

2013-2014 Biennial Budget



SECTION D

Budget Summary

Final Budget

Budget Summary

This section has been prepared as a general summary of the 2013-2014 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 – revenue and expenditure 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 the management team and Council

If a more in-depth understanding of the budget is desired, a wealth of information can be found within the graphs, charts, narrative text, and funding level summaries located in the full budget document.

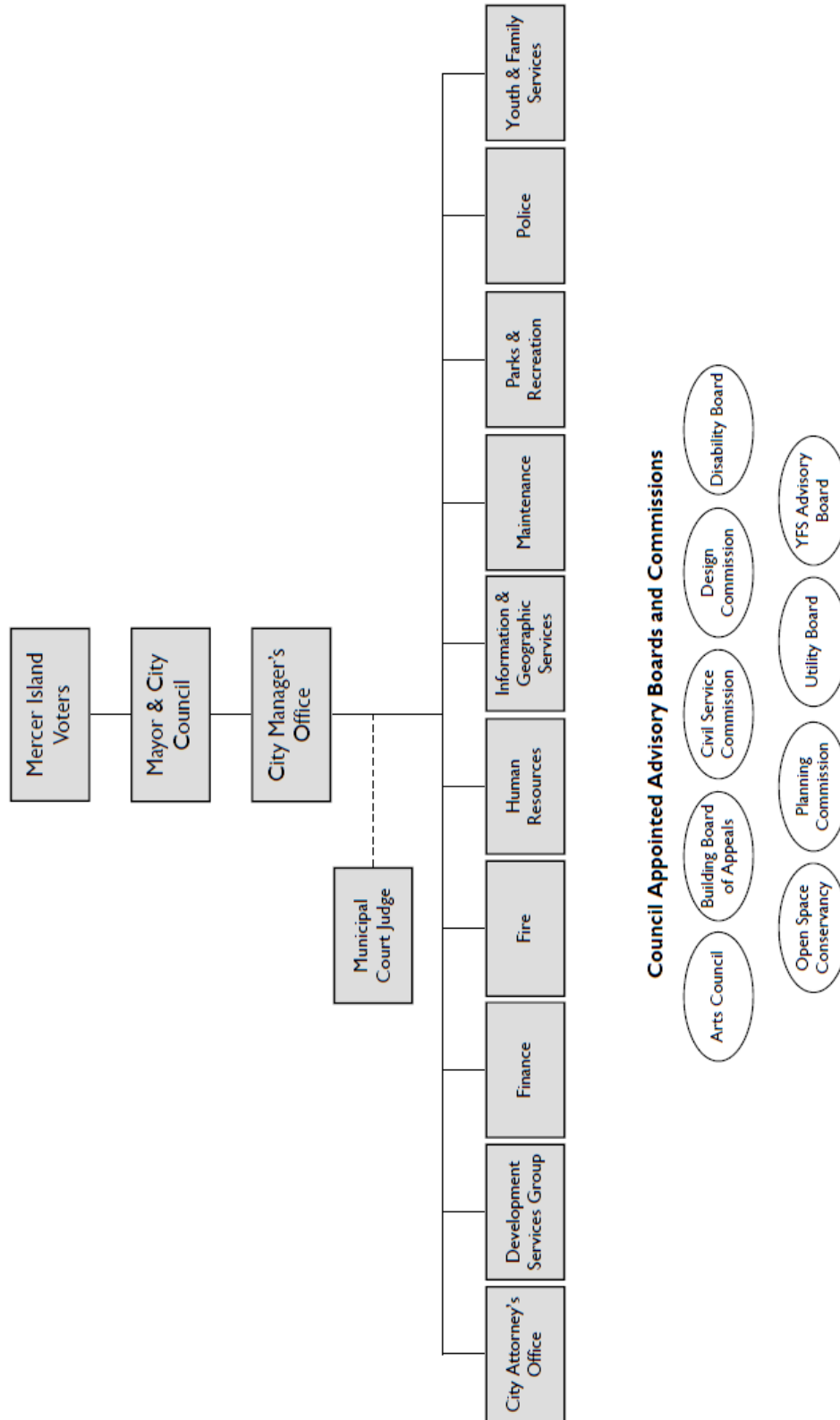
City Organization

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 the Chief Executive Officer of the City. The City Manager reports directly to the Council and carries out their policy. Council members listen to their constituents, the Island residents, and also receive advice and help from the Council appointed Boards and Commissions, which numbered nine in 2012. The Council is vitally interested in hearing the voices of all residents and in increasing citizen involvement.

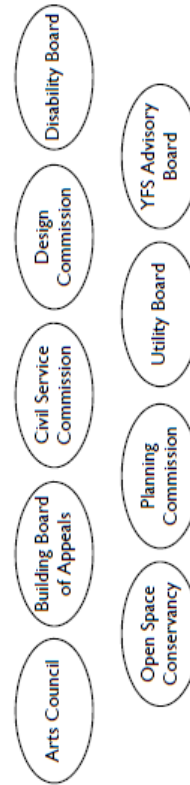
The day-to-day activities of the City are carried out by the ten departments shown on the chart on the following page. For an in-depth description of the functions carried out by these departments, see Section G, which summarizes the Operating Budget by Department. For a more summarized look at the operations 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



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. Also included are the reductions to approved positions resulting from the City Manager's recommended service reductions in 2013-2014.

Regular Full Time Equivalent (FTE's)

Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Attorney	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.25	2.25
City Manager	4.00	4.00	2.00	2.00	4.00	4.00	3.60	3.60	5.00	5.00
Human Resources			5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00
Court	2.83	2.83	2.83	2.83	3.83	3.83	3.33	3.33	3.20	3.20
Development Services	17.00	17.00	18.00	18.00	18.00	18.00	17.00	17.00	18.00	18.00
Finance	10.00	10.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Fire	31.00	31.00	31.50	31.00	31.00	31.00	31.00	31.00	31.00	31.00
Park & Recreation	20.00	20.00	21.75	21.75	22.50	22.50	22.50	22.50	23.00	23.00
Police	36.00	35.00	35.50	36.50	36.50	36.50	35.00	35.00	35.00	35.00
Youth & Family Services	14.40	14.40	15.50	15.50	15.50	15.50	14.50	14.50	14.50	14.50
Maintenance:										
Support Services	7.00	7.00	6.50	6.50	7.00	7.00	7.00	7.00	7.00	7.00
Right of Way	8.00	8.00	8.00	8.00	6.50	6.50	5.50	5.50	5.50	5.50
Utilities	13.00	13.00	13.00	13.00	13.50	13.50	13.50	13.50	13.50	13.50
Capital Project Engineers	3.50	3.50	3.50	3.50	3.00	3.00	3.00	3.00	4.00	4.00
Non Departmental (IGS)			4.00	4.00	5.00	5.00	5.00	5.00	6.00	6.00
Total	169.73	168.73	177.08	177.58	179.33	179.33	173.93	173.93	177.95	177.95

Changes to Regular FTE's

- 0.25 FTE reduction of Assistant City Attorney
- 0.50 FTE reduction of Paralegal
- 0.13 FTE reduction of Judicial hours
- 1.00 FTE increase for a IT Helpdesk Technician
- 0.40 FTE increase for Sustainability Coordinator
- 1.00 FTE reclassification of Deputy City Clerk from 2011-2012 contract to regular position
- 1.00 FTE reclassification of Parks Facility Scheduler from long-term contract to regular position
- 1.00 FTE reclassification of DSG Plans Examiner from long-term contract to regular position
- 1.00 FTE reclassification of Storm Water Project Engineer from long-term contract to regular position

Continuing Reductions in Regular FTE's from 2011-2012

- 0.50 FTE reduction of Municipal Court Administrator
- 1.00 FTE reduction of Transportation Manager
- 1.00 FTE reduction of Police Hire Ahead Officer
- 0.50 FTE reduction of Police Records Clerk
- 0.50 FTE reduction of MIYFS VOICE Coordinator
- 0.50 FTE reduction of MIYFS Development Coordinator

Budget Summary

- 1.00 FTE reduction of Right-of-Way Maintenance Team Member

In addition to the above 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. 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 ongoing 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 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 City's heating and cooling systems and janitorial maintenance of our buildings.

Contract Full Time Equivalents (FTE's)

CONTRACT	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Manager					0.0	0.0	1.0	1.0	-	-
Development Services					2.0	2.0	1.0	1.0	-	-
Fire					1.00	1.00	-	-	-	-
Maintenance					1.5	1.5	1.0	1.0	-	-
Park & Recreation (MICEC)					2.0	4.0	3.0	4.0	4.0	4.0
Youth & Family Services					3.0	3.0	4.0	4.2	6.0	6.0
Total	8.4	13.3	9.5	9.5	9.5	11.5	10.0	11.2	10.0	10.0

Note: Contract FTE's related to the Capital Improvement Program are not reflected in this table, with the exception of the Storm Water Project Engineer, which has been a long-term contract position for 6 years (2007-2012). Rather, the focus is on Operating Budget contract FTE's.

