



**City Of Mount Vernon
2005 Budget
Public Summary**

**November 2004
Prepared by the Finance Department**

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November 15, 2004

City Councilmembers and Citizens,

Budget Message 2005

It is my pleasure to present the Mayor's Recommended Budget for the City of Mount Vernon for the year 2005. Our process began in July and will culminate with a public hearing before City Council on Tuesday, November 23rd to consider adoption of the annual budget.

Our 2005 budget presents a balance between managing our City's limited resources while providing the Citizen's of our community with quality public safety and health, and strong neighborhoods, to enhance the quality of life we currently enjoy in Mount Vernon. Most importantly this budget reflects the goals and priorities that were established in May 2004 at a retreat with City Councilmembers and Department Heads.

Among our top goals in crafting our annual budget was fiscal responsibility focused on establishing and maintaining adequate fund reserves, and diminishing the use of these reserves to balance our annual Current Expense Fund budget. We are pleased with the efforts made on this front as our budget reflects the lowest level of fund balance used since 1998 in our budget for the Current Expense Fund while estimating the highest level of fund balance reserves for the same Fund for over a decade. Our Current Expense Fund provides the resources to finance operations for our police and fire departments, development services, and engineering services, and general government services. To ensure stability and economic security for our City, adequate fund reserves must be maintained to get us through down cycles. Our utility funds (waste water, health and sanitation and surface water) have adequate working capital balances as do our equipment rental, and self-insured health care funds.

The Mayor and City Council did not take an increase in the property tax levy amount even though we are allowed by law to take a one percent increase in property taxes. This was a conscious decision to not increase taxes to the property owners of Mount Vernon and to make strides in decreasing our property tax levy rate.

The primary functions of the City, excluding the utilities, are listed above, and include city street operations, parks and recreation, and library services. The City's primary revenues supporting these functions come from property tax, sales and use tax, and utility tax which will generate \$12.7 million in 2005 and will provide 73% of the funding to support these operations.

In total, the 2005 budget is \$43,335,166, 3.7% higher than the 2004 adopted budget. This increase includes a \$385,000 Federal Community Development Block Grant in the Current Expense Fund which will be used in part to explore a downtown parking facility in partnership with Skagit County. Also included is \$270,000 to begin work on the Kiwanis Park on 18th Street, and \$138,000 estimated for increased costs to the City's self-insured employee healthcare plan. These three items account for 2% of the 3.7% increase in the 2005 budget over 2004.

Public Safety

The only new positions in our 2005 budget are in our public safety functions. Our budget includes the addition of one police officer and the community service officer as approved by City Council in September 2004, which will enhance the Police Department's focus on key priorities such as rapid response to emergencies, aggressive crime fighting, car prowls, high visibility, partnering in neighborhood problem solving, and emphasizing prevention. Two firefighter positions are added to the Fire Department budget to address the need of adequate staffing levels for our three fire stations in the City. These two new positions will increase the fire departments full-time work force to 38. The last time a position was added to our fire department was in 2002 when one firefighter was added.

In November 2003, the Citizens of this community voted and approved a .1% sales tax to support operations of the County's emergency 911 services. The passage of this sales tax resulted in an annual savings to the City of Mount Vernon via a decreased contribution to 911 services in the amount of \$500,000. The addition of these public safety positions reflects a direct allocation of the 911 savings to support and enhance the City's public safety.

Economic Development, Parks and Recreation, Planning for our City's Growth

The City has made solid strides in enhanced planning and permit functions by streamlining processes, improving customer service and partnering with the development community, while strengthening our development regulations and permit review times. Annexation of a strong commercial base in South Mount Vernon is likely to conclude in early 2005 which will benefit our City in regards to improving a healthy balance between residential and commercial growth in our community.

Our Parks programs have several exciting projects included in the 2005 budget: completion of the house at Bakerview Park which will be used for a retreat center, initial work on a new community Kiwanis Park on 18th Street, new restrooms and resurfacing of our tennis courts at Hillcrest Park, reconstruction of the tennis courts on Division Street near 30th Street to a small community park, completion of the Jasper Gates sculpture and a study to look at community docks on the Skagit River within the City.

Capital Program

Over \$10 million of the City's \$43.3 million 2005 budget is for the capital program. Our capital program includes the annual street overlay program to maintain our city streets and includes larger funding elements for transportation improvement projects such as the reconstruction of 4th Street from Fir to Fulton. The City has completed or is near completion on a few large scale capital projects including the construction of Riverside Bridge of which only the demolition of the Old 99 Bridge remains, improvements to College Way and completion of Skagit Station.

The Utilities element of our capital program represents the majority of the capital program which is focused on improvements to and expansion of the City's waste water system and plant. The waste water capital budget includes increased funding to cover design and construction of the scheduled waste water treatment plant expansion. Preliminary site work will begin in the summer of 2005, final design completion near year-end 2005, construction to begin in early 2006, with an estimated upgrade completion in early 2008. Total cost of this significant treatment plant upgrade is estimated at \$20.5 million to be funded largely by public works trust fund loans. These improvements will boost the waste water peak flow capacity from 12 million gallons per day (mgd) to 16.4 mgd reflecting a 37% increase in capacity. Further analysis is underway to determine if the City will need to increase sewer rates to accomplish this waste water plant upgrade.

In the spirit of our City mission 'to provide professional, efficient services to create a lifetime positive difference to our Community', we thank the Citizens of Mount Vernon for the pride you take in our City. We will continue to be good stewards of the resources provided to us to serve our City and our Citizens.

