

City of Mountlake Terrace



3RD QUARTER 2009 FINANCIAL REPORT

DECEMBER 7, 2009

Overview



- **3rd Quarter 2009 Financial Report (January – September)**
 - Executive Summary
 - General Government Funds
 - Capital Improvement Funds
 - Utility Funds
 - Summary of Sources & Uses (Attachment A)
 - Municipal Court & Jail Services Expenditure Detail (Attachment B)
- **Action Strategies & Preventative Measures Implemented**
- **Next Steps**

Executive Summary



- **Deep recession resulting in negative impact to City revenues**
- **Massive layoffs; growing unemployment; slumping home prices**
- **Tight credit markets**
- **Slowdown in consumer spending**
- **Consumer confidence lowest in 26 years**
 - **Assesses the overall confidence, relative financial health and spending power of the US average consumer**
 - **Stands at 49.5 (1985=100)**
 - **A reading above 90 means the economy is on solid footing while above 100 signals strong growth**
- **Recovery lag for local governments - most difficult years may still be ahead (e.g., 2010, 2011, 2012)**
- **However, City of Mountlake Terrace currently holding its own through 3rd quarter; departments exceeding financial expectations; no services to our citizens and community have been impacted**

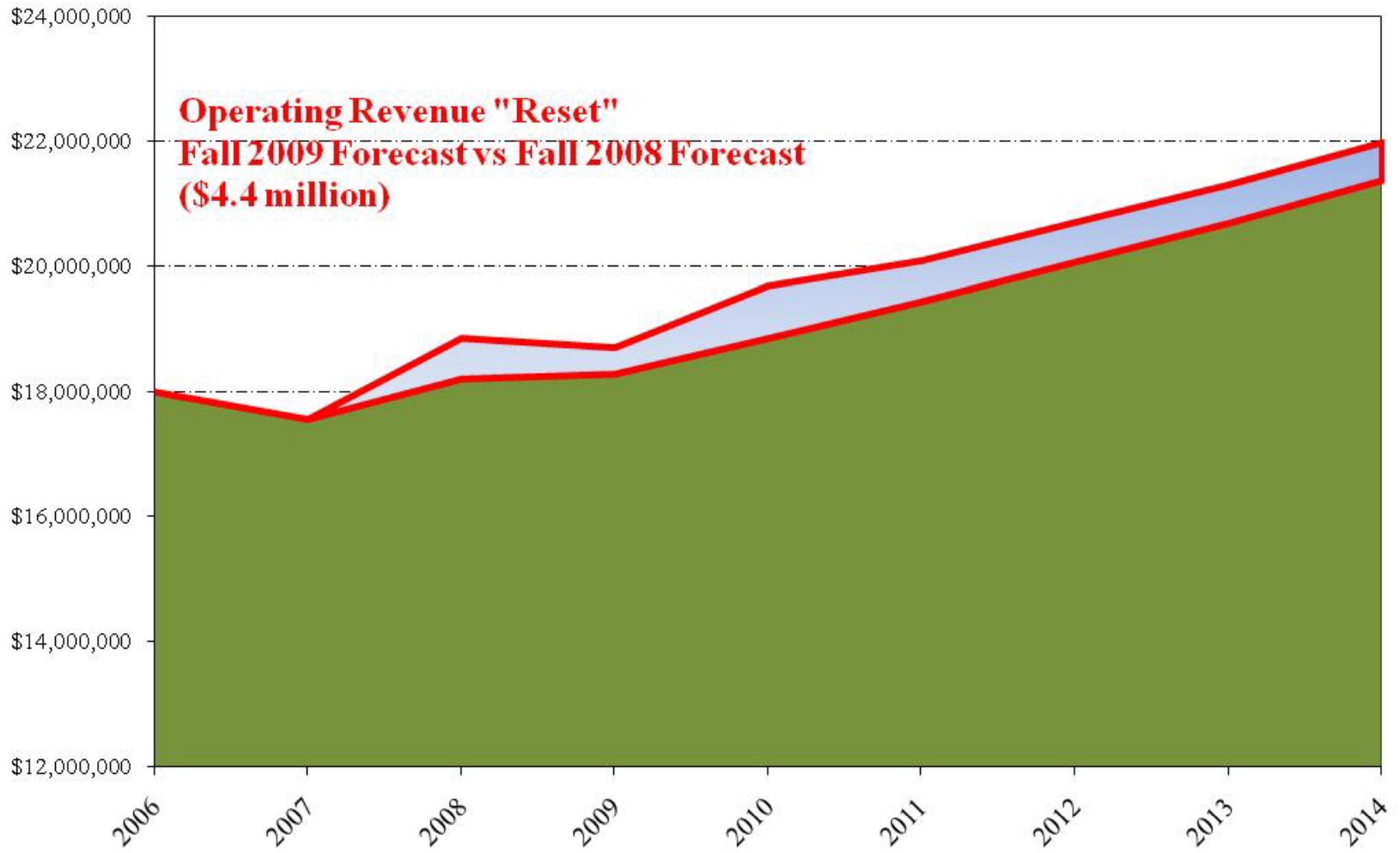
Impact of Economic Recession



Fall 2009 Forecast vs. Fall 2008 Forecast

	General Government Operating Revenues			
	Fall 2009 Forecast	Fall 2008 Forecast	Change \$	%
2008	\$17,562,446	\$18,211,174	-\$648,728	-3.6%
2009	\$17,866,835	\$18,288,499	-\$421,664	-2.3%
2010	\$18,021,247	\$18,857,816	-\$836,569	-4.4%
2011	\$18,784,352	\$19,440,510	-\$656,158	-3.4%
2012	\$19,436,825	\$20,072,871	-\$636,046	-3.2%
2013	\$20,077,138	\$20,693,640	-\$616,502	-3.0%
2014	\$20,770,668	\$21,378,965	-\$608,297	-2.8%
			-\$4,423,964	-3.2%