Full Time Equivalent (FTE's) and Contract FTE's

195.00										
190.00										
185.00										
180.00										
175.00										
170.00										
165.00										
160.00										
155.00										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Contract FTE	8.35	13.25	9.50	9.50	9.50	11.50	10.00	11.20	10.00	10.00
Regular FTE	169.73	168.73	177.08	177.58	179.33	179.33	173.93	173.93	177.95	177.95

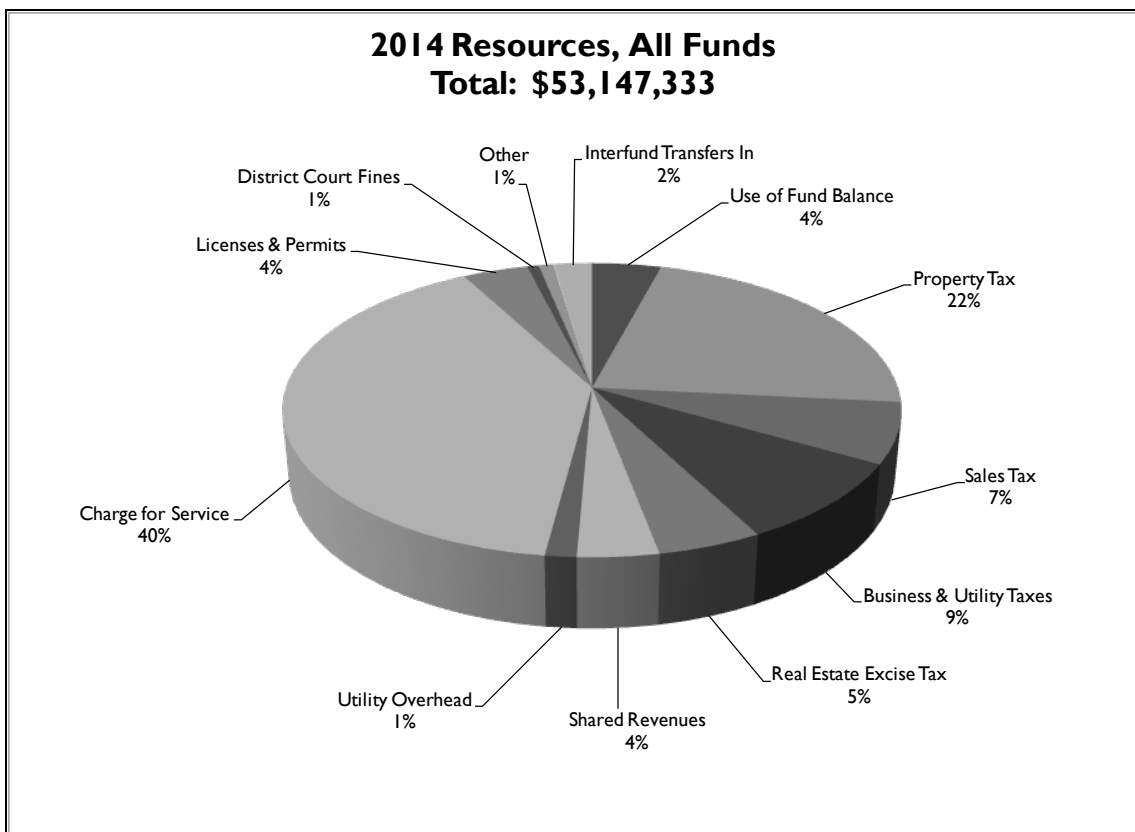
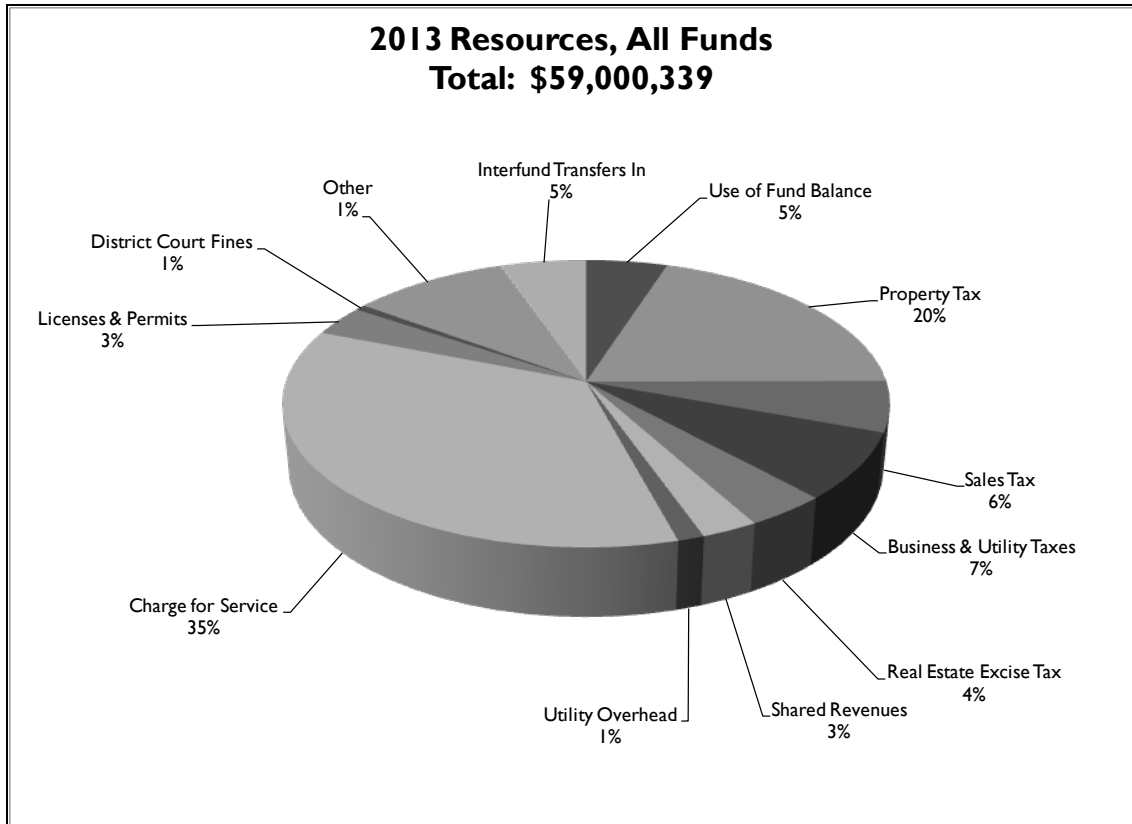
Budget Summary

Total Resources

For 2013 and 2014 respectively, the City is forecasting resources of \$59,000,339 and \$53,147,333. These totals include fund balances allocated to cover planned expenditures, but exclude the remaining, reserved beginning fund balances in each fund. Beginning fund balances can be used as funding resources and are typically used 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 page show. The largest source is Charges for Services, which account for 38% of total budgeted City resources in 2013-2014. They are mostly generated from the water, sewer, and storm water utility rates, but include recreation fees, counseling fees, and Thrift Shop sales as well. The second largest source of revenue is Property Tax, which accounts for 21% of total budgeted City resources in 2013-2014. Property taxes are paid by Island residents and businesses and are budgeted at \$11.7 million in 2013 and \$11.9 million in 2014. Sales Tax, Real Estate Excise Tax, Business & Utility Taxes, and State Shared Revenues amount to \$11.6 million in 2013 and \$12.8 million in 2014. Together, these four tax revenues account for 22% of total budgeted City resources in 2013-2014. The chart below details revenues for the period 2011-2014. The graphs on the next page provide a percentage breakdown of all revenue sources for 2013 and 2014.

2011-2014 Resources, All Funds

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
RESOURCES				
Budgeted				
Use of Fund Balance	\$4,264,929	\$ 6,152,714	\$ 2,956,488	\$2,222,515
Property Tax	10,606,006	10,869,535	11,747,005	11,902,054
Sales Tax	3,048,178	3,226,000	3,353,000	3,539,000
Business & Utility Taxes	3,822,417	3,898,000	4,439,629	4,787,629
Real Estate Excise Tax	1,827,174	1,982,000	2,242,000	2,524,000
Shared Revenues	1,718,692	2,065,363	1,553,150	1,956,207
Utility Overhead	698,017	732,683	726,545	756,151
Charge for Service	18,744,201	19,603,814	20,764,343	21,275,960
Licenses & Permits	2,159,325	1,835,220	2,023,485	2,100,810
District Court Fines	407,764	387,000	371,000	371,000
Other Resources	2,079,530	1,380,532	5,698,800	469,681
Interest	51,291	39,538	20,086	21,816
Interfund Transfers In	4,167,900	2,104,559	3,104,809	1,220,510
Total Budgeted Resources	53,595,423	54,276,957	59,000,339	53,147,333
Not Budgeted				
Beginning Fund Balance	22,935,738	20,797,202	18,671,071	17,124,587
TOTAL RESOURCES	\$76,531,162	\$ 75,074,159	\$ 77,671,410	\$70,271,920



