

# City of Mountlake Terrace



## **1<sup>ST</sup> QUARTER 2011 FINANCIAL REPORT**

**JUNE 20, 2011**

# Overview



- 1<sup>st</sup> Quarter 2011 Financial Report (January – March)
  - Overview
    - Mountlake Terrace Receives High Credit rating
    - Annual Audit
  - Executive Summary
  - General Government Funds
  - Capital Improvement Funds
  - Utility Funds
  - Ending Fund Balances/Reserves
  - Action Strategies & Preventative Measures Implemented
    - Summary of Sources & Uses (Attachment A)
    - Performances Measures (Attachment B)

# Standard & Poor's (S&P) Bond Rating



- S&P assigned its 'AA' Rating
- Stable outlook
- Recognized for sound financial policies & practices
- Provides quarterly financial performance review
- Developed six-year forecasting model
- City is a quality borrower
- Very strong capacity to meet its financial commitments
- City commended for its resourcefulness in responding to changing conditions
- City stands out in management
- City is clearly different than the city of three or so years ago

# Executive Summary



- “Great Recession” – 3 plus years since December 2007
- Deterioration of economy
- Massive layoffs
- Service reductions
- Elimination of services
- Delay of infrastructure projects
- Continued unemployment and growing under-employment (20-25%)
- Slumping real estate market
- Tight credit markets
- Continued slowdown in consumer spending
- Consumer confidence and misery index lowest in decades
- Recovery lag for local governments - most difficult years (upwards of 10 plus years) may still be ahead

# Executive Summary



- Revenue collections continue to lag as compared to previous years
- Change and uncertainty of economic conditions
  - Falling revenue collections (i.e., utility tax, gambling tax, property, etc.)
  - Legislative changes & initiatives (e.g., loss of SSR totaling 3.4%, liquor privatization)
  - Rising Employee Health Care & Pension Costs
  - Growing demand for services (i.e., economic development, senior services, community events/grants, inflation, fuel costs, public defender services, etc.)
  - Underdeveloped/underutilized commercial areas (e.g., downtown)
  - Age of City's physical infrastructure (30-50 years old)
  - Unfunded Capital Improvement Needs
- Thus far, City of Mountlake Terrace currently holding its own through 1<sup>st</sup> quarter 2011; departments exceeding financial expectations; no services to our citizens and community have been impacted
- “Zero-sum” environment – expenditure savings mitigating lagging revenue collections

# City's Approach to Economic Recession



- **Why is the City of Mountlake Terrace weathering the most difficult economic times in generations?**
  - Strong and Effective Leadership
  - Strategic Focus on Community Priorities (e.g., capital investment, economic development, finances, public safety, recreation & parks, public works)
  - Resources aligned with Community's Priorities
  - Adhering to sound & prudent financial policies
  - Balanced budget (operating revenues align with operating expenditures)
  - Maintaining Adequate Reserves
  - Six-year financial forecast
  - Continuous Focus on Business Model & Organizational Improvements
  - Balance between Basic Services & Capital Investment
  - Local, Regional & National Partnerships
  - Advancing Technological Solutions
  - Fees for Service Reflecting Cost of Delivery

# City's Approach to Economic Recession



- We no longer subscribe to... “That’s the way we always did it”
  - Economic Development as a priority (e.g., broaden & diversify economic base, focus on underdeveloped/underutilized commercial areas)
  - Aggressive \$83.8 million CIP
  - Leveraging \$6.2 million in state and federal funds
  - Increased Services
    - ✦ Public Safety (e.g., SWAT, code enforcement, bicycle patrol, animal control), Parks Maintenance, Streets & ROW Maintenance, and Facilities Maintenance
  - Streamlined Services (examples)
    - ✦ Contract for fire & EMS services (\$600,000 per year beg 2005)
    - ✦ Custodial services transitioned from in-house to contract (\$250,000 per year beg 2007)
    - ✦ Elimination of management positions (\$400,000 per year beg 2006)
    - ✦ Fleet management best practices (\$300,000 per year beg 2009)
    - ✦ Proactive (vs. reactive) approach with implementation of action strategies and preventative measures

# General Government Fund Resources

## March 2011

Resources by Fund General Government	2011			Change (bud vs. act)	
	Budget	1st Quarter	Actual	\$	%
<b>Beginning Fund Balances</b>	<b>\$ 4,525,756</b>	<b>\$ 4,525,756</b>	<b>\$ 4,525,756</b>	<b>\$ -</b>	<b>0.0%</b>
<b>General</b>					
Property Tax	4,162,017	1,040,504	1,040,504	(0)	0.0%
Sales Tax	1,629,846	392,096	407,415	15,319	3.9%
Utility Tax	3,129,413	782,353	740,001	(42,352)	-5.4%
Gambling Tax	1,200,000	300,000	267,391	(32,609)	-10.9%
Other Taxes	88,000	22,000	25,934	3,934	17.9%
Business & Animal Licenses	140,000	35,000	62,498	27,498	78.6%
Development Services Fees	765,000	153,000	173,309	20,309	13.3%
Cable & Solid Waste Franchise Fees	417,907	104,477	134,027	29,550	28.3%
State Shared & Intergov't	631,318	157,830	89,348	(68,482)	-43.4%
Transport Fees	300,000	75,000	101,466	26,466	35.3%
Fines & Forfeitures	395,000	98,750	118,601	19,851	20.1%
Other Fees & Charges	1,746,376	436,594	414,030	(22,564)	-5.2%
Investment Income	50,000	12,500	3,110	(9,390)	-75.1%
<b>Total General Fund Operating Revenues</b>	<b>14,654,877</b>	<b>3,610,104</b>	<b>3,577,634</b>	<b>(32,470)</b>	<b>-0.9%</b>
Street Operating	331,527	82,882	71,853	(11,029)	-13.3%
Recreation	2,860,005	715,001	794,816	79,815	11.2%
Debt Service	7,000	1,750	1,984	234	13.4%
<b>Total General Govt Operating Revenues</b>	<b>17,853,409</b>	<b>4,409,737</b>	<b>4,446,287</b>	<b>36,550</b>	<b>0.8%</b>
<b>Other Financing Sources</b>					
Strategic Reserve	31,000	7,750	3,234	(4,516)	-58.3%
Fleet Management	739,780	184,945	137,468	(47,477)	-25.7%
Hotel/Motel Tax	17,000	4,250	3,953	(297)	-7.0%
Solid Waste Service	25,000	6,250	6,250	-	0.0%
Accumulated Leave Reserve	12,500	3,125	1,107	(2,018)	-64.6%
General	20,000	5,000	20,140	15,140	302.8%
Street Operating	488,709	122,177	105,106	(17,071)	-14.0%
Recreation	589,712	147,428	48,783	(98,645)	-66.9%
Debt Service	445,078	111,270	111,270	-	0.0%
Fleet Management	6,500	1,625	3,000	1,375	84.6%
<b>Total Other Financing Sources</b>	<b>2,375,279</b>	<b>593,820</b>	<b>440,311</b>	<b>(153,509)</b>	<b>-25.9%</b>
<b>Total All General Government Funds</b>	<b>\$24,754,444</b>	<b>\$ 9,529,313</b>	<b>\$ 9,412,354</b>	<b>\$ (116,959)</b>	<b>-1.2%</b>



# General Government Fund Expenditures

## March 2011

Expenditures by Fund General Government	2011			Change (bud vs. act)	
	Budget	1st Quarter	Actual	\$	%
<b>General</b>					
City Council	\$ 104,480	\$ 27,165	\$ 26,923	\$ (242)	-0.9%
City Manager	726,808	253,506	249,635	(3,871)	-1.5%
Administrative Services	1,358,282	353,153	344,260	(8,893)	-2.5%
Municipal Court & Jail Services	793,364	198,341	179,854	(18,487)	-9.3%
Police	5,436,671	1,495,085	1,512,926	17,841	1.2%
Fire	2,558,498	665,209	677,132	11,923	1.8%
Community & Economic Development	1,033,882	258,471	251,388	(7,083)	-2.7%
Park Services	601,772	150,443	149,145	(1,298)	-0.9%
Property Management	858,347	231,754	229,036	(2,718)	-1.2%
Oper Transfer Out-Debt Svc	-	-	-	-	n/a
Oper Transfer Out-Streets	488,709	122,177	105,106	(17,071)	-14.0%
Oper Transfer Out-Recreation	404,712	101,178	2,533	(98,645)	-97.5%
Oper Transfer Out- Rec Debt Svc	185,000	46,250	46,250	-	0.0%
<b>Total General Fund</b>	<b>14,550,525</b>	<b>3,902,732</b>	<b>3,774,188</b>	<b>(128,544)</b>	<b>-3.3%</b>
<b>Operating Surplus/(Deficit)</b>	<b>104,352</b>	<b>(292,628)</b>	<b>(196,554)</b>	<b>96,074</b>	<b>-32.8%</b>
<b>Street Operating</b>	<b>827,257</b>	<b>206,814</b>	<b>183,696</b>	<b>(23,118)</b>	<b>-11.2%</b>
<b>Recreation</b>	<b>3,462,395</b>	<b>865,599</b>	<b>849,685</b>	<b>(15,914)</b>	<b>-1.8%</b>
<b>Debt Service</b>	<b>520,679</b>	<b>9,109</b>	<b>9,109</b>	<b>-</b>	<b>0.0%</b>
<b>Total General Government Funds</b>	<b>19,360,856</b>	<b>4,984,254</b>	<b>4,816,678</b>	<b>(167,576)</b>	<b>-3.4%</b>
<b>Other Financing Uses</b>					
Fleet Management	663,053	165,763	173,194	7,431	4.5%
Hotel/Motel Tax	23,000	-	-	-	n/a
Solid Waste Service	34,500	8,625	5,738	(2,887)	-33.5%
Accumulated Leave Reserve	-	-	-	-	n/a
General	1,161,218	135,473	135,473	-	0.0%
Strategic Reserve	25,000	6,250	6,250	-	0.0%
<b>Other Financing Uses</b>	<b>1,906,771</b>	<b>316,111</b>	<b>320,655</b>	<b>4,544</b>	<b>1.4%</b>
<b>Total All General Government Funds</b>	<b>\$21,267,627</b>	<b>\$ 5,300,365</b>	<b>\$ 5,137,333</b>	<b>\$ (163,032)</b>	<b>-3.1%</b>

### Revenue Growth

2007: (0.5%)

2008: 1.7%

2009: (5.8%)

2010: 2.8%

2011: (0.3%)

**Average : (0.4%)**

## General Fund

### Operating Revenues vs. Operating Expenditures

#### Through 1st Quarter

2006 - 2011

### Expenditure Growth

2007: (2.0%)

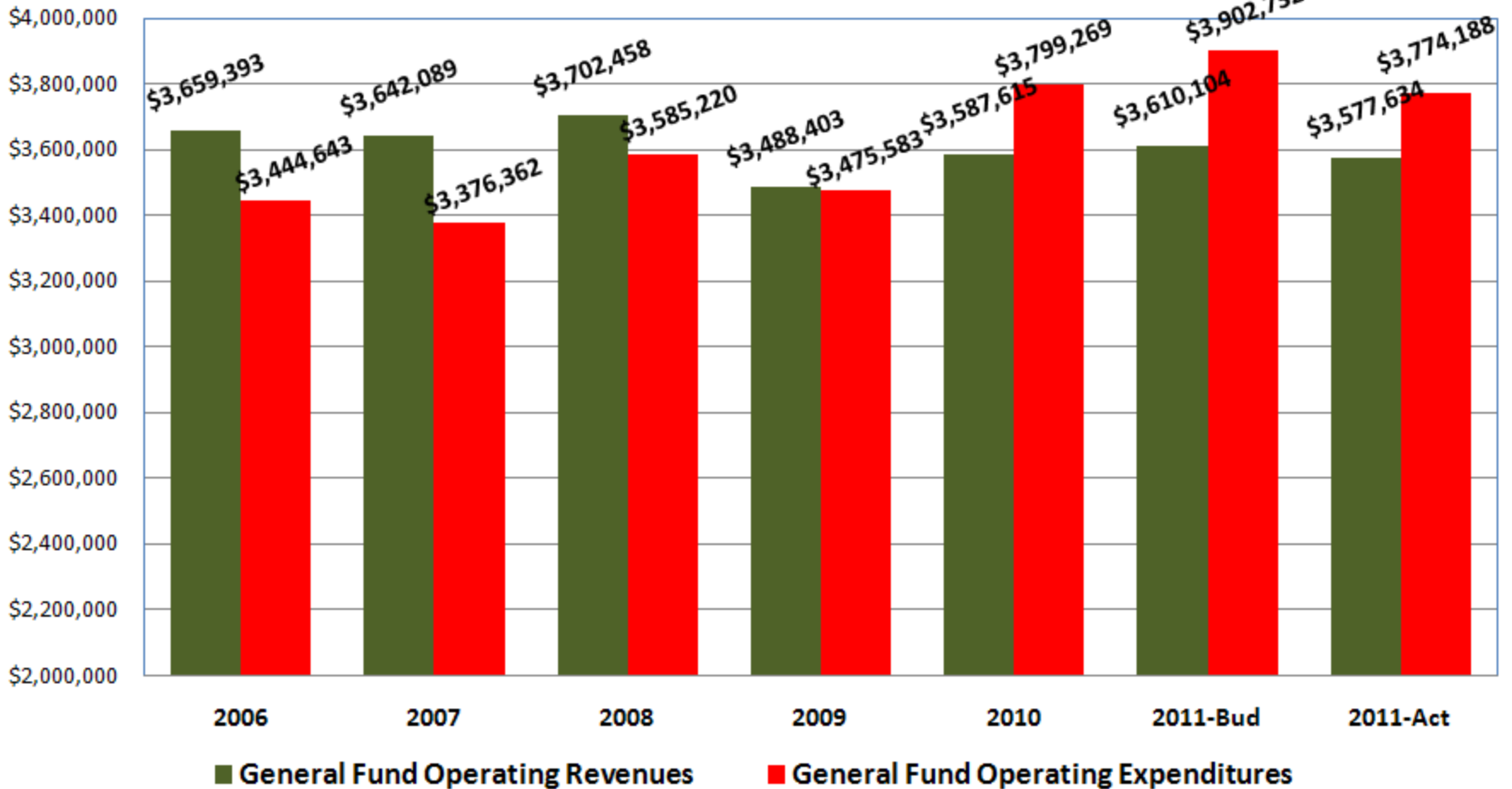
2008: 6.2%

2009: (3.1%)