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



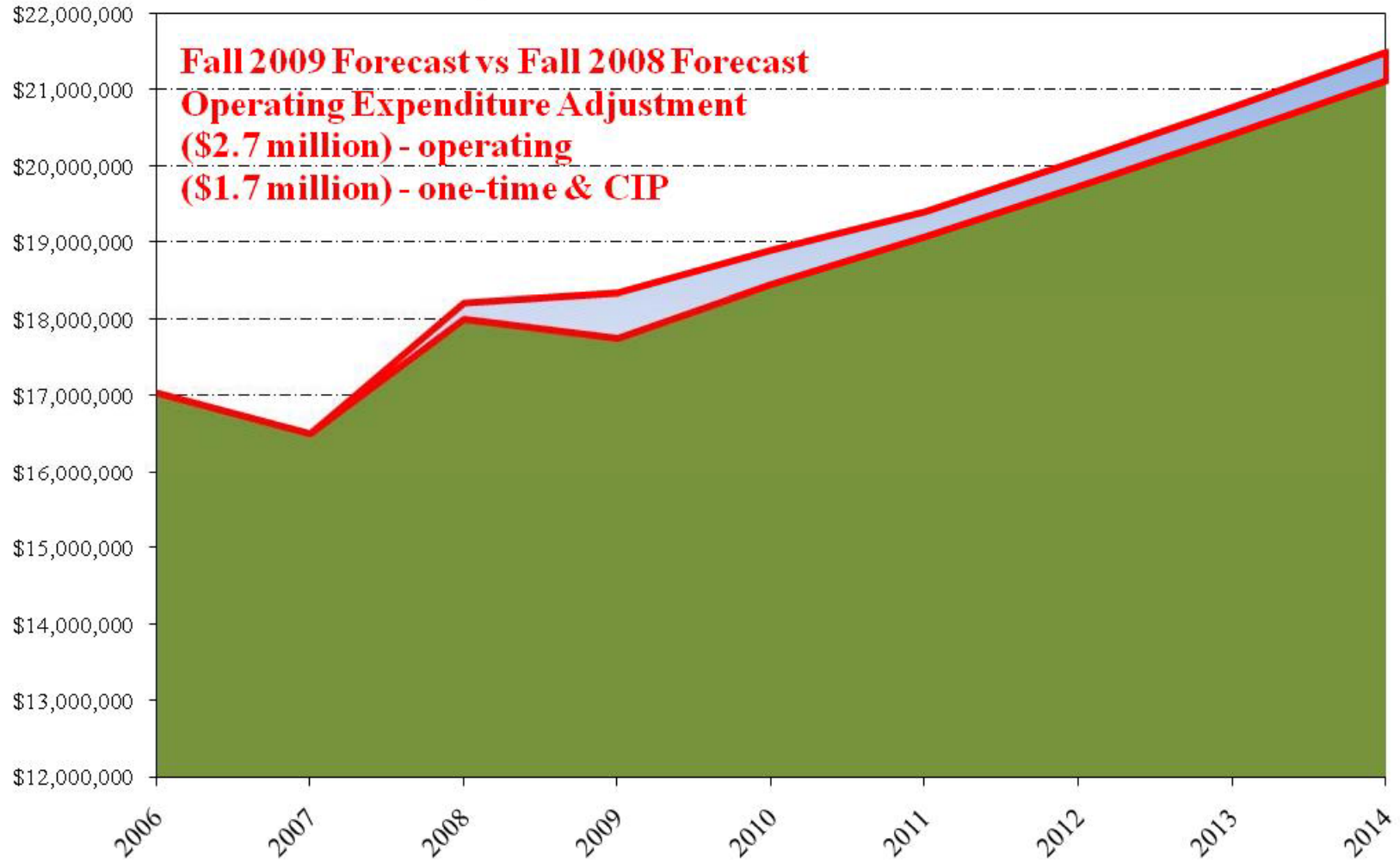
Impact of Economic Recession



Fall 2009 Forecast vs. Fall 2008 Forecast

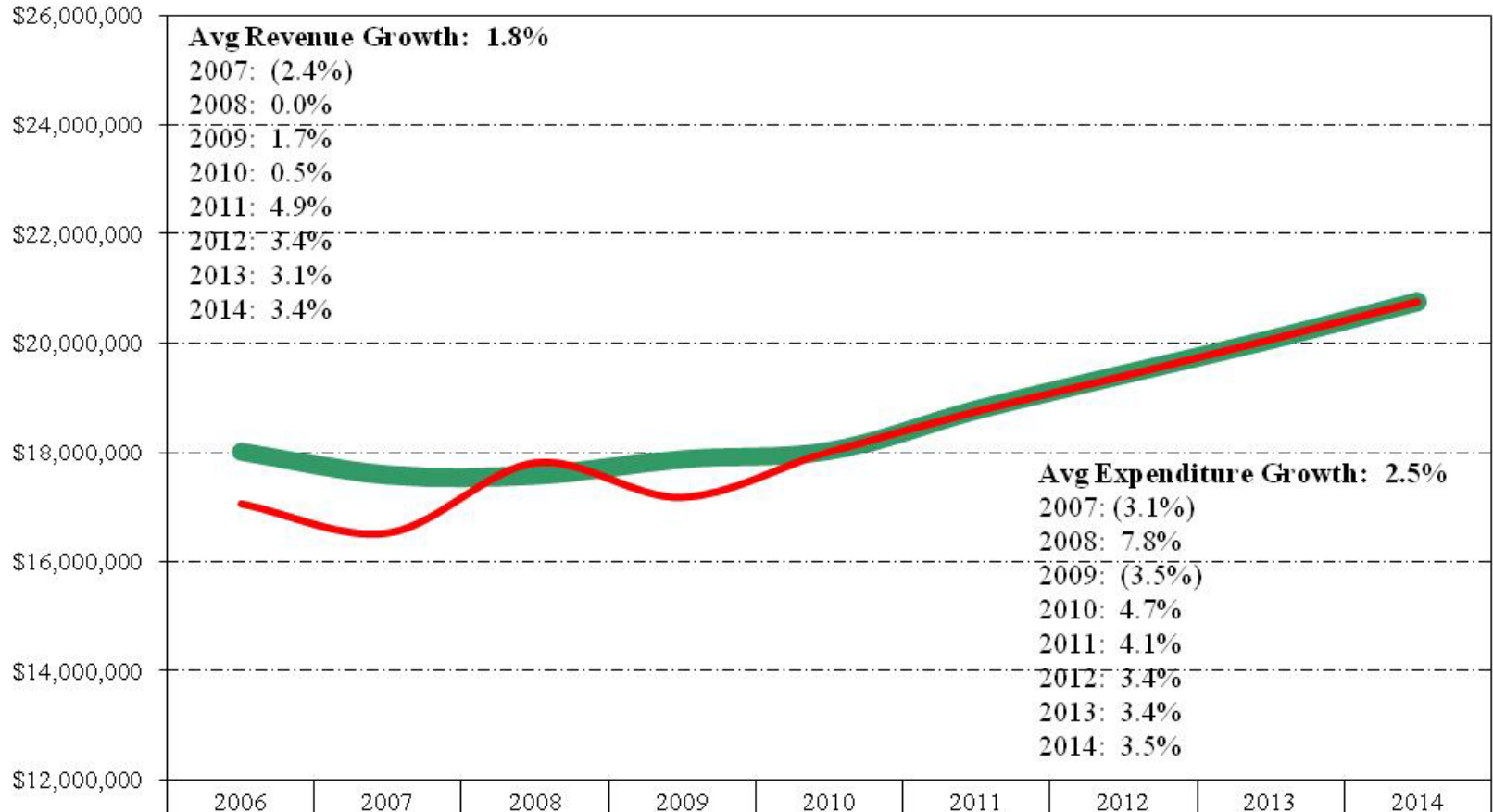
General Government Operating Expenditures				
	Fall 2009	Fall 2008	Change	
	Forecast	Forecast	\$	%
2008	\$17,798,736	\$18,010,576	-\$211,840	-1.2%
2009	\$17,167,285	\$17,759,761	-\$592,476	-3.3%
2010	\$18,014,840	\$18,463,969	-\$449,129	-2.4%
2011	\$18,760,059	\$19,089,139	-\$329,080	-1.7%
2012	\$19,406,986	\$19,750,837	-\$343,851	-1.7%
2013	\$20,076,459	\$20,435,696	-\$359,237	-1.8%
2014	\$20,769,265	\$21,144,526	-\$375,261	-1.8%
		Operating	-\$2,660,874	-2.0%
		On-time & CIP	-\$1,763,090	n/a
		Total	-\$4,423,964	-3.2%

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



**City of Mountlake Terrace
Financial Forecast
General Government Funds
2009-2014**

October 2009



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenue	\$18,005,106	\$17,566,262	\$17,562,446	\$17,866,835	\$18,021,247	\$18,784,352	\$19,436,825	\$20,077,138	\$20,770,668
Operating Expenditures	\$17,047,446	\$16,511,606	\$17,798,736	\$17,167,285	\$18,014,840	\$18,760,059	\$19,406,986	\$20,076,459	\$20,769,265



General Government Fund Resources

September 2009

Resources by Fund	2009			Change (bud vs. act)	
	Control Budget				
General Government	Annual	3rd Qtr	Actual	\$	%
Beginning Fund Balances	\$ 6,740,438	\$ 6,740,438	\$ 6,740,438	\$ -	0.0%
General					
Property Tax	3,887,641	2,915,731	2,915,731	0	0.0%
Sales Tax	1,825,705	1,345,951	1,175,519	(170,432)	-12.7%
Utility Tax	3,005,386	2,193,932	2,097,789	(96,143)	-4.4%
Gambling Tax	1,156,587	867,440	802,609	(64,831)	-7.5%
Other Taxes	138,657	103,993	51,429	(52,564)	-50.5%
Business & Animal Licenses	143,338	107,504	70,992	(36,512)	-34.0%
Development Services Fees	688,857	516,643	315,293	(201,350)	-39.0%
Cable & Solid Waste Franchise Fees	451,672	338,754	382,127	43,373	12.8%
State Shared & Intergov't	499,764	374,823	364,332	(10,491)	-2.8%
Transport Fees	400,000	300,000	289,100	(10,900)	-3.6%
Fines & Forfeitures	260,100	195,075	237,799	42,724	21.9%
Other Fees & Charges	1,941,950	1,456,463	1,432,532	(23,931)	-1.6%
Investment Income	240,000	168,000	105,756	(62,244)	-37.1%
Total General Fund Operating Revenues	14,639,657	10,884,307	10,241,008	(643,299)	-5.9%
Street Operating	368,242	276,182	259,560	(16,622)	-6.0%
Recreation	2,894,100	2,170,575	2,007,165	(163,410)	-7.5%
Debt Service	3,000	2,250	7,529	5,279	234.6%
Total General Govt Operating Revenues	17,904,999	13,333,314	12,515,262	(818,052)	-6.1%
Other Financing Sources					
Strategic Reserve	40,000	22,060	22,060	-	0.0%
Fleet Management	749,593	562,195	465,538	(96,657)	-17.2%
Hotel/Motel Tax	22,207	16,993	16,993	-	0.0%
Solid Waste Service	17,500	13,125	13,125	-	0.0%
Accumulated Leave Reserve	11,600	8,700	5,844	(2,856)	-32.8%
Other Fin Sources (all Gen Govt)	2,072,297	1,473,222	1,492,174	18,952	1.3%
Total Other Financing Sources	2,913,197	2,096,295	2,015,734	(80,561)	-3.8%
Total All General Government Funds	\$27,558,634	\$22,170,046	\$21,271,434	\$ (898,612)	-4.1%

