



City of Olympia

City Hall
601 4th Avenue E
Olympia, WA 98501

Meeting Minutes - Final Finance Committee

Information: 360-753-8447

Thursday, June 7, 2012

5:00 PM

Special City Council Meeting to Conduct Business of the Finance Committee

Roll Call

Present: 3 - Chair Buxbaum, Councilmember Jones and Councilmember Rogers

Others Present

Councilmembers: Julie Hankins, Jeannine Roe, Jim Cooper (arrived at 5:20 p.m.), and Steve Langer (arrived at 5:25 p.m.).

1. Call To Order

Mayor Buxbaum, Chair of the Finance Committee, called the meeting to order at 5:07 p.m.

Mayor Buxbaum noted that this is a Finance Committee meeting noticed as a special meeting of the City Council. Consistent with the Council's guidelines, all Councilmembers may take part in the conversation, with any recommendations identified by concurrence of the Finance Committee members.

2. Approve Minutes

2.A [12-0134](#) Approval of April 10, 2012 Finance Committee Minutes

Attachments: [1. Minutes](#)

Councilmember Rogers said that she requested a change to the April minutes. Chair Buxbaum suggested that the Committee make note of the changes as reflected in the May 8, 2012 minutes. Councilmember Rogers said she would prefer that the change be made directly in the April 10 minutes. Chair Buxbaum said that approval of the April 10 minutes will be postponed until the next meeting so Councilmember Rogers can submit her changes in advance of the meeting for review and consideration by the Committee.

Approval of the Minutes was postponed.

2.B [12-0135](#) Approval of May 8, 2012 Finance Committee Minutes

Attachments: [1. Minutes](#)

Chair Buxbaum asked for approval of the May 8 Minutes as submitted. Committee members concurred.

The Minutes were approved.

3. Committee Business

3.A [12-0214](#) Planning Commission Input to the CFP - Oral Report

Chair Buxbaum noted that he met in advance with the leadership of the Planning Commission.

Mr. Horn offered three themes for discussion:

- What is the role of the Planning Commission regarding capital investment, in particular how do we evaluate investments versus achievements?*
- How can the annual Capital Facilities Plan (CFP) letter from the Planning Commission be more useful?*
- How can the Planning Commission work more effectively with the Finance Committee?*

Chair Buxbaum said he is interested in making the Comprehensive Plan more of an action plan, and he thinks the way to do it is through the CFP. He is interested in performance measures and review by the Planning Commission to evaluate how we are really doing on an annual basis.

Councilmember Jones said he is interested in measures that link investment to aspirations. For example, "We are building this sidewalk in order to achieve 'some other aspiration'." Not just a fiscal accounting, but is the community developing the way we want to see.

Chair Buxbaum said that he sees the Planning Commission taking on a custodial role with regards to the Comprehensive Plan.

Regarding the letter, Chair Buxbaum said he feels the letter should come earlier in the process to be useful. He would like to see a calendar crafted so that the Planning Commission input is earlier in the process and allows time for thoughtful review and comment by staff.

Chair Buxbaum commented that with Council and the Commission working on these items, the actions will accomplish a more effective working relationship.

Mr. Horn said that for 2013, he views the Planning Commission developing a model letter and process, with more complete implementation the following year after the new Comprehensive Plan is adopted. He mentioned that the Planning Commission Finance Subcommittee is gearing up to begin meetings this summer.

City Manager Steve Hall suggested that a key a role for the Planning Commission is to work strategically with staff and the Council to identify ways to use available monies to achieve goals in a more efficient and effective way.

Chair Buxbaum stated his support for developing a model process this year that includes performance measures.

Chair Buxbaum asked staff to take a look at the dates for the 2013 CFP and the timing of Planning Commission input.

The Report was received.

3.B [12-0095](#) Evaluation of City Holdings

Attachments: [1. Inventory](#)
 [2. Assessed Value City Properties](#)

Mr. Burney noted that there is a list of the City's significant holdings in the packet for the meeting. The values are from the Thurston County Assessor's data base; we do not have current appraisals.

Mr. Burney distributed the guidelines staff considers when reviewing surplus property, which he reviewed. He noted that proceeds from sale of any property owned by the utilities would go back to the utilities, not the General Fund.