Total Expenditures

Budget Summary

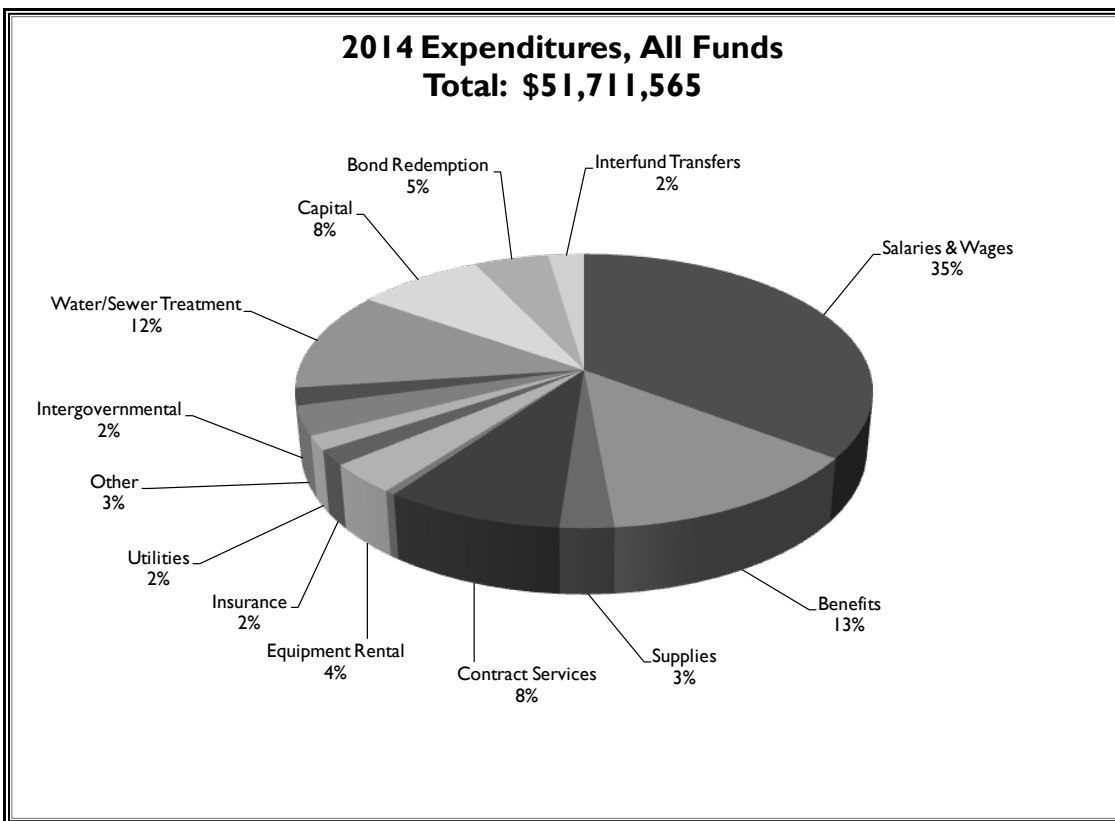
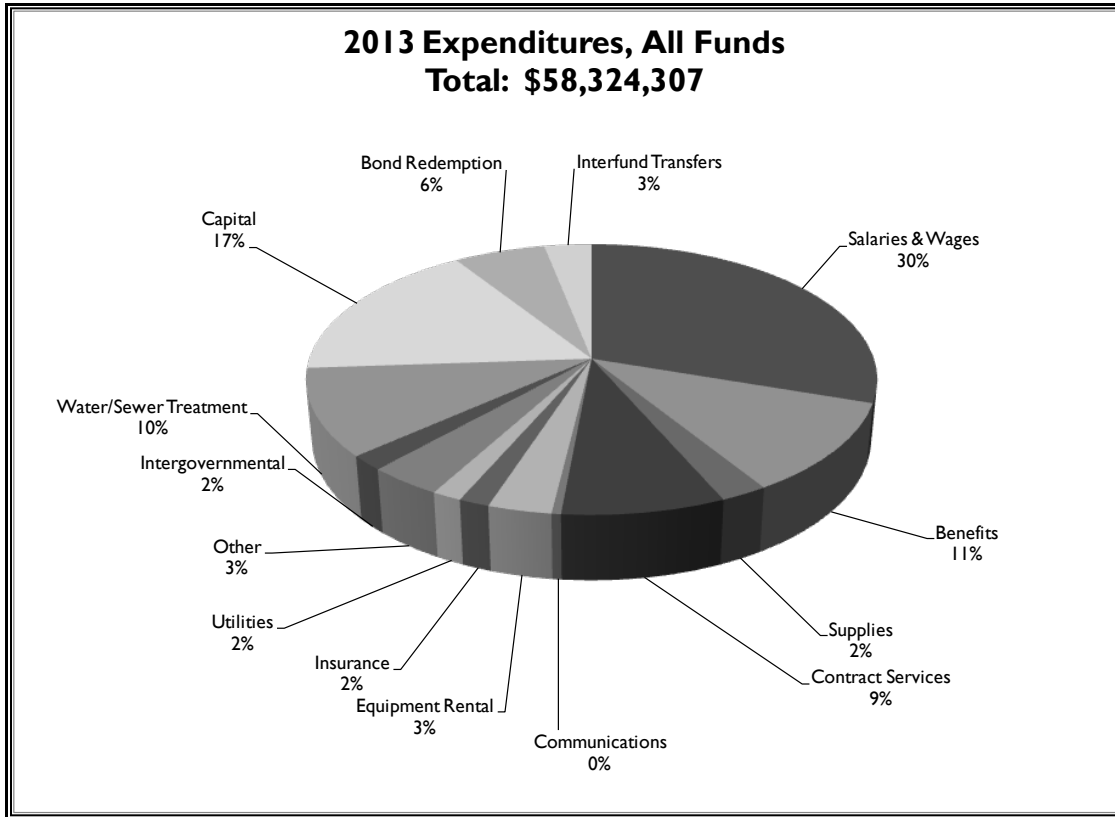
The 2013-2014 Budget for all City funds totals \$110.0 million. In 2013, expenditures amount to \$58.3 million, while the 2014 total amounts to \$51.7 million. These totals represent the expenditures for 21 different funds that are budgeted by the City. Section I (Recap by Fund) briefly describes and presents the revenue and expenditures for each fund.

The major funds of the City are the General Fund, the Utility Funds, the Capital Project Funds, and the Street Fund. The **General Fund** constitutes the largest operating fund, providing for such general government services as police and fire protection, emergency medical response, street and park maintenance, recreation programs, and development services. General Fund expenditures are budgeted at \$24.3 million and \$25.3 million respectively in 2013 and 2014. 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 management services provided to Mercer Island residents. In 2013, the Utilities are budgeted at \$16.5 million, including capital projects. In 2014, their combined budgets total \$15.6 million. For more information on the **General Fund**, see Section E of the budget. 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 \$58.3 million in 2013 budgeted expenditures is comprised of 14 separate categories as the table below illustrates. The largest expenditure categories citywide are Salaries and Benefits, which together comprise 45% of the total 2013-2014 budget. The graphs on the next page provide a percentage breakdown of all expenditures for 2013 and 2014.

2009-2012 Expenditures, All Funds

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
USES				
Budgeted				
Salaries & Wages	\$ 16,252,143	\$ 17,177,287	\$ 17,609,672	\$ 18,229,082
Benefits	5,490,175	5,848,975	6,360,716	6,875,442
Supplies	1,564,987	1,388,506	1,359,195	1,354,700
Contractual Services	3,970,102	5,030,055	4,685,852	4,509,479
Communications	234,240	258,762	267,469	268,419
Equipment Rental	1,724,491	1,742,899	1,828,869	1,838,861
Insurance	1,051,006	1,075,861	877,817	921,512
Utilities	718,996	837,867	854,944	878,033
Other Services & Charges	1,533,535	2,249,664	2,144,053	1,769,092
Intergovernmental	952,316	1,003,185	1,031,617	1,067,422
Water/Sewer Treatment	5,237,913	5,781,248	6,085,049	6,070,032
Capital	4,862,202	7,479,493	9,914,400	4,225,400
Bond Redemption	1,808,992	1,840,663	3,496,133	2,503,875
Interfund Transfers	4,180,149	1,732,135	1,808,522	1,200,217
Total Budgeted Expenditures	49,581,247	53,446,601	58,324,307	51,711,565
Not Budgeted				
Ending Fund Balance	26,949,915	21,627,559	19,347,102	18,560,355
TOTAL USES	\$ 76,531,162	\$ 75,074,159	\$ 77,671,409	\$ 70,271,920



Budget Summary

Fund Summary

Total revenues and total expenditures by fund for the period 2011-2014 are summarized in the tables below.

