



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, November 20, 2018

5:30 PM

Council Chambers

Special Meeting

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. PUBLIC COMMENT

(Estimated Time: 0-15 Minutes)

During this portion of the meeting, citizens may address the Committee for up to three (3) minutes regarding the Committee's business meeting topics.

5. APPROVAL OF MINUTES

5.A [18-1108](#) Approval of October 25, 2018 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

6. COMMITTEE BUSINESS

6.A [18-1089](#) Budget Snapshot - Special Accounts and Special Funds

6.B [18-1109](#) Discussion of the Preliminary 2019 Operating and Capital Budgets

Attachments: [2019 Unfunded Needs](#)
[Finance Committee Recommended Changes](#)

7. REPORTS AND UPDATES

8. ADJOURNMENT

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601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Finance Committee

Approval of October 25, 2018 Finance Committee Meeting Minutes

Agenda Date: 11/20/2018
Agenda Item Number: 5.A
File Number: 18-1108

Type: minutes **Version:** 1 **Status:** In Committee

Title

Approval of October 25, 2018 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Thursday, October 25, 2018

5:30 PM

Council Chambers

1. CALL TO ORDER

Chair Cooper called the meeting to order at 5:30 p.m.

2. ROLL CALL

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

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT - None

5. APPROVAL OF MINUTES

5.A [18-1021](#) Approval of October 17, 2018 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [18-1017](#) Continued Discussion of the Operating and Capital Budgets

The Committee heard information on various budget issues for 2019 including:

- * Use of REET - Mayor Pro Tem Jones emailed a request to the Finance Committee recommending the use of REET 2 funds to cover the acquisition costs of the Martin Way Property. Staff presented the impacts to the transportation projects outlined in the CFP and recommended waiting to hear the results of potential grant awards. The Committee concurred with staff's recommendation.
- * Park Impact Fees - Staff presented three different rate scenarios. The Committee preferred applying the full rate but phasing them in over five-years.
- * Housing Stimulus - Committee members asked staff to show revenue impacts using impact fee discounts of 10%, 25%, and

50% for one, two, and three years and only to multi-family development, if possible.

- * Budget Assumptions for 2019 - Staff is comfortable with the 2019 revenue assumptions and do not recommend adjusting them at this time.
- * Fire Truck Replacement - Staff shared the need to replace a ladder truck and fire engineer at an estimated cost of \$3.3 million. There is a projected savings of \$640,000 if it can be purchased in 2019 due to steel tariffs. Staffing is actively working on developing a funding strategy. A discussion with Finance Committee will be scheduled in early 2019.
- * Downtown Aid Unit - The Committee expressed the value of the Downtown Aid Unit and asked staff to consider other funding sources since the SAFER Grant will expire in 2019. Staff discussed the idea of maintaining the firefighters through attrition but would need approximately \$284,000 in 2019. The Committee asked staff if there was a way to provide assurance to the six firefighters that their positions would not be cut in 2019 now. Staff will update Finance Committee at their November 20 meeting.
- * 4th/Columbia Street Property - The Committee asked staff to add a page to the 2019 Capital Facilities Plan that budgets funds from the Economic Development/Cleanup Fund for the 4th/Columbia Street Property.
- * Traffic Cameras - Staff shared current research on traffic cameras. The Committee did not ask staff to pursue any further action.

The discussion was completed.

6.B [18-0760](#) Recommendation to Adjust the Business & Occupation (B&O) Tax Code

Economic Development Director Mike Reid presented information on Business and Occupation Tax options. He reviewed the original proposal to increase the threshold from \$20,000 to \$75,000, provide exemptions and incentives to small/micro-business start-ups, and to increase the Retail Service rate. After presenting the impacts of the options, the Committee agreed to modify the original proposal. Additionally, Mr. Reid recommended business stakeholder outreach and relationship building in 2019. Committee members liked the idea.

Committee member Parshley moved, seconded by Committee member Bateman, to recommend that City Council approve an exemption of the Business & Occupation Tax for three years to new businesses with less than \$500,000 in revenue and to new businesses in the Retail category.

7. REPORTS AND UPDATES - None

8. ADJOURNMENT

Chair Cooper adjourned the meeting at 7:34 p.m.



Finance Committee

Budget Snapshot - Special Accounts and Special Funds

Agenda Date: 11/20/2018
Agenda Item Number: 6.A
File Number: 18-1089

Type: information **Version:** 1 **Status:** In Committee

Title

Budget Snapshot - Special Accounts and Special Funds

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a briefing on the City's Special Accounts and Special Funds. Briefing only; No action required.

Report

Issue:

Whether to receive a briefing on City's Special Accounts and Special Funds.

Staff Contact:

Nanci Lien, Fiscal Services Director, Administrative Services, 360.756.8465

Presenter(s):

Nanci Lien, Fiscal Services Director, Administrative Services

Background and Analysis:

The City has various types of governmental funds. Staff will provide Finance Committee information on the list of governmental funds and brief them on the definition, purpose, and fund balance of the Special Purpose Accounts and Funds.

Neighborhood/Community Interests (if known):

N/A

Options:

Information only.

Financial Impact:

N/A

Type: information **Version:** 1 **Status:** In Committee

Attachments:

None



Finance Committee

Discussion of the Preliminary 2019 Operating and Capital Budgets

Agenda Date: 11/20/2018
Agenda Item Number: 6.B
File Number: 18-1109

Type: discussion **Version:** 1 **Status:** In Committee

Title

Discussion of the Preliminary 2019 Operating and Capital Budgets

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Discussion the Preliminary 2019 Operating and Capital Budgets. Discussion only; No action requested.