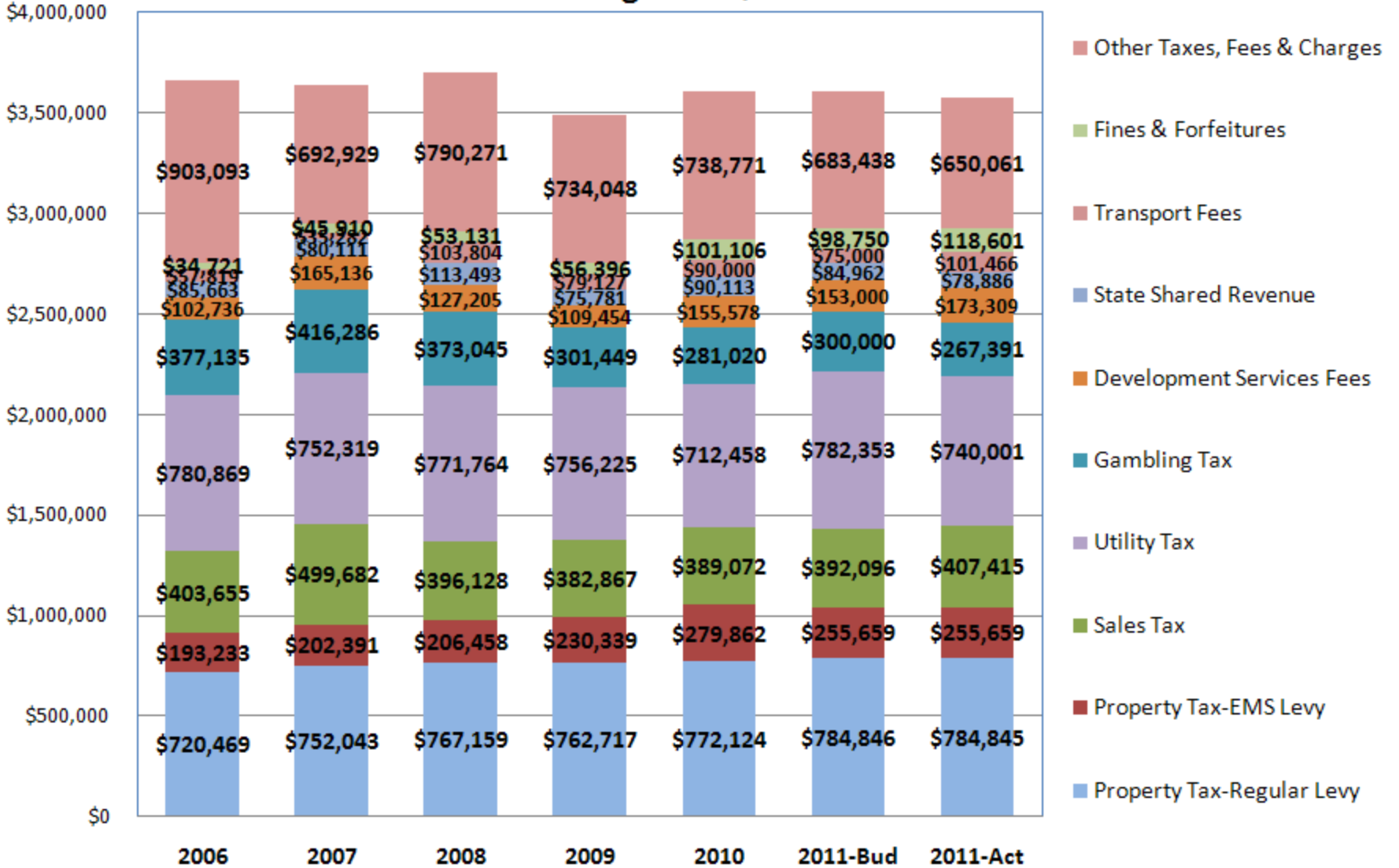
2010: 9.3%

2011: (0.7%)

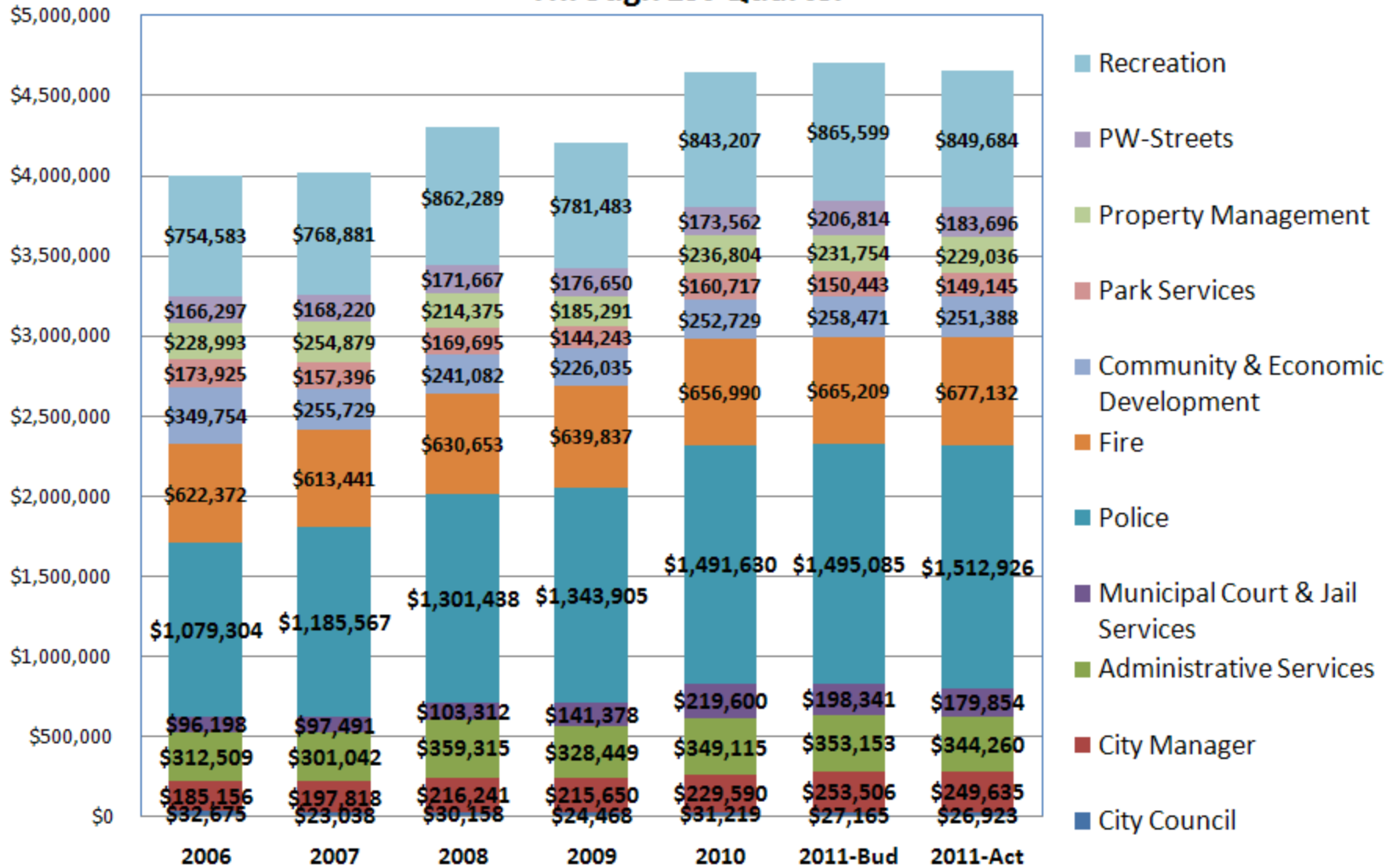
**Average : 2.0%**



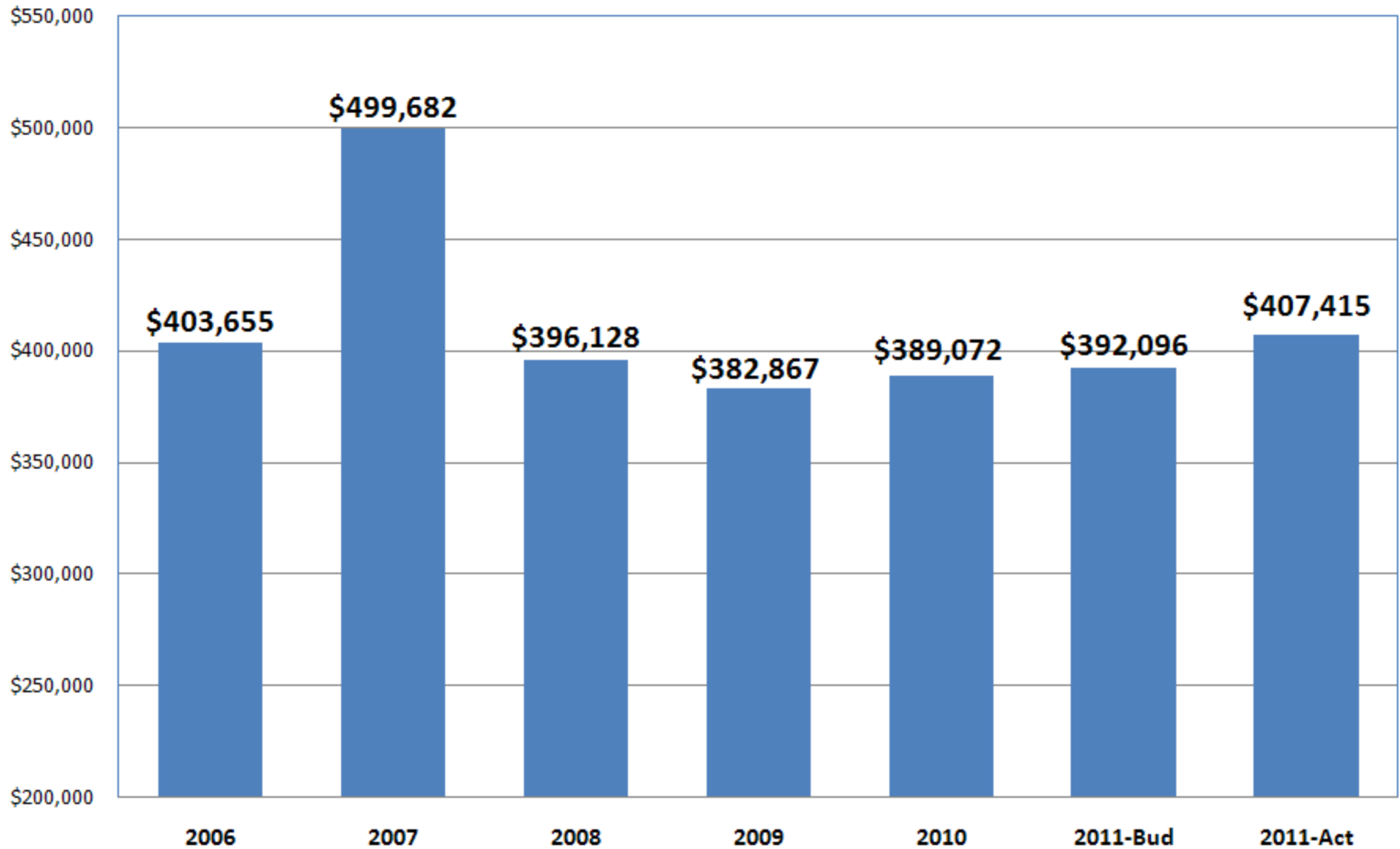
# General Fund Revenues 2006 - 2011 Through 1st Quarter



