

Budget Summary

This section has been prepared as a general summary of the 2009-2010 biennial budget for the City of Mercer Island. It is designed to provide City residents and other interested parties with a quick overview of the fiscal plans of the City Council and Administration for the upcoming two years. The summary is divided into **ten** sub-sections:

- City Organization – how the city is organized to do business
- Staffing – who provides the services
- Total Resources – what the funding sources are for the city
- Total Expenditures – how the revenues are spent
- Fund Summary – biennial budget totals by fund
- Property Taxes – where your tax dollars go
- Utility Rates – overview of proposed rate increases
- City Debt – purpose and status of debt issued by the City and debt capacity
- Fund Balances – change in and composition of the ending balance for each fund
- Dashboard Indicators – key measures of what matters most to management team and Council

If a more in-depth understanding of the budget is desired, please take some time to review the wealth of information found within the graphs, charts, narrative text, and funding level summaries located in the full budget document.

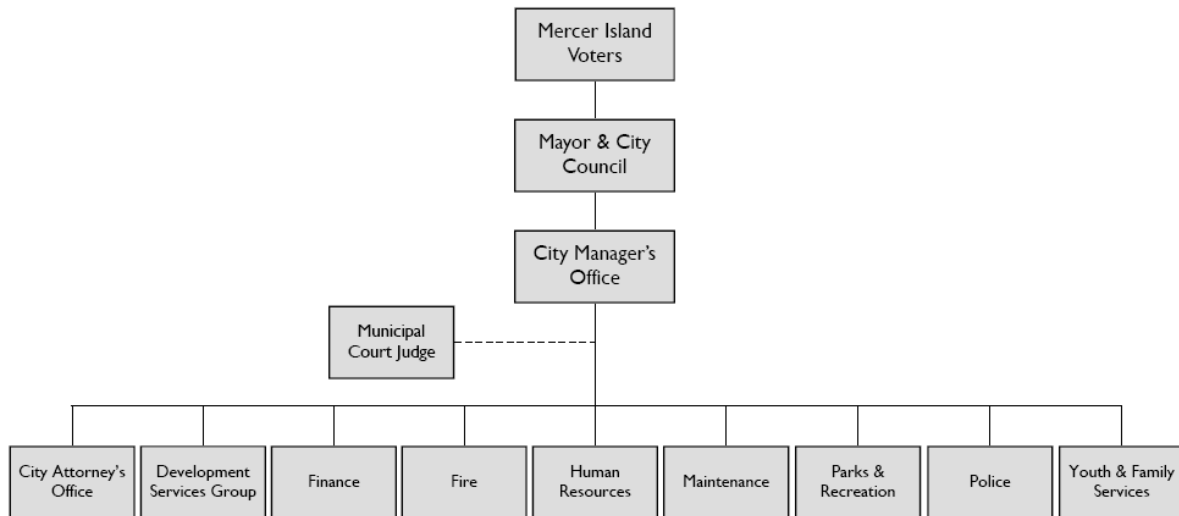
City Organization

The City of Mercer Island has a Council/Manager form of government. In this form, the City Council, comprised of seven elected members, hires a City Manager to act as Chief Executive of the City. The City Manager reports directly to the Council and carries out their policy directions – the major direction that the City takes over the course of a year. Councilmembers listen to their constituents, the Island residents, and also receive advice and help from the Council appointed Boards and Commissions, which numbered nine in 2008. The Council is vitally interested in hearing the voices of all the residents and in increasing citizen involvement.

The day to day activities of the City are carried out by the ten departments shown on the chart on the next page. For an in-depth description of the functions carried out by these departments, see Section G, which summarizes the operating budget by Department. For a more summarized look at the operations of the City, see Section E (General Fund Summary) and Section F (Utility Funds Summary).

Budget Summary

City of Mercer Island



Council Appointed Advisory Boards and Commissions



Budget Summary

Staffing

The two charts that follow show the number of full-time and part-time positions authorized by the Council for employment in the various departments. These authorized positions are those that are considered necessary to carry out the core mission of the departments.

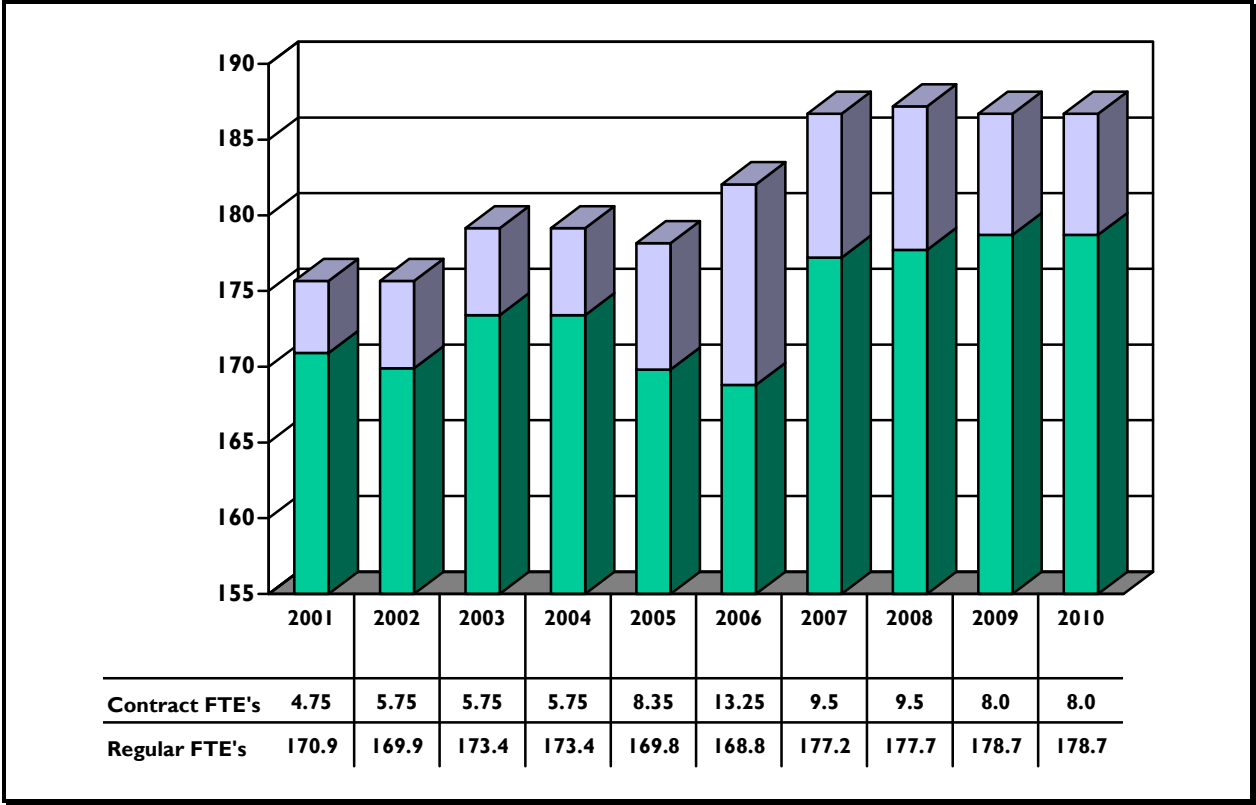
Full Time Equivalentents (FTE's)

Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Attorney	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
City Manager	4.0	4.0	4.0	4.0	4.0	4.0	2.0	2.0	4.0	4.0
CORe							5.0	5.0	3.0	3.0
Court					2.9	2.9	2.9	2.9	3.9	3.9
Development Services	20.0	19.0	18.0	18.0	17.0	17.0	18.0	18.0	18.0	18.0
Finance	10.0	10.0	10.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0
Fire	30.0	30.0	30.0	30.0	31.0	31.0	31.5	31.0	31.0	31.0
Park & Recreation	11.0	11.0	19.0	19.0	20.0	20.0	21.75	21.75	21.75	21.75
Police	43.5	43.5	43.5	43.5	36.0	35.0	35.5	36.5	36.5	36.5
Youth & Family Services	14.4	14.4	14.4	14.4	14.4	14.4	15.5	15.5	15.5	15.5
Maintenance:										
Environmental Team	7.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services	7.0	7.0	7.0	7.0	7.0	7.0	6.5	6.5	7.0	7.0
Right of Way	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	6.5	6.5
Utilities	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.5	13.5
CIP			3.5	3.5	3.5	3.5	3.5	3.5	3.0	3.0
Non Departmental (IGS)							4.0	4.0	5.0	5.0
Total	170.9	169.9	173.4	173.4	169.8	168.8	177.2	177.7	178.7	178.7

Proposed Changes to Regular FTE's

- Convert 1.0 FTE DARE Police Officer to 1.0 FTE Patrol Officer.
- Eliminate 1.0 FTE Right of Way Maintenance Team Member
- Add 0.5 FTE Facilities Maintenance Technician
- Add 1.0 FTE Computer Support Technician
- Add 1.0 FTE Court Clerk
- Convert 0.5 FTE Facilities Project Coordinator to 1.0 Contract FTE

