



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, May 16, 2018

5:30 PM

Room 207

Special Meeting of the City Council to Conduct Business of the Finance Committee

1. CALL TO ORDER

Chair Cooper called the meeting to order at 5:32 p.m.

2. ROLL CALL

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

OTHERS PRESENT

Mayor Pro-Tem Nathaniel Jones joined the meeting at 5:35 p.m.

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT - None

5. APPROVAL OF MINUTES

5.A [18-0492](#) Approval of April 26, 2018 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [18-0452](#) Budget Snapshot - Tax Limits

Fiscal Services Manager Dean Walz presented information on tax limits - property tax levy rate limits, and the levy priorities. He showed examples using the statutory limits and the constitutional limits. When considering a property tax increase it is a good idea to consider the limits and understand the resulting impacts on services in the community.

The information was provided.

6.B [18-0458](#) LEOFF 1 Post Employment Medical and Fireman's Pension Funding Plans

Mr. Walz provided an overview of LEOFF 1 medical and pension funding plans. Current funding sources for the LEOFF 1 Medical include property tax and investment earnings. There is an \$11.6 million actuarial funding gap. The Fireman's Pension current funding sources include property tax and State shared fire insurance premium tax. The State is threatening to eliminate this funding. City projections assume the funding remains intact. There is a \$2.1 million actuarial funding gap. Chair Cooper asked clarifying questions.

The information was provided.

6.C [18-0450](#) Lifeline Utility Rate Briefing

Public Works Water Resources Director Andy Haub discussed the current Lifeline utility program and potential effects of subsidies if the City expands the program. City Manager Steve Hall stated that potential recipients need outreach. Mr. Haub presented Utility Advisory Committee ideas to provide additional relief to low-income citizens. Committee member Bateman agreed that eligible citizens need more outreach. She suggested several ways of approaching outreach to them prior to expanding the eligibility requirements. Chair Cooper suggested instituting a funding cap to plan and budget. He said January 1, 2019 would be the time to change rates, if Council decides to do so. Mr. Haub discussed returning to Finance Committee with a recommendation from the Utility Advisory Committee later in the year.

The discussion was completed.

6.D [18-0493](#) Discussion of Business and Occupation Tax Adjustments

Administrative Services Director Debbie Sullivan followed up from the April 26, 2018 Finance Committee meeting and the request to see scenarios of B & O changes. Staff needs more direction on what Council wishes to accomplish. Businesses will be more agreeable if there is a nexus between the new rates and what the City will provide as a value to businesses. Committee member Bateman recommends the \$250,000 threshold. Mayor Pro-Tem Nathaniel Jones recommended raising the threshold significantly and noted the City needs to provide services equitably to those who pay the tax all across the city, not strictly the businesses located downtown. Economic Development Director Mike Reid said he does not see the three-year deferral option as a great incentive to new businesses as a means for site selection. It's a nice marketing tool, but the savings isn't significant enough to incentivize a business to choose Olympia over another location - especially when there are cities with no B & O tax at all. Chair Cooper asked to meet with Mr. Hall to discuss the nexus. Committee members and Mayor Pro-Tem Jones were all interested in thresholds, not exemptions, and want staff recommendations on adjustments to the B & O tax rates.

The discussion was completed.

7. REPORTS AND UPDATES

Ms. Sullivan informed the Committee that interviews for banking services were held earlier that day. Three proposals were received and two interviews were conducted (with Columbia and US Bank). The preferred vendor will be discussed at the next Committee meeting.

Ms. Sullivan reported sales tax through April is up 1% over the same period in 2017. Although the increase is only 1%, we remain on target for meeting our projected budget.

Ms. Sullivan apprised the Committee of an emerging best practice to establish a Budget Stabilization Reserve above and beyond an emergency reserve. This type of reserve provides resiliency to ride out an economic cooling.

8. ADJOURNMENT

The meeting adjourned at 7:10 p.m.