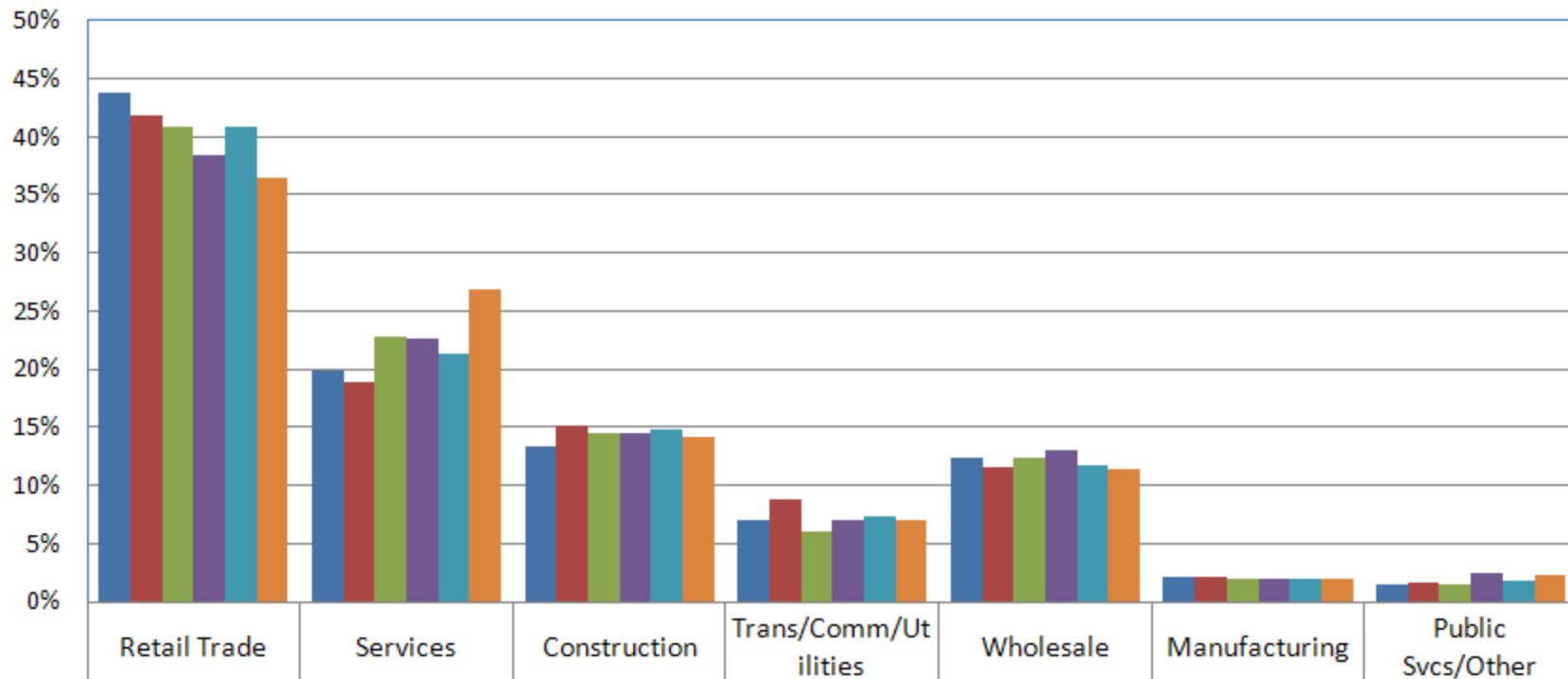
## Department Expenditures 2006 - 2011 Through 1st Quarter



# Sales Tax Revenue 2006 - 2011 Through 1st Quarter

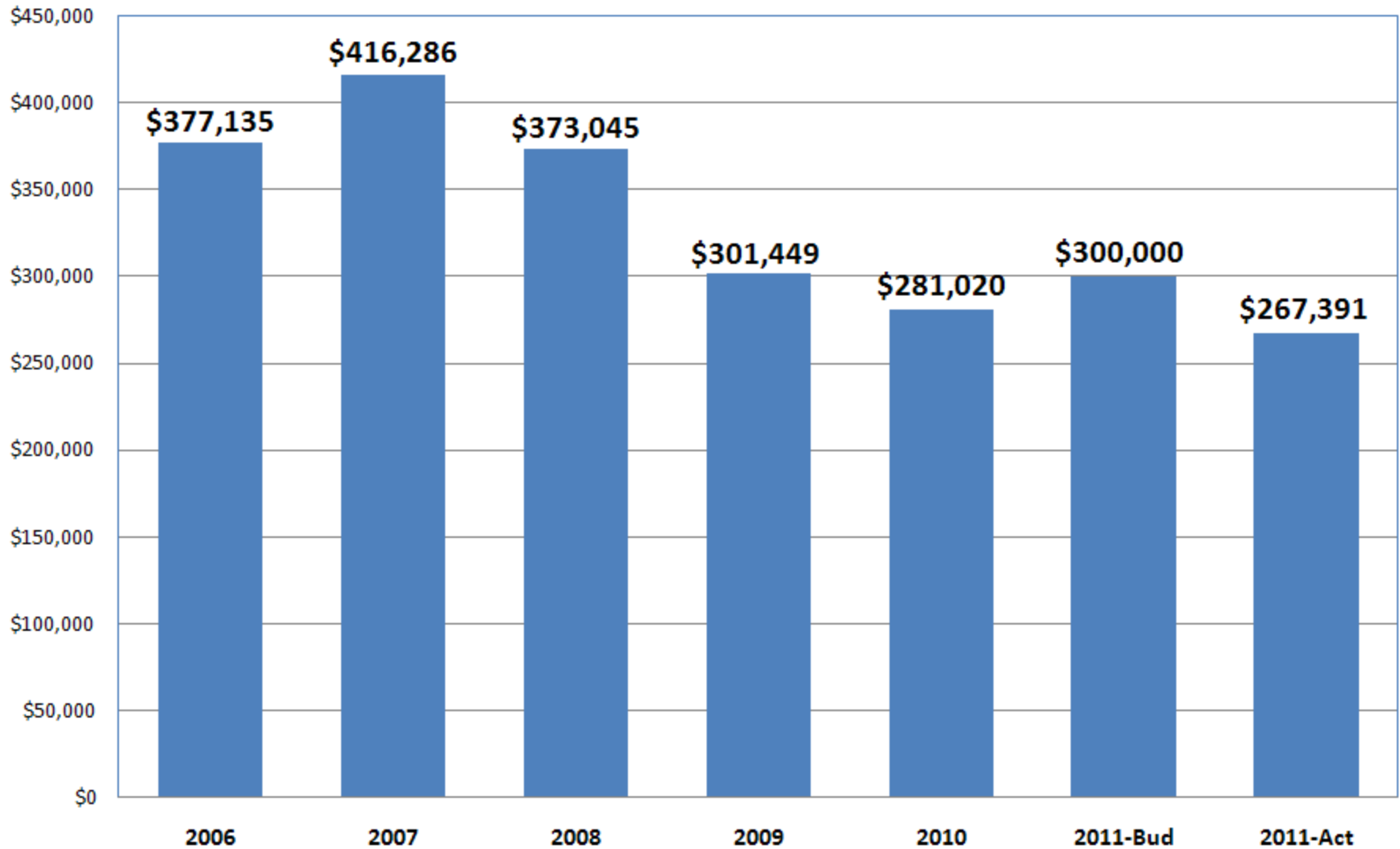


## Sales Tax Collections by Component 2006 - 2011 Through 1st Quarter

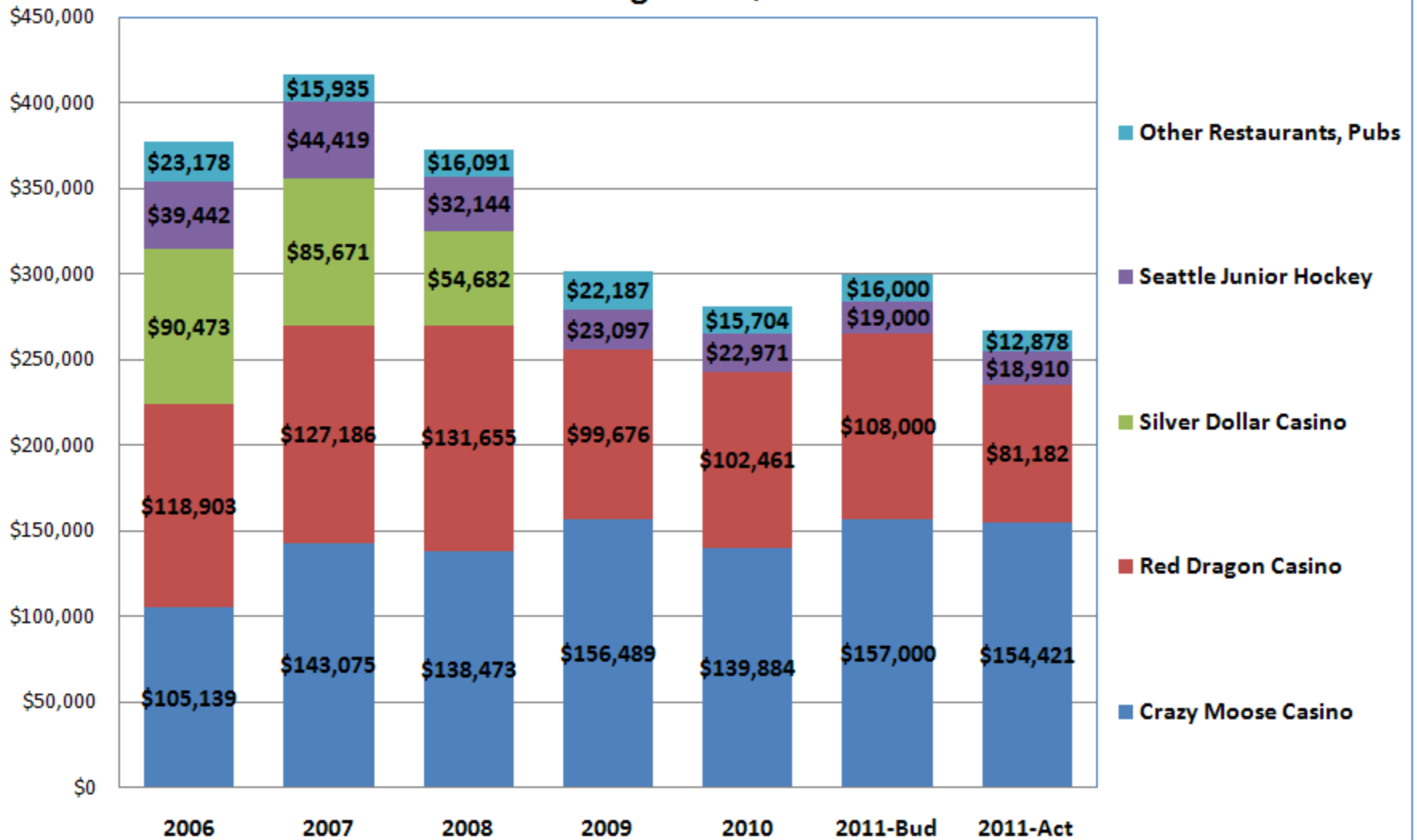


■ 2006	44%	20%	13%	7%	12%	2%	1%
■ 2007	42%	19%	15%	9%	12%	2%	2%
■ 2008	41%	23%	14%	6%	12%	2%	1%
■ 2009	38%	23%	14%	7%	13%	2%	2%
■ 2011-Bud	41%	21%	15%	7%	12%	2%	2%
■ 2011-Act	36%	27%	14%	7%	11%	2%	2%