Sincerely,

Bud Norris
Mayor

City of Mount Vernon

2005 Budget

Fund Balance Estimates - Unadjusted

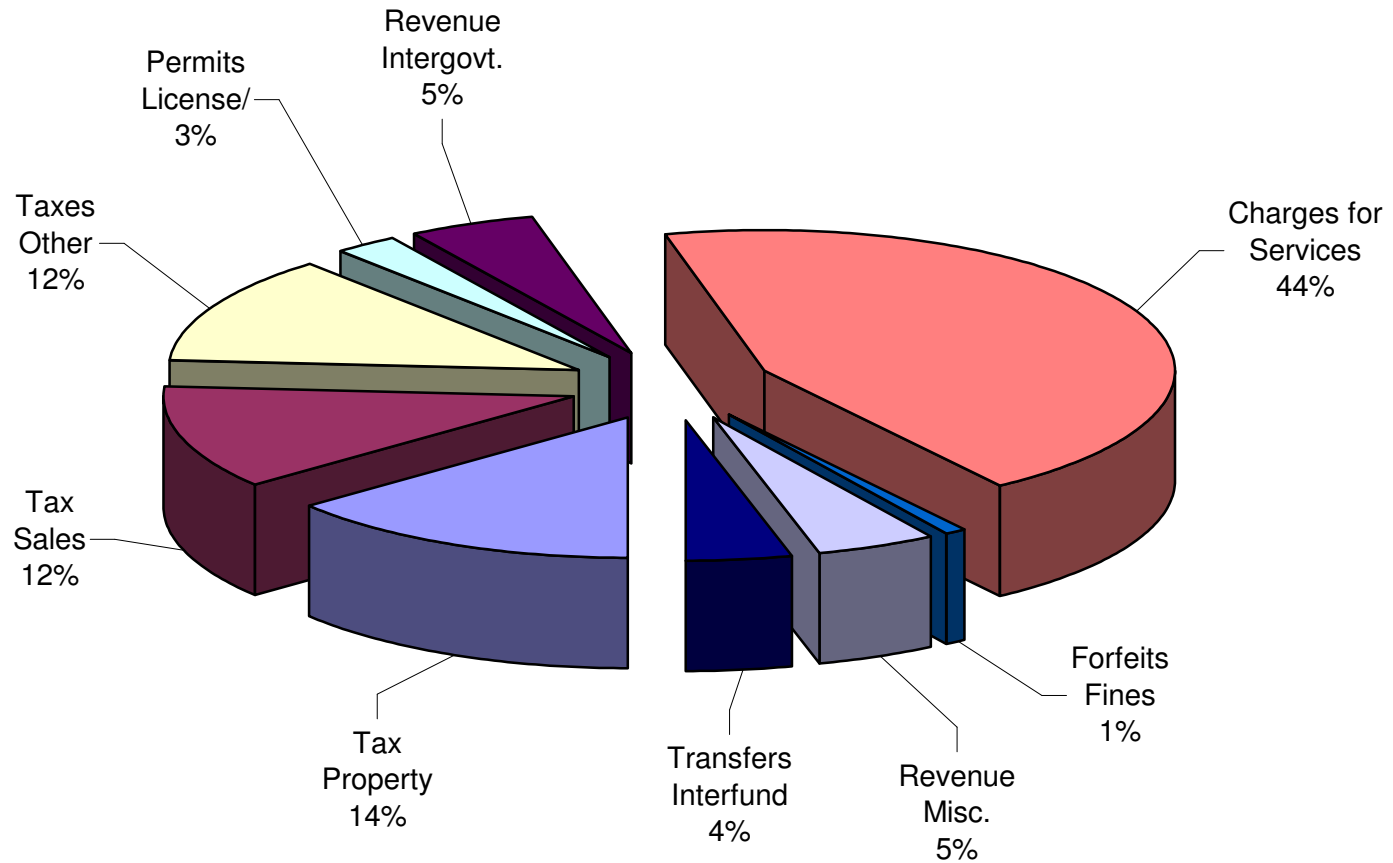
Fund Fund #	City Fund	January 1 2004	2004 Revenue Est	2004 Exp Estimate	Fund Balance Budgeted 2004	2005 Revenue Est	2005 Adopted Bud.	Estimated Bal Dec. 31, 2005	Fund Balance Budgeted in 2005
001	Current Expense	1,999,626	13,473,323	13,248,340	785,283	14,026,168	14,554,575	1,696,202	528,407
101	City Street	189,681	1,376,765	1,325,775	68,254	1,406,922	1,458,013	189,580	51,091
102	Arterial Street	257,393	182,080	111,500	242,500	186,000	455,000	58,973	269,000
103	Parks/Recreation	119,625	1,289,317	1,257,102	25,721	1,347,497	1,382,577	116,760	35,080
104	Library	25,880	981,909	970,202	0	1,007,272	1,007,272	37,587	-
105	Paths and Trails	35,636	3,900	0	0	2,900	0	42,436	(2,900)
106	Tourism Promotion	26,024	204,500	196,068	11,068	202,000	224,984	11,472	22,984
107	Little Mountain Cap Res	228,098	144,879	200,000	114,000	25,000	36,000	161,977	11,000
109	Crime Prevention	38,491	2,500	6,300	3,125	4,000	8,800	29,891	4,800
110	Government Access TV	10,257	74,015	70,400	0	80,000	80,000	13,872	-
112	Criminal Justice Assistance	1,062	86,846	77,990	0	88,500	95,326	3,092	6,826
115	Parks Capital Reserve	411,492	135,000	227,500	200,500	307,000	591,000	34,992	284,000
119	Skagit Station	0	0	0		76,398	76,398	-	-
120	Lincoln Commercial Block	134,006	164,915	164,766		105,500	105,500	134,155	-
201	1998 UTGO Bonds	98	508,335	508,319	39,500	504,030	504,030	114	-
205	1998 LTGO Bonds	300	126,273	126,177	39,500	122,860	122,860	396	-
304	Capital Improvements-Reet I	122,333	514,000	261,273	61,273	300,000	527,635	147,425	227,635
311	Park Impact Fees	272,205	79,000	25,000	0	100,000	220,000	206,205	120,000
312	Fire Impact Fees	60,443	38,500	43,050	28,050	45,000	100,000	893	55,000
313	Transportation Impact Fees	134,009	43,000	75,000	115,000	40,000	55,000	87,009	15,000
314	Reet II - Streets	249,404	517,000	175,000	135,000	300,000	727,000	164,404	427,000
401	Sewer Utility Fund (WC)	4,728,370	5,884,861	5,852,606	735,302	5,751,896	7,922,408	2,590,113	2,170,512
402	Health/Sanitation (WC)	2,654,349	3,983,450	3,887,567	801,600	3,991,000	4,903,755	1,837,477	912,755
403	Surface Water Utility (WC)	593,687	1,448,410	1,459,715	395,550	1,525,000	1,677,901	429,481	152,901
410	Sewer Repair/Replacement	889,957	191,000	0	32,000	215,000	460,000	835,957	245,000
411	Sewer Expansion	302,274	498,823	295,000	382,000	410,000	828,000	88,097	418,000
412	Sewer Capital Reserve	2,600,175	1,240,000	420,000	1,690,000	1,240,000	1,833,000	2,827,175	593,000
501	Equipment Rental	3,486,650	1,436,753	847,193	0	1,429,632	1,429,632	4,076,210	-
511	Employee Health Care	999,333	1,639,700	1,567,730	135,000	1,618,000	1,921,000	768,303	303,000
621	FR&P	807,498	22,405	20,300	0	27,500	27,500	809,603	-
	Totals	21,378,356	36,291,459	33,419,873	4,589,775	36,485,075	43,335,166	17,399,851	6,850,091

