



# City of Olympia

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360-753-8447

## Meeting Minutes Finance Committee

---

**Thursday, July 11, 2013**

**5:30 PM**

**Room 112**

---

### 1. ROLL CALL

**Present:** 3 - Chair Stephen H. Buxbaum, Committee Member Jim Cooper and Committee Member Nathaniel Jones

### 2. CALL TO ORDER

The meeting was called to order at 5:37 p.m.

### 3. APPROVAL OF MINUTES - None

### 4. COMMITTEE BUSINESS

#### 4.A [13-0527](#) Briefing and PUBLIC HEARING on the Preliminary Capital Facilities Plan (CFP)

Administrative Services Director Jane Kirkemo provided an overview of the 2014-2019 CFP totaling \$12 million for 2014 and \$122 million for the six-year period 2014-2019, with the focus being on maintenance. In 2013, \$215,000 of REET funding typically used for CFP projects was moved to the City's operating budget to help balance the budget. The 2014 CFP reflects the full \$1 million of REET funding. There continues to be a decrease in the utility tax funding due to telephones being bundled with internet, the elimination of landlines, and lower utility revenues with the recent mild winter. As in past years, there is no Olympia School District CFP submittal at this time. Their CFP will come to the City Council in late September/early October. Other items to note are the City's operating budget will be presented two weeks earlier, the CFP element of the Comprehensive Plan goals and policies have been added to this year's CFP, and beginning in 2015, without additional funding, the building repair and replacement fund will see a severe deficit.

Committee Member Jones commented there is a 6 percent cable tax the City is not currently utilizing.

Chair Buxbaum commented he is challenged with the CAMMP project - how are decisions based and what are the assumptions? In regards to Percival Landing, what does it take to keep it open? Phase 2 costs have been identified without a funding source, and how does it relate to the Shoreline Master Plan (SMP) setbacks?

**The report was discussed and continued to the City Council due back on 7/16/2013.**

The Committee recommended staff provide the following information as a memo to the Finance Committee and schedule this topic again at the August 2013 meeting:

1. Report of Percival Landing Phase 2 current design plan and how it relates to the Shoreline Master Plan
2. Schedule of implementation of Percival Landing Phase 2
3. Cost assumptions/design assumptions of Percival Landing Phase 2
4. Discussion of isthmus area and how it ties into overall plan

**4.B**      [13-0533](#)      Oral Report - 5-Year Budget Projections

Finance Manager Dean Walz presented an overview of the City's revenues and expenditures from 2014 to 2018, indicating 2014 as a "hold the line budget", after salaries and benefits. He discussed a chart that showed annual shortages as well as cumulative year-to-date shortfalls. City Manager Steve Hall mentioned one-time revenues/cuts don't carry over or help the budget situation in future years.

Revenue options discussed:

- Cable utility tax - even though not legally required, recommended 90-day implementation notice; therefore would not begin receiving until after first quarter in 2014.
- Fire flow - leave utility tax rate at 12 percent, but consider raising drinking water rates to fund fire flow costs.
- Use full \$1 million of REET in 2014 to fund capital budget.

The City has implemented ways to reduce the cost of benefits:

- Dependent benefits audit - removing ineligible dependents.
- Providing a less expensive incentive to employees who do not enroll in City's insurance plan(s).
- Implementation of Insurance 1 and 2 - City pays lowest cost health plan and employee can pay more for the buy-up plan.
- Shifting 5 percent of employee medical cost to the employee effective July 1, 2013.

Committee Member Cooper asked if the City is evaluating the cost to send City employees to the exchange plan and in return offering an incentive that would save the City money. Staff responded that this would cost the City a large amount of money in fines but we could change the City's plans to be more in line with the exchange plan. It was cautioned we would have to negotiate any change in benefits with our unions. The State will begin charging their employees extra to add spouses and/or smokers. Staff is looking into similar options.

Chair Buxbaum indicated we need to be clear about what we lose if and when we make cuts. A B&O tax increase was mentioned. Chair Buxbaum was only interested if there is a clear connection to a specific sector and why, and to be sure to discuss with that service sector well beforehand.

The Finance Committee would like to review scenarios for B&O tax increases, for example:

- Medical, non-profit sector
- Threshold changes before required to pay B&O taxes

**The report was received.**

**4.C**     [13-0532](#)     Oral Report - Next Steps in Budget 365

Ms. Kirkemo asked about where the Committee wants to go from here. Chair Buxbaum would like to see staff work plans that show progress toward this goal each year, identifying what is doable, recognizing not everything has to happen the first year. This should include outreach to stakeholders and communications from department directors. He sees staff as developing materials and Committee members communicating the information to the public. We are looking for small successes over time, to build the “Budget 365” theme into the City’s culture. We see this as a long-term effort built into the budget staff’s work.

Phil Schulte, from the Coalition of Neighborhood Associations, indicated their group would be interested in hosting a second forum later this year, after rollout of the preliminary budget. Mr. Hall added the department directors are also planning to meet with the CNA Steering Committee at the same time they meet with the City’s advisory committees.

**The discussion was completed.**

## **OTHER BUSINESS**

Roger Horn, from the Olympia Planning Commission (OPC), shared with the Committee that the OPC provided a letter on the 20-year CFP last year but will not be doing so this year. Chair Buxbaum indicated the Committee has no capacity for a 20-year plan this year. The goal is to get a long-term CFP by 2016 and asked the OPC to outline this in their next letter. Mr. Hall noted staff will work to extend future City master plans beyond their current years to meet this long-term plan.

## **5. ADJOURNMENT**

The meeting adjourned at 7:48 p.m.