Summary of Revenues by Fund for 2011-2014

Fund No.	Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
001	General Fund	\$ 24,268,949	\$ 24,059,505	\$ 24,340,491	\$ 25,296,343
037	Self Insurance Fund	-	10,000	10,000	10,000
061	Youth Service Endowment Fund	884	3,500	1,000	1,000
Subtotal General Purpose Funds		\$ 24,269,833	\$ 24,073,005	\$ 24,351,491	\$ 25,307,343
104	Street Fund	\$ 2,405,569	\$ 2,901,133	\$ 2,240,788	\$ 1,695,000
112	Criminal Justice Fund	514,678	565,666	595,228	614,865
117	Beautification Fund	804,803	916,874	1,198,925	874,200
130	Contingency Fund	220,279	-	-	-
140	1% For the Arts Fund	49,084	32,000	34,000	21,000
160	Youth and Family Services Fund	1,978,497	2,071,010	2,320,707	2,374,737
Subtotal Special Revenue Funds		\$ 5,972,910	\$ 6,486,683	\$ 6,389,648	\$ 5,579,802
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	446,031	441,241	1,098,052	1,087,917
Subtotal Debt Service Funds		\$ 446,031	\$ 441,241	\$ 1,098,052	\$ 1,087,917
343	Capital Improvement Fund	\$ 1,893,994	\$ 2,386,021	\$ 2,156,815	\$ 2,219,944
345	Technology and Equipment Fund	331,767	545,158	467,000	437,000
347	Fire Station 92 Construction	-	-	4,803,000	-
350	Capital Reserve Fund	100,000	-	-	-
Subtotal Capital Funds		\$ 2,325,761	\$ 2,931,179	\$ 7,426,815	\$ 2,656,944
402	Water Fund	\$ 6,652,561	\$ 5,992,001	\$ 6,404,503	\$ 5,694,004
426	Sewer Fund	9,335,098	8,173,067	8,035,232	7,688,432
432	Storm Water Fund	1,976,322	2,635,871	2,121,471	2,500,843
Subtotal Enterprise Funds		\$ 17,963,980	\$ 16,800,938	\$ 16,561,206	\$ 15,883,279
503	Equipment Rental Fund	\$ 1,806,623	\$ 2,783,957	\$ 2,209,986	\$ 1,685,500
520	Computer Equipment Fund	743,962	676,954	881,141	858,548
Subtotal Internal Service Funds		\$ 2,550,585	\$ 3,460,911	\$ 3,091,127	\$ 2,544,048
606	Firemen's Pension Fund	\$ 66,322	\$ 83,000	\$ 82,000	\$ 88,000
Subtotal Trust Funds		\$ 66,322	\$ 83,000	\$ 82,000	\$ 88,000
TOTAL REVENUES		\$ 53,595,423	\$ 54,276,957	\$ 59,000,339	\$ 53,147,333

Summary of Expenditures by Fund for 2011-2014

Fund No.	Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
001	General Fund	\$ 23,541,284	\$ 23,888,065	\$ 24,340,491	\$ 25,296,343
037	Self Insurance Fund	1,775	10,000	10,000	10,000
061	Youth Service Endowment Fund	884	3,500	1,000	1,000
Subtotal General Purpose Funds		\$ 23,543,943	\$ 23,901,565	\$ 24,351,491	\$ 25,307,343
104	Street Fund	\$ 2,405,569	\$ 2,901,133	\$ 2,240,788	\$ 1,098,929
112	Criminal Justice Fund	514,678	565,666	595,228	614,865
117	Beautification Fund	804,803	916,874	1,190,377	866,485
130	Contingency Fund	-	-	-	-
140	1% For the Arts Fund	49,084	30,980	34,000	21,000
160	Youth and Family Services Fund	1,921,696	2,071,010	2,320,707	2,374,737
Subtotal Special Revenue Funds		\$ 5,695,830	\$ 6,485,663	\$ 6,381,100	\$ 4,976,016
208	Bond Redemptiion (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	446,030	441,241	1,098,052	1,087,917
Subtotal Debt Service Funds		\$ 446,030	\$ 441,241	\$ 1,098,052	\$ 1,087,917
343	Capital Improvement Fund	\$ 1,893,125	\$ 2,386,021	\$ 2,095,171	\$ 2,219,944
345	Technology and Equipment Fund	331,768	545,158	467,000	437,000
347	Fire Station 92 Construction	-	-	4,803,000	-
350	Capital Reserve Fund	-	-	-	-
Subtotal Capital Project Funds		\$ 2,224,893	\$ 2,931,179	\$ 7,365,171	\$ 2,656,944
402	Water Fund	\$ 4,647,376	\$ 5,992,001	\$ 6,356,666	\$ 5,694,004
426	Sewer Fund	9,335,098	8,173,067	8,035,232	7,403,444
432	Storm Water Fund	1,660,367	2,635,871	2,121,471	2,500,843
Subtotal Enterprise Funds		\$ 15,642,841	\$ 16,800,938	\$ 16,513,369	\$ 15,598,291
503	Equipment Rental Fund	\$ 1,384,804	\$ 2,281,306	\$ 1,796,051	\$ 1,277,419
520	Computer Equipment Fund	576,584	521,707	737,074	719,636
Subtotal Internal Service Funds		\$ 1,961,388	\$ 2,803,013	\$ 2,533,125	\$ 1,997,055
606	Firemen's Pension Fund	\$ 66,322	\$ 83,000	\$ 82,000	\$ 88,000
Subtotal Trust Funds		\$ 66,322	\$ 83,000	\$ 82,000	\$ 88,000
TOTALS		\$49,581,247	\$53,446,601	\$58,324,307	\$51,711,565

Budget Summary

Property Taxes

Property taxes play an essential role in financing the operations of the City of Mercer Island, accounting for 21% of the City's total budgeted resources in 2013-2014. Mercer Island property owners will pay \$11.7 million in property taxes in 2013 and \$11.9 million in 2014 to support City services.

Types of Property Tax

There are two types of property tax levies collected by the City: 1) regular levy, and 2) voter approved levy. The regular levy, which is \$10,105,277 in 2013, represents the base amount of property tax dedicated to funding the City's general government 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. See the Property Tax policy in Section C for additional information.

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 (typically 20 years). The City doesn't have any excess levies. A levy lid lift is dedicated to funding specific general government operations and/or capital projects. When levy lid lift proceeds are used to pay the debt service on a bond issue, the levy is limited by state law to 9 years. There are two levy lid lifts currently in effect: 1) Parks Maintenance and Operations levy approved by voters in November 2008 for 15 years (\$899,728 levy amount in 2013); and 2) Fire Station and Fire Rescue Truck levy approved by voters in November 2012 for 9 years (\$662,000 levy amount in 2013).

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

2013 Property Tax Levy

The 2013 levy rate (per \$1,000 assessed valuation), the 2013 levy amount, and the percentage breakdown of the 2013 total levy paid by the owner of a \$700,000 home, which is the 2012 median assessed value on Mercer Island, are presented in the table below. In 2013, the total property tax levy on a \$700,000 home is \$6,609, of which \$1,005, or 15.2%, is paid to the City. Note that the largest portion of the levy relates to schools, with 28.2% going to the Mercer Island School District and 27.2% going to the State School Fund, which together comprise 55.4% of the total levy. Also, it's worth noting that Island residents pay more to King County (\$1,078) than to the City (\$1,005) in 2013.

Purpose	2013 Levy Rate	2013 Levy Amount	% of Total 2013 Levy
School District	\$2.66197	\$1,863	28.2%
State School Fund	\$2.56720	\$1,797	27.2%
King County	\$1.54051	\$1,078	16.3%
City	\$1.43513	\$1,005	15.2%
Library	\$0.56743	\$397	6.0%
EMS	\$0.30000	\$210	3.2%
Port	\$0.23324	\$163	2.5%
Flood Zone	\$0.13210	\$92	1.4%
Ferry District	\$0.00378	\$3	0.0%
Total	\$9.44136	\$6,609	100.0%

Utility Rates

The Water, Sewer, and Storm Water Funds are completely self-supporting utilities that do not receive any funding from property taxes. The utilities are designed to operate like businesses, charging rates for the purpose of providing water distribution, sewage disposal, and storm water management services to City residents and businesses. The City purchases its water from the City of Seattle as do many of our neighboring communities. The Wastewater Treatment Division of King County provides treatment for all of the sewage in the King County area, including Mercer Island.

Every two years the Association of Washington Cities (AWC) conducts a Tax and User Fee Survey. For 2012, the water, sewer, and storm water bi-monthly utility charges for Mercer Island and the King County average (for the 20 cities/districts that responded to the survey) are presented in the table below based on an average water usage of 16 ccf per bi-monthly billing period.

Jurisdiction	2012 Bi-Monthly Utility Rates				
	Water	Sewer Maintenance	Sewage Treatment (King Co.)	Storm Water	Total
Mercer Island	\$70.40	\$61.51	\$72.20	\$29.92	\$234.03
King County average	\$77.55	\$95.10	\$72.20	\$25.64	\$270.49

Relative to the King County average, Mercer Island's bi-monthly utility bill, excluding the EMS utility (which most cities don't have), is 13.5% less in 2012 for a typical single family residential customer.

For a typical single family residential customer, the 2012, 2013, and 2014 bi-monthly utility charges for water, sewer, storm water, and EMS services are broken down in the table below (excluding utility taxes, which are a General Fund revenue source).

Utility Rate Component	2012 Adopted	2013 Adopted	2014 Proposed	\$ Change		% Change	
				2013	2014	2013	2014
Water	\$70.40	\$73.47	\$76.04	\$3.07	\$2.57	4.3%	3.5%
Sewer Treatment (King County)	\$72.20	\$79.58	\$79.58	\$7.38	\$0.00	10.2%	0.0%
Sewer Maintenance	\$61.51	\$64.01	\$67.83	\$2.50	\$3.82	4.0%	6.0%
Storm Water	\$29.92	\$30.28	\$30.64	\$0.36	\$0.36	1.2%	1.2%
EMS	\$7.16	\$8.07	\$8.42	\$0.91	\$0.35	12.7%	4.3%
Total	\$241.19	\$255.41	\$262.51	\$14.22	\$7.10	5.9%	2.8%

A thorough discussion of emerging issues, operations and maintenance, and rates, along with six-year financial statements for the Water, Sewer, and Storm Water Utilities are included in Section F.

