%
07/08	\$ 4,044	\$ 599	17%	\$ 2,300	132%
08/09	\$ 4,165	\$ 121	3%	\$ 2,421	139%
09/10	\$ 3,911	\$ (254)	-6%	\$ 2,167	124%

Source: Snohomish County Assessor's Annual Reports for Taxes

Average Residence Values

Exhibit 12 demonstrates that the average residence value in the City of Mukilteo increased steadily from 2002 through 2008, but has since decreased by 1% in 2009 and 11% 2010. The cumulative increase in average residence values since 2002 is 77%.

Exhibit 12: Value of Average Residence in Mukilteo



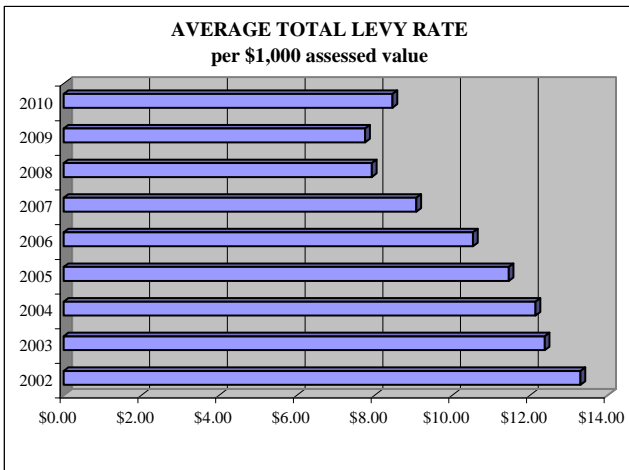
Year	Average Residence Value	Annual Change in Average Value	Annual % Change in Average Value	Cumulative Change in Average Value Since 2002	Cumulative % Change in Average Value Since 2002
2002	\$ 236,000				
2003	\$ 308,300	\$ 72,300	31%	\$ 72,300	31%
2004	\$ 275,400	\$ (32,900)	-11%	\$ 39,400	17%
2005	\$ 309,600	\$ 34,200	12%	\$ 73,600	31%
2006	\$ 347,700	\$ 38,100	12%	\$ 111,700	47%
2007	\$ 420,100	\$ 72,400	21%	\$ 184,100	78%
2008	\$ 472,300	\$ 52,200	12%	\$ 236,300	100%
2009	\$ 469,100	\$ (3,200)	-1%	\$ 233,100	99%
2010	\$ 417,300	\$ (51,800)	-11%	\$ 181,300	77%

Source: Snohomish County Assessor's Annual Reports for Taxes

Average Total Property Tax Levy Rates

The average total property tax levy for a home in Mukilteo per \$1,000 assessed value has decreased overall from \$13.30 in 2002 to \$8.46 in 2010, as indicated in exhibit 13. However, the average annual levy rate increased .09% from 2009 to 2010. As noted previously, an increase in the dollar amount of the average total levy does not necessarily mean that the amount of taxes paid on an individual property will increase. The actual amount paid varies in relation to the property's assessed value in comparison to other properties in the taxing district, and the "share" of taxes allocated to the particular property.

Exhibit 13: Changes in Average Total Levy Rate



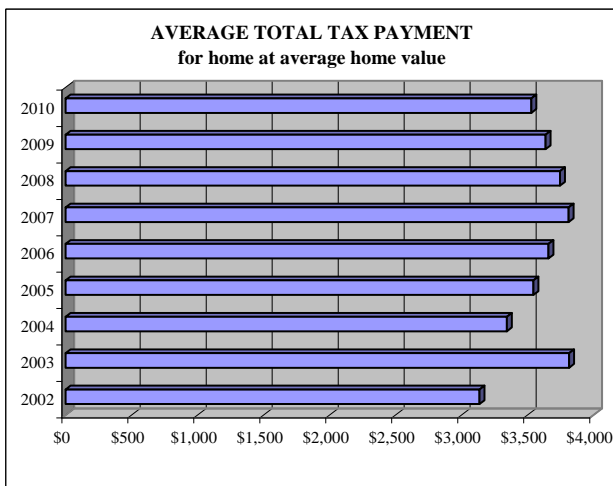
Year	Average Total Levy Rate	Annual Change in Average Levy Rate	Annual % Change in Average Levy Rate	Cumulative \$ Change in Average Levy Rate Since 2002	Cumulative % Change in Average Levy Rate Since 2002
2010	\$ 8.46	\$ 0.70	\$ 0.09	\$ (4.84)	-36.38%
2009	\$ 7.76	\$ (0.18)	\$ (0.02)	\$ (5.54)	-41.68%
2008	\$ 7.93	\$ (1.14)	\$ (0.13)	\$ (5.37)	-40.36%
2007	\$ 9.07	\$ (1.45)	\$ (0.14)	\$ (4.22)	-31.76%
2006	\$ 10.53	\$ (0.92)	\$ (0.08)	\$ (2.77)	-20.82%
2005	\$ 11.45	\$ (0.69)	\$ (0.06)	\$ (1.85)	-13.89%
2004	\$ 12.14	\$ (0.24)	\$ (0.02)	\$ (1.16)	-8.70%
2003	\$ 12.38	\$ (0.92)	\$ (0.07)	\$ (0.92)	-6.90%
2002	\$ 13.30				

Source: Snohomish County Assessor's Annual Reports for Taxes

Average Total Property Tax Payment

The total property tax payment for an average valued home in Mukilteo has increased from \$3,138 in 2002 to \$3,530 in 2010, as indicated in exhibit 14. However, between 2009 and 2010 the average total property tax payment *decreased* \$107. This includes levy amounts for the City, County, State, Port, Library, and School District.

Exhibit 14: Changes in Average Total Property Tax Payment



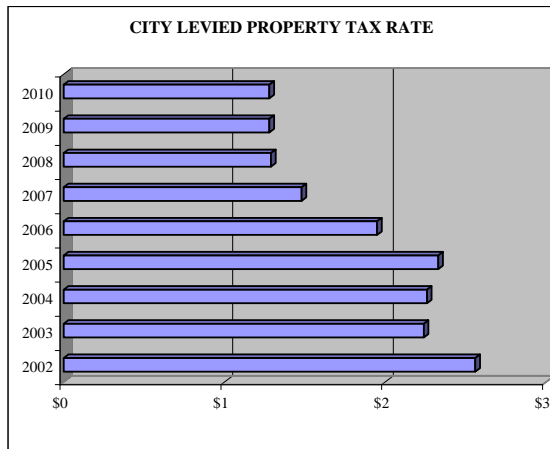
Year	Average Tax Payment	Annual Change in Average Tax Payment	Annual % Change in Average Tax Payment	Cumulative \$ Change in Average Tax Payment Since 2002	Cumulative % Change in Average Tax Payment Since 2002
2010	\$ 3,530	\$ (107.69)	\$ (0.03)	\$ 392.25	12.50%
2009	\$ 3,638	\$ (107.71)	\$ (0.03)	\$ 499.94	15.93%
2008	\$ 3,746	\$ (65.98)	\$ (0.02)	\$ 607.65	19.36%
2007	\$ 3,812	\$ 151.03	\$ 0.04	\$ 673.63	21.47%
2006	\$ 3,661	\$ 115.64	\$ 0.03	\$ 522.60	16.65%
2005	\$ 3,545	\$ 201.65	\$ 0.06	\$ 406.96	12.97%
2004	\$ 3,343	\$ (473.05)	\$ (0.12)	\$ 205.31	6.54%
2003	\$ 3,816	\$ 678.36	\$ 0.22	\$ 678.36	21.62%
2002	\$ 3,138				

Source: Snohomish County Assessor's Annual Reports for Taxes

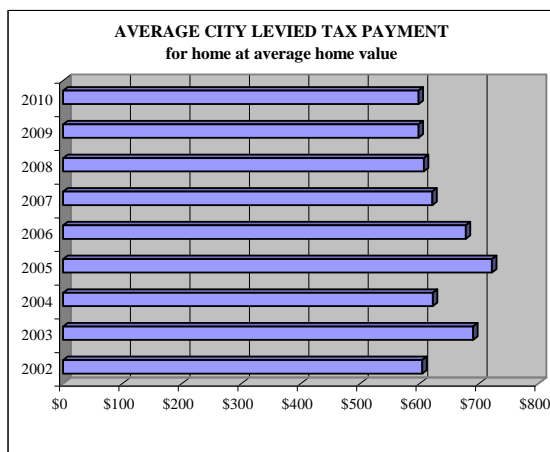
Average City Levied Property Tax

As represented in exhibit 15, the average property tax rate levied by the City has decreased by 46% between 2002 and 2010. The City levied tax payment for an average valued home has decreased slightly during this same time period, from \$604 to \$576.

Exhibit 15: Average City Levied Property Tax Rates and Payments



Year	City Levied Property Tax Rate	Annual \$ Change in Average City Levied Rate	Annual % Change in Average City Levied Rate	Cumulative \$ Change in Average City Levied Rate	Cumulative % Change in Average City Levied Rate
2010	\$ 1.38	\$ 0.10	7.81%	\$ (1.18)	-46.09%
2009	\$ 1.28	\$ (0.01)	-0.78%	\$ (1.28)	-50.00%
2008	\$ 1.29	\$ (0.19)	-12.84%	\$ (1.27)	-49.61%
2007	\$ 1.48	\$ (0.47)	-24.10%	\$ (1.08)	-42.19%
2006	\$ 1.95	\$ (0.38)	-16.31%	\$ (0.61)	-23.83%
2005	\$ 2.33	\$ 0.07	3.10%	\$ (0.23)	-8.98%
2004	\$ 2.26	\$ 0.02	0.89%	\$ (0.30)	-11.72%
2003	\$ 2.24	\$ (0.32)	-12.50%	\$ (0.32)	-12.50%
2002	\$ 2.56				



Year	Average Residence Value	Average City Levied Tax Payment	Annual \$ Change in Average City Levied Tax Payment	Annual % Change in Average City Levied Tax Payment	Cumulative \$ Change in Average City Levied Tax Payment	Cumulative % Change in Average City Levied Tax Payment
2010	\$ 417,300	\$ 576	\$ (24)	-4.00%	\$ (28.00)	-4.64%
2009	\$ 469,100	\$ 600	\$ (9)	-1.48%	\$ (4.00)	-0.66%
2008	\$ 472,300	\$ 609	\$ (13)	-2.09%	\$ 5.00	0.83%
2007	\$ 420,100	\$ 622	\$ (56)	-8.26%	\$ 18.00	2.98%
2006	\$ 347,700	\$ 678	\$ (43)	-5.96%	\$ 74.00	12.25%
2005	\$ 309,600	\$ 721	\$ 99	15.92%	\$ 117.00	19.37%
2004	\$ 275,400	\$ 622	\$ (69)	-9.99%	\$ 18.00	2.98%
2003	\$ 308,300	\$ 691	\$ 87	14.40%	\$ 87.00	14.40%
2002	\$ 236,000	\$ 604				

Source: Snohomish County Assessor's Annual Reports for Taxes

Distribution of Property Taxes

Property taxes are collected and distributed by Snohomish County to the various taxing authorities. In 2010, the City of Mukilteo will receive approximately 16.27 cents of each property tax dollar collected within the City. These property tax revenues are allocated to provide Emergency Medical Services (2.72 cents), and general City services (13.55 cents).

Exhibit 16 visually demonstrates the allocation of collected property tax revenues for 2010:

Exhibit 16: Allocation of Property Tax Dollars

WHERE DO PROPERTY TAX DOLLARS GO?



Source: Snohomish County Assessor's Annual Reports for Taxes

Utility Taxes

Utility taxes are the second largest portion (25%) of General Fund revenues. Utility Taxes of 6% are levied upon the gross income of businesses providing utility services within the City. These utility services include natural gas, electricity, telephone, cable, garbage, and storm drainage.

Sales Taxes

Retail sales taxes are the third largest portion (13%) of General Fund revenues. Retail sales tax is charged on the sale of tangible personal property, and the sale of services such as installation, repair, cleaning, altering, improving, construction, and decorating. The sales tax rate in the City of Mukilteo is 9.5% in January 2010. This is comprised of a state sales tax of 6.5%, a Regional Transit Authority sales tax of .9%, Snohomish County Mental Health Tax of .1%, and the local tax rate of 2%. The City receives .85% sales tax on retail sales.

Licenses & Permits

Licenses & Permits include business license fees, franchise fees, building permits and other miscellaneous licenses and permits. The majority of the revenue in this category comes from permit fees related to new construction.

Exhibit 17: Construction Related Revenues

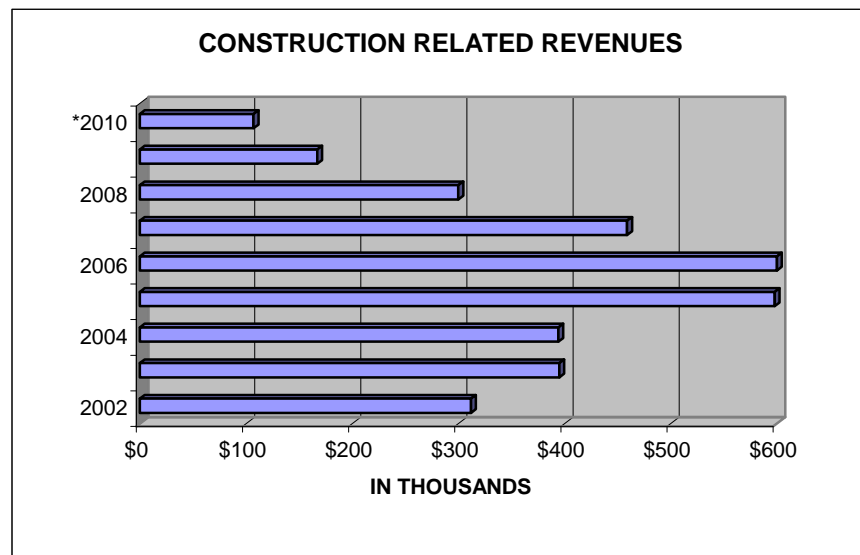


Exhibit 17 reflects actual combined revenues received for building permits, plumbing permits, mechanical permits and engineering fees, with the exception of 2010, which reflects budgeted amounts. The nationwide decline in real estate values and resulting sales has caused a steady decline in these revenues from \$600,000 in 2006 to \$167,000 in 2009, and \$107,000 budgeted in 2010.

Intergovernmental revenues come from grants, state entitlements and state shared revenues.

State Shared Revenues

The primary allocation basis for other state revenue sharing for each city is the City's relative share of the state's population of all incorporated cities and towns. The Office of the State Treasurer collects, allocates, and distributes these funds.

Liquor Excise Tax & Liquor Board Profits

Liquor is sold only in Washington State liquor stores. State law provides that a share of the state collected profits and taxes are to be returned to the cities to help defray the costs of policing these stores. The City receives 28% of the liquor excise taxes collected within the City.

Fines & Forfeitures Revenues are derived primarily from traffic violations, and also include parking citations and miscellaneous.

Other Miscellaneous Revenues include sources such as investment income, contributions and revenues that do not fit in another category.

General Fund Expenditures

The General Fund expenditure budget for 2010 totals \$ 12,667,558, a decrease of 8.1% from 2009. Major expenditure categories include:

Personnel Services

Personnel services represent a significant portion of the total General Fund budget. In 2010 salaries and benefits (health, dental, vision, disability, life, retirement) account for \$8,503,458 or 67% of the total General Fund budget.

Operating Expenditures

Operating expenditures represent approximately 20% of the total General Fund budget for 2010. This includes a wide array of expenditures. Operating expenditures include all normal day-to-day expenditures (i.e., engineering services, custodial services, repair and maintenance, legal notices, equipment rental and repair, telephone and utility services, legal and accounting services, motor vehicle repair and maintenance, minor equipment, liability insurance, and miscellaneous supplies).

Capital Outlays

Capital outlays represent approximately .18% of the total General Fund budget for 2010. Capital outlays in the General Fund include items such as software, machinery and equipment, interpretive signage, and pavement improvements.

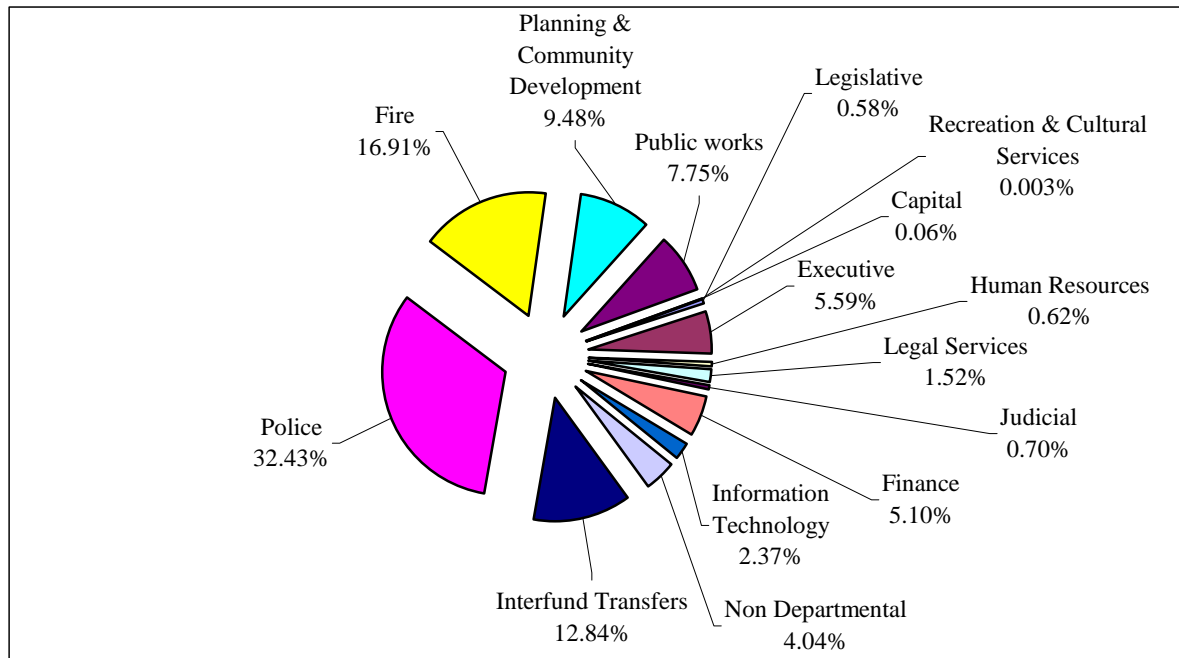
Interfund Transfers

Transfers are made from the General Fund to several other funds, which represent approximately 13% of the total General Fund budget:

• To Technology Replacement Fund	\$ 75,000
• To Street Fund	\$ 350,000
• To Recreation and Cultural Services Fund	\$ 221,560
• To EMS Fund	\$ 560,000
• To LEOFF I Reserve Fund	\$ 25,000
• To Self Insurance Reserve Fund	\$ 4,870
• To Facilities Maintenance Fund	<u>\$ 390,000</u>
Total Interfund Transfers	<u>\$ 1,626,430</u>

Exhibit 18 depicts the major departments or functions in the General Fund and the amount budgeted in those categories.

Exhibit 18: General Fund Expenditures Summary by Division



	2008 Actual	2009 Budget	2010 Budget	\$ Change '10 - '09	% Change '10 - '09
Legislative	\$82,197	\$98,730	\$73,158	(\$25,572)	-25.90%
Executive	549,016	700,845	707,830	6,985	1.00%
Human Resources	50,886	199,760	78,850	(120,910)	-60.53%
Legal Services	194,456	166,685	192,000	25,315	15.19%
Judicial	88,602	73,000	89,000	16,000	21.92%
Finance	769,060	771,410	646,090	(125,320)	-16.25%
Information Technology	162,172	143,075	300,820	157,745	110.25%
Non Departmental	469,676	384,945	512,070	127,125	33.02%
Interfund Transfers	2,392,940	1,736,260	1,626,430	(109,830)	-6.33%
Police	3,924,489	4,220,445	4,108,330	(112,115)	-2.66%
Fire	1,875,652	2,181,521	2,141,990	(39,531)	-1.81%
Planning & Community Development	1,333,693	1,559,300	1,200,650	(358,650)	-23.00%
Public works	1,182,207	1,022,875	981,940	(40,935)	-4.00%
Recreation & Cultural Services	0	0	400	400	100.00%
Capital	304,985	529,650	8,000	(521,650)	-98.49%
Totals	\$13,380,032	\$13,788,501	\$12,667,558	(\$1,120,943)	-8.13%

LEOFF I Reserve Fund

The LEOFF I Reserve Fund holds funds set aside to be used for the payment of medical premiums and medical expenses for LEOFF I retirees. A fund statement for the LEOFF I Reserve Fund is included on page 90.

Paine Field Emergency Fund

This fund receives all revenues from a funds transfer from the General Fund, and is used for the payment of legal or other costs deemed necessary by council as appropriate to oppose commercial expansion of Paine Field. A fund statement for the Paine Field Emergency Fund is included on page 76.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes or resources dedicated for specific purposes.

Street Fund

In addition to a transfer from the General Fund, this fund receives 68.14% of the Motor Vehicle Fuel Excise Tax (gas tax) received. These revenues are used for costs related to street maintenance. A fund statement for the Street Fund is included on page 138.

Arterial Street Fund

This fund receives 31.86% of the Motor Vehicle Fuel Excise Tax (gas tax), and may be used for the construction, improvement, chip sealing, seal-coating, and repair of arterial highways and city streets. A fund statement for the Arterial Street Fund is included on page 155.

Recreation and Cultural Services Center Fund

In addition to a transfer from the General Fund, this fund receives Community Center activities fees and rental revenues, and funds the expenditures for the operations and maintenance of the Community Center building and programs. A fund statement for the Recreation and Cultural Services Center Fund is included on page 149.

Hotel/Motel Lodging Tax Fund

This fund receives the 2% hotel/motel tax assessed on hotels/motels within the City. These funds are mandated to be used only for tourism promotion and operations and maintenance of tourism facilities in the City. A fund statement for the Hotel/Motel Lodging Tax Fund is included on page 87.

