

## Budget Message

November 11, 2009

City of Missoula Residents:

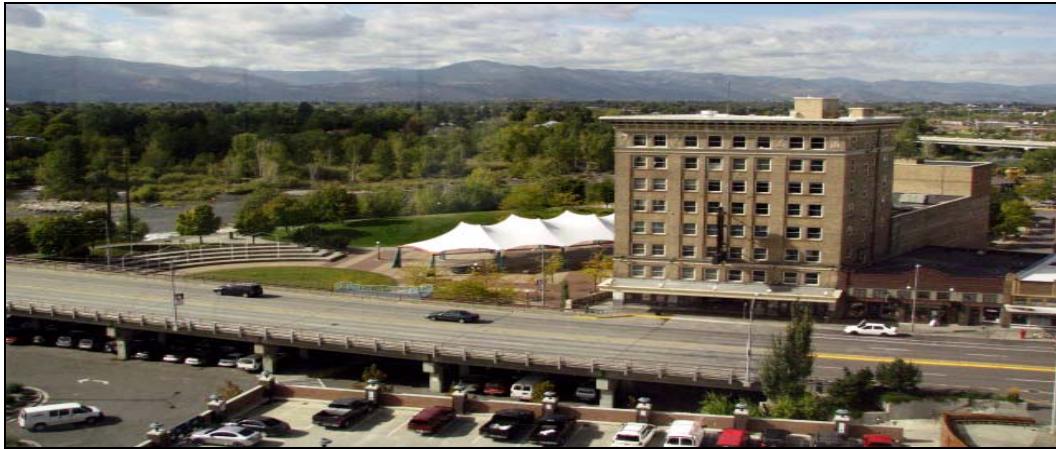
This document is the Final Operating and Capital Budget for the City of Missoula, Montana for the fiscal year ending June 30, 2010 (FY 10). A brief summary of the Final Budget follows.

### Overview of Budgeted Resources

The following table depicts the projected beginning balances, estimated revenues, final budgeted expenditures, and projected ending balances for the budget year. All city funds are included in the forgoing budget. The table reflects estimated revenues of \$100.3 million, budgeted expenditures of \$109.5 million, resulting in a decrease in the ending balances of \$9.2 million. An explanation of the significant changes in fund and cash balances (those greater than 10%) is provided on the following page.

#### Projected Changes in Fund Balances or Cash Balances Final Budget - July 1, 2009 through June 30, 2010 (FY 10)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Total All Funds
	General	Special Revenue	Debt Service	Capital Project	Enterprise & Internal Servi	Trust & Agency	Component Units	
Projected Beginning Fund Balance/Cash	\$ 900,388	\$ 3,833,233	\$ 3,654,339	\$ (4,728,035)	\$ 79,909,265	\$ -	\$ 1,527,296	\$ 85,096,487
Estimated Revenues	41,304,432	13,703,029	4,399,893	851,016	31,922,283	-	8,142,546	\$ 100,323,199
Approved Budget Anticipated Savings	(41,958,774) 654,342	(16,402,366) -	(4,342,436) -	(1,656,665) -	(33,087,812) -	-	(12,707,082) -	\$ (10,155,135) \$ 654,342
Projected Change in Fund Balance/Cash	0	(2,699,337)	57,457	(805,649)	(1,165,529)	-	(4,564,536)	\$ (9,177,594)
Projected Ending Fund Balance/Cash	\$ 900,388	\$ 1,133,896	\$ 3,711,796	\$ (5,533,684)	\$ 78,743,736	\$ -	\$ (3,037,240)	\$ 75,918,893



Listed below are explanations of the significant changes in fund balance/cash, for each of the major fund groups.

**General Fund**

- The General Fund year-end balance for FY 2009 decreased to \$0.9 million from \$1.2 million at the end of FY 2008. The City Council budgeted the fund balance to remain the same for FY 2010, which would place the FY 2010 year end fund balance at approximately \$0.9 million. The decrease in fund balance in FY 09 was primarily due to a decline in expected revenues, especially in the fee based services related to the decline in economic expansion (planning and engineering fees, business licenses), investment earnings and in police fines. The FY 09 expenditure savings increased to 6% due to mandatory holdbacks required of all General Fund offices, but were insufficient to offset the revenue declines. The city addressed this issue by requiring a mandatory 3.7% reduction in baseline expenditures for the FY 10 budget. The city is prepared to rebuild its fund balance over the next two fiscal years to the level it had at the end of FY 2007 (\$2.1 Million).

**Special Revenue Funds**

- Special Revenue Fund balances are usually fully appropriated to be spent, even though certain funds are targeted to have substantial year end fund balances to handle the ongoing operating expense of their programs without developing a negative fund balance (i.e. Street Lighting Assessments Fund, Cable Franchise Fee Fund). The Building Inspection Permits Fund did generate a positive year end fund balance for FY 2009, due to a net reduction of four employees over the past two years, which substantially lowered expenses for the fund and brought staffing in line with the reduced workload experienced by the office due to the current economic recession. Most of the other special revenue funds are slated to fully spend the beginning fund balance because the balance exists because projects were not completed during the preceding fiscal year.

