



# Meeting Agenda

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Thursday, September 6, 2018**

**5:30 PM**

**Council Chambers**

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**1. CALL TO ORDER**

**2. ROLL CALL**

**3. APPROVAL OF AGENDA**

**4. PUBLIC COMMENT**

*(Estimated Time: 0-15 Minutes)*

*During this portion of the meeting, citizens may address the Committee for up to three (3) minutes regarding the Committee's business meeting topics.*

**5. APPROVAL OF MINUTES**

**5.A** [18-0840](#) Approval of August 15, 2018 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

**6. COMMITTEE BUSINESS**

**6.A** [18-0825](#) Approval of a Funding Plan for Implementing Homeless Response Strategies

**6.B** [18-0828](#) Briefing of the Preliminary 2019 Operating Budget

**6.C** [18-0821](#) Briefing on the Preliminary 2019-2024 Capital Facilities Plan and 2019-2024 Financial Plan

**7. REPORTS AND UPDATES**

**8. ADJOURNMENT**

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City Hall  
601 4th Avenue E.  
Olympia, WA 98501  
360-753-8244

## Finance Committee

### Approval of August 15, 2018 Finance Committee Meeting Minutes

**Agenda Date:** 9/6/2018  
**Agenda Item Number:** 5.A  
**File Number:** 18-0840

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**Type:** minutes **Version:** 1 **Status:** In Committee

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**Title**

Approval of August 15, 2018 Finance Committee Meeting Minutes



# Meeting Minutes - Draft

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Wednesday, August 15, 2018**

**5:30 PM**

**Room 207**

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**1. CALL TO ORDER**

Chair Cooper called the meeting to order at 5:30 p.m.

**2. ROLL CALL**

**Present:** 3 - Chair Jim Cooper, Committee member Jessica Bateman and Committee member Lisa Parshley

**OTHERS PRESENT**

**Councilmember**

Nathaniel Jones, Mayor Pro Tem

**Staff**

Mark Barber, City Attorney

Mike Buchanan, Assistant Fire Chief

Jay Burney, Assistant City Manager

Thomas Donnelly, Accounting Supervisor

Susan Grisham, Executive Assistant

Aaron Jelcick, Deputy Police Chief

Mike Reid, Economic Development Director

Ronnie Roberts, Police Chief

Bill Sampson, Acting Fiscal Service Director

Keith Stahley, Community Planning & Development Director

Debbie Sullivan, Administrative Services Director

Greg Wright, Fire Chief

**3. APPROVAL OF AGENDA**

The agenda was approved.

**4. PUBLIC COMMENT - None**

**5. APPROVAL OF MINUTES**

**5.A** [18-0775](#) Approval of July 31, 2018 Finance Committee Meeting Minutes

The minutes were approved.

## 6. COMMITTEE BUSINESS

### 6.A [18-0661](#) Report on Input from Community Conversation

Senior Planner Stacey Ray gave an overview of the recent Community Conversation regarding City budget priorities. The purpose of the Community Conversation was to listen to citizens' perspectives on top priorities to inform the City's budget investments over the next two years.

Participants in the Community Conversation worked on two primary activities; writing down individual reactions, ideas or challenges for each of the five focus areas; the second was to ask participants to break into discussion groups based on focus areas.

Ms. Ray and intern Austin Raymond discussed their work to review and organize over 170 comments; which included looking across all five focus areas for trends and cross referencing them with 2018 current key initiatives and identified gaps.

The top ten priorities which emerged included: walkability, housing, mental health and drug treatment, parks and green spaces, arts and recreation events for all, safety, workforce development, accessibility to services, transparency, engagement and long-term strategic planning.

The following were identified as gaps in community needs: sidewalk construction in neighborhoods, increase green space in new developments, more free low-cost family-oriented events, a long-term approach to workforce and economic development, more services located neighborhoods, and earlier consistent communication about plans and processes.

Ms. Ray shared next steps which includes: Sharing analysis with conversation participants and inviting them to stay involved, sharing analysis with City staff, looking for opportunities to consider the input in the budget process, identify possible future community conversation and study session topics and look at the timing of a conversation and the budget process next year.