General Government Fund Expenditures

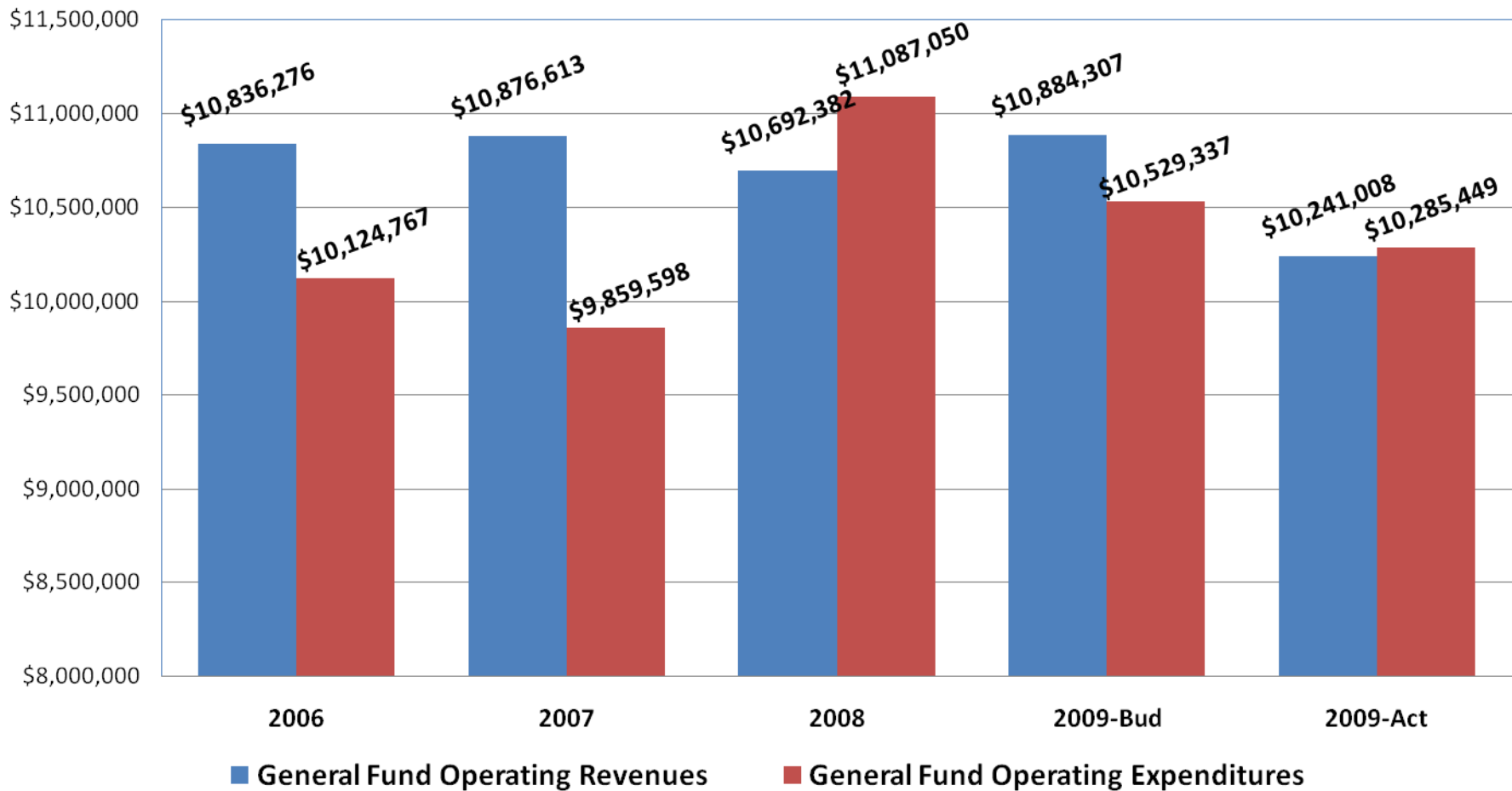
September 2009

Expenditures by Fund	2009			Change (bud vs. act)	
	Control Budget			\$	%
	Annual	3rd Qtr	Actual		
General Government					
General					
City Council	\$ 103,130	\$ 77,348	\$ 74,058	\$ (3,290)	-4.3%
City Manager	714,022	580,517	545,983	(34,534)	-5.9%
Administrative Services	1,342,741	1,007,056	967,281	(39,775)	-3.9%
Municipal Court & Jail Services	736,478	552,359	608,295	55,937	10.1%
Police	5,052,384	3,789,288	3,777,025	(12,263)	-0.3%
Fire	2,413,953	1,810,465	1,825,554	15,089	0.8%
Community & Economic Development	1,048,743	786,557	610,186	(176,371)	-22.4%
Park Services	585,138	468,110	462,677	(5,433)	-1.2%
Property Management	912,834	684,626	602,550	(82,076)	-12.0%
Oper Transfer Out-Debt Svc	-	-	-	-	n/a
Oper Transfer Out-Streets	476,042	357,032	313,756	(43,276)	-12.1%
Oper Transfer Out-Recreation	369,642	277,232	359,334	82,103	29.6%
Oper Transfer Out- Rec Debt Svc	185,000	138,750	138,750	-	0.0%
Total General Fund	13,940,107	10,529,337	10,285,449	(243,888)	-2.3%
Operating Surplus/(Deficit)	699,550	354,970	(44,441)	(399,411)	-112.5%
Street Operating	873,969	655,477	575,617	(79,860)	-12.2%
Recreation	3,448,742	2,586,557	2,523,951	(62,606)	-2.4%
Debt Service	479,613	121,942	121,942	-	0.0%
Total General Government Funds	18,742,431	13,893,312	13,506,959	(386,353)	-2.8%
Other Financing Uses					
Fleet Management	1,802,169	1,404,166	1,342,859	(61,307)	-4.4%
Hotel/Motel Tax	29,833	26,105	26,105	-	n/a
Solid Waste Service	26,426	22,997	22,997	-	0.0%
Accumulated Leave Reserve	-	-	-	-	n/a
General	796,074	654,955	654,955	-	0.0%
Strategic Reserve	300,000	225,000	225,000	-	0.0%
Other Financing Uses	2,954,502	2,333,223	2,271,916	(61,307)	-2.6%
Total All General Government Funds	\$21,696,933	\$16,226,535	\$15,778,875	\$ (447,660)	-2.8%

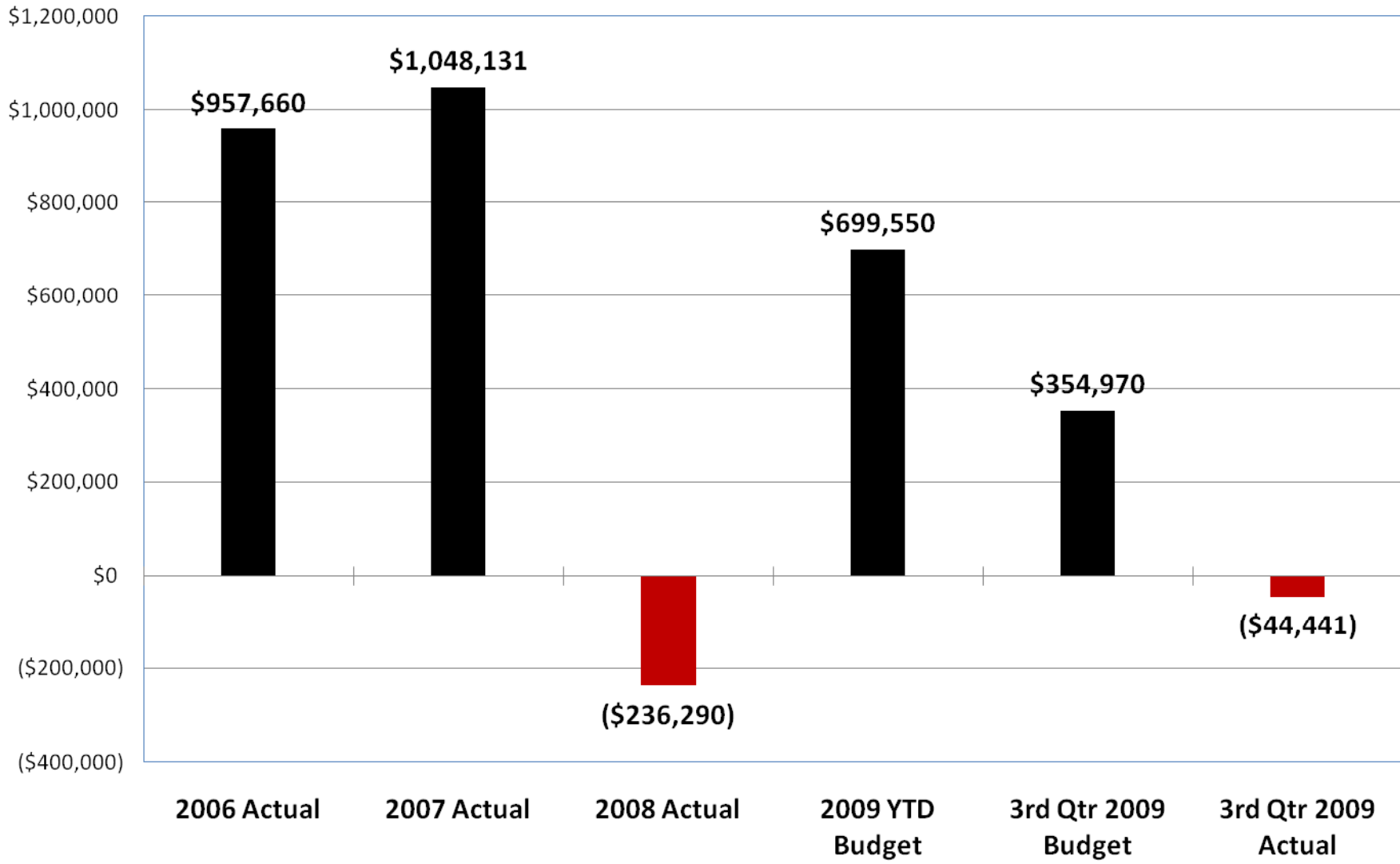
General Fund
Operating Revenues vs. Operating Expenditures
2006 - 2009
Through 3rd Quarter

Revenue Growth
 2007: 0.4%
 2008: (1.7%)
 2009: 1.8%-Budget
 2009: (4.2%)-Actual
Average : (0.7%)

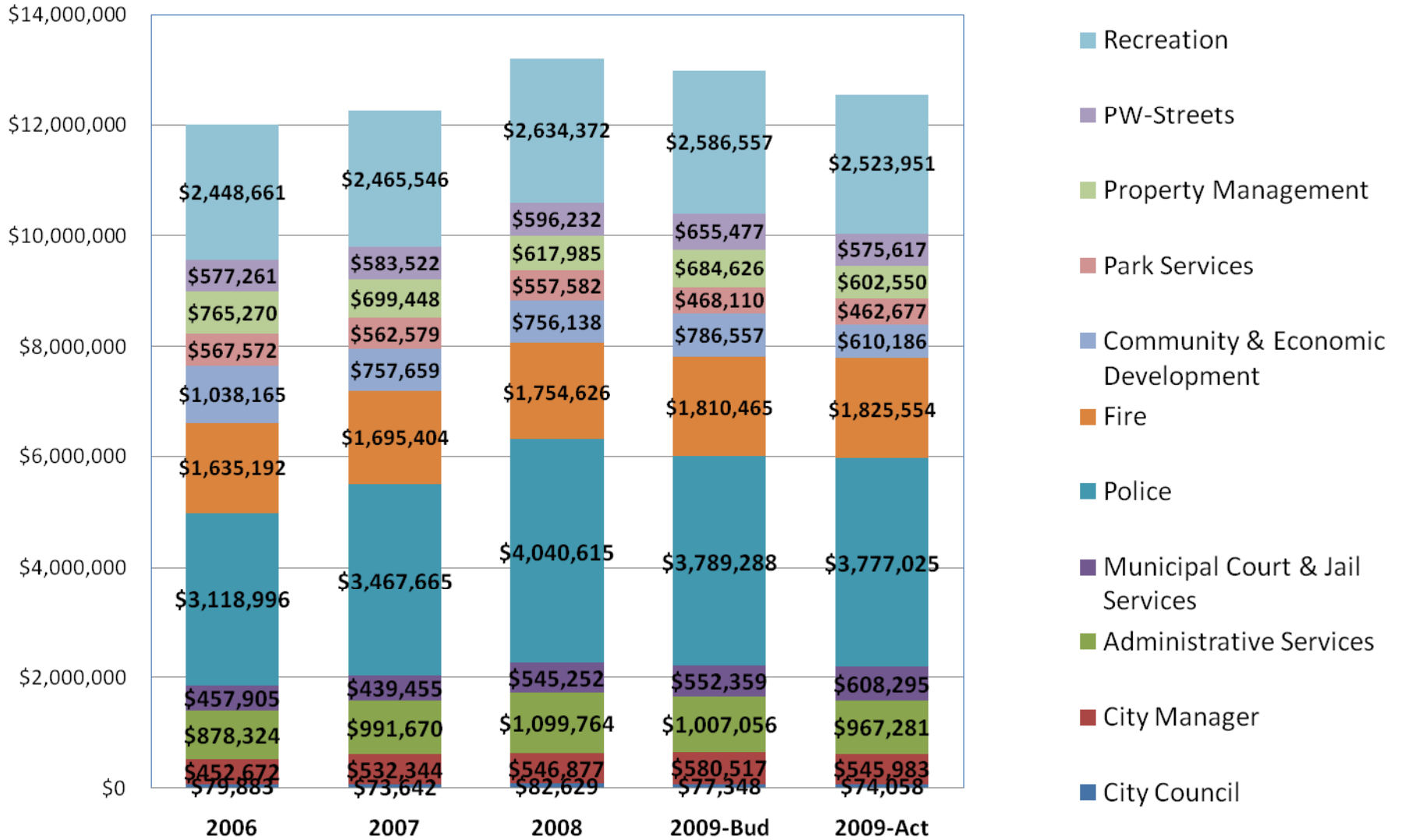
Expenditure Growth
 2007: (2.6%)
 2008: 12.4%
 2009: (5.0%)-Budget
 2009: (7.2%)-Actual
Average : 4.9%



