



City of Olympia

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Meeting Agenda Finance Committee

Thursday, February 13, 2014

4:30 PM

Room 207

1. **ROLL CALL**

2. **CALL TO ORDER**

3. **APPROVAL OF MINUTES**

3.A [14-0087](#) Approval of December 12, 2013 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

4. **COMMITTEE BUSINESS**

4.A [14-0120](#) Approval of Finance Committee Workplan for 2014 (Including 2015 Budget Calendar)

Attachments: [2014 Finance Committee Workplan - DRAFT](#)
[2015 Budget Calendar - DRAFT](#)

4.B [14-0121](#) Oral Report - Discussion of Preliminary 2013 Year-End Financial Position

4.C [14-0142](#) Funding PSE Streetlight Conversion

5. **ADJOURNMENT**

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Meeting Minutes - Draft Finance Committee

Thursday, December 12, 2013

5:30 PM

Room 112

1. ROLL CALL

Present: 2 - Chair Stephen H. Buxbaum and Committee Member Nathaniel Jones

Excused: 1 - Committee Member Jim Cooper

2. CALL TO ORDER

The meeting was called to order at 5:30 p.m.

3. APPROVAL OF MINUTES

- 3.A 13-1046 Approval of November 18, 2013 Finance Committee Meeting Minutes

The minutes were approved.

4. COMMITTEE BUSINESS

- 4.A 13-0898 Long Term Financial Sustainability of The Farmers Market

The City and Port of Olympia renegotiated terms of the lease for the property currently operated as the Farmers Market of Olympia. Included in the lease agreement was a "Best Practices Assessment" to be conducted by an outside consultant. The Finance Committee, staff, and Executive Board of the Farmers Market met to allow the consultant, E.D. Hovee and Company, an opportunity to discuss the results of their assessment. The intent of the Best Practices Assessment was to provide the Farmers Market with feedback related to their governing structure, business model and operating policies. It identifies opportunities for the Farmers Market staff and Board of Directors to consider for implementation.

Chair Buxbaum said it was important to keep the Market's mission in mind as we discuss what next steps are most appropriate for the City. The Olympia Farmers Market's mission is: ***"Promote and encourage the development of local small scale agriculture and ensure a dynamic market balance for small, local growers and others to make available their products to residents of this community."*** The chair outlined what he believes are the next steps.

Recommendation One:

Consider how to best support the Market in achieving its mission. Consider helping to

convene experts from the Thurston County Coop Extension, Economic Development Council, Visitor and Convention Bureau, Olympia Downtown Association (and Main Street organization), the Parking and Business Improvement Association and the Port of Olympia. Collaborate on development of a strategic plan for the market with a goal of establishing measurable objectives for its mission.

Recommendation Two:

Develop a comprehensive parking strategy for the "market district." This work will require the collaboration of the Port, City and Market Association as well as key business and citizen stakeholders. Determine a fact-based approach to best managing and operating parking in and around the Farmers Market District.

Recommendation Three:

Set a goal of agreeing to a process and approach for determining how to establish the best organizational structure and property ownership relationship for the market and the market facility by the end of 2014.

Chair Buxbaum agreed to take these recommendations to the full Council for discussion.

4.B 13-1051 Indirect Cost Recovery Methodologies

Administrative Services Fiscal Services Director Dean Walz responded to the Committee's request to review indirect cost recovery methodologies utilized by the City.

He explained the current indirect and cost recovery include the following:

- Indirect overhead of Executive, Legal, Human Resources, City Clerk, Mail, Utility Billing, Accounting, and Information Services. This is allocated to City-owned utilities, engineering overhead and parking services.
- Allocation of Public Works General Services costs, to the various sections of Public Works.
- City Hall office space cost is computed for direct use by utility staff and the indirect overhead programs noted above. The costs include operations and maintenance (O&M) and debt service for City Hall.
- Maintenance Center rent is computed for users of the facility. The rent includes O&M costs and a portion for long-term maintenance.
- CP&D services to City-owned utilities.
- PC usage.

The 2014 General Fund budget includes \$4,004,495 to be received from the above cost recoveries. Additionally, \$75,073 is projected to be received by the Facilities Repair and Major Maintenance Fund from Maintenance Center rent charges in 2014. The Committee asked staff to calculate and to evaluate charging general fund departments a facilities charge.

The revenue would then help offset the cost of facilities repair and major maintenance.

The discussion was completed.

5. ADJOURNMENT

The meeting adjourned at 7:04 p.m.

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Finance Committee

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Approval of Finance Committee Workplan for 2014 (Including 2015 Budget Calendar)

Agenda Date: 2/13/2014

Agenda Number: 4.A

File Number: 14-0120

File Type: decision

Version: 1

Status: In Committee

..Title

Approval of Finance Committee Workplan for 2014 (Including 2015 Budget Calendar)

..Recommended Action

City Manager Recommendation:

Discuss and forward a work plan to the full Council for approval.

..Report

Issue:

Approval of Finance Committee Work Plan for 2014

Staff Contact:

Jane Kirkemo, Administrative Services Director, 360.753.8499

Background and Analysis:

Each year, all advisory committees submit a workplan to the City Council for review. The Finance Committee typically submits a "skeleton" for review, allowing time at each meeting to respond to emerging issues. Attached is a draft workplan for committee consideration as well as a draft 2015 budget calendar. It should be noted the November committee meeting falls on a council vacation week. Last year the committee agreed to meet with Advisory Boards regarding their Capital Facilities Plan comments. A suggestion was made that the meeting should be on a separate date to allow the maximum amount of discussion.

The calendar for the 2015 Operating Budget is also included for discussion.

Neighborhood/Community Interests (if known):

The Community Neighborhood Association did not express interest in sponsoring any forums this year but will participate in any other public engagement processes.