Budget Summary

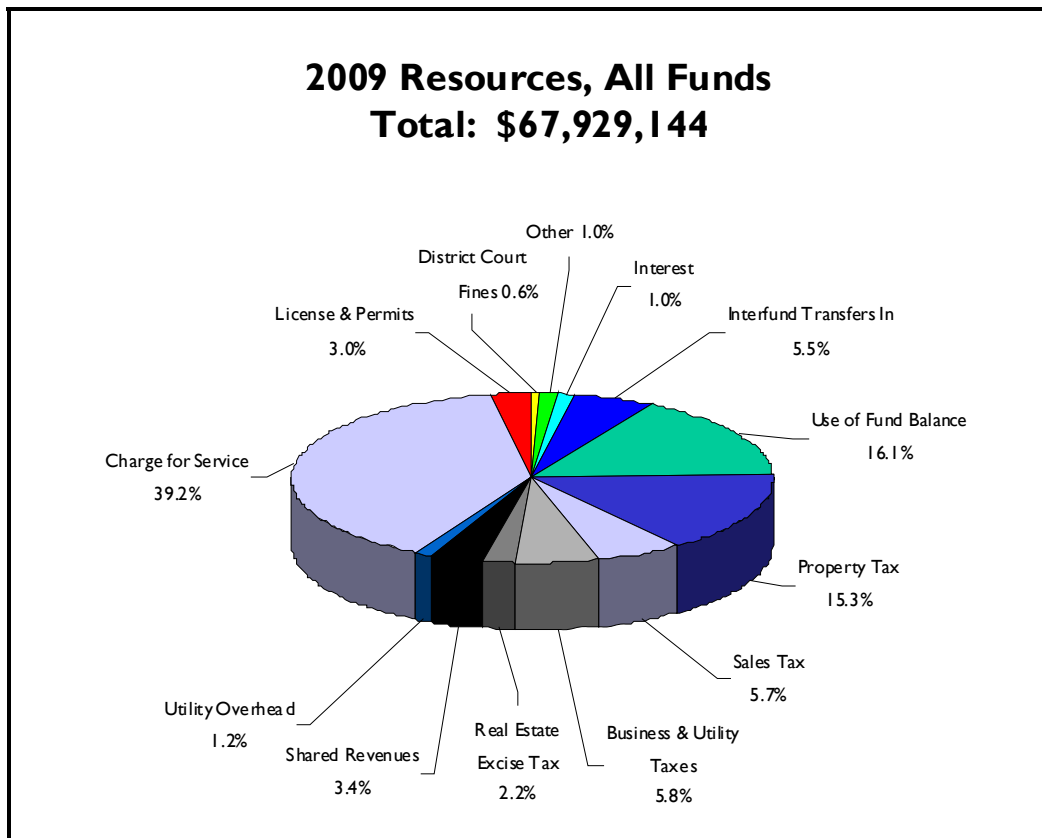


In addition to these authorized positions, the City from time to time needs additional help to carry out programs. The additional help is classified into three types – contract employees, casual labor, and consultants/contractors.

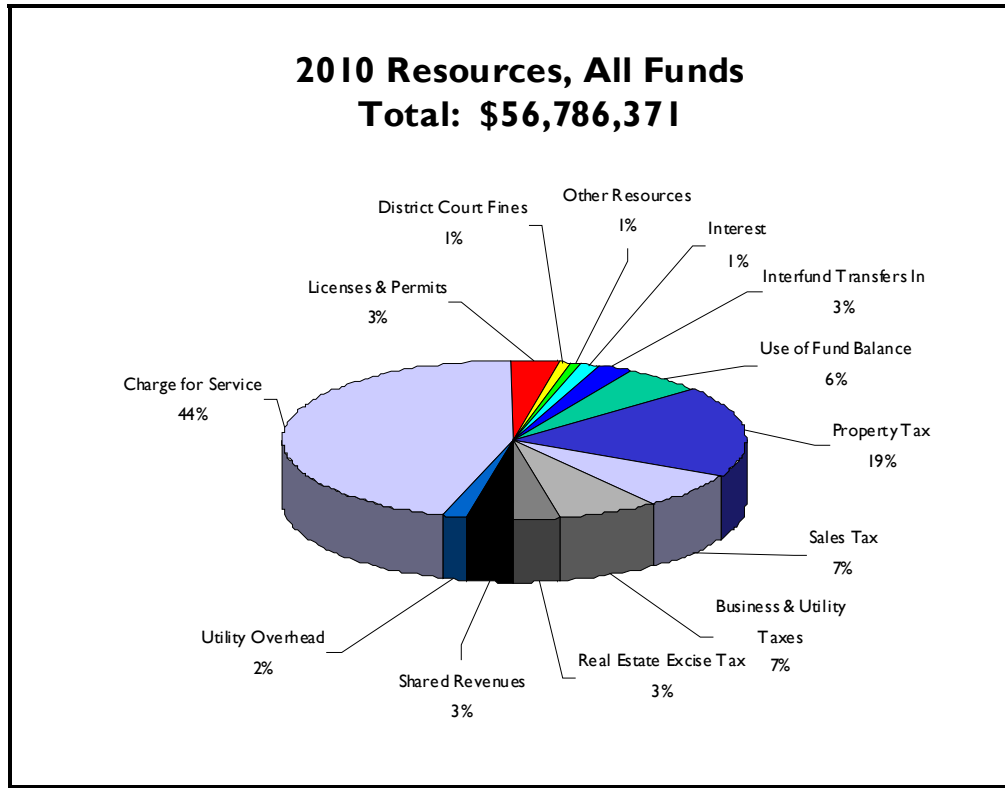
- Contract employees** are brought on to help with work overload conditions, such as the contract staff helping with high permit activity in the Development Services Group. These employees are hired for a particular length of time, usually one or two years. A department may request that a contract employee become permanent if workload warrants the request.
- Casual labor** is brought on to supplement the City’s core staff in light of short-term workload issues and/or special initiatives the City engages in. The most common use of workload-driven casual labor is the employment of seasonal employees in both the Parks Maintenance and Recreation divisions of the Parks and Recreation Department. The City employs both 6 month and 9 month seasonal staff. The City also uses casual labor on a limited basis for temporary vacancies and other workload issues.
- Consultants** are hired when there is a need for a particular expertise that the staff does not possess, when there is not enough work to justify hiring a full-time staff person, and when it has been determined to be more cost effective than employing additional regular staff. Examples of consultant services are architectural services, specialized engineering, and specialized financial services. **Contractors** are also hired to do specialized work such as servicing the Cities heating and cooling systems and janitorial maintenance of our buildings.

Total Resources

For 2009 and 2010 respectively, the City is forecasting resources of \$67,929,144 and \$56,786,371. These totals include fund balance allocated to cover planned expenditures, but exclude the remaining beginning fund balances in each fund. Beginning fund balances can be used as resources and are typically targeted for capital projects. A summary of fund balances is presented later in this section. The City derives its revenues from a variety of sources as the graphs on the following pages show. The largest source is for *Charges for Services*, which is largely generated from the water and sewer utility rates. Other service charges include recreation fees, counseling fees, and Thrift Shop sales. The second largest source of revenue is the property tax paid by our Island residents and businesses. Property taxes are budgeted at \$10.4 million in 2009 and \$10.5 million in 2010. Sales taxes, real estate excise taxes, utility taxes, and state shared revenues amount to \$9.3 million in 2009. Together, these six revenues account for over 71% of the total City resources. The graphs below show the percentages of the major revenue sources for 2009 and 2010. On the next page is a chart showing revenues for the period of 2007- 2010.



Budget Summary



2007-2010 Revenues, All Funds

Description	2007 Actual	2008 Forecast	2009 Budget	2010 Budget
RESOURCES				
Budgeted				
Use of Fund Balance	\$ 1,927,485	\$ 11,534,681	\$ 10,904,354	\$ 3,218,750
Property Tax	9,868,505	10,180,190	10,421,333	10,578,721
Sales Tax	4,509,779	4,207,000	3,869,000	4,012,800
Business & Utility Taxes	3,621,289	3,727,374	3,947,200	4,186,300
Real Estate Excise Tax	2,930,274	2,157,320	1,484,560	1,730,700
Shared Revenues	1,692,019	2,918,288	2,340,943	1,833,934
Utility Overhead	716,000	739,400	808,500	863,800
Charge for Service	14,087,797	14,317,748	26,618,791	25,423,099
Licenses & Permits	2,495,706	1,926,201	1,906,225	1,915,725
District Court Fines	374,945	400,000	420,000	437,000
Other Resources	2,790,586	794,472	716,665	507,449
Interest	1,733,731	848,674	648,326	584,901
Interfund Transfers In	2,721,561	4,497,956	3,843,247	1,493,192
Total Budgeted Resources	49,469,678	58,249,304	67,929,144	56,786,371
Not Budgeted				
Beginning Fund Balance	29,368,751	23,481,387	15,023,222	12,980,533
TOTAL RESOURCES	\$ 78,838,429	\$ 81,730,691	\$ 82,952,366	\$ 69,766,904

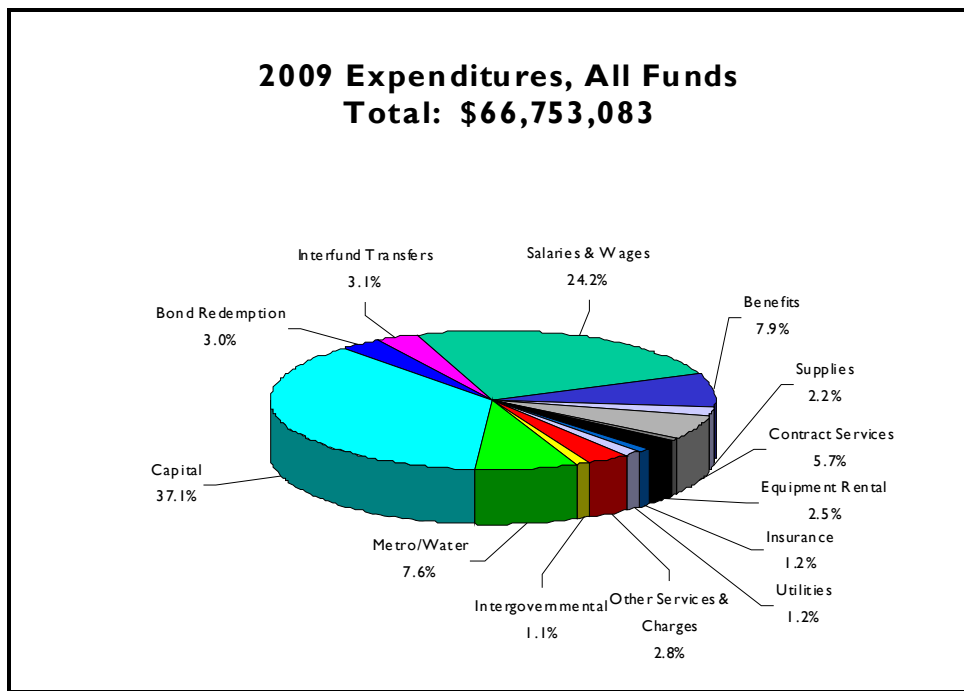
Total Expenditures

The 2009-2010 two-year budget for all City funds totals \$122.4 million. In 2009, expenditures amount to \$66.7 million, while the 2010 total amounts to \$55.7 million. Those totals represent the expenditures for 20 different funds that are budgeted by the City. Section I (Recap by Fund) briefly describes and presents the revenue and expenditures for each fund.