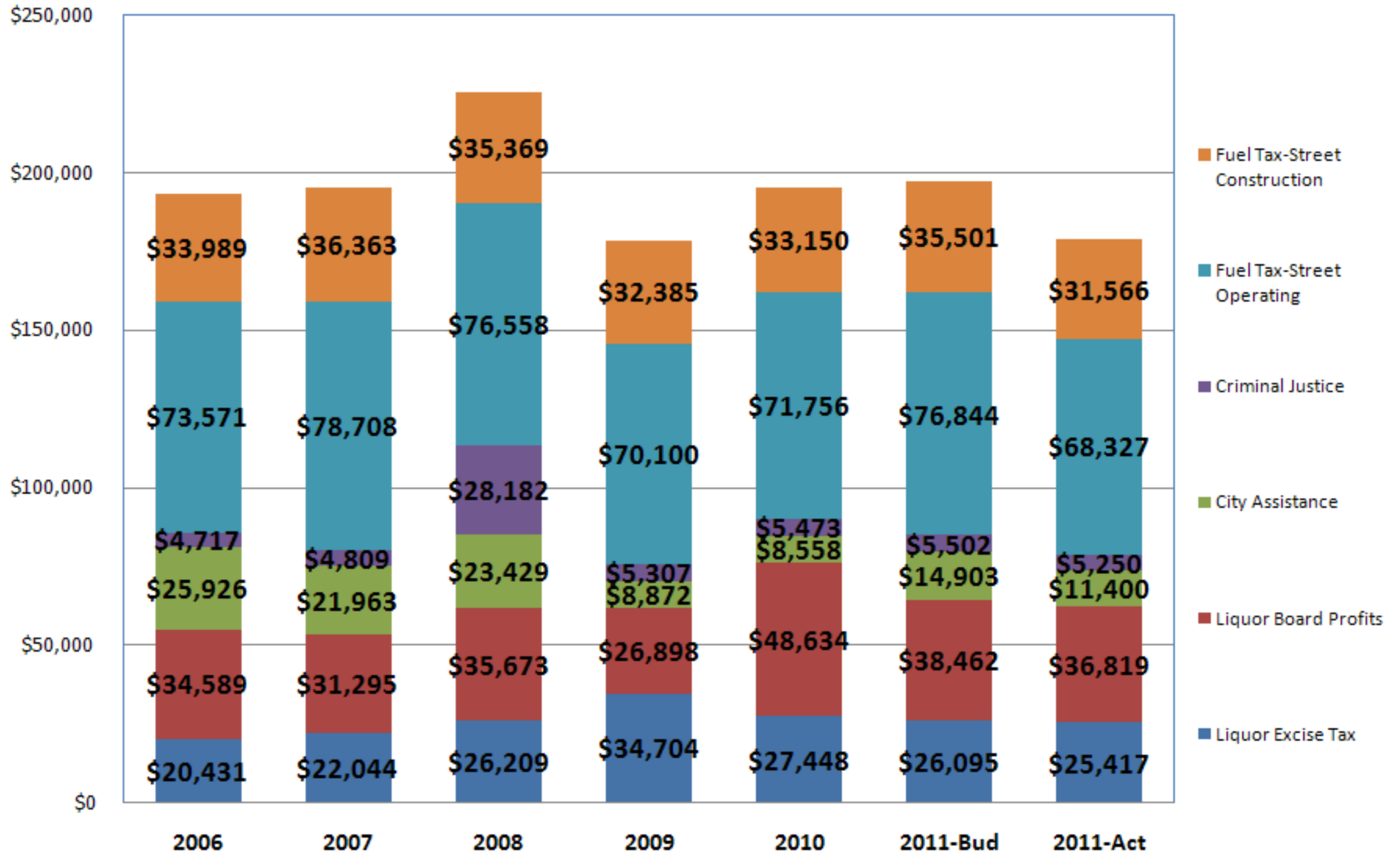
# Gambling Tax Revenue 2006 - 2011 Through 1st Quarter



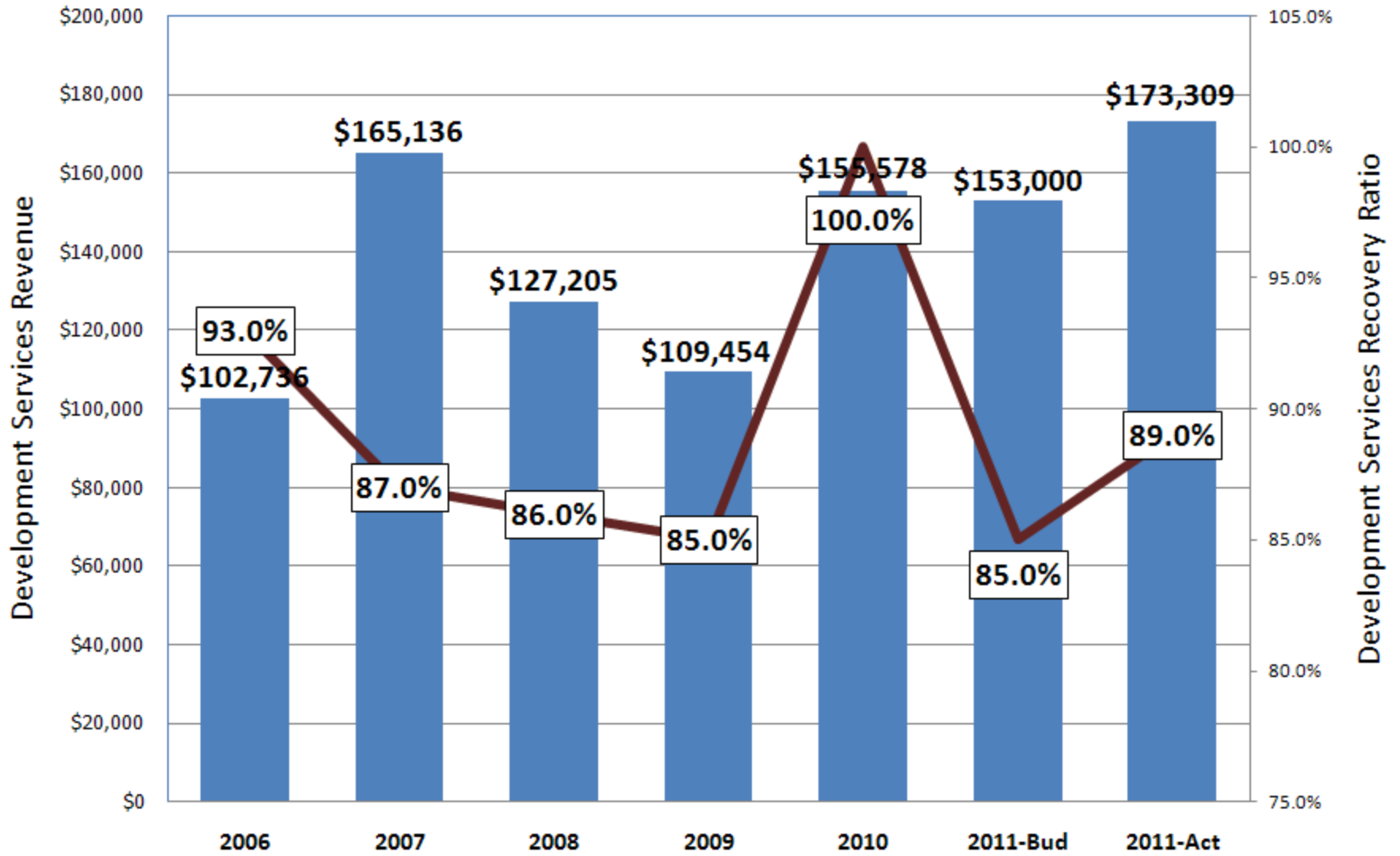
## Gambling Tax Revenue by Business 2006 - 2011 Through 1st Quarter



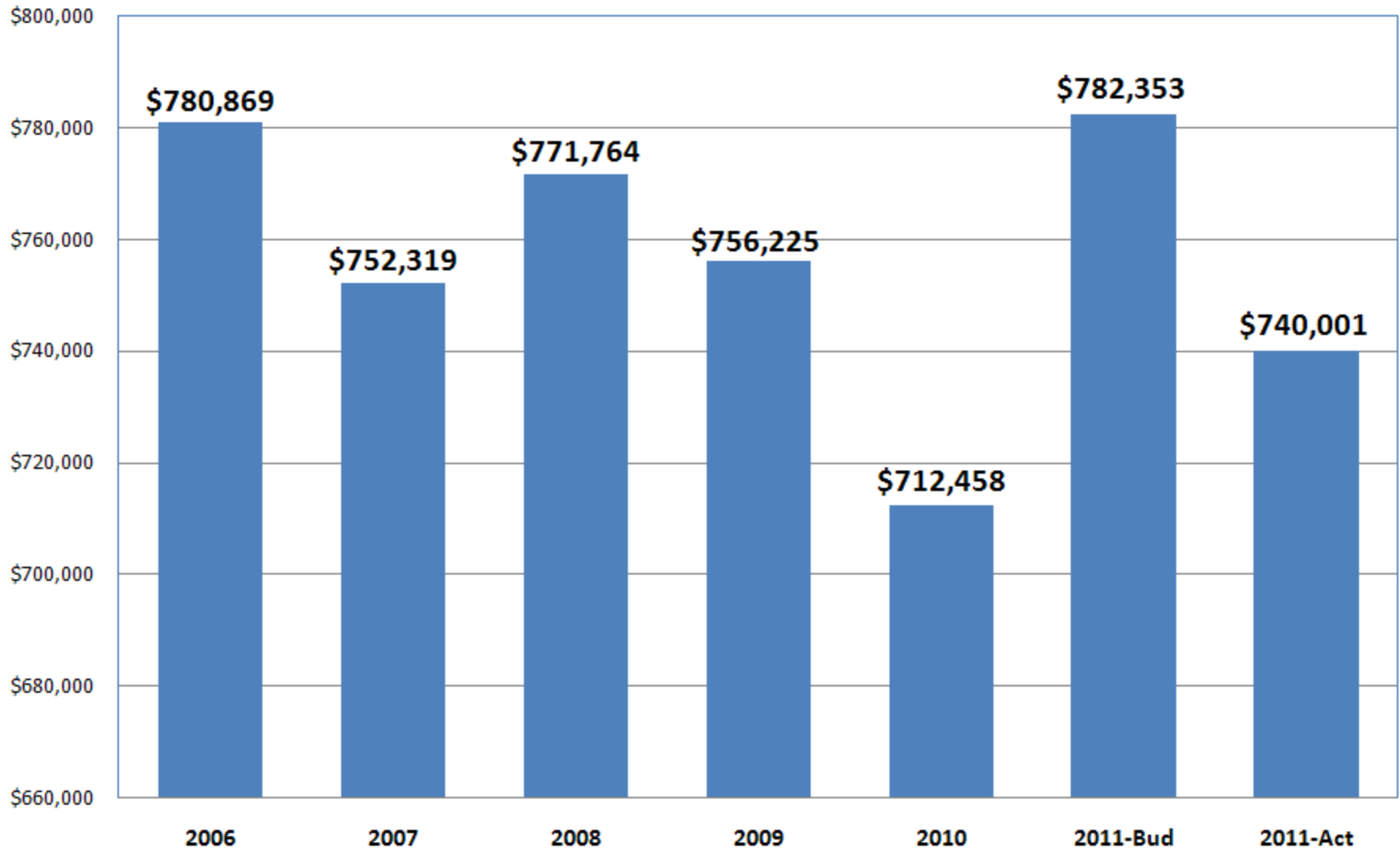
## State-Shared Revenues 2006 - 2011 Through 1st Quarter