**Debt Service Funds**

- The Debt Service year end fund balance is budgeted to be spent for all general obligation debt but not for special improvement district (SID) debt service funds. The City is required to maintain a reserve equal to 5% of all outstanding SID bonds. In addition, the SID debt service funds are expected to build in size until bonds are called (redeemed) early due to prepayments of the underlying assessments supporting these debt issues.

**Capital Project Funds**

- The Capital Projects year end fund balance for FY 2009 was negative. This will be eliminated during the course of FY 2010 for the most part, as the projects are completed and the bonds are issued to reimburse the city for the infrastructure constructed.

**Enterprise/Internal Service Funds**

**FY 10 Final Operating and Capital Budget**

- The Enterprise Fund balances are slated to decrease by nearly \$1.2 million as certain large construction projects at the Wastewater Treatment plant are completed. The City's only Internal Service Fund, the City Health Insurance plan, is budgeted to maintain a three month operating reserve. The plan has performed well financially the past four years with the result that its current fund balance is in well in excess of the targeted three month reserve.

**Trust and Agency Funds**

- The City did not prepare any budgets for the Trust & Agency fund type.

**Component Units**

The City of Missoula has three component units, the Missoula Parking Commission (MPC), the Missoula Redevelopment Agency (MRA) and the Business Improvement District (BID). The parking commission has an operating budget of \$1.3 million, which it usually spends each year. It maintains a reserve of \$3.9 million, part of which is required for coverage pertaining to an outstanding bond issue and the rest of which will be used sometime in the near future to construct additional parking in the downtown business district.

MRA spent in excess of \$5.0 million as the first downtown redevelopment district ended two years ago. The complete fund balance for that district was spent on construction projects assisting the economic development and infrastructure of the downtown business district. MRA was moving forward with substantially smaller budgets until the other two newer districts could be developed in a manner similar to the outstanding growth that occurred in the original district. This has now happened. The first phase of redevelopment of the downtown mill site along the Clark Fork River was initiated with the issuance of \$3.6 million of tax increment bonds in Urban Renewal District II. This project moved into the second phase of development in FY 08. The groundwork was put in place to accomplish the move of Safeway from its present location to the old city maintenance shop site, freeing up the current location for the expansion of the campus of St. Patrick Hospital. This will be accomplished in the fall of 2008.

The Downtown Business Improvement District (BID) was created through the efforts of the Missoula Downtown Association to address the challenges created by the termination of the Downtown Urban Renewal District (URD I) on June 30, 2005. Implementation began in 2001 with committee development, community education, local media campaigns, meetings with property and business owners, creation of a comprehensive database of property owners, and the required petition process. The process of verifying the petition was finalized at the end of 2004 and the BID was approved by the City Council in April 2005. The BID will serve as an advocate for property owners in the district and address areas such as safety, cleanliness, appearance, marketing, business retention and recruitment, public and private investment in buildings and infrastructure.

## Planning Processes

The City of Missoula conducts various planning processes (long-term, mid-term and short-term), to help guide the government and to insure that decisions are made in the context of the organization as a whole and with a long-term perspective. Diligent efforts are made to insure each of these component planning processes are in concert with one another. This so called "Linkage" is paramount to insure short-term decisions are consistent with the overriding values embodied in the mid-term and long-term planning processes adopted by the City Council. This required linkage dictates that the Operating and Capital Budget be developed within the context of, and consistent with, the City's long-term and mid-term plans.

