

City of Mountlake Terrace



2009 YEAR-END FINANCIAL REPORT

MARCH 15, 2010

Overview



- **4th Quarter 2009 Financial Report (January – December)**
 - Executive Summary
 - Town Center & Economic Development
 - General Government Funds
 - Capital Improvement Funds
 - Utility Funds
 - Ending Fund Balances/Reserves
 - Action Strategies & Preventative Measures Implemented
 - Summary of Sources & Uses (Attachment A)
 - Municipal Court & Jail Services Expenditure Detail (Attachment B)
 - Significant Development Activity through 12/31/2009 (Attachment C)
 - Town Center Investments (Attachment D)

Executive Summary



- “Great Recession” resulting in negative impact to City revenues
- Massive layoffs locally, regionally and nationwide
- Continued unemployment and growing under-employment (20-25%)
- Slumping real estate market
- Tight credit markets
- Slowdown in consumer spending
- Consumer confidence lowest in over 26 years
- Recovery lag for local governments - most difficult years may still be ahead (e.g., 2010, 2011, 2012, and beyond)
- General Fund revenues have decreased \$1.1 million or 7.1% between 2006 and 2009 (annual negative growth of 2.4%)
- However, City of Mountlake Terrace currently holding its own through 4th quarter; departments exceeding financial expectations; no services to our citizens and community have been impacted