City of Mount Vernon

2005 Budget
Revenue Projections
All City Funds

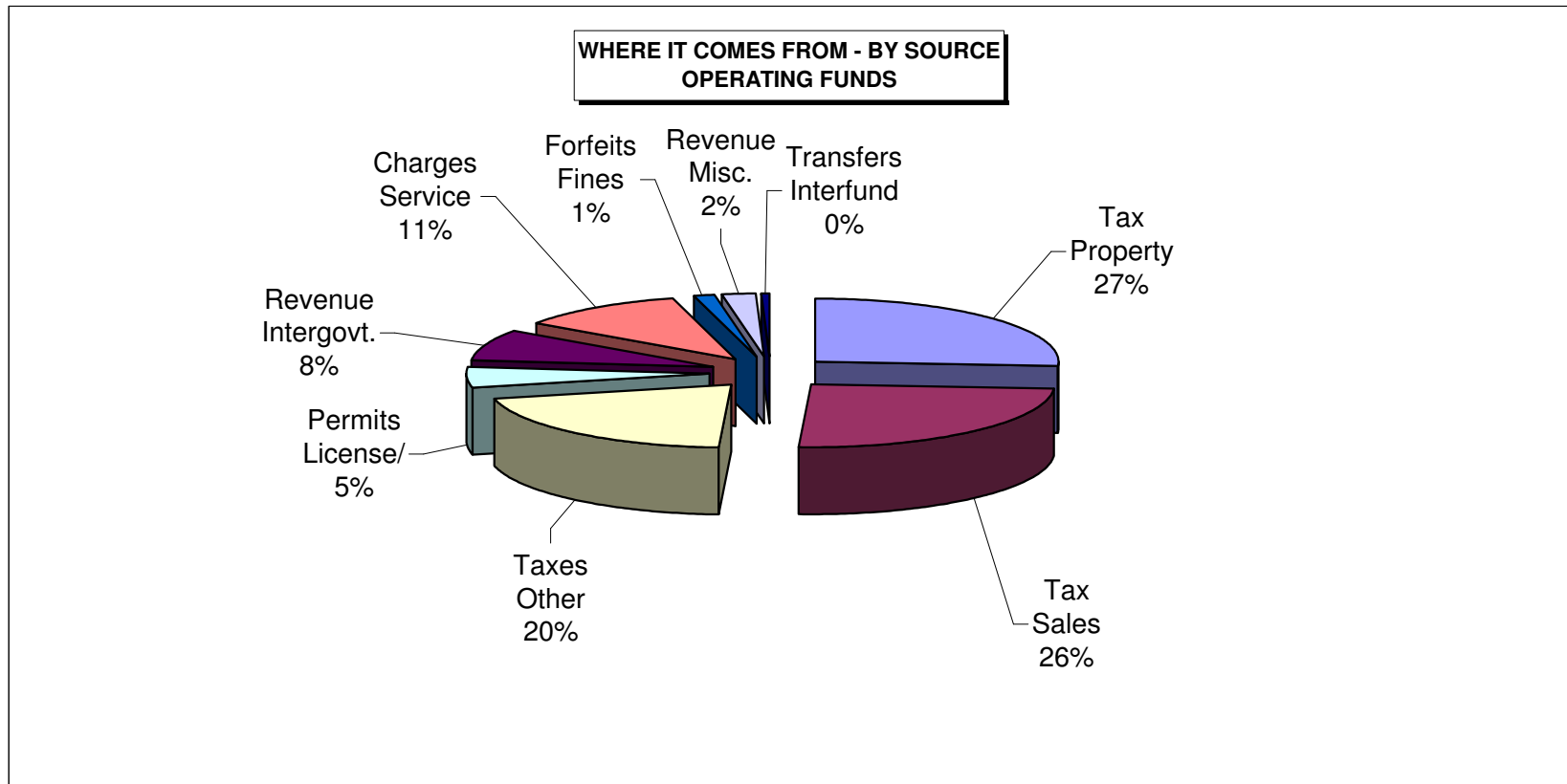
Fund Name	Property Tax	Sales Tax	Other Taxes	License/Permits	Intergovt. Revenue	Charges for Services	Fines Forfeits	Misc. Revenue	Interfund Transfers	Total
Current Expense	\$3,220,125	\$3,278,000	\$3,641,000	\$933,000	\$1,052,885	\$1,417,988	\$203,500	\$199,670	\$80,000	\$ 14,026,168
City Streets	372,000	374,000	0	0	395,000	265,922	0	0	0	1,406,922
Arterial Streets	0	0	0	0	184,000	0	0	2,000	0	186,000
Parks and Recreation	511,500	374,000	0	0	0	247,634	0	205,700	8,663	1,347,497
Library	546,375	374,000	0	0	20,000	29,500	33,200	4,197	0	1,007,272
Paths and Trails	0	0	0	0	2,900	0	0	0	0	2,900
Hotel/Motel Tax (Tourism Promo)	0	0	200,000	0	0	0	0	2,000	0	202,000
Little Mtn Park Improvements	0	0	0	0	0	0	0	25,000	0	25,000
Crime Prevention	0	0	0	0	0	0	0	4,000	0	4,000
Government Access	0	0	80,000	0	0	0	0	0	0	80,000
Criminal Justice Assistance	0	0	0	0	88,500	0	0	0	0	88,500
Parks Capital Improvements	0	0	0	0	55,000	0	0	252,000	0	307,000
Skagit Station	0	0	0	0	0	0	0	76,398	0	76,398
Lincoln Commercial Building	0	0	0	0	30,000	0	0	75,500	0	105,500
1998 UTGO Bonds	504,030	0	0	0	0	0	0	0	0	504,030
1998 LTGO Bonds	0	0	0	0	0	0	0	0	122,860	122,860
Capital Improvements (Reet 1)	0	0	300,000	0	0	0	0	0	0	300,000
Park Impact Fees	0	0	0	0	0	100,000	0	0	0	100,000
Fire Impact Fees	0	0	0	0	0	35,000	0	10,000	0	45,000
Transportation Impact Fees	0	0	0	0	0	40,000	0	0	0	40,000
Real Estate Excise Tax 2-Streets	0	0	300,000	0	0	0	0	0	0	300,000
Wastewater Utility	0	0	0	0	0	5,709,896	0	42,000	0	5,751,896
Health & Sanitation Utility	0	0	0	0	0	3,946,000	0	45,000	0	3,991,000
Surfacewater Utility	0	0	0	0	0	1,340,000	0	75,000	110,000	1,525,000
Sewer Repair & Replacement	0	0	0	0	0	0	0	215,000	0	215,000
Sewer Facility Expansion	0	0	0	0	0	0	0	410,000	0	410,000
Sewer Capital Reserve	0	0	0	0	0	0	0	40,000	1,200,000	1,240,000
Equipment Rental	0	0	0	0	0	1,369,632	0	60,000	0	1,429,632
Employee Healthcare	0	0	0	0	0	1,594,000	0	24,000	0	1,618,000
Firemen's Pension	0	0	0	0	25,000	0	0	2,500	0	27,500
TOTAL	\$5,154,030	\$4,400,000	\$4,521,000	\$933,000	\$1,853,285	\$16,095,572	\$236,700	\$1,769,965	\$1,521,523	\$36,485,075