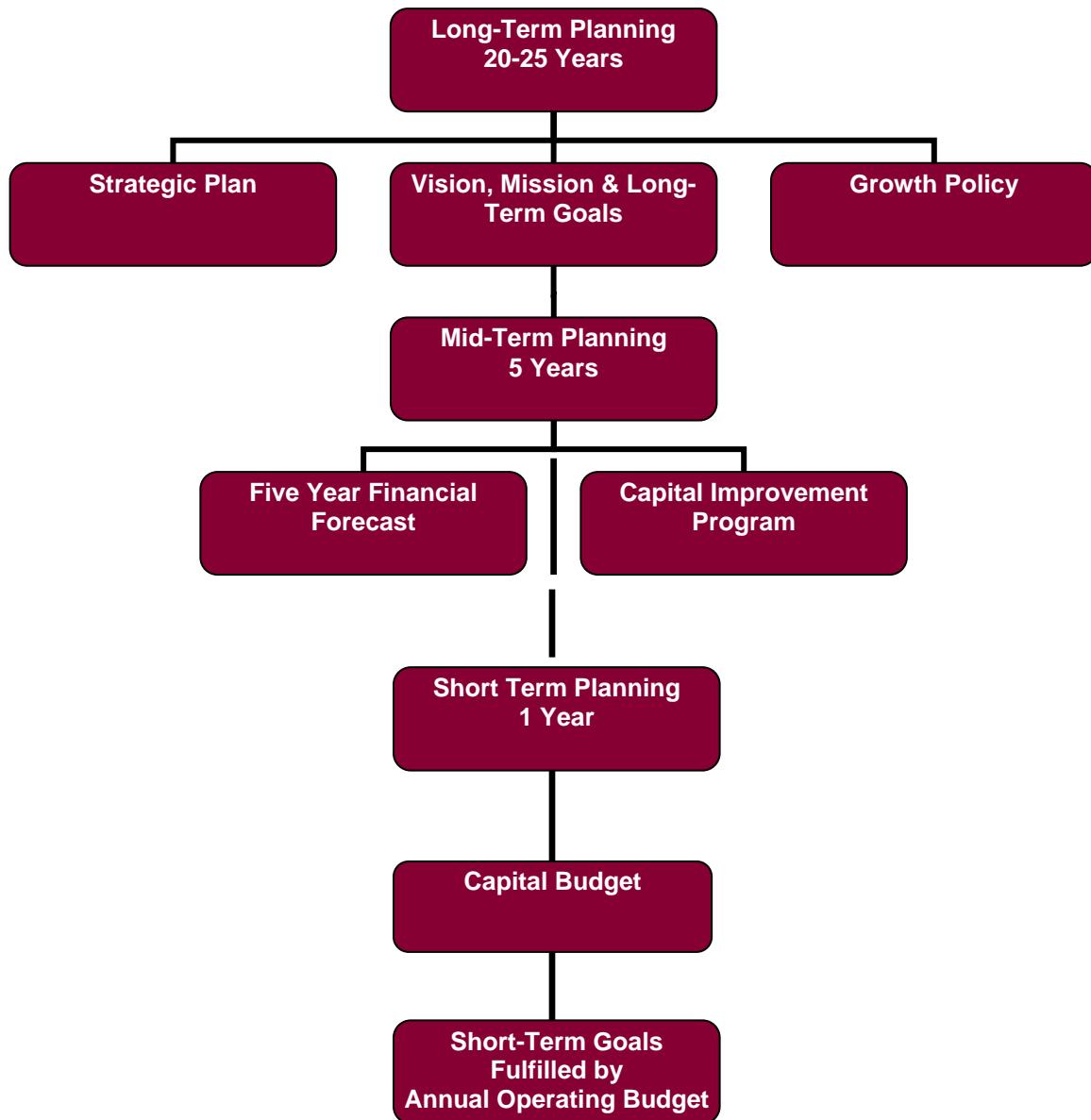


**FY 10 Final Operating and Capital Budget**

---

Each element of the City's planning process has a different purpose and timeframe. The Strategic Plan, Vision, Mission, Long-term Goals and Growth Policy are the most far-reaching in nature—20 to 25 years. The Capital Improvement Program and the Five-Year Financial Forecast are mid-term in nature—5 years. The Annual Budget and the Capital Budget are short-term—covering a 1 year timeframe. The most important requisite is that they are coordinated efforts.

Shown below is a hierarchy of the City's layered planning processes, all which support one another and are designed with a common goal. The chart depicts how the Annual Operating Budget, and the Capital Budget fit within the City's planning process hierarchy.



## **Strategic Plan**

Strategic planning suggests ways (strategies) to identify and to move toward desired future states. It consists of the process of developing and implementing plans to reach goals and objectives. Within government, strategic planning provides guidance for organizational management similar to that for business, but also provides guidance for the evolution or modification of public policy and laws. Areas of such public policy include: funding of infrastructure and rate-setting, and functional plans such as the City's Comprehensive Plan for land use, the City of Missoula transportation plan, the City of Missoula wastewater facility plan master plan, and City of Missoula master fire plan.



The fiscal year 2010 budget continues our Strategic Planning initiatives started in FY 1992. This plan was significantly updated in FY 2009. The Strategic Plan is an ongoing dynamic process that will give residents, taxpayers and interested persons a greater understanding of city government. The strategic plan focuses on performance. It provides for measurable goals and objectives the City intends to achieve. Department employees will be held accountable for the implementation and success of the plan.

As part of the Strategic Planning Process, the city created a set of strategies to help guide the organization. These range from philosophical strategies (Mission Statement) down to concrete achievable goals for the coming year. Listed below are the results of this planning process:

### **City of Missoula Strategic Direction**

#### **Mission Statement**

**The mission of the City of Missoula is to facilitate the health, safety and well being of the Missoula community.**

#### **Vision Statement**

**We are a professional, proactive and responsive local government, working cooperatively in mutual respect and trust with dedicated, well-informed and responsive citizens, to seek the highest quality of life for our community.**

***The mission of the City of Missoula is to facilitate the health, safety and well being of the Missoula community.***

**City of Missoula Goals**

The city created a set of short-term and long term goals. The short-term goals are those that guide the development of the budget for the coming year. Long-term goals are more far-reaching in nature and do not change from year to year.

Listed below are the city's goals that help guide the development of this budget.

**Goal 1  
Organizational Management**

*Sustain and enhance our ability to be an efficient, effective, accountable, responsive and respected City organization.*

**Guiding Principles**

- We believe in mutual respect and responsiveness between government and citizens.
- We believe that providing basic services is important to our community.
- We believe that planning, training, collaboration, technology and review increase efficiency and effectiveness.
- We believe in developing and exercising cooperative partnerships and relationships through communication.
- We believe that benchmarking by matching performance to best practices of our peer cities contributes to accountability and excellence in leadership, management and functionality.
- We believe in sound fiscal management and in living within our resources and budgets.