Technology Replacement Fund

This fund maintains a reserve for replacement of entity-wide computer hardware/software, telephone hardware or any other major technology need that arises in the future. Funding is provided through a transfer from the General Fund. A fund statement for the Technology Replacement Fund is included on page 83.

City Reserve Fund

This fund provides a financial cushion to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods or to provide funds in the event of major

unplanned expenditures the City could face as a result of landslides, earthquake or other natural disaster. A fund statement for the City Reserve Fund is included on page 77.

Emergency Medical Services Fund

In addition to a transfer from the General Fund, this fund receives the revenues from a voter approved tax levy to fund advanced life support (ALS) services. A fund statement for the Emergency Medical Services Fund is included on page 116.

Parks and Open Space Fund

In previous years, this fund received revenues from the Lighthouse Park boat launch and long-term parking. In 2010, this fund has been discontinued, and these revenues and related expenses are budgeted to the General Fund. A fund statement for the Parks and Open Space Fund is included on page 135.

Debt Service Funds

Debt Service Funds are used to account for bond proceeds and the subsequent payment of principal and interest.

Per State law, the City may have a total general obligation debt outstanding of up to 2.5% of the assessed value for general purposes, 2.5% for utility purposes and 2.5% for open space/parks. Within the 2.5%, the City may have non-voted general obligation debt outstanding of up to 1.5% of assessed value. This non-voted debt includes limited tax general obligation bonds, conditional sales contracts and capital leases.

Exhibit 19: Computation of Legal Debt Capacity

Assessed Value \$	General Obligation	Utility Purposes	Parks and Open Space	Total Capacity
3,910,934,509				
Non-Voted (1.5% AV) *	58,664,018			58,664,018
Maximum 2.5% AV	97,773,363	97,773,363	97,773,363	293,320,088
Statutory Debt Limit * (1.5% non-voted included in 2.5% limit)	97,773,363	97,773,363	97,773,363	293,320,088
Total Debt Outstanding (non-voted)	12,585,000	-	-	12,585,000
Less amount in Debt Service Funds	(7,357)	-	-	(7,357)
Net Debt Outstanding	12,577,643	-	-	12,577,643
Remaining Non-Voted Debt Capacity	46,086,375	-	-	46,086,375
Remaining Total Debt Capacity	85,195,720	97,773,363	97,773,363	280,742,445

* The 1.5 % non-voted amount is included in the 2.5% maximum of \$97,773,363.

Exhibit 19 indicates that the total legal debt capacity for the City is over \$293 million. In September 2009 the City issued \$12,585,000 in Long-Term General Obligation bonds to fund construction of a new Community Center. A few weeks prior to the bond sale, Standard & Poor's boosted the city's credit rating to AAA, the highest rating obtainable. Because of the 3.54 percent annual interest rate the City received as a result of the boost in its bond rating, the bond interest expense incurred through 2029 will be approximately \$744,000 less than the City's

original estimate. The bonds will be repaid with real-estate excise taxes, which the city receives from taxes collected by Snohomish County whenever property is sold.

Limited Tax General Obligation Bond Fund

The revenues from this fund come from transfers from Real Estate Excise Tax Funds, and are used to pay principal and interest on the \$12,585,000 in bonds issued in 2009 to construct a new Community Center. A fund statement for the Limited Tax General Obligation Bond Fund is included on page 151.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City uses the Capital Project funds to ensure legal compliance with and financial management for various restricted revenues.

Municipal Facilities Fund

The revenues from this fund come from transfers from the General Fund and are used to construct City facilities. A fund statement for the Municipal Facilities Fund is included on page 155.

Parks Acquisition and Development Fund

This fund receives revenues from park mitigation fees and grants, and is used to fund the expenditures for park development. A fund statement for the Parks Acquisition and Development Fund is included on page 156.

Transportation Impact Fee Fund

Transportation Impact fees are authorized under the State Environmental Policy Act (SEPA) and the Growth Management Act (GMA) to help offset the cost of transportation capital facilities brought about by new growth and development. Impact fee revenues collected are used to design, engineer and construct transportation facilities that are consistent with the capital facilities and transportation elements of the Mukilteo comprehensive plan. A fund statement for the Transportation Impact Fee Fund is included on page 156.

Real Estate Excise Tax Funds

Real estate excise tax is collected on all sales of real estate within the city, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The state levies this tax at the rate of 1.28 percent. Cities may levy an additional two separate quarter percent taxes. The City levies both the additional quarter percents. There are two components of Real Estate Excise Tax revenues:

Real Estate Excise Tax I Fund

Revenues generated may be used for any capital purpose identified in the current capital improvement plan for the purposes of planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement. These purposes may include: streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks planning, acquisition

(building & land), construction, reconstruction, repair, replacement, rehabilitation, or improvement; recreational facilities; law enforcement facilities; fire protection facilities; administrative and judicial facilities; trails; and libraries. A fund statement for the Real Estate Excise Tax I Fund is included on page 157.

Real Estate Excise Tax II Fund

Revenues generated may be used for street and park projects (with the exclusion of the acquisition of land.) A fund statement for the Real Estate Excise Tax II Fund is included on page 157.

Exhibit 20: Real Estate Excise Tax Revenues

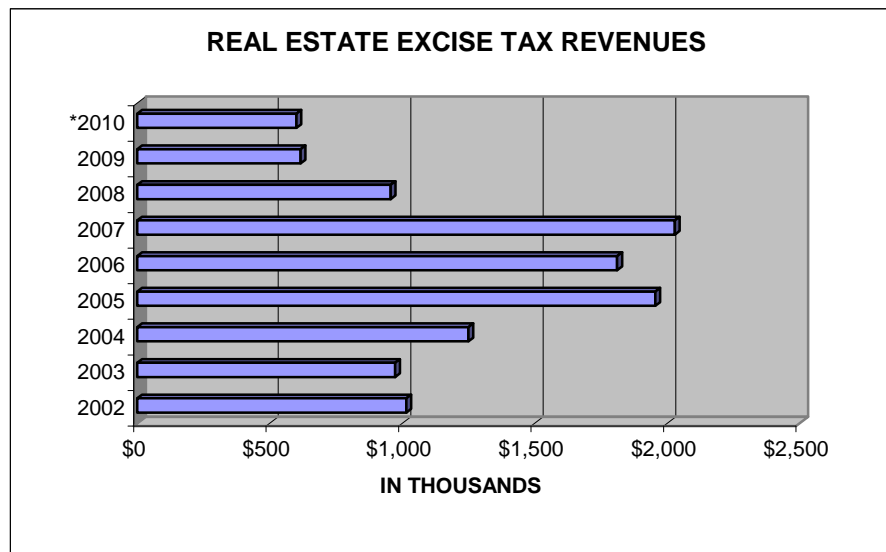


Exhibit 20 reflects actual Real Estate Excise Tax revenues received in both funds, with the exception of 2010 which reflects budgeted amounts. The nationwide decline in real estate values and resulting sales has caused a steady decline in these revenues since 2007.

Community Center Project Fund

The proceeds from the 2009 sale of \$12,585,000 in Long-Term General Obligation bonds, and the expenditures incurred for construction of the new Community Center, are maintained in this fund. A fund statement for the Community Center Project Fund is included on page 158.

Enterprise Funds

Enterprise funds are used to account for those operations that provide services to the general public for a fee. Under GASB Statement #34, enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: (1) any activity that has issued debt backed solely by the fees and charges of the activity, (2) if the cost of providing the services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or (3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Surface Water Management Fund

The revenue for this fund comes from user fees and is used for operations, maintenance and improvement of the City's storm drainage system. A fund statement for the Surface Water Management Fund is included on page 140.

Exhibit 21: Surface Water Utility Revenues

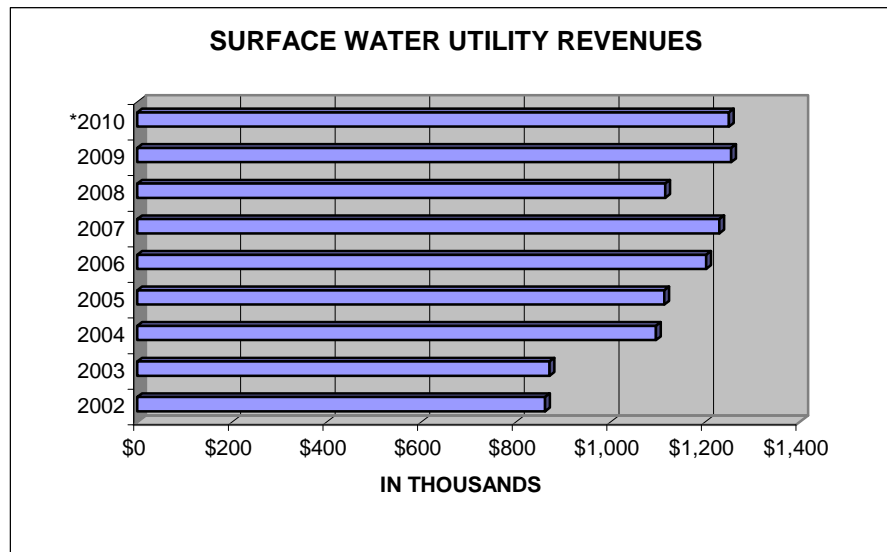


Exhibit 21 reflects actual revenues received for storm drainage fees, with the exception of 2010 which reflects budgeted amounts.

Internal Service Funds

Internal Service funds are used when a City provides services for other departments and charges the departments for those services. The revenue for these funds comes from transfers from other departments within the City.

Health Insurance Administration Fund

The City self-insures dental and vision benefits for City Employees. The Health Insurance Administration Fund maintains a reserve for these benefits, as required by state law. A fund statement for the Health Insurance Administration Fund is included on page 89.

Equipment Replacement Fund

The City maintains a detailed equipment replacement schedule for all capital equipment owned by the City. Departments are charged an annual fee that is set aside for the purpose of replacing capital equipment used by the department. A fund statement for the Equipment Replacement Fund is included on page 143.

Unemployment Compensation Fund

This fund maintains a reserve to protect against higher than anticipated employment compensation claims. A fund statement for the Unemployment Compensation Fund is included on page 91.

Facilities Maintenance Fund

This fund receives revenues from a funds transfer from the General Fund. This fund is used for expenses related to maintenance of City facilities. A fund statement for the Facilities Maintenance Fund is included on page 145.

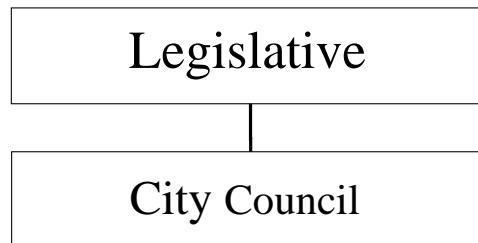


LEGISLATIVE DEPARTMENT

The Legislative Department includes the City Council. The City Council is responsible for establishing policy direction for the City through the adoption of laws, policies, procedures, and programs.

The City Council approves the City Budget, all ordinances, resolutions, contracts, fees, and programs. The City Council meets four times each month at regularly scheduled meetings and meets, as needed, to discuss special interest matters.

The City Council consists of seven members who serve four-year terms. Terms are staggered so that no more than four Councilmember positions are up for election at any one time.



DEPARTMENT EXPENDITURE SUMMARY

LEGISLATIVE DEPARTMENT	2008 Actuals	2009 Budget	2010 Budget	% Change
City Council	82,197	98,730	73,158	-25.90%
TOTAL	82,197	98,730	73,158	-25.90%



City Council

PURPOSE

The City Council establishes policy direction for the City organization by adopting ordinances, resolutions, programs, priorities, and procedures.

The City Council is authorized to: adopt local laws, which are called ordinances; adopt resolutions, which are formal statements of the Council's policy direction; approve agreements for services, supplies, or programs; approve and adopt an annual budget which appropriates funds for City programs; and approve payment of City monies.

City Councilmembers are elected by "position number" to four year overlapping terms, so that three to four Councilmembers are up for election every two years.

Annually, the City Council selects a President and Vice President from among its membership, assigns Councilmembers as representatives to outside agencies, approves organizational work plans and priorities, and meets with County, Regional, State, and Federal representatives to secure legislation beneficial to Mukilteo.

<u>POSITION SUMMARY</u>		
Position Title	2009	2010
Councilmember	7	7
Total	7	7

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Council Meetings	39	46	43
Formal Actions Taken	252	191	221
Ordinances Adopted	29	13	21
Resolutions Approved	31	32	31

2010 GOALS & OBJECTIVES

- To establish clear policy direction and priorities for City operations.
- To establish annual work plans for City commissions and boards.
- To protect the community against Paine Field Airport expansion.
- To pursue State and Federal legislation beneficial to Mukilteo.
- To pursue responsible development for the Mukilteo Landing Waterfront Development.
- To efficiently and effectively communicate with the public through Council Meetings, Chime-In Meetings, and public information programs.



CITY COUNCIL

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries & Wages	42,600	42,600	42,408	-0.45%
Benefits	3,408	3,430	3,650	6.41%
Supplies	614	3,300	1,150	-65.15%
Professional Services	0	10,000	1,000	-90.00%
Legal Publications	1,317	2,100	1,500	-28.57%
Publication of Agendas	2,789	3,300	3,300	0.00%
Printing and Binding	0	600	350	-41.67%
Postage	0	100	0	-100.00%
Training & Travel	28,426	30,000	16,800	-44.00%
Computer System Maintenance	0	300	0	-100.00%
City Code Revision	3,043	3,000	3,000	0.00%
TOTAL CITY COUNCIL	82,197	98,730	73,158	-25.90%



State Park area, lagoon, lighthouse and the railroad tracks

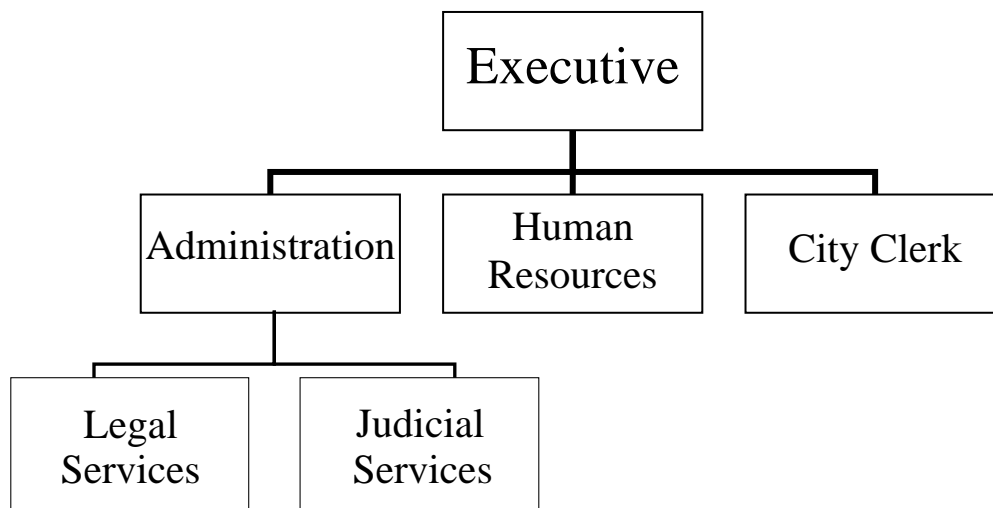


EXECUTIVE DEPARTMENT

The Executive Department provides overall management direction to the City organization. The department is responsible for implementing policy direction, overseeing and managing City operations, coordinating operations and evaluating City programs.

The Department prepares and recommends an annual budget, executes all City contracts, maintains the City's official public records, provides Risk Management services, and prepares analyses and reports as necessary to help optimize City operations and clarify policy direction.

The Executive Department consists of the Administration, Human Resources and City Clerk Divisions, which are described within this section.



DEPARTMENT EXPENDITURE SUMMARY

Division	2008 Actuals	2009 Budget	2010 Budget	% Change
Administration	549,016	700,845	707,830	1.00%
Human Resources	50,912	199,760	78,850	-60.53%
Legal Services	194,456	166,685	192,000	15.19%
Judicial Services	88,602	73,000	89,000	21.92%
Paine Field Emergency Fund	125,314	150,000	55,000	-63.33%
City Reserve Fund	0	190,000	0	-100.00%
TOTAL	1,008,300	1,480,290	1,122,680	-24.16%

Administration

PURPOSE

The Administration Division manages and directs the operations of the City. The Mayor serves as the Chief Executive Officer and is elected to a four-year term. The Mayor appoints the City Administrator, with confirmation by the City Council.

The City Administrator oversees all City operations, implements policy direction established by the Mayor and City Council, manages the daily operations of the City, and establishes work plans for departments. Through department heads, the City Administrator coordinates operations, develops programs, evaluates performance, and manages activities to assure City services are effectively and efficiently provided.

The Administration Division is responsible for conducting economic development efforts including retention, recruitment, reinvestment and expansion of businesses.

The Division is accountable for advertising and maintaining all Boards, Commissions and Committees within the City.

This Division also maintains the City's official public records, coordinates and processes liability claims and lawsuits involving the City, monitors public information requests, prepares public outreach information, manages and maintains the City's web site, and provides direct staff support to the Mayor and City Council.

POSITION SUMMARY

Title	2009	2010
Mayor	1	1
City Administrator	1	1
City Clerk	1	1
Executive/HR Assistant	1	1
Management Analyst*	1	0
Assistant to City Administrator*	0	1
Department Assistant	0.5	0.5
Total	5.5	5.5

*This position title was changed from Management Analyst to Assistant to City Administrator.

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Agenda Bills Presented	119	120	119
Public Records Requests	366	279	322
Claims Opened	12	9	10
Claims Closed	4	9	7
Incidents Reported	23	27	25

2010 GOALS & OBJECTIVES

- To continue activities to protect the community from commercial air service at Paine Field Airport.
- To continue expanding and diversifying communications and public information activities and initiatives to promote the City, including but not limited to City newsletters, website, customer service initiatives, web and public broadcasting.
- To complete negotiations for inter-local agreements for development at Paine Field Airport.
- To improve long-range financial and operational planning and stability.
- To evaluate existing and future opportunities for Franchise agreements, including implementation of City Solid Waste Service Contracts.

**ADMINISTRATION**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	384,818	401,130	457,450	14.04%
Benefits	116,758	132,300	141,380	6.86%
Supplies	7,112	10,800	7,800	-27.78%
Consulting Services	16,160	20,000	5,000	-75.00%
Lobbyist Services	0	90,000	65,000	-27.78%
Records Management	1,373	10,000	11,500	15.00%
Communications	3,390	8,615	5,200	-39.64%
Travel and Training	18,381	22,500	13,500	-40.00%
Assoc. Dues and Memberships	870	5,000	1,000	-80.00%
Miscellaneous	154	500	0	-100.00%
TOTAL ADMINISTRATION	549,016	700,845	707,830	1.00%

Human Resources

PURPOSE

The Human Resources Division provides support services to the organization through the recruitment, selection, training, and evaluation of employees. These functions are performed by employees of the Executive Division.

The Division conducts employee recruitments, background investigations, and employee orientations and exit interviews.

The Division also monitors the performance of all city employees and assures that regular constructive evaluations and training are provided.

The Division conducts studies of position classifications, compensation evaluations, and monitors employee attendance and performance.

The Division coordinates and manages employee benefit programs and handles all civil service related activities required by State Law.

The Division handles informal and formal grievances, arbitration actions, represents the City in negotiations or actions with employee unions, and participates in negotiations of all labor contracts with the City's 4 union-represented employee groups.

PERFORMANCE INDICATORS

	2008 Actua l	2009 Actua l	2010 Est.
Position Recruitments	25	12	15
Applications Screened	600	635	600
Applicants Interviewed	150	210	300
Labor Contracts Settled	0	4	4
Background Verifications	25	12	15
Labor Arbitrations	0	0	0

2010 GOALS & OBJECTIVES

- To recruit and hire qualified candidates for position vacancies.
- To continue revising a comprehensive update of the City's Personnel Manual.
- To develop administrative guidelines and evaluations for personnel.
- To conduct a full review of employee benefit packages.
- To develop, coordinate and monitor training programs.
- To comply with state and federal employee regulations, providing updated material and programs for employees.
- To complete negotiations for new labor agreements.

**HUMAN RESOURCES**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Supplies	1,462	3,500	1,500	-57.14%
Professional Services	23,457	50,000	35,000	-30.00%
Communications	1,234	1,900	450	-76.32%
Travel and Training	14,268	21,500	14,000	-34.88%
Classified Advertising	10,346	13,600	2,000	-85.29%
Assoc. Dues and Memberships	145	560	400	-28.57%
Printing and Binding	0	1,700	500	-70.59%
Compensation Adjustments	0	107,000	0	-100.00%
Reserve for Accrued Leave	0	0	25,000	100.00%
TOTAL HUMAN RESOURCES	50,912	199,760	78,850	-60.53%

Legal Services

PURPOSE

The Legal Services subdivision provides two main types of legal services to the City: City Attorney services and City Prosecutor services.

City Attorney services include providing legal advice to the Mayor, City Council, City Commissions and Boards, and City Departments. The City Attorney prepares and/or reviews City ordinances, resolutions, and agreements; reviews and advises the City regarding new Federal and State legislation; and provides general and specific legal advice on all City matters. The City Attorney defends the City against claims not covered by the City's liability insurance program, represents the City in grievance and interest arbitration with its employee unions, and represents the City in general litigation matters. City Attorney services are provided through contract with the law firm of Ogden Murphy and Wallace of Seattle.

City Prosecutor services include prosecution of civil or criminal matters related to violations of the Mukilteo Municipal Code. City Prosecutor services are provided through contract with a private attorney.

PERFORMANCE INDICATORS

	2008 Actual	2009 Est	2010 Est.
Hours of Service			
City Attorney	750	1050	1000
City Prosecutor	300	500	400
Litigation Cases	6	6	6

2010 GOALS & OBJECTIVES

- Provide on-going legal advice covering City operations.
- Provide on-going prosecution services.