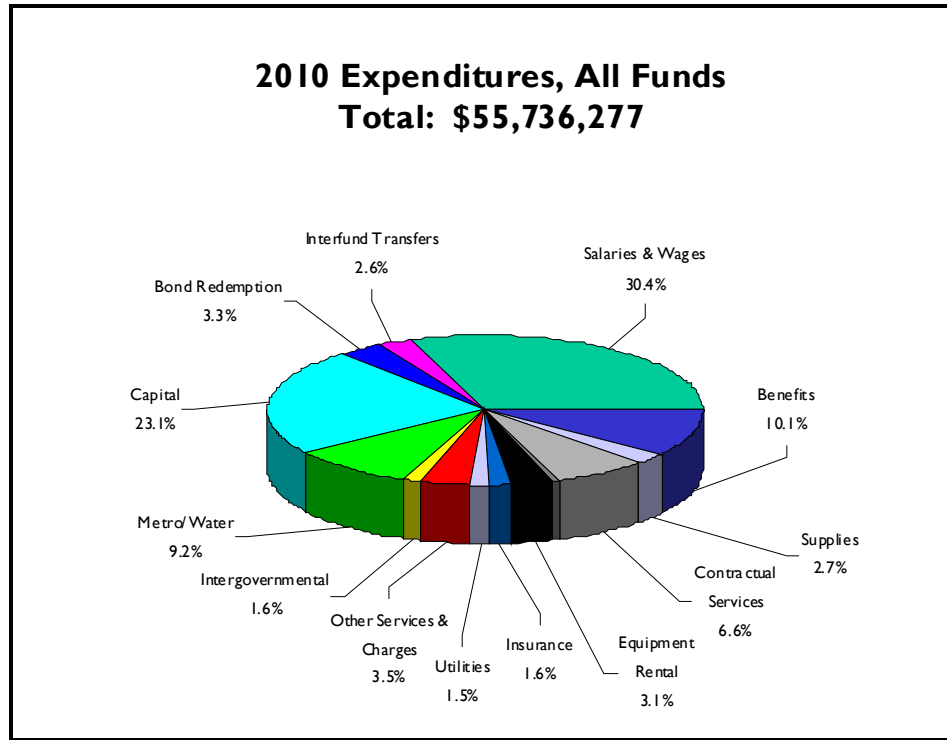
The major funds of the City are the General Fund, the Utility Funds, the Capital Projects, and the Street Funds. The **General Fund** constitutes the largest non-capital fund and provides for such basic government services as police and fire protection, street and park maintenance, recreation, and building and engineering services. In 2009, General Fund expenditures are budgeted at \$23.4 million while in 2010 they are \$24.6 million. The second largest group of funds is the **Water, Sewer and Storm Water Utility Funds** which together provide funding for the Water distribution, Sewage disposal and Storm Water services provided to Mercer Island residents. In 2009, the Utilities are budgeted at \$31.7 million, including capital projects. In 2010, their combined budgets total \$21.5 million. These totals include \$17.3 million in 2009 and \$8.0 million in 2010 for the construction of the Sewer Lake Line capital project.

For more information on the **General Fund**, see Section E of the budget. This section covers General Fund revenues and expenditures. The **Water, Sewer and Storm Water Utilities** are described in Section F.

Another way to look at the overall City budget is by expenditure category. The \$66.7 million in 2009 budgeted expenditures is comprised of 14 separate categories as the graphs below illustrate. The largest expenditure citywide is for capital projects, which comprise 37.1% of the total budget in 2009. Salaries and benefits is the next largest category at 32.1% of the total budget in 2009.



Budget Summary



2007-2010 Expenditures, All Funds

Description	2007 Actual	2008 Forecast	2009 Budget	2010 Budget
USES				
Budgeted				
Salaries & Wages	\$ 14,446,293	\$ 15,196,193	\$ 16,171,372	\$ 16,924,285
Benefits	4,178,557	4,979,609	5,259,761	5,609,195
Supplies	1,517,445	1,427,782	1,467,218	1,501,881
Contractual Services	4,487,341	6,684,785	3,815,680	3,880,389
Communications	282,474	266,072	286,514	289,885
Equipment Rental	1,467,023	1,424,565	1,680,778	1,688,253
Insurance	608,169	616,555	819,016	892,543
Utilities	762,769	796,110	792,329	823,950
Other Services & Charges	2,075,644	3,464,314	1,881,981	1,934,734
Intergovernmental	687,355	735,950	749,181	890,407
Metro/Water	4,349,937	4,360,000	5,084,500	5,120,000
Capital	4,638,369	9,608,265	24,732,630	12,893,070
Bond Redemption	1,618,281	1,579,321	1,972,876	1,827,653
Interfund Transfers	2,702,705	4,663,593	2,039,247	1,460,032
Total Budgeted Expenditures	43,822,361	55,803,114	66,753,083	55,736,277
Not Budgeted				
Ending Fund Balance	35,016,068	25,927,577	16,199,283	14,030,627
TOTAL USES	\$ 78,838,429	\$ 81,730,691	\$ 82,952,366	\$ 69,766,904

Fund Summary

On the following three pages are charts showing the total revenues and expenditures per fund and per year that make up the 2009-2010 biennium. In addition, a chart is presented showing the biennial comparison of expenditures by fund for the previous biennium (2005-2006), the current biennium (2007-2008), and the next biennium (2009-2010).

Comparison of Revenues by Fund for 2009 – 2010 Biennium

Fund No.	Description	2009	2010	2009-2010 Biennium
001	General Fund	\$ 23,443,125	\$ 24,691,402	\$ 48,134,527
037	Self Insurance Fund	10,000	10,000	20,000
061	Youth Services Endowment	8,000	10,000	18,000
104	Street Fund	2,264,384	1,727,027	3,991,411
112	Criminal Justice Fund	710,833	641,626	1,352,459
117	Beautification Fund	868,650	838,971	1,707,621
125	I-90 Landscape Fund	-	-	-
130	Contingency Fund	43,200	66,100	109,300
140	Municipal Arts Fund	53,350	19,110	72,460
160	Youth and Family Services Fund	1,973,900	2,048,221	4,022,121
208	Bond Redemption (Voted)	206,576	-	206,576
239	Bond Redemption (Non-Voted)	359,821	357,651	717,472
343	Capital Improvement Fund	1,976,348	1,714,984	3,691,332
345	Technology & Equipment Fund	992,385	568,315	1,560,700
350	Capital Reserve Fund	408,868	35,000	443,868
355	CCMV Construction Fund	-	-	-
402	Water Fund	6,251,289	4,596,323	10,847,612
426	Sewer Fund	24,030,163	14,773,492	38,803,655
432	Storm Drain Fund	1,828,095	2,366,392	4,194,487
503	Fleet Fund	1,705,194	1,561,354	3,266,548
520	Computer Equipment Fund	734,963	692,403	1,427,366
606	Firemens Pension Fund	60,000	68,000	128,000
Total Budgeted Resources		\$ 67,929,144	\$ 56,786,371	\$ 124,715,515

Budget Summary

Comparison of Expenditures by Fund for 2009-2010 Biennium

Fund No.	Description	2009	2010	2009-2010 Biennium
001	General Fund	\$ 23,443,125	\$ 24,691,402	\$ 48,134,527
037	Self Insurance Fund	10,000	10,000	20,000
061	Youth Services Endowment	8,000	10,000	18,000
104	Street Fund	2,264,384	1,727,027	3,991,411
112	Criminal Justice Fund	710,833	641,626	1,352,459
117	Beautification Fund	838,533	838,971	1,677,504
130	Contingency Fund	-	-	-
140	Municipal Arts Fund	5,200	5,400	10,600
160	Youth and Family Services Fund	1,973,900	2,048,221	4,022,121
208	Bond Redemption (Voted)	199,880	-	199,880
239	Bond Redemption (Non-Voted)	359,821	357,651	717,472
343	Capital Improvement Fund	1,970,148	1,714,984	3,685,132
345	Technology & Equipment Fund	992,385	568,315	1,560,700
350	Capital Reserve Fund	408,868	35,000	443,868
402	Water Fund	6,251,289	4,331,700	10,582,989
426	Sewer Fund	24,030,163	14,773,492	38,803,655
432	Storm Drain Fund	1,426,736	2,366,392	3,793,128
503	Fleet Fund	1,157,553	1,000,521	2,158,074
520	Computer Equipment Fund	642,265	547,575	1,189,840
606	Firemens Pension Fund	60,000	68,000	128,000
Total Budgeted Expenditures		\$ 66,753,083	\$ 55,736,277	\$ 122,489,360