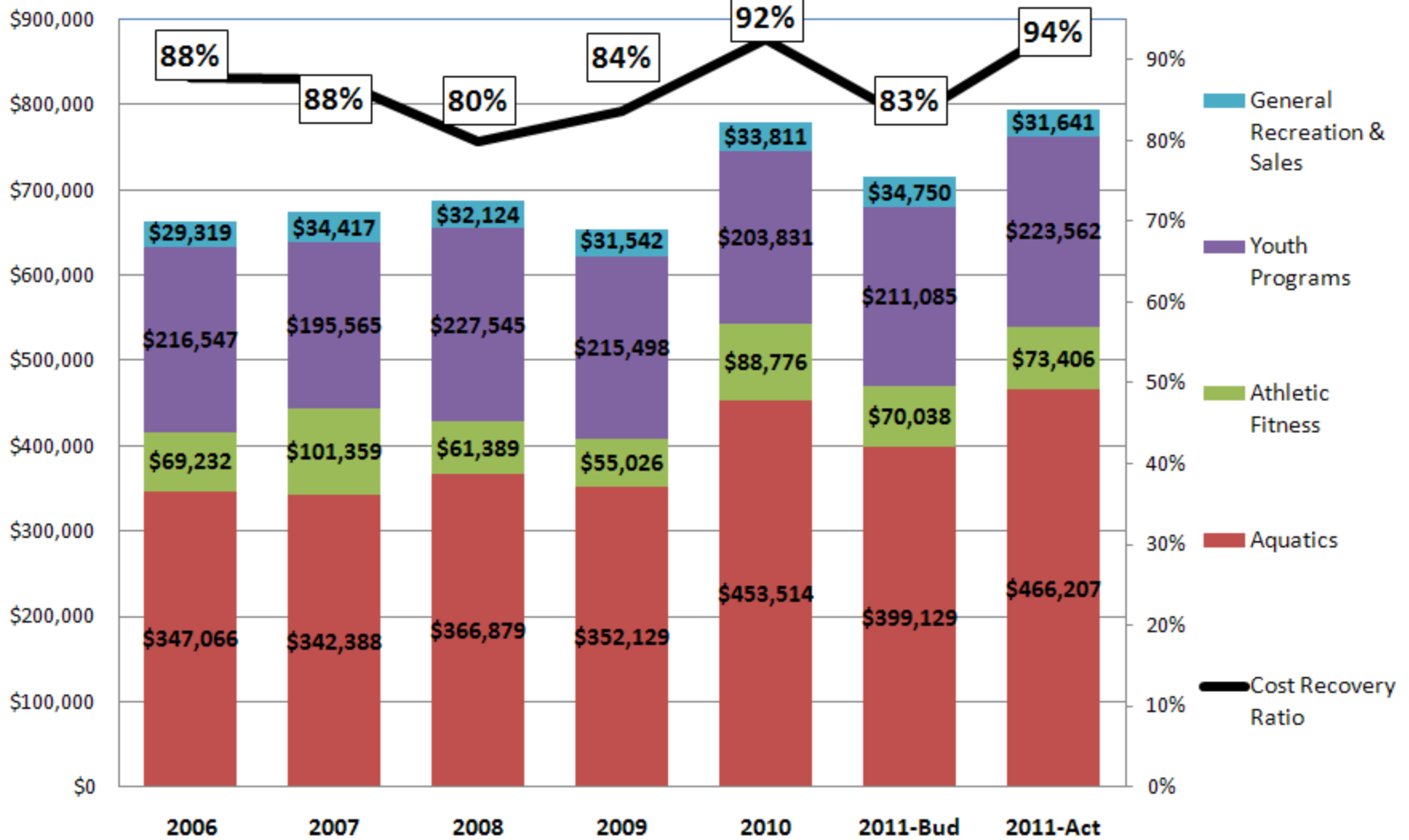
# Development Services Revenue 2006 - 2011 Through 1st Quarter



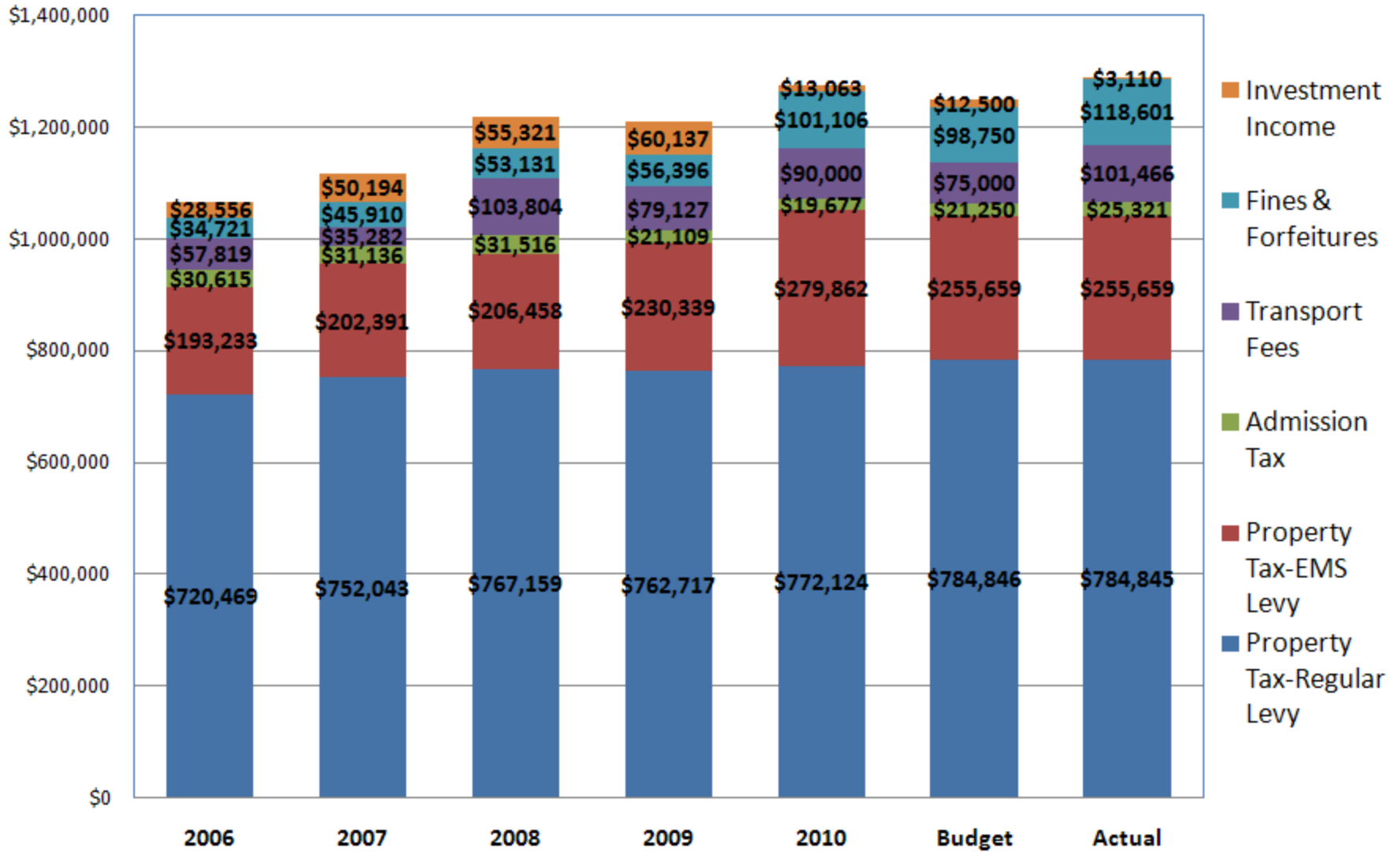
**Utility Tax Revenue  
2006 - 2011  
Through 1st Quarter**



## Recreation Revenues by Program Through 1st Quarter 2006 - 2011



## Other General Fund Revenue 2006 - 2011 Through 1st Quarter



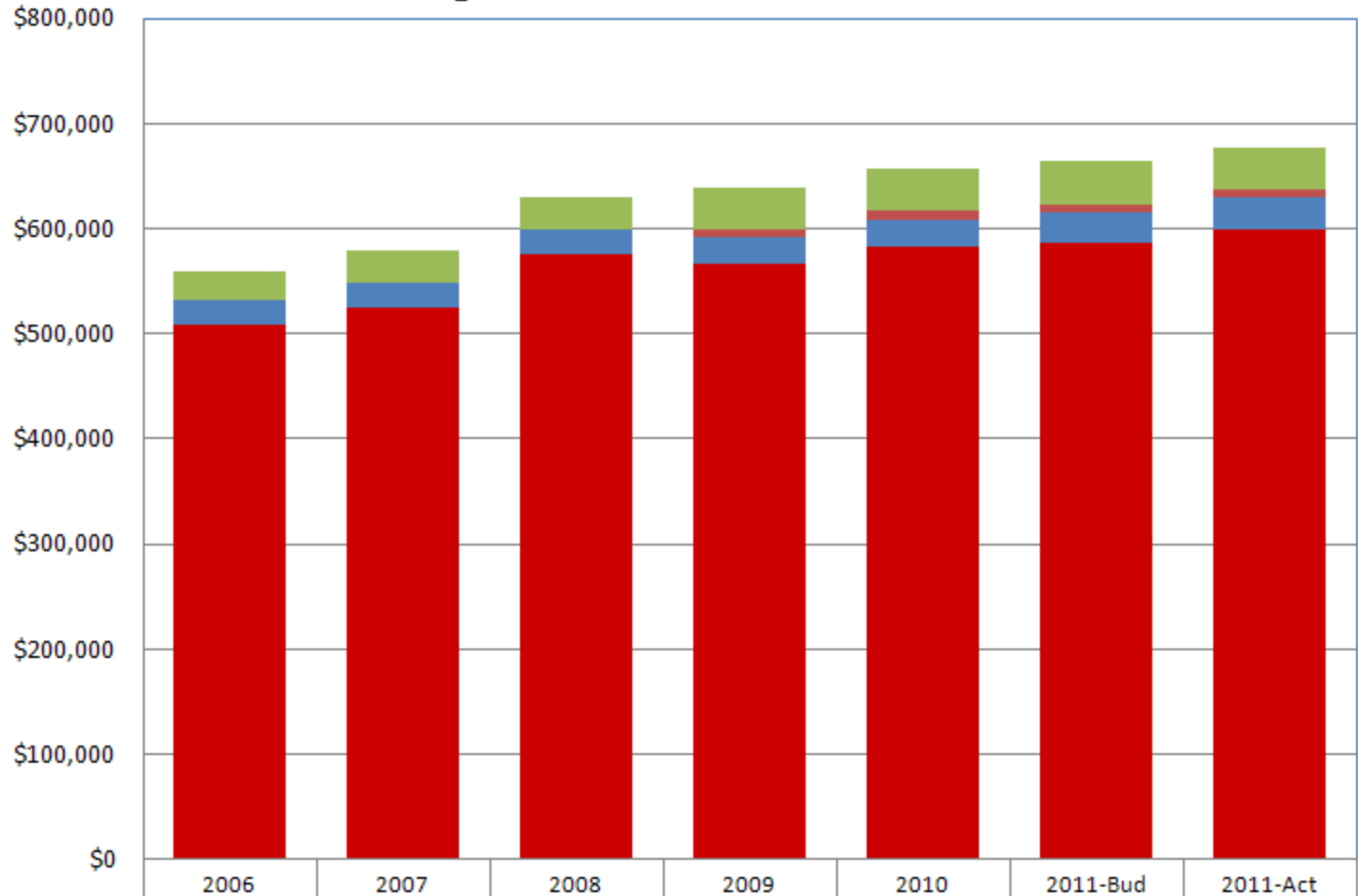
### Total Fire & EMS Services Growth

2007: 3.1%  
 2008: 9.6%  
 2009: (1.4%)  
 2010: 2.7%  
 2011: 2.8%  
**Average : 3.4%**