WHERE IT COMES FROM - BY SOURCE
ALL FUNDS

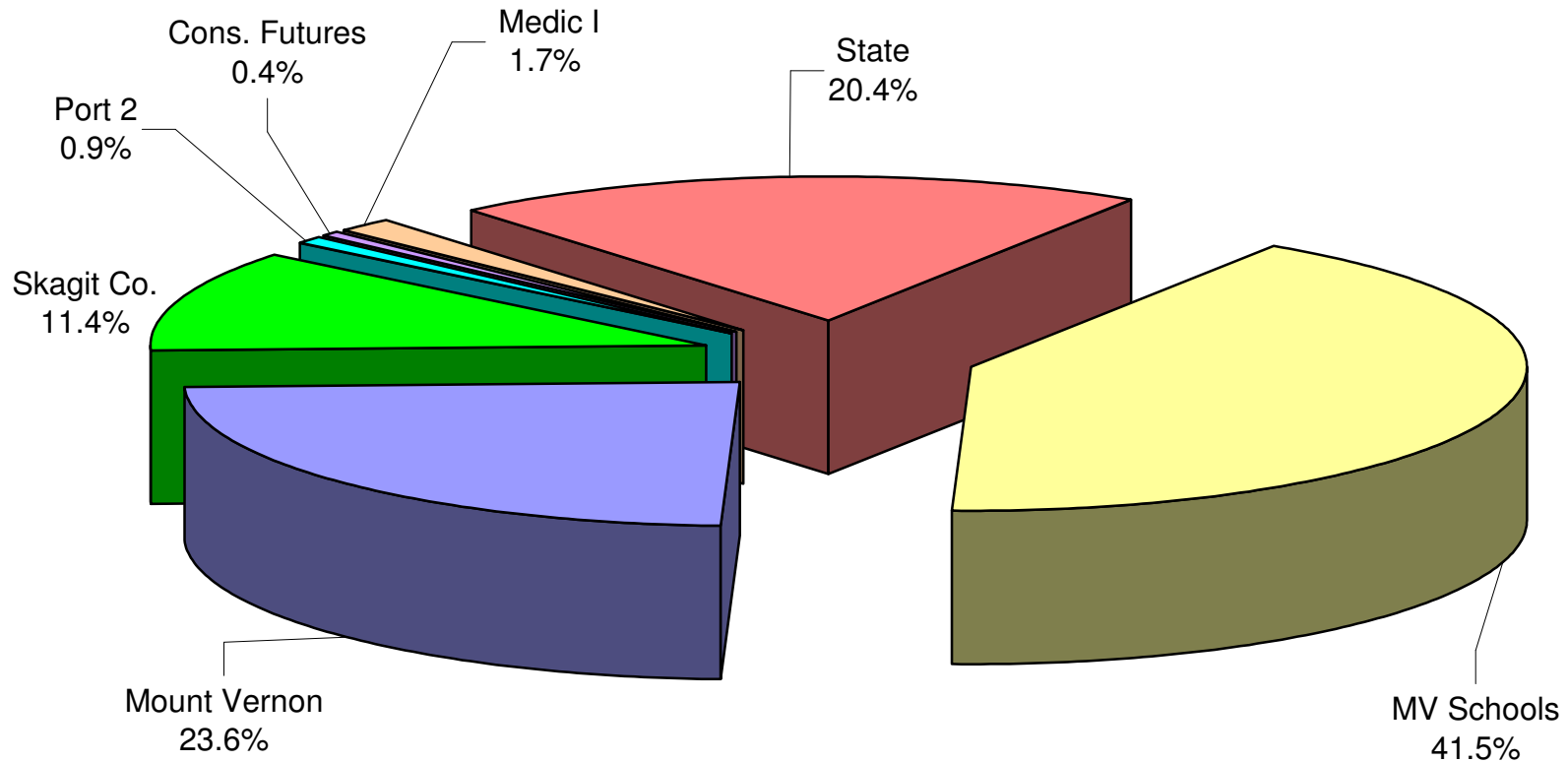


2005 Budget
Revenue Projections

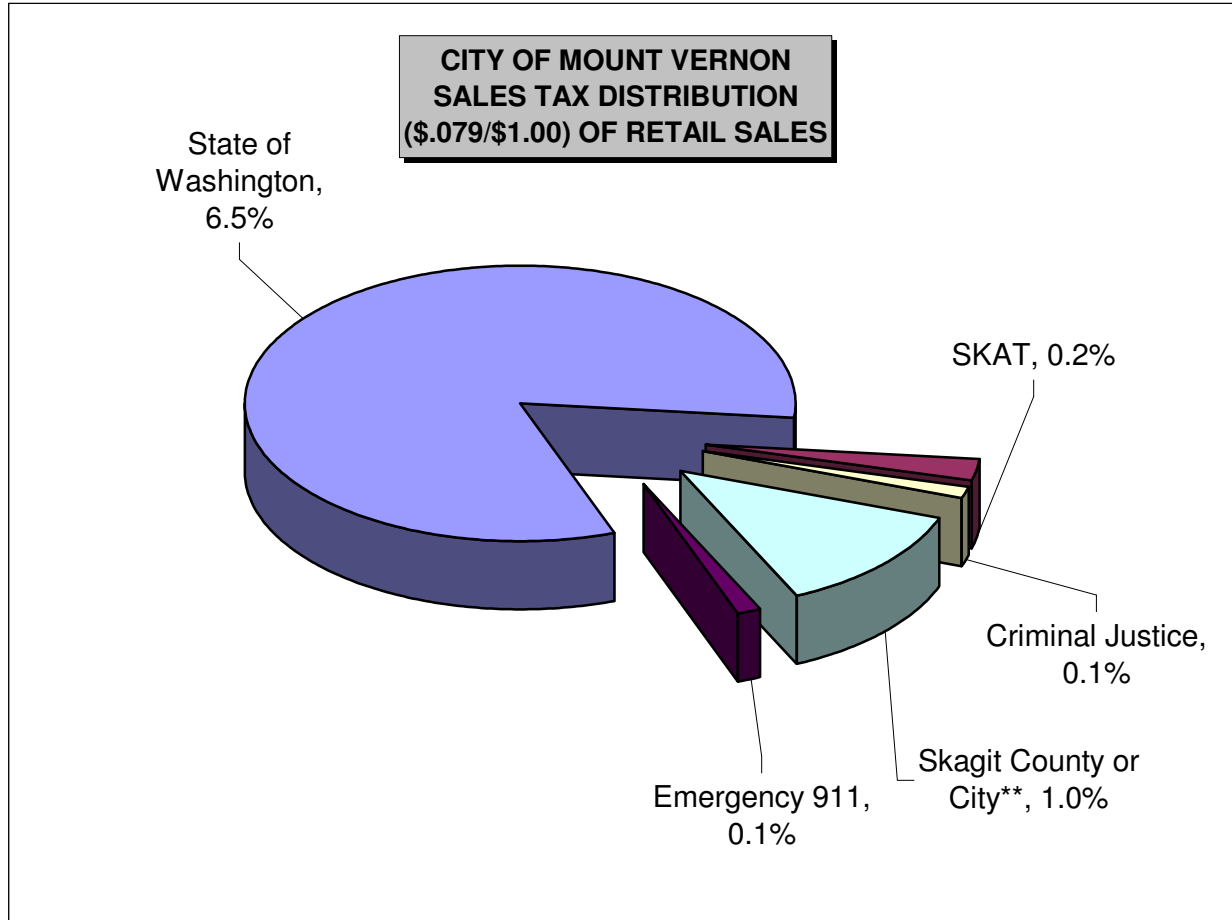
Fund Name	Property Tax	Sales Tax	Other Taxes	License/Permits	Intergovt. Revenue	Service Charges	Fines Forfeits	Misc. Revenue	Interfund Transfers	Total
Current Expense	\$3,220,125	\$3,278,000	\$3,641,000	\$933,000	\$1,052,885	\$1,417,988	\$203,500	\$199,670	\$80,000	\$ 14,026,168
City Streets	372,000	374,000	0	0	395,000	265,922	0	0	0	1,406,922
Parks and Recreation	511,500	374,000	0	0	0	247,634	0	205,700	8,663	1,347,497
Library	546,375	374,000	0	0	20,000	29,500	33,200	4,197	0	1,007,272
Total	\$4,650,000	\$4,400,000	\$3,641,000	\$933,000	\$1,467,885	\$1,961,044	\$236,700	\$409,567	\$88,663	\$17,787,859



2004 Property Tax Distribution in Mount Vernon



State \$2.7847	MV Schools \$5.6251	Mount Vernon \$3.2730
Skagit Co. \$1.5671	Port 2 \$0.1168	Cons. Futures \$0.0581
Medic I \$0.2328		

