



# City of Olympia

City Hall  
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## Meeting Minutes - Draft Finance Committee

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Tuesday, June 24, 2014

5:00 PM

Room 207

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### Special Finance Committee Meeting

#### 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 14-0581** Approval of May 14, 2014 Finance Committee Meeting Minutes

**The minutes were unanimously approved.**

**3.B 14-0624** Approval of June 11, 2014 Finance Committee Meeting Minutes

**The minutes were unanimously approved.**

#### 4. COMMITTEE BUSINESS

**4.A 14-0612** Scope of Work for Community Park Site Suitability Assessment

The Finance Committee began a discussion about the feasibility of purchasing the Bentrige property for a future community park at the June 11 Committee meeting. The City has not yet conducted a thorough analysis of this parcel's suitability. The Parks and Recreation Advisory Committee (PRAC) recommended the Finance Committee fast track a park feasibility study of the Bentrige property. Staff is aware of four other large parcels that could be suitable sites for a future community park, but has not conducted feasibility studies on those parcels. Staff's recommendation is to analyze all of the potential sites. The other potential sites are:

- Lindell/Lister Road Site (Northeast)
- Spooners on Yelm Highway (Southwest)
- Cooper Point Old Sundberg Gravel Pit (Westside)
- Trillium Subdivision Site (Southeast)

The scope of work for the study will include factors such as location, required public improvements, topography, land and development costs, critical areas and utility availability. These factors significantly influence a site's potential for a community park. The study will result in a prioritized list of sites for future Council consideration. Staff estimated the study of all of the sites should cost approximately \$60,000 and require 90 days to complete once the contract is signed. If the Committee wants to recommend only evaluating the Bentrige site it would cost approximately \$18,000 and take 60 days to complete. Funds for either analysis would come from community park impact fees.

**The Committee agreed to recommend evaluation of all the potential sites for suitability as a new community park to the City Council due back on July 8, 2014.**

**4.B 14-0627** Briefing on the Preliminary Capital Facilities Plan (CFP)

Staff gave a briefing on the preliminary Capital Facilities Plan (CFP), which will be presented to the full Council on July 15. The most significant changes in the CFP are the inclusion of the utility tax on cable and the number of new drinking water projects. Staff is recommending we apply the 6% utility tax on cable effective January 1, 2015 with the proceeds used for major maintenance. As a result of the update on the drinking water master plan, staff has added \$19.5 million of new projects. However, staff and the Utility Advisory Committee are still evaluating the financial impact of these projects. Many of these projects may be moved beyond the 6 year plan. The CFP will come back to the Committee for further review and comment.

**The report was received.**

**4.C 14-0626** Continue Discussions on Long Term Revenue Strategies

The Finance Committee has previously discussed several revenue options. The Committee has agreed to recommend applying the utility tax to cable beginning in 2015. The Committee has also discussed several changes to the Business and Occupation (B & O) tax. At the May meeting the Committee considered eliminating the deduction for religious hospitals and suggested applying the tax to nonprofits that exceed a certain threshold. The Committee directed staff to work with the hospital to better understand the impact of the proposed changes to them.

Chair Cooper and Administrative Services Director Jane Kirkemo briefed the Committee on their respective meetings with representatives from St. Peter Hospital. Chair Cooper said he invited St. Peter Hospital to the August Finance Committee meeting.

**The Committee agreed to recommend to the full Council applying the utility tax to cable TV. The Committee did not make a recommendation regarding the B&O tax changes.**

**4.D 14-0628** Short- and Long-Term Impacts of the Affordable Care Act (ACA)

Staff briefed the Committee on the financial impacts of the Affordable Care Act (ACA). Staff told the Committee the City is not in jeopardy of being fined for the benefits we offer but the City will incur a significant financial impact from the Cadillac tax (a 40% excise tax above thresholds). The Cadillac tax goes into effect in 2018. Depending on the increase in insurance premium costs, the City will begin paying the Cadillac tax in 2018 on general employees.

The Committee discussed with staff what could be done to reduce or eliminate the impact of the Cadillac tax. Staff said there is no way to avoid the tax on LEOFF 1 employees and any change to current represented employees would need to be bargained. The Committee said the full Council needs to understand the impacts of the ACA and suggested a study session on the topic. The Committee also suggested staff meet with union representatives to discuss the topic.

**The information was received.**

**4.E 14-0416 Briefing on Tax Exempt Financing and Debt Limit**

**The discussion was postponed until a future agenda due to a lack of time.**

**5. ADJOURNMENT**

The meeting was adjourned at 7:15 p.m.