### FD Contract Growth

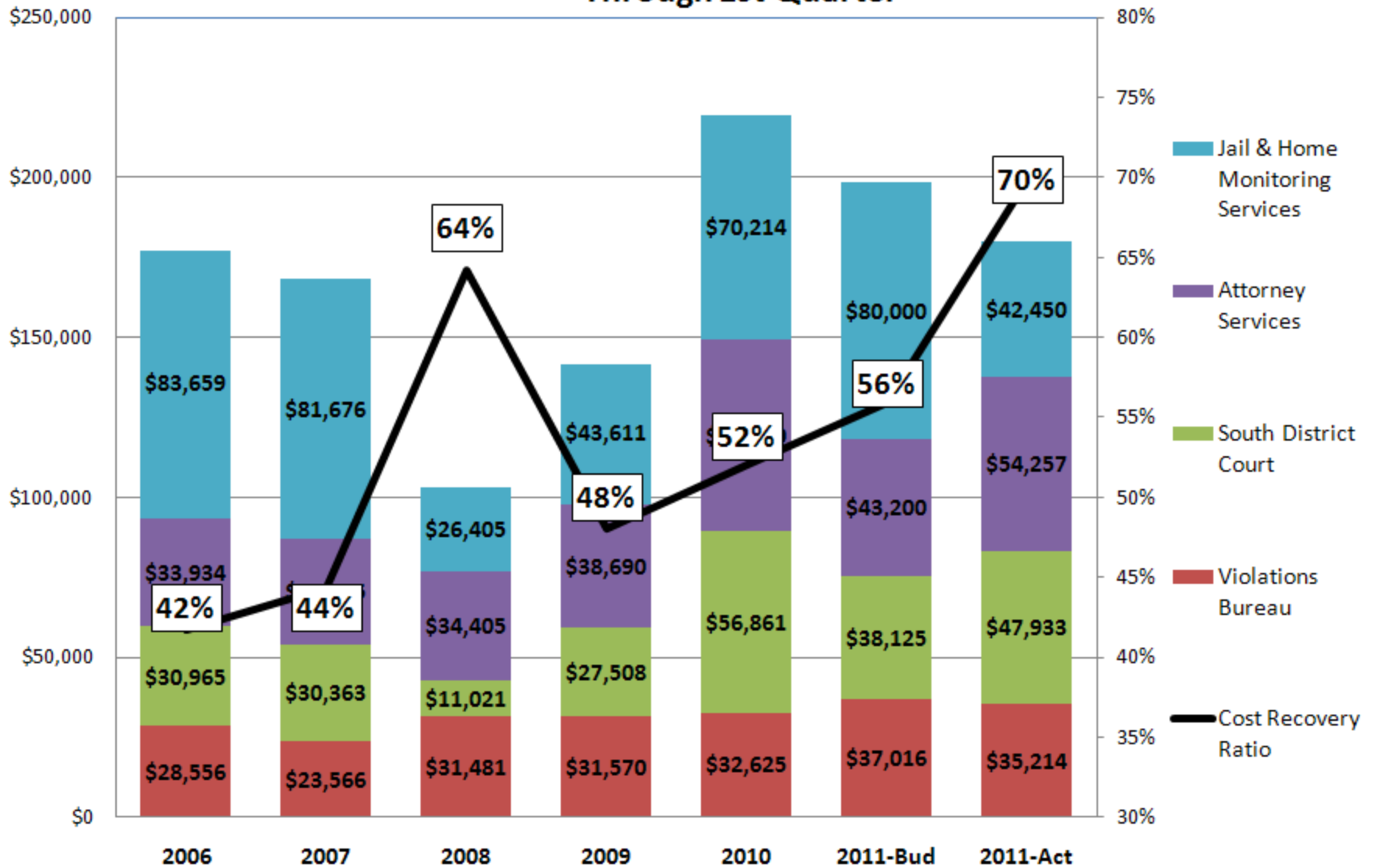
2007: 3.4%  
 2008: 8.9%  
 2009: 1.5%  
 2010: 2.7%  
 2011: 3.1%  
**Average : 3.9%**

## Fire & EMS Services 2006 - 2011 Through First Quarter



	2006	2007	2008	2009	2010	2011-Bud	2011-Act
Emergency Management (ESCA)	\$27,638	\$30,257	\$31,976	\$40,260	\$40,131	\$42,700	\$39,283
Pension & Disability Benefits	\$0	\$0	\$0	\$7,467	\$8,304	\$8,000	\$8,200
LEOFF 1 Medical Benefits	\$23,387	\$24,292	\$23,872	\$25,446	\$26,326	\$27,500	\$31,157
Fire District #1 Contract	\$508,747	\$524,379	\$574,805	\$566,664	\$582,229	\$587,009	\$598,492

# Municipal Court & Jail Services 2006 - 2011 Through 1st Quarter





## **Capital Improvement Funds**

**Projects  
currently  
underway...**

- **East Side Water System Improvements**
- **Town Center Water System Improvements**
- **Storm and Sanitary Reconstruction**
- **Hall Creek Culvert Removal & Sewer Replacement Project**
- **Street Overlay Program**
- **Chip Seal Program**

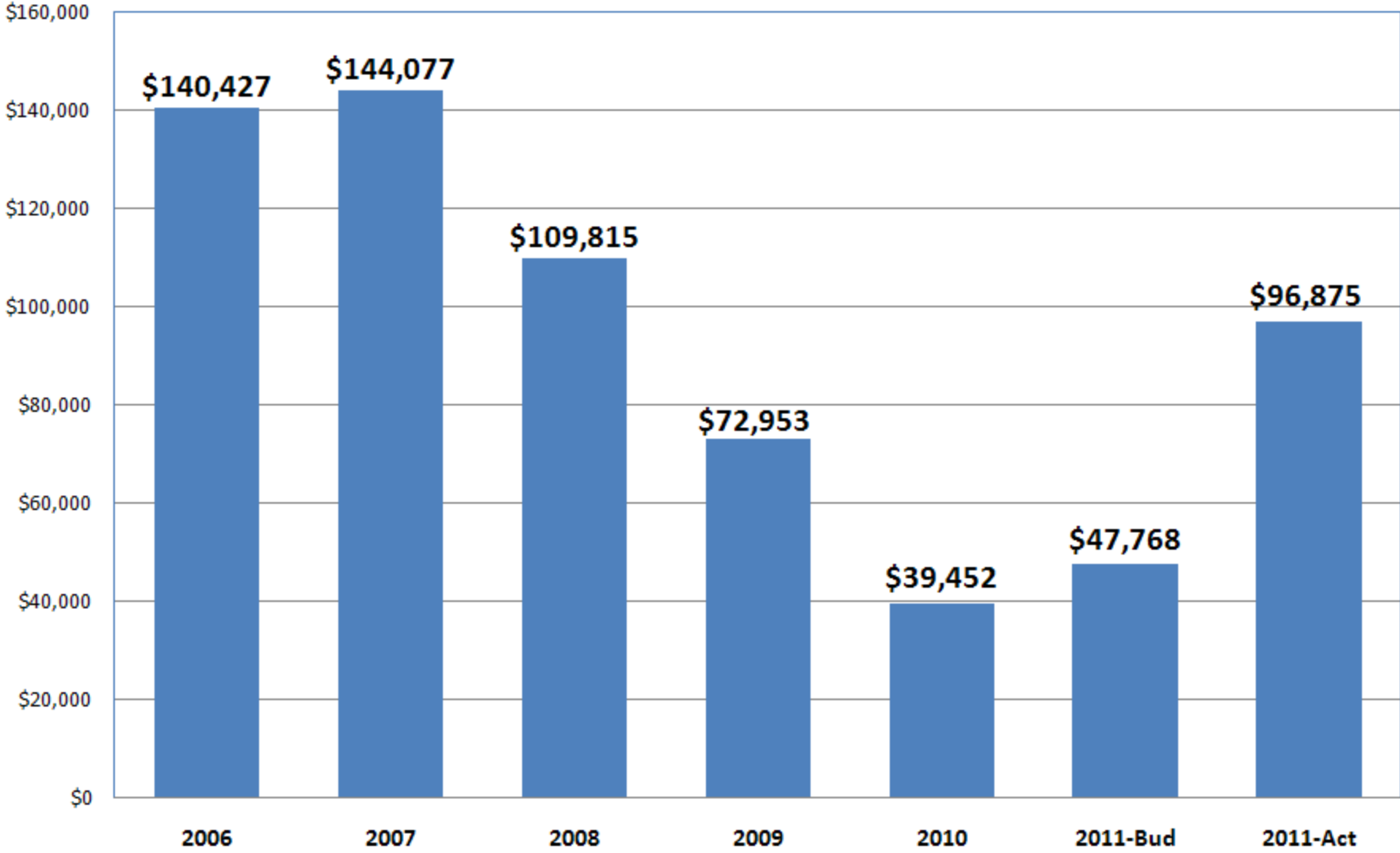


## Capital Improvement Funds

## Projects currently underway...

- **Park Improvement Projects**
  - New sidewalks along the frontage of Bicentennial Park on 222<sup>nd</sup> Street which will improve park access, parking and overall appearance (sidewalk improvements will extend along northern portion of 222<sup>nd</sup> St SW between 39<sup>th</sup> and 44<sup>th</sup>)
  - Installation of new playground equipment and soft surface material at Terrace Ridge Park and construction of a new parking lot
  - Playground improvements at Ballinger Playfield
  - Installation of a retaining wall and construction of stage area for community events at Evergreen Playfield
- **Town Center Development**
  - Energy Conservation Tool Kit for Town Center Development
  - Energy-Efficient Transportation Choices Project
  - Transfer of Development Rights (TDR) Program
- **Decant Facility**
- **Automated Meter reading System**

**Real Estate Excise Tax (REET) Revenue  
2006 - 2011  
Through 1st Quarter**





# Capital Improvement Funds

Federal &  
State Funds -  
\$6.2 million

## 52<sup>nd</sup>/53<sup>rd</sup> Avenues Water Main Construction Project

\$500,000 - FY 2008 federal funding for phase 1 of downtown water main project

\$500,000 - FY 2009 federal funding for phase 2 of downtown water main project

## 52<sup>nd</sup> Ave W Reconstruction Project (212<sup>th</sup>-220<sup>th</sup>) Project

\$1,000,000 - American Recovery and Reinvestment Act of 2009

## 230<sup>th</sup> Street SW Reconstruction Project

\$961,350 - American Recovery and Reinvestment Act of 2009

\$245,995 - State Transportation Improvement Board funds (sidewalks)

## 222<sup>nd</sup> Street Sidewalk Connection Project

\$195,254 - CDBG funds in support of sidewalk project adjacent to Jack Long Park  
(222<sup>nd</sup> Street SW between 58<sup>th</sup> and 60<sup>th</sup> Avenues W)

## 222<sup>nd</sup> Street Sidewalk Connection Project

\$200,000 - CDBG funds in support of sidewalk project along 222<sup>nd</sup> St SW between  
39<sup>th</sup> and 44<sup>th</sup> connecting to Cedar Way Elementary School and Bicentennial  
Park



# Capital Improvement Funds

Federal &  
State Funds -  
\$6.2 million

## Stormwater Program

\$50,000 (2008) - Phase II Stormwater Pass-Through Grant Program in support of NPDES II training, community education, and replacement of street sweeper

\$75,000 (2009) - Phase II Stormwater Pass-Through Grant Program in support of NPDES II training and community education

\$125,930 (2010) - Phase II Stormwater Pass-Through Grant Program in support of NPDES II, anticipated uses in our community include public education efforts using a multimedia approach, expansion of an existing water quality monitoring program on Lake Ballinger to include Hall Creek and planning, design and construction of a city sponsored storm retrofit and Low Impact Development project

\$200,000 (2009) - State appropriation in support of Lake Ballinger/McAleeer Creek Watershed to develop Strategic Action Plan (SAP) in partnership with cities of Edmonds, Lake Forest Park, Lynnwood, Shoreline and Snohomish County

## Town Center

\$135,000 - Energy Efficiency and Conservation Block Grant (EECBG)

\$75,000 - Energy Efficiency through Transportation Planning Grant

\$100,000 - Transfer of Development Rights (TDR) Alliance through State Department of Commerce

## Lakeview Trail

\$200,000 – FY 2010 federal funding connecting Mountlake Terrace Transit Center at I-5/236<sup>th</sup> St West to Interurban Trail along Lakeview Drive

\$300,000 – Congestion Mitigation and Air Quality (CMAQ) Improvement Program funding



# Capital Improvement Funds

Federal &  
State Funds -  
\$6.2 million

## 212<sup>th</sup> Street SW Overlay Project (from 44<sup>th</sup> to 52<sup>nd</sup> Avenues W)

\$285,590 – Surface Transportation Program (STP) funding in partnership with City of Lynnwood (\$571,180)

## Electric Vehicle Charging Stations

\$52,000 - Department of Energy and Coulomb Technologies Grant -- ten electric vehicle charging stations to for installation at the Mountlake Terrace Transit Center

## School Zone Flashing Beacons

\$7,400 – Mountlake Terrace Elementary School  
\$6,700 – Terrace Park Elementary School

## Safe Routes to School (Pedestrian & Bicycle, Mobility & Safety)

\$330,304 - 54<sup>th</sup> Ave W, 220<sup>th</sup> to 223<sup>rd</sup> Sidewalks

## STP (Street Overlay & Curb Ramp Upgrades)

\$446,270 - 228<sup>th</sup> St SW & Cedar Way

## 54<sup>th</sup> Ave W, 234<sup>th</sup> to 236<sup>th</sup> Sidewalks

\$200,000 - CDBG funds for sidewalks along 54<sup>th</sup> Ave W between 234<sup>th</sup> and 236<sup>th</sup>



## **Capital Improvement Funds**

## **Pending Federal & State Funds**

**\$7.1 million**

- 1. Digitize Records**  
\$10,000 - Local Records Grant Program
- 2. Emergency Operations Center (EOC)**  
\$250,000 - EOC Grant Program
- 3. Gateway Connector**  
\$1,000,000 - Transportation, Community & System Preservation
- 4. Emergency Services Equipment**  
\$500,000 – FY 2012 federal request
- 5. Downtown Main Street Revitalization Project  
– 56<sup>th</sup> Ave W Corridor Improvements**  
\$1,500,000 – FY 2012 federal request