He reviewed the following properties not currently in use:

- *Court Services Building. It is on the Lee Creighton Justice Center parcel; would require short platting before sale. Another option is leasing the space, perhaps to an attorney. With a lease, though, comes a long-term maintenance responsibility.*
- *Old Fire Training Center (Boulevard and 22nd). Zoned residential. Some of the land will be needed for the upcoming roundabout.*
- *Drinking Water Parcel (Yelm Highway near Boulevard). An old community well site. The well has been decommissioned. No current need to keep the parcel for access to utilities. About 2/3 acre; zoned residential.*
- *LID Parcel. (Aztec Dr. NW – near Cooper Point and 28th). Acquired through foreclosure of a Local Improvement District parcel. Zoned residential; steep slope – difficult to develop.*
- *Smith Building Vacant Parcel – vacant lot between Casa Mia Restaurant and the Smith Building. City has received recent inquiry from a party potentially interested in the parcel.*

Councilmember Jones noted that the guidelines are not in priority order, nor are they all inclusive.

Councilmember Rogers mentioned she had asked for referral of this topic. She posed a couple of issues she wanted to look into with this discussion:

- *Do we have property downtown we are keeping off the tax rolls?*
- *Is the City contributing to blight by owning unused properties and buildings?*

Councilmember Rogers said her recommendation is to get rid of as many of the unused parcels as possible, without flooding the market. She also noted the cost to the City to maintain unused properties.

Councilmember Roe said she is concerned that this is not right time to divest properties, given the drop in assessments released by the Thurston County Assessor this week.

Chair Buxbaum offered a suggested change to guideline #7: Instead of "is the property marketable," he suggested an assessment of the real estate market itself, including a realistic market value of the property at the time of consideration. He noted the

significant over assessment of the Smith Building compared to the actual market value.

Councilmember Langer said he agrees that the Council has a responsibility to be prudent on behalf of the taxpayer and sell off surplus property when it will most benefit the taxpayer.

Councilmember Rogers noted that the money from sale could go to other projects. She said she would like to see a policy that property is assessed before sale. She said an option is to test the water and see if there is interest in a property for the price desired by the Council. She spoke to honoring commitments by prior Councils.

Councilmember Cooper expressed interest in looking at critical areas when deciding whether to divest unused parcels. He noted the proceeds restriction related to the Washington Center for sale of the former City landfill. He expressed interest in being ready to sell that property when the market rebounds and is prime.

Councilmember Roe wondered if the former Fire Training Center could be leased to the school district as an after-school facility.

Chair Buxbaum expressed interest in an asset management plan with guiding principles and a clear aspiration statement about what we are trying to do with our assets, in particular the highest and best use and value of all holdings. Also, he said he supports strategically aligning one-time money with priorities.

Recommendation Consensus: Finance Committee members agreed that the next step is for staff to develop a draft Asset Management Guiding Principles document for review by the committee.

Councilmember Rogers stated her interest in notifying neighbors of unused properties and potential availability.

Councilmember Jones said we should hold off on any sale of the parcel next to the Smith Building until we know results of the current Request for Proposal process related to the Smith Building. For the former Court Services building, he suggested seeing if there is a lease market for that property, instead of sale. He spoke to potential future use of that parcel as part of the Lee Creighton Justice Center.

Recommendation Consensus: Committee members agreed with the suggestion to hold off on any consideration of the Smith Building adjacent parcel until the results of the current RFP process are known.

The Report was received.

3.C [12-0154](#)

2013 Budget

Chair Buxbaum clarified that the objective of tonight's discussion is to develop a recommendation with regards to the three options outlined at last Tuesday's meeting as an overall approach to the 2013 budget.

Chair Buxbaum asked Councilmembers for their observations about the comments from the invited citizens at Tuesday's meeting.

Councilmember Jones said he is interested in:

- exploring cost allocation from utilities to General Fund;
- analysis of revenue potential of a tax on commercial parking businesses;
- analysis of employee salary levels compared to peer organizations;
- taking a look at refinancing our current debt.

City Manager Hall reviewed a list the Executive Team prepared of citizens comments heard on Tuesday. He noted the need for communication with the public and the citizen guests.

Chair Buxbaum stressed the importance of not letting any suggestion from the meeting falling through the cracks and responding back to the invited citizens at Tuesday's meeting. He spoke to the importance of thoughtfully considering each suggestion, with the understanding that some of the items are short term and others are more long term.

Councilmember Langer said a take away from the meeting was the issue of prioritization rather than a piecemeal approach, with an overall vision and goal of what we are working toward. He commented that he does not find the 5-10% cut approach helpful for advancing a vision.

Councilmember Cooper said that he is interested in taking a look at:

- A balance of revenue and cuts, but perhaps not as many as he would have originally supported before Tuesday's discussion.
- The Criminal Justice tax idea and the Transportation Benefit District (TBD) revenue increase.
- A way to come up with a package that balances the budget next year and begins to building the economy in a different way.
- Review of the 2010 organizational restructuring to see if there are more efficiencies to be gained.