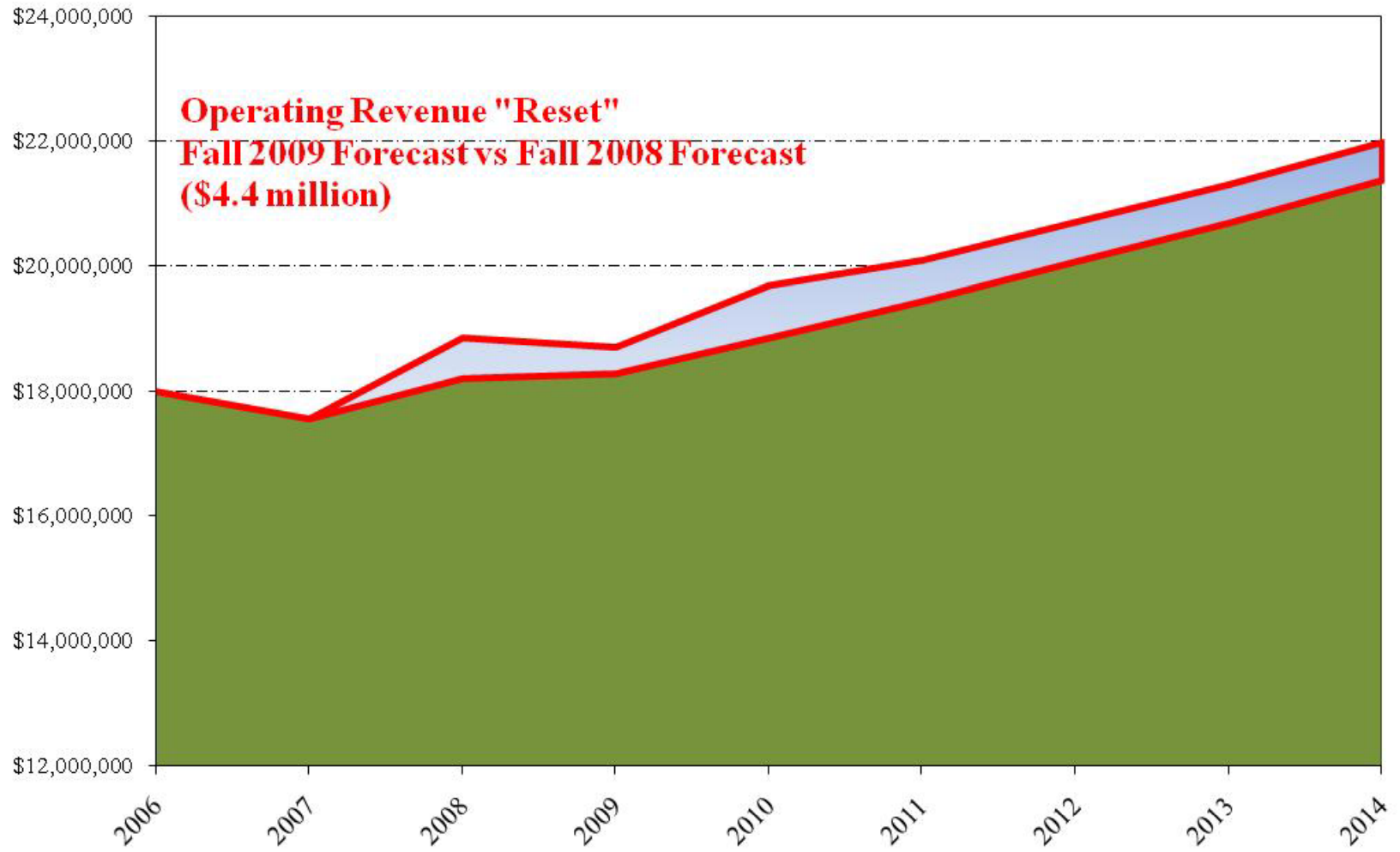
Impact of Economic Recession



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**



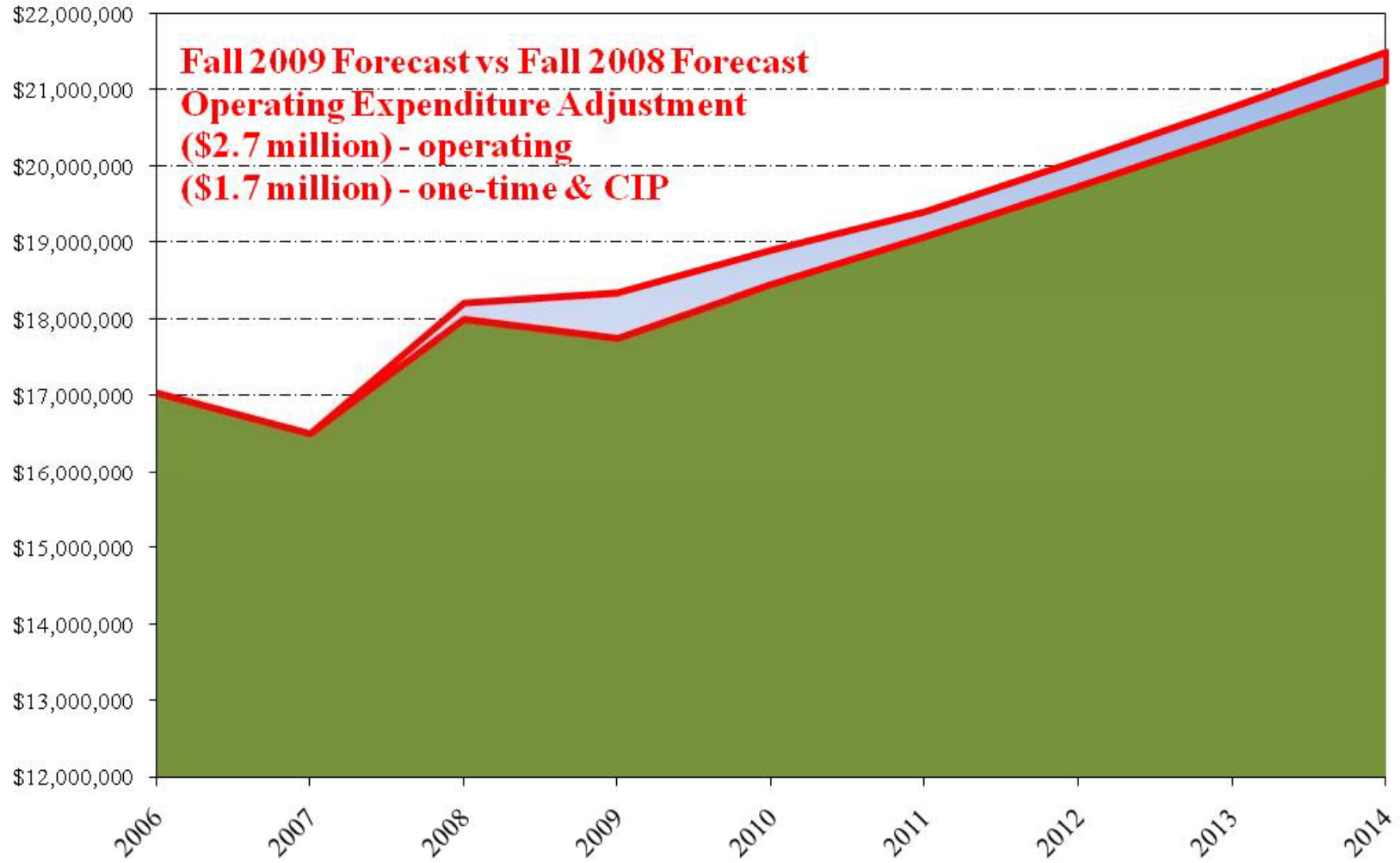
Impact of Economic Recession



Fall 2009 Forecast vs. Fall 2008 Forecast

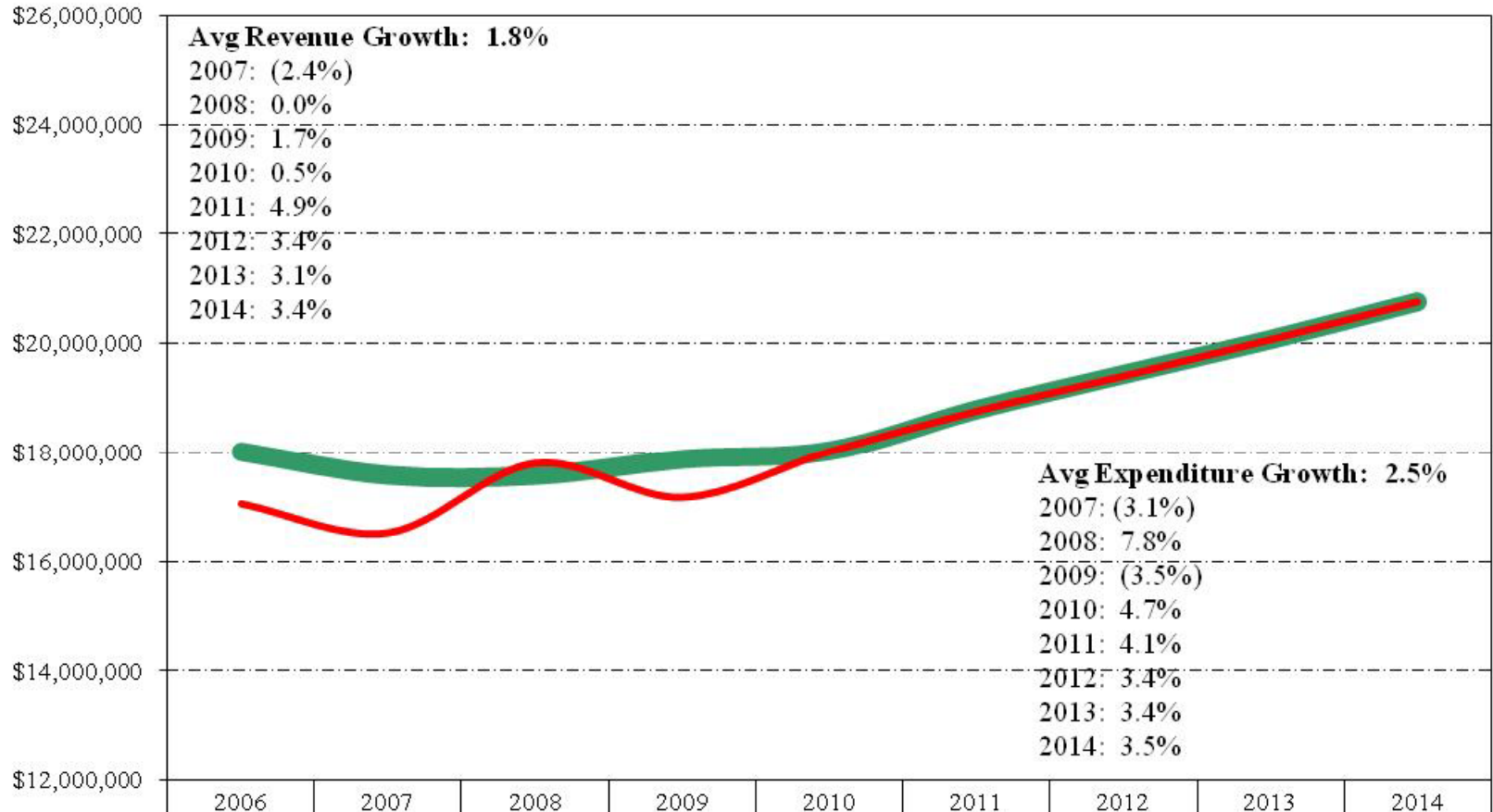
General Government Operating Expenditures				
	Fall 2009	Fall 2008	Change	
	Forecast	Forecast	\$	%
2008	\$17,798,736	\$18,010,576	-\$211,840	-1.2%
2009	\$17,167,285	\$17,759,761	-\$592,476	-3.3%
2010	\$18,014,840	\$18,463,969	-\$449,129	-2.4%
2011	\$18,760,059	\$19,089,139	-\$329,080	-1.7%
2012	\$19,406,986	\$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%
		One-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

Executive Summary



- **Why is the City of Mountlake Terrace weathering the most difficult economic times in generations?**

- **“Living within our means”**
 - **Balanced budget (operating revenues align with operating expenditures)**
 - **Sound & prudent financial policies**
 - **Six-year financial forecast**

- **We no longer subscribe to... “That’s the way we always did it”**
 - **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**
 - ✦ **Continued and ongoing focus on service delivery and identification of organization and resource efficiencies (e.g., public safety, finance, municipal court & jail)**
 - **Aggressive \$66 million CIP**
 - **Leveraging \$3.9 million in state and federal funds**

Town Center & Economic Development



Key Council Goal

- Code updates the past few years have made a difference
- Over 45 development projects on the horizon
- Several in Town Center alone total \$65-\$100 mil
- Average annual new construction in previous decade totals \$15-\$20 million

Town Center & Economic Development



Private Investment Examples

- **Vineyard Park**
 - 4-story mixed-use project will have 10,000 sq ft commercial and approximately 115 living units (Urban Innovations Group)
- **“Mixed Use Project at 56th Ave W/236th St SW**
 - 5-story mixed-use project will have 11,000 sq ft commercial and approximately 123 living units (Yuko Abe)
- **Mountlake Terrace Farmer’s Market**
 - 58th Avenue, adjacent to new Civic Campus – May through September, 2:00 PM to 7:00 PM (Mountlake Terrace Business Association)

Town Center & Economic Development



Public Investments

- Downtown Water Main System Replacement
- Storm Water Detention & Water Quality Improvements
- Lakeview Trail
- 230th Street SW Reconstruction Project
- Energy Conservation Tool Kit for Town Center Development
- Energy-Efficient Transportation Choices Project
- New Civic Campus
- Financing Options (e.g., “LIFT & “LRF”)



General Government Fund Resources

December 2009

Resources by Fund	2009			Change (cntrl bud vs. act)	
	Budget			\$	%
	Revised	Control	Actual		
General Government					
Beginning Fund Balances	\$ 6,740,438	\$ 6,740,438	\$ 6,740,438	\$ -	0.0%
General					
Property Tax	3,887,641	3,887,641	3,859,928	(27,713)	-0.7%
Sales Tax	1,825,705	1,825,705	1,648,902	(176,803)	-9.7%
Utility Tax	3,005,386	3,005,386	2,896,446	(108,940)	-3.6%
Gambling Tax	1,506,587	1,156,587	1,036,730	(119,857)	-10.4%
Other Taxes	138,657	138,657	75,458	(63,199)	-45.6%
Business & Animal Licenses	143,338	143,338	103,870	(39,468)	-27.5%
Development Services Fees	688,857	688,857	473,463	(215,394)	-31.3%
Cable & Solid Waste Franchise Fees	451,672	451,672	511,423	59,751	13.2%
State Shared & Intergov't	499,764	499,764	487,837	(11,927)	-2.4%
Transport Fees	400,000	400,000	377,134	(22,866)	-5.7%
Fines & Forfeitures	260,100	260,100	330,563	70,463	27.1%
Other Fees & Charges	1,941,950	1,941,950	1,882,852	(59,098)	-3.0%
Investment Income	240,000	240,000	117,668	(122,332)	-51.0%
Total General Fund Operating Revenues	14,989,657	14,639,657	13,802,274	(837,383)	-5.7%
Street Operating	368,242	368,242	343,282	(24,960)	-6.8%
Recreation	2,872,100	2,894,100	2,607,733	(286,367)	-9.9%
Debt Service	3,000	3,000	9,376	6,376	212.5%
Total General Govt Operating Revenues	18,232,999	17,904,999	16,762,665	(1,142,334)	-6.4%
Other Financing Sources					
Strategic Reserve	40,000	40,000	25,492	(14,508)	-36.3%
Fleet Management	749,593	749,593	727,802	(21,791)	-2.9%
Hotel/Motel Tax	22,207	22,207	23,304	1,097	4.9%
Solid Waste Service	17,500	17,500	17,500	-	0.0%
Accumulated Leave Reserve	11,600	11,600	6,959	(4,641)	-40.0%
General	20,000	20,000	40,077	20,077	100.4%
Street Operating	502,542	502,542	427,100	(75,442)	-15.0%
Recreation	602,642	554,642	622,229	67,587	12.2%
Debt Service	846,613	846,613	846,613	-	0.0%
Fleet Management	148,500	148,500	79,455	(69,045)	-46.5%
Total Other Financing Sources	2,961,197	2,913,197	2,816,531	(96,666)	-3.3%
Total All General Government Funds	\$27,934,634	\$27,558,634	\$26,319,634	\$ (1,239,000)	-4.5%



General Government Fund Expenditures

December 2009

Expenditures by Fund	2009			Change (cntrl bud vs. act)	
	Budget			\$	%
	Revised	Control	Actual		
General Government					
General					
City Council	\$ 104,530	\$ 103,130	\$ 92,979	\$ (10,151)	-9.8%
City Manager	724,172	714,022	690,777	(23,245)	-3.3%
Administrative Services	1,507,691	1,342,741	1,331,808	(10,933)	-0.8%
Municipal Court & Jail Services	761,478	736,478	794,770	58,292	7.9%
Police	5,269,076	5,052,384	4,996,051	(56,333)	-1.1%
Fire	2,405,135	2,413,953	2,411,618	(2,335)	-0.1%
Community & Economic Development	1,119,459	1,048,743	831,051	(217,692)	-20.8%
Park Services	727,046	667,508	630,125	(37,383)	-5.6%
Property Management	937,834	912,834	808,120	(104,714)	-11.5%
Oper Transfer Out-Debt Svc	-	-	-	-	n/a
Oper Transfer Out-Streets	502,542	476,042	427,100	(48,942)	-10.3%
Oper Transfer Out-Recreation	417,642	369,642	437,229	67,587	18.3%
Oper Transfer Out- Rec Debt Svc	185,000	185,000	185,000	-	0.0%
Total General Fund	14,661,605	14,022,477	13,636,628	(385,849)	-2.8%
Operating Surplus/(Deficit)	328,052	617,180	165,646	(451,534)	-73.2%
Street Operating	873,969	873,969	777,237	(96,732)	-11.1%
Recreation	3,474,742	3,448,742	3,255,891	(192,851)	-5.6%
Debt Service	479,613	479,613	454,965	(24,648)	-5.1%
Total General Government Funds	19,489,929	18,824,801	18,124,721	(700,080)	-3.7%
Other Financing Uses					
Fleet Management	1,802,169	1,802,169	1,568,298	(233,871)	-13.0%
Hotel/Motel Tax	29,833	29,833	28,105	(1,728)	n/a
Solid Waste Service	30,426	30,426	30,345	(81)	-0.3%
Accumulated Leave Reserve	-	-	-	-	n/a
General	860,074	801,224	823,716	22,492	2.8%
Strategic Reserve	300,000	300,000	300,000	-	0.0%
Other Financing Uses	3,022,502	2,963,652	2,750,464	(213,188)	-7.2%
Total All General Government Funds	\$22,512,431	\$21,788,453	\$20,875,185	\$ (913,268)	-4.2%

