

BUDGET MESSAGE CAUTIONS

“10 Years of Tax Cutting”

- 2000 “Other factors, however, impose real limits on the City’s ability to respond to community needs ...
- Following I-695, the loss of “Motor Vehicle Excise Tax ... leaves our General Fund \$1.8 million per year poorer (actually \$3 million after State backfill was cut). This is money we had hoped to use ... to build Parks, rebuild streets and hire more Police Officers.”
- 2002 “The full effects of the I-695 MVET repeal and additionally the compounding impact of I-747 with its 1% property tax limit are just now hitting,”
- “We must not only balance our Budget for 2003-2004 (with \$3 million per year or 21% less revenue) but develop a BRIDGE STRATEGY to get through the next four years and try to position our community for economic recovery.”
- Reducing services to LIMITED, increasing fees and charges and cutting back on capital transfers for Parks and Streets, will allow us to hold our Reserves to “Bridge” the funding gap.
- “But, we must recognize that our State’s local government finance system has changed structurally and, fairly soon, some local option revenue will be needed, or we will be ... moving to REDUCED CORE LEVEL SERVICES.”
- 2004 “While we are still keeping the promises of incorporation,
- INCREASED SERVICES
 - LOWER CITY TAXES
 - CAPITAL IMPROVEMENTS
 - FINANCIAL STABILITY
- we are also operating within Initiative-driven budget limits. We are meeting our short-term needs with limited resources, but are we adequately investing for the future of a quality community?”
- “If we are to achieve the community’s vision of an even better University Place, ... then we need to realize that continued budget cutting isn’t going to get us there.”
- “Town Center and our other Economic Development efforts will take time to build the tax base necessary to finance ...” basic City services and the vision of an event more livable University Place.
- 2006 “Town Center is our long-term investment in building the local tax base ... But near-term we must retain our fiscal discipline, holding at LIMITED service levels, with capital on a pay-as-we-go basis, and hold to our 5 year BRIDGE STRATEGY as we work to build the local tax base.”
- 2008 “The 2009-2010 Budget is our most complex and most challenging budget to date. And we have to manage all this through the most turbulent economic circumstances for our region and nation in years.”
- If the Town Center Project is “delayed for any reason—despite everyone’s good faith efforts—then the City will need to adjust accordingly and quickly by mid-2009.”
- 9/21/09 “For the past fourteen years, through both good and bad economic times, I have submitted balanced budgets and managed those budgets with adjustments as needed.”

“Let’s be clear about the FACTS:

- The City of University Place is NOT going bankrupt, as some have alleged;
- The City is paying its bills on time and will continue to do so;
- The new Library will be completed in 2010;
- Town Center IS moving forward, though slowly, even in this down economy.

“Like families, businesses, and all the other cities around us, the economic crisis that hit this time last year has hurt us financially. The cuts we made last year, though painful, were necessary; and if needed, I will recommend future adjustments and service cuts to MAINTAIN A BALANCED BUDGET.”

“Yet, I must also report, I am seriously concerned that in our zeal for tax-cutting, we begin to think there are no consequences.

11/2/09

“The apparent economic recovery on Wall Street has not yet been felt here on Main Street. While our revenues were holding through the first half of 2009, the second half revenues are not. And there is no sign that things will turn around in 2010.”

Cities typically lag the rest of the economy by 18 months in any recovery. Our 2010 Budget will be even more difficult than 2009.

“We are continuing to work on our Revised Proposed 2010 Budget, but expect that we will need to bring the Operating budget down to CORE LEVELS in ALL areas - just like the Capital Budgets – and that we will begin drawing down on our reserves, except for the Strategic Reserve Fund.

“We have been cutting for 10 years now and living within the voter-approved initiative tax limits, and adjusting to the world-wide economic crisis.

“From here forward—at least until Town Center begins to generate new revenue—any service level or capital improvements beyond CORE level will require voter approval.”