At the request of Chair Buxbaum, staff distributed a copy of the Council priorities identified at this year's retreat. Chair Buxbaum reviewed and commented on the list. He highlighted the Council's interest in downtown, working with neighborhoods, and growing our base. Chair Buxbaum said that he does not feel that the Council will be able to achieve these very important priorities with an "all cuts budget." He also spoke to the need to include voters and our community in the process. His interest is in determining what we want to propose to the voters.

Councilmember Hankins said that for her it is all about process, and there is no more inclusive way than asking the voters.

Councilmember Langer spoke to value of connecting with the public and the importance of public participation.

Councilmember Roe said she is interested in taking a look at staff overtime and a way to potentially do an across-the-board salary cut similar to the state. She is also interested in staff input, perhaps a suggestion box. She suggested taking the "all cuts" approach off the table and moving towards a hybrid. She is also interested in a salary and benefits study.

Councilmember Cooper commented that a property tax proposal may be less regressive than some of the other options. He said that he is not necessarily interested in moving in the direction of state salaries given the negative affect salary reductions have had on state employees. He said he would be interested in a comparison of

salaries with peer cities.

Chair Buxbaum said that he is interested in staying within the market for a job position, acknowledging the specific skills and market for certain municipal positions. Regarding compensation he said he feels it is important to think about recruiting and sustaining our workforce in a manner that is comparable with the market for municipal positions.

Councilmember Rogers said she agrees that salary depends on the specific position. She suggested a citizen committee to conduct a salary and benefit analysis with recommendation.

Chair Buxbaum said that it sounds from the discussion that there is agreement on the need for a sound salary and benefit analysis, along with telling the City's story.

Councilmember Jones commented on the amount of overtime. He said he suspects that there is a good reason for the overtime and that we need to know what the story is and to share it.

Councilmember Jones said that he would like to make some expenditures we are not currently doing, specifically downtown walking patrol and a downtown ambassador. He would like to see a proposal from staff on what it would take.

Recommendation Consensus: The Committee concurred with the request for a proposal on the downtown walking patrol and a downtown ambassador.

Councilmember Langer spoke of interest in seeking a short-term approach for 2013 and that the Council work with a citizen budget committee to develop a community consensus for the long term.

Chair Buxbaum summarized that he is hearing the Council wants to continue to look at cuts and also at revenue options with the intent to invest the downtown walking patrol and downtown ambassador. He spoke to the need to maintain priorities for 2013 while Council works on a long-term strategy.

Recommendation Consensus: Chair Buxbaum suggested property tax as a viable option for the long-term, not the short-term. Committee members concurred with the suggestion about property tax as an option for the long-term.

Chair Buxbaum said that his recommendation is place a proposal on the ballot which will allow the public to say if they wish to partner with us and invest in the community.

Councilmember Rogers said that if we go to the public, we must accept the decision of the voters. Chair Buxbaum said that he respectfully disagrees; that every decision point has its context.

Councilmember Roe suggested taking a look at the Transportation Benefit District proposal mentioned Tuesday evening.

Councilmember Jones noted that only 6-7 months of a public safety tax would be available in 2013. Chair Buxbaum clarified that annualized for 2013, one-half is available, and that this might mean that we don't have an emphasis patrol until June, or some other stop gap measure.

Councilmember Cooper said that a focus on public safety is the way to go. He feels that it will resonate with voters. He is also interested in a meeting of the TBD Board before September to take a look at analysis of the TBD option.

Councilmembers discussed whether to consider an increase in the Business and Occupation Tax (B&O), which lead to a conversation about various ways to approach a stop-gap of about \$800,000 in 2013 to prevent police cuts, restore some level of walking/emphasis patrol, fund the downtown ambassador, and possibly avoid cuts in victim assistance and work crews.

Councilmembers discussed interests regarding downtown walking and emphasis patrols and the need to be clear about expectations.

Councilmember Jones expressed interest in the two-tenths sales tax available through the TBD to fund transportation projects and making money for other purposes.

Chair Buxbaum spoke to the need to tell a compelling story to the community about the need for criminal justice funding and what the community would gain from the investment. He cautioned about a mixed message.

Councilmember Rogers suggested looking at a levy lid lift.

Councilmember Langer said that he agreed with Chair Buxbaum that a levy lid lift is the tool to look at for the long-term, not for 2013.

Recommendation: Finance Committee members unanimously agreed to recommend investigating a one-tenth of a cent Criminal Justice Sale Tax with those resources being targeted to downtown walking and emphasis patrols, downtown ambassador, and other criminal justice services appropriate for the use, and with other efficiency measures to close 2013 gap. In addition, the Finance Committee recommends developing a long-term strategy for a sustainable budget.

Chair Buxbaum noted that he will report out on behalf of the Finance Committee at the Tuesday, June 12 meeting.

The Report was received.

4. Adjournment

There being no further business, Chair Buxbaum adjourned the meeting at 8:00 p.m.