**General Fund
Operating Surplus/(Deficit)
2006 through 3rd Quarter 2009**

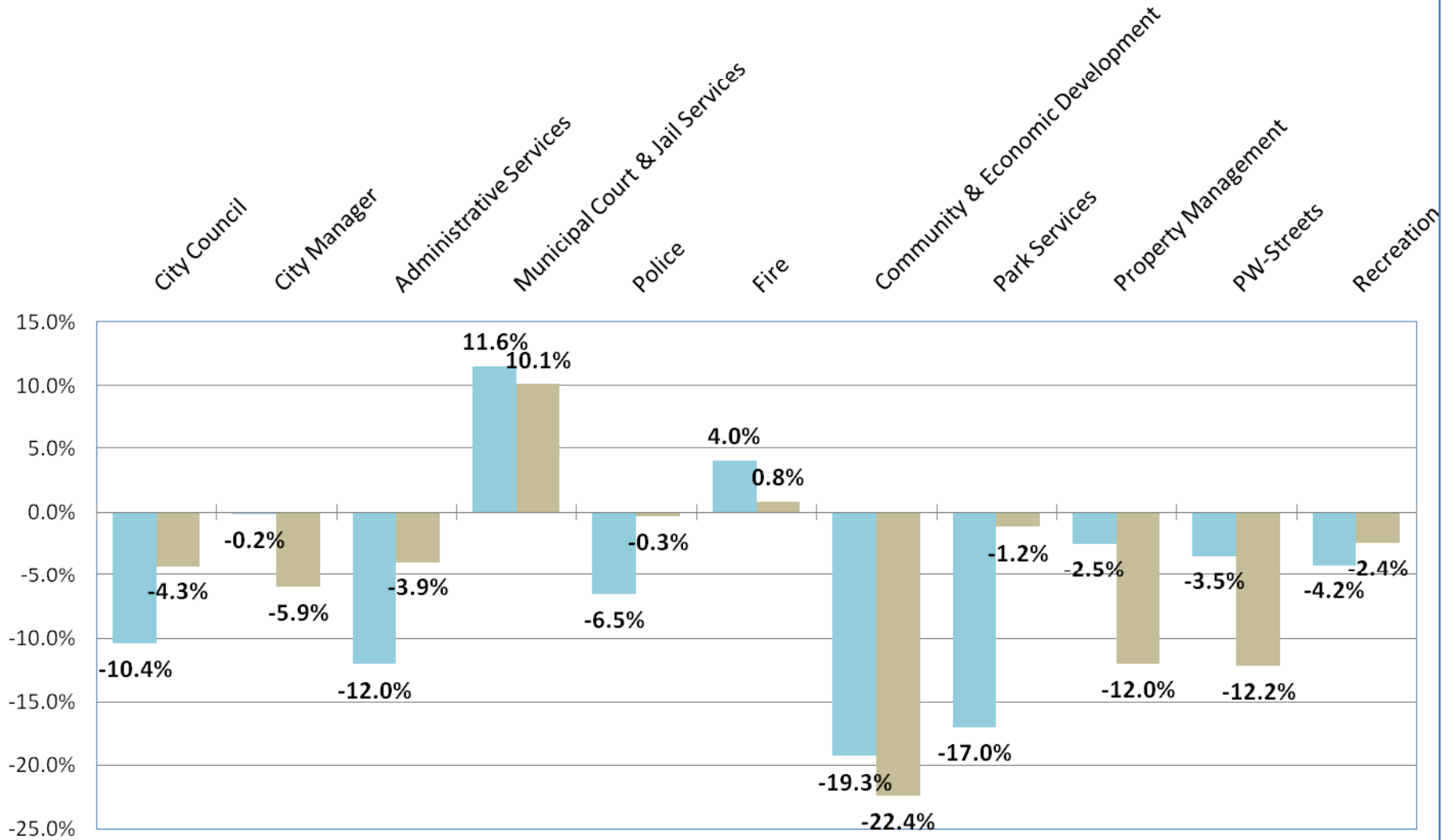


Department Expenditures 2006 - 2009 Through 3rd Quarter

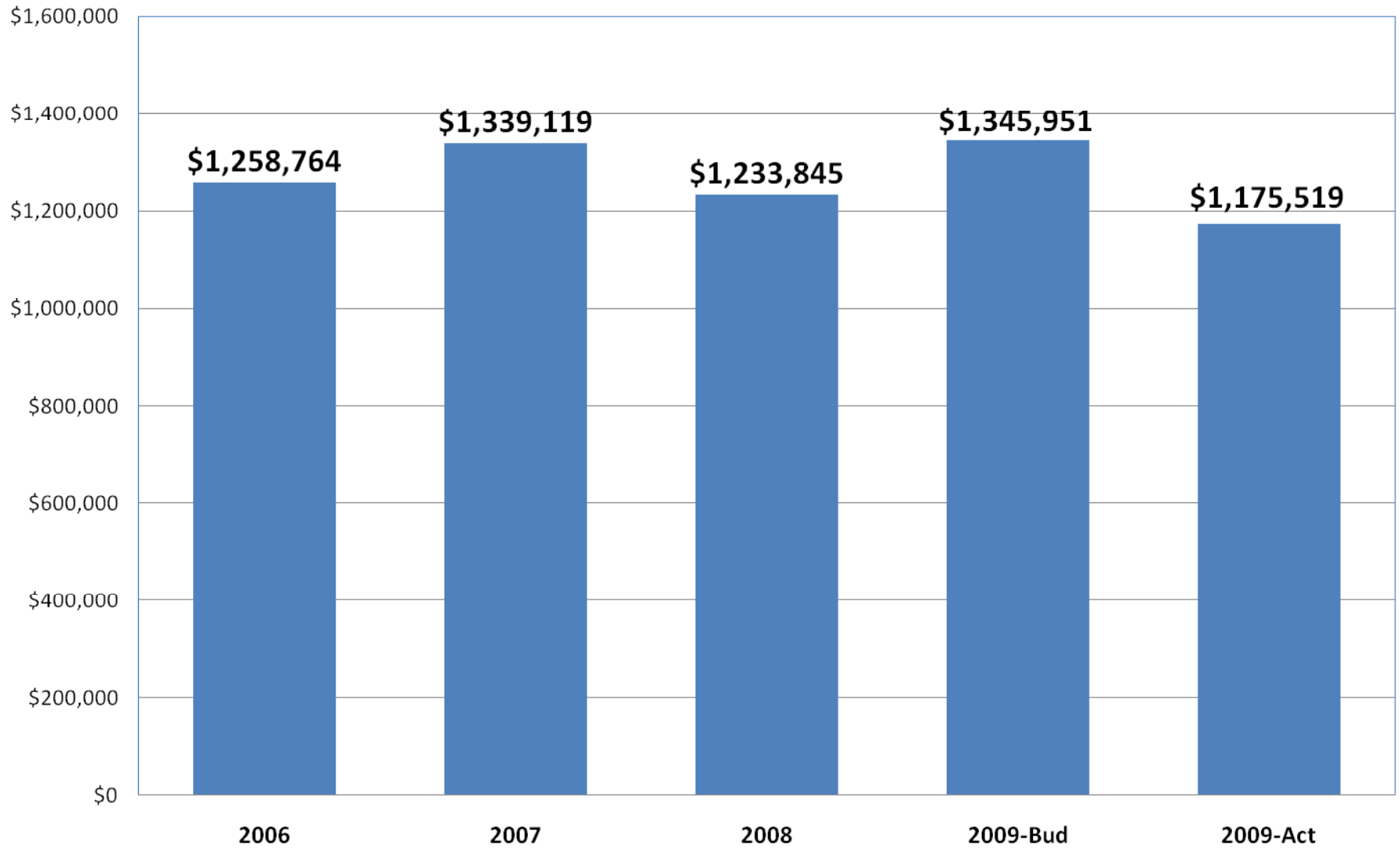


Department Expenditures Through 3rd Quarter

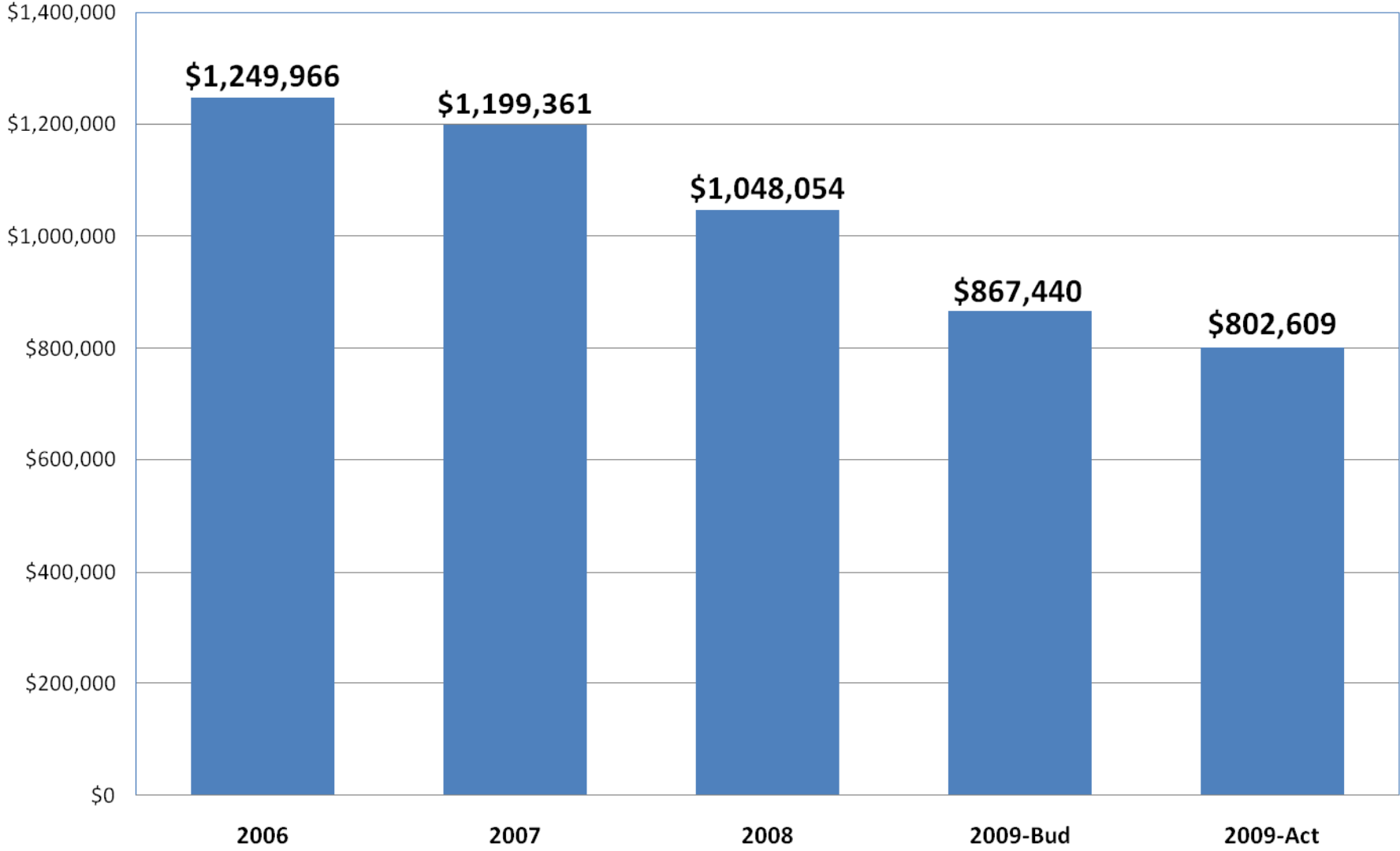