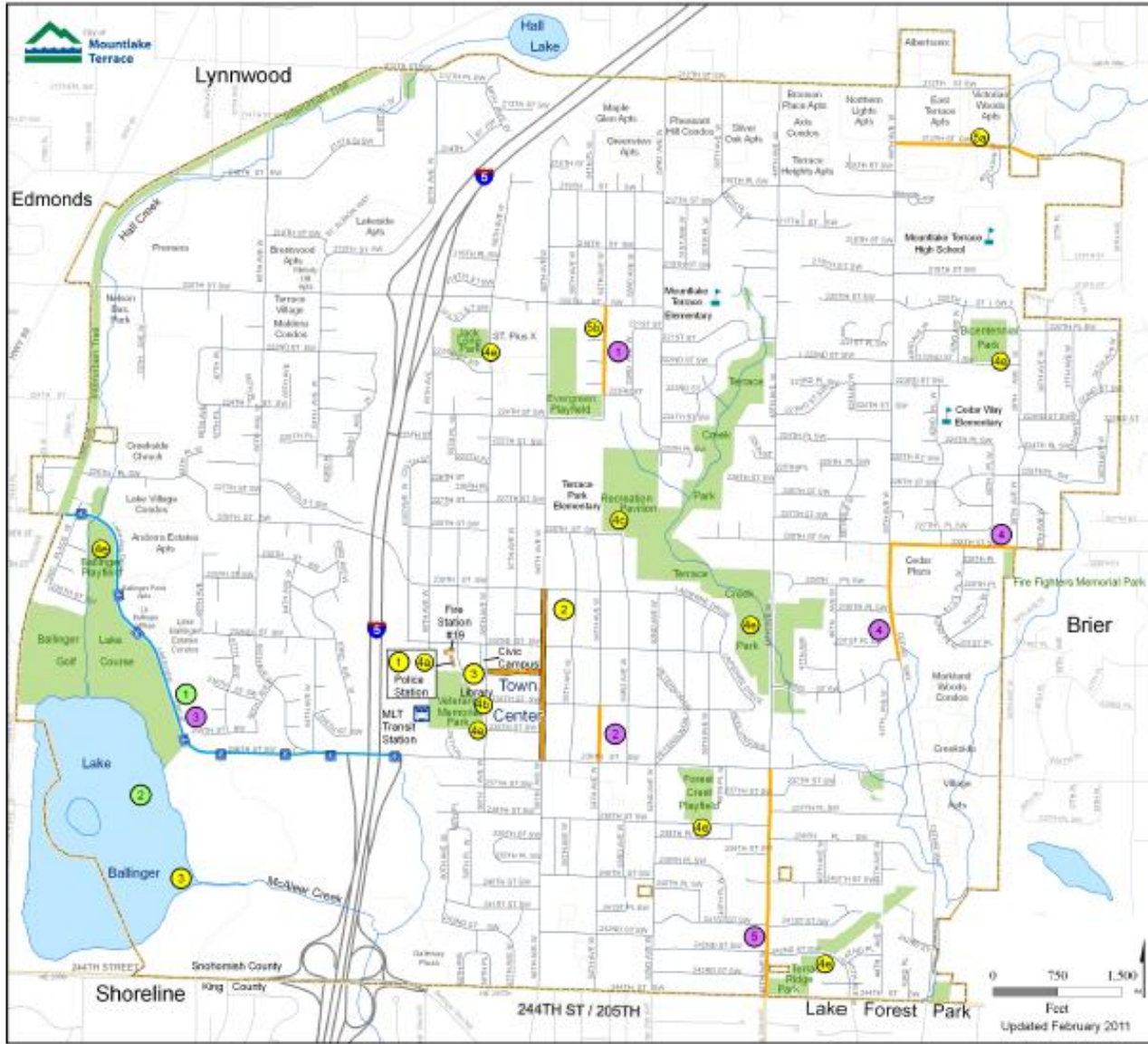


## Capital Improvement Funds

## Pending Federal & State Funds

**\$7.1 million**

6. **Storm Water Detention & Water Quality Improvements** (in support of Downtown, Civic Campus & Lake Ballinger/McAleer Creek Watershed Basin)  
\$235,000 - FY 2012 federal request
7. **Energy Efficiency Projects at City facilities**  
\$400,000 - FY 2012 federal request
8. **Safe Routes to School Sidewalk Projects**  
\$750,000 - FY 2012 federal request
9. **Lakeview Trail**  
\$1,000,000 - FY 2012 federal request
10. **Lake Ballinger/McAleer Creek Watershed Basin Partnership**  
\$1,400,000 - WRDA



## City of Mountlake Terrace 2012 Federal & State Funding Requests (as of February 2011)

### APPROPRIATION REQUESTS

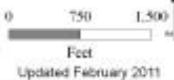
- 1 Emergency Services Equipment**  
- Replace & upgrade radio network communications infrastructure equipment for Public Safety  
Total Project Cost: \$500,000  
Federal Funding Request: \$500,000
- 2 Downtown Main Street Revitalization Project**  
56th Ave W Corridor Improvements (between 230th St SW & 238th St SW)  
- Design + ROW Phase  
Total Project Cost: \$1,909,000  
Federal Funding Request: \$1,500,000
- 3 Storm Water Detention & Water Quality Improvements in support of Downtown, Civic Campus & Lake Ballinger/McAlver Ck Watershed Basin**  
Total Project Cost: \$2,248,000  
Federal Funding Request: \$235,000
- 4 Energy Efficiency Projects**
  - 4a - Police Station
  - 4b - HVAC Improvements
  - 4c - Library HVAC Improvements
  - 4d - Recreation Pavilion HVAC Improvements
  - 4e - Citywide Street Lighting
  - 4f - Neighborhood Park Lighting
 Total Project Cost: \$500,000  
Federal Funding Request: \$400,000
- 5 Safe Routes to School**
  - 5a - 214th St. SW (between 38th Ave. W & 44th Ave. W) Connecting to Mountlake Terrace High School
  - 5b - 54th Ave. W (between 220th & 223rd connecting to Mountlake Terrace Elementary)
 Total Project Cost: \$995,000 (Federal, State & City)  
Federal Funding Request: \$750,000

### AUTHORIZATION REQUESTS

- 1 Transportation Authorization Request: Lakeview Trail (Pedestrian/Bike)**  
Connecting Interurban Trail, Transit Facilities, and Town Center  
Total Project Cost: \$2,100,000 (Federal, State & City)  
Federal Funding Request: \$1,000,000
- 2 Water Resources Development Act (WRDA) Request: Lake Ballinger/McAlver Creek Watershed Partnership**  
Interlocal Government Project:  
- City of Mountlake Terrace - City of Shoreline - King County  
- City of Edmonds - City of Lynnwood - Snohomish County  
Federal Funding Request: \$1,200,000

### STATE FUNDING REQUESTS

- 1 Safe Routes to School (Pedestrian & Bicycle, Mobility & Safety)**  
54th Ave W, between 220th & 223rd  
Pending Funds: \$330,000
  - 2 CDBG (Public Infrastructure)** 54th Ave W, between 234th & 238th  
Pending Funds: \$200,000
  - 3 STP - D, Federal Appropriation (Lakeview Trail)**  
Pending Funds: \$200,000
  - 4 STP (Street Overlay & Curb Ramp Upgrades)** 238th St SW & Cedar Way  
Pending Funds: \$635,000
  - 6 CMAQ (Pedestrian & Bicycle Improvements, Design & Eng.)** 49th Ave W (between 238th & 244th)  
Pending Funds: \$190,000
- Total Funding Requests: \$7,130,000**





# Utility Funds

- Water
- Sewer
- Storm Water

March 2011

Sources & Uses	2011			Change (bud vs. act)	
	Budget	1st Quarter	Actual	\$	%
<b>Utility Funds</b>					
<b>Beginning Fund Balances</b>	<b>\$9,782,566</b>	<b>\$ 9,782,566</b>	<b>\$ 9,782,566</b>	<b>\$ -</b>	<b>0.0%</b>
Operating Revenues					
Storm Water	1,367,091	287,089	297,199	10,110	3.5%
Water	3,187,468	669,368	610,870	(58,498)	-8.7%
Sewer	3,296,221	692,206	720,486	28,280	4.1%
<b>Subtotal Operating Revenues</b>	<b>7,850,780</b>	<b>1,648,664</b>	<b>1,628,555</b>	<b>(20,109)</b>	<b>-1.2%</b>
Operating Expenditures					
Storm Water	1,473,420	324,152	280,966	(43,186)	-13.3%
Water	2,923,969	643,273	530,384	(112,889)	-17.5%
Sewer	2,913,180	640,900	612,789	(28,111)	-4.4%
<b>Subtotal Operating Expenditures</b>	<b>7,310,569</b>	<b>1,608,325</b>	<b>1,424,139</b>	<b>(184,186)</b>	<b>-11.5%</b>
Operating Surplus (Deficit)	540,211	40,339	204,416	164,077	406.8%
Other Financing Sources					
Grants and PWIFL	-	-	-	-	n/a
Loan Proceeds	-	-	-	-	n/a
Transfer from Utility Funds	-	-	-	-	n/a
<b>Subtotal Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
Other Financing Uses					
Construction Projects	7,822,988	261,655	261,655	-	0.0%
Transfer to Utility Funds	-	-	-	-	n/a
<b>Subtotal Other Financing Uses</b>	<b>7,822,988</b>	<b>261,655</b>	<b>261,655</b>	<b>-</b>	<b>0.0%</b>
Fund Balances					
Reserves (15% of Oper Exp)	1,008,826	1,008,826	1,008,826	-	0.0%
Designated/Reserved:					
Storm Water	(135,195)	2,246,370	2,299,666	53,296	2.4%
Water	308,709	3,928,924	3,983,315	54,391	1.4%
Sewer	859,024	1,918,705	1,975,095	56,390	2.9%
Debt Service	458,425	458,425	458,425	-	0.0%
<b>Total Ending Fund Balances</b>	<b>\$2,499,789</b>	<b>\$ 9,561,250</b>	<b>\$ 9,725,327</b>	<b>\$ 164,077</b>	<b>1.7%</b>

### Operating Revenue Growth

2007: 18.5%

2008: 10.0%

2009: 1.7%

2010: 4.4%

2011: 3.8%

**Average : 7.7%**

### Utility Funds

## Operating Revenues vs. Operating Expenses

### Through 1st Quarter

2006 - 2011

### Operating Expense Growth

2007: (1.7%)

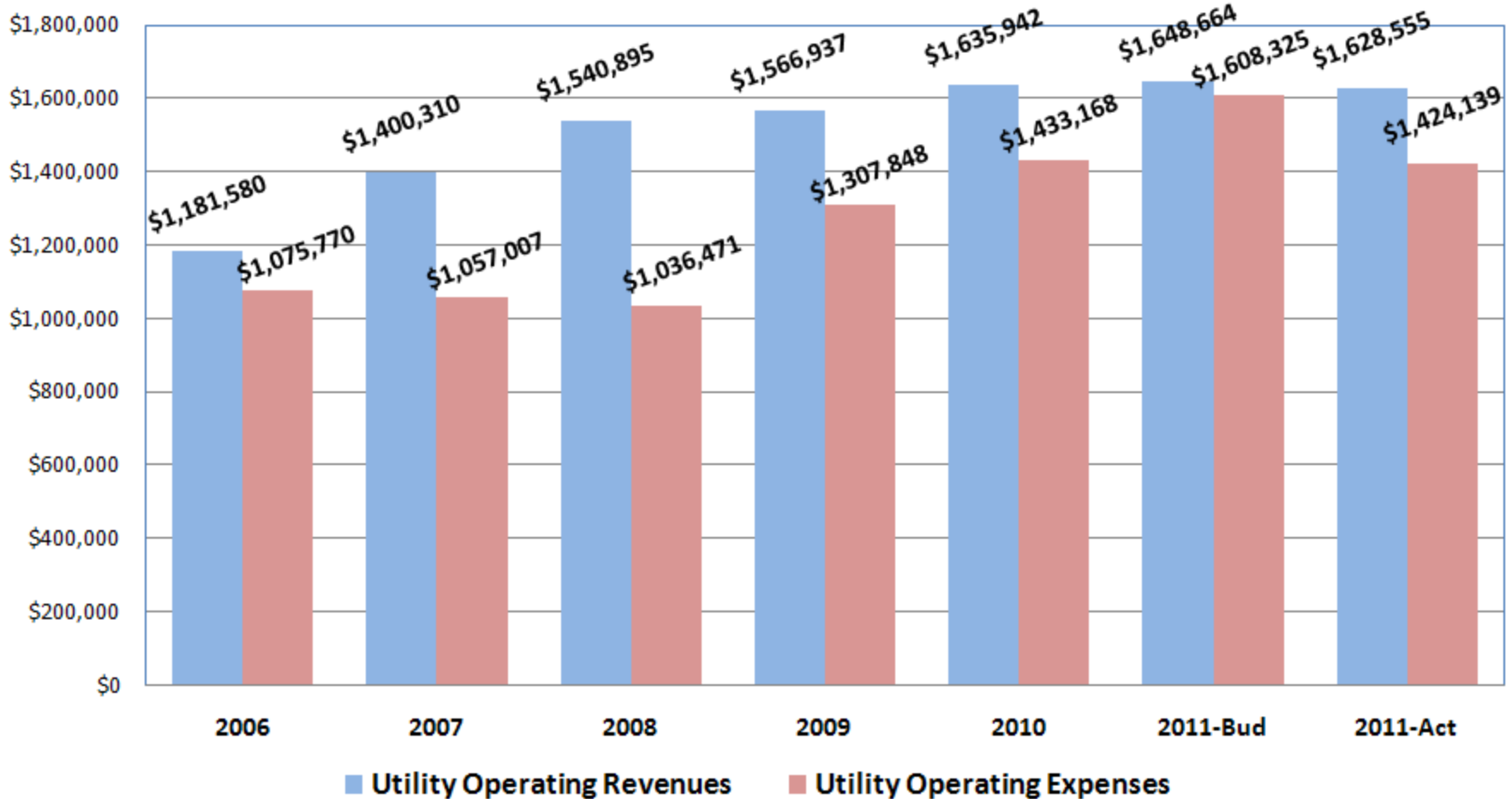
2008: (1.9%)