**Strategies**

- We will work to continue to improve our relationship with County government.
- We will support employee and project performance using benchmarks.
- We will match performance standards to peer cities' best practices in technology (assessment and planning processes), basic service, health, and emergency preparedness.
- We will learn about our current system and its uses, while retaining flexibility in our organizational structure.
- We will explore ways to share resources among departments including elimination of duplication; examination of workloads; providing for the physical well-being of employees and retention of experienced employees; helping employees connect their jobs to City goals and strategies; and facilitating training, work plans, accountability and employee ownership.
- We are committed to increasing organization responsiveness internally and externally, including emergency preparedness.
- We will continue good fiscal management through long range and strategic planning, educating ourselves on finances, emphasizing living within our resources, and diversifying our revenue base.
- We will operate within our resources and diversify our revenue base.

**Goal 2**  
**Community Livability**

**As a community, we promote a safe, healthy, economically  
and environmentally sustainable Missoula.**

**Guiding Principles**

- We believe that growth and development must be environmentally and economically sustainable.
- We take responsibility for anticipating, planning for, and actively guiding change.
- We believe that neighborhoods play an important role in assuring a livable, sustainable and affordable community.
- We believe that a well-planned and well-organized infrastructure is essential to building, enhancing, and preserving community and the environment.
- We believe that access to public health, safety, and services and recreation opportunities are essential to a livable, sustainable community.
- We believe a good relationship with citizens leads to support of government and the opportunity to accomplish livability objectives.

**Strategies**

- We will use Missoula Measures, the Consolidated Plan, and other best practice evaluation tools to help develop objectives and establish benchmarks.
- We will plan in a way that assures that strategies are developed, objectives written, and activities implemented to address:
  - Growth management
  - Neighborhoods
  - Affordable housing
  - Infrastructure
  - Transportation
  - Environment (clean air, water; open space)
  - Economic development
  - Health (social, physical, mental)
  - Safety and accessibility
  - Recreational opportunities
  - Diversity of population and demographics to include all ages, cultures and socio-economic groups

**Goal 3**  
**Community Involvement**

*We encourage citizen involvement and ownership in our community.*

**Guiding Principles**

- We believe the interaction of citizens and government extends and enhances community resources and strengthens public/private relationships.
- We believe that government effectiveness increases when citizens are informed and interaction occurs.
- We believe that encouraging neighborhood involvement promotes a healthy community.
- We believe that listening to and understanding the concerns of citizens fosters mutual trust.
- We believe that effective public information and education leads citizens to provide effective and constructive feedback.

**Strategies**

- We will explore and use additional means of providing analysis of how the City is doing and information and data to citizens including all forms of media.
- We will continue to seek information and participation from citizens in a timely and responsive manner.
- We will determine ways to help citizens understand how their input influenced policies and decisions and how they can measure their contributions to the discussion.
- We will explore new strategies to identify and connect with currently non-involved populations including taking meetings to the public, speaking at already scheduled events at schools, and finding ways to facilitate childcare availability for meetings.
- We will define and connect with populations who interact with the City in different ways including those who are not involved at all, and we will analyze and implement the best ways to reach them.
- We will increase the level of citizen involvement in long-term and strategic discussions in addition to specific projects.
- We will review policies and ordinances to make them more understandable for the average reader.

Departments have developed and are continuing to develop performance measures to identify and track quantitative and qualitative measures of their service delivery performance. Performance budgets emphasize the accomplishment of program objectives. Performance budgeting involves a shift away from inputs (what is going to be purchased), to outcomes (what is going to be accomplished).



**FY 10 Final Operating and Capital Budget****Five-Year Financial Plan**

Each year the City of Missoula evaluates its current financial condition within the context of existing programs, assesses future financial capacity, and integrates City Council goals, objectives, and financial policy into its decision-making process. Analysis of the City's financial and economic trends is an integral part of this process.

Finance Department staff performs financial trend analysis each year in conjunction with the annual mid-year budget analysis. The Five-Year Financial Plan utilizes budgetary and financial information to create a series of local government indicators to monitor changes in the City's financial condition. These indicators, when considered as a whole, can help interested stakeholders gain a better understanding of the City's overall financial condition. This type of analysis of key financial trends and other community factors is similar to the analysis that credit rating agencies undertake to determine the City of Missoula's bond rating.



Using this trend analysis and the framework of the financial policies adopted by City Council, management is able to strategically plan and budget, provide solutions to negative trends, and ultimately preserve the financial health of the City of Missoula. It is a good 'report card' of the City's current financial condition and reference point as staff begins work on the next year's budget. Most importantly, the financial trend analysis assists the City Council and the city administration in focusing on the "Big Picture" of the city's financial operations.