Budget Summary

Biennial Comparison of Expenditures by Fund

Fund #	Description	2005 - 2006	2007-2008	2009-2010
		Biennium	Biennium	Biennium
001	General Fund	\$ 35,339,809	\$ 45,714,021	\$ 48,134,527
037	Self Insurance Fund	60,000	26,707	20,000
061	Youth Services Endowment Fund	6,000	25,000	18,000
104	Street Fund	3,038,000	5,692,882	3,991,411
112	Criminal Justice Fund	1,661,458	1,193,632	1,352,459
117	Beautification Fund	707,495	966,896	1,677,504
125	I-90 Landscape fund	903,732	1,146,989	-
130	Contingency Fund	-	-	-
140	Municipal Arts Fund	6,000	70,766	10,600
160	Youth and Family Services Fund	2,584,268	3,406,671	4,022,121
165	MIYFS Foundation Fund	166,450	-	-
208	Bond Redemption (Voted)	1,639,406	1,480,385	199,880
239	Bond Redemption (Non-Voted)	745,853	733,829	717,472
343	Capital Improvement Fund	3,290,495	6,693,395	3,685,132
345	Technology and Equipment Fund	451,000	1,583,707	1,560,700
350	Capital Reserve Fund	1,067,500	1,446,132	443,868
355	CCMV Construction Fund	4,800,000	413,246	-
402	Water Fund	7,803,050	7,912,637	10,582,989
426	Sewer Fund	14,889,667	11,002,551	38,803,655
432	Storm Drain Fund	3,272,455	4,000,488	3,793,128
503	Fleet Fund	1,403,652	5,003,226	2,158,074
520	Computer Replacement Fund	524,273	974,048	1,189,840
606	Firemens Pension Fund	80,000	135,268	128,000
Total		\$ 84,440,563	\$ 99,622,476	\$ 122,489,360

Budget Summary

Property Taxes

Property taxes play an essential role in financing the operations of the City of Mercer Island, accounting for about 15% of the City's total budgeted resources in 2009. Mercer Island property owners will pay a total of \$10.4 million in property taxes in 2009 to support City services and to pay the debt service on voter approved bonds.

Types of Property Tax

There are two general types of property tax levies collected by the City: 1) regular levy, and 2) voter approved levy. The regular levy, which is \$9.47 million in 2009, represents the base amount of property tax dedicated to funding the City's general governmental operations. Each year the amount of revenue to be raised from property taxes is determined based on forecasted expenditures, other revenue sources, and state law limitations. Washington State law, which changed in 1997, limits property tax levies to 101% of the previous year's tax revenue or to the rate of inflation, whichever is less. This is a big change from the original law which allowed taxing districts to levy 106% each year. For a more detailed discussion about the property tax policy see the Property Tax policy in Section C.

There are two types of voter approved levies, which represent property tax increases over and above the regular levy: 1) excess levy, and 2) levy lid lift. An excess levy is dedicated to paying the principal and interest on debt issued for capital purchases or improvements. A levy lid lift is dedicated to funding specific general government operations and/or capital improvements. Voter approved levies in the past have included land for parks and open space, new fire trucks, the remodeling of City Hall, and the maintenance and operation of Luther Burbank Park. In 2009, the City has no excess levies and two levy lid lifts in effect. In November 2003, Mercer Island voters approved a six year Maintenance and Operations levy for the operation of Luther Burbank Park, a 77 acre park transferred to the City by King County in 2003. This levy lid lift expires at the end of 2009. In November 2008, Mercer Island voters approved a Parks Maintenance and Operations Levy for 15 years, which replaces the November 2003 lid lift and addresses other park needs.

Later in this section information regarding the City's debt is provided. For more detail, see the Debt Financing policy in Section C.

Property Tax Levy Rates

If a homeowner on Mercer Island only paid property taxes to the City, how much would that amount to? For a homeowner with property at the "median" valuation of \$1.0 million, the **City's** portion of the property tax bill in 2008 amounts to \$1,137. However, Mercer Island is not the only governmental entity that has the authority to levy property taxes. Following is the millage levy rate for each of the entities to which a property owner pays taxes. The City portion was 15.9% of the total taxes paid in 2008. The largest levy amount relates to schools, with the combined portion that goes to the state and the Mercer Island School District amounting to 51.9% of the total tax bill in 2008. The total tax bill for the \$1.0 million house on Mercer Island in 2008 amounts to \$7,157 as noted in the following table.

Purpose	% of Total in 2008	Prop Tax Levy
State School Fund	29.8%	\$2,132
School District	22.1%	\$1,586
King County	16.9%	\$1,208
City	15.9%	\$1,137
Library	5.8%	\$418
EMS	4.2%	\$300
Port	3.1%	\$224
Flood Zone	1.4%	\$100
Ferry District	0.8%	\$55
Total	100.0%	\$7,157

Utility Rates

The Water and Sewer Funds are completely self-supporting activities that do not receive funding from property taxes or any other City fund. The utilities are designed to operate like businesses, charging rates for the purpose of providing water distribution and sewer disposal services to City residents. The City purchases its water from the City of Seattle as do many of our neighboring communities. METRO, which is part of King County, provides treatment for all of the sewage in the King County area including Mercer Island. The City's sewage is pumped to Renton where it is treated through a secondary treatment process. The resulting sludge is further treated at the West Point Treatment Plant.

The METRO rate is the largest part of the total cost of the Sewer utility bill. In 2009, METRO costs will be close to \$3.3 million, or 70% of the total operating budget. METRO rates have risen dramatically in the past few years because of the recent construction of the Brightwater Treatment Plant in unincorporated Snohomish County. In 2005, the METRO rate increased to \$25.60 per month, a 9.4% increase. However, rates held steady in 2006. In 2007, the METRO rate increased to \$27.95, a 9.1% increase, but held steady in 2008. METRO will raise rates to \$31.90 in 2009, an increase of 14.13%, but plans to hold rates steady again in 2010. For a number of years (1993-2003), the City did not raise its portion of the sewer rate. However, in 2004, 2005, and 2006, due to the design and eventual replacement of part of the Sewer Lake Line, rates were increased 9% each year. In 2007 and 2008, rates were raised 12% and 18.1% respectively to fund the construction portion of the lake line project. Sewer rates will increase 8% in 2009 and are expected to increase 12% in 2010, unless grants or other funding sources are received to help fund the Sewer Lake Line project.

The City of Seattle increased their water rates by 9% in 2004, 4% in 2005, 5% in 2006, 2.1% in 2007, and 1.5% in 2008. The City of Seattle is expected to increase water rates approximately 10% in 2009, but by less than 1.0% in 2010. In 2006, the Utility Board conducted a thorough review of the City's water rate structure. Rate equity between customer classes was reviewed, and the rate block structure was adjusted to reduce the fluctuations in revenue that result from changes in water use. Based on that review, the City's water rates were raised an average of 6.65% in 2007 and 8.8% in 2008. Water rates will increase 10.5% on average in 2009 and are expected to increase 10% on average in 2010. It should be noted that the actual increase a customer experiences will vary based on customer class and actual water consumption. The Water and Sewer financial statements are included at the end of Section F.

In May 1993, the City began preparing to make significant changes in the way it manages storm water on Mercer Island. The catalyst for this effort was new regional, state, and federal requirements that must be met by local governments. During 1994 the Utility Board, at the direction of the City Council, began studying the entire storm water management area. The Storm Water Utility was formed in 1996, and

Budget Summary

the City began implementing plans for major improvements to the storm water system. The budget reflects the program development goals as recommended by the Utility Board. The program budget for the storm water system stayed at a rate of \$11.70 for 3 years (2003-2005). In 2006 and 2007 storm water rates were increased 60 cents and 70 cents per month respectively at the recommendation of the Utility Board. The City Council opted to not take a rate increase in 2008, and held storm water rates at \$13.00 per month, following the Utility Board's recommendation. It is recommended that storm water rates be increased 5.5% in 2009 and 8.5% in 2010. This will allow continuation of the City's storm water quality monitoring, evaluation, and maintenance and will fund the capital improvement program. The Storm Water financial statement is included at the end of Section F.

City Debt

The City has issued very little debt over the past few years, maintaining a sizable debt capacity and enjoying an excellent bond rating from Moody's rating service. The City has had an excellent rating from Moody's since 1984. In 2003, when Mercer Island issued Councilmanic debt for the purchase of the community center property, Moody's upgraded our rating to Aa1. Only two cities have higher ratings – Bellevue and Seattle have ratings of Aaa. Mercer Island is the only city in the state with the Aa1 rating. A high bond rating equates to lower interest costs and is very desirable.

The City can issue five types of debt which have legal limits set by the State. The five types of debt include: voted and non-voted general obligation bonds, revenue bonds, lease debt, and loans. For the purposes of the legal limit debt calculations, leases and loans are included with the non-voted general obligation debt limits. A schedule of all the City debt classified by type is included later in this section.

Voted Debt

Voted debt is that which the citizens agree to in an election and is supported by special (excess) tax revenues levied on property each year. Voted debt has generally been used for the purpose of funding large public buildings or buying open space property. All of the City's voted debt has been "refunded" in the last few years to save interest costs. The original issues of the 20 year bonds had to be held for 10 years before they could be refunded. This is a common bond covenant to make bonds more attractive on the bond market. When the bonds are refunded, the entity continues to pay on the first 10 years of bonds, but then pays off the last 10 years and issues new debt. A present value analysis is always done in a refunding to be sure that money is being saved by the refunding.