Committee members asked clarifying questions.

**The report was completed.**

### 6.B [18-0736](#) Washington State Investment Board (WSIB) Discussion

Citizens Donna Albert and Bourtai Hargrove gave an overview of the risks of investing pension funds in fossil fuels and made a case for the Washington State Investment Board (WSIB) to divest from fossil fuel investments. Currently there are 17 pension funds ties to fossil fuels.

Ms. Albert shared the impacts of fossil fuels on the environment. She noted in 2015, the

Paris Climate agreement brought all nations together to strengthen the global response to climate change by working to keep global temperature rise this century below 2 degrees celsius. This will create a rapid decline of the use of fossil fuel, resulting in \$22 trillion unburnable fossil fuel reserves.

Ms. Hargrove shared that fossil fuel investments are increasingly risky for pension fund managers - since 2013 fossil fuel investments have performed poorly. She noted during 18 months of 2014-2015 the WSIB lost \$650 Million due to fossil fuel investments. Ms. Hargrove noted the fossil fuel investments will someday crash.

Ms. Albert noted cheaper renewable energy is outcompeting fossil fuels; the price of wind power, batteries and solar power are dropping dramatically.

Ms. Hargrove outlined the multiple lawsuits from cities and states against major oil companies for willful destruction of the environment. She also discussed the loss of social acceptance of investing in fossil fuel, noting many cities have already committed to divestment. Loss of social acceptance is a risk to the value of fossil fuel investments.

M. Hargrove summarized the investment risks in fossil fuels are poor performance, stranded assets, government regulation, cheaper renewables and lawsuit for damages.

Committee members asked clarifying questions. Chair Cooper noted if the resolution is approved by the full City Council, it should be forwarded to the WSIB with a letter cc'd to Governor Inslee and Olympia's congressional delegation.

**Committee member Parshley moved, seconded by Committee member Bateman, to forward a resolution for responsible management of public trust funds to the full City Council for consideration.**

**Aye:** 3 - Chair Cooper, Committee member Bateman and Committee member Parshley

**6.C**     [18-0760](#)     Recommendation on the State-Required Business License Threshold Language and Discussion of Options to Adjust the Business & Occupation (B&O) Tax Rates and Thresholds

Administrative Services Director Debbie Sullivan shared as a result of Engrossed House Bill 2005, the City must implement a Model Ordinance to simplify licensing for businesses who work in, but don't have a physical presence, in the City and to establish a common threshold among jurisdictions to reduce confusion.

The Model Ordinance language includes minor changes to "*engaging business*" definition and "*exemptions*" for out of City businesses which applies a minimum threshold of \$2,000 per year; recommends requiring those businesses to obtain a license but not pay a fee and only applies to business licenses - not specialty or other specialized permits.

Ms. Sullivan gave an overview of Olympia businesses and their annual tax revenue by category. The current B&O tax program has no license threshold, a \$20,000 B&O threshold, no three year exemption and a .001 and .002 service rate. She also shared four options for adjusting B&O rates and thresholds.

Option 1: License Threshold - \$2000, B&O Threshold - \$20,000, Exemption - not offered, Rate - no change, Revenue Impact - (\$44,310), Rate Adjustment - 0.00102 (2%)

Option 2: License Threshold - \$2000, B&O Threshold - \$20,000, Exemption - \$500,000, Rate - raise retail Service to .002, Revenue Impact - \$77,690, Rate Adjustment - no change

Option 3: License Threshold - \$2000, B&O Threshold - \$75,000, Exemption - \$500,000, Rate - no change, Revenue Impact - (\$150.610), Rate Adjustment - 0.0011 (10%)

Option 4: License Threshold - \$2000, B&O Threshold - \$75,000, Exemption - \$10,000,000, Rate - no change, Revenue Impact - (\$150.610), Rate Adjustment - 0.0011 (10%)

Economic Development Director Mike Reid shared the staff recommendation of moving forward with options three and four which create regional parity with incentive for microbusinesses and economic development incentive for new retail.

