



Meeting Minutes

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Wednesday, September 10, 2014

5:00 PM

Room 207

1. ROLL CALL

Present: 3 - Chair Jim Cooper, Committee Member Nathaniel Jones and Committee Member Cheryl Selby

2. CALL TO ORDER

Chair Cooper called the meeting to order at 5:00 p.m.

3. APPROVAL OF MINUTES

3.A [14-0840](#) Approval of August 11, 2014 Finance Committee Meeting Minutes

The minutes were unanimously approved.

4. COMMITTEE BUSINESS

4.A [14-0823](#) Review Proposed Utility Rates

Public Works Line of Business Directors Dan Daniels and Andy Haub discussed 2015 utility rate proposals. The preliminary rates are to ensure stable revenue while maintaining existing service levels. Emphasis is placed on minimizing rate increases while ensuring essential utility services are provided reliably and without interruption.

The Committee asked if the increases and rates are in line with other cities. Staff said the increases are industry trends driven by state and federal regulations.

The information was received.

4.B [14-0778](#) Continue Discussions on Long Term Revenue Strategies

The Committee has held several meetings this year discussing a proposal to amend the Business and Occupation (B & O) tax, along with other changes in revenues. Previously, the Committee met with Providence Hospital to discuss a proposal to remove the exemption for religious organizations and set a threshold for the nonprofit exemption. Providence Chief Executive Officer Medrice Coluccio spoke in favor of entering into a partnership with the City instead of paying a tax.

City Manager Steve Hall outlined pros and cons of a partnership versus a tax and recommended applying the B & O tax.

Committee Member Jones moved to forward a recommendation to the Council to amend the Business and Occupation Tax chapter of the OMC by striking the exemption for any religious society, association or corporation; amending the exemption for 501(c)(3) nonprofits exceeding \$30 million and eliminating the \$25 one-time new business license fee. The Committee further agreed to recommend an effective date of January 1, 2015 and to transfer the funds to the Capital Building Repair and Replacement Fund in the first year. Thereafter the funds would be included in the General Fund for core services. The Council will review the revenues as part of the 2015 budget and the Finance Committee will evaluate the threshold level next year. The motion passed unanimously.

4.C [14-0866](#) Oral Reports - Five-Year Budget Projections

Finance Manager Dean Walz briefed the Committee on the five-year budget (revenue and expenses) projections. He said there will be some minor cuts in the 2015 budget but the greater challenge comes in 2016 and 2018. The three most significant drivers are pension costs, public defense and the Affordable Care Act (Cadillac tax).

The report was received.

4.D [14-0856](#) Arts Commission Referral for Direction on City Hall Public Art Funds

Arts Commission Chair Trent Hart presented a proposal to split the remaining funds (\$180,000) from the City Hall 1% for the Arts program. The proposal was to leave \$80,000 for City Hall art and transfer \$100,000 to the Municipal Arts Fund, which has been underfunded during the recession. The \$/capita contribution has not been made since 2009.

The motion was made to allocate funding according to the Arts Commission recommendation. Committee Member Jones suggested spending the entire amount throughout the City and did not recommend spending \$80,000 at City Hall. The Arts Commission recommendation was approved and referred to the City Council for consideration by the following vote:

Aye: 2 - Chair Cooper and Committee Member Selby

Nay: 1 - Committee Member Jones

5. ADJOURNMENT

The meeting adjourned at 7:30 p.m.