- **1996 Refunding Bonds (1988 Gallagher Hill & 1990 Library)** – This issue combined the 1988 Gallagher Hill Bonds and the 1990 Library Bonds into new bonds that were issued to save money. The 1988 bonds were originally issued at \$1,650,000 to buy a large open space parcel on Gallagher Hill, one of the "gateways" to the Island. The 1990 Library Bonds were issued at \$2,180,000. The 1990 bond issue, although a legal debt of the City, is being paid for from lease payments by the King County Library System. The City annexed to the library district in 1994, and as part of the annexation, the library agreed to buy the library from the City for a price equal to the debt service costs of the bond issue. The lease payments will continue through December 2009. The total principal owed at the end of 2008 for these two issues is \$190,000.

Non-Voted Debt

Non-voted debt must be paid for out of the general revenues of the city. Non-voted debt includes not only bonds but also any loans and lease obligations of the City. The five active bond issues are described below.

Budget Summary

- **1996 MIDA Refunding** – This is a refunding of the original \$4,979,000 bond to remodel the offices at City Hall. Under the original bond issue, the building was owned by a public development authority called the Mercer Island Development Authority (MIDA). The City then leased the building back from MIDA at the same cost as the debt service. When the bonds were refunded, they were reissued as non-voted general obligation bonds.

The money to pay the lease payments/debt service was raised by a special vote of the Mercer Island citizens who agreed to raise "the limit on property taxes for the purpose of remodeling a city hall". From a legal standpoint the debt is classified as a non-voted debt issue. To the Mercer Island taxpayers, however, the transaction is paid for just like the City's voted debt issues - by a property tax levy. This debt was paid off in December 2008.

- **2003 CCMV Property** – This bond issue, paid for from real estate excise taxes, was used to buy the site from the Mercer Island School District that housed the community center. The City had been using the building under a variety of terms for many years and had been leasing the building since 1998. The City Council had been considering various options for the construction or remodel of a new community center. In November 2002, the Council directed staff to take the steps in 2003 to issue councilmanic bonds to pay the remaining balance of \$2,290,000 to the school district and finalize the purchase of the property. The total owed at the end of 2008 for this issue is \$1,465,000.
- **2004 CCMV Construction** – In 2004, the City also issued \$2.0 million in additional councilmanic bonds to partially pay for the construction of the new community center. The new center was completed in December 2005. The total owed at the end of 2008 for this issue is \$1,695,000.
- **2007 Fire Apparatus Lease (Velocity Pumpers)** - In 2007 the Mercer Island City Council authorized a contract with Pierce Manufacturing to purchase two Velocity Pumper Trucks through a lease purchase financing agreement with Municipal Asset Management Inc. in the amount of \$1,035,026.00. The total owed at the end of 2008 for this debt is \$936,894.
- **2007 Fire Apparatus Lease (Mini Pumper)** - In 2007 the Mercer Island City Council authorized a contract with Pierce Manufacturing to purchase one Mini Pumper Fire Truck through a lease Purchase financing agreement with Municipal Asset Management Inc. in the amounts of \$251,982. The total owed at the end of 2008 for this issue is \$223,587.

Public Work Trust Fund Loans

In addition to the above debt, the City has the one long-term loan outstanding as of the end of 2008.

Description	Original Loan Amount	Remaining 12/31/2008
Sewer Pump Rehabilitation - Phase II	\$ 368,625	\$ 70,907

Public Works Trust Fund loans are low-interest loans (1% interest) administered through the State of Washington Department of Community Development. In 1985, the legislature made provisions for this program from the Public Works Assistance Account, which is funded by the Motor Vehicle Excise Tax (MVET) collected by the state. Qualifying criteria require jurisdictions to do the following:

1. Impose the ¼ of one percent real estate excise tax;
2. Have developed a long-term plan for financing public work needs;
3. Be using all local revenue sources which are reasonably available for funding public works; and,

Budget Summary

4. Have an adopted comprehensive plan.

CITY OF MERCER ISLAND						
SCHEDULE OF LONG TERM GENERAL OBLIGATION DEBT						
FOR THE YEAR ENDING DECEMBER 31, 2008						
DESCRIPTION	DATE ISSUED	DATE OF MATURITY	ORIGINAL AMOUNT	AMOUNT 1/1/2008	2008 REDEEMED	AMOUNT 12/31/2008
NON-VOTED DEBT						
1996 MIDA REFUNDING (CITY HALL REMODELING)	8/26/96	12/1/08	3,680,000	435,000	435,000	0
2003 CCMV PROPERTY	05/18/03	6/1/2017	2,290,000	1,630,000	165,000	1,465,000
2004 CCMV CONS.	10/05/04	12/1/2023	2,040,000	1,780,000	85,000	1,695,000
TOTAL NON-VOTER APPROVED			\$ 8,010,000	\$ 3,845,000	\$ 685,000	\$ 3,160,000
VOTED DEBT						
1996 REFUNDING (GALLAGHER HILL AND LIBRARY)	8/26/96	12/1/2009	2,680,000	370,000	180,000	190,000
TOTAL VOTER APPROVED			\$ 2,680,000	\$ 370,000	\$ 180,000	\$ 190,000
LEASE OBLIGATIONS						
2007 Fire Velocity Pumpers	7/2/2007	3/1/2017	1,035,026	1,035,026	98,132	936,894
2007 Fire Mini Pumper	9/24/2007	8/1/2015	251,982	251,982	28,395	223,587
TOTAL LEASE OBLIGATION			\$ 1,287,008	\$ 1,287,008	\$ 126,527	\$ 1,160,481
TOTAL GO DEBT			\$ 11,977,008	\$ 5,502,008	\$ 991,527	\$ 4,510,481
PUBLIC WORKS TRUST FUND						
WATER PUMP - 1ST HL	5/1/88	7/1/08	248,906	13,731	13,731	0
SEWER EMER GEN	5/1/88	7/1/08	290,551	15,292	15,292	0
SEWER PUMP II	11/6/92	7/1/11	368,625	88,633	17,726	70,907
SEWER LAKE LINE	38,383	39,630	1,000,000	375,000	375,000	0
TOTAL PUBLIC WORKS TRUST FUND			\$ 1,908,082	\$ 492,656	\$ 421,749	\$ 70,907

Budget Summary

Debt Capacity

The debt capacity of the City is limited by law. Below is a chart showing the computation of the debt capacity as of December 31, 2007.

	LIMITED TAX		UNLIMITED TAX	
	General Purpose Debt (I) (based on 1.5% of AV)	General Purpose Debt (I) (based on 2.5% of AV)	Open Space and Parks (based on 2.5% of AV)	Utility Purposes (based on 2.5% of AV)
Legal Limit	\$133,173,540	\$221,955,901	\$221,955,901	\$221,955,901
Add: Cash on hand for debt redemption	4,474	22,714	17,870	0
Less: Limited Tax Debt outstanding	-4,320,480	-4,320,480	0	0
Less: Unlimited Tax Debt outstanding	0	-106,337	-83,663	0
Remaining Debt Capacity, Limited Tax	\$128,857,534	\$217,551,798		
Remaining Debt Capacity, Unlimited Taxes			\$221,890,109	\$221,955,901

12/31/07 AV (assessed valuation): \$8,878,236,032

(I) Indebtedness for all General Purpose debt may not exceed 2.5% of AV. Any non-voted debt issues, including leases, reduces the margin available for voted general purpose debt.

Budget Summary

Fund Balances

General Fund and Other General Government Funds

The City of Mercer Island's General Fund accounts for all financial transactions not required to be accounted for in a separate fund by statute or generally accepted accounting principles. It is the City's largest accounting entity and provides for the majority of its general operations. Reserves are both operational and long term. Three other general purpose funds are also presented.

General Fund - 001

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,845,914	\$ 4,091,524	\$ 2,432,518	\$ 2,142,129
Plus Revenues	22,982,686	22,317,939	23,152,736	24,033,895
Less Expenditures	(21,737,076)	(23,976,945)	(23,443,125)	(24,691,402)
Ending Fund Balance	\$ 4,091,524	\$ 2,432,518	\$ 2,142,129	\$ 1,484,622
Consisting of:				
Revenue Stabilization Reserve	200,000	200,000	200,000	200,000
Emergency Reserve	100,000	100,000	100,000	100,000
Inventory of Supplies	126,720	126,720	126,720	126,720
Petty Cash	2,870	2,870	2,870	2,870
LEOFFI Long Term Care Reserve	744,453	913,550	931,850	959,850
Funding for Carryover Expenditures in 2008	269,949	-	-	-
Funding for One Time Expenditures 2008	339,501	-	-	-
Funding for One Time Expenditures 2009-2010	-	947,896	657,507	-
Unreserved	2,308,031	141,482	123,182	95,182

Self Insurance Fund - 037

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 101,223	\$ 111,758	\$ 111,758	\$ 111,758
Plus Revenues	27,242	10,000	10,000	10,000
Less Expenditures	(16,707)	(10,000)	(10,000)	(10,000)
Ending Fund Balance	\$ 111,758	\$ 111,758	\$ 111,758	\$ 111,758
Consisting of:				
Self Insurance Reserve	111,758	111,758	111,758	111,758

Budget Summary

Youth Service Endowment Fund - 061

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 308,819	\$ 309,393	\$ 309,393	\$ 309,393
Plus Revenues	15,574	10,000	8,000	10,000
Less Expenditures	(15,000)	(10,000)	(8,000)	(10,000)
Ending Fund Balance	\$ 309,393	\$ 309,393	\$ 309,393	\$ 309,393
Consisting of:				
Reserve Endowment Principal	285,856	285,856	285,856	285,856
Unreserved	23,537	23,537	23,537	23,537

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources that are restricted to provide for particular functions or activities of the City. The restricted revenues are segregated into individual funds to ensure that expenditures are made exclusively for the purpose designated.