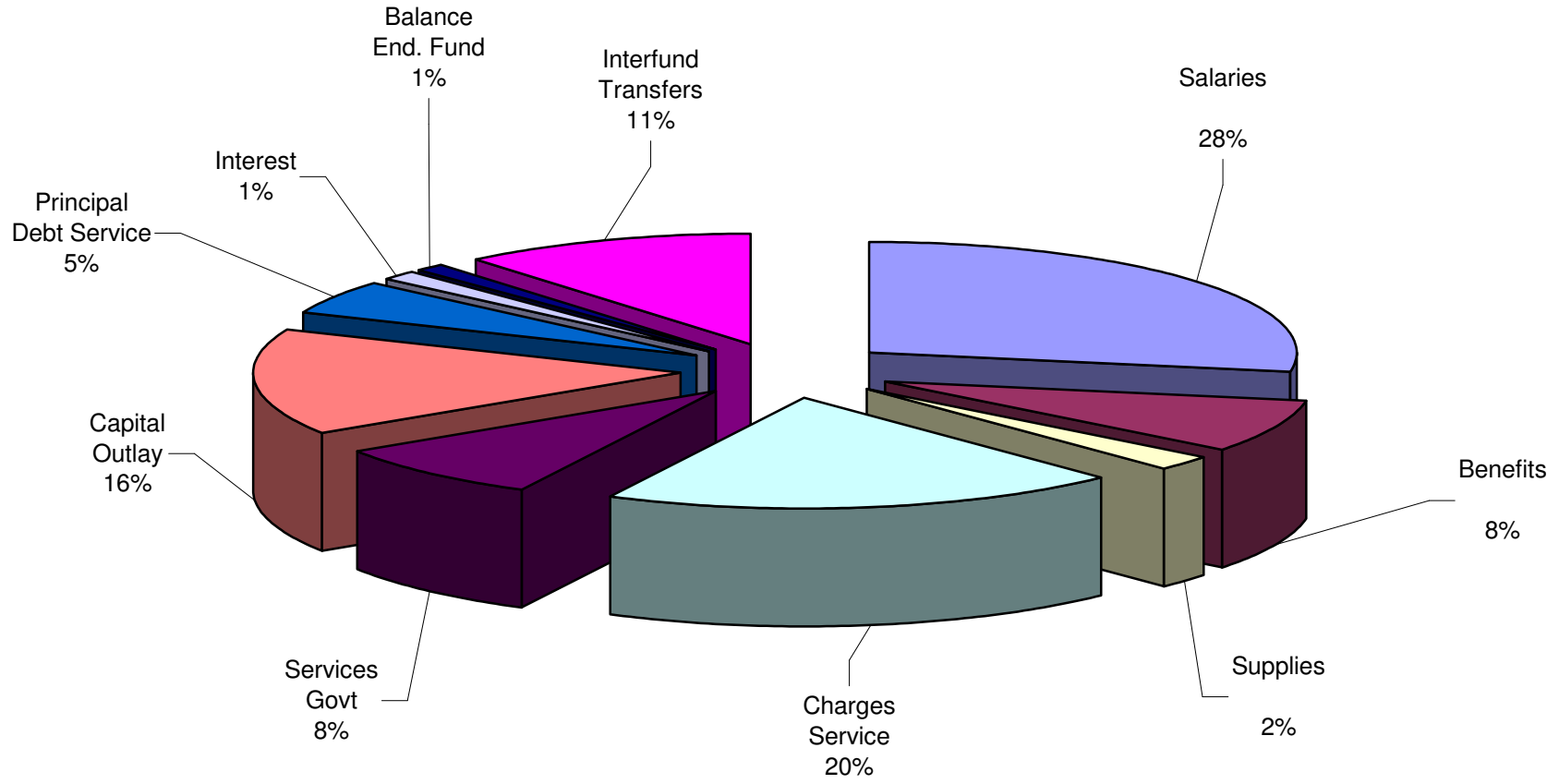


State of Washington	6.5%
SKAT	0.2%
Criminal Justice	0.1%
Skagit County or City**	1.0%
Emergency 911	0.1%
Total Sales Tax	<u>7.9%</u>