LEGAL SERVICES

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
City Attorney	90,965	90,975	105,000	15.42%
City Attorney - Other Services	59,250	37,000	44,000	18.92%
City Prosecuting Attorney	44,241	38,710	43,000	11.08%
TOTAL LEGAL SERVICES	194,456	166,685	192,000	15.19%

Judicial Services

PURPOSE

The Judicial subdivision provides district court services to the community which includes the cost of hearing criminal and civil traffic infraction cases filed by the City.

The Division provides these services through an interlocal agreement with Snohomish County district court system.

In addition to district court functions, the Division includes costs to provide State-required defense of indigent defendants and payment of witness fees.

PERFORMANCE INDICATORS

	2008 Actual	2009 Est	2010 Est.
Cases	90	270	200
Indigents Defended	82	156	120
Hours of Service	90	160	130

2010 GOALS & OBJECTIVES

- To continue to provide district court services.

JUDICIAL SERVICES

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Indigent Defense Attorney	18,670	15,000	18,000	20.00%
Interlocal Extradition	0	1,000	1,000	0.00%
Everett District Court	69,932	57,000	70,000	22.81%
TOTAL JUDICIAL SERVICES	88,602	73,000	89,000	21.92%

Paine Field Emergency Reserve Fund

PURPOSE

The purpose of the Paine Field Emergency Reserve Fund is to set aside funds for the payment of legal or other costs deemed necessary by council as appropriate to oppose commercial expansion of Paine Field.

PAINE FIELD EMERGENCY FUND

Fund: Paine Field Emergency - 015

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	250,000	150,000	55,000	-63.33%
Revenues				
Intergovernmental Revenue	1,000	0	0	0.00%
Total Revenues	1,000	0	0	0.00%
Total Resources	251,000	150,000	55,000	-63.33%
Expenditures				
Legal Services	125,314	150,000	55,000	-63.33%
Total Expenditures	125,314	150,000	55,000	-63.33%
Ending Fund Balance	125,686	0	0	0.00%

City Reserve Fund

PURPOSE

The purpose of the City Reserve Fund is to set aside funds for unanticipated expenditures.

CITY RESERVE FUND				
Fund: City Reserve - 125				
	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	1,147,361	1,179,199	1,000,000	-15.20%
Revenues				
Investment Interest	31,837	0	0	0.00%
Total Revenues	31,837	0	0	0.00%
Total Resources	1,179,198	1,179,199	1,000,000	-15.20%
Expenditures				
Land Purchases	0	190,000	0	-100.00%
Total Expenditures	0	190,000	0	-100.00%
Ending Fund Balance	1,179,198	989,199	1,000,000	1.09%



Louis Anderson's Pool Hall and Confectionery were located in a brick building at 2nd Street and Park Avenue in the 1920's. In addition to sweets and pastries, the shop stocked many familiar brands including Campbell's soup, Kellogg's Corn Flakes, Hills Brothers coffee, and Lifesavers breath mints.

Photograph courtesy of the Mukilteo Historical Society

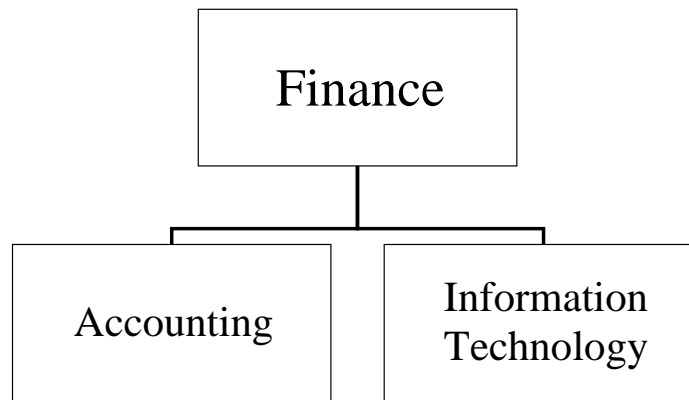


FINANCE DEPARTMENT

The Finance Department consists of the accounting and information technology services cost centers.

The accounting cost center includes payroll, business licensing, accounts receivable, accounts payable, cash management, budgeting and financial reporting.

The information technology cost center manages and maintains the City's computer hardware, software, networks, applications and systems; ensures the backup, integrity and security of the computer data assets; and maintains equipment including telephone systems, copiers, and fax devices.



<u>POSITION SUMMARY</u>		
Position Title	2009	2010
Finance Director	1	1
Accounting Services Manager	1	1
Staff Accountant	1	1
Accounting Technician	3	3
Information Technology Manager	1	1
Technology Analyst	1	1
Total	8	8

DEPARTMENT EXPENDITURE SUMMARY

FINANCE DEPARTMENT	2008	2009	2010	%
	Actuals	Budget	Budget	Change
Accounting	769,060	771,410	646,090	-16.25%
Information Technology	162,172	506,225	300,820	-40.58%
Technology Replacement	95,305	228,240	91,180	-60.05%
TOTAL	1,026,537	1,505,875	1,038,090	-31.06%



Accounting

PURPOSE

The Accounting Division fulfills all accounting/treasury functions, which include accounts payable, accounts receivable, payroll, cash management, auditing, job costing, investing, budgeting, and financial reporting. The department also issues all business and some specialty licensing, and provides purchasing services.

POSITION SUMMARY

Position Title	2009	2010
Finance Director	1	1
Accounting Services Manager	1	1
Staff Accountant	1	1
Accounting Technician	3	3
Total	6	6

2009 ACCOMPLISHMENTS

- Completed 2008 CAFR and submitted application for award to GFOA.
- Received 2009 Budget award from GFOA.
- Implemented online Payroll/HR system
- Conducted online timesheet training sessions for City staff.
- Conducted travel policy training sessions for City staff.
- Completed implementation of capital assets management system.
- Updated Finance Department archives and implemented system for ongoing management.
- The following policies were written by the Finance Department and adopted by the City Council:
 - Investments Policy
 - Capital Assets Policy
 - Fund Balance Reserve Policy

2010 GOALS & OBJECTIVES

- Submit 2010 budget for GFOA Distinguished Budget Presentation Award.
- Submit 2009 CAFR for GFOA award.
- Implement purchasing card program.
- Improve financial reporting through customized reports.
- Revise the City's business licensing structure to be more small-business friendly and to streamline processes.
- Implement GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions.
- Continue to create and/or strengthen policies and procedures as needs are identified.



ACCOUNTING

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	465,820	497,285	403,700	-18.82%
Benefits	147,094	168,885	148,040	-12.34%
Supplies	4,424	5,600	5,300	-5.36%
Professional Services	14,113	7,500	0	-100.00%
Communications	8,288	5,600	5,100	-8.93%
Travel & Training	5,170	5,700	2,250	-60.53%
Motor Pool Charges	3,240	3,240	0	-100.00%
Vehicle Repair & Maintenance	150	500	500	0.00%
Equipment R&M	119	1,000	0	-100.00%
Accounting System Maintenance	26,890	34,100	34,000	-0.29%
Dues & Memberships	405	1,000	450	-55.00%
Printing And Binding	973	1,000	750	-25.00%
Miscellaneous	2,034	0	6,000	100.00%
State Auditor Audit	67,108	40,000	40,000	0.00%
Computer Software	23,232	0	0	0.00%
TOTAL ACCOUNTING	769,060	771,410	646,090	-16.25%

Information Technology

PURPOSE

The Information Technology (IT) Division administers the City's technology infrastructure. The core components of the technology infrastructure include: servers, routers, switches, telephone system, desktop workstations, laptops, printers, server based operating systems, server based back office software products, desktop operating systems as well as software utilized at the workstation level.

IT strives for maximum performance, efficiency and reliability on a 24 hour basis. IT is responsible for the backup, integrity and security of the city's data and is also responsible for the city's technology assets.

IT provides all internal technology support including server infrastructure, networking operations, helpdesk support, as well as the configuration, installation and maintenance for each device and application.

IT stays aware of current and upcoming technologies and performs analysis of new technologies to make recommendations to the city. New technologies are introduced to the city after a careful review process and an implementation plan is created and approved.

IT coordinates with emergency 911 services to maintain accurate dispatch/records.

IT is also responsible for centralized technology review and purchasing to assist in achieving city goals.

POSITION SUMMARY

Position Title	2009	2010
Information Technology Manager	1	1
Technology Analyst	1	1
Total	2	2

2010 GOALS & OBJECTIVES

- Refine our helpdesk support objectives to provide a more user accessible trouble ticket interface and provide trouble ticket reporting capabilities.
- Introduce an email archiving systems to enable immediate searches to historical data and meet with compliance standards.
- Update our connectivity to a fiber based system that will also allow us to interconnect directly with our 911 dispatch center and surrounding cities.
- Increase public safety by providing the means for our mobile field units to be able to access our internal private network and communicate with outside entities via the internet.
- Enhance our data storage capabilities as well as introduce a method to ensure business continuity and increase our RPO and RTO by introducing a SAN replication solution.
- Streamline our EOC so that we can meet city objectives for setup and data availability.
- Develop a 5 year IT Strategic Plan.



INFORMATION TECHNOLOGY

Funds: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	0	42,350	155,740	267.74%
Benefits	0	6,325	56,680	796.13%
Supplies	26,592	20,500	25,700	25.37%
Consulting Services	28,306	8,500	8,500	0.00%
Travel and Training	0	3,500	500	-85.71%
Communications	9,303	10,500	2,400	-77.14%
Printing and Binding	1,825	500	100	-80.00%
On-Line Fees	15,331	10,000	14,200	42.00%
Equipment Rental and Maintenance	24,713	26,500	34,000	28.30%
ECitygov Alliance Contract	13,538	14,400	3,000	-79.17%
Capital Outlay	42,564	363,150	0	-100.00%
TOTAL INFORMATION TECHNOLOGY	162,172	506,225	300,820	-40.58%

TECHNOLOGY REPLACEMENT FUND

Fund: Technology Replacement - 120

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	321,812	299,677	49,130	-83.61%
Revenues				
Investment Interest	9,111	2,100	1,000	-52.38%
General Fund Subsidy	50,000	50,000	75,000	50.00%
Total Revenues	59,111	52,100	76,000	45.87%
Total Resources	380,923	351,777	125,130	-64.43%
Expenditures				
Capital Outlays	95,305	228,240	91,180	-60.05%
Total Expenditures	95,305	228,240	91,180	-60.05%
Ending Fund Balance	285,618	123,537	33,950	-72.52%

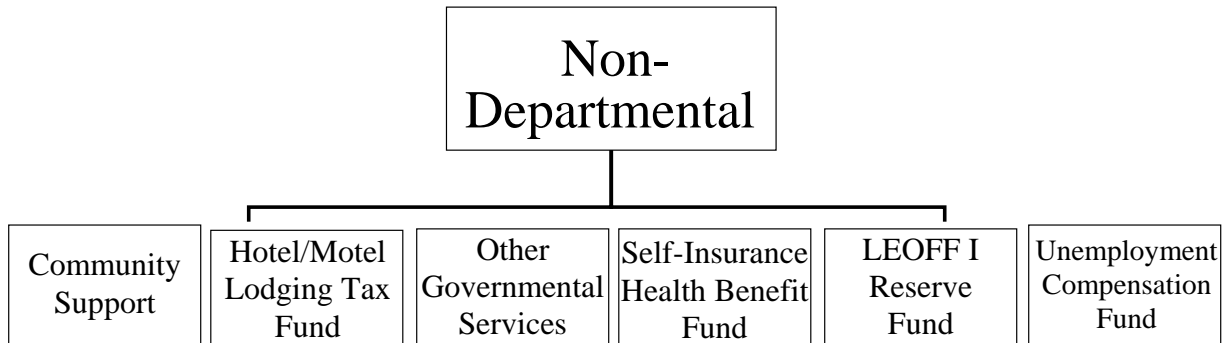


Eugene Cole and his dog take a walk on the 3rd Street bridge near the Presbyterian church, circa 1940.

Photograph courtesy of the Mukilteo Historical Society

NON DEPARTMENTAL

The Non-Departmental division is used to segregate all costs not directly identifiable to department/division and that are either required by law and/or a service which is beneficial to all citizens.



DEPARTMENT EXPENDITURE SUMMARY

NON DEPARTMENTAL	2008 Actuals	2009 Budget	2010 Budget	% Change
Community Support	83,497	89,590	51,000	-43.07%
Hotel/Motel Lodging Tax Fund	78,678	512,670	131,800	-74.29%
Other Governmental Services	2,779,119	2,031,615	2,087,500	2.75%
Health Insurance Administration Fund*	1,101,678	0	0	0.00%
LEOFF I Reserve Fund	26,136	27,000	29,400	8.89%
Unemployment Comp Reserve Fund*	26	0	0	0.00%
TOTAL	4,069,134	2,660,875	2,299,700	-13.57%

*Beginning in 2009, these expenses are budgeted to each department budget. Only a reserve is maintained in this fund.



Community Support

PURPOSE

The Community Support division includes costs associated with conducting programs, services, events or activities that promote the City, community or outreach services to the residents and businesses of Mukilteo. The division also provides support for community groups, including Community Support Funding to promote tourism and economic development and for events such as the City co-sponsored Mukilteo Lighthouse Festival.

COMMUNITY SUPPORT

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
City Newsletter	36,548	30,000	26,000	-13.33%
Community Organizational Support	15,089	20,000	10,000	-50.00%
Large Item Pickup	31,860	24,000	15,000	-37.50%
Machinery and Equipment	0	15,590	0	-100.00%
TOTAL COMMUNITY SUPPORT	83,497	89,590	51,000	-43.07%



Hotel/Motel Lodging Tax Fund

PURPOSE

This fund receives the 2% hotel/motel tax assessed on hotels/motels within the City. State of Washington RCW's restrict the use of the tax to fund tourism promotion and operations and/or maintenance of tourism facilities in the City.

The City has established a Lodging Tax Advisory Committee to advise Council on effective use of the fund's assets.

Each year, the Committee solicits grant application to fund tourism promotional opportunities within the City. The applications are reviewed by the Lodging Tax Advisory Committee, who then present their recommendations to Council.

HOTEL/MOTEL LODGING TAX FUND

Fund: Hotel/Motel Lodging Tax - 116

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	163,570	237,717	168,400	-29.16%
Revenues				
Taxes	126,887	130,000	130,000	0.00%
Investment Interest	4,939	2,200	4,500	104.55%
Interfund Loans	0	333,280	0	-100.00%
Total Revenues	131,826	465,480	134,500	-71.11%
Total Resources	295,396	703,197	302,900	-56.93%
Expenditures				
Supplies	5,740	0	0	0.00%
Community Organizational Support	72,938	139,390	131,800	-5.45%
Capital Outlays	0	373,280	0	-100.00%
Total Expenditures	78,678	512,670	131,800	-74.29%
Ending Fund Balance	216,718	190,527	171,100	-10.20%



Other Governmental Services

PURPOSE

The Other Governmental Services division contains costs that are not particular to any one department or activity. The division includes costs for general city memberships in professional organizations or associations and may include other uses that are not technically expenditures but are uses of budgetary funds.

These other uses of funds include such things as inter-fund loan repayments or transfers and contributions to other funds.

OTHER GOVERNMENTAL SERVICES

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
General Employee Benefits	9,303	6,500	4,500	-30.77%
Public Affairs & Community Outreach	14,674	62,410	74,050	18.65%
Youth Advisory Council	0	4,000	1,000	-75.00%
Insurance	164,147	176,500	218,260	23.66%
Insurance Deduct Repairs	2,000	15,000	0	-100.00%
Emergency Mgmt Miscellaneous	3,378	5,000	2,500	-50.00%
Alcohol Program	4,548	5,000	6,000	20.00%
Election Services	23,755	32,500	32,500	0.00%
Emergency Services	41,139	44,000	54,000	22.73%
Snohomish County EDC	10,000	0	0	0.00%
Commute Trip Reduction	0	1,000	1,000	0.00%
Association of Washington Cities	11,766	13,870	13,580	-2.09%
Puget Sound Air Pollution	11,536	12,800	12,510	-2.27%
Puget Sound Region Council	8,176	8,750	8,320	-4.91%
Snohomish County Tomorrow	6,437	7,000	5,250	-25.00%
Voter Registration	25,526	38,000	25,000	-34.21%
WA St Purchasing Coop	800	900	1,000	11.11%
National League of Cities	1,489	2,000	1,500	-25.00%
Snohomish County Cities	0	100	100	0.00%
Transfer to Health Insurance Admin Fund	0	0	4,870	100.00%
Transfer to LEOFF I Reserve Fund	0	0	25,000	100.00%
Transfer to Technology Repl Fund	50,000	50,000	75,000	50.00%
Transfer to EMS Fund	250,000	369,750	560,000	51.45%
Transfer to Equipment Replacement Fund	4,000	0	0	0.00%
Transfer to Street Fund	515,000	505,000	350,000	-30.69%
Transfer to Municipal Facility Fund	1,002,000	50,000	0	-100.00%
Transfer to Rec & Cultural Svcs Fund	232,915	231,535	221,560	-4.31%
Transfer to Facilities Maint Fund	386,530	390,000	390,000	0.00%
TOTAL OTHER GOVERNMENTAL SERVICES	2,779,119	2,031,615	2,087,500	2.75%



Health Insurance Administration Fund

PURPOSE

The City of Mukilteo self-insures dental and vision benefits for City staff. In 2008 and prior years, all vision and dental expenses were budgeted to and paid from the Health Insurance Administration Fund. Beginning in 2009, dental and vision expenses are budgeted to and paid from each department budget, and only the reserve is maintained in this fund.

Per State of Washington Office of Financial Management guidelines, the City is required to maintain a reserve balance equal to or exceeding 16 weeks of budgeted self-insured expenses. The minimum reserve requirement for 2010 is \$48,662. The current reserve amount maintained is \$50,000.

HEALTH INSURANCE ADMINISTRATION FUND

Fund: Health Insurance Administration - 502

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	550,709	45,126	45,130	0.01%
Revenues				
Interfund Insurance Payments	599,684	0	0	0.00%
General Fund Subsidy	0	0	4,870	100.00%
Total Revenues	599,684	0	4,870	100.00%
Total Resources	1,150,393	45,126	50,000	10.80%
Expenditures				
Personnel Benefits	764,831	0	0	0.00%
Other Services and Charges	17,647	0	0	0.00%
Transfer to LEOFF I Fund	319,200	0	0	0.00%
Total Expenditures	1,101,678	0	0	0.00%
Ending Fund Balance	48,715	45,126	50,000	10.80%



LEOFF I Reserve Fund

PURPOSE

The purpose of the LEOFF I Reserve Fund is to set aside funds to be used for the payment of medical premiums and medical expenses for LEOFF I retirees.

This fund was established in 2008 to segregate funds designated as LEOFF I Reserve Funds that were previously included in the Health Insurance Administration Fund.

LEOFF I RESERVE FUND				
Fund: LEOFF I - 009				
	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	166,754	142,060	-14.81%
Revenues				
Investment Interest	1,610	1,200	1,200	0.00%
Operating Transfers In	191,225	0	25,000	100.00%
Total Resources	192,835	167,954	168,260	0.18%
Expenditures				
LEOFF I Medical Payments	26,136	26,500	28,000	5.66%
OFM Assessment Fee	0	500	1,400	180.00%
Total Expenditures	26,136	27,000	29,400	8.89%
Ending Fund Balance	166,699	140,954	138,860	-1.49%



Unemployment Compensation Reserve Fund

PURPOSE

Unemployment Compensation Expenses are budgeted directly to each department in 2009. The Unemployment Compensation Reserve Fund maintains a reserve balance to help offset unexpected expenditures from unemployment claims processed against the City.

UNEMPLOYMENT COMPENSATION RESERVE FUND

Fund: Unemployment Compensation - 516

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	36,197	40,488	40,490	0.00%
Revenues				
Unemployment Compensation				
Charges	4,317	0	0	0.00%
Total Revenues	4,317	0	0	0.00%
Total Resources	40,514	40,488	40,490	0.00%
Expenditures				
Unemployment Compensation	26	0	0	0.00%
Total Expenditures	26	0	0	0.00%
Ending Fund Balance	40,488	40,488	40,490	0.00%



Little but the coastline is familiar in this view of the Mukilteo waterfront circa 1862. Mukilteo was the first county seat. The Frost and Fowler buildings were the first in Mukilteo.

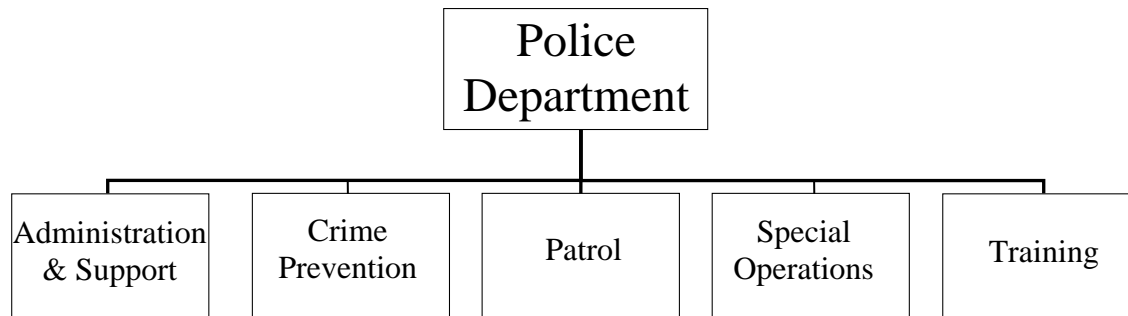
Photograph courtesy of the Mukilteo Historical Society



POLICE DEPARTMENT

The Police Department provides services for the protection of persons and property. These activities include general law and traffic enforcement, criminal investigations, animal control, and emergency service coordination and support.

The Police Department consists of five divisions: Administration and Support Services, Crime Prevention, Patrol, Training and Special Operations, as shown below.



