



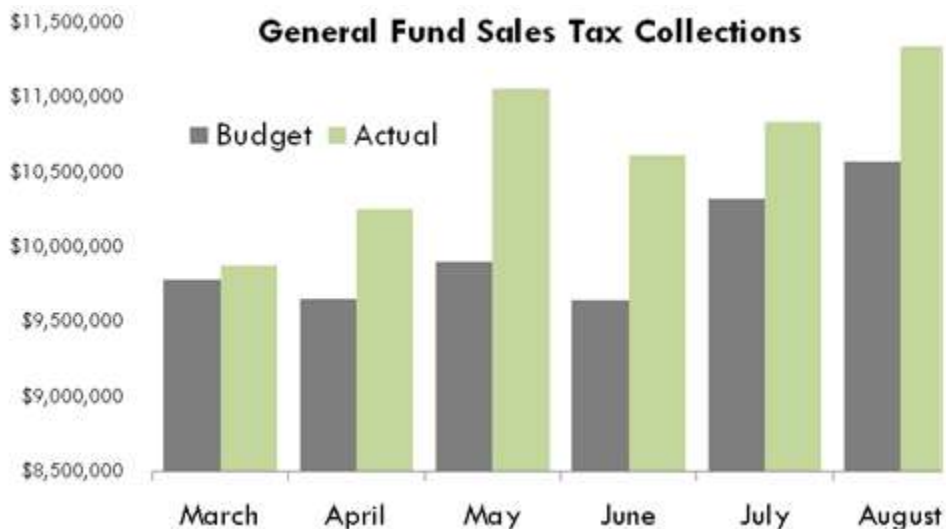
PRESS RELEASE

Date: August 13, 2010
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Budget Angst Exaggerated

“The Mayor seems to have a vested interest in painting a gloomy picture about the City and its financial condition. The Administration is presenting a distorted view of our budget to provide artificial motivation for continuing severe cuts to the most basic public services,” said Councilor Chris Trail. “In the last six months alone, we have collected \$4.1 million more in sales tax than we anticipated.”

1. Sales tax collections are recovering.



Sales taxes are the largest source of revenues for the City’s General Fund – the fund that pays for most of the City’s operations, such as Police and Fire protection. Sales tax collections have exceeded budget projections in 12 of the last 13 months. In three of the last four months, sales tax revenues exceeded collections for the same month last year.

2. We ended last year strong.

According to the latest Financial Report, General Fund revenues exceeded projections by more than \$3 million in the last fiscal year, which just ended June 30th. Beyond that, *expenditures* were \$3.5 million lower than expected. This was \$2 million better than the estimates the Finance Department presented to the Council just eight weeks ago.

End-of-Year General Fund Balance by Department (June 11 Estimate v. Actual)

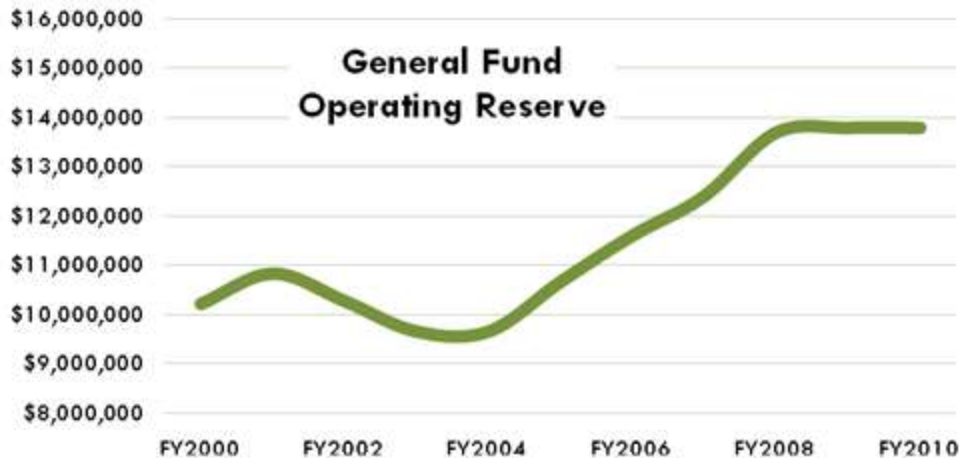
Department	June 11th Finance Department Estimate	Actual	Difference
Municipal Court	\$10,000	\$33,000	\$23,000
Police	\$200,000	\$724,000	\$524,000
Fire	\$200,000	\$108,000	(\$92,000)
Information Technology	\$150,000	\$189,000	\$39,000
Park & Recreation	\$320,000	\$150,000	(\$170,000)
Performing Arts Center	\$50,000	\$30,000	(\$20,000)
Economic Development & Real Estate Mgmt.	\$0	\$13,000	\$13,000
Working In Neighborhoods	\$0	\$78,000	\$78,000
Development Services	\$70,000	\$140,000	\$70,000
Planning	\$5,000	\$13,000	\$8,000
Public Works	\$0	\$815,000	\$815,000
Human Rights	\$10,000	\$22,000	\$12,000
Legal Department	\$35,000	\$68,000	\$33,000
Human Resources	\$220,000	\$424,000	\$204,000
Elected Officials	\$20,000	\$53,000	\$33,000
General Government	\$100,000	\$366,000	\$266,000
Finance	\$120,000	\$245,000	\$125,000
Communications	\$0	\$27,000	\$27,000
Grants Administration	\$5,000	\$31,000	\$26,000
TOTAL	\$1,515,000	\$3,529,000	\$2,014,000

“When you combine better-than-expected revenues and lower-than-expected expenditures, we ended last year with \$6.5 million more than we thought we would,” commented Councilor Trail.

3. Our General Fund Operating Reserve is higher than it has been in the last 20 years.

The City ended the year \$6.5 million ahead of projections, yet the Mayor suggests that we only had a fund balance of \$1.9 million. Why the disparity? More than \$4 million of that fund balance has been put into our General Fund Operating Reserve.

Both nominally and as a percentage of total General Fund resources, the Operating Reserve is larger than it has been since the City Council was established more than two decades ago. At the end of last fiscal year (June 30th), the General Fund Operating Reserve was \$13.8 million, or 6% of total General Fund resources. In FY1988-89 (when the current form of government was established), the General Fund Operating Reserve was \$6.1 million, or 4.9% of total General Fund resources.



“Sales tax collections continue to exceed expectations,” noted Councilor Maria Barnes, but “if it comes down to a choice, we need to take care of basic services that the citizens expect.”

Summary

“There is no question that there are significant issues on the horizon,” stated Councilor John Eagleton. “There always are, and there always will be.”

Councilor Rick Westcott recognized that “while it is good to be conservative in our management of city resources, we need to acknowledge that critical services are important, too, and neglecting them for too long also comes with costs. Witness, for example, the condition of our streets today. Someone who is too far-sighted has as much trouble seeing the picture as someone who is too near-sighted. We have to strike a balance.”

“We’re on more solid financial footing than we’ve been in months. Sales tax revenues are exceeding projections, but *if* for some unforeseen reason a shortfall is projected by the end of the year, *all* expenditures should be on the table for discussion, not just highway lighting, winter storm preparations, and police helicopters. It is now up to the mayor to finally exhibit leadership, move forward and implement the adopted FY 2010-11 budget,” concluded Councilor Bill Christiansen.

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