Committee members asked clarifying questions. Committee members noted they would like special outreach to businesses and conversation with the community before changing B&O tax rates.

**Committee member Bateman moved, seconded by Committee member Parshley, to recommend language for the Business License & Fees Model Ordinance to the full City Council and to address adjustments in Business & Occupation Tax Rates during the 2019 budgeting process.**

**6.D**     [18-0761](#)     Discussion on the Public Safety, Levy Lid-Lift and Banked Capacity

Ms. Sullivan gave an overview of the Public Safety Levy Lid Lift that was approved by voters in 2017. The ballot measure authorized the City to levy regular property taxes up to \$0.45 per \$1,000 to fund community safety programs and services. The City raised property taxes \$0.34 per \$1,000 to generate \$2.8 Million to fund additional law enforcement officers for the downtown walking patrol, neighborhood liaisons, code enforcement, a mental health response team, direct mental health services and Community Court. Ms. Sullivan shared, assuming a 3% growth of annual expenses, the annual increase increments, the cumulative increase and the banked levy remaining per year noting the banked capacity would expire by 2026.

Police Chief Ronnie Roberts discussed how the cost of services will increase over time. He noted in October a staffing analysis will occur to assist in formulating a long term staffing strategy. He stated even without having the analysis, the Department is

challenged with delivering service based on increasing population.

Chief Roberts discussed the options regarding for whether to access banked capacity to meet public safety needs while maintain adequate funds to ensure full continuation of new programs into the future. The choices regarding accessing banked capacity are an incremental annual increase, an increase all at once or not accessing it at all.

Committee members asked clarifying questions.

**The discussion was completed.**

**6.E**      [18-0770](#)      Recommendation to Add Temporary Staffing to Support the City's Homeless Response Work

Community Planning and Development Director Keith Stahley discussed the need for more staffing to support the City's homelessness response. He noted the City has adopted an aggressive strategy to address the immediate health crisis related to homelessness. In May, the City Council also launched short term initiative to address immediate needs.

Mr. Stahley noted developing a direct response to homeless services and affordable housing is a new line of work for the City. In April staffing was realigned to create an internal Housing Action Team to better align the emerging work and in May, through a partnership with Evergreen Christian Community, hired the City's first Homeless Response Coordinator. However despite staff realignment and the addition of the Homeless Response Coordinator, resources are still not enough to address the amount of coordination, public engagement and planning required.

Mr. Stahley requested using City Council goal funds to fund an additional temporary staff for six months. This would require depleting the remaining \$35,000 of Council goal funds for 2018. He noted this will help get through the end of the year and permanent funding can be addressed in the 2019 budget process.

Committee members asked clarifying questions.

**Committee member Bateman moved, seconded by Committee member Parshley, to approve the use of Council goal money to add temporary staffing to support the City's homeless response work.**

**7.      REPORTS AND UPDATES - None**

**8.      ADJOURNMENT**

The meeting adjourned at 7:00 p.m.



## Finance Committee

### Approval of a Funding Plan for Implementing Homeless Response Strategies

**Agenda Date:** 9/6/2018  
**Agenda Item Number:** 6.A  
**File Number:** 18-0825

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**Type:** decision **Version:** 1 **Status:** In Committee

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#### **Title**

Approval of a Funding Plan for Implementing Homeless Response Strategies

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve a recommendation for a funding plan for implementing homeless response strategies and forward to Council for approval

#### **Report**

##### **Issue:**

Whether to approve a recommendation for a funding plan for implementing homeless response strategies

##### **Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

Amy Buckler, Downtown Programs Manager, Community Planning & Development, 360.753.5847

##### **Presenter(s):**

Debbie Sullivan, Administrative Services Director

Amy Buckler, Downtown Programs Manager, Community Planning & Development

##### **Background and Analysis:**

City Council held a study session on August 21, 2018 where staff outlined a homeless response strategy. The strategies were developed collaboratively with local service providers. The plan aligns with the Thurston County's Five-Year Strategic Homeless Housing Plan; moves to a 24/7 shelter system; provides safe, legal and supportive options for unsheltered individuals; and increases the capacity for caring for the City's most medically vulnerable individuals.

