

Mayor's 2010 Montesano Budget Message

I am pleased to submit for your review and consideration the 2010 City of Montesano, Washington proposed budget. The budget is balanced and totals \$7,901,067 from all funding sources, including our Cumulative Reserves. The General Fund totals \$2,185,006.

In spite of an unsettled and stressed financial atmosphere in 2009, restoring the City's fiscal sustainability and stability was our top goal. All City Staff worked together toward that goal, and I am pleased to report that we made good positive progress. It was done by not using fund balances for operational needs, keeping expenses at continued minimal levels, partnering with others to get things done and the staff was extremely productive and efficient with in-house work, as opposed to contracting.

The 2010 Proposed Budget is simply a continuation of the same kind of effort and teamwork between the Mayor's Office, City Council members, Department Managers and all of the full time and part time City Staff. Our mission is to provide the citizens of Montesano with professional quality services and well-maintained facilities in an efficient, sustainable, stable, open and transparent manner.

Montesano continues to be a great community to live in, do business and raise a family. The people that live here are our greatest treasure. For instance, our EMS/Fire volunteer forces have increased in numbers, as well as service levels; our Senior Center volunteer and lunch program continues to grow and provide excellent benefits; the City Planning Commission has worked very hard to come up with a new long-term development plan for downtown; and Service Organizations like the Chamber of Commerce, Lions, Kiwanis, Youth Sports Leagues, Master Gardeners, Booster Club, Friends of the Library, Lake Sylvia State Park Supporters and now the volunteer Community School group all contribute to our cherished, high quality of life here.

Some of the issues facing the City that have been addressed in this 2010 Proposed Budget are as follows:

General Revenue: In 2009 we were very conservative and sensitive to expected revenue. We prepared for and expected significant shortfall in revenue. However, I believe that we benefited somewhat from the greater financial stress, in that our citizens mostly stayed close to home, shopped locally and supported local businesses. As a result, we did not see the fall in sales tax revenue that others experienced. Our projections for 2010 continue to be conservative.

Water Rates: The rate increases made in 2009 were very unpopular and seem to be hard for our citizens to handle. However, our current rates by comparison are still very low, and I have included the small increase of 7.5% (about \$1.50/mo./household) that was planned in order to reduce the unsustainable subsidy from the City Forest to cover our operating costs. We can not fall into the false idea that we can continue to operate in an unsustainable manner. It is not in our best long term interests. **You can't do the same old thing and expect a different result!**

Sewer Rates: Because of the major water rate increase, sewer rates were not increased in 2009 to cover operating costs. A major cost of service adjustment is required by our loan agreement with USDA, and we are providing information for a true cost of service study. The 2010 sewer subsidy from our Reserves was projected to be \$168,161. Until the study is completed, sewer rates are not anticipated to change. However, once again, you can not provide a service in a sustainable manner without covering your operating costs. By all comparable standards, our current costs are very low. As a result, for budgeting purposes, I have included increased sewer rates of \$5/month/household.

EMS: An increase in the Emergency Medical Service rate per household was recommended and included in the initial proposed budget by staff. The new rate was projected to be \$14.23/month. After my review and recommended changes, I am proposing that there be no change in the rate per household. I believe that both a reduction in the revenue side, as well as the expense side of Fire/EMS budget is possible without creating a negative impact on the service level. The proposal that was presented by the Fire Chief had an overall increase in expenses of \$149,197, equal to 13% (\$1,136,879 in 2009 to \$1,286,076 proposed for 2010). After my review, I am proposing an increase of \$80,279 (7%).

City Website: I am proposing that we go through a complete change in both website design as well as website hosting. We have received an impressive presentation from a major national website creator and host that would cost \$4,500 to build and another \$2,160/year to service. I am recommending in this budget that we use this provider and proceed because it will greatly ease use and updating and assist in our current maintenance.

Municipal Court: I agree with our Municipal Court Judge that the court budget is a function of overall court management. I believe the record is clear that for our caseload (which hasn't changed much over the years), a projected budget increase of 9% is unnecessary. Therefore, I am proposing the Municipal Court 2010 Budget be reduced by \$41,054 and set at \$117,330. In so doing, I am intentionally not providing any specific directions as to how that is to be done as those decisions are clearly up to the Judge. However, Judge Blauvelt is on record as stating in 2006, after he had been our Judge since 1995, that *"I have reviewed the needs of the court for a 2/3rds time Deputy Clerk. I believe that the court can perform its duties with less time commitment by the deputy....I am planning the Deputy Clerk position as a 16-hour/week position, plus jury trials."* This says to me that Judge Blauvelt believes that a half-time Deputy Clerk is sufficient, and this should be reflected in his budget.

City Administrator Position: In my budget I have proposed the creation of a beginning, interim, training position of "City Administrator/Finance Officer". I am recommending that our current Clerk/Controller Kristy Powell be advanced and promoted to that position.

As a practical matter, our Clerk/Controller position will be vacant, in case it is decided in the future to return to the current status. The budget impact that I am proposing is an actual increase of \$1,150/mo. to Kristy's salary, which would put her at \$7,000/month, for a yearly increase of \$13,800. This new wage for a City Administrator/Finance Officer was placed in the original General Fund Budget presented

by staff earlier. My General Fund changes resulted in a \$3,569 increase to a new total of \$2,185,006.

When the Municipal Court Fund is included at my recommended rate, our 2010 proposed expenses would total \$2,302,336 compared to our 2009 General Fund Budget of \$2,108,230 (an increase of \$194,106, or 9%). Roughly \$90,000 of this increase is due to the 2010 increase in staff wages & benefits in General Fund employees, and a reallocation of Clerks in Finance to the General Fund from the Water Fund which accounts for the rest of the increase.

City Staff Salaries: Having completed a comprehensive Comparable Cities Study, I have reviewed our salary structure for each and every union and exempt staff position in the City of Montesano compared to all seven of our comparable cities. I have found that in 2008, our staff position salaries were middle to top. Since that time, because of the value we place in and on our city staff, we have agreed and contracted for annual cost of living salary adjustments that cost the city + 4.5% in 2009 and another +4.5% in 2010.

The resulting contracts I believe have put our employees in good position. For 2010 and 2011, as Mayor I am not recommending any market adjustments to our wage/salary schedule. Since we are in the public service business, our employees are our most important asset and resource. We strive to provide a competitive salary, an opportunity for personal growth and development, and a safe and healthy workplace.

I am proud of our employees, the professional service they provide to our citizens, and their commitment to being the best they can be. This 2010 budget provides for the continuation of all of our current services to the community in a professional, efficient and responsible manner.

The City Department Managers have worked very hard to develop this proposed budget. I have identified in this message the only changes that I am proposing. We look forward to any public comment, as well as working with the City Council as we complete the process and adopt a final budget for 2010.

Sincerely,

Ronald W. Schillinger
Mayor

Attachment:
Proposed 2010 City of Montesano Budget