<u>POSITION SUMMARY</u>		
Position Title	2009	2010
Police Chief	1	1
Commander	1	1
Sergeant (1=Detective Sgt.)	5	5
Detective	2	2
Crime Prevention Officer	1	1
Police Officer	18	18
Office Supervisor	1	1
Community Support Officer	1	1
Support Services Technician	2	2
Total	32	32

DEPARTMENT EXPENDITURE SUMMARY

POLICE DEPARTMENT	2008 Actuals	2009 Budget	2010 Budget	% Change
Administration & Support Services	1,195,190	1,365,590	1,194,950	-12.50%
Crime Prevention*	0	109,100	126,250	15.72%
Special Operations	233,228	358,130	370,100	3.34%
Patrol	2,496,071	2,354,135	2,390,310	1.54%
Training*	0	33,490	26,720	-20.21%
TOTAL	3,924,489	4,220,445	4,108,330	-2.66%

* New divisions added in 2009. Previously budgeted to Administration, Patrol, and Special Operations.



Administration and Support Services

PURPOSE

The Administration and Support Services Division provides overall management of the Police Department and coordinates department activities with other City departments and outside law enforcement agencies.

Included in the Division are costs for interlocal services agreements for: radio and emergency dispatch; jail fees; and animal control.

The Division manages and performs clerical and record keeping duties; updates computerized criminal justice databases; issues concealed weapon and other licenses; provides fingerprinting services; maintains evidence and property room security; provides information and assistance to the public regarding law enforcement matters; and manages the Electronic Home Monitoring Detention Program.

POSITION SUMMARY

Title	2009	2010
Police Chief	1	1
Commander	1	1
Police Officer	1	1
Office Supervisor	1	1
Community Support Officer	1	1
Support Services Technician	2	2
Total	7	7

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Jail Detention			
No. Bookings	159	147	140
Housing Days	1,197	1288	1350
Electronic Home Detention			
No. Participants	21	16	18
Detention Days	314	252	300
Internal	0	1	1
Animal Complaints	473	455	500
Case Reports	2254	2240	2220
Fingerprint Services	196	245	280
Infraction/Citations	2,677	3157	3200
Animal Licenses	380	400	420
Pistol Permits	211	265	280

2010 Goals & Objectives

- Complete a comprehensive property & evidence room manual
- Cross-Train all records personnel
- Planning in preparation of CAD/RMS software
- Stay within budget


POLICE - ADMINISTRATION & SUPPORT SERVICES

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	520,623	493,460	498,610	1.04%
Benefits	148,336	174,060	181,040	4.01%
Supplies	11,057	14,250	14,150	-0.70%
Clothing & Boots	1,142	2,500	1,250	-50.00%
Motor Fuel	5,453	5,550	4,050	-27.03%
Small Equipment	5,184	6,250	2,850	-54.40%
Professional Services	9,681	9,585	600	-93.74%
Communications	27,451	27,000	18,900	-30.00%
Travel & Training	2,967	300	300	0.00%
Motor Pool Charges	9,315	8,705	0	-100.00%
Vehicle Repair and Maintenance	1,213	2,000	2,000	0.00%
Equipment Repair and Maintenance	1,586	3,850	3,850	0.00%
Dues & Memberships	530	1,000	900	-10.00%
Printing and Binding	276	2,000	2,000	0.00%
Domestic Violence Services	0	5,000	0	-100.00%
Concealed Pistol License	5,191	3,500	5,000	42.86%
Home Detention	2,197	2,000	2,000	0.00%
Jail Contract	80,788	67,900	95,000	39.91%
Animal Shelter Fees	12,760	18,000	15,000	-16.67%
Drug Task Force	4,622	4,600	4,600	0.00%
Dispatch Services	281,203	295,265	319,420	8.18%
SERS Operating Assessment	22,074	24,815	23,430	-5.58%
Capital Outlay	41,541	194,000	0	-100.00%
TOTAL POLICE - ADMINISTRATION & SUPPORT SERVICES	1,195,190	1,365,590	1,194,950	-12.50%



Crime Prevention

PURPOSE

The Crime Prevention Program was established as a separate division in 2009, to better track Crime Prevention costs for budgeting.

Activities include media releases, conducting Citizen Police Academies, coordinating the City's National Night Out Against Crime Event. The Crime Prevention Officer also makes presentations to schools, civic clubs and homeowner associations.

This Officer conducts the False Alarm Reduction Program and performs Crime Trend Analysis. The Crime Prevention officer works with Block Watch groups and will supervise the new Volunteer Program starting in 2010.

POSITION SUMMARY

Title	2009	2010
Police Officer	1	1
Total	1	1

PERFORMANCE INDICATORS

Title	2009 Est.	2010 Est.
Volunteer Hours	0	100
Security Surveys	10	10
Presentations	25	30
Special Projects	5	10

2010 Goals & Objectives

- Establish a Police Volunteer Program
- Reestablish National Night-Out Against Crime Event
- Conduct at least one Citizens' Police Academy
- Help establish new Block Watch groups
- Stay within budget

**POLICE - CRIME PREVENTION**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	0	72,735	82,150	12.94%
Benefits	0	27,115	30,150	11.19%
Supplies	0	1,350	4,450	229.63%
Clothing & Boots	0	500	2,900	480.00%
Motor Fuel	0	2,000	2,000	0.00%
Small Equipment	0	0	500	100.00%
Travel and Training	0	0	1,900	100.00%
Postage	0	1,000	0	-100.00%
Printing & Binding	0	400	700	75.00%
Motor Pool Charges	0	4,000	1,000	-75.00%
Background Investigation	0	0	500	100.00%
TOTAL POLICE - CRIME PREVENTION	0	109,100	126,250	15.72%



Patrol

PURPOSE

The Patrol Division provides 24-hour per day active police patrol service to the community, and maintains at least three Commissioned Officers on duty at all times.

Activities include uniformed police patrol; arrest of suspected criminals; traffic enforcement; responding to calls for service; crime prevention, detection, and investigation; traffic collision investigation; and citizen assistance.

The Division works with neighborhoods, citizens, businesses, and community groups to identify and resolve community problems.

POSITION SUMMARY

Title	2009	2010
Sergeant	4	4
Police Officer	17	17
Total	21	21

PERFORMANCE INDICATORS

	2008	2009	2010
	Actual	Estimate	Estimate
Dispatched Events	12,488	13099	13500
Citations/Infractions	2,677	3157	3200
Case Reports	2,254	2240	2220
Average Response Time (Min)			
Emergency/Priority Calls	4.18	4.10	4.5
Non-Priority Calls	6.96	6.12	6.12

2010 Goals & Objectives

- Maintain minimum deployment of three patrol officers per shift
- Train one additional officer in advanced traffic procedures
- Stay within budget



POLICE - PATROL

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	1,654,719	1,536,800	1,652,080	7.50%
Benefits	489,980	525,810	570,800	8.56%
Supplies	20,882	1,880	1,880	0.00%
Clothing & Boots	25,769	32,400	32,400	0.00%
Motor Fuel	50,550	48,550	48,550	0.00%
Small Equipment	9,982	9,525	6,000	-37.01%
Professional Services	2,568	7,000	6,000	-14.29%
Travel & Training	5,809	500	500	0.00%
Motor Pool Charges	184,407	164,570	45,000	-72.66%
Equipment Repairs & Maintenance	2,928	27,100	27,100	0.00%
Dues and Memberships	50	0	0	0.00%
Computer Hardware	5,547	0	0	0.00%
Other Machinery & Equipment	12,885	0	0	0.00%
Vehicular Equipment	29,995	0	0	0.00%
TOTAL POLICE - PATROL	2,496,071	2,354,135	2,390,310	1.54%



Special Operations

PURPOSE

The Special Operations Division provides follow up investigation of all major crimes and supplemental law enforcement services.

Follow-up investigations of numerous felony and certain misdemeanor crimes, incorporates many of the following: crime scene investigation; identifying, developing, and pursuing leads; preparing and serving search warrants; conducting surveillance or undercover activities; interviewing suspects and victims; preparing suspect composite drawings; gathering and processing evidence; recovering stolen property; arresting and/or transporting suspects; and preparing cases for presentation in court.

The Division monitors registered sex offenders, and conducts background checks on prospective department members and City employees.

POSITION SUMMARY

Title	2009	2010
Detective Sergeant	1	1
Detective	2	2
Total	3	3

PERFORMANCE INDICATORS

Crime	2008	2009	2010
	Actual	Estimate	Estimate
Homicide	0	0	0
Rape	3	5	3
Robbery	6	5	12
Aggravated Assault	21	10	11
Burglary	159	165	170
Theft	362	420	440
Vehicle Theft	56	42	65
Total	607	647	701

2010 Goals & Objectives

- Continue participation in Regional Police Intelligence (RIG) Group
- Coordinate with the Crime Prevention Division on Crime Trend Analysis
- Stay within budget



POLICE - SPECIAL OPERATIONS

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	158,128	244,065	263,800	8.09%
Benefits	52,911	83,775	89,540	6.88%
Supplies	3,661	950	1,050	10.53%
Clothing & Boots	337	400	400	0.00%
Motor Fuel	7,126	7,000	7,000	0.00%
Small Equipment	841	300	300	0.00%
Professional Services	0	300	300	0.00%
Travel & Training	838	900	800	-11.11%
Motor Pool Charges	5,850	13,530	0	-100.00%
Vehicle Repairs & Maintenance	1,074	2,500	2,500	0.00%
Equipment Repairs and Maintenance	0	500	500	0.00%
Investigation Costs	2,462	3,910	3,910	0.00%
TOTAL POLICE - SPECIAL OPERATIONS	233,228	358,130	370,100	3.34%



Training

PURPOSE

This Division was created in 2009, but its budget was significantly reduced due to budget cuts. It is under the supervision of the Police Commander, who remains in the Administration Division.

PERFORMANCE INDICATORS

	2009 Est.	2010 Est.
Training hours	2000	1500
Safety training hours	300	300
% of officers meeting min training hours	96	85

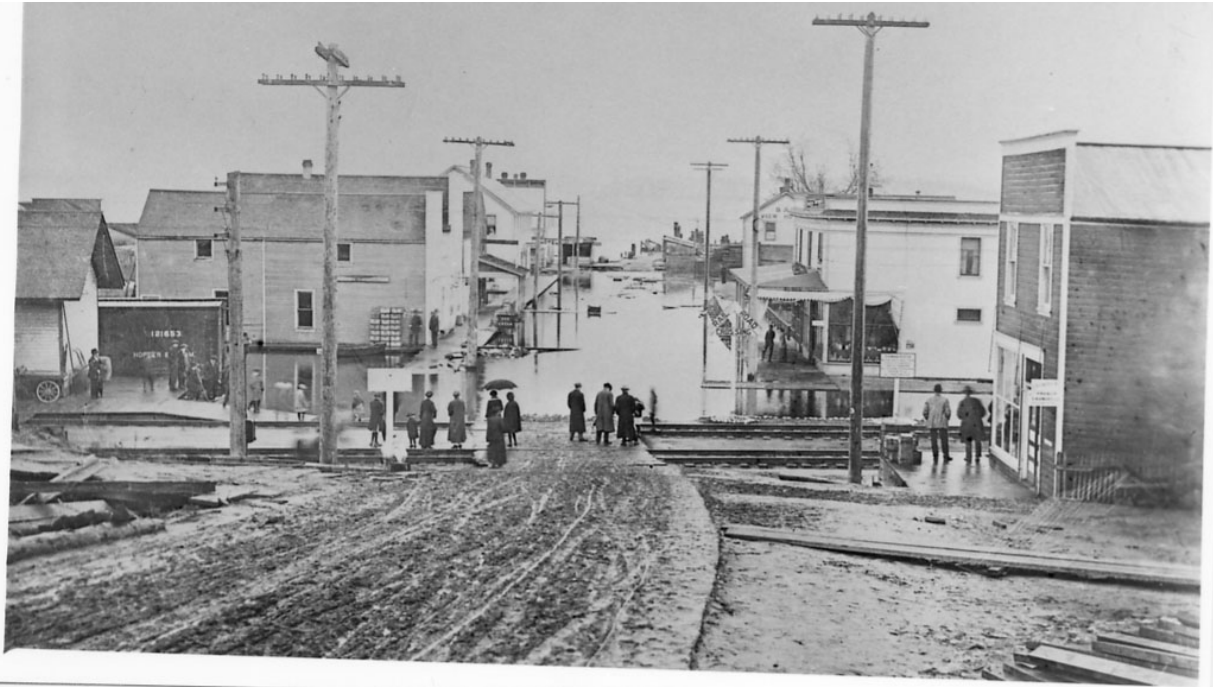
2010 Goals & Objectives

- Assure minimum required training hours are met
- Meet standards for safety training requirements
- Stay within budget

**POLICE - TRAINING**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	0	6900	6,000	-13.04%
Benefits	0	0	780	100.00%
Supplies	0	12,750	9,000	-29.41%
Small Equipment	0	500	300	-40.00%
Professional Services	0	2490	2,490	0.00%
Travel & Training	0	10850	8,150	-24.88%
TOTAL POLICE - TRAINING	0	33,490	26,720	-20.21%



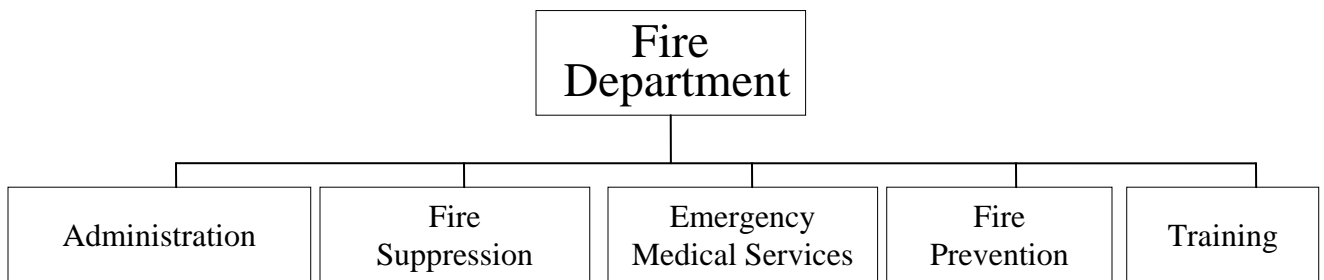
Mukilteo residents turn out to view an unusually high tide on Park Avenue in this undated photograph.

Photograph courtesy of the Mukilteo Historical Society

FIRE DEPARTMENT

The Fire Department protects lives and property by providing Fire Suppression, Technical Rescue, Hazardous Material responses and Emergency Medical Services to the community. The Department is a combination department presently staffed by 29.5 full-time Career Personnel and 15 Reserve Firefighters together. The Fire Department serves the City from two Fire Stations staffed by career personnel 24-hours per day, 365 days per year: Fire Station 24 (#1), located in the northern part of the City, and Fire Station 25 (#3), located in the central part of the City.

The Department is organized into five divisions:



POSITION SUMMARY		
Position Title	2009	2010
Fire Chief	1	1
Assistant Fire Chief	1	1
Fire Marshall	1	1
Training Captain	1	1
Fire Captain	6	6
Firefighter	9	9
Firefighter/Paramedic	9	9
Reserve Firefighters	15	15
Reserve EMS Provider	7	0
Senior Department Assistant	1	1
Department Assistant	0.5	0.5
Total	51.5	44.5

DEPARTMENT EXPENDITURE SUMMARY

FIRE DEPARTMENT	2008 Actuals	2009 Budget	2010 Budget	% Change
Administration and Support*	0	313,605	300,730	-4.11%
Training*	0	187,895	161,330	-14.14%
Fire Prevention*	0	130,875	120,540	-7.90%
Fire Suppression	1,875,652	1,549,146	1,559,390	0.66%
Emergency Medical Services	1,706,763	1,800,885	1,634,600	-9.23%
TOTAL	3,582,415	3,982,406	3,776,590	-5.17%

* Separate divisions added in 2009. Previously included in Fire Suppression and EMS divisions.

Fire Administration

PURPOSE

The Fire Administration division provides activities of a general nature up to oversight management of the Fire Department's five divisions and all personnel. This division provides direction to Department personnel in accordance with goals and objectives. This division oversees the operating budget, develops strategic planning and oversees disaster planning programs. All program documentation, processing and archiving is completed in this division.

POSITION SUMMARY

Position Title	2009	2010
Fire Chief	1	1
Assistant Fire Chief	1	1
Senior Department Assistant	1	1
Department Assistant	0.5	0.5
Total	3.5	3.5

2010 GOALS & OBJECTIVES

- Personnel records, Emergency Response Reports, Training Records, Fire Inspection Records, Public Education records and other correspondences will be processed, filed and archived within Washington State Record Keeping and Archiving criteria.
- Fire Department five divisions and their operating budgets will maintain a positive financial balance and expenditures will be accurately paid out.
- Facilities, vehicles and equipment will be maintained in a ready-use condition.
- Establish department Goals and Objectives.

FIRE ADMINISTRATION

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	0	215,235	213,630	-0.75%
Benefits	0	58,635	61,750	5.31%
Supplies	0	3,550	2,800	-21.13%
Clothing/Uniforms	0	1,500	2,600	73.33%
Motor Fuel	0	2,835	4,000	41.09%
Small Equipment	0	2,000	500	-75.00%
Professional Services	0	2,145	1,500	-30.07%
Communications	0	2,000	3,950	97.50%
Motor Pool Charges	0	12,175	0	-100.00%
Vehicle Repairs & Maintenance	0	7,430	7,500	0.94%
Equipment Repairs and Maintenance	0	3,200	1,000	-68.75%
Dues & Memberships	0	1,400	1,500	7.14%
Office Equipment	0	1,500	0	-100.00%
TOTAL FIRE	0	313,605	300,730	-4.11%
ADMINISTRATION				

Training

PURPOSE

The Training division is responsible for all aspects of training and safety to include classes in tactics and strategy, fire suppression, emergency medical services, rescue and extrication, hazardous materials, disaster response, and leadership along with personnel management.

The Training Captain also serves as the department Safety Officer which encompasses emergency scene safety responsibilities, personnel health and safety in addition to non-emergency risk assessment and management.

POSITION SUMMARY

Position Title	2009	2010
Captain	1	1
Total	1	1

PERFORMANCE INDICATORS

	2009 Est.	2010 Est.
Training/Service Hours		
EMS (Advanced Life Support)	472	500
EMS (Basic Life Support)	1,124	1,638
Fire	849	1,512
Specialty (Haz-Mat)	256	264
Specialty (Technical Rescue)	476	272
Career and Rank Development	1,420	1,750

2010 GOALS & OBJECTIVES

- Provide on-going training to meet State/Federal requirements and maintain job skills for all personnel.
- Increase regional training activity with neighboring fire department jurisdictions and other Snohomish County Public Safety Agencies.
- Increase personnel knowledge and abilities to perform emergency services through contracted instructors and professional trainers.
- Quarterly reporting of training statistics and accomplishments.
- Implementation (phase II) of professional development plan for department members.

**FIRE TRAINING**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries & Wages	0	119,820	97,170	-18.90%
Benefits	0	19,205	20,460	6.53%
Supplies	0	8,550	5,400	-36.84%
Clothing/Uniforms	0	750	500	-33.33%
Small Equipment	0	1,000	1,000	0.00%
Professional Services	0	12,870	12,600	-2.10%
Communications	0	150	1,300	766.67%
Travel & Training	0	21,500	22,350	3.95%
Repairs & Maintenance	0	1,500	500	-66.67%
Dues & Memberships	0	50	50	0.00%
Equipment	0	2,500	0	-100.00%
TOTAL FIRE TRAINING	0	187,895	161,330	-14.14%

Fire Prevention

PURPOSE

The Fire Prevention division provides fire safety inspections, fire prevention education and other community services. This division oversees Public Education programs, station tours, safety education classes and CPR programs.

The Fire Marshal performs technical inspections of buildings and facilities to determine conformity with the city fire and building codes. This division also conducts education services for fire prevention methods and other prevention programs. This division determines cause and origin of fires and prepares case material for prosecution.

POSITION SUMMARY

Position Title	2009	2010
Fire Marshal	1	1
Total	1	1

PERFORMANCE INDICATORS

	2009 Est.	2010 Est.
Training/Service Hours		
Fire Safety Inspections & business data entry	600	500
Fire Safety/Prevention Education	600	400
Development Standards	-	300
Code compliance: Plan Checks & Field Inspections	600	500
Fire Permitting	150	200

2010 GOALS & OBJECTIVES

- Increase quality of business fire and life safety inspections.
- Increase quality of new and existing building code plan reviews.
- Increase participation in public education programs (CPR, Basic First Aid, emergency preparedness at home and business).
- Improve fire permitting and field inspection processes.
- Develop and implement Fire Code and City of Mukilteo Fire development standards.
- Enter and compile business and building complex data for business fire/safety pre-fire planning.
- Provide improved introduction and code compliance for new businesses.

**FIRE PREVENTION**

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	0	86,935	86,160	-0.89%
Benefits	0	27,960	25,380	-9.23%
Supplies	0	1,700	1,700	0.00%
Clothing/Uniforms	0	750	500	-33.33%
Motor Fuel	0	1,580	1,400	-11.39%
Small Items of Equipment	0	1,500	500	-66.67%
Professional Services	0	920	700	-23.91%
Communications	0	550	1,300	136.36%
Motor Pool Charges	0	4,050	0	-100.00%
Vehicle Repairs & Maintenance	0	2,480	2,500	0.81%
Equipment Repairs and Maintenance	0	1,500	100	-93.33%
Dues & Memberships	0	950	300	-68.42%
TOTAL FIRE PREVENTION	0	130,875	120,540	-7.90%

Fire Suppression

PURPOSE

The Fire Suppression Division renders Fire Suppression, Hazardous Material and Technical Rescue services to the community and local region from two staffed fire stations. The Division regularly trains and performs drills on a local and regional basis to maintain skills and improve services. The Fire Suppression Division operates one 95' Ladder Platform, three Fire Engines, and one Rescue Unit.