City Debt

The City has prudently issued little debt over the years, maintaining a sizable debt capacity and consistently following a conservative fiscal management policy as reflected in the excellent bond ratings from Moody's rating service—Aa1 rating on its unlimited tax general obligation (UTGO), or voted, bonds and a Aa1 rating on its limited tax general obligation (LTGO), or non-voted, bonds. According to Moody's, Mercer Island has the

Budget Summary

highest LTGO bond rating in the state (shared with Seattle, Bellevue, and Redmond) and the second highest UTGO bond rating in the state (behind Seattle and Bellevue, which have a Aaa 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. The City currently has no voted debt outstanding.

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 active bond issues are described below.

- **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 for the construction of a new community center. The total principal owed at the end of 2012 is \$805,000.
- **2004 CCMV Construction** – In 2004, the City issued \$2.0 million in councilmanic bonds to partially pay for the construction of a new community center. The new center was completed in December 2005. The total principal owed at the end of 2012 is \$1,335,000.
- **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. The total principal owed at the end of 2012 is \$564,376.
- **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 amount of \$251,982. The total principal owed at the end of 2012 is \$104,007.
- **2009 LTGO Emergency Water Supply** – In June 2009, the City issued a two year \$1,015,000 LTGO bond as interim financing for the construction of a well for emergency water supply use. To pay off the debt, the Council's declared intent is to sell a First Hill property owned by the Water Utility, which was declared surplus in April 2009. In June 2010, given the condition of the Puget Sound real estate market, the City amended the terms of the two year LTGO bond, extending the maturity date out another two years to June 1, 2013. In addition, the City exercised its option to prepay \$40,000 of the principal early, thereby reducing the par amount of the bond to \$975,000. Debt service is being paid by the Water Fund. The total principal owed at the end of 2012 is \$975,000.
- **2009 LTGO South Mercer Playfields** – In 2009, LTGO bonds were issued to fund capital improvements at the South Mercer Playfields. The original issue amount was \$1,000,000, and the total principal outstanding at the end of 2012 is \$800,000.

Budget Summary

- **2009 LTGO Sewer Lake Line** – In 2009, LTGO bonds were issued to fund a portion of the sewer lake line replacement project. Sewer utility rates are being used to repay the long-term debt. The original issue amount was \$9,405,000, and the total principal outstanding at the end of 2012 is \$8,380,000.
- **2011 LTGO First Hill Water Improvements** – In March 2011, LTGO bonds were issued to fund a portion of water system improvements project in the First Hill neighborhood. Water utility rates are being used to repay the long-term debt. The original issue amount was \$1,500,000, and the total principal outstanding at the end of 2012 is \$1,405,000.
- **2012 Fire Apparatus Lease (Velocity Pumper)** – In 2012, the Mercer Island City Council authorized a contract with Pierce Manufacturing to purchase a Velocity Pumper Truck through a lease purchase financing agreement with Municipal Asset Management Inc. in the amount of \$619,547. The total principal owed at the end of 2012 is \$619,547.

In February 2013, the City issued \$6.71 million in LTGO bonds to fund the replacement of Fire Station 92 and a Fire Rescue Truck and to refund the outstanding portion of the City's 2003 LTGO (related to the purchase of the Mercerview property) and 2004 LTGO bonds (related to the construction of the new community center). The debt service on the Fire Station 92 and Fire Rescue Truck portion of the bonds will be funded by a 9 year levy lid lift approved by Mercer Island voters on November 6, 2012.

Public Work Trust Fund Loans

In addition to the above debt, the City has one long-term loan outstanding as of the end of 2012, with \$5,638,603 in principal due. 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 $\frac{1}{4}$ 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,
4. Have an adopted comprehensive plan.

Budget Summary

Schedule of Outstanding Debt

City of Mercer Island			
Schedule of Long Term Debt			
Description	Date Issued	Original Amount	Amount Outstanding 12/31/2012
Non-Voted Debt:			
2003 Mercerview Property	05/15/03	2,290,000	805,000
2004 CCMV Construction	10/01/04	2,040,000	1,335,000
2009 LTGO Water Well	07/15/09	1,015,000	975,000
2009 LTGO South Mercer Playfields	08/17/09	1,000,000	800,000
2009 LTGO Sewer Lake Line	08/17/09	9,405,000	8,380,000
2011 LTGO First Hill Water Improve	03/23/11	1,500,000	1,405,000
Total Non-Voter Approved		\$17,250,000	\$13,700,000
Voted Debt:			
Total Voter Approved		\$0	\$0
Lease Obligations			
2007 Fire Velocity Pumpers	07/02/07	1,035,026	564,376
2007 Fire Mini Pumper	09/24/07	251,982	104,007
2012 Fire Velocity Pumper	06/01/12	619,547	619,547
Total Lease Obligations		\$1,906,555	\$1,287,930
Total General Obligation Debt		\$19,156,555	\$14,987,930
Public Works Trust Fund Loans			
Sewer Lake Line	01/31/05	6,650,000	5,638,603
Total Public Works Trust Fund		\$6,650,000	\$5,638,603

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, 2012.

	LIMITED TAX		UNLIMITED TAX	
	General Purpose Debt ¹ (Based on 1.5% of AV)	General Purpose Debt ¹ (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	\$122,019,926	\$203,366,543	\$203,366,543	\$203,366,543
Add: Cash on hand for debt redemption	4,475	4,475	0	0
Less: Limited Tax Debt outstanding	-14,987,930	-14,987,930	0	0
Less: Unlimited Tax Debt outstanding	0	0	0	0
Remaining Debt Capacity, Limited Tax	\$107,036,471	\$188,383,088		
Remaining Debt Capacity, Unlimited Taxes			\$203,366,543	\$203,366,543

¹ General Purpose debt may not exceed 2.5% of total assessed valuation, which equals \$8,134,661,713 as of 12/31/12. Any non-voted debt reduces the margin available for voted general purpose debt.

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 encompasses the majority of its general government operations. Reserves are both operational and long term. Three other general purpose funds are also presented.

General Fund - 001

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,328,233	\$ 3,055,898	\$ 3,428,092	\$ 3,270,193
Plus Revenues	24,268,949	23,663,057	24,182,592	25,146,601
Less Expenditures	(23,541,284)	(23,290,863)	(24,340,491)	(25,296,343)
Ending Fund Balance	\$ 3,055,898	\$ 3,428,092	\$3,270,193	\$ 3,120,451
Consisting of:				
Compensated Absence Reserve	1,015,583	1,015,583	1,015,583	1,015,583
LEOFF1 Long Term Care Reserve	1,013,108	1,039,518	1,065,928	1,092,338
Deferred Revenues & Customer Deposits	256,936	256,936	256,936	256,936
Inventory of Supplies	100,903	100,903	100,903	100,903
Petty Cash	2,920	2,920	2,920	2,920
Revenue Stabilization Reserve	300,000	300,000	300,000	300,000
Appropriated for Expenditures Next Year	366,448	157,899	149,742	-
Reserved for 2014 Expenditures	-	149,742	-	-
Unassigned	-	404,591	378,181	351,771

Note: Throughout the budget document, 2012 forecasted expenditures equal 2012 budgeted expenditures for the General Fund. However, for this fund balance presentation, 2012 forecasted expenditures have been adjusted to reflect the Finance staff's year-end General Fund expenditure estimate, which is 97.5% of budgeted expenditures.

Self Insurance Fund - 037

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 111,525	\$ 109,750	\$ 109,750	\$ 109,750
Plus Revenues	-	10,000	10,000	10,000
Less Expenditures	(1,775)	(10,000)	(10,000)	(10,000)
Ending Fund Balance	\$ 109,750	\$ 109,750	\$ 109,750	\$ 109,750
Consisting of:				
Self Insurance Reserve	109,750	109,750	109,750	109,750

Budget Summary

Youth Service Endowment Fund - 061

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 309,395	\$ 309,395	\$ 309,395	\$ 309,395
Plus Revenues	884	3,500	1,000	1,000
Less Expenditures	(884)	(3,500)	(1,000)	(1,000)
Ending Fund Balance	\$ 309,395	\$ 309,395	\$ 309,395	\$ 309,395
Consisting of:				
Non-spendable Endowment Principal	285,856	285,856	285,856	285,856
Unreserved	23,539	23,539	23,539	23,539

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	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 3,362,812	\$ 2,479,844	\$ 1,476,183	\$ 802,395
Plus Revenues	1,522,601	1,897,472	1,567,000	1,695,000
Less Expenditures	(2,405,569)	(2,901,133)	(2,240,788)	(1,098,929)
Ending Fund Balance	\$ 2,479,844	\$ 1,476,183	\$ 802,395	\$ 1,398,466
Consisting of:				
Traffic Signal Reserve	35,500	35,500	-	-
Appropriated for Expenditures Next Year	1,003,661	673,788	-	-
Working Capital Reserve	200,000	200,000	200,000	200,000
Reserved for 2014 Expenditures	-	-	-	-
Unreserved	1,240,683	566,895	602,395	1,198,466

Budget Summary

Criminal Justice Fund - 112

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 644,791	\$ 636,911	\$ 571,945	\$ 494,117
Plus Revenues	506,798	500,700	517,400	532,900
Less Expenditures	(514,678)	(565,666)	(595,228)	(614,865)
Ending Fund Balance	\$ 636,911	\$ 571,945	\$ 494,117	\$ 412,152
Consisting of:				
Treasury Funds Reserve	138,267	109,267	80,267	51,267
JAG Proceeds	79,437	79,437	79,437	79,437
ENTF Reserve	47,492	47,492	47,492	47,492
Funding for Expenditures Next Year	64,966	77,828	81,965	-
Reserved for 2014 Expenditures	-	81,965	-	-
Working Capital Reserve	50,000	50,000	50,000	50,000
Unreserved	256,749	125,956	154,956	183,956