General Fund Operating Revenues vs. Operating Expenditures 2006 - 2009

Revenue Growth

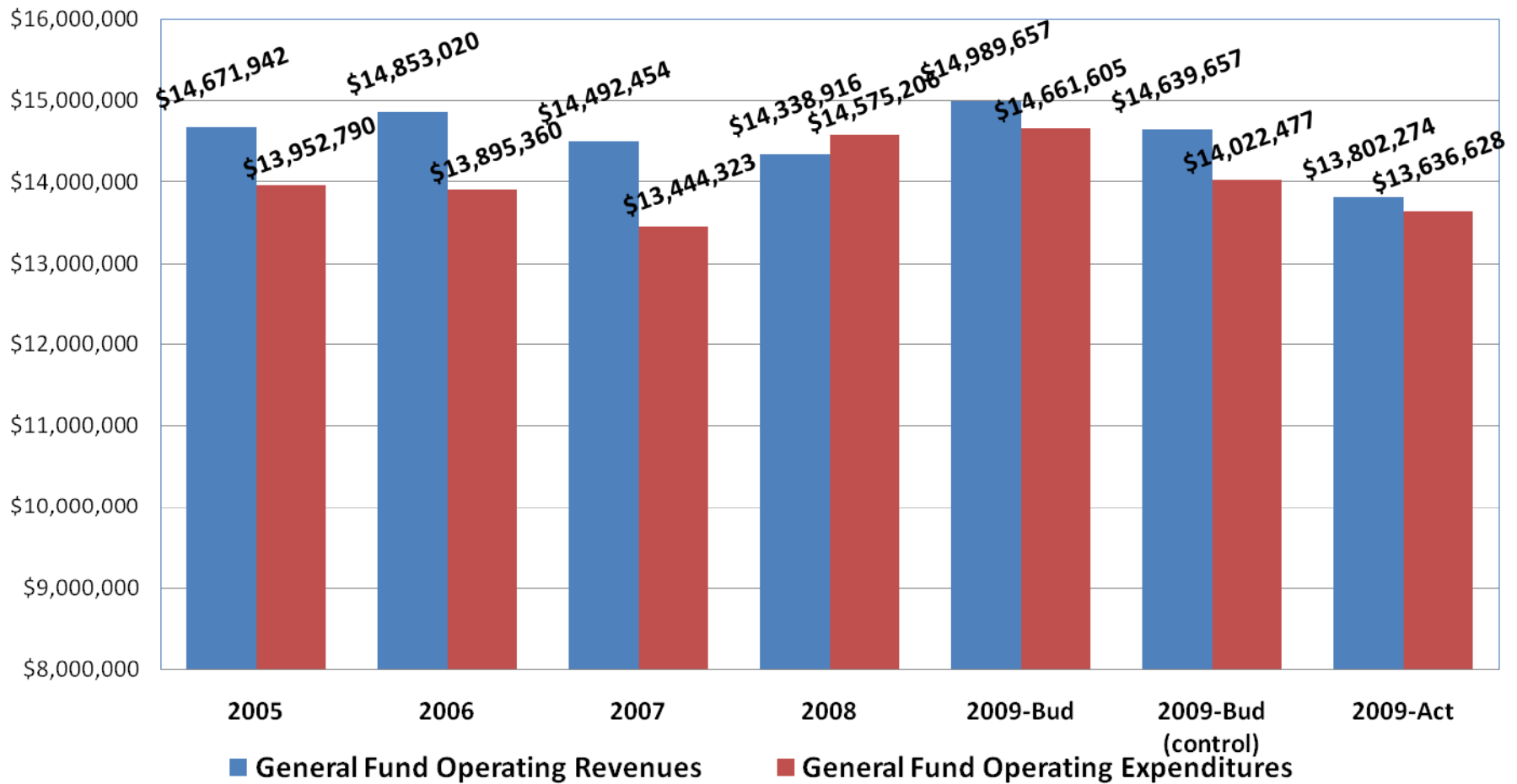
2007: (2.4%)
 2008: (1.1%)
 2009: 4.5%-Budget
 2009: 2.1%-Control
 2009: (3.7%)-Actual

Average : (2.4%)

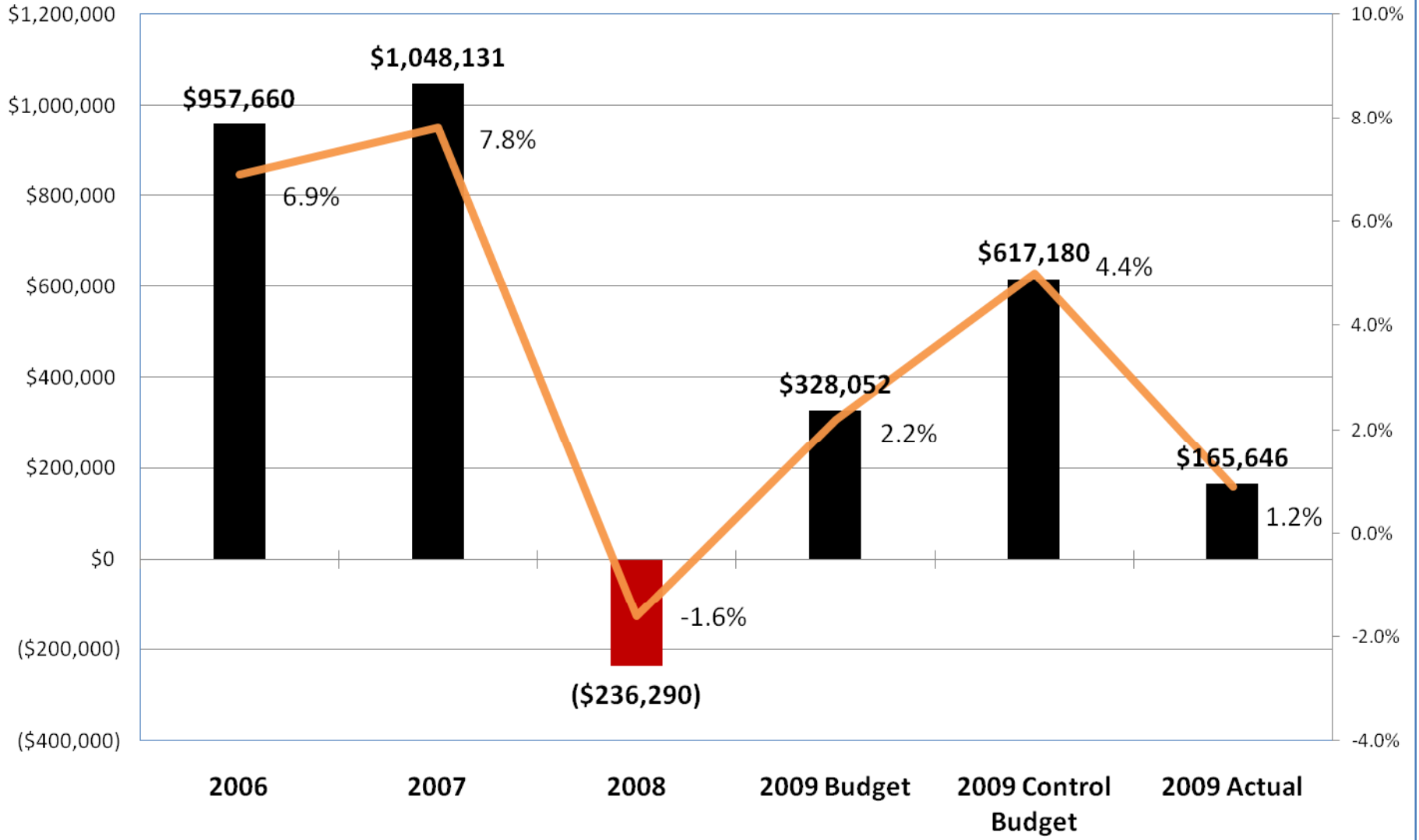
Expenditure Growth

2007: (3.2%)
 2008: 8.4%
 2009: (0.6%)-Budget
 2009: (4.4%)-Control
 2009: (6.4%)-Actual