■ Change: 2009 vs 2008 Actual
 ■ Change: 2009 Budget to Actual



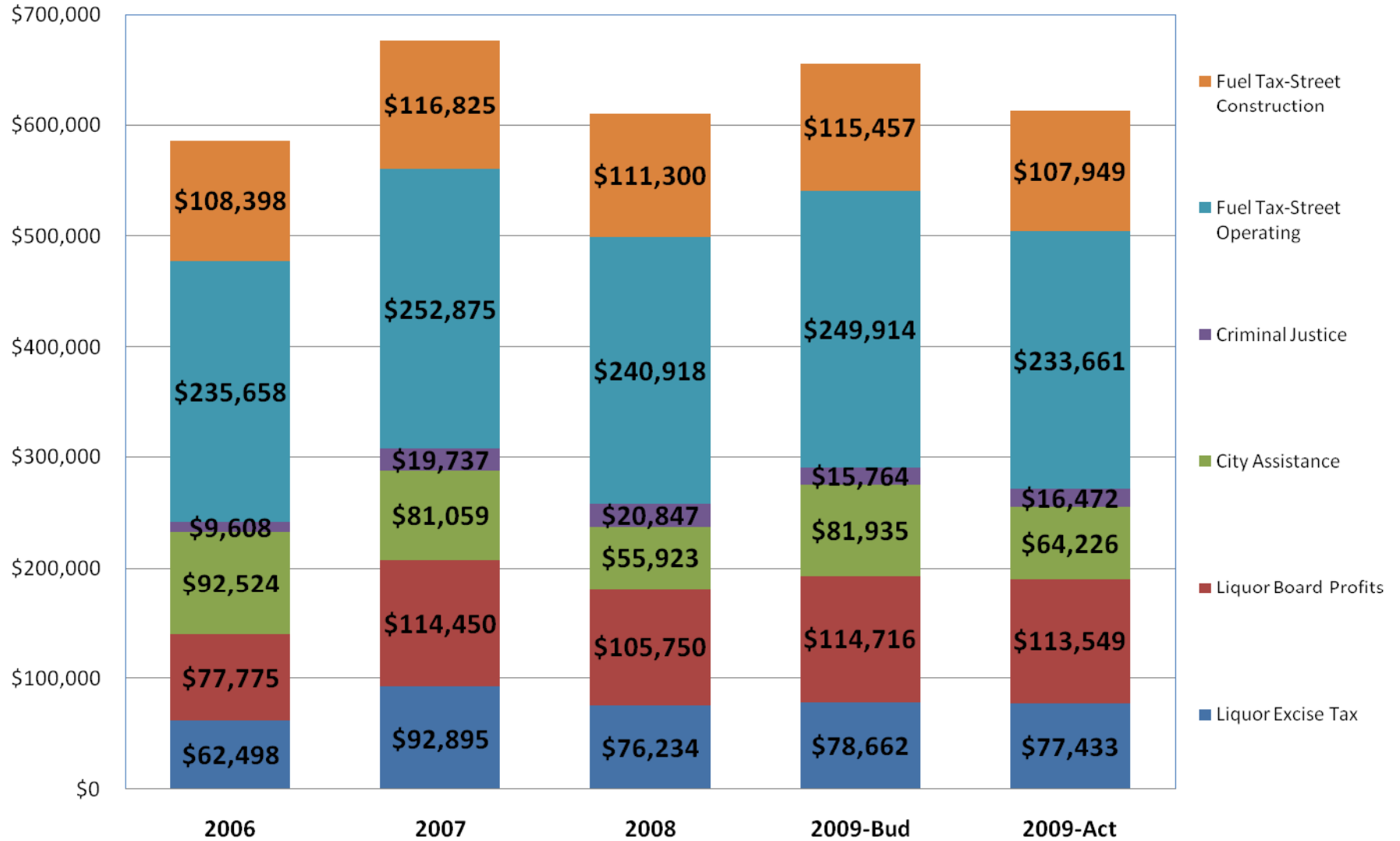
**Sales Tax Revenue
2006 - 2009
Through 3rd Quarter**



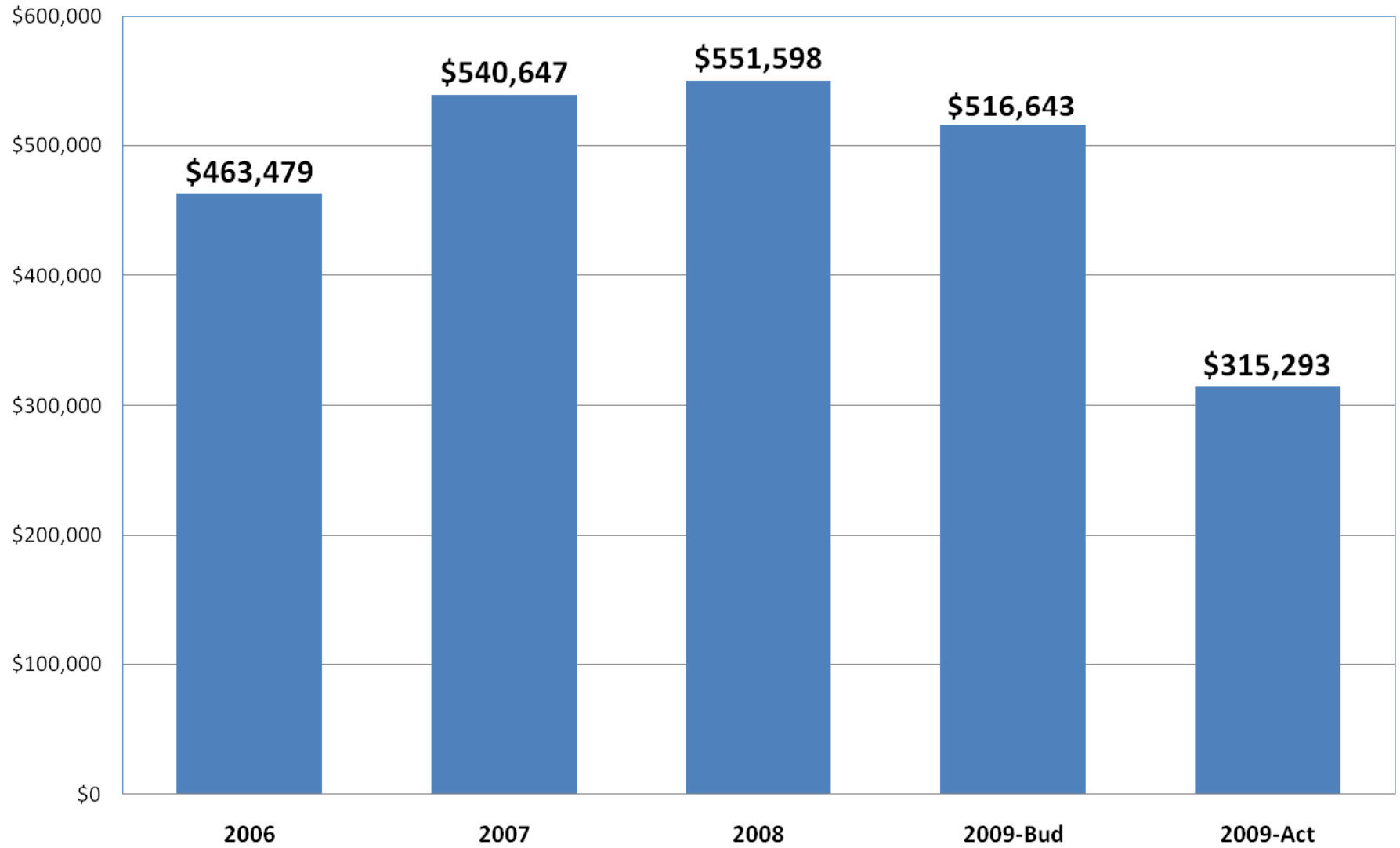
**Gambling Tax Revenue
2006 - 2009
Through 3rd Quarter**