**Capital Improvement Plan**

The city prepares a 5-year Capital Improvement Program (CIP) which is summarized within the Annual Operating Budget. The CIP is a multi-year capital improvement plan that forecasts, but does not obligate, future spending for all anticipated capital projects. The CIP is developed and updated annually. The proposed five-year CIP uses conservative financial forecasts and reflects only those projects with the highest priority and most realistic expectation for completion during the next five years. This approach avoids raising expectations for projects that are not well defined or that the operating budget will not support.

As in recent years, the City continues to face numerous capital funding requests. At the same time, the city has finite resources to fund the operating costs for many of the proposed capital projects. The proposed five-year CIP attempts to continue, and even expedite, priority projects while ensuring long-term sustainability for operating impacts.



The Annual Budget Process includes a re-evaluation of the capital projects included in the CIP for the coming year as well as the anticipated funding sources for the projects. If approved in the Annual Budget Process, the capital items appear in the Annual Operating Budget, which constitutes the formal spending authority. The capital items included in the Annual Operating Budget, represent the "Capital Budget".

A summary of the significant capital projects included in the FY 10 Operating Budget is included in the Capital Projects Section of this budget.

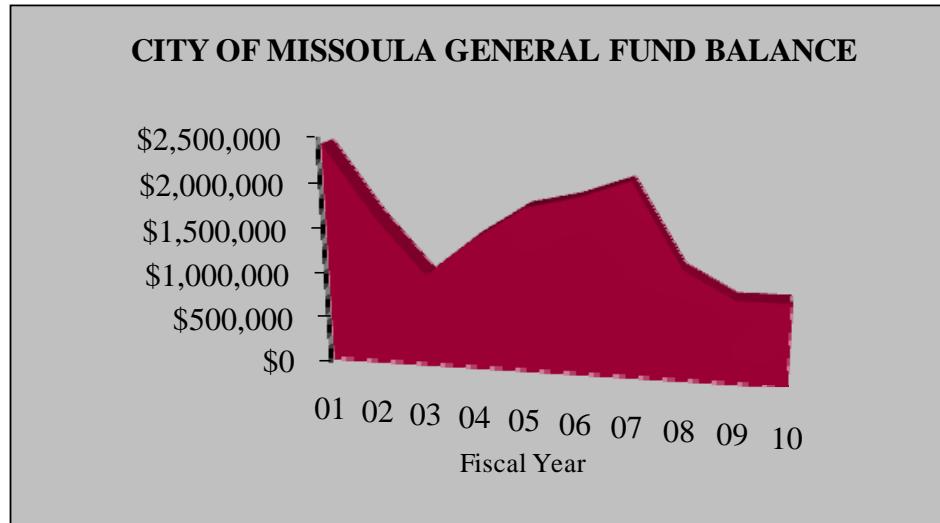
**STAFFING CHANGES**

The final budget includes a net overall decrease of 12.18 full-time equivalent employees (FTE). The chart below shows the change in FTE for the budget year for each department. Also included in the appendix is a chart that shows the city's FTE over the last five years.

<b>Staffing Changes (FTE)</b>	
<b>DEPARTMENT/DIVISION</b>	<b>Net Increase (Decrease)</b>
<b>General Fund Departments</b>	
Municipal Court	(0.50)
Finance/Treasurer	(1.00)
City Attorney	(1.65)
Police Department	(4.00)
Parks and Recreation	(1.03)
<b>Total General</b>	<b>(8.18)</b>
<b>Enterprise Funds</b>	
Building Division	(4.00)
<b>Total Enterprise</b>	<b>(4.00)</b>
<b>Total for City Departments</b>	<b>(12.18)</b>

## BUDGETARY TRENDS

Shown below are a series of key financial indicators and budgetary trends that affect the ability of the city to sustain current service levels, while maintaining financial stability.



Fund balance measures the net financial resources available to finance expenditures of future periods. Rating agencies examine fund balance when considering the credit quality of the City.

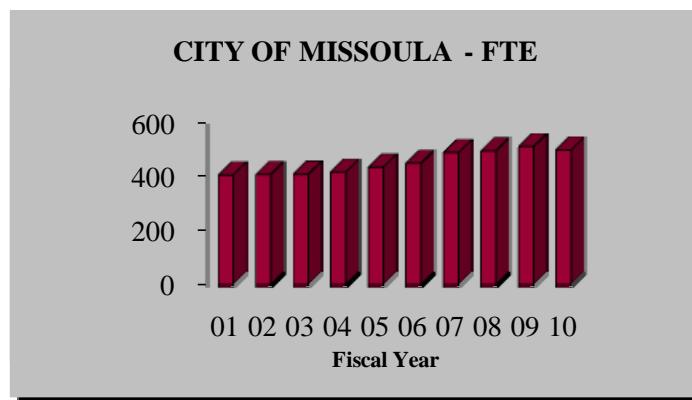
The General Fund balance is one of the better indicators of the city's overall financial health. Shown by the graph above is the city's actual General Fund balance over the course of the last ten years. The reduction in General Fund balance from fiscal year 2001 to 2003 is attributable to several factors including the financial losses associated with a Fire arbitration settlement and a business licensing lawsuit as well as the transfer of nearly \$1,000,000 to stabilize the City's Health Plan and set up the City's Building Inspection Division as a separate fund. Since fiscal year 2003, the city has made a conscious effort to rebuild the General Fund balance. At the end of FY 07, the total fund balance of the General Fund was \$2.12 million compared to \$1.0 million at year end in FY 2003. This ending fund balance represented nearly six percent of total General Fund expenditures. The budget for FY 08 anticipated an ending General Fund balance of \$2.1 million, but when the fiscal year was closed out in September of 2008, the year-end balance had decreased to \$1.2 million from \$2.1 million at the end of FY 2007. The City Council budgeted the fund balance to increase by \$83,500 for FY 2009, which would have placed the FY 2009 year end fund balance at approximately \$1.3 million. The decrease in fund balance in FY 08 was due to a decline in expected expenditure savings and slight increase in tax delinquencies. Please note that the city had a 15 year history of always having between 3% - 5% expenditure savings. The city addressed this issue by requiring a mandatory 3.7% holdback on expenditures