2009: 26.2%

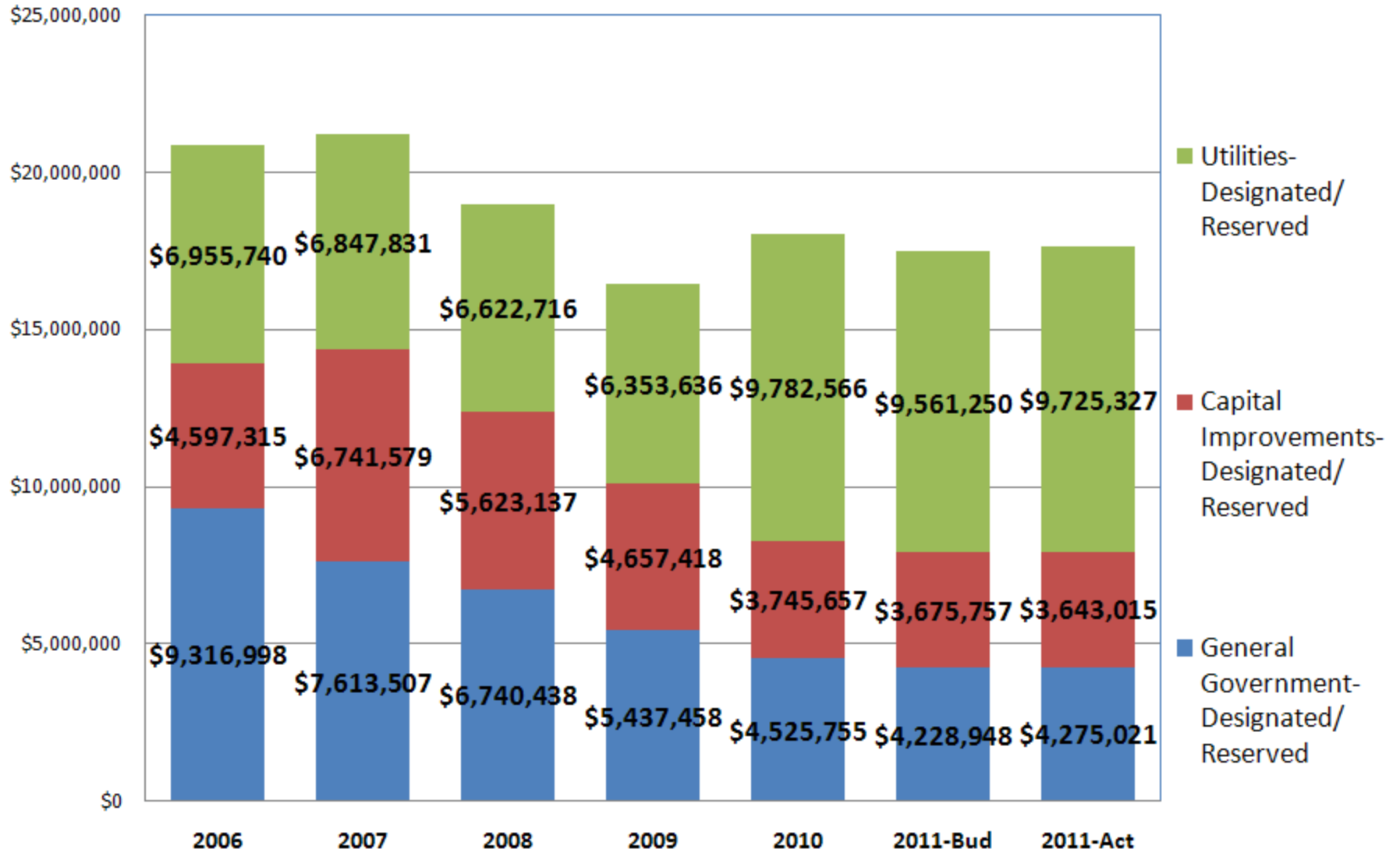
2010: 9.6%

2011: 8.1%

**Average : 8.0%**



## Ending Fund Balances 2006 - 2011 Through March 31, 2011



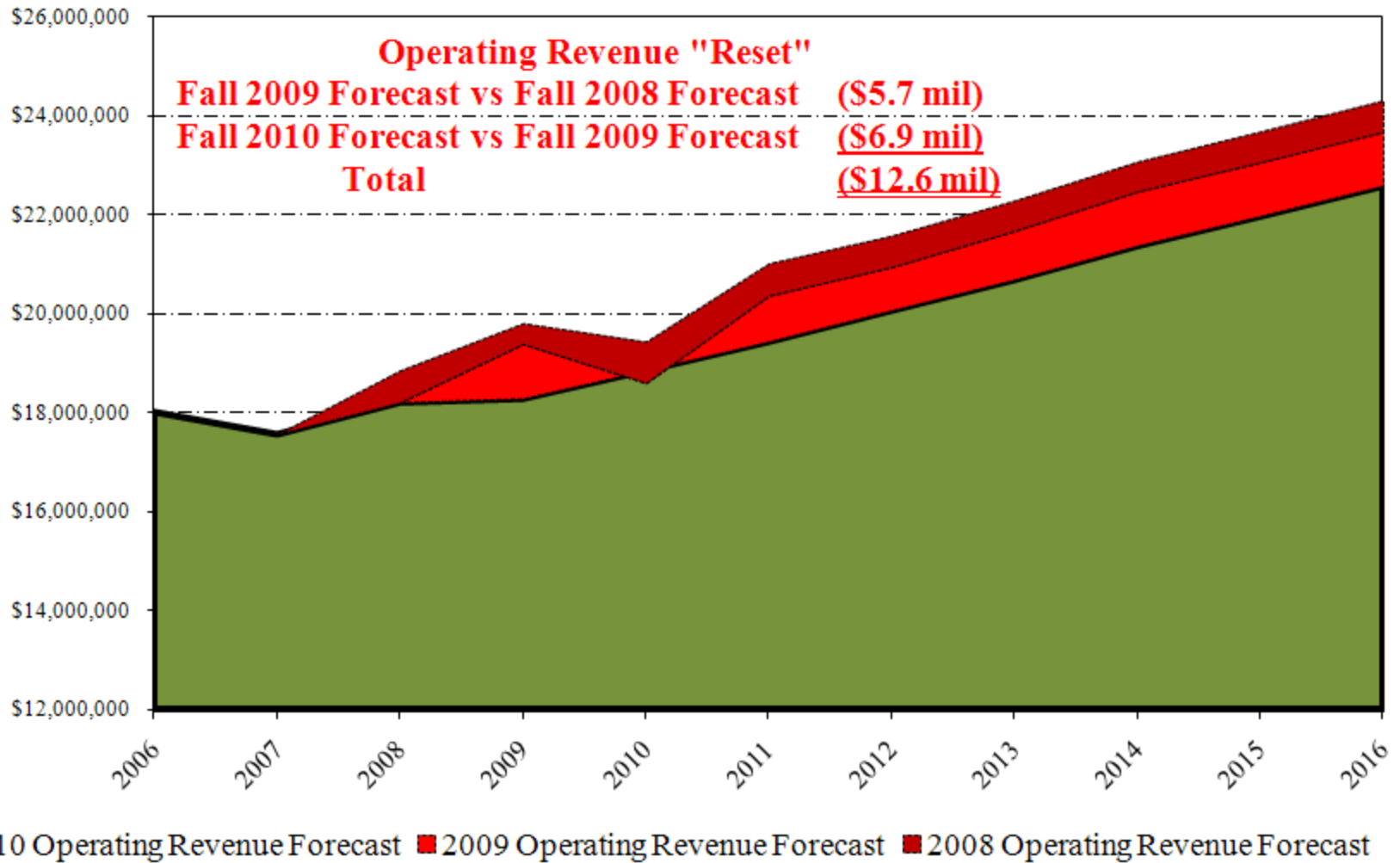
# Impact of Economic Recession



## Fall 2010 Forecast vs. Fall 2008 Forecast

General Government Operating Revenues					
	Fall 2010	Fall 2009	Fall 2008	Change 2008 vs 2010	
	Forecast	Forecast	Forecast	\$	%
2008	\$17,562,446	\$17,562,446	\$18,211,174	-\$648,728	-3.6%
2009	\$16,761,584	\$17,866,835	\$18,288,499	-\$1,526,915	-8.3%
2010	\$18,274,351	\$18,021,247	\$18,857,816	-\$583,465	-3.1%
2011	\$17,853,408	\$18,784,352	\$19,440,510	-\$1,587,102	-8.2%
2012	\$18,557,279	\$19,436,825	\$20,072,871	-\$1,515,592	-7.6%
2013	\$19,085,224	\$20,077,138	\$20,693,640	-\$1,608,416	-7.8%
2014	\$19,667,533	\$20,770,668	\$21,378,965	-\$1,711,432	-8.0%
2015	\$20,255,059	\$21,352,247	\$21,977,576	-\$1,722,517	-7.8%
2016	\$20,853,435	\$21,950,110	\$22,592,948	-\$1,739,513	-7.7%
				<b>-\$12,643,680</b>	<b>-7.0%</b>

**City of Mountlake Terrace  
General Government Funds  
Impact of Economic Recession**



# Action Strategies and Preventative Measures



- All discretionary funding eliminated
- All costs must be approved in advance by Finance Director and City Manager
- All overtime requests must be approved in advance by the department director
- Non-essential capital purchases delayed
  - Fleet & equipment
  - Information technology
  - Recreation & Parks
- Current & future vacant general government positions will not be filled with the exception of police patrol
- Vacant street maintenance position being filled by park maintenance employee

# Action Strategies and Preventative Measures



- City Attorney contract reduced to 2002 level of service
- Community Specialist position funded with General Fund resources reduced to half-time
- Civil Engineer II position assigned part-time to capital and construction program
- Civic Center utilities & maintenance budget reduced to reflect move to interim city hall
- Unanticipated state & federal funds
- Fuel efficiency
- Employee Healthcare Task Force
- Consolidation of customer service unit with police and finance
- Finance providing services to SNOCOM

# Action Strategies and Preventative Measures



- **Increased Services**
  - Public Safety (e.g., SWAT, code enforcement, bicycle patrol)
  - Parks Maintenance
  - Streets & ROW Maintenance
  - Facilities Maintenance
- **Streamlined Services (\$1,550,000)**
  - Contract for fire & EMS services (\$600,000 per year beg 2005)
  - Custodial services transitioned from in-house to contract (\$250,000 per year beg 2007)
  - Elimination of five management positions (\$400,000 per year beg 2006)
  - Fleet management best practices (\$300,000 per year beg 2009)
- **Continued and ongoing focus on service delivery and identification of organization and resource efficiencies (e.g., public safety, finance, municipal court & jail)**

# Other Options Considered



- Use of financial reserves
- Reduction or elimination of capital improvement projects
- Temporary reductions in Development Services
- Across the board reductions
- Economic Development

# Conclusion



- Meeting bottom-line operational and most financial objectives
- Sound financial and management policies in place
- Action strategies and preventative measures are working
- Continue to focus on community goals and objectives
  - Financial health & stability
  - Economic development
  - Capital infrastructure investment
  - Aging public facilities
  - Communication & outreach with community
  - Key essential public services (public safety, parks, development services, recreation, streets, and utilities)



# Questions & Comments