Street Fund - 104

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 3,133,395	\$ 3,244,926	\$ 2,440,454	\$ 1,491,359
Plus Revenues	1,542,440	3,457,500	1,315,290	1,474,300
Less Expenditures	(1,430,909)	(4,261,972)	(2,264,384)	(1,727,027)
Ending Fund Balance	\$ 3,244,926	\$ 2,440,454	\$ 1,491,359	\$ 1,238,632
Consisting of:				
Traffic Signal Reserve	46,677	46,677	-	-
Appropriated for Expenditures Next Year	804,472	949,094	252,727	-
Working Capital Reserve	200,000	200,000	200,000	200,000
Unreserved	78,777	1,244,683	1,038,632	1,038,632

Criminal Justice Fund - 112

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 296,483	\$ 850,517	\$ 672,018	\$ 527,385
Plus Revenues	1,007,266	561,900	566,200	587,000
Less Expenditures	(453,233)	(740,399)	(710,833)	(641,626)
Ending Fund Balance	\$ 850,517	\$ 672,018	\$ 527,385	\$ 472,759
Consisting of:				
Treasury Funds Reserve	438,433	245,433	143,551	143,551
Funding for Expenditures Next Year	201,795	144,633	54,626	-
Working Capital Reserve	50,000	50,000	50,000	50,000
Unreserved	160,289	231,952	279,208	279,208

Budget Summary

Beautification Fund - 117

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 494,698	\$ 590,584	\$ 461,002	\$ 491,120
Plus Revenues	401,582	531,619	868,650	820,600
Less Expenditures	(305,696)	(661,200)	(838,533)	(838,971)
Ending Fund Balance	\$ 590,584	\$ 461,003	\$ 491,120	\$ 472,749
Consisting of:				
Street Light Control Cabinet Reserve	150,000	150,000	150,000	150,000
Reserve for Town Center Improvements	-	-	35,000	-
Working Capital Reserve	75,000	75,000	75,000	75,000
Unreserved	365,584	236,003	231,120	247,749

I-90 Landscape Fund - 125

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 212,597	\$ 199,007	\$ -	\$ -
Plus Revenues	450,790	483,602	-	-
Less Expenditures	(464,380)	(682,609)	-	-
Ending Fund Balance	\$ 199,007	\$ -	\$ -	\$ -
Consisting of:				
Funding for Expenditures Next Year	19,388	-	-	-
Working Capital Reserve	100,000	-	-	-
Unreserved	79,619	-	-	-

Contingency Fund - 130

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,010,712	\$ 2,112,529	\$ 2,177,529	\$ 2,220,729
Plus Revenues	101,817	65,000	43,200	66,100
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 2,112,529	\$ 2,177,529	\$ 2,220,729	\$ 2,286,829
Consisting of:				
Contingency Reserve-(City Policy)	2,112,529	2,177,529	2,220,729	2,286,829

Budget Summary

Municipal Arts Fund - 140

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 109,687	\$ 124,983	\$ 168,983	\$ 217,133
Plus Revenues	21,062	109,000	53,350	19,110
Less Expenditures	(5,766)	(65,000)	(5,200)	(5,400)
Ending Fund Balance	\$ 124,983	\$ 168,983	\$ 217,133	\$ 230,843
Consisting of:				
Unreserved	124,983	168,983	217,133	230,843

Youth and Family Services Fund - 160

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 583,434	\$ 643,348	\$ 491,383	\$ 347,394
Plus Revenues	1,627,594	1,687,026	1,829,911	1,874,178
Less Expenditures	(1,567,680)	(1,838,991)	(1,973,900)	(2,048,221)
Ending Fund Balance	\$ 643,348	\$ 491,383	\$ 347,394	\$ 173,351
Consisting of:				
Funding for Expenditures Next Year	151,965	143,989	174,043	-
Working Capital Reserve	75,000	75,000	75,000	75,000
Unreserved	416,383	272,394	98,351	98,351

Debt Service Funds

Debt Service Funds account for the accumulation of resources for the payment of principal and interest on general obligation bonds. General obligation bonds are those for which the full faith and credit of the City are pledged.

Bond Redemption Voted - 208

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 196,584	\$ 42,171	\$ 29,884	\$ 36,580
Plus Revenues	669,509	644,176	206,576	-
Less Expenditures	(823,922)	(656,463)	(199,880)	-
Ending Fund Balance	\$ 42,171	\$ 29,884	\$ 36,580	\$ 36,580
Consisting of:				
Funding for Expenditures Next Year	12,287	-	-	-
Debt Service Reserve	29,884	29,884	36,580	36,580

Budget Summary

Bond Redemption Non-Voted - 239

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474
Plus Revenues	367,333	366,496	359,821	357,651
Less Expenditures	(367,333)	(366,496)	(359,821)	(357,651)
Ending Fund Balance	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474
Consisting of:				
Debt Service Reserve	4,474	4,474	4,474	4,474

Capital Funds

Capital Project Funds account for financial resources to be used for the acquisition or construction of capital facilities other than those financed by enterprise or internal service funds.

Capital Improvement Fund - 343

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,982,189	\$ 3,101,762	\$ 928,145	\$ 934,345
Plus Revenues	2,151,904	2,487,447	1,976,348	1,255,572
Less Expenditures	(2,032,331)	(4,661,064)	(1,970,148)	(1,714,984)
Ending Fund Balance	\$ 3,101,762	\$ 928,145	\$ 934,345	\$ 474,933
Consisting of:				
Funding for Expenditures Next Year	2,173,617	-	459,412	-
All Weather Field Repl Reserve	-	43,011	94,903	160,375
Working Capital Reserve	250,000	250,000	250,000	250,000
Unreserved	678,145	635,134	130,030	64,558

Capital Technology & Equipment Fund - 345

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,616,875	\$ 1,824,061	\$ 1,541,168	\$ 920,665
Plus Revenues	1,131,170	376,830	371,882	280,000
Less Expenditures	(923,984)	(659,723)	(992,385)	(568,315)
Ending Fund Balance	\$ 1,824,061	\$ 1,541,168	\$ 920,665	\$ 632,350
Consisting of:				
Comcast Capital Technology	108,680	-	-	-
Fire Defibrillator Replacement	32,532	32,532	32,532	32,532
NORCOM	611,000	723,000	637,653	445,508
Funding for Expenditures Next Year	282,893	620,503	288,315	152,428
Working Capital Reserve	50,000	50,000	50,000	50,000
Unreserved	738,956	115,133	(87,836)	(48,118)

Budget Summary

Capital Reserve Fund - 350

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,093,163	\$ 1,583,452	\$ 480,320	\$ 71,452
Plus Revenues	733,289	100,000	-	-
Less Expenditures	(243,000)	(1,203,132)	(408,868)	(35,000)
Ending Fund Balance	\$ 1,583,452	\$ 480,320	\$ 71,452	\$ 36,452
Consisting of:				
CIP Funding-REET Replacement	-	373,868	-	-
Unreserved	1,583,452	106,452	71,452	36,452

CCMV Construction Fund - 355

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 413,246	\$ 307,272	\$ 0	\$ 0
Plus Revenues	-	-	-	-
Less Expenditures	(105,974)	(307,272)	-	-
Ending Fund Balance	\$ 307,272	\$ -	\$ 0	\$ 0
Consisting of:				
CIP Commitments 2008-2014	152,000	-	-	-
Unreserved	155,272	-	-	-

Budget Summary

Enterprise Funds

Enterprise Funds account for government activities that are financed and operated in a manner similar to private business. Costs of providing services to the community are primarily financed by user fees.

Water Fund - 402

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,611,889	\$ 1,458,817	\$ 960,894	\$ 412,465
Plus Revenues	3,786,642	3,475,000	5,702,860	4,596,323
Less Expenditures	(3,939,714)	(3,972,923)	(6,251,289)	(4,331,700)
Ending Fund Balance	\$ 1,458,817	\$ 960,894	\$ 412,465	\$ 677,088
Consisting of:				
Fiscal Policy Reserves	687,496	673,436	766,526	777,471
Funding for Expenditures Next Year	497,923	548,429	-	-
Unreserved	273,398	(260,971)	(354,061)	(100,383)

Sewer Fund - 426

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 7,150,358	\$ 7,378,662	\$ 7,881,921	\$ 636,772
Plus Revenues	5,297,114	6,440,000	16,785,014	14,362,462
Less Expenditures	(5,068,810)	(5,936,741)	(24,030,163)	(14,773,492)
Ending Fund Balance	\$ 7,378,662	\$ 7,881,921	\$ 636,772	\$ 225,742
Consisting of:				
Operating Reserves	332,023	342,210	391,622	395,804
Lake Line Reserve	6,100,000	-	-	-
Funding for Expenditures Next Year	-	7,145,149	411,030	69,858
Unreserved	946,639	394,562	(165,880)	(239,920)

Storm Drain Fund - 432

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,924,242	\$ 2,286,436	\$ 1,403,578	\$ 1,804,937
Plus Revenues	1,855,659	1,624,164	1,828,095	1,863,973
Less Expenditures	(1,493,466)	(2,507,022)	(1,426,736)	(2,366,392)
Ending Fund Balance	\$ 2,286,436	\$ 1,403,578	\$ 1,804,937	\$ 1,302,518
Consisting of:				
Operating Reserves	78,427	81,549	85,626	89,908
Basin Improvement Reserve	665,413	623,013	-	-
Funding for Expenditures Next Year	882,858	-	502,419	-
Unreserved	659,738	699,016	1,216,892	1,212,610

Budget Summary

Internal Service Funds

Internal Service Funds account for the financing, on a cost-reimbursement basis, of goods and services provided by one department or agency of the City to another department or agency of the City.