Beautification Fund - 117

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,014,664	\$ 1,003,092	\$ 903,502	\$ 558,800
Plus Revenues	793,231	817,284	845,675	874,200
Less Expenditures	(804,803)	(916,874)	(1,190,377)	(866,485)
Ending Fund Balance	\$ 1,003,092	\$ 903,502	\$ 558,800	\$ 566,515
Consisting of:				
Street Light Control Cabinet Reserve	150,000	150,000	150,000	150,000
Funding for Expenditures Next Year	99,590	353,250	-	-
Working Capital Reserve	75,000	75,000	75,000	75,000
Unreserved	678,502	325,252	333,800	341,515

Contingency Fund - 130

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,124,056	\$ 2,344,335	\$ 2,344,335	\$ 2,344,335
Plus Revenues	220,279	-	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 2,344,335	\$ 2,344,335	\$ 2,344,335	\$ 2,344,335
Consisting of:				
Contingency Reserve-(City Policy)	2,344,335	2,344,335	2,344,335	2,344,335

Budget Summary

1% For the Arts Fund - 140

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 331,009	\$ 310,837	\$ 311,857	\$ 292,857
Plus Revenues	28,912	32,000	15,000	15,000
Less Expenditures	(49,084)	(30,980)	(34,000)	(21,000)
Ending Fund Balance	\$ 310,837	\$ 311,857	\$ 292,857	\$ 286,857
Consisting of:				
Funding for Expenditures Next Year	-	-	-	-
Art in public places reserve	310,837	311,857	292,857	286,857

Youth and Family Services Fund - 160

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 521,780	\$ 578,582	\$ 466,266	\$ 434,459
Plus Revenues	1,978,497	1,958,694	2,288,900	2,238,850
Less Expenditures	(1,921,696)	(2,071,010)	(2,320,707)	(2,374,737)
Ending Fund Balance	\$ 578,582	\$ 466,266	\$ 434,459	\$ 298,572
Consisting of:				
Funding for Expenditures Next Year	112,316	31,807	135,887	-
Reserved for 2014 Expenditures	-	135,887	-	-
Working Capital Reserve	75,000	75,000	75,000	75,000
Unreserved	391,266	223,572	223,572	223,572

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	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943
Plus Revenues	-	-	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943
Consisting of:				
Funding for Expenditures Next Year	-	-	-	-
Debt Service Reserve	18,943	18,943	18,943	18,943

Budget Summary

Bond Redemption Non-Voted - 239

Description	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 4,474	\$ 4,475	\$ 4,475	\$ 4,475
Plus Revenues	446,031	441,241	1,098,052	1,087,917
Less Expenditures	(446,030)	(441,241)	(1,098,052)	(1,087,917)
Ending Fund Balance	\$ 4,475	\$ 4,475	\$ 4,475	\$ 4,475
Consisting of:				
Debt Service Reserve	4,475	4,475	4,475	4,475

Capital Project 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	2011 Actual	2012 Forecast	2013 Budget	2014 Budget
Beginning Fund Balance	\$ 2,434,713	\$ 2,435,582	\$ 1,810,015	\$ 1,871,659
Plus Revenues	1,893,994	1,760,454	2,156,815	2,147,222
Less Expenditures	(1,893,125)	(2,386,021)	(2,095,171)	(2,219,944)
Ending Fund Balance	\$ 2,435,582	\$ 1,810,015	\$ 1,871,659	\$ 1,798,937
Consisting of:				
Funding for Expenditures Next Year	625,567	-	72,722	652,321
King Count Parks Levy reserve	51,728	45,616	45,616	-
All Weather Field Repl Reserve	241,185	328,785	418,080	509,070
Working Capital Reserve	250,000	250,000	250,000	250,000
Unreserved	1,267,102	1,185,614	1,085,241	387,546

Budget Summary

Capital Technology & Equipment Fund - 345

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 925,859	\$ 850,649	\$ 486,491	\$ 405,941
Plus Revenues	256,557	181,000	386,450	374,900
Less Expenditures	(331,768)	(545,158)	(467,000)	(437,000)
Ending Fund Balance	\$ 850,649	\$ 486,491	\$ 405,941	\$ 343,842
Consisting of:				
Fire Defibrillator Replacement	32,532	32,532	32,532	32,532
Fire SCBA Replacement Reserve	-	-	53,000	106,000
MICEC Equipment Replacement Reserve	25,919	56,919	59,419	32,919
Police In-car Cameral Replacement Reserve	-	-	12,000	24,000
NORCOM Startup	104,877	-	-	-
Funding for Expenditures Next Year	364,158	80,550	62,100	-
Working Capital Reserve	50,000	50,000	50,000	50,000
Unreserved	273,163	266,490	136,890	98,391

Fire Station 92 Replacement - 347

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Plus Revenues	-	-	4,803,000	-
Less Expenditures	-	-	(4,803,000)	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Consisting of:				
Funding for Expenditures Next Year	-	-	-	-

Capital Reserve Fund - 350

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 69,999	\$ 169,999	\$ 169,999	\$ 169,999
Plus Revenues	100,000	-	-	-
Less Expenditures	-	-	-	-
Ending Fund Balance	\$ 169,999	\$ 169,999	\$ 169,999	\$ 169,999
Consisting of:				
Unreserved	169,999	169,999	169,999	169,999

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	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,401,001	\$ 4,406,186	\$ 3,354,475	\$ 3,402,312
Plus Revenues	6,652,561	4,940,290	6,404,503	5,287,023
Less Expenditures	(4,647,376)	(5,992,001)	(6,356,666)	(5,694,004)
Ending Fund Balance	\$ 4,406,186	\$ 3,354,475	\$ 3,402,312	\$ 2,995,331
Consisting of:				
Fiscal Policy Reserves	959,664	993,025	983,425	996,352
Capital Funding Reserve	300,000	315,452	327,990	343,091
Water Purchase Reserve	-	300,000	300,000	300,000
Funding for Expenditures Next Year	1,051,711	-	406,981	-
Unreserved	2,094,811	1,745,998	1,383,916	1,355,888

Sewer Fund - 426

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 4,366,658	\$ 1,896,503	\$ 902,038	\$ 357,054
Plus Revenues	6,864,943	7,178,602	7,490,247	7,688,432
Less Expenditures	(9,335,098)	(8,173,067)	(8,035,232)	(7,403,445)
Ending Fund Balance	\$ 1,896,503	\$ 902,038	\$ 357,054	\$ 642,042
Consisting of:				
Fiscal Policy Reserves	450,000	454,331	489,247	493,231
Capital Funding Reserve	-	173,026	182,727	185,509
Funding for Expenditures Next Year	994,465	544,985	-	-
Unreserved	452,038	(270,304)	(314,921)	(36,698)

Storm Water Fund - 432

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,251,747	\$ 2,567,702	\$ 2,045,042	\$ 1,820,251
Plus Revenues	1,976,322	2,113,211	1,896,680	1,848,315
Less Expenditures	(1,660,367)	(2,635,871)	(2,121,471)	(2,500,843)
Ending Fund Balance	\$ 2,567,702	\$ 2,045,042	\$ 1,820,251	\$ 1,167,723
Consisting of:				
Fiscal Policy Reserves	89,163	92,730	90,842	86,924
Funding for Expenditures Next Year	522,660	224,791	652,528	77,848
Unreserved	1,955,879	1,727,521	1,076,881	1,002,951

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	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 2,694,439	\$ 2,500,496	\$ 2,172,430	\$ 2,061,365
Plus Revenues	1,190,861	1,953,240	1,684,986	1,271,500
Less Expenditures	(1,384,804)	(2,281,306)	(1,796,051)	(1,277,419)
Ending Fund Balance	\$ 2,500,496	\$ 2,172,430	\$ 2,061,365	\$ 2,055,446
Consisting of:				
800 MHz Radio Replacement	177,202	127,152	151,984	176,816
Fire Apparatus Sinking Fund	286,426	265,720	180,689	97,172
Vehicle Replacements Next Year	830,717	525,000	414,000	471,000
Vehicle Replacement Reserve	1,206,151	1,254,558	1,314,692	1,310,458

Computer Replacement Fund - 520

Description	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 237,081	\$ 260,957	\$ 358,757	\$ 262,824
Plus Revenues	600,460	619,507	641,141	651,548
Less Expenditures	(576,584)	(521,707)	(737,074)	(719,636)
Ending Fund Balance	\$ 260,957	\$ 358,757	\$ 262,824	\$ 194,736
Consisting of:				
Computer Replace Expenditures Next Year	57,447	240,000	207,000	-
Computer Replacement Reserve	203,510	118,757	55,824	194,736

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	2011	2012	2013	2014
	Actual	Forecast	Budget	Budget
Beginning Fund Balance	\$ 1,047,487	\$ 1,009,779	\$ 980,771	\$ 953,181
Plus Revenues	28,614	53,992	54,410	54,410
Less Expenditures	(66,322)	(83,000)	(82,000)	(88,000)
Ending Fund Balance	\$ 1,009,779	\$ 980,771	\$ 953,181	\$ 919,591
Consisting of:				
Funding for Expenditures Next Year	29,008	27,590	33,590	-
Pension Reserve	980,771	953,181	919,591	919,591

Dashboard Indicators

The City's performance measurement model, called the Mercer Island Dashboard, was developed in 2007 with the following objectives in mind:

1. To identify "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 model is comprised of 35 "dashboard" indicators, which are organized around the City's 6 priorities of government and 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 & Sustainable Public Service Delivery: 14 indicators**
 - Public Trust
 - Community Issues
 - Risk Management
 - Employee Retention & Morale
 - Development Permit Processing
 - Court Operations
 - Creditworthiness
 - Financial Management
 - Financial Condition
 - Environmental Stewardship (5 indicators)
- **Reliable Public Infrastructure: 4 indicators**
 - General Government Infrastructure Condition (2 indicators)
 - Water Utility Infrastructure Condition
 - Sewer Utility Infrastructure Condition
- **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

Budget Summary

- Volunteerism & Human Services Funding
- Public Communication & Community Involvement: **I indicator**
 - Informed Citizenry

In addition, many of the “dashboard” indicators are further broken down into sub-indicators to provide context, to identify important components of each indicator, and to paint a clearer picture of performance.