State-Shared Revenues 2006 - 2009 Through 3rd Quarter



**Development Services Revenue
2006 - 2009
Through 3rd Quarter**

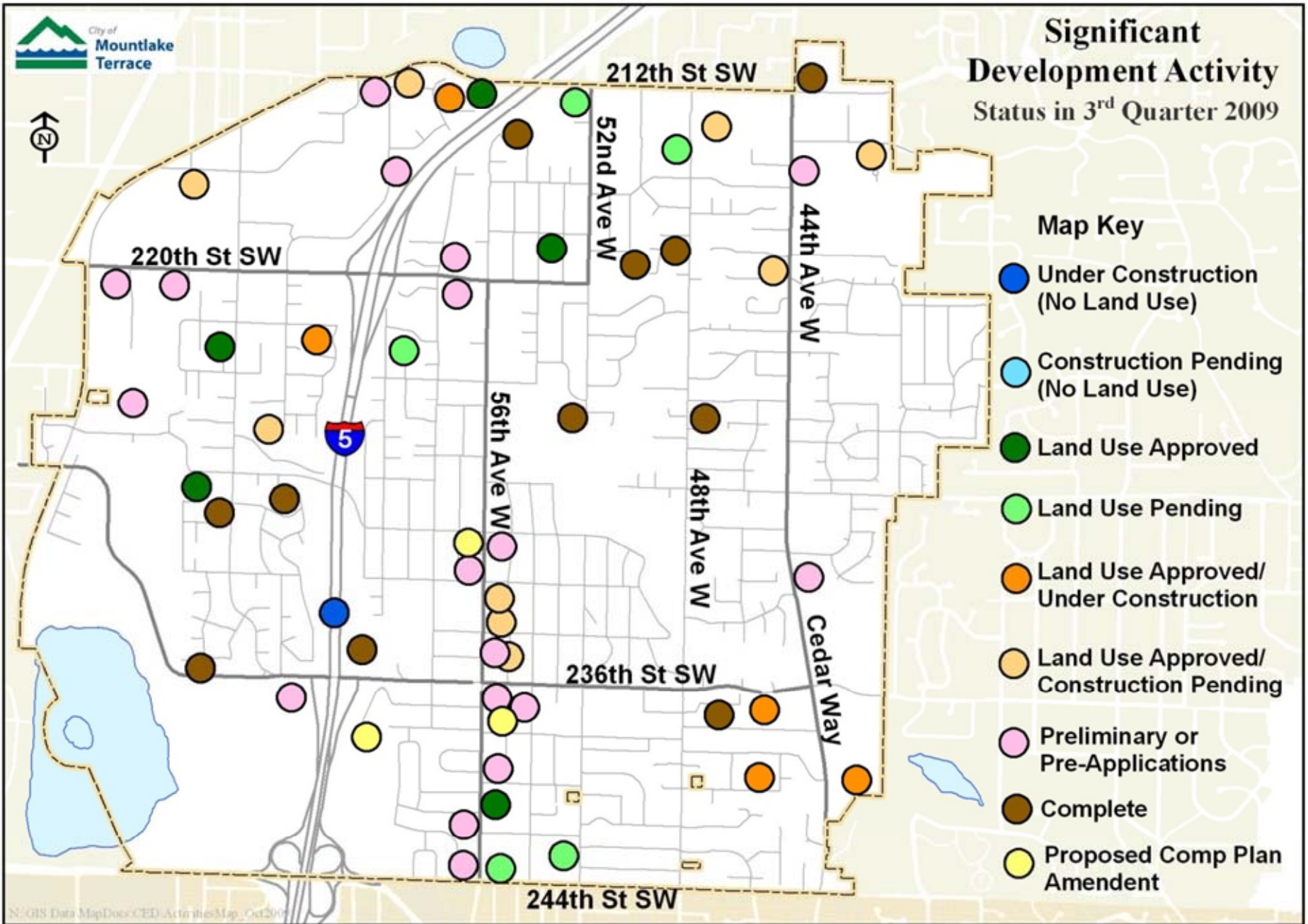




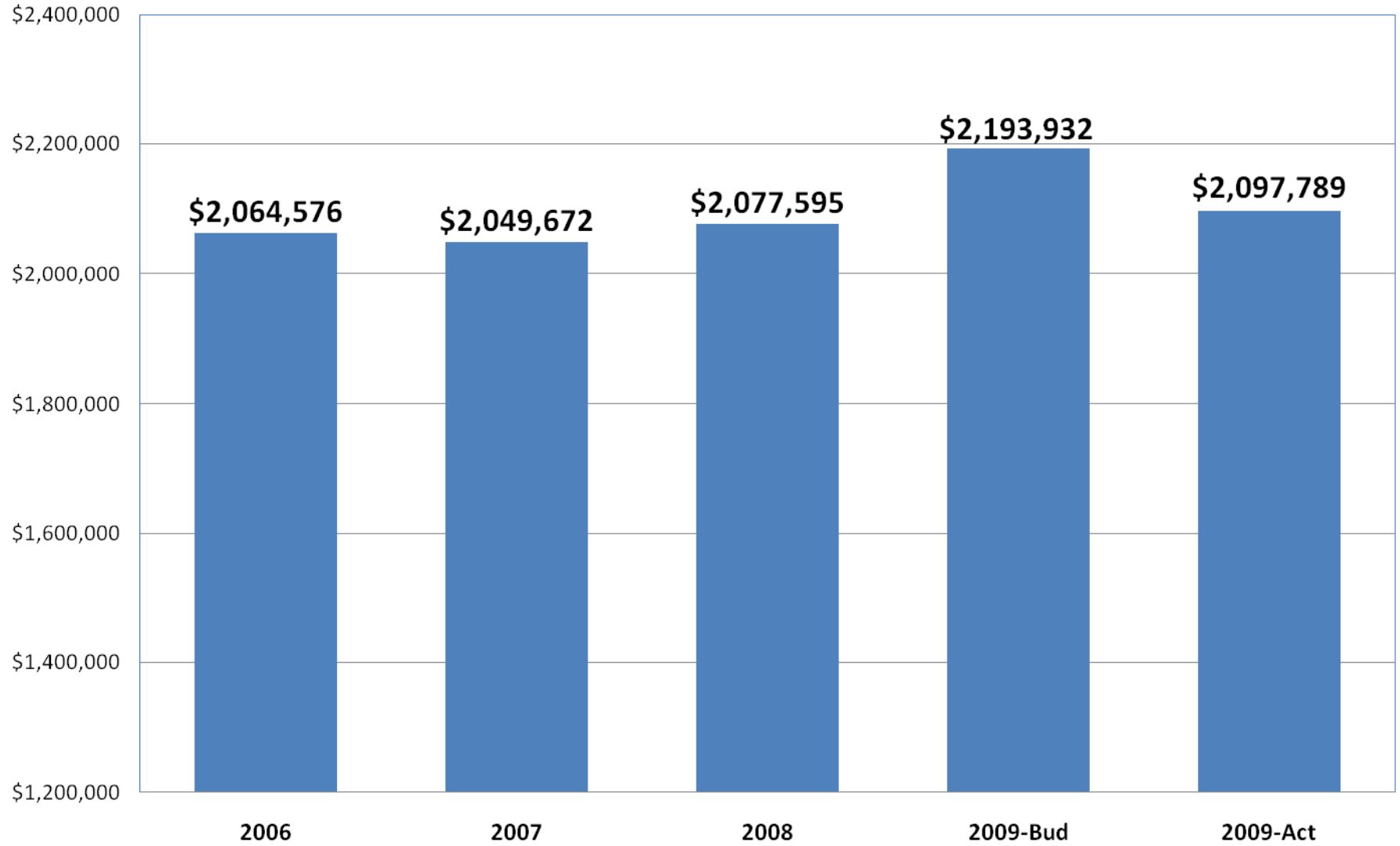
Significant Development Activity Status in 3rd Quarter 2009

Map Key

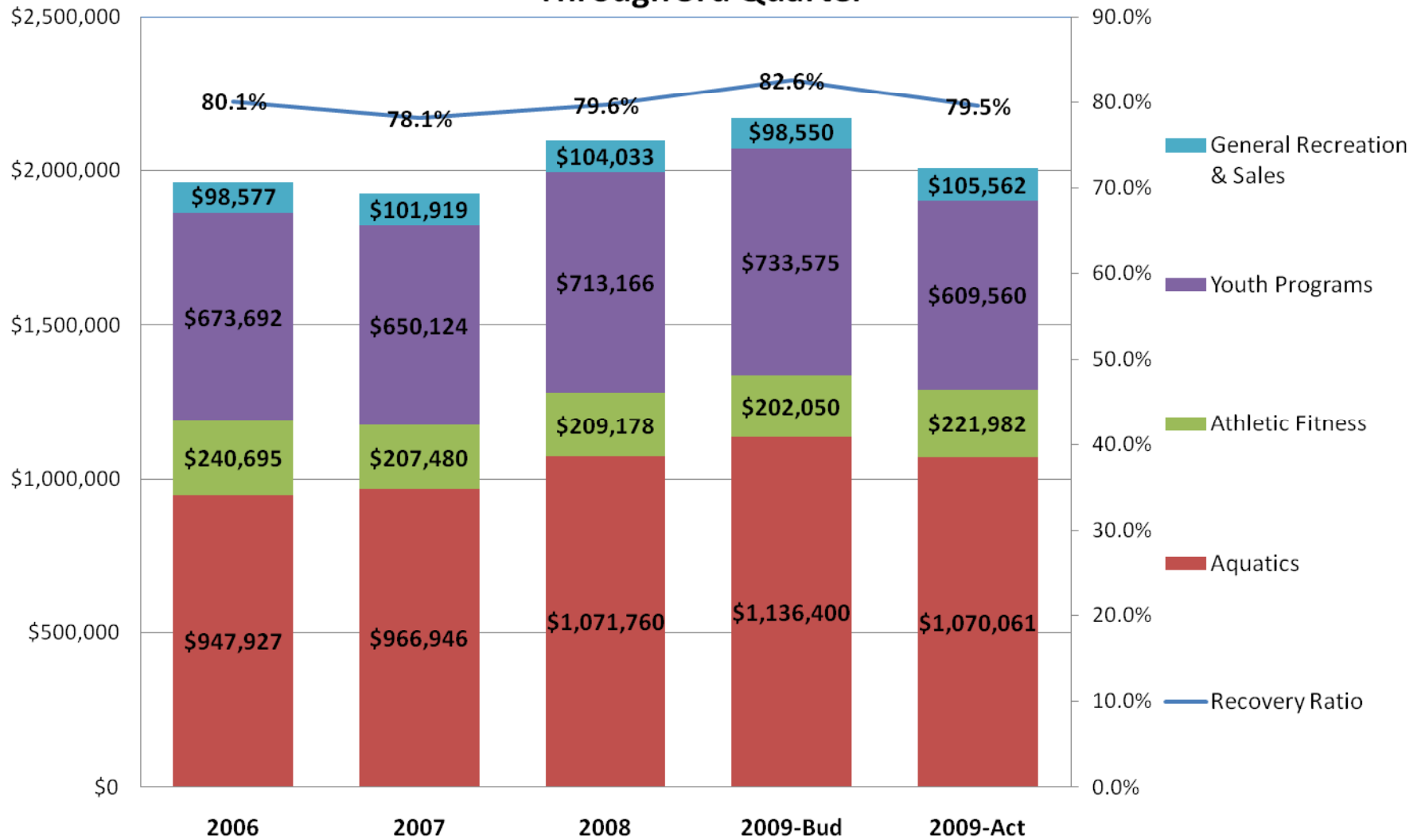
- Under Construction (No Land Use)
- Construction Pending (No Land Use)
- Land Use Approved
- Land Use Pending
- Land Use Approved/Under Construction
- Land Use Approved/Construction Pending
- Preliminary or Pre-Applications
- Complete
- Proposed Comp Plan Amendent