**Of this 1%, 15% of sales tax collected in the City goes to the County

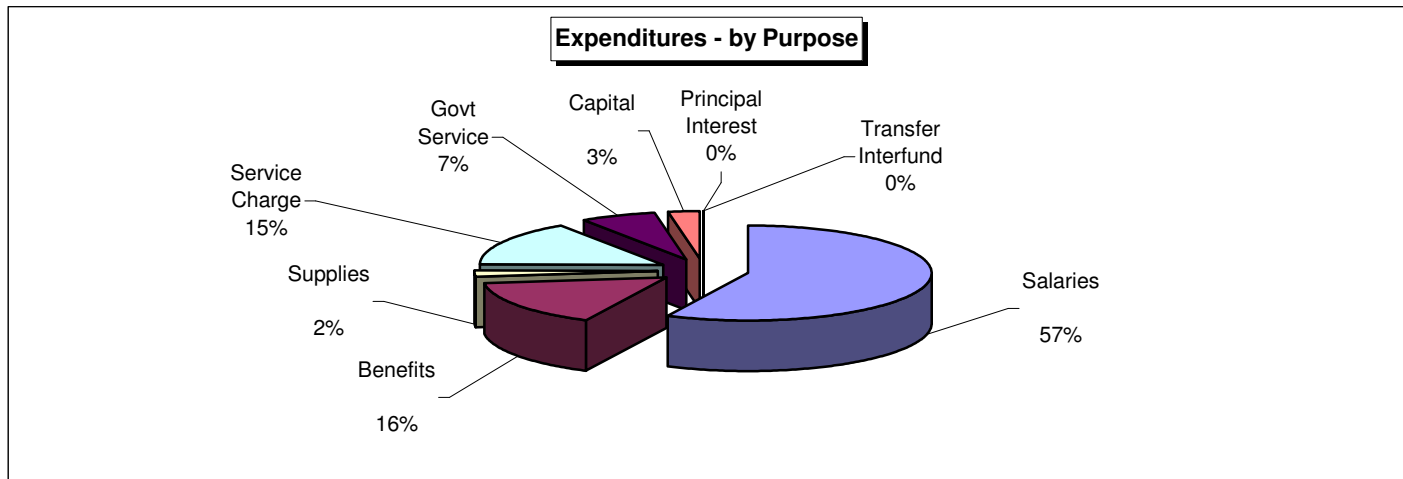
Fund/Department	Salaries	Benefits	Supplies	Service Charges	Govt Services	Outlay Capital	Debt Service Principal	Debt Service Interest	End. Fund Balance	Transfers Interfund	Total
City Council	50,400	4,158	4,000	41,022	66,460	0	0	0	0	0	166,040
Municipal Court	234,656	72,885	7,500	180,903	56,356	0	0	0	0	0	552,300
Mayor	213,690	47,107	1,200	8,965	0	1,000	0	0	0	0	271,962
Finance	357,553	94,273	8,500	66,795	0	750	0	0	0	0	527,871
City Attorney	157,336	40,871	13,900	80,310	0	200	0	0	0	0	292,617
Human Resources	74,868	228,900	1,350	26,200	0	0	0	0	0	0	331,318
General Facilities	82,896	27,713	16,325	335,737	0	5,993	0	0	0	0	468,664
Police	3,354,421	891,925	72,390	375,403	494,215	100,730	0	0	0	0	5,289,084
Fire	2,449,040	532,241	105,912	372,920	0	42,450	0	0	0	0	3,502,563
Public Works/Engineering	627,707	165,226	8,400	55,652	0	400	0	0	0	0	857,385
Development Services	745,958	201,952	15,000	124,441	0	0	0	0	0	0	1,087,351
TV 10	79,040	16,749	3,000	650	0	0	0	0	0	0	99,439
Information Services	198,916	45,382	3,000	59,008	0	62,175	0	0	0	0	368,481
Non-Departmental	16,500	3,500	0	147,842	571,658						739,500
Total Current Expense	8,642,981	2,372,882	260,477	1,875,848	1,188,689	213,698	0	0	0	0	14,554,575
City Street	481,376	147,302	69,975	599,360	14,000	146,000	0	0	0	0	1,458,013
Arterial Street	0	0	0	25,000	0	20,000	0	0	0	410,000	455,000
Parks and Recreation	775,157	198,266	65,150	312,504	0	31,500	0	0	0	0	1,382,577
Library	647,496	159,467	22,500	54,644	0	123,165	0	0	0	0	1,007,272
Tourism Promotion	0	0	0	115,370	0	0	107,994	1,620	0	0	224,984
Little Mountain Improvement	0	0	0	36,000	0	0	0	0	0	0	36,000
Crime Prevention	0	0	8,000	800	0	0	0	0	0	0	8,800
Government Access	0	0	750	0	0	79,250	0	0	0	0	80,000
Criminal Justice Assistance	0	0	0	6,663	0	0	0	0	0	88,663	95,326
Parks Capital Improvement	0	0	0	0	0	556,000	0	0	0	35,000	591,000
Skagit Station	0	0	6,024	62,800	0	0	0	0	7,574	0	76,398
Lincoln Commercial Building	0	0	100	30,000	0	30,000	0	0	45,400	0	105,500
1998 UTGO Bond Fund	0	0	0	500	0	0	285,000	218,530	0	0	504,030
1998 LTGO Bond Fund	0	0	0	400	0	0	65,000	57,460	0	0	122,860
REET I - Capital Improvements	0	0	0	0	0	160,000	229,999	14,776	0	122,860	527,635
Park Impact Fees	0	0	0	40,000	0	0	0	0	0	180,000	220,000
Fire Impact Fees	0	0	0	0	0	100,000	0	0	0	0	100,000
Transportation Impact Fees	0	0	0	30,000	0	25,000	0	0	0	0	55,000
REET II - Streets	0	0	0	0	0	175,000	0	0	0	552,000	727,000
Wastewater Utility	785,918	228,866	279,500	1,806,729	24,178	84,067	1,296,665	176,504	0	3,239,981	7,922,408
Health and Sanitation	585,127	187,061	24,350	1,288,866	1,720,300	882,400	0	0	0	215,651	4,903,755
Surfacewater Utility	0	0	30,933	427,044	649,019	346,400	165,077	59,428	0	0	1,677,901
Sewer Repair & Replacement	0	0	0	0	0	460,000	0	0	0	0	460,000
Sewer Facility Expansion	0	0	0	0	0	828,000	0	0	0	0	828,000
Sewer Capital Reserve	0	0	0	0	0	1,833,000	0	0	0	0	1,833,000
Equipment Rental	150,290	43,841	225,317	76,629	41,738	632,322	0	0	259,495	0	1,429,632
Health Care	0	0	500	1,720,500	0	0	0	0	200,000	0	1,921,000
Firemen's Pension	0	23,500	0	4,000	0	0	0	0	0	0	27,500
Total	12,068,345	3,361,185	993,576	8,513,657	3,637,924	6,725,802	2,149,735	528,318	512,469	4,844,155	43,335,166

