

# Excerpted from the City Manager's Report 9/21/09 City Council Meeting

## City maintains high ratings

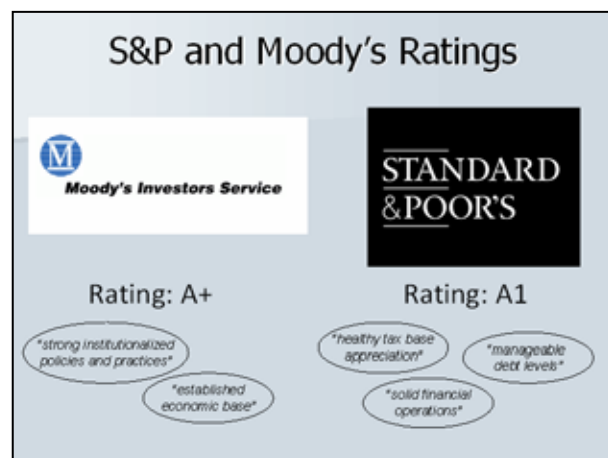
After 35 years as a local government manager, I think I know something about City politics and the heated debates that can occur during an election. Let's have those discussions and let's respect the differences of opinion on policy choices, but let's be clear about the FACTS:

- 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, and while I'm at it;
- Bridgeport is NOT being reduced to one lane.

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.

I remain concerned about the future impacts of I-1033, the latest Eyman Initiative. I am concerned that voters may not recognize how badly that would impact University Place, but we'll deal with that if it happens. Meanwhile:

- We have \$4 million in all funds reserves, including \$850,000 in our Strategic Reserve Fund;
- Our current revenue estimates are holding, though development related fees are down, as can be expected until the economy starts to recover;
- Our expenses are below budget estimates, so the net effect is that we are ADDING to our reserves, and NOT drawing them down.



## Moody's Comments

"MANAGEABLE DEBT BURDEN... Moody's expects city debt levels to remain manageable given expected tax base appreciation. Current debt levels as a percentage of assessed valuation, the majority of which are General Fund obligations, remain average relative to state and national medians with direct debt burden measuring at 1.3%...

SOUND FINANCIAL OPERATIONS, HEALTHY RESERVES... Moody's expects the city's financial operations to remain sound given prudent fiscal management and healthy reserve levels."

## Standard & Poor's Comments

"The city's management practices are considered 'strong' under Standard & Poor's Financial Management Assessment (FMA). An FMA of 'strong' indicates that practices are strong, well embedded, and likely sustainable. Guiding annual budgets are a detailed analysis of revenue and expenditure trends, annually updated six-year financial forecasts, and capital plans that allow the city to evaluate the potential operational effects of policy options. Management provides a detailed discussion of year-to-date and forecasted budgetary performance to the board on a quarterly basis to allow mid-year budget revisions. The city maintains a minimum general fund balance of 8% of expenditures, equivalent to one month's operations by policy, and seeks to maintain about 20% of expenditures under most circumstances."

So, NO, the City is not going broke; we're paying our bills and working through the current economic crisis just like the rest of the community. With that, let me move on with the balance of my report.