



City of Olympia

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360-753-8447

Meeting Minutes Finance Committee

Thursday, June 13, 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 5:30 p.m.

3. APPROVAL OF MINUTES

3.A 13-0461 Approval of May 9, 2013 Finance Committee Meeting Minutes

The minutes were approved.

4. COMMITTEE BUSINESS

4.A 13-0500 ORAL REPORT - Debrief of the June 10, 2013 Coalition of Neighborhood Associations Steering Committee Budget Forum

The Finance Committee debriefed the June 10 CNA steering committee meeting. Committee member Cooper noted it was a great dialogue and suggested asking the CNA executive board to host a bigger meeting. Committee member Cooper also suggested staff and Committee members should get notes to Administrative Services Director Jane Kirkemo to compile a list of "next steps". Chair Buxbaum suggested the Council needs to make the budget decision-making process/criteria more transparent. He indicated a need to identify a liaison for the neighborhoods. The Committee suggested another meeting with the CNA to discuss the 2014 budget.

The report was received.

4.B 13-0455 Budget Document Formatting

Clerk Services Manager Debbie Krumpols discussed how the budget document is put together and who the intended readers are. She explained that the document serves both legal and educational purposes.

Mayor Buxbaum noted budget related materials can be intimidating. The City's budget is a one-size-fits-all document, and it is challenging for most people to find an entry point." He suggested taxonomy for utilities, capital and the operating portions of the budget. The City Manager's letter should provide context for the budget and there should be a "this is what

is different” section. Committee member Cooper said the Council needs the level of detail that is provided but suggested an executive summary for other advisory groups and citizens.

The report was received.

4.C 13-0473 The Washington Center Operating Contract, Operational Budget, and Capital Needs

City Manager Steve Hall and representatives from The Washington Center met with the Finance Committee to discuss the contract and current financial situation of The Washington Center. Mr. Hall pointed out the two funding sources for the Center, interest earnings and lodging tax, which both decreased significantly during the recession. He indicated the Center actually has less revenue income than it did a decade ago. He reviewed the parts of the contract that need to be revised but suggested that the work wait until the new executive director is on board. The Committee suggested an interim one-year contract followed by a long-term look at the funding needs of the Center. Committee member Cooper suggested we look at other contracts for performing arts theatres. This item will come back to the Committee later this summer.

The report was received.

4.D 13-0454 LEOFF 1, Medical Benefits

The City is required by law to pay medical costs of LEOFF 1 employees hired between March 1, 1970 and September 30, 1977. The City has two LEOFF 1 members currently employed and 74 retired members. Medical costs to be paid are determined by the City LEOFF 1 Disability Board. The Board is comprised of five members (two Council members, two LEOFF 1 members, and one at-large member). The City purchases medical insurance to cover most of the costs; however, the General Fund is responsible for costs not covered by insurance. The City currently pays approximately \$1.1 million/year for all costs. Staff is estimating the cost will increase to \$2.3 million by 2030 and then begin declining. There are currently no members on long-term care. Long-term care is the portion of the total cost with the most volatility. Beginning in 2018, medical plans defined as “Cadillac” plans by the Affordable Health Care Act are required to pay an excise tax. The LEOFF 1 plan is definitely a Cadillac plan and the tax is paid by the employer. As an example, for the year 2030 (estimated to be the highest year) the tax would be approximately \$250,000 under the current guidelines.

The report was received.

4.E 13-0453 B&O Tax Briefing

The Committee requested a briefing on the City’s B & O tax and specifically on the exemption for nonprofits. Senior Accountant Bill Sampson explained the City collects B & O taxes under the State of Washington’s B & O model tax ordinance. The ordinance was adopted in 2003 by the legislature, and Olympia and 38 other B & O tax cities must follow the ordinance in order to be able to collect the tax. Annually, the City collects approximately \$4.5 million in B & O taxes. There are currently 11 exemptions including nonprofits, health maintenance organizations, health care services, and certified health plans. Committee member Jones asked about a change the City of Tacoma recently made.

Mr. Sampson responded that Tacoma had an exemption for hospitals grossing less than \$30 million. There are currently 2 hospitals grossing more than \$30 million. The Committee had other questions they asked Mr. Sampson to follow up on. He will follow up on the questions and respond via email to the Committee. Committee member Cooper commented the health care industry is very important to the economy of the City and we should thoroughly research the impact of any potential changes.

The report was received.

4.F 13-0250 Review of the 2000 Long Term Financial Strategy (LTFS) process

The LTFS was adopted almost 15 years ago. The strategy was one that was taken with the community and still impacts our decisions. The Committee had asked to review the strategy just to make sure it was relevant with today's economy. Committee member Cooper asked how to look at adding programs back as revenues improve. City Manager Steve Hall said expenses continue to outpace revenues and will for the foreseeable future. The LTFS provides criteria for reducing as well as increasing services. Chair Buxbaum said we need to be clear about what criteria we are using to make decisions. The Committee suggested staff take an opportunity to review the LTFS with advisory committee as well.

The report was received.

5. ADJOURNMENT

The meeting adjourned at 7:35 p.m.