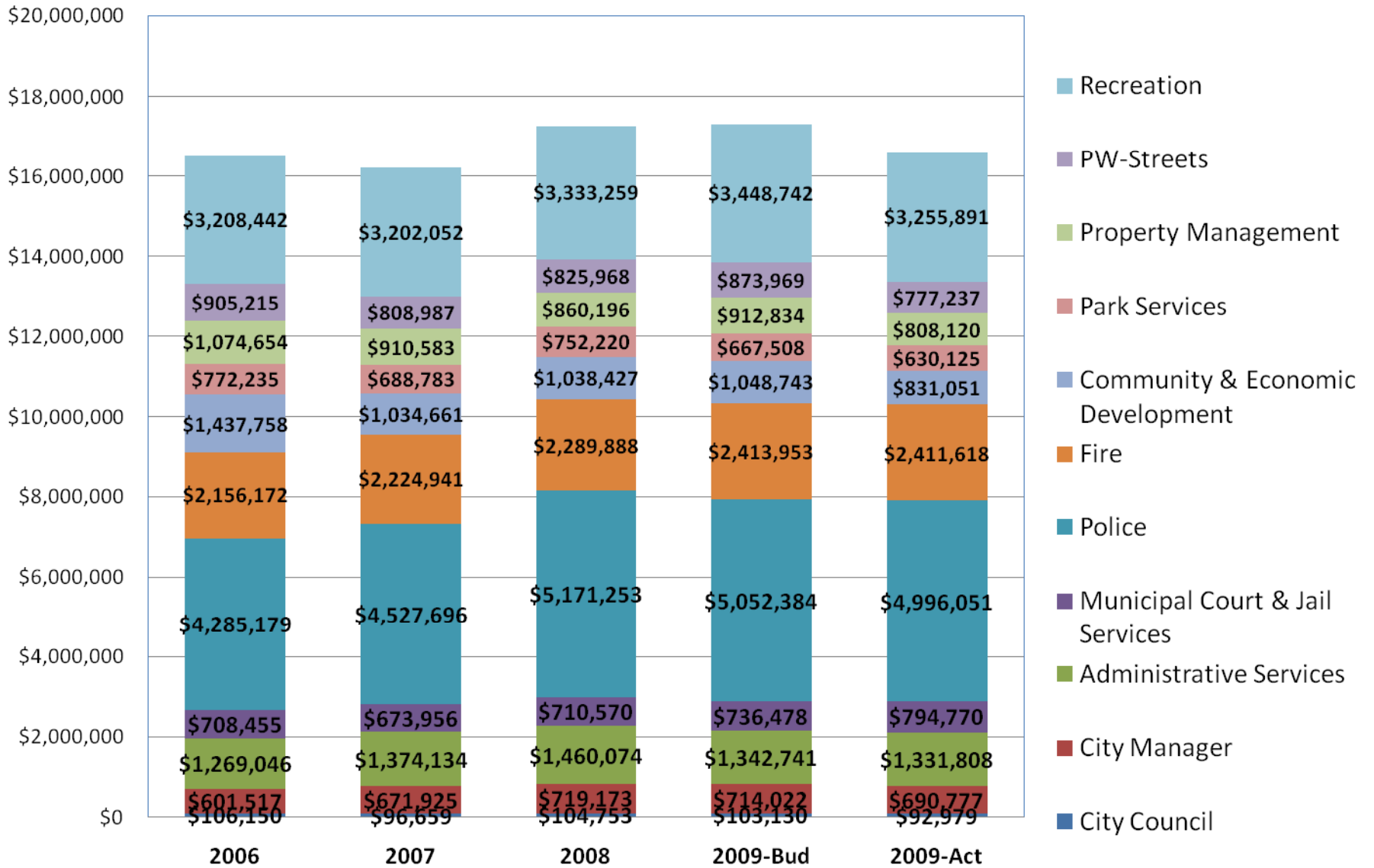
Average : (0.4%)