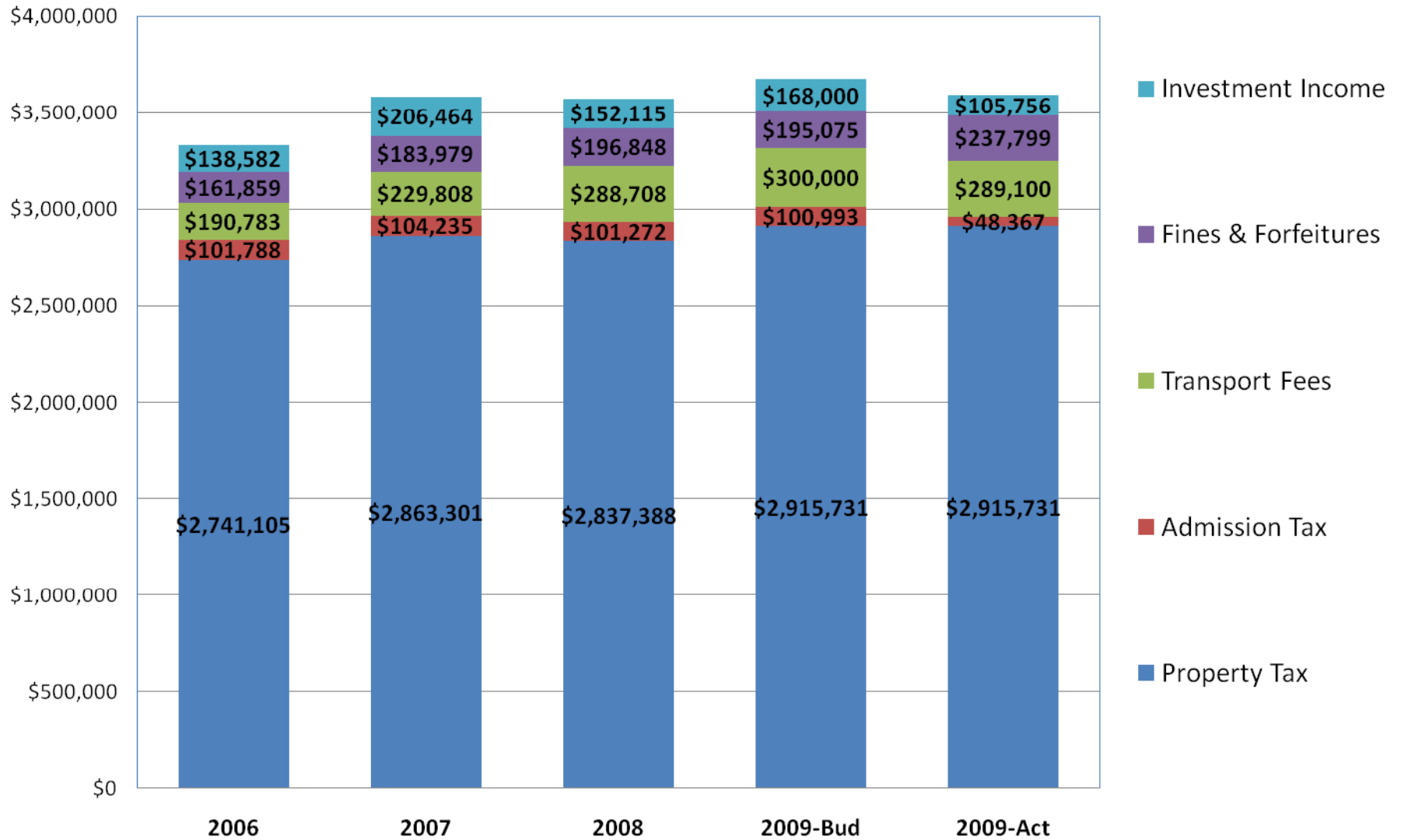
**Utility Tax Revenue
2006 - 2009
Through 3rd Quarter**



Recreation Revenues by Program 2006 - 2009 Through 3rd Quarter



Other General Fund Revenue 2006 - 2009 Through 3rd Quarter

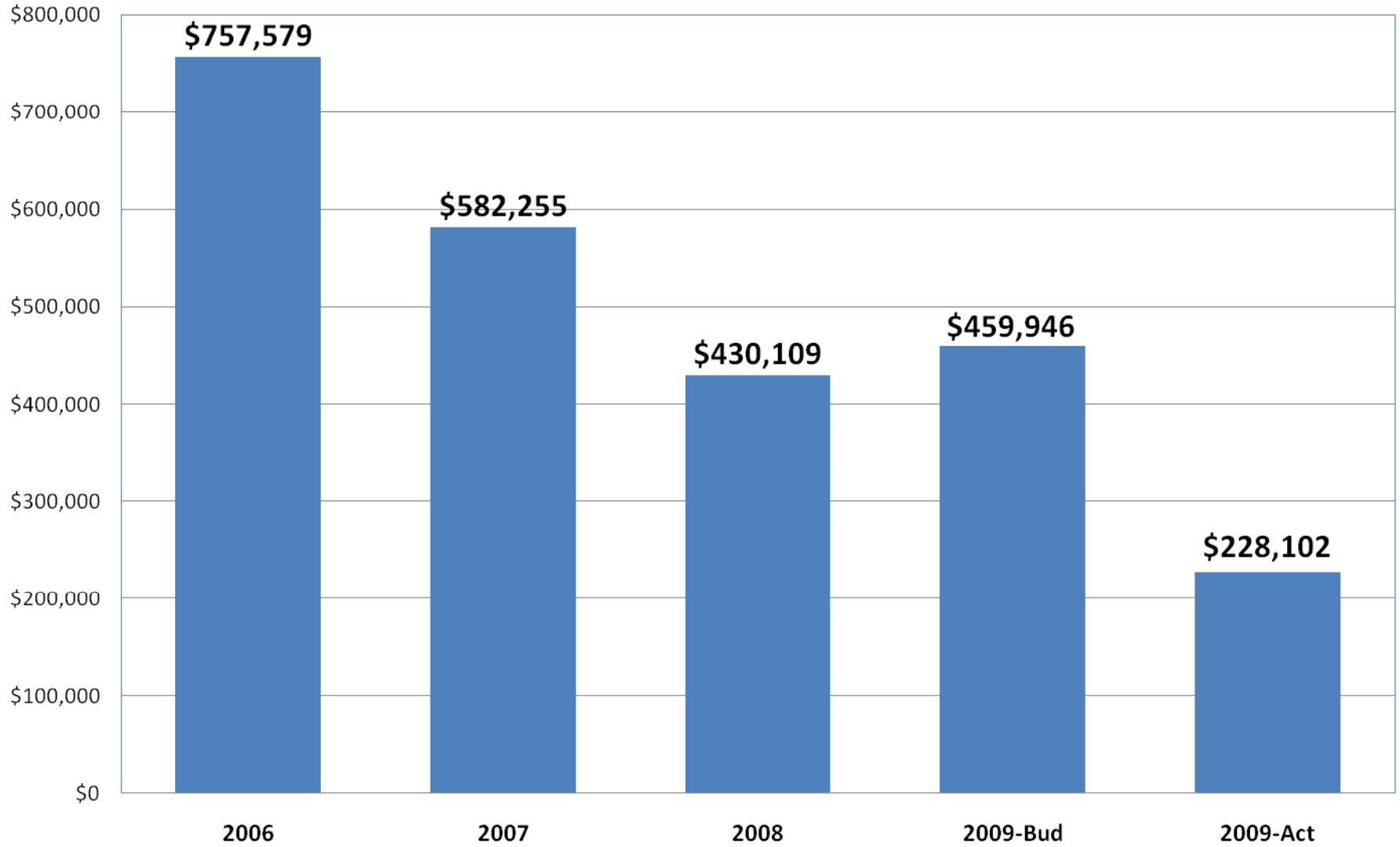




Capital Improvement Funds

- **52nd/53rd Avenues Water Main Construction**
- **52nd Avenue W Reconstruction/Overlay Project (212th to 220th)**
- **2009 Chip Seal Program**
- **244th Street SW Overlay**
- **223rd & 42nd Sidewalk**
- **230th Street SW Reconstruction Project**
- **214th & 44th Traffic Signal**
- **Storm and Sanitary Reconstruction**

**Real Estate Excise Tax (REET) Revenue
2006 - 2009
Through 3rd Quarter**





Capital Improvement Funds

Federal &
State Funds -
\$3.7 million

52nd/53rd Avenues Water Main Construction Project

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

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

52nd Ave W Reconstruction Project (212th-220th) Project

\$1,000,000 - American Recovery and Reinvestment Act of 2009 (federal stimulus package)

230th Street SW Reconstruction Project

\$961,350 - American Recovery and Reinvestment Act of 2009 (federal stimulus package)

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

222nd Street Sidewalk Connection Project

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

Stormwater Program

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

Town Center

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

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



Capital Improvement Funds

Future Federal & State Funds

Stormwater Program

\$172,500 – Washington State Stormwater Retrofit and Low-Impact Development Program in support of Hall Creek/230th Culvert project (under review)

STBD – federal appropriations in support of Civic Campus & Lake Ballinger/McAlee Creek Watershed Basin

STBD - 2010 Water Resources Development Act (WRDA) Project Request in support of Lake Ballinger/McAlee Creek Watershed Basin

Lakeview Trail

\$200,000 to \$1,400,000 – federal appropriations connecting Mountlake Terrace Transit Center at I-5/236th St West to Interurban Trail along Lakeview Drive

Emergency Response Interoperability

\$229,400 – \$500,000 federal appropriations to replace and upgrade radio network and communications infrastructure for the Police Department such as radios, training, and equipment (e.g., emergency generators)

Pedestrian/School Safety Sidewalk Project

\$200,000 - CDBG funds for sidewalks along 222nd St SW between 39th and 44th connecting to Cedar Way Elementary School and Bicentennial Park

\$350,000 – \$700,000 federal appropriations sidewalks along 214th St SW between 40th and 44th connecting to Mountlake Terrace High School and other school routes

Evergreen Play Equipment

\$85,000 - CDBG funds for new play equipment at Evergreen Playfield

State Capital Budget Requests (2011-2013)

TBD – Civic Campus, parks, public safety, arts, etc.