Fleet Rental Fund - 503

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,946,642	\$ 3,440,178	\$ 2,140,896	\$ 2,303,537
Plus Revenues	2,798,983	1,398,498	1,320,194	1,307,354
Less Expenditures	(2,305,446)	(2,697,780)	(1,157,553)	(1,000,521)
Ending Fund Balance	\$ 3,440,178	\$ 2,140,896	\$ 2,303,537	\$ 2,610,370
Consisting of:				
800 MHz Radio Replacement	271,799	301,166	338,010	374,854
Restricted Cash - Fire Fleet	802,521	-	-	-
Fire Apparatus Sinking Fund	448,516	255,246	281,502	315,758
Vehicle Replacements Next Year	905,486	385,000	254,000	976,000
Reserve for Fuel Cleanup	-	-	-	-
Vehicle Replacement Reserve	1,011,856	1,199,484	1,430,025	943,758

Computer Replacement Fund - 520

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 169,671	\$ 195,007	\$ 200,052	\$ 137,750
Plus Revenues	494,502	509,927	579,963	590,403
Less Expenditures	(469,166)	(504,882)	(642,265)	(547,575)
Ending Fund Balance	\$ 195,007	\$ 200,052	\$ 137,750	\$ 180,578
Consisting of:				
Computer Replace Expenditures Next Year	124,850	155,000	102,000	115,000
Computer Replacement Reserve	70,157	45,052	35,750	65,578

Pension Trust Fund

Trust Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Firemens Pension Fund - 606

Description	2007	2008	2009	2010
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,089,941	\$ 1,115,207	\$ 1,091,206	\$ 1,077,906
Plus Revenues	78,034	58,499	46,700	58,700
Less Expenditures	(52,768)	(82,500)	(60,000)	(68,000)
Ending Fund Balance	\$ 1,115,207	\$ 1,091,206	\$ 1,077,906	\$ 1,068,606
Consisting of:				
Funding for Expenditures Next Year	24,001	13,300	9,300	-
Pension Reserve	1,091,206	1,077,906	1,068,606	1,068,606

Budget Summary

Dashboard Indicators

During the second half of 2007, a small task force comprised of five department directors set out to develop a new, city-wide performance model with the following objectives in mind:

1. To identify “dashboard” (i.e. top tier) indicators which capture the “state of the City” in terms of what matters most to the management team and the City Council.
2. To collect meaningful information that impacts financial and human resource allocation decisions and ultimately organizational direction during the biennial budget/CIP process.
3. To select a manageable group of measures that has minimal impact on productive staff time in terms of data gathering.

The City of Mercer Island has a long history of performance measurement, having comprehensively tracked and published departmental performance since the development of the 1999-2000 Budget. What has been missing, however, is the connection to the City’s budget and CIP processes in which human and financial resource allocation decisions are made. To establish this connection, which has eluded many cities endeavoring to measure performance, the task force looked primarily at 4 cities that have developed notable performance measurement models: Bellevue, WA; Vancouver, WA; Shoreline, WA; and Westminster, CO. In addition, the task force also tapped available performance measurement resources through ICMA (International City/County Management Association) and GFOA (Government Finance Officers Association).

The City’s new performance model, called the Mercer Island Dashboard (MIDAS), consists of indicators historically tracked by the City and the four cities noted above as well as those that were newly developed in-house. The model is comprised of 30 “dashboard” indicators organized around the City’s 6 priorities of government and further broken down into functional areas within each priority of government:

- Community Safety & Security: **8 indicators**
 - Personal Security
 - Crime Prevention Effectiveness
 - Traffic Safety Effectiveness
 - Timely Crime Response
 - Fire Suppression Effectiveness
 - Emergency Medical Aid Effectiveness
 - Timely Fire & Emergency Medical Aid Responses
 - Emergency Preparedness
- Effective & Efficient Public Service Delivery: **9 indicators**
 - Public Trust
 - Community Issues
 - Risk Management
 - Employee Retention & Morale
 - Permit Processing
 - Court Operations
 - Creditworthiness
 - Financial Management
 - Financial Condition

Budget Summary

- **Reliable Public Infrastructure: 4 indicators**
 - Infrastructure Condition: General Government (2 indicators)
 - Infrastructure Condition: Water Utility
 - Infrastructure Condition: Sewer Utility
- **Attractive Neighborhoods & Business Districts: 3 indicators**
 - Neighborhood & Downtown Attractiveness (2 indicators)
 - Economic Vitality
- **Recreational, Cultural, Health & Educational Opportunities: 5 indicators**
 - Recreation Programs & Facilities
 - Park Amenities
 - Youth Counseling & Intervention
 - Senior Outreach & Advocacy
 - Volunteerism & Human Services Funding
- **Public Communication & Community Involvement: 1 indicator**
 - Informed Citizenry

In addition, over half of the 30 “dashboard” indicators are broken down into sub-indicators to provide context and to identify key components of each indicator.

Results are shown for 2006 and 2007, and where appropriate, targets have been established for 2008, 2009, and 2010. The model is presented in landscape format on the following page.

Budget Summary

Priority of Government

COMMUNITY SAFETY & SECURITY

Dashboard Indicator	2006	2007	2008	Target 2009	2010
Personal Security:					
1) % of residents who feel "very safe" or "completely safe" walking alone:					
▶ In their neighborhood	N/A	86%*	N/A	90%	N/A
▶ In the City's Town Center	N/A	86%*	N/A	90%	N/A
* January 2008 biennial citizen survey results are reported as a 2007 indicator.					
Crime Prevention Effectiveness:					
2) Mercer Island crime rate relative to other Eastside cities and the King County average (expressed as # of Part I violent crimes per 1,000 population followed by # of Part I property crimes per 1,000 population):					
▶ Mercer Island	1.0 / 21.3	0.3 / 17.9	N/A	N/A	N/A
▶ Bellevue	1.6 / 36.6	1.2 / 35.6	N/A	N/A	N/A
▶ Kirkland	1.9 / 39.7	1.4 / 39.5	N/A	N/A	N/A
▶ Redmond	1.3 / 35.0	1.5 / 33.3	N/A	N/A	N/A
▶ Issaquah	0.4 / 46.6	0.4 / 35.0	N/A	N/A	N/A
▶ Sammamish	0.3 / 11.9	0.2 / 13.8	N/A	N/A	N/A
▶ King County average	4.1 / 51.5	3.7 / 44.5	N/A	N/A	N/A

Priority of Government
COMMUNITY SAFETY & SECURITY

Dashboard Indicator	Results		Target		
	2006	2007	2008	2009	2010
Traffic Safety Effectiveness:					
3) Mercer Island traffic accident rate relative to other Eastside cities and the King County average (expressed as # of traffic accidents per 1,000 population):					
▶ Mercer Island	11.99	16.04	N/A	N/A	N/A
▶ Bellevue	28.38	24.39	N/A	N/A	N/A
▶ Kirkland	25.73	25.87	N/A	N/A	N/A
▶ Redmond	21.89	21.47	N/A	N/A	N/A
▶ Issaquah	31.27	23.88	N/A	N/A	N/A
▶ Sammamish	7.37	6.43	N/A	N/A	N/A
▶ King County average	25.20	23.32	N/A	N/A	N/A

Timely Crime Response:

4) Patrol officer response to emergency calls:					
▶ # of emergency calls	431	347	400	400	400
▶ Average response time to emergency calls	4.7 min	4.3 min	4.5 min	4.5 min	4.5 min
▶ % of emergency calls responded to within 5 minutes	65%	69%	69%	69%	69%

Fire Suppression Effectiveness:

5) % of fires contained to:					
▶ Room/floor of origin	N/A	N/A	40%	40%	40%
▶ Building/object of origin	N/A	N/A	60%	60%	60%

Priority of Government

COMMUNITY SAFETY & SECURITY

Dashboard Indicator	Results		Target	
	2006	2007	2008	2009 2010

Emergency Medical Aid Effectiveness:

6) Cardiac arrest survival rate

Timely Fire & Emergency Medical Aid Responses:

7) Firefighter response to:

▶ Fire suppression calls:

- # of calls
- Average response time
- % of calls responded to within 6 minutes

▶ Emergency medical aid calls:

- # of calls (excludes motor vehicle accidents)
- Average response time
- % of calls responded to within 6 minutes

Emergency Preparedness:

8) % of households that believe they are "mostly prepared" or "completely prepared" for a 7 day emergency entailing disruption of power and water services

* January 2008 biennial citizen survey results are reported as a 2007 indicator.