General Fund Operating Surplus/(Deficit) 2006 through 2009

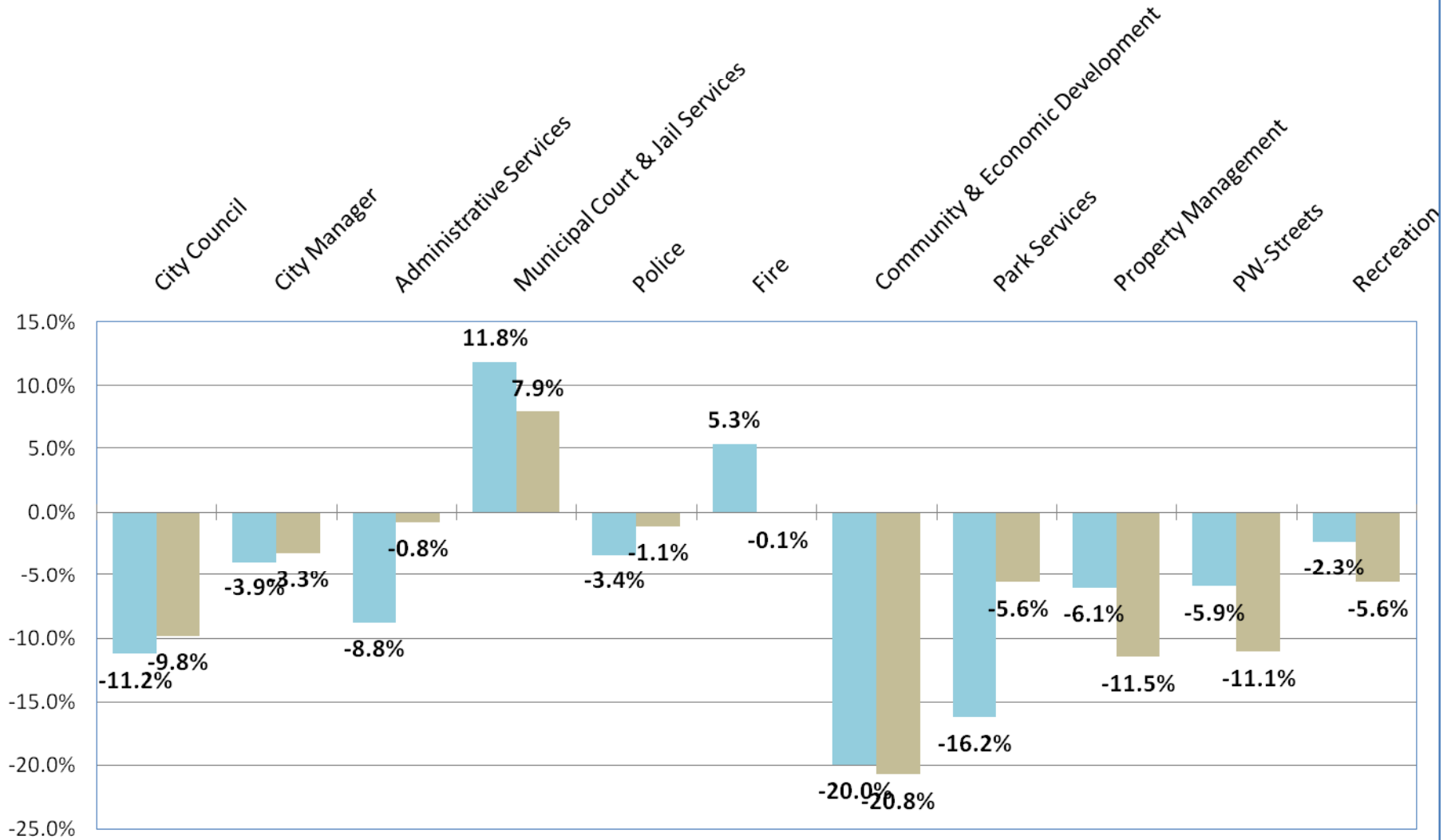


Department Expenditures 2006 - 2009

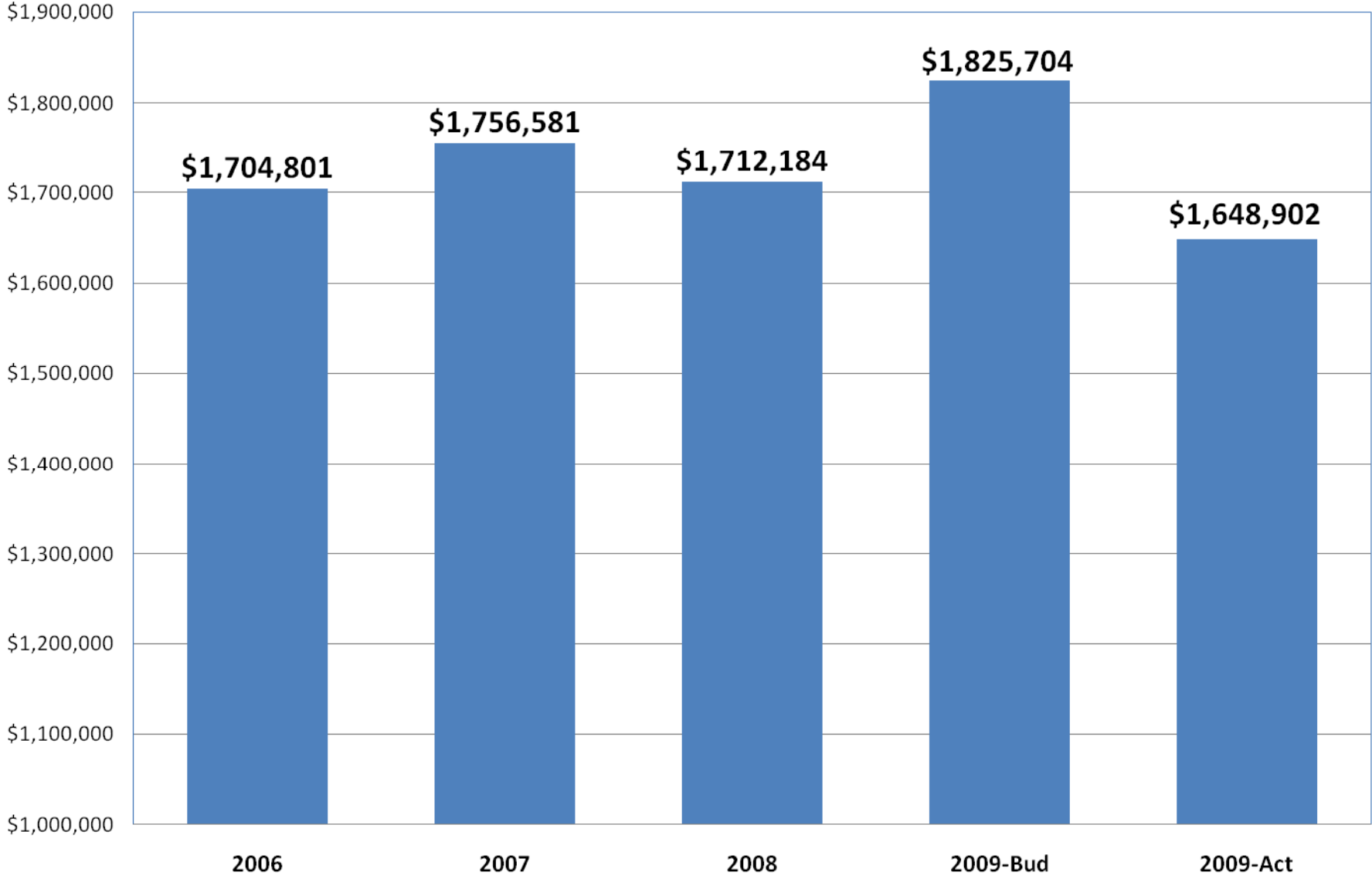


Department Expenditures Through 4th Quarter

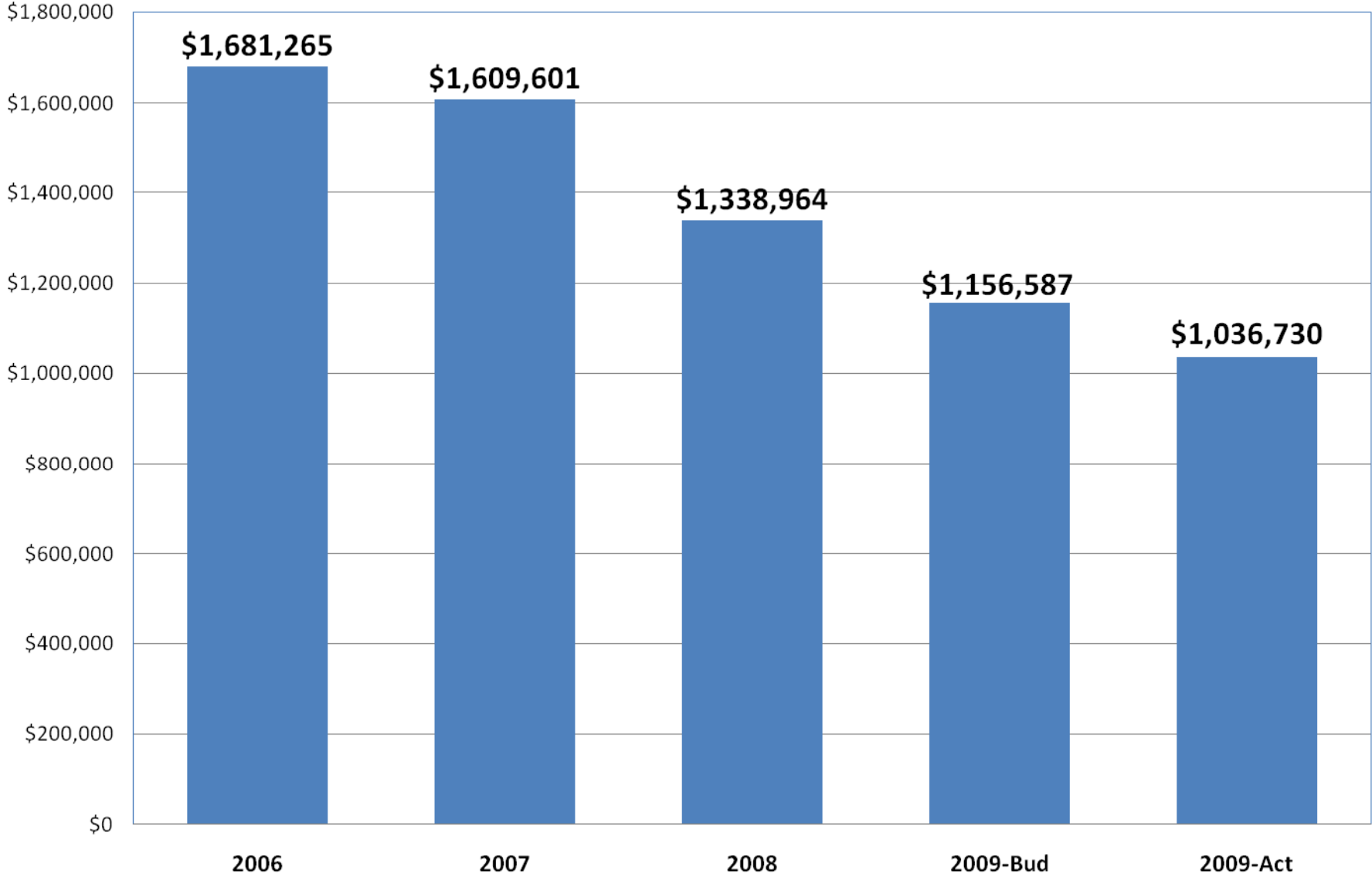
■ Change: 2009 vs 2008 Actual
 ■ Change: 2009 Budget to Actual