POSITION SUMMARY

Position Title	2009	2010
Fire Captains	6	6
Firefighters	9	9
Reserve Firefighters	24	15
	39	30

PERFORMANCE INDICATORS

	2008 Actual	2009 Est	2010 Est.
Fire Calls	352	388	390
Service Calls	73	81	80
Total Calls	425	469	470

	2008 Actual	2009 Est	2010 Est.
Fire Unit on Scene less than 5 min 90% of the time	4.76 min	4.5 min	4.5 min

2010 GOALS & OBJECTIVES

In 2008, the Fire Department established an emergency response time deployment standard, as required by a new state law. The Department deployment standards are:

- Beginning the emergency response within 1 minute of being notified of a significant emergency structure fires. Achieve this response 90% of the time.
- First Engine Company arrives at the scene of a reported structure fire within 4 minutes of leaving the station. Achieve this response 90% of the time.
- Arrival of full first alarm assignment crews at the scene of a reported structure fire within 8 minutes of leaving the station. Achieve this response 90% of the time.
- Other deployment standards have been adopted for hazardous materials, aircraft emergencies, marine emergencies, and wildfires. However, these incidents do not occur frequently enough to accurately determine deployment and speed of response trends at this time.


FIRE SUPPRESSION

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	1,192,255	1,049,240	1,062,270	1.24%
Benefits	311,767	286,170	329,680	15.20%
Supplies	26,817	6,250	7,500	20.00%
Clothing & Boots	61,008	17,250	25,000	44.93%
Motor Fuel	13,624	7,000	5,000	-28.57%
Small Equipment	24,622	31,330	31,000	-1.05%
Professional Services	20,525	19,415	6,100	-68.58%
Communications	18,375	15,950	8,270	-48.15%
Travel & Training	7,917	0	0	0.00%
Motor Pool Charges	25,677	9,450	0	-100.00%
Vehicle Repairs and Maintenance	72,047	28,851	25,000	-13.35%
Equipment Repairs and Maintenance	9,492	6,000	3,000	-50.00%
Dues & Memberships	2,475	0	0	0.00%
Bad Debt Expense	17,520	0	0	0.00%
Dispatch Services	23,724	24,890	34,040	36.76%
SERS Operating Assessment	8,154	8,350	7,530	-9.82%
Computer Hardware	6,787	0	0	0.00%
Equipment	32,866	39,000	15,000	-61.54%
TOTAL FIRE SUPPRESSION	1,875,652	1,549,146	1,559,390	0.66%



The beach at Mukilteo was a good choice for an afternoon outing. Early residents Hazel Rulien and Othel Burley share a seat in the center of the rowboat.

Photograph courtesy of the Mukilteo Historical Society



Emergency Medical Services

PURPOSE

The Emergency Medical Services (EMS) Division provides Advanced Life Support (ALS) and Basic Life Support (BLS) services to the community with trained Paramedics and Emergency Medical Technicians (EMT's). Both fire stations are cross-staffed with ambulance services.

The division provides paramedic ALS services through a contract with the City of Lynnwood. One ALS unit is staffed with two paramedic/firefighters 24/7 and responds from the City's main Fire Station, located on Harbour Pointe Blvd N at 47th Pl W.

POSITION SUMMARY

Position Title	2009	2010
Paramedic/Firefighter	9	9
Reserve EMS Providers *	7	0
Total	16	9

* Program Disbanded in 2009

PERFORMANCE INDICATORS

	2008 Actual	2009 Est	2010 Est.
ALS Calls	496	783	800
BLS Calls	679	624	700
Total Calls	1175	1407	1500
	2008 Actual	2009 Est	2010 Est.
Medical Unit on Scene less than 5 min 90% of the time	4.52 min	4.5 min	4.5 min

2010 GOALS & OBJECTIVES

In 2008, the Fire Department established an emergency response time deployment standard, as required by a new state law. The Department deployment standards are:

- Beginning the emergency response within 1 minute of being notified of a significant emergency (critical advanced life support medical emergencies). Achieve this response 90% of the time.
- First medical vehicle arrives at the scene of a reported critical advanced life support medical emergencies within 4 minutes of leaving the station. Achieve this response 90% of the time.
- Arrival of full first alarm assignment composed of basic life support and paramedic unit at the scene of a critical advanced life support medical emergency within 8 minutes of leaving the station. Achieve this response 90% of the time.
- Establish Quality Assurance (QA) program to the EMS Division through Medical Service Officer (MSO) oversight.


EMERGENCY MEDICAL SERVICES FUND

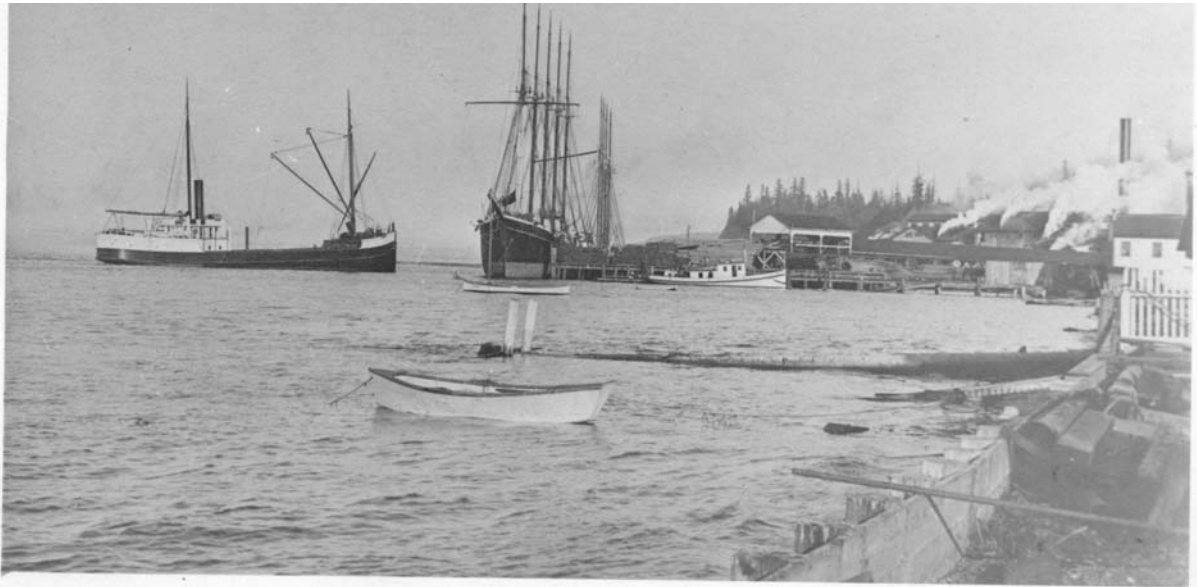
Fund: Emergency Medical Services - 126

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	844,186	499,203	189,180	-62.10%
Revenues				
EMS Levy	857,960	849,000	849,000	0.00%
ALS Charges	131,995	180,000	180,000	0.00%
Investment Interest	16,372	2,900	18,000	520.69%
Miscellaneous Revenue	2,198	10,000	0	-100.00%
Operating Transfers In	250,000	369,750	560,000	51.45%
Total Revenues	1,258,525	1,411,650	1,607,000	13.84%
Total Resources	2,102,711	1,910,853	1,796,180	-6.00%
Expenditures				
Salaries and Benefits	962,269	1,138,705	1,237,460	8.67%
Supplies	61,898	70,600	62,700	-11.19%
Other Services & Charges	114,465	101,740	47,430	-53.38%
Intergovernmental Services	536,575	452,440	249,610	-44.83%
Capital Outlay	31,556	37,400	37,400	0.00%
Total Expenditures	1,706,763	1,800,885	1,634,600	-9.23%
Ending Fund Balance	395,948	109,968	161,580	46.93%


EMERGENCY MEDICAL SERVICES

Fund: Emergency Medical Services - 126

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	762,806	905,760	959,170	5.90%
Benefits	199,463	242,080	278,290	14.96%
Supplies	38,288	40,250	40,100	-0.37%
Clothing & Boots	10,510	12,750	5,000	-60.78%
Motor Fuel	8,539	6,000	6,000	0.00%
Small Equipment	4,561	11,600	11,600	0.00%
Billing Services	15,417	19,400	15,000	-22.68%
Professional Services	10,457	14,090	10,100	-28.32%
Communications	1,765	550	6,330	1050.91%
Travel & Training	4,369	0	0	0.00%
Motor Pool Charges	44,700	44,700	0	-100.00%
Vehicle Repairs and Maintenance	15,779	20,000	15,000	-25.00%
Equipment Repairs and Maintenance	4,978	3,000	1,000	-66.67%
Bad Debt Expense	17,000	0	0	0.00%
Dispatch Services	71,173	74,665	102,100	36.74%
Paramedic Services Contract	462,684	366,000	0	-100.00%
Lynnwood Contract	0	0	145,000	100.00%
SERS Operating Assessment	2,718	2,640	2,510	-4.92%
Equipment	31,556	37,400	37,400	0.00%
TOTAL EMERGENCY MEDICAL SERVICES	1,706,763	1,800,885	1,634,600	-9.23%



Two five-masted schooners dock at the bustling Crown Lumber Company in this photograph taken between 1913-1916. The white tug at the dock is the Crown Lumber Mill tug, the “Mukilteo,” built in 1907.

Photograph courtesy of the Mukilteo Historical Society



PLANNING & COMMUNITY DEVELOPMENT

The Planning and Community Development Department is responsible for developing long-range plans to help guide the City's physical development, as well as regulating land uses and administering the development process. Building is responsible for building plan review and inspections. The Permit Center supports planning, development and building activities, as well as Public Works engineering projects & development review.

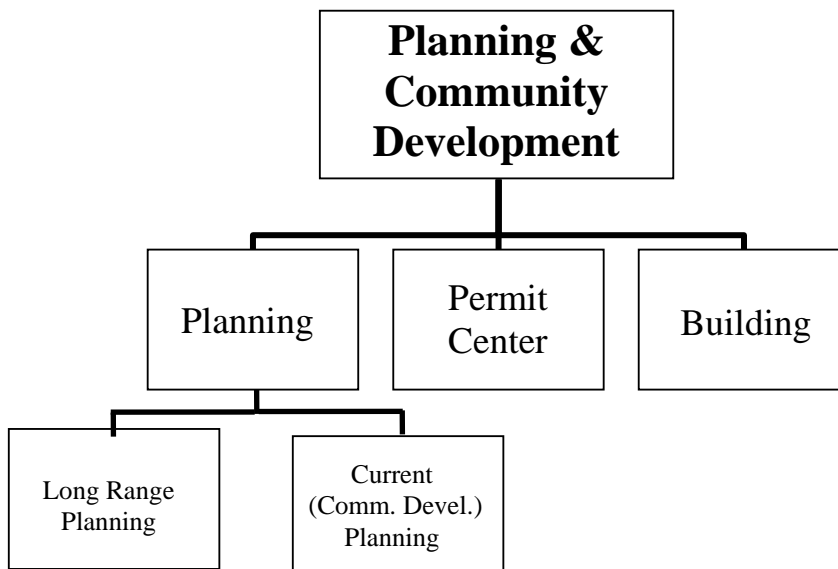
The Community Development Division is responsible for enforcing the City's land use and zoning regulations, reviewing all development proposals, investigating citizen complaints regarding violations of local land use regulations. Staff has been shifted from development review to long-range planning tasks due to the downturn in the economy.

The Planning (long-range) division staff is responsible for drafting new or revising codes, and leading the City's planning efforts required by the State's Growth Management Act as well as guiding economic development, business retention, safe guard neighborhoods and oversee waterfront redevelopment.

The Department provides support to the Planning Commission and Hearing Examiner, and provides information and assistance to the public regarding development regulations and information.

During 2007-2009 planning staff provided project management services and prepared permit applications and SEPA documentation for city park and trail projects. In 2010 staff will share responsibilities for project management and inspections on Lighthouse Park Phase 2, Community Center and Commons, and habitat enhancement projects.

The Department is organized into three divisions as shown below.





PLANNING & COMMUNITY DEVELOPMENT

POSITION SUMMARY		
Position Title	2009	2010
Planning Director	1	1
Assistant Director	1	1
Permit Services Supervisor	1	1
Permit Services Assistant	3	3
Senior Planner	1	1
Associate Planner	1	1
Assistant Planner	2	2
Intern	0.25	0.25
Building Official	1	1
Total	11.25	11.25

DEPARTMENT EXPENDITURE SUMMARY

Division	2008 Actuals	2009 Budget	2010 Budget	% Change
Planning	860,528	1,055,900	727,140	-31.14%
Permit Center	310,544	348,025	338,610	-2.71%
Building	162,621	155,375	134,900	-13.18%
TOTAL	1,333,693	1,559,300	1,217,050	-21.95%



A post card of early Mukilteo shows a view from Front Street Towards the Klemp Hotel. In the center is the Great Northern Depot complete with boxcar.

Photograph courtesy of the Mukilteo Historical Society

Planning

PURPOSE

The Planning division provides comprehensive long range planning and the Community Development division provides current planning land use services to the City and its citizens while ensuring compliance with Federal, State, and local laws. It also reviews all land use applications acting as lead Project Manager to determine: impact on the environment, appropriate mitigation, and development alternatives to proposed uses or developments based on the City's Municipal Code. The CD division also provides land use code compliance.

The Department staff provides general assistance and staff support to City Council, Planning Commission, and Hearing Examiner. The Planning division support includes conducting general or specialized land use research; developing ordinances, policies and/or programs; facilitating large-scale or multi-agency development proposals.

The Department serves as the City's lead agency for the development of the Comprehensive Plan, Functional Plans and preparing the new Unified Development Code including the zoning code.

<u>POSITION SUMMARY</u>		
Position Title	2009	2010
Planning Director	1	1
Assistant Director	1	1
Senior Planner	1	1
Associate Planner	1	1
Assistant Planner	2	2
Intern	0.25	0.25
Total	6.25	6.25

PERFORMANCE INDICATORS

	2008 Actual	2009 YE Est.	2010 Proj.
Plats & Short Plats*	6	5	0
Land Use Applications	14	10	4
SEPA Review	30	15	10
Sign Application	27	22	10
State Required Actions	2	2	2
City Projects	3	5	3
Plans/Projects or Codes	8	6	5
Land Use Code Compliance	80	25	70
Signs Code Compliance**	10	0	20
Notices of Violation	3	2	2

* - 2 to complete

** - new code update will require more enforcement

2010 GOALS & OBJECTIVES

- Evaluate/maintain/improve processing time for development applications and report to the State on 120 day compliance or non-compliance as mandated for cities over 20,000 using the new on-line permit tracking system.
- Provide public information via website.
- Initiate 2011 Comp Plan update with 2040 population and employment projections with \$30K grant.
- Initiate & complete Public Process for Shoreline Management Program – Plan and Code with \$ 45K grant.
- Continue Unified Development Code amendments.
- Resolve code & enforcement of sign code regulations on public rights-of-way.
- Continue code compliance efforts primarily on complaint basis.
- Provide oversight & coordination of waterfront projects.
- Lead Japanese Gulch fish passage projects.
- Assist with Annexation if needed.



PLANNING

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages*	451,314	471,880	458,140	-2.91%
Benefits*	132,630	151,630	148,700	-1.93%
Supplies	838	1,605	600	-62.62%
Motor Fuel	90	300	300	0.00%
Small Equipment	264	845	300	-64.50%
Professional Services	123,510	80,500	0	-100.00%
Reimbursable Consulting	3,060	6,500	6,500	0.00%
Communications	23,863	16,900	17,700	4.73%
Travel and Training	3,976	9,500	2,700	-71.58%
Legal Publications	3,538	4,200	5,000	19.05%
Motor Pool Charges	4,000	3,240	0	-100.00%
Vehicle Repairs and Maintenance	384	400	250	-37.50%
Dues & Memberships	1,480	2,000	1,500	-25.00%
Printing and Binding	649	1,000	400	-60.00%
Annexation Services	93,804	95,000	0	-100.00%
Hearing Examiner	17,003	20,000	10,000	-50.00%
Miscellaneous	125	400	50	-87.50%
Comprehensive Plan	0	60,000	75,000	25.00%
Computer Software	0	130,000	0	100.00%
TOTAL PLANNING	860,528	1,055,900	727,140	-31.14%

*A portion of salaries and benefits is budgeted to the Surface Water Management fund beginning in 2010.



Permit Center

PURPOSE

The Permit Center division in the Planning and Community Development Department manages and operates the City Hall Information Desk and Permit Center; and provides clerical and support services to the Public Works, and Planning and Community Development Departments.

The Permit Center staff assists citizens and applicants with general zoning information; technical and general permit assistance; tracks all requests/applications; issues permits; serves as the City's central cashiering location; and provides initial contact over the counter and on the phone for City Hall.

Support services provided to departments includes the establishment and transfer of data to a new computerized on-line permit tracking system, and maintenance of data bases related to development status, reports; preparation and distribution of commission packets; public noticing; records management; information brochures; and assistance with department web page for meetings, notices and development project information.

POSITION SUMMARY

Position Title	2009	2010
Permit Services Supervisor	1	1
Permit Services Assistant	3	3
Total	4	4

PERFORMANCE INDICATORS

	2008 Actual	2009 YE Est.	2010 Proj.
Land Use Applications	14	10	3
Packets Distributed	402	400	400
Notices	6,015	10,000	8,000
Building Related Permits	311	250	200
Right-of-Way	145	120	100
Files Opened	606	550	500

2010 GOALS & OBJECTIVES

- Maintain customer services commitment.
- Expand electronic applications and project tracking.
- Track/evaluate/improve processing time for permit issuance.
- Provide public information brochures, handouts and application packets.
- Maintain department webpage for notices, meeting dates and development projects.
- Continue records conversion from paper records to computerized digital format until completed.



PERMIT CENTER

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	211,767	226,105	223,100	-1.33%
Benefits	80,787	92,320	94,860	2.75%
Supplies	2,727	7,100	3,700	-47.89%
Professional Services	13,780	15,000	0	-100.00%
Communications	0	200	1,100	450.00%
Travel & Training	1,224	4,200	700	-83.33%
Dues & Memberships	85	300	50	-83.33%
Subscriptions	0	100	0	-100.00%
Printing & Binding	142	1,200	100	-91.67%
Miscellaneous	32	1,000	0	-100.00%
Software	0	500	15,000	100.00%
TOTAL PERMIT CENTER	310,544	348,025	338,610	-2.71%



Building

PURPOSE

The Building division is organized as part of the Planning and Community Development Department.

The division protects the public health and safety by ensuring that all structures are built in accordance with adopted building codes. It also assigns all street addresses.

The division provides information to the public on building code requirements, reviews and approves building plans, and performs a complete range of building services including plan check review and inspection services for all required codes, including building, plumbing, mechanical, energy, barrier free, air quality, and building heights. The State of Washington conducts electrical system plan checks and inspections. The Fire Department Fire Marshall reviews all development projects for International Fire code compliance with the assistance of contracted staff.

The division also investigates complaints regarding illegal or unsafe structures and when necessary, initiates code enforcement orders against violators.

Division activities are funded through fees paid by private developers and residents.

During the year, the division anticipates that it will issue permits for \$11,000,000 assessed value of new development, which will include commercial, industrial projects and less than 20 residential units.

PERFORMANCE INDICATORS

	2008	2009	2010
	Actual	YE Est.	Proj.
Permits Issued	311	250	200
Site Inspections	2,300	1,750	1,400
Value (million \$)	\$ 39	\$ 12	\$ 11
Revenue (thousand \$)	\$ 486	\$ 299	\$ 112

2010 GOALS & OBJECTIVES

- Utilize on-line electronic application submittals, permit issuance and inspections.
- Maintain permit flow / turn-around times.
- To maintain pro-active stance and oversight during the development of critical / difficult sites.
- To assist in the evaluation of building fees and to make adjustments based on actual/estimated cost of service.



BUILDING

Fund: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	88,296	90,505	85,520	-5.51%
Benefits	27,890	30,930	30,000	-3.01%
Supplies	2,325	2,558	1,200	-53.09%
Motor Fuel	1,466	1,400	1,000	-28.57%
Small Equipment	242	842	200	-76.25%
Professional Services	19,063	20,100	12,050	-40.05%
Communications	2,934	3,300	3,100	-6.06%
Travel & Training	713	1,300	800	-38.46%
Motor Pool Charges	6,480	3,240	0	-100.00%
Vehicle Repairs & Maintenance	3,087	600	600	0.00%
Dues & Memberships	390	400	430	7.50%
Printing and Binding	269	200	0	-100.00%
Records Retention	9,466	0	0	0.00%
TOTAL	162,621	155,375	134,900	-13.18%



Some days a rowboat was the best way to get around town, as seen in this image of a high tide on Park Avenue.

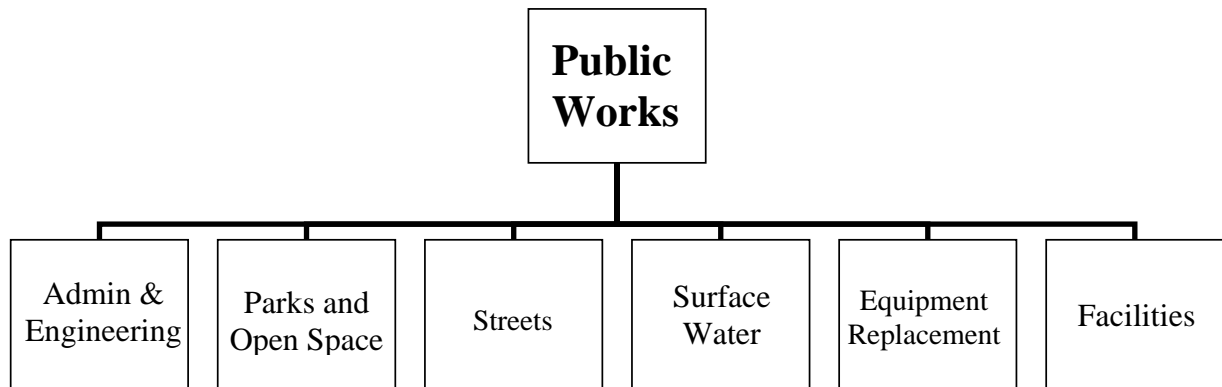
Photograph courtesy of the Mukilteo Historical Society

PUBLIC WORKS DEPARTMENT

The Public Works Department is responsible for the planning, design, construction and maintenance of City-owned infrastructure facilities and buildings as well as approval of all engineering aspects of development – public and private. This work takes place on or involves:

- 67 miles of streets
- Two traffic signals
- 35 miles of storm drains
- 499 acres of parklands and landscaped areas, including tidelands
- 75 vehicles and pieces of equipment – excluding police and fire (Equipment Rental)
- 16 municipal buildings – including 2 Fire Stations, a Police Station, the Public Works Shop, old public works shop, City Hall, the Light House buildings (4), Lighthouse Park (4), 92nd Street Park (1) building and the Community Center.
- 1,486 Street lights (City owned: 310; PUD owned: 1,176) The City monitors the operation of all street lights, regardless of ownership (PUD or City).