Baseline Budget Reductions		
Department	Amount of Reduction	
Mayor	\$	(16,439)
Human Resources	\$	(12,061)
City Clerk	\$	(11,585)
Informational Technologies	\$	(24,064)
Municipal Court	\$	(37,051)
Finance	\$	(43,178)
Attorney	\$	(43,083)
Engineering	\$	(87,124)
Streets	\$	(7,000)
Vehicle Maintenance	\$	(40,000)
Police	\$	(432,272)
Fire	\$	(47,278)
Cemetery	\$	-
Parks	\$	(129,101)
Non-Departmental	\$	(215,463)
Grand Total - All Funds	\$	(1,145,699)
Revenue Offsets provided In Place Of Expense Cuts		
Cemetery	\$	(21,713)
Streets	\$	(94,946)
Fire	\$	(257,000)
Revenue offset Sub-total	\$	(373,659)
Total Reductions and Revenue Offsets	\$	(1,519,358)

**FY 10 Final Operating and Capital Budget**

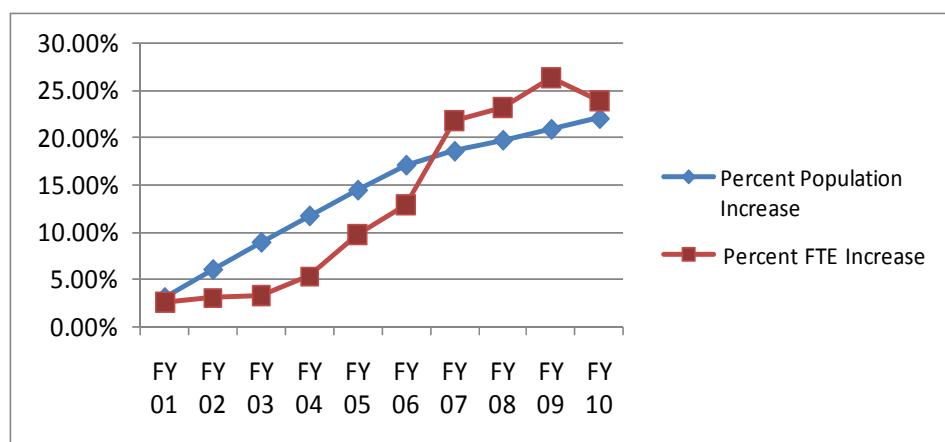
for FY 09 and prepared its FY 2010 budget with a mandatory reduction of 3.7% in baseline expenditures (see table above) for all General Fund offices. The FY 08 expenditure savings were less than 1% due to the heavy operating impact of higher fuel, energy and transportation costs that became imbedded in virtually everything the city purchased. The General Fund year-end balance for FY 2009 decreased to \$0.9 million from \$1.2 million at the end of FY 2008. The City Council budgeted the fund balance to remain the same for FY 2010, which would place the FY 2010 year end fund balance at approximately \$0.9 million. The decrease in fund balance in FY 09 was primarily due to a decline in expected revenues, especially in the fee based services related to the decline in economic expansion (planning and engineering fees, business licenses), investment earnings and in police fines. The FY 09 expenditure savings increased to 6% due to mandatory holdbacks required of all General Fund offices, but were insufficient to offset the revenue declines. The city is prepared to rebuild its fund balance over the next two years to the level it had at the end of FY 2007 (\$2.1 Million).

The City's 2010 budget continues to be structurally balanced and the city will maintain a safe General Fund reserve going into fiscal year 2011. The City's goal is to target a fund balance equal to seven percent of the General Fund expenditures, which would equal approximately \$2.8 million based on the level of expenditures for FY 2009. The goal is to have the fund balance rebuilt to \$2.1 million in two years and to \$3.0 million in 4 years.