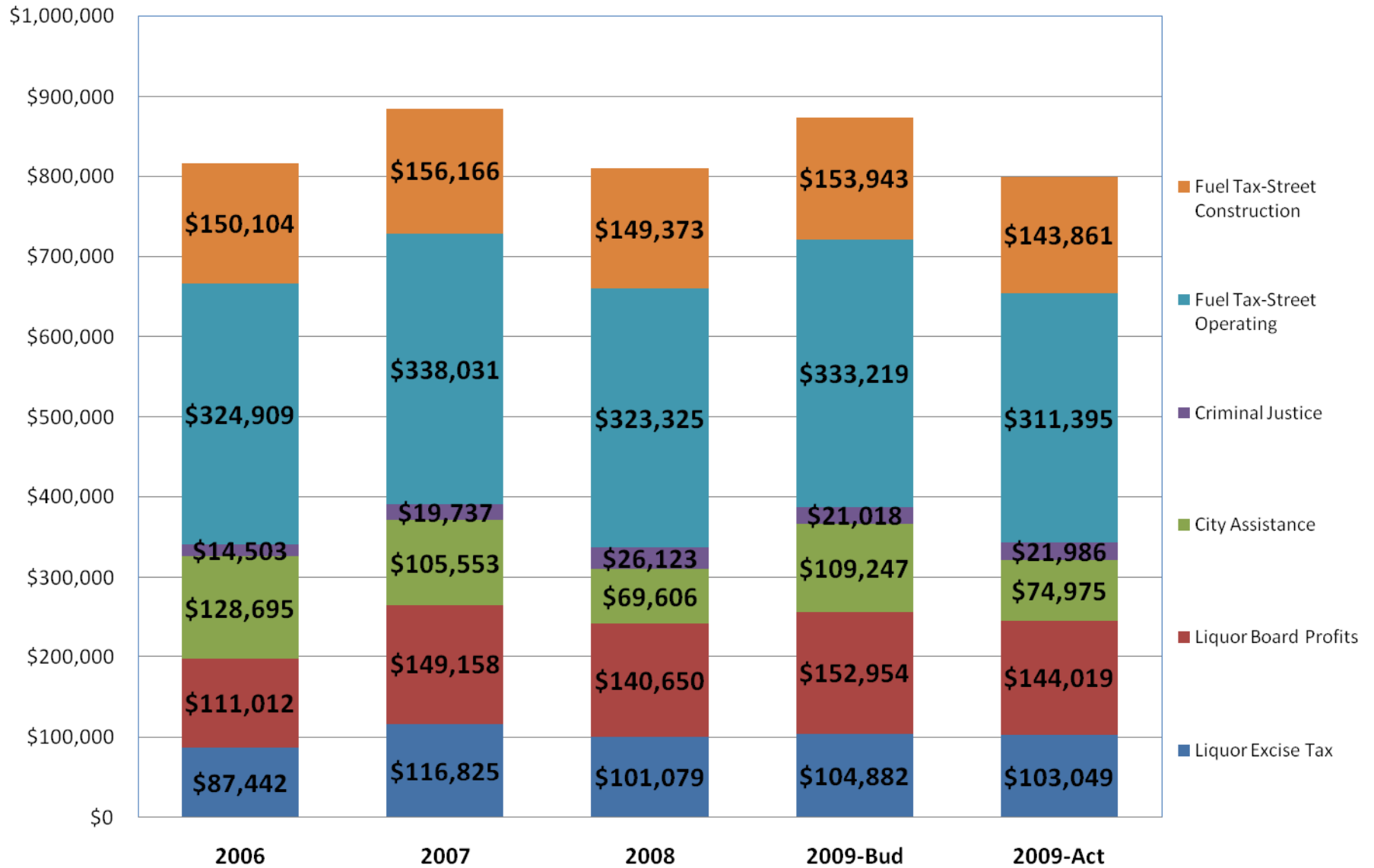
Sales Tax Revenue 2006 - 2009



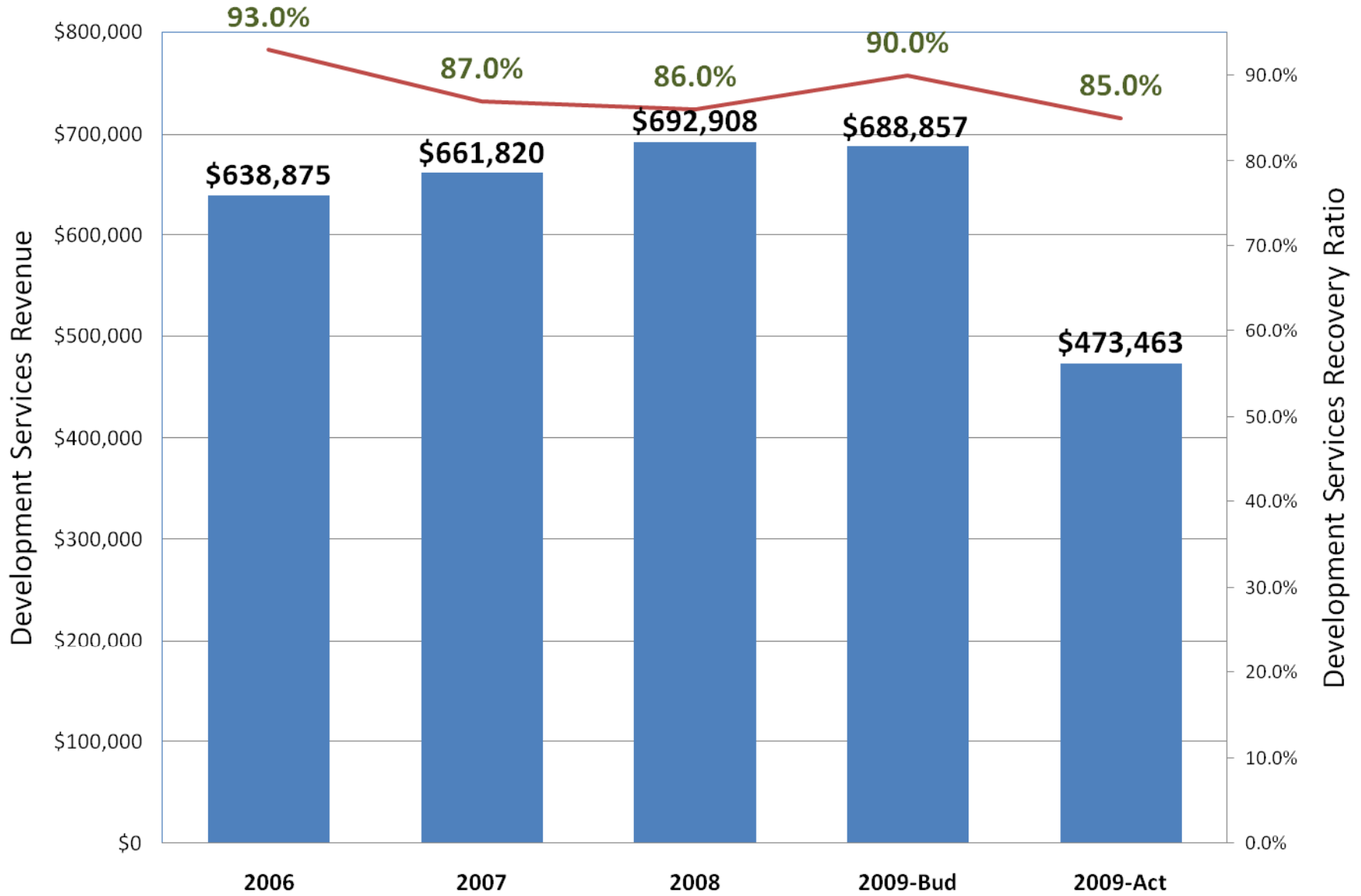
Gambling Tax Revenue 2006 - 2009



State-Shared Revenues 2006 - 2009














Development Services Revenue 2006 - 2009

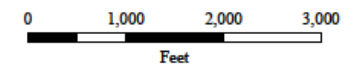


Legend

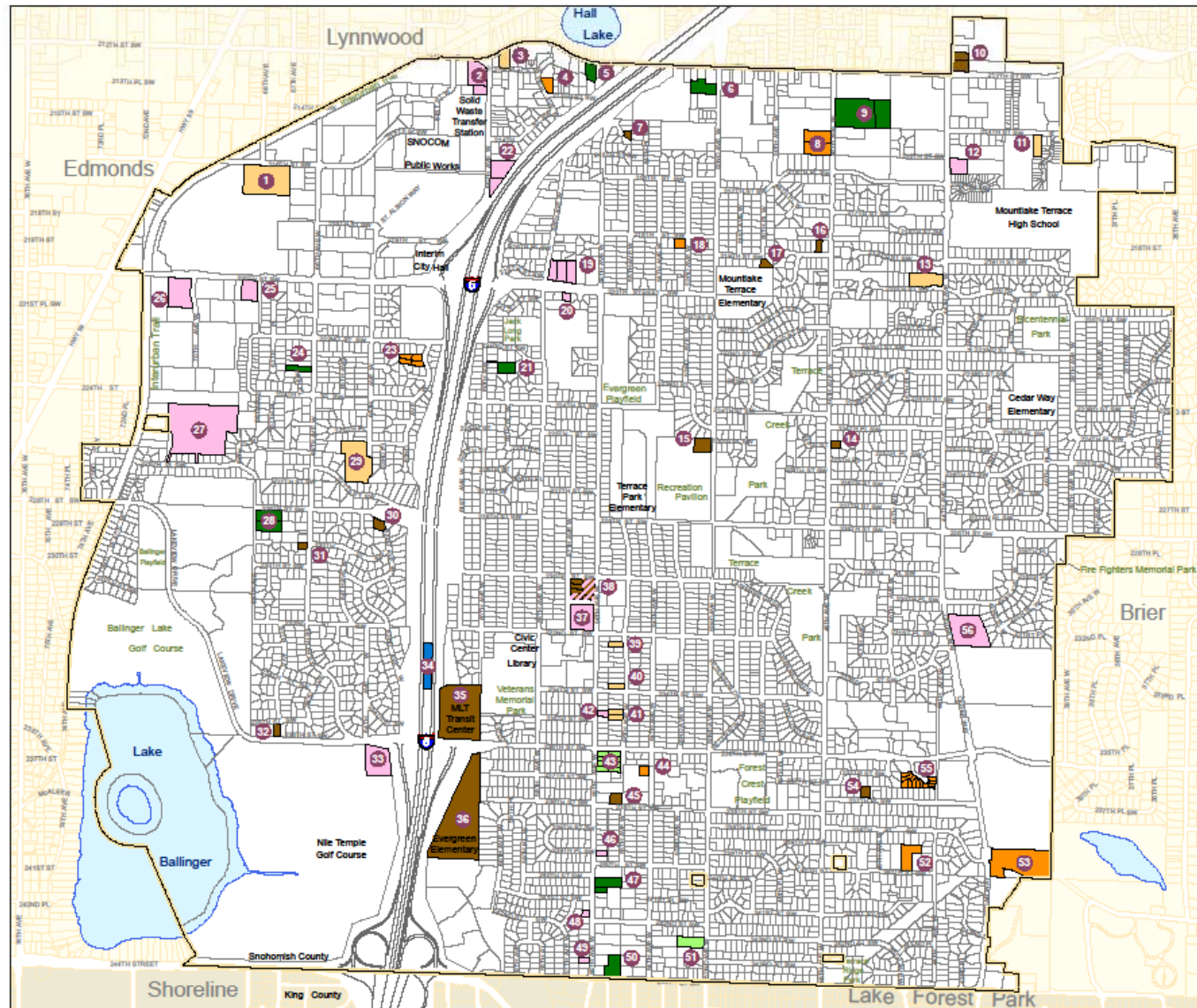
 City Boundary

Significant Development Activity

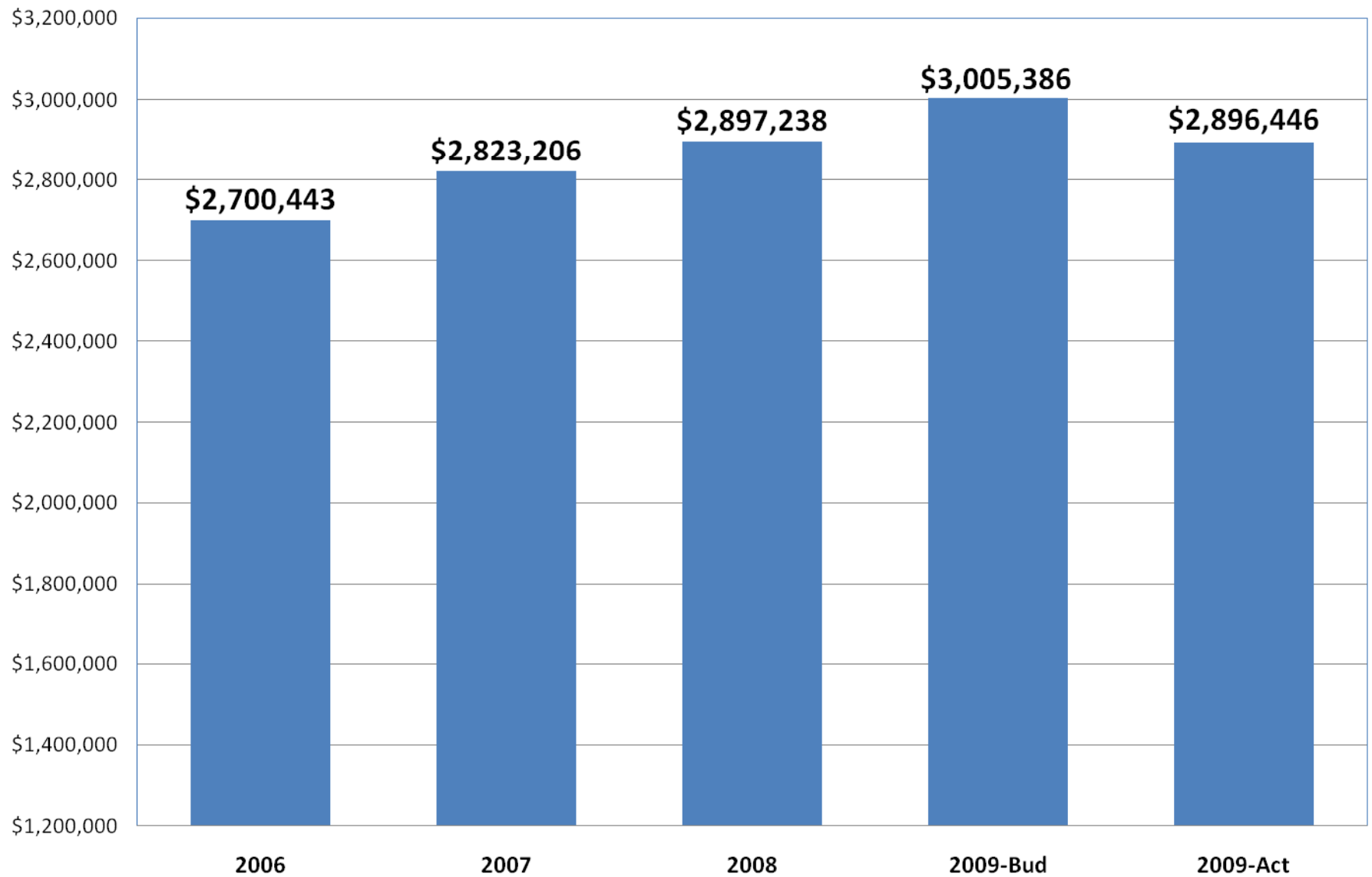
-  Under Construction (No Land Use)
-  Construction Pending (No Land Use)
-  Land Use Approved
-  Land Use Pending
-  Land Use Approved/Under Construction
-  Land Use Approved/Construction Pending
-  Preliminary or Pre-Applications
-  Completed
-  Pre-Applications & Completed
-  Comprehensive Plan Amendment Proposal
-  Parcel lines



