



News Release

CITY OF MOUNTLAKE TERRACE

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FOR IMMEDIATE RELEASE:

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City Financial Report Shows Declines Due To Coronavirus

MOUNTLAKE TERRACE—Finance Director Crystil Wooldridge presented the City of Mountlake Terrace 2020 first quarter financial report to the City Council at its July 20 meeting. City Manager Scott Hugill followed up with an update on second quarter General Fund revenues in light of impacts due to the Coronavirus pandemic.

“Although the first quarter shows the city relatively on track with projections,” stated Finance Director Crystil Wooldridge, “Recreation Fund revenues began declining in March due to the facility closure.” It was reported that the Recreation Fund fell short of its 83% cost recovery goal, finishing the first quarter at 62% with a subsidy of over \$141,000 from the city’s General Fund.

The city’s recreation programs do not recover their full cost from user fees; instead, programs receive additional funding from a property tax levy measure approved by voters in 2016.

Highlights from the first quarter report included sales tax and development services fee revenues higher than expected due to strong online sales and construction projects. Real estate excise taxes also exceeded projections because of active property sales.

The city’s utility funds (water, sewer and stormwater) showed an increase in revenue during the first quarter, largely due to rate increases in 2019 and 2020. This additional revenue is needed to cover the cost of repairing the community’s aging water and sewer systems (some of it over 60 years old) and the city’s share of the wastewater treatment plant in Edmonds. The additional funding also covers the cost of meeting federal and state requirements for stormwater runoff.

The City Manager concluded the financial report noting that while General Fund revenues were higher than projected in the first quarter, the second quarter is showing a decline of about \$500,000 with a net decrease from 2019 of about \$211,000. Mr. Hugill noted that while a reduction in revenue is bad, it is better than he expected given the severity of the pandemic on business closures. Areas of concern included property tax revenue which is much lower through mid-year as Snohomish County extended its payment deadline for property tax, as well as gambling tax revenues and admissions tax with the COVID-19 closure of the casinos and movie theatre.

The Council raised concerns about ongoing revenue declines for the remainder of the year and asked the City Manager how the city would address revenue shortages. To address the General Fund shortfall to date, Mr. Hugill said there were more than 100 layoffs of part-time employees in the Recreation Department, as well as furloughs, incentivized retirements and the elimination of some positions. He added that the city would continue to monitor revenues, particularly once the property tax revenue information is received from in late July. In the meantime, the city is in "control budget" mode meaning even if expenditures are in the budget, they should not be spent unless they are necessary and approved by department directors or the City Manager.

Reports on finances and performance measures are available on the city's website at www.cityofmlt.com/218.

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