**WHERE IT GOES-BY PURPOSE
ALL CITY FUNDS**

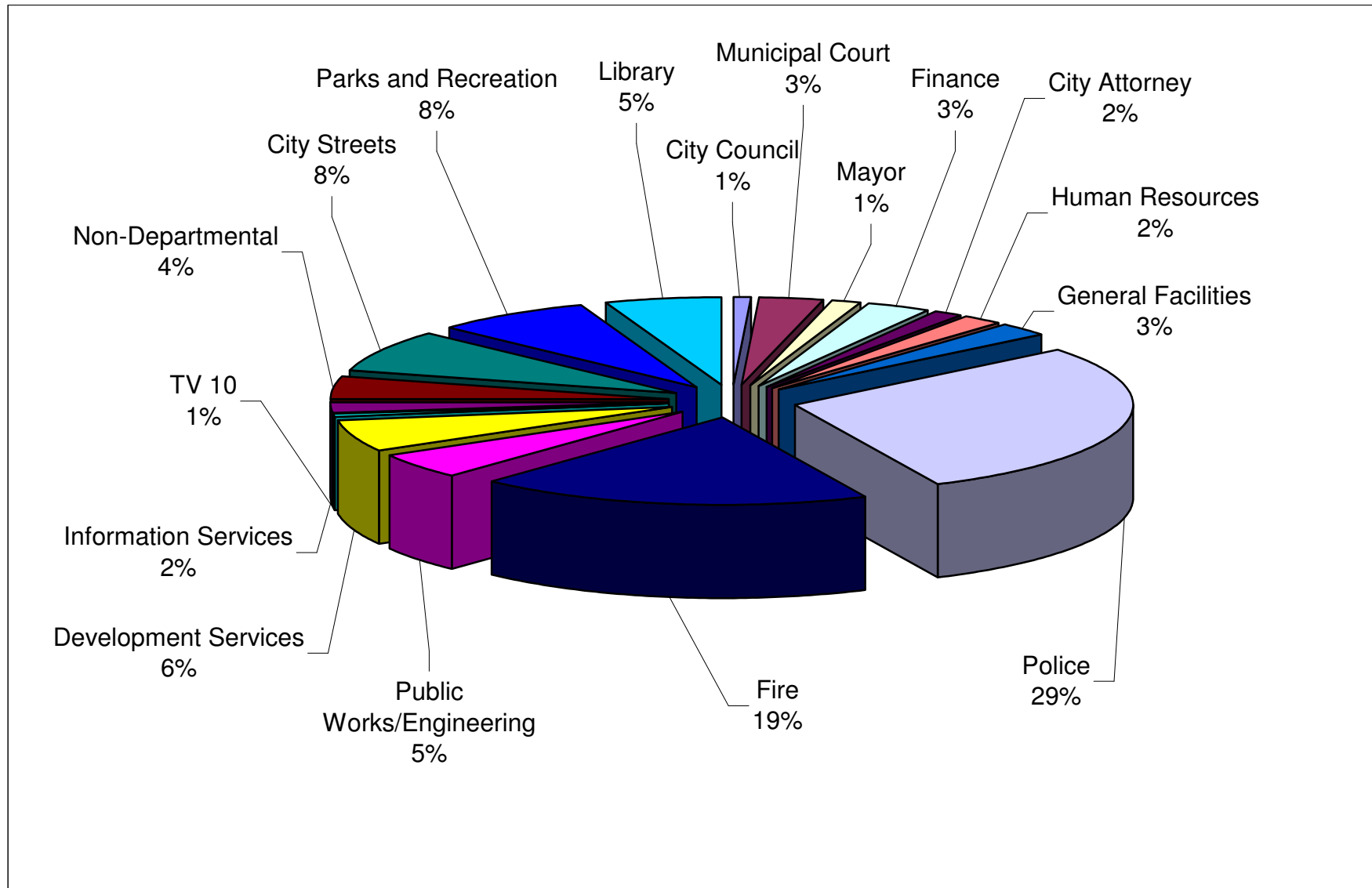


2005 Adopted Budget -
Governmental Operating Funds Only

	Salaries	Benefits	Supplies	Service Charges	Govt Services	Capital	Principal / Interest	Interfund Transfer	Total
City Council	50,400	4,158	4,000	41,022	66,460	0	0	0	166,040
Municipal Court	234,656	72,885	7,500	180,903	56,356		0	0	552,300
Mayor	213,690	47,107	1,200	8,965	0	1,000	0	0	271,962
Finance	357,553	94,273	8,500	66,795	0	750	0	0	527,871
City Attorney	157,336	40,871	13,900	80,310	0	200	0	0	292,617
Human Resources	74,868	228,900	1,350	26,200	0	0	0	0	331,318
General Facilities	82,896	27,713	16,325	335,737	0	5,993	0	0	468,664
Police	3,354,421	891,925	72,390	375,403	494,215	100,730	0	0	5,289,084
Fire	2,449,040	532,241	105,912	372,920	0	42,450	0	0	3,502,563
Public Works/Engineering	627,707	165,226	8,400	55,652	0	400	0	0	857,385
Development Services	745,958	201,952	15,000	124,441	0	0	0	0	1,087,351
TV 10	79,040	16,749	3,000	650	0	0	0	0	99,439
Information Services	198,916	45,382	3,000	59,008	0	62,175	0	0	368,481
Non-Departmental	16,500	3,500	0	147,842	571,658				739,500
Total Current Expense Fund	8,642,981	2,372,882	260,477	1,875,848	1,188,689	213,698	0	0	14,554,575
City Streets	481,376	147,302	69,975	599,360	14,000	146,000	0	0	1,458,013
Parks and Recreation	775,157	198,266	65,150	312,504	0	31,500	0	0	1,382,577
Library	647,496	159,467	22,500	54,644	0	123,165	0	0	1,007,272
Total Govt Operating Funds	10,547,010	2,877,917	418,102	2,842,356	1,202,689	514,363	0	0	18,402,437



2005 Adopted Budget -
Expenditures by Function



City of Mount Vernon Personnel Status Report - Full-Time Employees 2005 Budget Year							
<u>DEPARTMENT</u>	<u>2005 Mayor</u>	<u>2004 Actual</u>	<u>2003 Actual</u>	<u>2002 Actual</u>	<u>2001 Actual</u>	<u>2000 Actual</u>	<u>1999 Actual</u>
Current Expense							
Mayor	3	3	2	2	2	2	2
Municipal Court	6	6	6	6	6	5	5
Finance	7.6	8	9	8	8	8	8
City Attorney	3	3	4	3	3	3	2
Human Resources	1	1	1	1	1	1	1
General Facilities Maintenance	2	2	2	2	2	2	2
Police	56	55	54	54	52	51	51
Fire	38	36	36	35	35	34	34
Public Works/Engineering a	11	15	15	15	14	13	10
Development Services b	14	10	11	10	10	10	10
TV-10	1.8	1.6	1	0	0	0	0
Information Services	3	3	3	2	2	2	2
Total Current Expense	146.4	143.6	144	138	135	131	127
City Street c	10	10	10	10	10	9	6
Parks/Recreation d	12	12	11	11	11	11	11
Library	11	11	11	11	11	11	11
Wastewater Utility e	15	15	15	15	15	14	12
Health/Sanitation Utility	13	13	13	12	12	12	11
Surfacewater Utility	0	0	1	1	1	1	5
Equipment Rental	3	3	3	3	3	3	2
Total-All Funds	210.4	207.6	208	201	198	192	185

- a** 2 1/2 employee positions funded by Surface Water Utility; 2 employee positions funded by Wastewater Utility; 1/3 employee funded by Health and Sanitation Utility; 1 employee position funded by capital projects.
- b** 1 2/3 employee positions funded by Surface Water Utility; 2/3 employee position funded by Wastewater Utility.
- c** 3 employee positions funded by Surface Water Utility; 1 position funded by Wastewater Utility.
- d** 1/3 employee position funded by Surface Water Utility; 1/3 employee position funded by Health & Sanitation Utility.
- e** 1 employee position funded by Surface Water Utility.

New positions for 2005:	<u>Dept</u>	<u>Mayor</u>	
Information Services	1	0	Systems Analyst
Police Department	2	1	2 Police Officers
Fire Department	5	2	5 Firefighters
Wastewater:	2	0	Laborer; Operator
Total Additions	10	3	