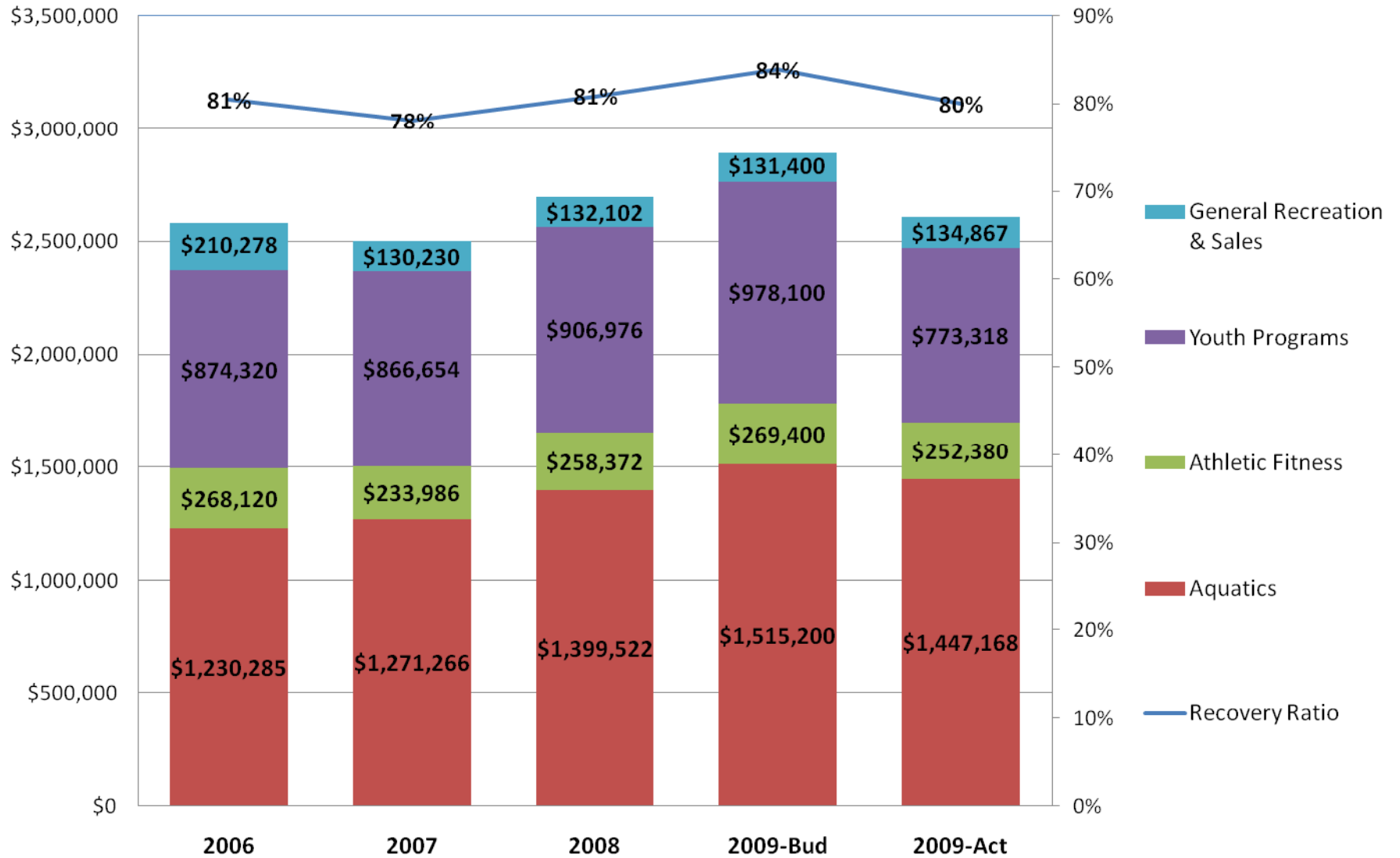
**Significant
Development Activity**
Status through 4th Quarter 2009
December 31, 2009



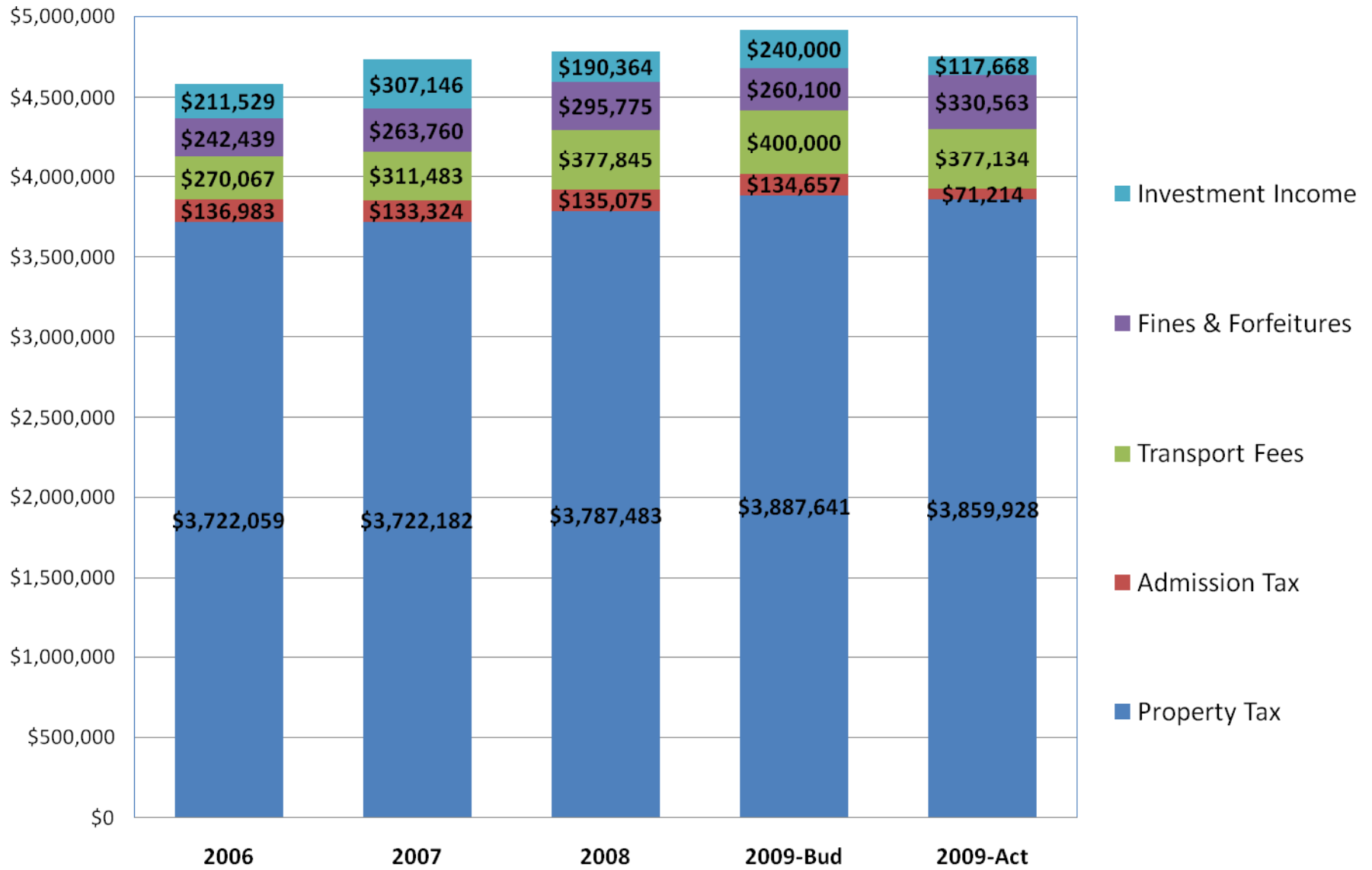
Utility Tax Revenue 2006 - 2009



Recreation Revenues by Program 2006 - 2009



Other General Fund Revenue 2006 - 2009





Capital Improvement Funds

**Projects
recently
completed...**

- **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**



Capital Improvement Funds

**Projects
underway...**

- **230th Street SW Reconstruction Project**
- **214th & 44th Traffic Signal**
- **Storm and Sanitary Reconstruction**
- **222nd Street Sidewalk Connection at Jack Long Park**
- **East Side Water System Improvements**
- **Town Center Water System Improvements**
- **Hall Creek Culvert Removal & Sewer Replacement Project**