The Department is organized into six operating divisions as shown below:



DEPARTMENT EXPENDITURE SUMMARY

Division	2008 Actuals	2009 Budget	2010 Budget	% Change
Administration & Engineering	472,224	428,600	343,350	-19.89%
Parks and Open Space	547,776	690,450	638,590	-7.51%
Streets	795,528	812,290	665,260	-18.10%
Surface Water	1,027,124	1,989,525	1,686,810	-15.22%
Equipment Replacement	535,579	167,000	2,000	-98.80%
Facilities Maintenance	508,828	463,490	409,510	-11.65%
TOTAL	3,887,059	4,551,355	3,745,520	-17.71%

<u>POSITION SUMMARY</u>		
Position Title	2009	2010
Public Works Director	1	1
Assistant City Engineer	1	1
Engineering Technician	2	2
Lead Serviceworker	4	4
Park/Utility Service Work	8	8
Park Attendant	1.5	1.5
Superintendent	1	1
Department Assistant	0.5	0.5
Total	19	19



The Bay View Hotel, where meals can be had for 25 cents, is decked with icicles after a heavy snow in 1916.

Photograph courtesy of the Mukilteo Historical Society

Administration and Engineering

PURPOSE

The Administration and Engineering Division of Public Works:

- Manages public works projects that maintain the City's capital assets or build new ones.
- Performs development review relative to City infrastructure and engineering standards.
- Establishes standards for development of infrastructure and applies those standards and policies to regulate the use of the City's right-of-ways.
- Oversees the operations and maintenance (O&M) divisions of public works (storm water, streets, parks, facilities, equipment maintenance).
- Provides support to the Public Works O&M divisions, Community Development Department, the Police and Fire Departments and oversees the Public Works role as a first responder in the event of an emergency.
- Manage the City's right-of-way permit program.
- Manage the City's street light program through agreements for service with Snohomish County PUD and Snohomish County Public Works (for lights wholly owned by the City).
- Manages the City's traffic signals through a contract with the Snohomish County Public Works.
- Is responsible for the City's transportation plan and assists with the development of the City's Capital Improvement Program.

POSITION SUMMARY

Position Title	2009	2010
Public Works Director	1	1
Assistant City Engineer	1	1
Engineering Technician	2	2
Total	4	4

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Plat Reviews	6	5	0
SEPA Reviews	30	15	10
ROW Permits	145	120	100
Grading Permits	16	9	6
Capital Projects Managed	4	15	7
Capital Projects Constructed	4	7	5
Lot Line Adjustments	3	3	3
Sign Permits	27	22	10
Traffic Studies (speed/count)	0	6	6
Engineering Studies/Design	3	2	2

2010 GOALS & OBJECTIVES

- Finish code updates/reviews: Storm water, grading and geological sensitive area regulations (carry over).
- Implement 2009 carry-over capital projects and initiate the 2010 ones.
- Adopt sidewalk management code (carry over project).
- Continue updating the GIS system to include all City assets (streets, storm water, parks, and buildings).
- Continue implementation of the NPDES Phase II permit requirements.
- Continue with implementation the pavement management system program.
- Meet development review timeline goals.



PUBLIC WORKS - ADMINISTRATION & ENGINEERING

Funds: General - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	193,880	229,315	226,550	-1.21%
Benefits	60,073	75,030	68,260	-9.02%
Supplies	566	2,200	1,100	-50.00%
Motor Fuel	2,109	2,200	600	-72.73%
Small Equipment	324	5,400	400	-92.59%
Professional Services	169,937	90,000	37,500	-58.33%
Communications	4,710	5,000	3,850	-23.00%
Online Fees	2,400	2,500	0	-100.00%
Travel & Training	2,639	3,000	2,910	-3.00%
Motor Pool Charges	8,026	11,455	0	-100.00%
Repairs and Maintenance	195	1,200	900	-25.00%
Dues & Memberships	696	600	600	0.00%
Printing And Binding	50	500	150	-70.00%
File, Recording Fees	95	200	400	100.00%
Railroad Quiet Zone Contract	15,337	0	0	0.00%
MRSC Small Works Roster	0	0	130	100.00%
Vehicular Equipment	11,187	0	0	0.00%
TOTAL PUBLIC WORKS - ADMINISTRATION & ENGINEERING	472,224	428,600	343,350	-19.89%



Parks and Open Space

PURPOSE

The Parks and Open Space Division of Public Works maintains all of the City-owned parklands and landscaped areas. Maintenance and improvement activities take place on 499 acres of parks and open space that includes five municipal facility building sites (police station, two fire stations, City Hall and the public works shop).

Maintenance activities include: mowing, fertilizing, pruning, weeding, planting of new plants, and spraying of herbicides and insecticides. Daily cleaning of park and landscaped areas (at Lighthouse Park and 92nd St. Park) and maintaining of park structures including benches and tables.

Improvement work is generally in the form of minor additions to a park, replanting, or clearing of an area. The Division also conducts the hanging flower basket program.

POSITION SUMMARY

Position Title	2009	2010
Superintendent	0.2	0.2
Lead Serviceworker	1	1
Park/Utility Service Work	4	4
Park Attendant	1.5	1.5
Total	6.7	6.7

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
<u>Acreage</u>			
Parks	58	64	64
Open Space	357	357	357
Tidelands	84	84	84
Total Acreage	499	505	505
<u>Parks</u>			
Number of Parks	33	33	33
Parks - Supervised	1	1	1
Recreation Trails	4	7	7
<u>Lighthouse Park</u>			
Hours Open to Public	5100	5100	5100
Hours Supervised	2500	2500	2500
<u>Landscape Maintenance</u>			
Sites Maintained	23	23	24
Acres Maintained	124	124	124.1
Acres Mowed	22	20	20
Trees Planted	7	10	10
Shrubs/Flowers	190	500	250

2010 GOALS & OBJECTIVES

- Continue working on Level of Service standards for all parks and landscape areas with an emphasis on Lighthouse Park and 92nd St. Park.
- Carry over: Continue to work on a plan that combines crew and contract labor for achieving the LOS established for each park and landscape area.
- Continue with the hanging basket program.



PARKS AND OPEN SPACE FUND

Fund: Parks and Open Space - 142

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	41,295	79,845	133,495	67.19%
Revenues				
Investment Interest	1,474	1,000	0	-100.00%
Boat Launch Revenue	32,288	34,000	0	-100.00%
Lighthouse Park LT Parking	62,533	60,000	0	-100.00%
Park Rentals	390	0	0	0.00%
Total Revenues	96,685	95,000	0	-100.00%
Total Resources	137,980	174,845	133,495	-23.65%
Expenditures				
Supplies	6,740	11,875	0	-100.00%
Other Services & Charges	50,244	84,300	0	-100.00%
Transfer to General Fund	0	0	133,495	100.00%
Total Expenditures	56,984	96,175	133,495	38.80%
Ending Fund Balance	80,996	78,670	0	-100.00%

Beginning in 2010, Parks and Open Space expenditures are budgeted entirely to the General Fund (see following page). The remaining balance in the Parks and Open Space Fund is budgeted for transfer to the General Fund in 2010, at which time the Parks and Open Space Fund will be discontinued.



PARKS AND OPEN SPACE

Fund: General Fund - 011

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	283,387	334,920	336,140	0.36%
Benefits	105,251	140,300	147,190	4.91%
Supplies	18,849	19,000	33,850	78.16%
Clothing & Boots	4,195	6,875	2,880	-58.11%
Landscape Materials	6,824	20,000	10,000	-50.00%
Flower Basket Program	3,307	3,500	5,000	42.86%
Motor Fuel	13,214	12,800	5,000	-60.94%
Small Items of Equipment	5,526	7,700	3,820	-50.39%
Professional Services	21,893	18,150	12,750	-29.75%
Telephone	3,101	3,000	5,570	85.67%
Travel & Training	1,366	2,500	1,640	-34.40%
Land Rental	1,800	0	1,850	100.00%
Work Equip & Machine Rental	4,738	2,500	2,500	0.00%
Motor Pool Charges	15,728	15,705	0	-100.00%
Utilities	42,722	70,600	60,500	-14.31%
Repairs & Maintenance	7,866	12,900	4,900	-62.02%
HP Maintenance Assn Dues	2,515	5,000	5,000	0.00%
Equipment	5,494	15,000	0	-100.00%
TOTAL PARKS & OPEN SPACE	547,776	690,450	638,590	-7.51%

For 2010, the Parks and Open Space budget is allocated entirely to the General Fund. In prior years, a portion of the budget was budgeted to the Parks and Open Space Fund, which is no longer in use.



Streets

PURPOSE

The Streets Maintenance Division maintains the City's street system, including the pavement surfaces (except for SR 525 and 526), sidewalks, curbs, gutters, crosswalk flashers, signs, vegetation in the right-of-ways and illegally dumped waste in the City.

Maintenance and operations activities include: filling potholes; repainting of all pavement markings (by contract and City crews); repair, replacement, and installation of traffic control and directional/informational signs; right-of-way vegetation control; and snow and ice removal.

Of the 13 signals in the City 11 are owned, operated and maintained by the Washington State Department of Transportation as is the signage on SR 525/526.

POSITION SUMMARY

Position Title	2009	2010
Superintendent	0.3	0.3
Lead Serviceworker	1	1
Park/Utility Service Work	2	2
Total	3.3	3.3

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Miles of Street	67	67	67
Traffic Signals	2	2	2
Street Lights*	80	80	80
Potholes Repaired	100	60	60
Tons of Asphalt Used	37	60	60
Lane Lines Painted (miles)	67	70	70
Streets Swept (miles)	285	450	450
Snow/Ice Removed (hours)	500	400	400
Painted Markings (sf)	10,000	10,000	10,000
Sidewalk Repaired (sf)	480	800	500
Signs Installed/Replaced	141	150	145
Sign Posts Installed/Repl.	50	100	75

*Work orders for repair processed.

2010 GOALS & OBJECTIVES

- Continue street sign replacement program
- Prepare 3-5 miles of streets for chip seals.
- Manage contracts/agreements for street striping, vegetation control.
- Mow ROW vegetation a minimum of two times between late March and end of October.


STREETS FUND

Fund: Streets - 111

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	57,566	121,846	189,710	55.70%
Revenues				
Fuel Tax	311,093	305,000	300,000	-1.64%
Investment Interest	2,407	1,250	500	-60.00%
General Fund Subsidy	515,000	505,000	350,000	100.00%
Total Revenues	828,500	811,250	650,500	-19.82%
Total Resources	886,066	933,096	840,210	-9.95%
Expenditures				
Salaries and Benefits	343,370	379,340	366,750	-3.32%
Supplies	70,302	57,385	55,200	100.00%
Other Services & Charges	328,333	301,385	195,310	-35.20%
Intergovernmental Services	45,078	69,180	43,000	100.00%
Capital Outlay	8,445	5,000	5,000	100.00%
Total Expenditures	795,528	812,290	665,260	-18.10%
Ending Fund Balance	90,538	120,806	174,950	44.82%



Surface Water Management

PURPOSE

The Surface Water Management Division of Public Works provides surface/storm water control for the community through the maintenance of the City's drainage system (pipes, ditches, culverts, catch basins, detention facilities). Stream corridors are observed for problems and where appropriate, and with the necessary State approvals, may do limited maintenance in some creek corridors to prevent damage from flooding.

The Division develops solutions to small scale localized problems and constructs those improvements.

Street sweeping is paid for from this fund since the primary purpose of street cleaning is to reduce the amount of contamination (street contaminated sand, dirt, organic matter, and waste such as cigarette butts), getting into the City's streams. It also reduces the cost of keeping the stormwater catch basins cleaned since less material gets to them.

The Division and other related overhead costs are primarily funded by user charges. Billing services are provided through a contract with the Mukilteo Water and Sewer District. System customers are billed every two months.

POSITION SUMMARY

Position Title	2009	2010
Superintendent	0.2	0.2
Lead Serviceworker	1.5	1.5
Park/Utility Service Work	3	3
Total	4.7	4.7

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Drainage Basins	13	13	13
Miles of Pipe	34	35	35
Miles of Ditches	11	10	10
Catch Basins	2,606	2,610	2,610
Catch Basins Cleaned	720	720	1,000
Detention Ponds	95	96	96
Ponds Cleaned	0	2	10

2010 GOALS & OBJECTIVES

- Continue implementing NPDES II surface water regulations.
- Perform regular preventive maintenance of drainage system and detention ponds.
- Minor improvements to the City surface water collection, treatment and convenience system.

SURFACE WATER MANAGEMENT FUND

Fund: Surface Water - 440

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	958,576	1,289,280	1,786,030	38.53%
Revenues				
Storm Drainage Fees & Charges	1,259,884	1,250,000	1,250,000	0.00%
State Grants	6,211	431,000	0	-100.00%
Investment Interest	27,719	13,000	25,000	92.31%
Interfund Transfers	9,285	0	0	0.00%
Total Revenues	1,303,099	1,694,000	1,275,000	-24.73%
Total Resources	2,261,675	2,983,280	3,061,030	2.61%
Expenditures				
Salaries & Benefits*	447,928	485,935	482,010	-0.81%
Supplies	48,133	62,885	57,240	-8.98%
Other Services & Charges	95,758	118,810	172,310	45.03%
Intergovernmental Services	53,638	66,895	74,000	10.62%
Capital Outlays**	214,667	1,060,000	705,750	-33.42%
Payment for Services	167,000	195,000	195,500	0.26%
Total Expenditures	1,027,124	1,989,525	1,686,810	-15.22%
Ending Fund Balance	1,234,551	993,755	1,374,220	38.29%

*A portion of Salaries and Benefits expense is included in the Administration & Engineering budget.

**Capital Outlays expenses are included in the Capital Improvements section of this budget book.

SURFACE WATER MANAGEMENT

Fund: Surface Water Management - 440

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	330,665	364,830	346,250	-5.09%
Benefits	117,263	132,000	135,760	2.85%
Supplies	14,928	30,500	31,000	1.64%
Clothing & Boots	3,086	3,200	3,200	0.00%
Aggregate	16,509	10,000	10,000	0.00%
Motor Fuel	10,121	9,500	5,000	-47.37%
Small Equipment	3,489	9,685	8,040	-16.99%
Professional Services	40,677	32,250	101,250	213.95%
Waste/Brush Disposal	7,798	24,500	26,500	8.16%
Communications	3,004	4,300	4,300	0.00%
Travel & Training	762	1,700	1,700	0.00%
Work Equip & Machine Rental	1,165	4,000	4,000	0.00%
Motor Pool Charges	17,839	15,860	15,860	0.00%
Vehicle Repairs & Maintenance	1,543	2,700	2,700	0.00%
Equipment Repairs & Maintenance	3,920	0	500	100.00%
Permit Fees	8,536	9,000	9,000	0.00%
Vactor Service/Rental	10,514	21,000	3,000	-85.71%
Taxes and Assessments	18,408	18,500	18,500	0.00%
Mukilteo Water District	24,688	30,000	30,000	0.00%
Snohomish County ILA	1,627	3,000	21,000	600.00%
WRIA ILA	8,915	8,000	8,000	0.00%
Overhead Charges	167,000	195,000	195,500	0.26%
Capital Outlay	214,667	1,060,000	705,750	-33.42%
TOTAL SURFACE WATER MANAGEMENT	1,027,124	1,989,525	1,686,810	-15.22%

Equipment Replacement

DESCRIPTION

The Equipment Replacement Division of Public Works is responsible for the maintenance of public works City Hall vehicles and equipment. The police department uses a private maintenance shop to service its vehicles and the fire department vehicle maintenance is done by the Paine Field Fire Department which doubles as a fire vehicle maintenance shop.

Since public works has no mechanic vehicles are maintained through warranties, service from a private garage or by public works maintenance workers serving as mechanics. Efforts have been made to contract for service with local agencies for mechanic services. At this point there is good potential for the City to sign an agreement with the Mukilteo School District for mechanic services.

Replacement of all vehicles goes through this public works division.

Monies expended in this Division are derived from equipment maintenance charges, funded depreciation replacement charges, transfers or set-asides that are made over the useful life of the related vehicle/heavy equipment.

POSITION SUMMARY

Position Title	2009	2010
Superintendent	0.2	0.2
Department Assistant	0.25	0.25
Total	0.25	0.25

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Vehicles & Heavy Equipment Maintained	73	75	75
Vehicles & Heavy Equipment Replaced	9	11	5

2010 GOALS & OBJECTIVES

1. Maintain all equipment and vehicles such that:
 - a. Reliability is maximized
 - b. Life cycles are maximized
 - c. Costs are minimized.
2. Maintain and implement the equipment/ vehicle replacement schedule.
3. Complete contract negotiations with the Mukilteo School District for long term mechanics service of the City fleet.
4. Evaluate the need for additional equipment in 2011.
 - a. Asphalt roller
 - b. U-Cart concrete cart.



EQUIPMENT REPLACEMENT FUND

Fund: Equipment Replacement - 510

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	1,187,548	1,072,419	1,038,920	-3.12%
Revenues				
Replacement Charges	412,717	340,150	15,860	-95.34%
Total Revenues	412,717	340,150	15,860	-95.34%
Total Resources	1,600,265	1,412,569	1,054,780	-25.33%
Expenditures				
Vehicle Eq Removal	3,013	2,000	2,000	0.00%
Vehicular Equipment	532,566	165,000	0	-100.00%
Total Expenditures	535,579	167,000	2,000	-98.80%
Loan to Hotel/Motel Tax Fund	0	333,280	0	-100.00%
Ending Fund Balance	1,064,686	912,289	1,052,780	15.40%

Facilities Maintenance

DESCRIPTION

The Facilities Maintenance Division maintains all 17 of the 18 active City buildings, including:

- City Hall.
- Two Fire Department buildings.
- The Police Department building.
- Two Public Works Department buildings (new and old shops).
- Community Center.
- Four Lighthouse buildings.
- Four buildings and structures at Lighthouse Park.
- One building at the 92nd St. Park.
- The old Sewer District Building on 76th Street off of SR 525.
- Not maintained: B&G's Club house.

Maintenance and operation activities include:

- Management of contracts for custodial service, HVAC service and security.
- Management of contracts for small capital improvements to buildings.
- Minor building repairs (electrical, plumbing, painting, locks, etc.)
- Minor interior remodeling.
- Recommending a Capital Facility Plan for these buildings.

POSITION SUMMARY

Position Title	2009	2010
Lead Serviceworker	0.5	0.5
Total	0.5	0.5

PERFORMANCE INDICATORS

	2008 Actual	2009 Est.	2010 Est.
Plumbing Repairs	11	5	5
Electrical Repairs	15	7	7
Painting (interior)	0	0	1
Painting (exterior)	2	0	1
Roof repairs	2	1	0
Security systems	0	3	3
Furniture Repairs	2	2	0
Interior remodels	0	0	0
Damage repair	25	20	20

2010 GOALS & OBJECTIVES

- Within one work day, respond to employee requests for building problems. Effect repairs in the shortest time possible, but based on priorities.
- Assess the cost and service quality effectiveness of contract custodial service versus hiring City employees to do the work.
- Implement long and short range building maintenance practices that assure the highest practical level of asset protection and longevity for the City.

FACILITIES MAINTENANCE FUND

Fund: Facilities Maintenance - 518

	2008 Actual*	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	124,291	69,260	-44.28%
Revenues				
Operating Transfers In	388,530	390,000	390,000	0.00%
Total Revenues	388,530	390,000	390,000	0.00%
Total Resources	388,530	514,291	459,260	-10.70%
Expenditures				
Salaries and Benefits	33,864	93,445	94,110	0.71%
Supplies	24,728	37,400	46,400	24.06%
Other Services & Charges	211,318	285,645	269,000	-5.83%
Capital Outlay	20,113	47,000	0	-100.00%
Total Expenditures	290,023	463,490	409,510	-11.65%
Ending Fund Balance	98,507	50,801	49,750	-2.07%

*City Hall Rent and a portion of salaries and utilities were budgeted to the General Fund in 2008. Beginning in 2009, all City Hall facilities maintenance expenses are budgeted to the Facilities Maintenance Fund.



Mukilteo Trading Company. This became the Crown Lumber Company store. The top floor had apartments.

Photograph courtesy of the Mukilteo Historical Society



RECREATION AND CULTURAL SERVICES

The Recreation and Cultural Services Department provides recreational opportunities to the community through the Rosehill Community Center. The mission of the Recreation and Cultural Services Department is to provide and facilitate safe, quality leisure services, programs, and facilities while preserving and enhancing natural resources and stimulating the economic vitality of the community.

Year-round city sponsored recreation/enrichment classes and special events are offered at the Rosehill Community Center. A wide variety of activities are offered for all ages, seniors, adults, youth, and preschoolers.

The Rosehill Community Center also provides rental space to a variety of private and community organizations that provide music, theatrical and dance instruction, and senior services. The Center rents space for special events, such as weddings and receptions, dances, fundraisers and meetings.

The Department is organized as follows:



DEPARTMENT EXPENDITURE SUMMARY

RECREATION & CULTURAL SVCS.	2008 Actuals	2009 Budget	2010 Budget	% Change
Rosehill Community Center	351,052	364,300	333,860	-8.36%
TOTAL	351,052	364,300	333,860	-8.36%



Recreation & Cultural Services Department

PURPOSE

The Recreation and Cultural Services Department assumes a major role in developing a sense of community and enhancing citizens' quality of life by providing recreational and social programs and special events.