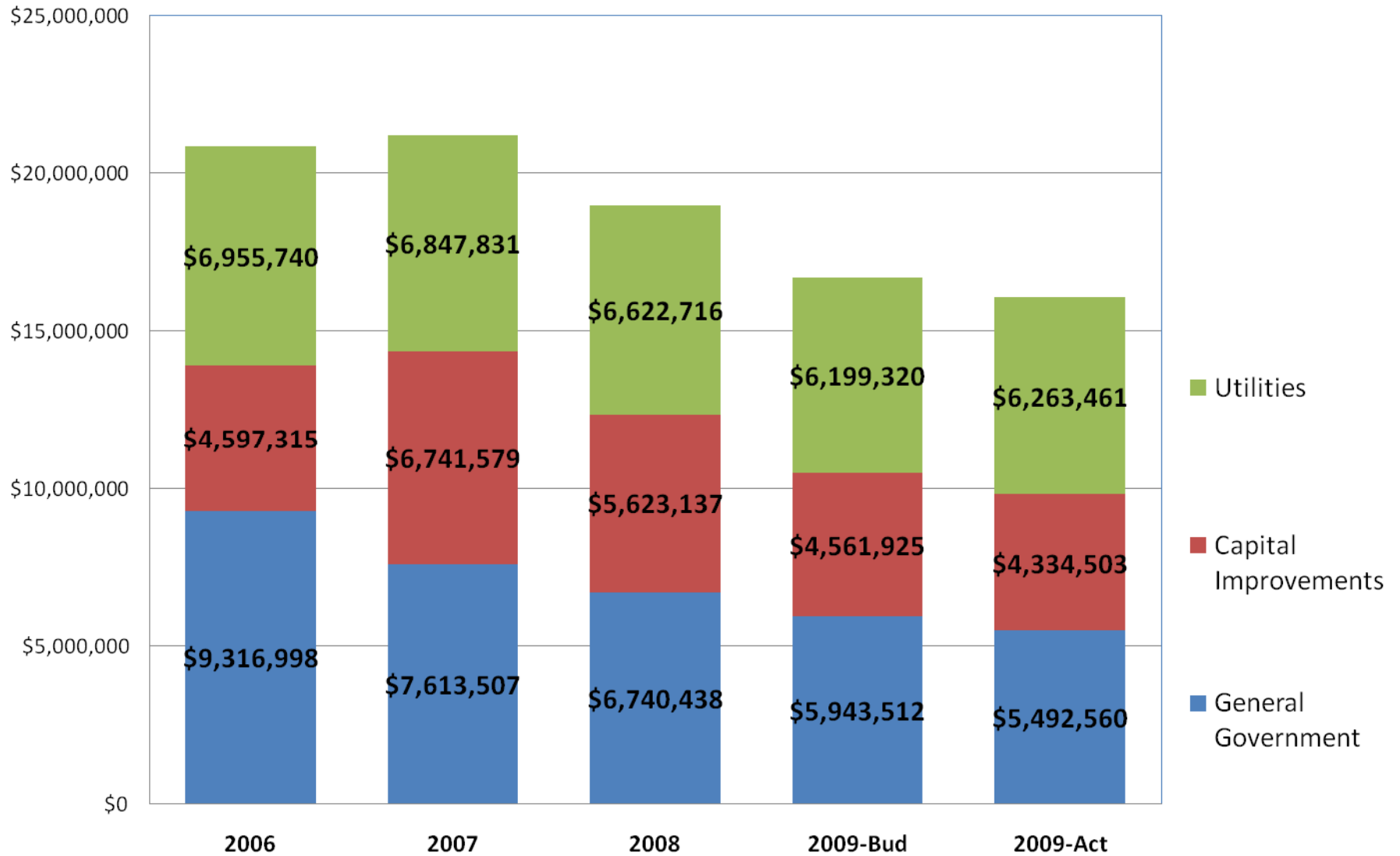


Utility Funds

- Water
- Sewer
- Storm Water

Sources & Uses	2009			Change (bud vs. act)	
	Budget				
Utility Funds	Annual	3rd Qtr	Actual	\$	%
Beginning Fund Balances	\$6,622,716	\$6,622,716	\$6,622,716	\$ -	0.0%
Operating Revenues					
Storm Water	1,159,089	811,362	832,156	20,794	2.6%
Water	2,794,204	1,955,943	2,029,896	73,953	3.8%
Sewer	3,241,029	2,268,720	2,214,698	(54,022)	-2.4%
Subtotal Operating Revenues	7,194,322	5,036,025	5,076,750	40,725	0.8%
Operating Expenditures					
Storm Water	1,119,863	783,904	760,870	(23,034)	-2.9%
Water	2,537,923	1,776,546	1,868,234	91,688	5.2%
Sewer	2,841,894	1,989,326	1,897,256	(92,070)	-4.6%
Debt Service	120,900	120,860	120,860	-	n/a
Subtotal Operating Expenditures	6,620,580	4,670,636	4,647,220	(23,416)	-0.5%
Operating Surplus (Deficit)	573,742	365,389	429,530	64,141	17.6%
Other Financing Sources					
Grants and PWTFL	477,000	437,507	437,507	-	0.0%
Loan Proceeds	2,500,000	-	-	-	n/a
Transfer from Utility Funds	120,900	90,675	90,675	-	0.0%
Subtotal Other Financing Uses	3,097,900	528,182	528,182	-	0.0%
Other Financing Uses					
Construction Projects	5,670,974	1,316,967	1,316,967	-	0.0%
Transfer to Utility Funds	-	-	-	-	n/a
Subtotal Other Financing Uses	5,670,974	1,316,967	1,316,967	-	0.0%
Fund Balances					
Reserves (15% of Oper Exp)	974,949	974,949	974,949	-	0.0%
Designated/Reserved:					
Storm Water	2,122,972	991,319	1,035,147	43,828	4.4%
Water	292,473	2,181,692	2,163,957	(17,735)	-0.8%
Sewer	1,232,990	2,081,546	2,119,593	38,048	1.8%
Debt Service	-	(30,185)	(30,185)	-	0.0%
Undesignated/Unreserved	-	-	-	-	n/a
Total Ending Fund Balances	\$4,623,384	\$6,199,320	\$6,263,461	\$ 64,141	1.0%

Ending Fund Balances 2006 - 2009 September 2009





Action Strategies & Preventative Measures Implemented

City of Mountlake Terrace						
General Fund Financing Balancing Strategy						
2009-2014						
Department	2009	2010	2011	2012	2013	2014
City Council	\$ (1,400)	\$ (1,400)	\$ -	\$ -	\$ -	\$ -
City Manager	(5,000)	(39,000)	(36,743)	(38,028)	(39,359)	(40,737)
Administrative Services	(161,100)	(254,600)	(272,900)	(282,498)	(292,397)	(302,602)
Municipal Court & Jail						
Services	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Police	(194,692)	88,958	102,732	106,327	110,049	113,901
Fire	66,918	69,260	82,396	85,280	88,265	91,354
Comm & Econ Dev	(42,500)	(43,900)	(42,849)	(44,349)	(45,901)	(47,507)
Parks	(74,538)	(76,947)	-	-	-	-
Property Mgmt	(25,000)	(92,500)	(93,150)	(96,410)	(99,785)	(103,277)
Streets	(16,500)	(34,000)	(29,565)	(35,173)	(41,109)	(47,392)
Fleet Management	(39,000)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
Recreation	(26,000)	(26,000)	-	-	-	-
Subtotal Operating	(543,812)	(449,129)	(329,079)	(343,851)	(359,237)	(375,260)
% of Operating Bdgt	-3.9%	-3.1%	-2.2%	-2.2%	-2.2%	-2.2%
One-time	(110,900)	(51,685)	-	-	-	-
Total	\$ (654,712)	\$ (500,814)	\$ (329,079)	\$ (343,851)	\$ (359,237)	\$ (375,260)

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 until at least 2010
 - Fleet & equipment
 - Information technology
 - Recreation & Parks
- Current & future vacant 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
- Recent gas price reductions
- Reviewing purchasing partnership with City of Lynnwood
- Employee Healthcare Task Force has been formed
- Consolidation 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
 - Communication & outreach with community
 - Key essential public services (public safety, parks, development services, recreation, streets, and utilities)

Next Steps



- **FY 2011 Federal Appropriation Requests** (December 2009 – January 2010)
- **Prioritization of Unfunded Operating Programs** (January/February 2010)
 - Approximately \$300,000 per year including Economic Development, Seniors Program, Cultural Arts Program, Development Code updates & revisions, July 4th celebration, Concerts in the Park, etc.
- **Prioritization of Unfunded Capital Improvement Needs** (January/February 2010)
 - Approximately \$7.5 million, including 28 park improvement projects totaling \$5.8 million and Civic Campus totaling \$40 million
- **Water & Sewer rate analysis with a particular focus on 2013 through 2016** (February/March, 2010)
- **Utility Revenue Bond issue** (February/March 2010)
- **Final Year-end 2009 Financial report** (March/April 2010)
- **2011 State Capital Budget requests** (completed by April/May 2010)
- **Six-Year (2011-2016) Financial Forecast** (Summer 2010)
- **56th Avenue West Street Reconstruction Project (230th to 236th) Financing Strategies** (2010)



Questions & Comments