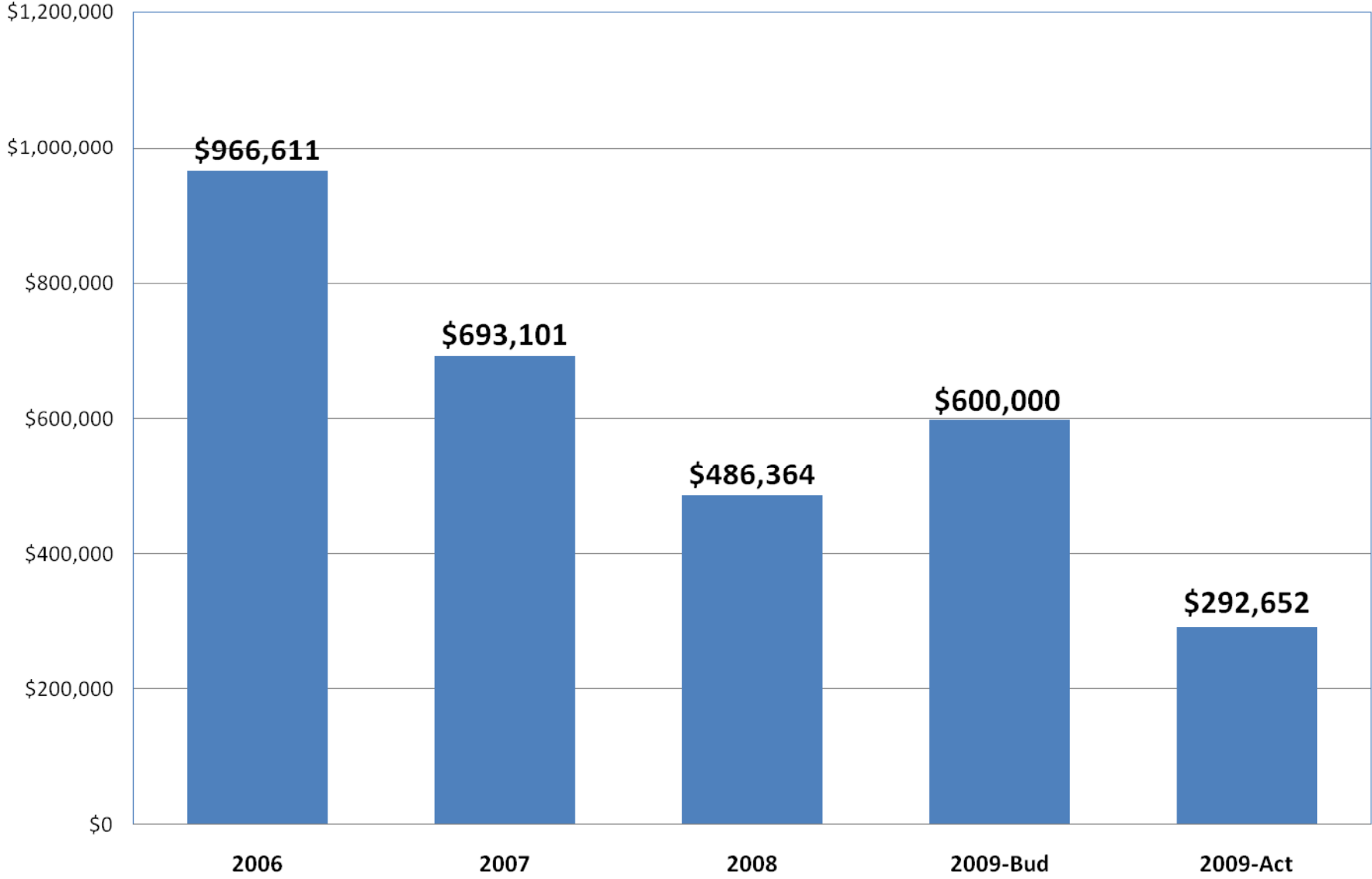


Capital Improvement Funds

**Projects that
will begin later
this year...**

- **2010 Street Chip Seal Program**
- **2010 Street Overlay Program**
- **Town Center -- Energy Conservation
Tool Kit for Town Center
Development**
- **Town Center -- Energy-Efficient
Transportation Choices Project**

Real Estate Excise Tax (REET) Revenue 2006 - 2009





Capital Improvement Funds

**Federal &
State Funds -
\$3.9 million**

52nd/53rd 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

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

Lakeview Trail

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



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)

\$500,000 – federal appropriations in support of Civic Campus & Lake Ballinger/McAler Creek Watershed Basin

\$1,200,000 - 2010 Water Resources Development Act (WRDA) Project Request in support of Lake Ballinger/McAler Creek Watershed Basin

Lakeview Trail

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

Emergency Response Interoperability

\$500,000 federal funding to replace and upgrade our integrated regional 9-1-1 system along with a series of modern law enforcement tools needed to meet public safety obligations in our community

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

\$750,000 - federal funding for sidewalks along 214th St SW between 40th and 44th connecting to Mountlake Terrace High School and 54th Ave between 220th and 223rd connecting to Mountlake Terrace Elementary School

State Capital Budget Requests (2011-2013)

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

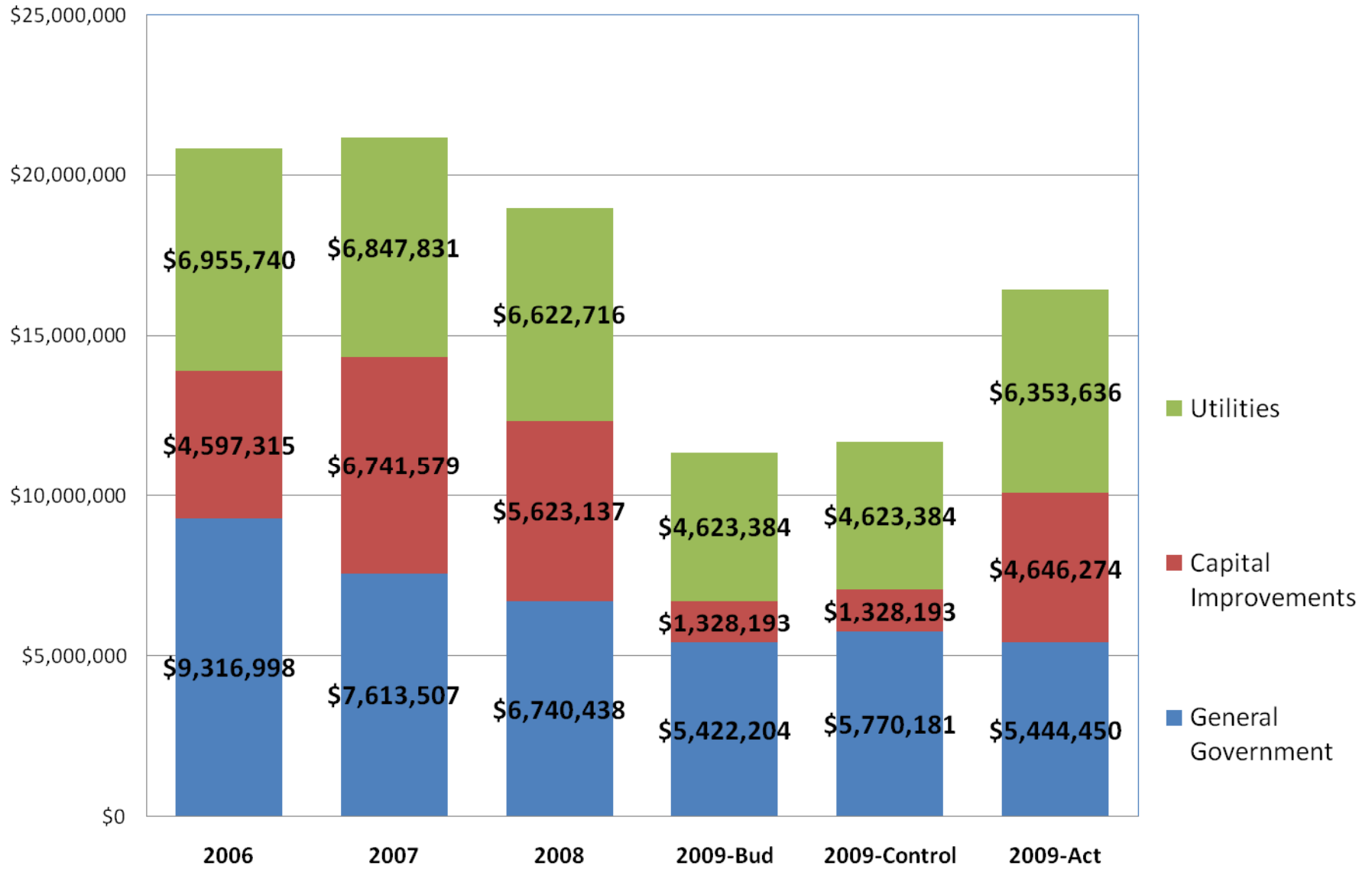


Utility Funds

-Water
-Sewer
-Storm Water

Sources & Uses	2009		Change (bud vs. act)	
	Budget			
Utility Funds	Annual	Actual	\$	%
Beginning Fund Balances	\$6,622,716	\$6,622,716	\$ -	0.0%
Operating Revenues				
Storm Water	1,159,089	1,142,696	(16,393)	-1.4%
Water	2,794,204	2,799,047	4,843	0.2%
Sewer	3,241,029	3,028,233	(212,796)	-6.6%
Subtotal Operating Revenues	7,194,322	6,969,976	(224,346)	-3.1%
Operating Expenditures				
Storm Water	1,119,863	1,049,582	(70,281)	-6.3%
Water	2,537,923	2,446,738	(91,185)	-3.6%
Sewer	2,841,894	2,597,915	(243,979)	-8.6%
Debt Service	120,900	120,860	(40)	n/a
Subtotal Operating Expenditures	6,620,580	6,215,095	(405,485)	-6.1%
Operating Surplus (Deficit)	573,742	754,881	181,139	31.6%
Other Financing Sources				
Grants and PW TFL	477,000	476,152	(848)	-0.2%
Loan Proceeds	2,500,000	-	(2,500,000)	n/a
Transfer from Utility Funds	120,900	120,860	(40)	0.0%
Subtotal Other Financing Uses	3,097,900	597,012	(2,500,888)	-80.7%
Other Financing Uses				
Construction Projects	5,670,974	1,620,973	(4,050,001)	-71.4%
Transfer to Utility Funds	-	-	-	n/a
Subtotal Other Financing Uses	5,670,974	1,620,973	(4,050,001)	-71.4%
Fund Balances				
Reserves (15% of Oper Exp)	974,949	964,409	(10,540)	-1.1%
Designated/Reserved:				
Storm Water	2,122,972	1,052,415	(1,070,557)	-50.4%
Water	292,473	2,350,158	2,057,685	703.5%
Sewer	1,232,990	1,986,654	753,664	61.1%
Debt Service	-	-	-	n/a
Undesignated/Unreserved	-	-	-	n/a
Total Ending Fund Balances	\$4,623,384	\$6,353,636	\$1,730,252	37.4%

Ending Fund Balances 2006 - 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 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
- 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



- Final Year-end 2009 Financial report (March 15, 2010)
- FY 2011 Federal Appropriation Requests (underway)
- Prioritization of Unfunded Capital Improvement Needs (underway)
- Civic Campus Update (April 29, 2010)
- Water & Sewer rate analysis for 2013 through 2016 (March/April, 2010)
- Utility Revenue Bond issue (April through July, 2010)
- 2011 State Capital Budget requests (May – July 2010)
- Six-Year (2011-2016) Financial Forecast (September, 2010)
- Town Center Infrastructure Improvements - Financing Strategies (October, 2010)
 - 56th Avenue West Street Reconstruction Project (230th to 236th)
 - Town Center Plaza
 - East/West Connection (56th to 58th)
- 2011/2012 Proposed Biennial Budget (October 4, 2010)



Questions & Comments