In 2010 the Rosehill Community Center will provide opportunities for drop-in and programmed recreational activities as well as amenities for meeting rentals, special events and provide leased space.

Tenants include: the Mukilteo Senior Association; Gene Natri, a non-profit school of music, a private fitness studio, and a private dance studio.

POSITION SUMMARY

Position Title	2009	2010
Recreation Manager	1	1
Department Assistant	1	1
Facility Attendant	1	1
Total	3	3

PERFORMANCE INDICATORS

	2009 Actual	2010 Est.
Total Leased Tenants	6	4
Allegro Dance, Gene Natri School of Music, Seniors, Quality Fitness Studio		
City Recreation Programs	194	170
City Co-Sponsored Events	10	10
Farmers' Market, Open Mic Night, Art Festival, Bluegrass Festival, Lighthouse Festival, Chamber Tree Lighting, Beach Watchers Beach Expo, Holiday Art Mart, Boo-Bash, Lighthouse Play.		

2010 GOALS & OBJECTIVES

- Continue to coordinate the Special Event permit process for the City, networking with City Departments and outside organizations for safe and successful events.
- Maintain leased occupancy space at the Rosehill Community Center.
- Continue to offer and add city recreation programming activities and events in a variety of mediums to a variety of age ranges and abilities.
- Continue to coordinate the picnic shelter and wedding circle rentals.
- Work with ARC Architects, Allied Construction and City Departments to assist with the oversight of building the new Rosehill Community Center to include construction meetings, purchase of furniture, fixtures and equipment.
- Develop manuals for the new Rosehill Community Center to include a training manual, operational manual, front desk manual, and revise rental pricing, procedures and policies.
- Continue to act as city liaison and work with community groups (Arts Guild, Farmers Market, Chamber and Lighthouse Festival) to integrate event programming into the city recreation programming with co-sponsorships.
- Continue to oversee the Community Grant and Lodging Tax Grant processes for the City.
- Prepare new job descriptions and hiring procedures for the new community center positions to be operational by February 2011.


RECREATION & CULTURAL SERVICES FUND

Fund: Recreation & Cultural Services - 114

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	18,100	59,213	48,130	-18.72%
Revenues				
Recreation Fees	35,768	37,000	45,000	21.62%
Room Rental	57,145	66,400	49,560	-25.36%
Parking Rental	44,667	20,000	0	-100.00%
Miscellaneous Revenue	927	750	600	-20.00%
General Fund Subsidy	232,915	231,535	235,000	1.50%
Total Revenues	371,422	355,685	330,160	-7.18%
Total Resources	389,522	414,898	378,290	-8.82%
Expenditures				
Salaries and Benefits	223,619	207,990	195,670	-5.92%
Supplies	8,544	7,150	6,100	-14.69%
Other Services & Charges*	114,916	145,220	131,690	-9.32%
Intergovernmental Services	0	3,940	0	-100.00%
Capital Outlays	3,973	0	0	0.00%
Total Expenditures	351,052	364,300	333,460	-8.47%
Ending Fund Balance	38,470	50,598	44,830	-11.40%

*In 2010, Travel & Training Expense of \$400 is budgeted to the General Fund.


RECREATION & CULTURAL SERVICES DEPARTMENT

Fund: Community Center - 114

	2008 Actual	2009 Budget	2010 Budget	% Change
Salaries and Wages	168,403	153,390	140,170	-8.62%
Benefits	55,216	54,600	55,500	1.65%
Supplies	8,544	7,150	6,100	-14.69%
Professional Services	39,864	1,020	1,020	0.00%
Instructor Services	0	30,000	30,400	1.33%
WSU Beach Watchers	0	6,750	6,750	0.00%
Communications	9,961	5,200	7,450	43.27%
Travel & Training	1,051	400	400	0.00%
Advertising	2,266	42,305	35,800	-15.38%
Activenet	65	3,000	3,000	0.00%
Utilities	45,952	52,000	42,800	-17.69%
Printing and Binding	12,815	1,000	500	-50.00%
Dues and Memberships	394	395	470	18.99%
Bankcard Fees	995	850	2,400	182.35%
Repairs and Maintenance	1,284	1,500	1,000	-33.33%
Miscellaneous	269	4,740	100	-97.89%
Equipment	3,973	0	0	0.00%
TOTAL RECREATION & CULTURAL SERVICES	351,052	364,300	333,860	-8.36%



DEBT SERVICE

Debt Service Funds are used to account for bond proceeds and the subsequent payment of principal and interest.

Limited Tax General Obligation Bond Fund (LTGO Bond Fund) is used to pay principal and interest on the \$12,585,000 in bonds issued in 2009 to construct a new Community Center.

LTGO BOND FUND				
Fund: LTGO Bond - 275				
	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	0	7,350	100.00%
Revenues				
G.O. Bond Proceeds	0	7,348	0	-100.00%
Operating Transfers In	0	84,305	907,970	977.01%
Total Resources	0	91,653	915,320	898.68%
Expenditures				
Bond Principal	0	0	455,000	100.00%
Bond Interest	0	84,305	452,960	437.29%
Total Expenditures	0	84,305	907,960	976.99%
Ending Fund Balance	0	7,348	7,360	0.16%



A crowd turns out on Park Ave. and First Street to greet the train. This may have been the train that carried the Liberty Bell on its tour of the nation, which included a stop in Mukilteo.

Photograph courtesy of the Mukilteo Historical Society

CAPITAL IMPROVEMENTS

The Capital Improvements portion of the budget includes costs to construct repairs or improvements to the City's long-term capital infrastructure systems or facilities. Capital Improvements include the construction of new, or the significant repair of: streets, parks, municipal buildings, or other facilities that are not classified as on-going operating expenditures. Capital Improvements do not include minor repairs, physical replacement or improvements. Capital Improvement expenditures are typically one-time in nature, with replacement not required for 25 - 75 years, depending upon the type of improvements.

On the following page is a table summarizing the 2010 Capital Improvement budget. On subsequent pages are descriptions of the proposed capital improvement projects for 2010. Estimated Project Costs include engineering design and construction costs. Not included in these figures are costs of in-house labor involved with coordinating, designing, managing, and/or inspecting the construction of the improvements.

**2010 CAPITAL EXPENDITURE DETAIL**

<u>Fund & Account</u>	<u>Description</u>	<u>Amount</u>
General Fund - 011		
011.90.594.207.6336	Interpretive Signs	8,000
	Total	<u>8,000</u>
Arterial Street Fund - 112		
112.90.595.605.6510	Mukilteo Lane Construction	55,060
112.90.595.605.6520	Mukilteo Lane Design	20,030
112.90.595.608.6511	88th Street/SR 525 Left Hand Turn Design	10,000
112.90.595.608.6512	88th Street/SR 525 Left Hand Turn Construction	400,000
	Total	<u>485,090</u>
Municipal Facilities Fund - 141		
141.90.594.500.6210	Public Works Pole Building	50,000
	Total	<u>50,000</u>
Parks Acquisition & Development Fund - 322		
322.90.594.207.6205	Lighthouse Park Berm Area Fencing	10,000
322.90.594.207.6203	Lighthouse Park Phase 2 Construction	490,000
	Total	<u>500,000</u>
Real Estate Excise Tax Fund - 331		
331.90.595.201.6540	Pedestrian Improvements Construction	144,560
	Total	<u>144,560</u>
Real Estate Excise Tax II Fund - 332		
332.90.594.207.6203	Lighthouse Park Phase 2 Construction	685,000
332.90.594.207.6204	Lighthouse Park Phase 2 Pavement	125,000
332.90.594.345.6520	Chip Seal Program	250,000
332.90.595.605.6510	Mukilteo Lane Construction	160,000
332.90.595.607.6510	Pavement Management - 5th Street Upgrade	60,000
	Total	<u>1,280,000</u>
Community Center Project Fund - 375		
375.90.594.196.6538	Community Center Design	243,150
375.90.594.196.6539	Community Center Construction	6,750,950
375.90.594.196.6540	Community Center Contingency	693,220
375.90.594.196.6541	Community Center FF&E	698,720
375.90.594.196.6542	Community Center Alternate Construction (Softcost)	515,710
	Total	<u>8,901,750</u>
Surface Water Management - 440		
440.90.594.207.6503	Lighthouse Park Phase II	100,000
440.90.594.306.6203	61st Street Culvert Replacement	275,000
440.90.594.306.6205	Fence Replacement 107th/Chennault Beach Pond	18,750
440.90.594.802.6355	Big Gulch Trail Gap Area Phase I	27,000
440.90.594.805.6545	Japanese Gulch Fish Ladder	285,000
	Total	<u>705,750</u>
	Total Capital Expenditures	<u><u>12,075,150</u></u>



ARTERIAL STREET FUND

Fund: Arterial Street - 112

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	621,015	15,212	123,610	712.58%
Revenues				
Fuel Tax	145,457	140,000	140,800	0.57%
State Grant	0	30,000	270,000	0.00%
Investment Interest	3,624	400	870	117.50%
Total Revenues	149,081	170,400	411,670	141.59%
Total Resources	770,096	185,612	535,280	188.39%
Expenditures and Uses				
Capital Outlays	243,056	130,000	485,090	273.15%
Transfer to Trans Impact Fee Fund	504,366	0	0	0.00%
Total Expenditures & Uses	747,422	130,000	485,090	273.15%
Ending Fund Balance	22,674	55,612	50,190	-9.75%

MUNICIPAL FACILITIES FUND

Fund: Municipal Facilities - 141

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	6,469,624	35,375	52,170	47.48%
Revenues				
Investment Interest	131,856	1,000	440	-56.00%
General Fund Subsidy	1,000,000	50,000	0	-100.00%
Total Revenues	1,131,856	51,000	440	-99.14%
Total Resources	7,601,480	86,375	52,610	-39.09%
Expenditures				
Capital Outlay	7,546,641	50,000	50,000	0.00%
Total Expenditures	7,546,641	50,000	50,000	0.00%
Ending Fund Balance	54,839	36,375	2,610	-92.82%



PARKS ACQUISITION & DEVELOPMENT FUND

Fund: Parks Acquisition & Development - 322

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	1,095,648	0	92,490	100.00%
Revenues				
Grants	0	1,290,000	403,000	-68.76%
Park Mitigation Fees	51,198	30,000	40,000	33.33%
Investment Interest	11,485	2,300	690	-70.00%
Total Revenues	62,683	1,322,300	443,690	-66.45%
Interfund Loan	390,200	0	0	0.00%
Total Resources	1,548,531	1,322,300	536,180	-59.45%
Expenditures				
Capital Outlay	1,548,531	905,000	500,000	100.00%
Interfund Loan Repayment	0	412,070	0	-100.00%
Total Expenditures	1,548,531	1,317,070	500,000	-62.04%
Ending Fund Balance	0	5,230	36,180	591.78%

TRANSPORTATION IMPACT FEES FUND

Fund: Transportation Impact Fees - 323

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	529,097	26,480	-95.00%
Revenues				
Street Mitigation Fees	171,581	45,000	20,000	-55.56%
Investment Interest	15,959	3,100	120	-96.13%
Total Revenues	187,540	48,100	20,120	-58.17%
Transfer from Arterial Street Fund	504,366	0	0	0.00%
Total Resources	691,906	577,197	46,600	-91.93%
Expenditures				
Capital Outlays	170,193	550,500	0	-100.00%
Total Expenditures	170,193	550,500	0	-100.00%
Ending Fund Balance	521,713	26,697	46,600	74.55%



REAL ESTATE EXCISE TAX FUND I

Fund: Real Estate Excise Tax I - 331

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	10,799,052	7,072,202	6,249,750	-11.63%
Revenues				
Real Estate Excise Tax	522,940	300,000	300,000	0.00%
Investment Interest	214,449	53,000	56,700	6.98%
Total Revenues	737,389	353,000	356,700	1.05%
Transfers In	0	1,002,265	0	-100.00%
Total Resources	11,536,441	8,427,467	6,606,450	-21.61%
Expenditures				
Capital Outlay	1,266,084	2,226,000	144,560	-93.51%
Transfer to LTGO Bond Fund	0	77,561	838,040	980.49%
Transfer to REET II Fund	3,057,429	0	0	0.00%
Total Expenditures	4,323,513	2,303,561	982,600	-57.34%
Ending Fund Balance	7,212,928	6,123,906	5,623,850	-8.17%

REAL ESTATE EXCISE TAX FUND II

Fund: Real Estate Excise Tax II - 332

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	1,945,090	1,392,350	-28.42%
Revenues				
Real Estate Excise Tax	522,940	300,000	300,000	0.00%
Investment Interest	71,119	19,000	8,420	-55.68%
Total Revenues	594,059	319,000	308,420	-3.32%
Transfer from REET I Fund	3,057,429	0	0	0.00%
Total Resources	3,651,488	2,264,090	1,700,770	-24.88%
Expenditures				
Capital Outlay	1,651,561	1,656,050	1,305,000	100.00%
Transfer to LTGO Bond Fund	0	6,744	69,930	100.00%
Total Expenditures	1,651,561	1,662,794	1,374,930	-17.31%
Ending Fund Balance	1,999,927	601,296	325,840	-45.81%



COMMUNITY CENTER PROJECT FUND

Fund: Community Center Project - 375

	2008 Actual	2009 Budget	2010 Budget	% Change
Beginning Fund Balance	0	0	8,901,750	100.00%
Revenues				
G.O. Bond Proceeds	0	12,805,394	0	-100.00%
Total Resources	0	12,805,394	8,901,750	-30.48%
Expenditures				
Capital Outlay	0	3,348,978	8,901,750	165.80%
Debt Service Costs	0	139,416	0	-100.00%
Transfer to REET I Fund	0	486,434	0	-100.00%
Total Expenditures	0	3,974,828	8,901,750	123.95%
Ending Fund Balance	0	8,830,566	0	-100.00%

The following charts highlight each capital project budget for 2010, including a brief description of the project(s), the funding source(s), the amount budgeted, and the estimated project schedule.

1		Interpretive Signage Plan												PL085804												\$		8,000							
		Additional interpretive signs that are called out in the Interpretive Signage Plan drafted in 2008 will be designed, constructed and installed.												Funding Source: General Fund												011.90.594.207.6336		\$		8,000					
		Cost Distribution:																																	
		Construction												\$		8,000																			
Project Schedule																																			
Construction		2009												2010																					
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec										
2		88th Street Left Turn Lane												PW090002												\$		410,000							
		Installation of left-hand turn lane at 88th Street and SR 525.												Funding Source: Arterial Street Fund												112.90.595.608.6511		\$		10,000					
																										112.90.595.608.6512		\$		400,000					
		Cost Distribution:																																	
		Design												\$		10,000																			
		Construction												\$		400,000																			
Project Schedule																																			
Design Construction		2009												2010																					
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec										
3		Mukilteo Lane Reconstruction												PW081109												\$		235,090							
		Public Works closed Mukilteo Lane after discovering voids under the road surface. Subsequent testing revealed that a large section of the road's supporting fill was sinking. The repair will consist of a soldier pile wall and reconstruction of the failed street section.												Funding Source: Arterial Street & REET II Funds												112.90.595.605.6510		\$		55,060					
																										112.90.595.605.6520		\$		20,030					
																										332.90.595.605.6510		\$		160,000					
		Cost Distribution:																																	
		Design												\$		20,030																			
		Construction												\$		215,060																			
Project Schedule																																			
Design Construction		2009												2010																					
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec										
4		Public Works Pole Building												PW090001												\$		50,000							
		A five bay pole building will be constructed to protect Public Works equipment from the elements. Three of the bays will be enclosed, lightly insulated and have power and lights. The other two will be open sided. One of the bays will be used to store the City float and the other two for the sweeper and 10 yard dump truck.												Funding Source: Municipal Facilities Fund												141.90.594.500.6210		\$		50,000					
		Cost Distribution:																																	
		Construction												\$		50,000																			
Project Schedule																																			
Construction		2009												2010																					
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec										
5		Berm Area Fencing - Lighthouse Park												PK010002												\$		10,000							
		Installation of fencing to protect landscaping berm at Lighthouse Park.												Funding Source: Parks & Open Space Fund												322.90.594.207.6205		\$		10,000					
		Cost Distribution:																																	
		Construction												\$		10,000																			
Project Schedule																																			
Construction		2009												2010																					
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec										



6		Lighthouse Park Redevelopment - Phase II												PK075501		\$ 1,400,000									
		This is a continuation of the Lighthouse Park Phase II project. Construction will continue through late June 2010.												Funding Source: Parks & Open Space, REET II, and Surface Water Mgmt Funds											
														322.90.594.207.6203				\$ 490,000							
														332.90.594.207.620x				\$ 810,000							
		440.90.594.207.6503				\$ 100,000																			
		Cost Distribution:																							
		Construction \$ 1,400,000																							
		Project Schedule																							
		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design																									
Construction																									

7		Pedestrian Improvements												ST010001		\$ 144,560									
		Projects include: adding two missing sections of sidewalk on Harbour Pointe Blvd; rumble strip on SR 525 from 5th Street to 76th Street; ADA ramps at 3rd and 4th on SR 525 and missing link of sidewalk on 5th Street on north side of SR 525.												Funding Source: REET I Fund											
														323.90.595.345.6103				\$ 144,560							
				Cost Distribution:																					
		Construction \$ 144,560																							
		Project Schedule																							
		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design																									
Construction																									

8		Street Overlays												ST010002		\$ 250,000									
		Chip seal program.												Funding Source: REET II Fund											
														332.90.594.345.6520				\$ 250,000							
				Cost Distribution:																					
		Construction \$ 250,000																							
		Project Schedule																							
		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Construction																									

9		5th Street Upgrade												ST010002		\$ 60,000									
		Preliminary engineering for 5th street upgrade.												Funding Source: REET II Fund											
														332.90.595.607.6510				\$ 60,000							
				Cost Distribution:																					
		Construction \$ 60,000																							
		Project Schedule																							
		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design																									
Construction																									

10		Community Center Facility												PW082205		\$ 8,901,750									
		Design and construction of a new Community Center facility.												Funding Source: Community Center Proj Fund											
														375.90.594.196.65xx				\$ 8,901,750							
				Cost Distribution:																					
		Design \$ 243,150																							
		FF&E \$ 698,720																							
		Construction \$ 7,959,880																							
		Project Schedule																							
		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design																									
Construction																									



11		Big Gulch Trail - Gap Area Phase I												PL090002				\$ 27,000							
		Volunteer planting and boardwalks.												Funding Source: Surface Water Mgmt Fund 440.90.594.802.6355 \$ 27,000											
		Cost Distribution:																							
		Construction \$ 27,000																							
Project Schedule																									
Construction		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
12		61st Street Culvert Replacement												SW073101				\$ 275,000							
		Repair/replacement of the culvert at the bottom of Smuggler's Gulch, 61st Street.												Funding Source: Surface Water Mgmt Fund 440.90.594.306.6203 \$ 275,000											
		Cost Distribution:																							
		Construction \$ 275,000																							
Project Schedule																									
Design Construction		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
13		Fence Replacement - 107th & Chennault Beach Road												SW010001				\$ 18,750							
		Existing fencing is rotted and beyond salvaging. Replacement fencing will be installed, which consists of chain link fencing with dark vinyl slats.												Funding Source: Surface Water Mgmt Fund 440.90.594.306.6205 \$ 18,750											
		Cost Distribution:																							
		Construction \$ 18,750																							
Project Schedule																									
Construction		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
14		Japanese Gulch Fish Ladder												PL090005				\$ 285,000							
		Japanese Gulch Stream has been culverted under 5th Street and then channelled into concrete flumes which prohibit the passage of fish. In the spring of 2009 the City and Paine Field entered into an interlocal agreement to improve fish passage in Japanese Gulch.												Funding Source: Surface Water Mgmt Fund 440.90.594.805.6545 \$ 285,000											
		Cost Distribution:																							
		Construction \$ 285,000																							
Project Schedule																									
Construction		2009												2010											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec



