



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Wednesday, April 8, 2015

6:00 PM

Council Chambers

1. ROLL CALL

Present: 3 - Chair Jim Cooper, Committee Member Nathaniel Jones and Committee Member Cheryl Selby

OTHERS PRESENT

City Manager Steve Hall
CP&D Director Keith Stahley
Public Works Director Rich Hoey
Parks Director Paul Simmons
Program and Planning Supervisor Karen Kenneson
Finance Director Dean Walz
Public Works Transportation Director Mark Russell
Senior Accountant Stacie Tellers
City Attorney Mark Barber
Parks Associate Director David Hanna
CNA Chair Phil Schulte
Olympia Planning Commission Representative Roger Horn
Citizen Karen Messmer
Citizen Jim Lezar
Citizen Cary Retlin Sr.
Citizen Jerry Riley
Citizen Deborah Jaqua
Citizen Bob Jacobs
Citizen Bonnie Jacobs

2. CALL TO ORDER

Chair Cooper called the meeting to order at 6:01 p.m.

3. APPROVAL OF MINUTES

3.A [15-0342](#) Approval of March 27, 2015 Finance Committee Meeting Minutes

The minutes were approved.

4. COMMITTEE BUSINESS

4.A [15-0343](#) Long-Term Funding Options for a Sustainable Budget

Chair Cooper introduced the Finance Committee. If the Committee cannot find a revenue source for the City within the next few years, the City will be looking at significant cutbacks. The goal now is to look at the whole situation and at options that are on the table to create a sustainable budget and balance revenues versus expenses. The focus is on answers for now and tomorrow, instead of dwelling on previous issues.

Mr. Hall presented a financial overview. Budget sustainability means revenues sufficient to maintain current levels of service in the City. This includes consideration of revenues, regionalization, efficiencies, community partnerships, reducing medical benefit costs, pursuing state assistance, and legislative changes. In the General Fund revenue projections, there are cumulative deficits, indicating higher expenses than revenue. Options for additional revenue include LIDs, red light cameras, and new hotels.

Mr. Russell presented on the pavement management system. A pavement condition rating system allows for the assessment of streets, prioritization, and asset management. Some funding goes to preventative maintenance and some goes to reconstruction of severely damaged areas. An average condition rating is assessed and compared to the annual goal score of 75. In recent years, the average condition rating has been near or has surpassed the goal score. There is a backlog of needed repair costs, which cannot be covered with current funding. Ideally, streets could be maintained successfully without needing to exclusively focus on reconstruction. Tumwater is in the process of addressing similar issues and Ocean Shores may be an example to review, due to their success with the complete repavement of their city.

Mr. Hoey presented on facilities. Facilities includes the maintenance and upkeep of the City's buildings. Measured in a similar way to the pavement management system, buildings are assessed and prioritized. The funding today is sufficient to take care of high priority needs through 2019 or very near that. Current funding is improving building condition, but the largest needs continue to be HVAC, electrical, and plumbing. Most projects have a twenty year lifespan, so funds can be directed toward medium and low priority projects starting in 2020. Taxes from cable television were pledged for facility maintenance, but due to the current market for cable, this revenue source is declining. Goals for maintenance are based on industry standards and meeting this goal has been improving.

Discussion turned to the overall economic development. Although a great deal of work is being put into economic development, it is a long-term project and will not solve the short-term goals. Considerations were made of what the option would be to come up with a large sum of money to replace Percival Landing instead of repair it. It is important to have a road map to sustainability instead of just picking a revenue consolidation option as a single-stage fix. There was discussion about whether the process of addressing the worst issues first is working as efficiently as it could be. There is also a lot of interest in the City buying more property for parks and dedicated funding to purchase them. Property values will rise, options will decrease, and the development of the land will not be as important as the ownership.

Chair Cooper opened the floor to discussion, noting that nothing on the handout listing revenue options will get things all the way to where they need to be. Concerns were expressed that there is not much discussion on the fire department budgets, which have seen large increases. There are gaps in the other budgets, but some of the costs of the fire department could be recovered, especially because of the affordable care act and other cities, even in Washington, who charge for incident response. Though relatively small by comparison, recovering some costs of the fire department would potentially cover what is being asked for through the handout of revenue options. This could include actions to join with Lacey and Tumwater to form a regional fire department. It would reduce costs through changes, such as fewer fire chiefs, but at the same time, could cause changes, such as slower response times. Concerns were expressed that the revenue options handout did not address some viable options and that there is a lack of context that accounts for inflation to tell us where we are compared to where we used to be. It was suggested that staff do a revenue evaluation that includes assessment of the difference between revenue problems and expenditure problems, expenditures per capita today compared to years ago, and whether the City is on track with inflation. An overview of a potential budget was suggested that would have the City meet it's obligations first, maintenance second, discretionary spending third, and then use the rest for public response. This does not account for large items, like the potential reconstruction of Percival Landing.

The discussion was completed.

5. ADJOURNMENT

The meeting was adjourned at 7:52 p.m.