Results for 2007-2011 are presented on the following pages.

Priority of Government COMMUNITY SAFETY & SECURITY

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Personal Security:					
1) % of residents who feel "very safe" or "completely safe" walking alone:					
▶ In their neighborhood	86%	N/A	86%	N/A	85%
▶ In the City's Town Center	86%	N/A	87%	N/A	82%
Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.					
Crime Prevention Effectiveness:					
2) Mercer Island's crime rate relative to other Eastside cities and the King County average (expressed as # of Part 1 violent crimes per 1,000 population followed by # of Part 1 property crimes per 1,000 population):					
▶ Sammamish	0.2 / 13.8	0.4 / 10.5	0.3 / 8.7	0.4 / 9.3	0.3 / 7.6
▶ Mercer Island	0.3 / 17.9	0.6 / 18.7	0.5 / 18.1	0.6 / 14.3	0.5 / 18.3
▶ Redmond	1.5 / 33.3	1.3 / 32.9	1.1 / 31.9	1.2 / 29.1	0.8 / 24.6
▶ Issaquah	0.4 / 35.0	0.6 / 31.0	0.7 / 23.6	1.1 / 27.1	0.9 / 24.0
▶ Bellevue	1.2 / 35.6	1.4 / 36.1	1.3 / 32.9	1.1 / 30.9	1.1 / 28.9
▶ Kirkland	1.4 / 39.5	2.0 / 40.2	1.2 / 33.7	1.3 / 27.5	1.5 / 30.1
▶ King County average	3.7 / 44.5	3.5 / 40.4	3.9 / 42.0	3.4 / 41.1	3.5 / 40.2
Traffic Safety Effectiveness:					
3) Mercer Island's traffic accident rate relative to other Eastside cities and the King County average (expressed as # of traffic accidents per 1,000 population):					
▶ Sammamish	6.43	6.24	5.46	4.39	4.33
▶ Mercer Island	16.04	12.01	12.68	10.18	11.09
▶ Issaquah	23.88	20.82	17.81	14.92	14.65
▶ Redmond	21.47	20.75	17.27	16.51	16.82
▶ King County average	23.32	21.78	17.24	17.83	17.73
▶ Kirkland	25.87	20.24	17.89	18.20	21.81
▶ Bellevue	24.39	24.43	21.45	22.06	22.44
Timely Crime Response:					
4) Patrol officer response to emergency calls:					
▶ # of emergency calls	347	313	451	691	802
▶ Average response time	4.3 min	4.3 min	4.8 min	5.3 min	5.0 min
▶ % of emergency calls responded to within 6 minutes	69%	71%	74%	73%	68%

Budget Summary

Priority of Government

COMMUNITY SAFETY & SECURITY

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Fire Suppression Effectiveness:					
5) Mercer Island's annual \$ fire loss per 1,000 population relative to other Eastside cities and fire districts:					
▶ Kirkland	\$ 98,316	\$ 96,570	\$ 64,008	\$ 30,483	\$ 16,773
▶ Mercer Island	\$ 10,735	\$ 140,397	\$ 18,778	\$ 3,443	\$ 25,076
▶ Eastside Fire & Rescue	\$ 17,025	\$ 25,132	\$ 20,927	\$ 13,983	\$ 33,907
▶ Bothell	\$ 41,577	\$ 17,734	\$ 17,283	\$ 29,587	\$ 38,125
▶ Bellevue	\$ 41,017	\$ 16,014	\$ 42,694	\$ 6,438	\$ 43,491
▶ Average (5 jurisdictions, excluding MI)	\$ 42,275	\$ 43,762	\$ 29,464	\$ 20,535	\$ 45,294
▶ Redmond	\$ 13,440	\$ 63,361	\$ 2,406	\$ 22,183	\$ 94,174
Emergency Medical Aid Effectiveness:					
6) Mercer Island's cardiac arrest survival rate relative to the King County average:					
▶ Mercer Island	50%	50%	0%	50%	50%
▶ King County average	46%	49%	43%	48%	50%
Timely Fire & Emergency Medical Aid Responses:					
7) Firefighter response to:					
▶ Fire suppression calls:					
• # of calls	45	72	63	51	73
• Average response time	6.7 min	6.7 min	6.3 min	6.5 min	6.3 min
• % of calls responded to within 6 minutes	50%	49%	52%	51%	53%
▶ Emergency medical aid calls:					
• # of calls (excludes motor vehicle accidents)	1,487	1,530	1,531	1,556	1,357
• Average response time	6.0 min	6.0 min	5.8 min	5.5 min	5.8 min
• % of calls responded to within 6 minutes	62%	61%	65%	68%	64%
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	58%	N/A	56%	N/A	56%

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Priority of Government

EFFECTIVE, EFFICIENT & SUSTAINABLE PUBLIC SERVICE DELIVERY

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011

Public Trust:

9) % of residents who believe the City is doing a "good" or "excellent" job of using tax dollars responsibly	56%	N/A	55%	N/A	49%
--	-----	-----	-----	-----	-----

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Community Issues:

10) Most important problem facing Mercer Island today according to the biennial citizen survey is (only top 5 results are listed):					
▶ Education/school funding	9%	N/A	13%	N/A	29%
▶ Traffic/transportation/parking	28%	N/A	26%	N/A	14%
▶ Nothing	10%	N/A	10%	N/A	11%
▶ Road conditions/highways/infrastructure	2%	N/A	7%	N/A	8%
▶ Overcrowding/overdevelopment	24%	N/A	11%	N/A	5%

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Risk Management:

11) Total # of insurance claims filed over the past 5 years relative to WCIA 5 year rolling average for Group 3/4 cities:					
▶ Mercer Island	172	175	148	144	119
▶ Group 3 cities' average	103	101	98	94	85
▶ Group 4 cities' average	214	204	200	197	187

Employee Retention & Morale:

12) Employee longevity by department or department grouping:					
▶ Police & Fire:					
• Less than 5 years	16%	18%	16%	16%	16%
• At least 5 years but less than 10 years	28%	22%	15%	15%	14%
• At least 10 years	56%	60%	69%	69%	70%
▶ Maintenance and Parks & Recreation:					
• Less than 5 years	36%	32%	33%	27%	28%
• At least 5 years but less than 10 years	30%	31%	34%	35%	32%
• At least 10 years	34%	37%	33%	38%	40%
▶ Development Services:					
• Less than 5 years	79%	82%	74%	63%	30%
• At least 5 years but less than 10 years	8%	9%	11%	21%	45%
• At least 10 years	13%	9%	15%	16%	25%
▶ All other departments:					
• Less than 5 years	38%	42%	39%	38%	32%
• At least 5 years but less than 10 years	40%	33%	33%	13%	17%
• At least 10 years	22%	25%	28%	49%	51%

Budget Summary

Priority of Government

EFFECTIVE, EFFICIENT & SUSTAINABLE PUBLIC SERVICE DELIVERY

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Permit Processing:					
13) % of DSG customers "satisfied" or "very satisfied" with the helpfulness and responsiveness of DSG staff in processing single family residential and commercial/multi-family permits	85%	N/A	91%	N/A	91%
Note: A customer survey is conducted biennially. The most recent survey was conducted in Jan 2012 and reported as a 2011 result.					
Court Operations:					
14) Annual Municipal Court activity:					
▶ # of cases filed (Mercer Island & Newcastle):					
• Parking	719	542	363	268	454
• Infractions	3,206	3,244	2,852	2,913	2,762
• Criminal charges	430	556	580	498	502
• Total # of cases filed	4,355	4,342	3,795	3,679	3,718
▶ Total court-related revenues:					
• Mercer Island	\$ 319,303	\$ 341,464	\$ 353,732	\$ 345,522	\$ 379,519
• Newcastle	\$ 55,121	\$ 40,704	\$ 33,014	\$ 34,861	\$ 28,245
• Total amount of court-related revenues	\$ 374,424	\$ 382,168	\$ 386,746	\$ 380,383	\$ 407,764
• % of court-related revenues to expenditures	132%	118%	100%	95%	111%
▶ # of RALJ appeals related to:					
• Infractions	0	0	0	0	0
• Criminal charges	0	0	1	2	0
Creditworthiness:					
15) City's bond rating (Moody's):					
▶ Unlimited Tax General Obligation (UTGO) bonds	Aa1	Aa1	Aa1	Aa1	Aa1
▶ Limited Tax General Obligation (LTGO) bonds	Aa2	Aa2	Aa2	Aa1	Aa1
Financial Management:					
16) Receive unqualified (i.e. clean) audit opinion on prior year's financial statements	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	1.12	1.07	1.01	1.00	1.00