Staff will present the estimated expenses along with a funding plan. Based on feedback from the Finance Committee, staff will finalize the funding plan, develop a communication and engagement strategy to work with stakeholders, and forward to the full Council for approval.



**Options:**

1. Approve funding plan recommendation, direct staff to develop a communication and engagement strategy to work with stakeholders, and forward to City Council for approval. Provides resources to address the immediate impacts of homelessness and makes it possible to start implementation in 2018.
2. Do not approve the funding plan recommendation, direct staff to develop a revised approach, and return to Finance Committee on September 19, 2018. Delays the ability to start implementing the homeless response strategies.
3. Approve some of the funding plan recommendation, direct staff to prioritize strategies based on available resources, and forward to City Council for approval. Provides resources to address some of the immediate impacts of homelessness and makes it possible to start implementation in 2018.

**Attachments:**

None



## Finance Committee

### Briefing of the Preliminary 2019 Operating Budget

**Agenda Date:** 9/6/2018  
**Agenda Item Number:** 6.B  
**File Number:** 18-0828

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**Type:** information **Version:** 1 **Status:** In Committee

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**Title**

Briefing of the Preliminary 2019 Operating Budget

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee.

**City Manager Recommendation:**

Receive a briefing on the Preliminary 2019 Operating Budget. Briefing only; No action requested.

**Report**

**Issue:**

Whether to receive a briefing on the Preliminary 2019 Operating Budget, including, revenues, expenses, and critical needs.

**Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

**Presenter(s):**

Steve Hall, City Manager, 360.753.8447

Debbie Sullivan, Administrative Services Director, 360.753.8499

**Background and Analysis:**

In preparation for the adoption of the 2019 Operating Budget, staff will share estimated revenues, expenses, and critical needs.

The 2019 Preliminary Operating Budget will be presented to the City Council on October 11, 2018.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

Briefing only.

**Attachments:**

None



## Finance Committee

### Briefing on the Preliminary 2019-2024 Capital Facilities Plan and 2019-2024 Financial Plan

**Agenda Date:** 9/6/2018  
**Agenda Item Number:** 6.C  
**File Number:** 18-0821

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**Type:** information **Version:** 1 **Status:** In Committee

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#### **Title**

Briefing on the Preliminary 2019-2024 Capital Facilities Plan and 2019-2024 Financial Plan

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive a briefing on the Preliminary 2019-2024 Capital Facilities Plan and 2019-2024 Financial Plan. Briefing only; No action requested.

#### **Report**

##### **Issue:**

Whether to receive a briefing on the content of the Preliminary 2019-2024 Capital Facilities Plan and 2019-2024 Financial Plan, including, key projects, revenues, and expenses.

##### **Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

##### **Presenter(s):**

Debbie Sullivan, Administrative Services Director, 360.753.8499  
Department Directors (as available)

##### **Background and Analysis:**

In preparation for the adoption of the 2019-2024 Preliminary Capital Facilities Plan (CFP) and 2019-2024 Financial Plan later this year, staff will share key projects, revenues and expenses with the Finance Committee. Staff will be present for discussion, questions, and feedback.

The Planning Commission is in the process of reviewing the CFP for consistency with the other chapters of the Comprehensive Plan. They will hold a public hearing on Monday, September 17 and provide comments directly to City Council.

The Bicycle Pedestrian Advisory Committee, Parks & Recreation Advisory Committee, and the Utility Advisory Committee are also reviewing and commenting on the annual capital projects. They will

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provide comments directly to the City Council.

The City Council will hold a public hearing on October 23.

**Neighborhood/Community Interests (if known):**

Not known at this time. The 2019-2024 Preliminary CFP and 2019-2024 Financial Plan have been presented to the Planning Commission, Neighborhoods working on Sub-Area Plans, Advisory Committees, and posted on the City's website.

**Options:**

Briefing only.

**Attachments:**

None