Lighthouse and windmill

Photograph courtesy of the Mukilteo Historical Society

SUPPLEMENTAL INFORMATION

Position Listing

POSITION TITLE	2008 Staff	2009 Staff	2010 Staff	Pay Grade	2010 Annual Salary Range
City Administrator	1.0	1.0	1.0	By Contract	117,000
Finance Director	1.0	1.0	1.0	N124	84,782 - 103,053
Fire Chief	1.0	1.0	1.0	N130	89,999 - 109,395
Planning & Comm Dev Director	1.0	1.0	1.0	N124	84,782 - 103,053
Police Chief	1.0	1.0	1.0	N130	89,999 - 109,395
Public Works Director	1.0	1.0	1.0	N130	89,999 - 109,395
Recreation/Cultural Svcs Manager	1.0	1.0	1.0	N112	75,243 - 91,459
Accounting Services Manager	1.0	1.0	1.0	N100	66,772 - 81,161
Accounting Technician	3.0	3.0	3.0	C62	42,528 - 51,693
Assistant City Engineer	1.0	1.0	1.0	N112	75,243 - 91,459
Assistant Fire Chief	1.0	1.0	1.0	N120	81,475 - 99,033
Assistant Planner	2.0	2.0	2.0	C85	53,487 - 65,014
Assistant to City Administrator	1.0	1.0	1.0	N95	63,531 - 77,222
Associate Planner	1.0	1.0	1.0	C89	55,666 - 67,663
Asst Director Planning & CD	1.0	1.0	1.0	N123	83,952 - 102,044
Building Inspector II	1.0	1.0	1.0	C86	54,026 - 65,668
Building Official	1.0	1.0	1.0	N102	68,115 - 82,795
City Clerk	1.0	1.0	1.0	N88	59,262 - 72,033
Community Services Officer	1.0	1.0	1.0	C56	40,055 - 48,686
Department Assistant - PT 50%	1.5	1.5	1.5	C55	39,657 - 48,204
Engineer Technician	2.0	2.0	2.0	C93	57,922 - 70,404
Exec Assistant/HR Assistant	1.0	1.0	1.0	N88	59,262 - 72,033
Fire Captain	7.0	7.0	7.0	F-1	75,276 - 82,452
Fire Marshall	1.0	1.0	1.0	N103	68,801 - 83,628
Firefighter	9.0	9.0	9.0	F-2	57,300 - 71,700
Firefighter/Paramedic	9.0	9.0	9.0	F-2	63,036 - 78,870
I.T. Technology Manager	0.0	1.0	1.0	N110	73,768 - 89,665
Lead Serviceworker	4.0	4.0	4.0	C81	51,607 - 62,717
Office Supervisor	1.0	1.0	1.0	C80	50,885 - 61,851
Park Attendant (PT/Seasonal)	1.5	1.5	1.5	C43	35,374 - 42,964
Park/Utility Service Worker	8.0	8.0	8.0	C64	43,581 - 52,961
Parks/Facility Attendant - PT 20%	0.2	0.2	0.2	C43	35,374 - 42,964
Parks/Facility Attendant - PT 80%	0.8	0.8	0.8	C53	39,060 - 47,459
Permit Services Assistant	3.0	3.0	3.0	C62	42,528 - 51,693
Permit Services Supervisor	1.0	1.0	1.0	C85	53,487 - 65,014
Police Commander	1.0	1.0	1.0	N120	81,475 - 99,033
Police Officer	21.0	21.0	21.0	P-2	55,440 - 71,656
Police Sergeant	5.0	5.0	5.0	P-1	80,386 - 84,651
Public Works Superintendent	1.0	1.0	1.0	N111	74,505 - 90,562
Senior Dept Assistant	1.0	1.0	1.0	C67	44,707 - 54,342
Senior Planner	1.0	1.0	1.0	C102	63,357 - 77,010
Staff Accountant	1.0	1.0	1.0	C89	55,666 - 67,663
Support Services Technician	2.0	2.0	2.0	C58	40,862 - 49,668
Technology Analyst	1.0	1.0	1.0	C88	55,115 - 66,993
SUBTOTAL	106.0	107.0	107.0		
Mayor	1.0	1.0	1.0		30,000 - 30,000
Councilmembers	7.0	7.0	7.0		6,000 - 6,600
Reserve EMS Providers (On Call)	7.0	7.0	7.0		
Reserve Firefighters (On Call)	24.0	24.0	24.0		
TOTAL	145.0	146.0	146.0		



Major Employers

Name of Business	Type of Business	Number of Employees
Boeing Company	Aviation	516
Travis Industries	Fireplaces, stoves, inserts manufacturing	400
ElectroImpact Inc	Engineering Design	300
D3 Technologies Inc	Engineering and Drafting	204
Senior Services of Snohomish County	Services to low income elderly and disabled persons	200
Synrad Inc	Metal, Sealed CO2 Lasers and Accessories Mfg	130
Mukilteo YMCA	Recreation Programs	120
Diversified Industrial Services	Parts Assembly, Mailing, Janitorial Services	115
KAAS Tailored	Furniture Mfg and Sales	111
Ivars Mukilteo Landing	Restaurant	100

Principal Property Taxpayers

Name of Business	Type
Boeing Company	Aviation
RREEF America Reit II Corp	Multi-Family Dwelling
Legacy Partners Harbour Pointe LLC	Commercial
On The Green HP LLC	Multi-Family Dwelling
WiredZone Property LLP	Commercial
SVF Harbour Pointe Mukilteo LLC	Multi-Family Dwelling
SC Harbour Pointe Inc.	Retail Trade
Harbour Pointe Retirement	Retirement and Assisted Living
Essex Property Trust	Multi-Family Dwelling
Sterling Realty Organization	Commercial

The Community and Selected Data

The City of Mukilteo was incorporated on May 8, 1947, with a Mayor and City Council form of government. Located 25 miles north of Seattle, at the end of the technology corridor, Mukilteo offers numerous business opportunities while retaining its small-town waterfront charm. Mukilteo has extensive Puget Sound view property, quiet, planned residential neighborhoods, top quality schools, numerous fine restaurants, and waterfront recreational opportunities. The planned Mukilteo Landing waterfront development will provide a host of residential and business opportunities, while serving as a multi-modal hub for one of the State's busiest ferry routes and the Sound Transit rail station.

Miscellaneous Statistics and Information

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 Est.
General										
Area (square miles)	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Population	18,340	18,520	19,190	19,220	19,350	19,620	19,800	20,050	20,110	20,110
Number of City Employees	82.00	82.00	82.00	82.50	84.50	87.5	89.5	106	107	107
Employees per 1,000 Population	4.5	4.4	4.3	4.3	4.4	4.5	4.5	5.3	5.3	5.3
Fire Protection										
Number of Fire Personnel	16	16	16	17	18	20	21	21.5	29.5	29.5
Number of Volunteers	45	50	50	54	55	55	55	0	0	0
Number of Part Paid Firefighters	0	0	0	0	0	0	0	6	0	0
Number of Reserve Firefighters/EMS	0	0	0	0	0	0	0	31	22	15
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Responses (EMT/Fire)	1,492	1,500	1,635	1,590	1,742	1,876	1,769	1,600	1,894	1,990
Police Protection										
Number of Police Personnel	26	27	27	27	27	27	28	32	32	32
Number of Calls for Service	14,290	14,520	15,175	16,923	12,486	12,614	12,943	12,505	12,755	12,850
Parks and Recreation										
Total Acreage	142	414	431	433	433	433	433	499	505	505
Streets										
Miles of Paved Roadway	62.5	63	63	67	67	67	68	68	68	68
Miles of Unpaved Roadway	1.1	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Signalized Intersections	10	11	13	13	13	13	13	13	13	13
Traffic Signals	1	2	2	2	2	2	2	2	2	2
Storm Water Management										
Linear Feet of Storm Water Pipes	160,532	166,000	172,402	174,000	178,125	179,520	179,520	184,800	184,800	184,800
Catch Basins	2,238	2,280	2,300	2,530	2,550	2,570	2,600	2,606	2,610	2,610
Licenses										
Business Licenses	882	824	946	1,005	1,055	1,100	1,000	1,122	1,125	1,125
Animal Licenses	410	412	394	399	419	425	440	315	250	280



Park Avenue shows Crown Mill Company and Bay View Hotel and sailing ship circa early 1900's

Photo courtesy of the Mukilteo Historical Society.



CITY OF MUKILTEO
MUKILTEO, WASHINGTON

ORDINANCE NO. 1235

**AN ORDINANCE OF THE CITY OF MUKILTEO, WASHINGTON,
ADOPTING THE 2010 MUNICIPAL BUDGET IN THE AMOUNT OF
\$31,042,403.**

WHEREAS, the Mayor presented his preliminary budget and the budget message to the City Council at a public hearing on November 2, 2009, and filed the preliminary budget with the City Clerk as his recommendation for the 2010 Municipal Budget; and

WHEREAS, the City Clerk provided sufficient copies of the Mayor's preliminary budget and budget message to meet the reasonable demands of taxpayers, and published and posted notice of filing and the availability of said preliminary budget together with the date of a public hearing for the purpose of fixing a final budget, all as required by law; and

WHEREAS, the City Council scheduled a hearing on the preliminary budget for the purpose of providing information regarding estimates and programs; and

WHEREAS, the City Council held a public hearing on November 2, 2009, which was on or before the first Monday of the next month preceding the beginning of the ensuing fiscal year, for the purpose of presenting the 2010 annual budget, at which hearing all taxpayers were heard who appeared for or against any part of said budget; and

WHEREAS, the public hearing was continued to November 16, 2009, to November 18, 2009, to November 23, 2009, at which time public testimony was closed. Council deliberations continued to December 7, , and deliberations began; and

WHEREAS, following the conclusion of said hearing, the City Council made adoptions and changes as it deemed necessary and proper.

**NOW THEREFORE THE CITY COUNCIL OF THE CITY OF MUKILTEO,
WASHINGTON DO ORDAIN AS FOLLOWS:**

Section 1. Attached hereto and identified as Exhibit "A," in summary form, are the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for each separate fund and the aggregate totals for all such funds combined, and by this reference said Exhibit "A" is incorporated herein, and the same is hereby adopted in full. The Finance Director is hereby authorized to include year-end actual cash balances in the final budget document as determined at the close of the current fiscal year.



Section 2. A complete copy of the 2010 Adopted Municipal Budget, together with a copy of this adopting ordinance shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 3. Administrative Budget Adjustments. The City Administrator and Mayor are authorized to transfer budgeted amounts between departments or line-items within any fund which are necessary for the conduct of city business and operations and providing service to the public. In the event certain restricted revenues exceed budget estimates, the City Administrator and Mayor are authorized to expend such funds for eligible expenditures in order to conserve General Fund monies.

This section shall not be construed to authorize expenditures in excess of expenditure limits established by the City Council for the affected program or services.

Section 4. This ordinance shall take effect five (5) days after publication of the attached summary, which is hereby approved.

PASSED by the City Council and APPROVED by the Mayor this 7th day of December 2009.

APPROVED

MAYOR, JOE MARINE

ATTEST/AUTHENTICATED:

CITY CLERK, CHRISTINA J. BOUGHMAN

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: _____
ANGELA BELBECK

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. 1235



ORDINANCE NO. 1235

EXHIBIT "A"

Budget Summary by Fund

Fund Number	Fund Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
009	LEOFF I Reserve	142,060	26,200	29,400	138,860
011	General	5,189,600	11,661,920	12,667,558	4,183,962
015	Paine Field Emergency Reserve Fund	55,000	0	55,000	0
111	Street	189,710	650,500	665,260	174,950
112	Arterial Street	123,610	411,670	485,090	50,190
114	Recreation & Cultural Services	48,130	316,720	333,460	31,390
116	Hotel/Motel Lodging Tax Fund	168,400	134,500	131,800	171,100
120	Technology Replacement	49,130	76,000	91,180	33,950
125	City Reserve	1,000,000	0	0	1,000,000
126	Emergency Medical Services	189,180	1,607,000	1,634,600	161,580
141	Municipal Facilities	52,170	440	50,000	2,610
142	Parks and Open Space	133,495	0	133,495	0
275	LTGO Bond Fund 2009	7,350	907,970	907,960	7,360
322	Park Acquisition & Development	92,490	443,690	500,000	36,180
323	Transportation Impact Fee	26,480	20,120	0	46,600
331	Real Estate Excise Tax I	6,249,750	356,700	982,600	5,623,850
332	Real Estate Excise Tax II	1,392,350	308,420	1,374,930	325,840
375	Community Center Project Fund	8,901,750	0	8,901,750	0
440	Surface Water Management	1,786,030	1,275,000	1,686,810	1,374,220
502	Health Insurance Administration	45,130	4,870	0	50,000
510	Equipment Replacement Reserve	1,038,920	15,860	2,000	1,052,780
516	Unemployment Compensation	40,490	0	0	40,490
518	Facilities Maintenance	69,260	390,000	409,510	49,750
TOTALS		26,990,485	18,607,580	31,042,403	14,555,662



Klemp's Hotel, The Mukilteo Store, and N.J. Smith Prop. That's a chicken crossing the road at 2nd Street and Park Avenue

Photo courtesy of the Mukilteo Historical Society.

GLOSSARY OF TERMS

ACCOUNTING SYSTEM The total set of records and procedures used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL BASIS Refers to the accounting of revenues and expenditures on the basis of when they are incurred or committed, rather than when they are made or received.

ADOPTED As used in fund, summaries, department and program summaries within the budget, represents the budgets as approved by Council.

ADOPTION A formal action taken by Council that sets the spending limits for the fiscal year.

APPROPRIATION Legal authorization adopted annually, by the legislative body (City Council) to make expenditures and obligate money for specific purposes. An appropriation is limited in the amount and the period of time in which it may be expended.

APPROPRIATED BUDGET The expenditures authority created by the appropriation resolution/ordinance, which is signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized and executive changes.

ASSESSED VALUATION A determination of the value of real or personal property as a basis for levying taxes.

ASSET Resources owned or held by a government, which have monetary value.

AVAILABLE (UNDESIGNATED) FUND BALANCE Refers to funds remaining from the prior year that are available for appropriation and expenditure in the current year.

BASELINE BUDGET A Baseline Budget is each department's minimum budget needed to offer their services to citizens, without cutting back on any services.

BALANCED BUDGET A budget in which operating revenues equal or exceed operating expenses.

BARS Budgeting, Accounting and Reporting System. Refers to the accounting rules established by the State Auditor's office.

BEGINNING FUND BALANCE An account used to record estimated and actual resources available for expenditure in one fiscal year because of revenues collected in excess of the budget and/or under-expenditure of the prior years' budgets.

BENEFITS The City provided employee benefits such as retirement, worker's compensation, life insurance, medical insurance and dental insurance.

BOND A certificate obligating the payment of a specified sum of money which includes the principal or face value, plus interest, to be computed at a specified rate on a specified date or dates in the future or the maturity date(s).

BUDGET A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed revenue, or means of financing the expenditures.

BUDGET CALENDAR The schedule of key dates or events, which the City follows in the preparation, adoption and administration of the budget.

BUDGETARY BASIS This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of two forms: cash or modified accrual

BUDGETARY CONTROL The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

BUDGET MESSAGE A written general dialogue of the budget, presented by the budget making authority. It provides Council with a general summary of the most important budget issues, changes from recent fiscal years and recommendations regarding the financial policy for the coming year.

CAPITAL ASSET Tangible assets having a life over one year obtained or controlled as a result of financial transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings and land.

CAPITAL IMPROVEMENT PLAN (CIP) A plan which prioritizes and schedules proposed capital construction projects and major equipment acquisition.

CAPITAL OUTLAY Expenditures resulting in the acquisition or addition to the government's general capital assets. These assets usually have a useful life of more than one year.

CAPITAL PROJECTS Projects which purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

CAPITAL PROJECT CONSTRUCTION FUNDS A type of fund that accounts for major general government construction projects financed by long-term general obligations or other financing.

CASH BASIS ACCOUNTING The method of accounting where revenues are recorded when received and expenditures are recorded when paid.

CHARTER CODE CITY A city having at least 10,000 residents that is run under an adopted charter or rules and regulations.

COMPREHENSIVE PLAN A plan required by the state for the future growth and development of the City.

COST-OF-LIVING ADJUSTMENT (COLA) An increase in salaries to offset the adverse effect of inflation on compensation.

COUNCILMANIC BONDS Intermediate to long-term debt instruments issued by City Council authorization. By state law, the maximum amount of councilmanic bonds that may be sold is equal to 1.5 percent of the City's assessed valuation.

DEBT SERVICE The process of accumulating resources for and making payment of long-term debt principal and interest.

DEBT SERVICE FUND A fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEPARTMENT An organizational or budgetary unit. Each department serves a specific function as a distinct organizational unit of government, having budget accountability.

DEPRECIATION Consumption of the service life of capital assets, due to normal wear, deterioration, environmental elements, passage of time and obsolescence. The portion of the cost of a capital asset charged as an expense during a specified period based on service life of the asset and ultimately expending the entire cost of the asset.

DEVELOPMENT-RELATED FEES Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.

DISTINGUISHED BUDGET PRESENTATION AWARD A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

ENTERPRISE FUNDS A type of proprietary fund that contains activities which are operated in a manner similar to private businesses. In Mukilteo, the only Enterprise Fund is the Surface Water Management Fund.

EXPENDITURE An outlay of current resources for goods and services. Expenditures reduce the remaining budget authorization (appropriation) available.

FUND Governmental accounting systems are organized and operated on a fund basis. A fund is an independent financial and accounting entity with a self-balancing set of accounts in which financial transactions relating to revenues, expenditures, assets and liabilities are recorded. Funds are established to account for the use of restricted revenue sources and to carry on specific activities or pursue specific objectives. Funds may be established by State constitution, State statute, or City ordinances.

FRANCHISE FEE A fee paid by public service businesses for the special privilege to use City streets, alleys and property in providing their services to the citizens of the community.

FULL TIME EQUIVALENT (FTE) A part-time position converted to the decimal equivalent of a full time position based on 2080 hours per year, or a full value of one full time position.

FUNCTION Activity, which is performed by one or more organizational units for the purpose of accomplishing a goal.

FUND An accounting entity having a set of self-balancing accounts and records for all financial transactions for specific activities or government functions in attaining certain objectives governed by special regulations, restrictions or limitations.

FUND BALANCE Generally thought of as fund equity. In the budget, part of fund balance may be designated and appropriated as a resource to support the fund expenditures.

GENERAL FUND The fund used to account for the receipt and expenditure of general governmental revenues such as taxes, fees for service and state-shared revenues that are not earmarked for specific functions. The General Fund accounts for services customarily provided by general purpose local governments, including fire and police protection, park and recreation facilities, land use planning and the administrative and support services associated with these activities.

GENERAL OBLIGATION BONDS Bonds for the payment of which the full faith and credit of the issuing government are pledged.

GOAL The end toward which an endeavor is directed. A City department may have several goals in the accomplishing of its mission.

GRANTS A contribution of assets (usually cash) by one governmental unit or other organization to be used or spent for a specified purpose, activity, or facility. Typically, these contributions are made to local governments from the State and Federal governments.

IMPACT FEE Fees charged to developers or individuals to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development.

INTERFUND TRANSFERS Amounts transferred from one City fund to another.

INTERGOVERNMENTAL Referring to activities or transactions (contracts, grants, etc.) occurring between government jurisdictions (e.g., cities and counties) such as "intergovernmental revenue".

INTRAGOVERNMENTAL Referring to activities or transactions occurring within a single government jurisdiction.

INTERNAL SERVICE FUNDS A type of proprietary fund which accounts for the goods and services which are provided as internal services of the City; such as equipment rental.

LEEDS "Leadership in Energy and Environmental Design." This is a "Green Building Rating System" utilized by the US Green Building Council's certification program as a nationally accepted benchmark for the design, construction and operation of high performance green buildings.

LEOFF Law enforcement officers and firefighters retirement system.

LEVY To impose a tax, special assessment or service charge for the support of government activities. The total amount of taxes, special assessments or service charges imposed by a government. The term most commonly refers to the real and personal property tax levy.

LEVY RATE The rate at which taxes, special assessments or service charges are imposed. For example, the real and personal property tax levy is the rate at which property is taxed per \$1,000 assessed valuation.

LIABILITY Debt or other legal obligation arising out of transactions in the past that must be liquidated renewed or refunded at some future date. Does not include encumbrances.

LICENSES AND PERMITS Charges for the issuance of licenses and permits. Licenses are required by municipalities for selected trades, occupations and other activities for regulatory purposes. Permits are issued to aid regulation of new business activities.

LID Local Improvement District.

LINE-ITEM BUDGET A budget prepared along departmental lines that focuses on what is to be bought.

MISSION The overall purpose for which a unit of Government exists.

MODIFIED ACCRUAL ACCOUNTING The accrual basis of accounting adapted to the governmental fund type Spending Measurement Focus. Under it, revenues are recognized when they become both “measurable” and “available to finance expenditures of the current period.” Expenditures are recognized when the related fund liability is incurred except for: inventories, prepaid insurance, unpaid benefit amounts or principal and interest.

NON-CHARTER CODE CITY A City, regardless of population, that has elected to not run a city charter.

OBJECT (OF EXPENDITURE) The budget accounting term for the previously used “line item budget” level. The lowest level of detail used in the budget to designate the item or service to be purchased or obtained as the result of an expenditure, e.g., postage, printing, etc.

OBJECTIVE In a budgetary context, an objective is some event, activity or opinion poll result, which can be evaluated to measure progress towards defined goals.

OPERATING BUDGET A budget which includes all expenditures and revenues expected to be made during a year for ongoing operations of a government entity. The operating budgets carry on the traditional services of a governmental entity. Such a budget generally excludes amounts budgeted for major capital projects.

OPERATING TRANSFER IN/OUT Specifically identifies the transfer of resources from one fund to another made to support the normal level of operations of the receiving fund.

OPTIONAL CODE CITY A City that runs under the optional state statute 35A, which does not require a charter for cities with a population of over 10,000.

ORDINANCE A law passed by the legislative authority of a local jurisdiction (city or county).

PERFORMANCE INDICATORS Measurable means of evaluating the effectiveness of a department or cost center in accomplishing its defined objectives.

PERS Public Employees Retirement System.

PERSONNEL SERVICES Costs related to compensating employees, including wages, insurance, payroll taxes, retirement contributions, and allowances for clothing and automobiles.

PRELIMINARY BUDGET The recommended and unapproved City budget submitted to the City Council and public in October or November of each year.

PROPRIETARY FUND A fund used to account for operations that are financed and operating in a manner similar to business enterprises. Such a fund is established as a self-supporting operation with revenues provided principally from fees, charges or contracts for services.

REGULAR LEVY The portion of the property tax which supports the General Fund.

RESOLUTION A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

RESOURCES The dollars available for appropriation, including estimated revenues, interfund transfers and in some cases, a beginning fund balance.

REVENUE Income received by the City to support programs or services to the community. It includes such items as taxes, fees, user charges, grants, fines, forfeits, interest income and miscellaneous revenue.

RISK MANAGEMENT An organized attempt to protect a government’s assets against accidental loss in the most economical method.

SALARIES AND WAGES Amounts paid for services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime and temporary help.

SPECIAL ASSESSMENT A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SPECIAL LEVY Separate property tax levies authorized by the voters for specific purposes.

SPECIAL REVENUE FUND A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TAXES Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

TAX BASE The wealth of the community available to be taxed by various forms of City taxes. Commonly thought of as the assessed value of the community.

TRUST AND AGENCY FUNDS A type of fiduciary fund which accounts for funds held by the City as a trustee.

UNRESERVED FUND BALANCE Undesignated monies available for appropriations.

USER CHARGES The payment of a fee for direct receipt of a public service by the party who benefits from the service.

WORKLOAD INDICATORS Specific quantitative measures of work performed within an activity or program (e.g., total miles of streets cleaned).