Options:

- 1) Approve the 2014 workplan for the Finance Committee.
- 2) Amend the workplan by adding additional items.

Financial Impact:

[List funding source and available funds or project cost. Tables should be attached rather than included in the staff report.]

Agenda Date: 2/13/2014
Agenda Number: 4.A
File Number: 14-0120



2014 Finance Committee Agenda (Second Wednesday of the Month @ 5:00 p.m.)

February

- Committee review of work plan and 2015 Budget Calendar
- Oral Report on the preliminary 2013 yearend financial position
- Funding PSE streetlight conversion

March

- Meet with advisory boards regarding their comments on the 2014-2019 CFP
(separate date?)
- Update on Building Repair Fund & Parks Asset Management
- Final report on 2013 year end closing

April

- Report from the Washington Center on operations and capital
- Meet with EDC to discuss Business & Occupation Tax

May

- 2015 budget and public engagement plan
- Continue Discussion of Long Term Revenue Strategies
- Funding Indigent defense and meeting new standards

June

- Discussion of short and long term cost of the Affordable Care Act (ACA)
- Committee discussion on the CFP Comprehensive Plan Goals and Policies

July

- Preliminary 2015-2020 Capital Facilities Plan (CFP)
- 5 year budget projections

August

- Performance Measures

September

- Review proposed utility rates
- City services “at risk”

October

- Review of 2015 Projected Revenues
- Use of LIDs in sub area plans

November

- Review of 2015 Operating budget

December

- Budget Balancing Proposal for Budget and CFP

DRAFT



Operating Budget Calendar

2015 Budget Process

City Manager Presents 2015 Operating Budget to Council	October 28 (Tuesday)
Preliminary Budget Available on the Internet	October 29
Discussion of Utility Rates, Impact Fees, Lodging Tax	November 3 (Monday)
Council Review of Operating Budget	November 3
Election Day	November 4
Veteran's Day Holiday	November 11 (Tuesday)
Public Hearing on Operating Budget, Capital Budget and Ad Valorem Tax	November 18
Council Review and Discussion of Budget	November 18
First Reading Ad Valorem Tax Ordinance	November 18
Council Review of the Budget (Budget Balancing- Operating and Capital Budgets)	November 25
Final Reading and Passage of Ad Valorem Tax Ordinance	November 25
Thanksgiving (Holidays)	November 27-28
First Reading on Operating and Capital Budgets	December 9
Second and Final Reading and Adoption of Operating and Capital Budgets	December 16

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Oral Report - Discussion of Preliminary 2013 Year-End Financial Position

Agenda Date: 2/13/2014

Agenda Number: 4.B

File Number: 14-0121

File Type: report

Version: 1

Status: In Committee

..Title

Oral Report - Discussion of Preliminary 2013 Year-End Financial Position

..Recommended Action

City Manager Recommendation:

Receive and Discuss Report.

..Report

Issue:

Staff will present the preliminary 2013 year-end financial status.

Staff Contact:

Jane Kirkemo, Administrative Services Director, 360-753-8499

Presenter(s):

Jane Kirkemo, Administrative Services Director, 360.753.8499

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Funding PSE Streetlight Conversion

Agenda Date: 2/13/2014

Agenda Number: 4.C

File Number: 14-0142

File Type: decision

Version: 1

Status: In Committee

..Title

Funding PSE Streetlight Conversion

..Recommended Action

Committee Recommendation:

The Land Use and Environment Committee supports the conversion of Puget Sound Energy (PSE)-owned streetlights to LED technology and referred this topic to the Finance Committee for funding options.

City Manager Recommendation:

Receive feedback from the Finance Committee about potential funding options to convert PSE-owned streetlights to LED technology.

..Report

Issue:

Discuss the program to convert PSE-owned streetlights to LED technology and potential funding options.

Staff Contact:

Mark Russell, P.E., Director, Public Works Transportation, 360.753.8762

Presenter(s):

Mark Russell, P.E., Director, Public Works Transportation, 360.753.8762

Background and Analysis:

There are approximately 4,500 streetlights throughout the City; about 3,200 are owned by the City and about 1,300 are owned by PSE. All City-owned streetlights are currently being converted to LED technology through a Department of Enterprise Services Energy Savings Performance Contract. The City received a \$500,000 energy efficiency grant from the Department of Commerce and a \$369,661 conservation grant from PSE to help fund this project.

LED streetlights use an average of 50 to 60 percent less energy, last more than 20 years, provide a higher quality of lighting, and require significantly less maintenance than traditional lights. The current LED conversion project will result in an estimated annual energy savings of approximately \$174,000 and reduce carbon dioxide emissions by roughly 1.85 million pounds per year.

Due to the number of benefits of LED lighting, there is interest in converting the

Agenda Date: 2/13/2014

Agenda Number: 4.C

File Number: 14-0142

remaining 1,300 streetlights owned by PSE. The City can request PSE to replace these streetlights with LED technology. The City will be responsible to pay a PSE contractor to do the work. More detailed information about the PSE program and process will be included in the presentation.

Neighborhood/Community Interests (if known):

LED streetlights provide better quality lighting that improves the visibility and safety of pedestrians, bicyclists, and vehicles. To date, the City has converted approximately 3,000 streetlights and the feedback from citizens has been positive. Very few concerns have been received and they are in regard to the light color or brightness. These issues are being easily addressed by making minor adjustments to the light fixture.

Options:

Staff will present potential funding options to the Finance Committee.

Financial Impact:

The most recent estimated cost of converting approximately 1,300 streetlights owned by PSE is \$325,000, not counting any potential utility incentives from PSE. This project is currently included in the out-years of the *Capital Facilities Plan*, dependent upon grant funding.