Priority of Government

EFFECTIVE, EFFICIENT & SUSTAINABLE PUBLIC SERVICE DELIVERY

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Environmental Stewardship:					
18) Average City fleet fuel efficiency:					
▶ Full-size, mid-size, compact & subcompact vehicles	16.8 mpg	17.2 mpg	19.2 mpg	19.7 mpg	20.9 mpg
▶ Large/small SUV's, large/small pickup trucks & vans	9.9 mpg	10.3 mpg	10.5 mpg	10.5 mpg	10.8 mpg
▶ Commercial vehicles (requires CDL)	6.2 mpg	6.5 mpg	6.9 mpg	6.8 mpg	7.0 mpg
Note: Excludes all "front-line" Police and Fire Department vehicles.					
19) % change in energy (electricity and natural gas) usage for all City owned buildings/facilities:					
▶ Occupied buildings	2.7%	0.3%	-3.1%	-10.8%	38.1%
▶ Park facilities (including lighting)	7.3%	11.0%	7.9%	-16.4%	9.0%
▶ Street lights	-12.3%	1.4%	-7.6%	-0.9%	5.6%
▶ Water & sewer facilities	-6.9%	-10.1%	2.9%	-6.2%	10.3%
▶ Total (all City owned buildings/facilities)	0.4%	-0.4%	-1.7%	-10.1%	29.6%
20) % change in annual water consumption by:					
▶ Average single family residential customer	-10.1%	-4.1%	5.3%	-14.1%	-0.9%
▶ City owned buildings & other facilities	43.7%	-31.0%	8.6%	-39.9%	-7.7%
▶ City owned parks	1.5%	-18.2%	4.6%	-46.5%	19.0%
21) % of total Mercer Island residential solid waste stream diverted from landfill relative to King County average					
▶ Mercer Island	63%	63%	63%	65%	69%
▶ King County average	53%	55%	54%	54%	55%
22) % change in Island-wide carbon footprint (i.e. tons of carbon emissions)	N/A	1.5%	-1.4%	-2.4%	-0.6%

Budget Summary

Priority of Government

RELIABLE PUBLIC INFRASTRUCTURE

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011

Infrastructure Condition--General Government:

23) % of residents who believe the City is doing a "good" or "excellent" job of maintaining the City's:

▶ Streets	76%	N/A	72%	N/A	67%
▶ Sidewalks & pedestrian/bicycle paths	66%	N/A	65%	N/A	65%
▶ Parks, trails, and open space	86%	N/A	90%	N/A	86%

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

24) Pavement condition index (PCI) rating breakdown for (noting centerline miles and % of total):

▶ Arterial streets:					
• Failed (0-20 PCI)	0.0 mi / 0%	0.0 mi / 0%	0.0 mi / 0%	0.0 mi / 0%	0.3 mi / 1%
• Poor (21-48 PCI)	0.3 mi / 1%	0.0 mi / 0%	0.6 mi / 2%	0.7 mi / 3%	1.5 mi / 6%
• Fair (49-66 PCI)	5.2 mi / 21%	4.7 mi / 19%	6.2 mi / 24%	6.2 mi / 25%	5.6 mi / 22%
• Good (67-88 PCI)	12.6 mi / 52%	12.6 mi / 52%	15.5 mi / 61%	15.1 mi / 60%	14.7 mi / 58%
• Excellent (89-100 PCI)	6.2 mi / 26%	7.0 mi / 29%	3.2 mi / 13%	2.9 mi / 12%	3.4 mi / 13%
▶ Residential streets:					
• Failed (0-20 PCI)			0.6 mi / 1%	0.6 mi / 1%	0.6 mi / 1%
• Poor (21-48 PCI)	} 18.0 mi / 35%	} 18.0 mi / 35%	4.0 mi / 7%	3.7 mi / 7%	3.0 mi / 5%
• Fair (49-66 PCI)			5.2 mi / 10%	4.4 mi / 8%	6.0 mi / 11%
• Good (67-88 PCI)	} 34.0 mi / 65%	} 34.0 mi / 65%	16.7 mi / 31%	15.3 mi / 28%	31.6 mi / 56%
• Excellent (89-100 PCI)			27.5 mi / 51%	31.3 mi / 56%	15.2 mi / 27%

Infrastructure Condition--Water Utility:

25) # of water main breaks per 1,000 service connections relative to other Puget Sound cities and utility districts:

▶ Kirkland	N/A	N/A	N/A	0.08	0.08
▶ Bothell	N/A	0.75	0.75	1.21	0.24
▶ Cedar River Water & Sewer District	N/A	0.39	0.39	0.39	0.26
▶ Average (6 jurisdictions, excluding MI)	N/A	0.48	0.42	0.43	0.28
▶ Northshore Utility District	N/A	0.29	0.30	0.28	0.38
▶ Bellevue	0.50	0.70	0.60	0.59	0.42
▶ Mercer Island	1.20	1.07	0.67	0.78	0.55
▶ Soos Creek Water & Sewer District	N/A	0.29	0.06	0.00	N/A

Priority of Government

RELIABLE PUBLIC INFRASTRUCTURE

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Infrastructure Condition--Sewer Utility:					
26) # of sewer system backups per 1,000 service connections relative to other Puget Sound cities and utility districts:					
▶ Cedar River Water & Sewer District	N/A	0.00	0.00	0.00	0.00
▶ Northshore Utility District	N/A	0.10	0.10	0.00	0.00
▶ Kirkland	0.00	0.00	0.20	0.30	0.00
▶ Average (6 jurisdictions, excluding MI)	N/A	0.15	0.18	0.21	0.14
▶ Bellevue	0.63	0.55	0.25	0.32	0.27
▶ Mercer Island	0.67	0.69	0.27	0.27	0.39
▶ Bothell	N/A	0.23	0.50	0.63	0.42
▶ Soos Creek Water & Sewer District	N/A	0.03	0.00	0.00	N/A

Priority of Government

ATTRACTIVE, HIGH QUALITY NEIGHBORHOODS & BUSINESS DISTRICTS

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011
Neighborhood & Downtown Attractiveness:					
27) # of code enforcement complaints received related to:					
▶ Critical areas/shoreline	18	7	7	11	7
▶ No permit or expired permit	34	42	12	22	30
▶ Property encroachment	23	37	21	21	7
▶ Debris/vehicles	16	13	7	9	14
▶ Trees (topping/clearing/cutting)	24	15	27	7	4
▶ Other	59	28	35	48	19
▶ Total # of code enforcement complaints	174	142	109	118	81
28) % of residents "satisfied" or "very satisfied" with the overall appearance and condition of the City's Town Center	71%	N/A	77%	N/A	76%

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Economic Vitality:

29) Sales tax per capita (excluding significant, one-time receipts):					
▶ Construction sector	\$71.95	\$71.64	\$46.60	\$42.91	\$44.19
▶ Retail, wholesale & food services sectors	\$37.84	\$35.05	\$36.56	\$37.45	\$40.76
▶ All other sectors	\$28.88	\$35.86	\$30.17	\$29.10	\$29.15
▶ Total (all business sectors)	\$138.68	\$142.54	\$113.34	\$109.46	\$114.09

Budget Summary

Priority of Government

RECREATIONAL, CULTURAL, HEALTH & EDUCATIONAL OPPORTUNITIES

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011

Recreational Programs & Facilities:

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

▶ Providing recreation programs for youth, adults, and seniors	79%	N/A	74%	N/A	81%
▶ Operating the Community Center	75%	N/A	74%	N/A	75%

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Park Amenities:

31) % of residents who believe the City is doing a "good" or "excellent" job of providing amenities at the City's parks (e.g. sports fields, sports courts, playgrounds, and restrooms)

78%	N/A	N/A	N/A	85%
-----	-----	-----	-----	-----

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Youth Counseling & Intervention:

32) Counseling activity in middle/high schools:

▶ # of individual contacts	3,204	3,708	3,577	3,828	3,578
▶ # of parent consultations	503	485	448	449	518
▶ # of school/staff consultations	994	823	808	768	707
▶ # of drug/alcohol assessments	43	17	14	31	29

Senior Outreach & Advocacy:

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

290	343	320	309	291
-----	-----	-----	-----	-----

Volunteerism & Human Services Funding:

34) Mercer Island Thrift Shop annual activity:

▶ # of volunteer service hours	15,394	14,621	14,558	14,720	14,413
▶ Gross sales revenue	\$658,160	\$651,376	\$727,136	\$875,532	\$1,128,287
▶ Net income	\$398,821	\$384,252	\$445,839	\$558,139	\$768,531

Priority of Government

PUBLIC COMMUNICATION & COMMUNITY INVOLVEMENT

Dashboard Indicator	Results				
	2007	2008	2009	2010	2011

Informed Citizenry:

35) % 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

85%	N/A	85%	N/A	83%
-----	-----	-----	-----	-----

Note: A citizen survey is conducted biennially. The most recent survey was conducted in Jun 2012 and reported as a 2011 result.

Budget Summary