Priority of Government

EFFECTIVE & EFFICIENT PUBLIC SERVICE DELIVERY

Dashboard Indicator	Results		Target	
	2006	2007	2008	2009 2010
Public Trust:				
9) % of residents who believe the City is doing a "good" or "excellent" job of using tax dollars responsibly	61%	56%*	N/A	60% N/A
* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.				
Community Issues:				
10) Most important problem facing Mercer Island today according to the biennial citizen survey is (only top 5 results are listed):				
▶ Traffic/transportation/parking	26%	26%*	N/A	N/A N/A
▶ Overcrowding/overdevelopment	28%	24%*	N/A	N/A N/A
▶ Nothing	6%	10%*	N/A	N/A N/A
▶ Education	7%	9%*	N/A	N/A N/A
▶ High taxes/high cost of living	6%	3%*	N/A	N/A N/A
* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.				
Risk Management:				
11) Total # of insurance claims filed over the past 5 years relative to WCIA 5 year rolling average for Group 3 cities:				
▶ Mercer Island	152	168	150	125 100
▶ Group 3 cities	94	100	100	100 100

Priority of Government

EFFECTIVE & EFFICIENT PUBLIC SERVICE DELIVERY

Dashboard Indicator	2006	Results 2007	2008	Target 2009	2010
Employee Retention & Morale:					
12) % of employees that have worked for Mercer Island for:					
▶ Less than 5 years:					
• Police & Fire	N/A	16%	N/A	N/A	N/A
• Maintenance and Parks & Recreation	N/A	36%	N/A	N/A	N/A
• DSG	N/A	79%	N/A	N/A	N/A
• All other departments	N/A	38%	N/A	N/A	N/A
▶ At least 5 years but less than 10 years:					
• Police & Fire	N/A	28%	N/A	N/A	N/A
• Maintenance and Parks & Recreation	N/A	30%	N/A	N/A	N/A
• DSG	N/A	8%	N/A	N/A	N/A
• All other departments	N/A	40%	N/A	N/A	N/A
▶ At least 10 years:					
• Police & Fire	N/A	56%	N/A	N/A	N/A
• Maintenance and Parks & Recreation	N/A	34%	N/A	N/A	N/A
• DSG	N/A	13%	N/A	N/A	N/A
• All other departments	N/A	22%	N/A	N/A	N/A

Permit Processing:

13) % of DSG customers "satisfied" or "very satisfied" with the helpfulness and responsiveness of DSG staff in processing:

- ▶ Single family residential permits
 - ▶ Commercial/multi-family permits
- | | | | |
|--|-----|-----|-----|
| | 91% | 90% | 90% |
| | 95% | 90% | 90% |

EFFECTIVE & EFFICIENT PUBLIC SERVICE DELIVERY

Dashboard Indicator	Results		Target	
	2006	2007	2008	2010

Court Operations:

14) Annual Municipal Court activity:

- ▶ # of cases filed:
 - Parking
 - Infractions
 - Criminal charges
 - Total # of cases filed

▶ Total court-related revenues:

● Mercer Island	294,288	319,303	350,000	383,000
● Newcastle	40,964	55,121	50,000	54,000
● Total amount of court-related revenues	335,252	374,424	400,000	437,000
● % of court-related revenues to expenditures	125%	132%	123%	101%

▶ # of RAJ (rules on appeal for courts of limited jurisdiction) appeals filed related to:

● Infractions	1	0	0	0
● Criminal charges	0	0	0	0

Creditworthiness:

15) City's bond rating (Moody's):

- ▶ Unlimited Tax General Obligation (UTGO) bonds
- ▶ Limited Tax General Obligation (LTGO) bonds

Aa1	Aa1	Aa1	Aa1	Aa1
Aa2	Aa2	Aa2	Aa2	Aa2

Priority of Government

EFFECTIVE & EFFICIENT PUBLIC SERVICE DELIVERY

Dashboard Indicator	2006	Results 2007	2008	Target 2009	2010
---------------------	------	--------------	------	-------------	------

Financial Management:

16) Receive unqualified (i.e. clean) audit opinion

Yes Yes Yes Yes Yes

Financial Condition:

17) Ratio of tax revenues (i.e. property, sales, and utility taxes) to personnel costs (i.e. salaries, hourly wages, overtime, and benefits) in the General Fund

1.09 1.12 1.10 or > 1.10 or > 1.10 or >

Priority of Government

RELIABLE PUBLIC INFRASTRUCTURE

Dashboard Indicator	Results		Target	
	2006	2007	2008	2009 2010
Infrastructure Condition--General Government:				
18) % of residents who believe the City is doing a "good" or "excellent" job of maintaining the City's:				
▶ Streets	N/A	76%*	N/A	80% N/A
▶ Sidewalks & pedestrian/bicycle paths	N/A	66%*	N/A	70% N/A
▶ Parks, trails, and open space	87%	86%*	N/A	90% N/A
19) Pavement condition index (PCI) rating breakdown for (noting centerline miles and % of total):				
▶ Arterial streets:				
● Failed (0-20 PCI)	N/A	0.0 mi / 0%	0.0 mi / 0%	N/A 0.0 mi / 0%
● Poor (21-48 PCI)	N/A	0.3 mi / 1%	0.0 mi / 0%	N/A 0.0 mi / 0%
● Fair (49-66 PCI)	N/A	5.2 mi / 21%	4.9 mi / 20%	N/A 4.9 mi / 20%
● Good (67-88 PCI)	N/A	12.6 mi / 52%	10.9 mi / 45%	N/A 10.9 mi / 45%
● Excellent (89-100 PCI)	N/A	6.2 mi / 26%	8.5 mi / 35%	N/A 8.5 mi / 35%
▶ Residential streets:				
● Poor to Fair (21-66 PCI)	N/A	18.0 mi / 35%	17.2 mi / 30%	N/A 17.2 mi / 30%
● Good to Excellent (67-100 PCI)	N/A	34.0 mi / 65%	34.8 mi / 70%	N/A 34.8 mi / 70%

* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.

Priority of Government

RELIABLE PUBLIC INFRASTRUCTURE

Dashboard Indicator	Results		Target		
	2006	2007	2008	2009	2010
Infrastructure Condition--Water Utility:					
20) # of water line breaks per 1,000 service connections relative to other Puget Sound cities:					
▶ Mercer Island	1.20	1.20	1.00	0.90	0.80
▶ Bellevue	0.50	0.50	N/A	N/A	N/A
▶ Kent	0.98	1.06	N/A	N/A	N/A
▶ Kirkland	0.44	0.26	N/A	N/A	N/A
▶ Snoqualmie	N/A	0.00	N/A	N/A	N/A
▶ Highline Water District	0.72	0.72	N/A	N/A	N/A
Infrastructure Condition--Sewer Utility:					
21) # of sewer system backups per 1,000 service connections relative to other Puget Sound cities:					
▶ Mercer Island	0.67	0.67	0.50	0.40	0.30
▶ Bellevue	0.30	0.63	N/A	N/A	N/A
▶ Kirkland	0.00	0.00	N/A	N/A	N/A
▶ Snoqualmie	N/A	0.29	N/A	N/A	N/A

Priority of Government
ATTRACTIVE, HIGH QUALITY NEIGHBORHOODS & BUSINESS DISTRICTS

Dashboard Indicator	Results		Target	
	2006	2007	2008	2009 2010
Neighborhood & Downtown Attractiveness:				
22) # of code enforcement complaints received related to:				
▶ Critical areas/shoreline	20	18	10	10
▶ No permit or expired permit	35	34	18	20
▶ Property encroachment	66	23	48	40
▶ Debris/vehicles	14	16	24	20
▶ Trees (topping/clearing/cutting)	20	24	22	20
▶ Other	21	59	44	40
▶ Total # of code enforcement complaints	176	174	166	150
23) % of residents "satisfied" or "very satisfied" with the overall appearance and condition of the City's Town Center	N/A	71%*	N/A	80% N/A

* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.

Economic Vitality:

24) Sales tax per capita (excluding significant, one-time receipts):	
▶ Total (all business sectors)	\$120.20 \$137.79
▶ Construction sector only	\$56.93 \$71.84
▶ Retail, wholesale & food services sectors only	\$33.00 \$37.76
▶ All other sectors only	\$30.27 \$28.19

Priority of Government

RECREATIONAL, CULTURAL, HEALTH & EDUCATIONAL OPPORTUNITIES

Dashboard Indicator	Results		Target	
	2006	2007	2008	2010

Recreational Programs & Facilities:

25) % of residents who believe the City is doing a "good" or "excellent" job of:

- ▶ Providing recreation programs for youth, adults, and seniors N/A 79%* N/A 85% N/A
- ▶ Operating the Community Center N/A 75%* N/A 80% N/A

* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.

Park Amenities:

26) % of residents "satisfied" or "very satisfied" with the available amenities at the City's parks (e.g. sports fields, sports courts, playgrounds, restrooms, and picnic areas)

N/A 78%* N/A 80% N/A

* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.

Youth Counseling & Intervention:

27) Counseling activity in middle/high schools:

- ▶ # of individual contacts 3,329 3,204 2,800 2,800
- ▶ # of parent consultations 501 503 450 450
- ▶ # of school staff consultations 850 994 700 700
- ▶ # of drug/alcohol assessments 23 43 20 20

Senior Outreach & Advocacy:

28) # of seniors and adult children served by Geriatric Specialist

354 290 250 250

Priority of Government

RECREATIONAL, CULTURAL, HEALTH & EDUCATIONAL OPPORTUNITIES

Dashboard Indicator	Results		Target	
	2006	2007	2008	2010
Volunteerism & Human Services Funding:				
29) Mercer Island Thrift Shop annual activity:				
▶ # of volunteer service hours	15,869	15,394	15,000	15,000
▶ Gross sales revenue	\$596,633	\$658,160	\$653,630	\$735,000
▶ Net income	\$371,520	\$398,821	\$370,806	\$417,774

Priority of Government

PUBLIC COMMUNICATION & COMMUNITY INVOLVEMENT

Dashboard Indicator	Results		Target	
	2006	2007	2008	2009 2010
<p>Informed Citizenry:</p> <p>30) % of residents "satisfied" or "very satisfied" with the City's efforts to keep them informed through a quarterly citizen newsletter, a weekly electronic newsletter (subscription based), information provided on the City's website, and Mercer Island Reporter articles</p>	N/A	85%*	N/A	85% N/A

* Jan 2008 biennial citizen survey results are reported as a 2007 indicator.