Report

Issue:

Whether to discuss the Preliminary 2019 Operating and Capital Budget.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

Steve Hall, City Manager, 360.753.8447

Debbie Sullivan, Administrative Services Director, 360.753.8499

Background and Analysis:

The Finance Committee will continue to discuss the 2019 Operating and Capital budgets, in preparation for the November 27 final budget-balancing meeting with City Council. Topics will focus on issues identified at the November 13 Public Hearing and November 13 City Council budget discussion.

Council will consider the final budget ordinances on December 11 with approval scheduled for December 18, 2018.

Neighborhood/Community Interests (if known):

N/A

Options:

1. Accept information without further action.
2. Request additional information for staff to bring back to City Council for further discussion on November 27.

Attachments:

2019 Unfunded General Fund Needs

Finance Committee Recommended Changes

2019 Unfunded General Fund Needs

Finance Committee Budget Discussion - October 25, 2019

2019 PROJECT/SERVICE PRIORITIES - GF Revenue	Description	Estimate		Notes
City Manager Priorities		On-Going	One-Time	
Fire Vehicle Replacement Debt Service	Annual increase to Fire Fleet equipment reserve account (currently \$275K - need total of \$825K)	\$ 100,000		Need annual increase to GF baseline thru 2026
OFD Cares	5 hours/week for Care Coordinator position	\$ 11,250		
Office of Performance & Innovation Planner	1 FTE to provide strategic planning, meeting design and facilitation for OPI (backfills Sr. Planner in CPD)	\$ 124,000		
Street Tree Maintenance	Restore level of service	\$ 140,000		
Fire Equipment Asset Management Fund	Reserve fund to replace non-vehicle equipment	\$ 200,000		
Police Equipment Asset Management Fund	Reserve fund to replace non-vehicle equipment	\$ 138,010		
Downtown Aid Unit (Current Level of Service)	Maintains existing level of service through 2019	\$ 598,340		Total program cost is \$1 million. If \$598,340 added to baseline need additional \$401,660 in 2020 to maintain service
Building Repair & Maintenance	Fund CFP to cover short-fall		\$ 420,000	
Retain 6 Firefighters (SAFER Grant)			\$ 283,681	
Budget Stabilization Reserve (10% YE Funds)	TBD based on available year end funds		\$ 100,000	
Case Mgmt Software - Prosecution & Defense	Project Implementaiton		\$ 85,000	
Fire Equipment Asset Management	2019 need is \$125K		\$ 200,000	
Legion Way Tree Maintenance (Catch-up)			\$ 155,000	
Study to evaluate Non-Public Safety City-radios			\$ 25,000	
Replace Phone Line with Fiber Optics at Fire Training Center	Upgrade fiber connection to allow streaming video		\$ 74,000	
TOTAL UNFUNDED NEEDS		\$ 1,311,600	\$ 1,342,681	
Councilmember Rollins Request		Operating	Capital	
Full-time historic preservation officer		x		
Watershed Park Cultural/Archaeological Inventory		x		
Annual Fund to respond to inadvertant discoveries		x		
Grants for Historic Preservation by Outside Local Entities		x		
Police Auditor Position		x		
Emergency/Public Health Mitigation for No-Barrier Camps		x		
Mayor Pro Tem Jones Request		Operating	Capital	
Redirect REET from Transportation to Martin Way Purchase			337,500	



Finance Committee Recommended Changes to 2019 Proposed Budget

October 25, 2018

4th/Columbia Property - Add a project page to the CFP that budgets funds (from the Economic Development/Clean Up Fund) for the next phase of public engagement and feasibility work (Mike Reid to develop estimate).

Parks impact Fees - Recommend a freeze or five year phase in of the parks impact fee increase.

Housing Stimulus Proposal - To address the affordable housing crisis, develop options for a legislative discount of City impact fees in three increments 10%/25%/50% for one, two or three years. (Assess impact on housing affordability as well as revenue reductions and impacts on park and transportation projects for the various scenarios.)

Firefighter Transition to Core Duties - Include a recommended funding source in the 2019 baseline budget to ensure sufficient funds (estimated \$283,000) to secure firefighter positions to transfer to regular assignments as the Downtown Aid Unit ramps down (2018 year end fund balance is an option).

Fire Truck Replacement - Schedule a Finance Committee discussion of options to address the unfunded costs (\$3.3M) to replace a ladder truck and fire engine in 2020 (order in 2019).

Overall Fire Needs - Schedule a time at Finance Committee to look at all the Fire Department current and future unfunded needs (short term engine /ladder replacement, overall vehicle replacement needs, equipment ongoing replacement, restoration of Downtown aid unit).

REET for Homeless Services - Wait to see if the Franklin or Legion road projects receive State grant funds (should know in December). In grants received, consider if excess REET, of \$337,500, can be transferred to homeless capital needs. This could be done as a quarterly budget amendment prior to the June deadline for that decision.

Budget Stabilization Account Funding - Move to the top of the list of priorities for use of 2018 year end funds

B and O Tax Adjustments - Recommend a source of funding for \$44,000 to allow the incentive package for new businesses, but don't raise the rate on retail services for the offsetting revenues.