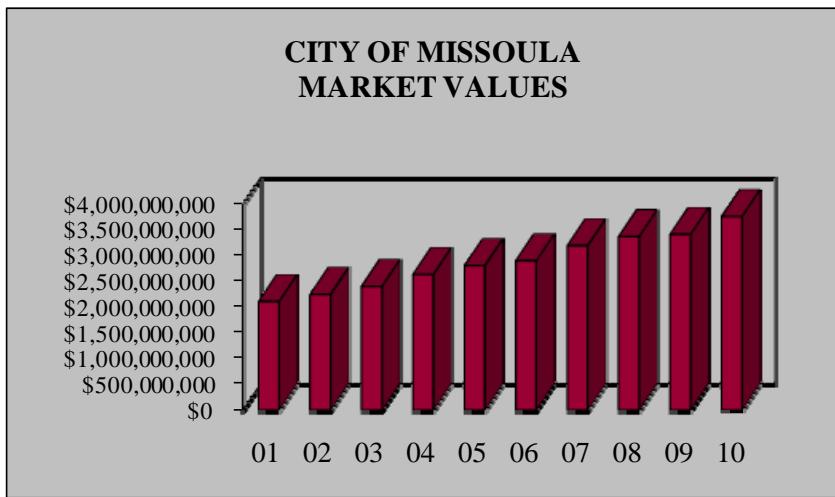
Full-time equivalent employees (FTE) is a key indicator mirroring the growth of the City of Missoula. As shown by the graph on the left, total FTE's grew from 408.94 in fiscal year 2001 to 514.76 in 2009, and then were reduced back to 502.58 in 2010 for a 24 percent increase over this period, while the City's population is estimated to have increased 22% during this same period of time. Please note that 31 of these

new FTE's in FY 06-08 are for staffing of the new aquatics facilities recently opened up to the public and these FTE's are predominantly paid from the revenues generated by these facilities. If these FTE's were backed out of this calculation, (as they are predominantly self supporting), the actual growth of new FTE's would be 18%.



One of the principal challenges continually facing the city is the on-going financial obligation of new employees necessary to meet the service demand that

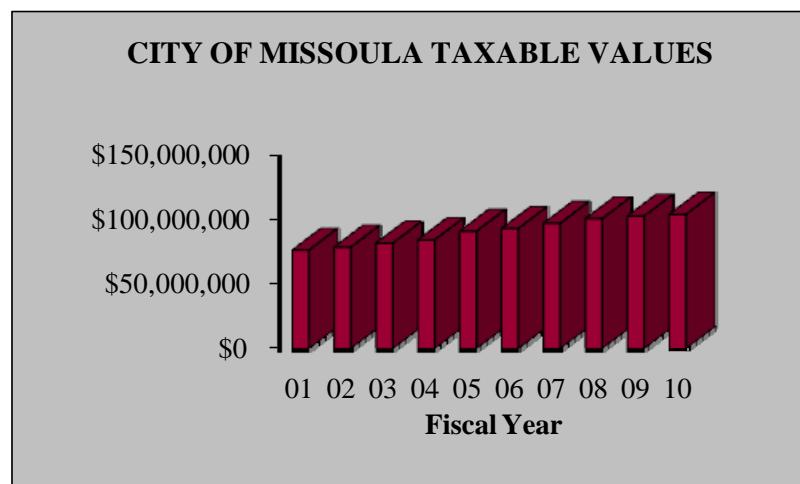
accompanies the rapid growth of the city. All indications are that the growth Missoula has experienced in the past will continue for the foreseeable future.



As a general rule, all real and personal property in the State of Montana is subject to taxation by the State and its counties, municipalities and other political subdivisions. This rule is subject to exceptions in the case of specified classes of exempt property. Property is classified according to its use and character, and the different classes of property are taxed at

different percentages of their market valuation. Property valuations are based on comprehensive appraisals of all taxable property performed by the Department of Revenue each year. The Department of Revenue certifies market and taxable values to each city on or before the 1<sup>st</sup> Monday in August. The trend of the City of Missoula's market value is shown by the graph on the left. As reflected by the graph, the city's market value has increased from \$2.111 billion in fiscal year 2001 to \$3.758 billion in fiscal year 2010, for a 78% increase over this period. The market value of property in the City reflects the rapid growth the City is experiencing. The graph of taxable values that follows reflects the city's ability to raise general tax revenue necessary to support the growing demand for government services.

The taxable value for property is determined by applying a statutorily established percentage ratio to the market value of the property, according to its property classification. The applicable ratio for most commercial and residential real properties is currently 2.78%. Shown on the left is a history of the city's actual taxable value since 2001. The increase in taxable values does not coincide with



the increase in market values because of adjustments to the percentage ratio by the Montana Legislature and by changes in tax policy implemented through property tax amendments. The adjustments by the Legislature were designed to prevent local taxes from increasing at the same rate as property values. The taxable values (as opposed to market values) more accurately reflect the ability of the city to increase tax revenues. As you can see from the graph, the City's taxable value increased from \$76.698 million to \$104.408 million from 2001 to 2010, an increase of only 36%, which is less than half the increase in the market value of the same property.

