



Meeting Minutes

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, October 17, 2018

5:30 PM

Room 207

1. CALL TO ORDER

Chair Cooper called the meeting to order at 5:31 p.m.

2. ROLL CALL

Present: 2 - Chair Jim Cooper and Committee member Jessica Bateman

Excused: 1 - Committee member Lisa Parshley

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT - None

5. APPROVAL OF MINUTES

5.A [18-0980](#) Approval of September 19, 2018 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [18-0993](#) Budget Snapshot - General Property Tax 1 Percent Limitation and Uses

Fiscal Services Director Nanci Lien gave an overview of property tax including terminology, property tax myths, who determines what, how the tax is calculated/used, and some local scenarios. Property tax projections for 2019 are \$14M for the General Fund, \$1.187M for voter-approved bonds, and \$3M for public safety (levy lid lift).

The information was received.

6.B [18-0991](#) Discussion of Proposal to Revise the Operating Budget Policy to Include a Budget Stabilization Reserve

Administrative Services Director Debbie Sullivan recommended the creation of a Budget Stabilization Reserve Fund (BSRF) to weather economic swings. She stated the time is right to establish the fund because indicators are showing signs of an economic cooling. During the Great Recession that began in 2008, the City lost \$6 million in revenue, lost 60 employees, and took nine years to recover.

GFOA's best practices now include establishing a stabilization-type policy. They recommend maintaining two months of either operating revenues or expenditures. Ms. Sullivan stated the ultimate goal is to have \$4M (5% of General Fund revenues) in the stabilization fund but it would take 20 years at 20% to get there. She provided details using less aggressive targets of 10% and 15% and asked the Committee for their feedback.

Committee members agreed taking 10% off the top is the preferred option initially and then increase the rate later. Chair Cooper suggested directing windfalls or a percentage of windfalls to the BSRF. Committee member Bateman requested a policy to define uses of the BSRF.

The Committee recommended establishment of a Budget Stabilization Reserve Fund beginning in 2019, taking ten percent off the top of revenues. and referred the topic to City Council for consideration.

6.C [18-0668](#) Preliminary Review of 2019 Utility Rates and General Facility Charges

Water Resources Director Andy Haub began his presentation by stating the Utilities Advisory Committee (UAC) supported all recommendations being made. The budgeted expenditures for utilities in 2019 is \$54M. The recommended combined increase in rates is 2.6% or \$3.40. City revenues are strong and expenditures are modest.

He provided a budget overview of each line of business within utilities. Waste has a \$425,000 projected net loss of revenue because of changes in curbside recycling. Customer education will be a focus in 2019. Garbage in recycling causes contamination and thus a lower demand for recycle material. Mr. Haub indicated Waste ReSources will be looking to raise a capital fund next year to build a facility (Carpenter Rd). Rates increased 4% (\$368,000) last year to be able to start setting funds aside for this.

Mr. Haub noted Olympia's utility rates are higher than those in Lacey and Tumwater because of our septic-sewer conversion program. Various metrics show Olympia's utilities are efficient compared to similar-sized jurisdictions.

The proposed increases in General Facility Charges are 2.4% or \$358. Committee members asked if the UAC could begin looking at ways to change GFCs to stimulate the type of development that could help the local housing crisis.

The discussion was completed.

6.D [18-0973](#) Update on Proposed Parking Fee Increases

Community Planning & Development (CPD) Downtown Programs Manager Amy Buckler discussed parking fee increases for 2019. Most rates have not been raised in more than ten years. Studies and research has been done and parking fees need to increase to achieve an 85% occupancy rate in the downtown core. Rates would increase incrementally over three years. The net increase will generate:

- * An additional \$371,000 per year
- * Provide more short-term parking
- * Transition long-term users into under-utilized off-street stalls
- * Support the Downtown Strategy by funding other parking and transportation goals
- * Support current parking operations

Committee members indicated their support for the parking fee increases. Chair Cooper asked about a commercial parking tax. Ms. Sullivan said that topic will be talked about next year when the Transportation Master Plan is updated. Chair Cooper also expressed interest in a study of parking on Courthouse Hill and installation of meters there. CPD Director Keith Stahley stated that Ensign Rd is another location that may need parking management.

The discussion was completed.

6.E [18-0977](#) Consideration of Funding for Additional Homeless Actions

Ms. Buckler proposed next steps for additional homeless actions. She reviewed available funds and proposed a pilot project. The pilot project is a partnership between the City and faith-based/non-profit organizations. The City would provide support services to enable faith communities and non-profits to establish and manage tiny house and transitional shelter facilities on public or private properties to house homeless people.

The request is for the City to provide funding and support in 2019 for one mid-sized site (10-20 houses/huts) and two small sites (6 or fewer houses/huts). The faith/non-profit communities would host/manage the facilities, build/supply the tiny houses, and may also contribute to group facilities for homeless people on public land managed by the City. The estimated cost for the pilot project is \$100,000. This covers portable toilets, hand wash sinks, water and sewer service, trash pick-up, fencing, and a contract with a non-profit organization to help manage.

Ms. Buckler also discussed mitigation costs arising from the new court ruling regarding homeless people on public land. She proposed setting up two sites to accommodate 80-100 people each in tents. The site would include fencing, portable toilets, handwash sinks, water and sewer service, trash pick-up, and security. The preliminary estimate to operate one site for one year is \$150,000 to \$200,000. She stated this estimate is early and preliminary and she is continuing to work to develop a more firm estimate.

The revenue approved for homelessness actions by Council on September 18 for 2019 is \$1,411,000. The estimate for the approved strategies -- Plum Street Village, secure storage, and expanding the Community Youth Service shelter to 24/7 operation -- leaves \$551,000 left in available funding. The pilot project with faith-based/non-profit communities and two mitigation sites would absorb \$500,000 leaving \$51,000 in remaining funds. Chair Cooper suggested including the cost to aid Interfaith Works infrastructure repairs to show the true financial need.

Committee members voiced support for the proposal. The Committee requested a coordinated entry system be put in place. Chair Cooper asked for best practices to be established on how to educate and engage the residents living near any organization hosting homeless people.

Committee member Bateman moved, seconded by Chair Cooper, to recommend to City Council that the City commit to funding the City and Faith Community pilot project in 2019 for an estimated amount of \$100,000. The motion was approved.

7. REPORTS AND UPDATES

Ms. Sullivan reviewed the Finance Committee's upcoming calendar.

8. ADJOURNMENT

Chair Cooper adjourned the meeting at 7:53 p.m.