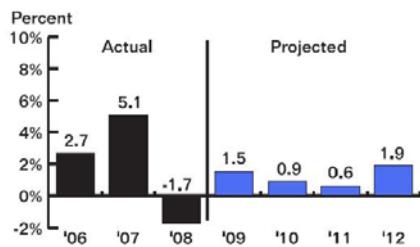
**ECONOMIC FACTORS**

The Bureau of Business and Economic Research (BBER) is the research and public service branch of the University of Montana's School of Business Administration. The Bureau is regularly involved in a wide variety of activities, including economic analysis and forecasting. Excerpts from the Bureau's forecasts contained in the Spring 2009 issue of the Montana Business Quarterly relating to Missoula and Missoula County are restated below. A more severe than expected U.S. recession is always a risk to BBER's forecast for the Montana economy. The impacts of the last two recessions (in 2001-02 and 1990-91) have been milder in Montana than the national average.

**Missoula County**

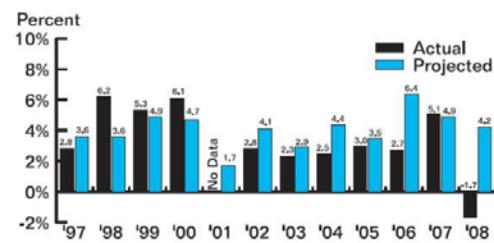
The economic slowdown began earlier in Missoula other counties and is likely to last longer. The shutdown Stimson plywood plant in mid-2007 blunted the positive impacts of the Direct TV call center opening. The delayed impacts of the plywood plant closure, combined with the further closing of the Stimson sawmill and other events, led to the small decline in Missoula's economy during 2008. The bad news was not confined to wood products. Missoula continues as the dominant trade and service center in western Montana, but the opening of chain stores and other establishments in nearby communities has meant that retail trade is no longer a significant contributor to Missoula's economic growth. Even health care and professional services are not growing at their historic rates. Missoula is the only Montana metro area to experience house price declines (Page 7, Table 1). Wood products jobs will not return, and the outcome of the competition with other communities is uncertain. Missoula's economy is projected to grow about 1 to 2 percent per year, well below 2 to 3 percent between 2002 and 2005.

**Figure 2**  
Actual and Projected Percent Change in Nonfarm Labor Income, Missoula County, 2006-2012



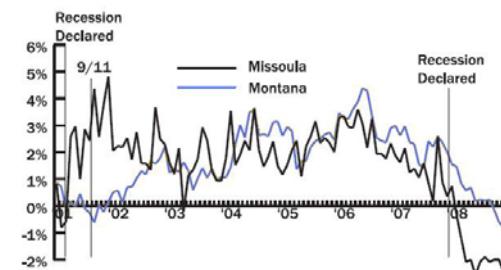
Sources: Bureau of Business and Economic Research, The University of Montana-Missoula; Bureau of Economic Analysis, U.S. Department of Commerce.

**Figure 1**  
Actual and Projected Percent Change in Nonfarm Labor Income, Missoula County, 1997-2008



Sources: Bureau of Business and Economic Research, The University of Montana-Missoula; Bureau of Economic Analysis, U.S. Department of Commerce.

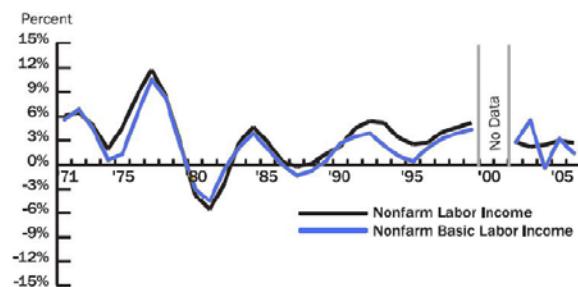
**Figure 3**  
Annual Percent Change in Nonfarm Wage and Salary Employment, January 2001 to November 2008



Source: Research and Analysis Bureau, Montana Department of Labor and Industry.

**FY 10 Final Operating and Capital Budget**

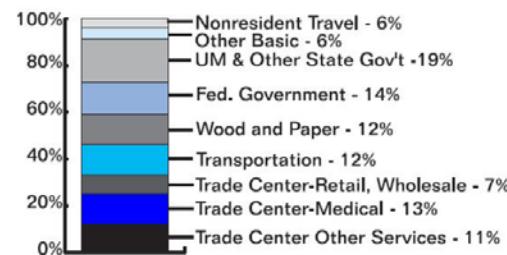
**Figure 4**  
Nonfarm Labor Income and Nonfarm Basic  
Labor Income, Missoula County, Percent  
Change, (in constant dollars)



Note: 1971-1999 are three-year averages.

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

**Figure 5**  
Labor Income in Basic Industries,  
Missoula County, 2006-2008  
(percent of total)



Sources: Bureau of Business and Economic Research, The University of Montana-Missoula; Bureau of Economic Analysis, U.S. Department of Commerce.

Montana Business Quarterly/Spring 2009

9

## Closing

We hope the information contained in the FY 10 Final Budget is of benefit to all interested parties. In closing we want to tell the public that we made dramatic changes in the budget process for FY 08 that continued through both FY 09 and FY 10. We will be actively pursuing a Performance Based Budget process for FY 10 and beyond. We strongly encourage each and every person using city services to inform us of their ideas, level of satisfaction and problems.



Respectfully,

John Engen, Mayor