



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, February 20, 2019

5:30 PM

Room 207

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 [19-0181](#) Approval of January 16, 2019 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

6. COMMITTEE BUSINESS

6.A [19-0168](#) Budget Snapshot - Debt Instruments

6.B [19-0170](#) Briefing on the Future Financial Needs for Long-Term Capital Projects - Including the County Courthouse

6.C [19-0175](#) Discussion of a Process to Consider a Locally Mandated Minimum Wage in Olympia

Attachments: [April 10 2018 Referral](#)

[Proposed Process Steps for Consideration of a Locally Mandated Minimum Wage](#)

6.D [19-0169](#) Oral Report - Review and Discuss 2018 Year-End General Fund Balance

7. REPORTS AND UPDATES

8. ADJOURNMENT

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council Committee meeting, please contact the Council's Executive Assistant at 360.753.8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.



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

Finance Committee

Approval of January 16, 2019 Finance Committee Meeting Minutes

Agenda Date: 2/20/2019
Agenda Item Number: 5.A
File Number: 19-0181

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

Title

Approval of January 16, 2019 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, January 16, 2019

5:30 PM

Room 207

1. CALL TO ORDER

Committee member (Acting Chair) Bateman called the meeting to order at 5:32 p.m.

2. ROLL CALL

Present: 2 - Committee member Jessica Bateman and Committee member Lisa Parshley

Excused: 1 - Chair Jim Cooper

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT

Matt DeBord spoke.

5. APPROVAL OF MINUTES

[19-0066](#) Approval of November 20, 2018 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [19-0057](#) Budget Snapshot - Council Financial Fiduciary Responsibilities

Fiscal Service Director Nanci Lien provided a presentation on the financial responsibilities of the City Council. The presentation also outlined upcoming Budget Snapshot topics.

The discussion was completed.

6.B [19-0050](#) Approval of the 2019 Finance Committee Work Plan

Administrative Services Director Debbie Sullivan presented the 2019 Finance Committee work plan. The schedule and work plan will be forwarded to the City Council for approval.

The discussion was completed.

- 6.C** [19-0056](#) Discuss Recommendation for 2019 Financial Reports to Finance Committee

Ms. Sullivan distributed examples of a future quarterly Budget to Actual report. Staff suggested the report be distributed to the Finance Committee on a quarterly basis.

The discussion was completed.

7. REPORTS AND UPDATES

Acting Chair Bateman requested an itemized list of what is being spent on Home Fund Revenues be posted to the public website.

8. ADJOURNMENT

The meeting adjourned at 6:29 p.m.



Finance Committee

Budget Snapshot - Debt Instruments

Agenda Date: 2/20/2019
Agenda Item Number: 6.A
File Number: 19-0168

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

Title

Budget Snapshot - Debt Instruments

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a briefing on various debt instruments available to municipalities for funding projects.
Briefing only; No action required.

Report

Issue:

Whether to receive a briefing on debt instruments available to municipalities for funding projects.

Staff Contact:

Nanci Lien, Fiscal Services Director, Administrative Services Department, 360.756.8465

Presenter(s):

Nanci Lien, Fiscal Services Director

Background and Analysis:

The City can borrow money for projects using a variety of debt instruments. Money can be borrowed for both long- and short-term uses. The debt can be paid back using tax revenue, user fees (like utility rates) or specials assessments.

Long-term debt is most commonly used to pay for large capital projects such as buildings, transportation and utility infrastructure, and large pieces of equipment, such as fire trucks. Although issuing debt is more expensive than paying cash due to the interest payments, it allows the City to implement projects when needed and stabilize the cash flow.

Short-term debt is most commonly used to cover a temporary cash flow deficit or to provide an interim method of financing until long-term borrowing can be secured.

The City's Financial Management Policy identifies eight basic objectives in debt management:

1. To achieve the lowest possible cost for borrowing;
2. To ensure access to the bond market to adequately provide the capital needed to finance public improvements and other long-term developmental objectives;
3. To be received by the markets as a strong and sound credit which has fully demonstrated its commitment to meet all obligations in a timely fashion;
4. To maintain an A1 or better credit rating for general obligation debt and an A rating for revenue issued debt;
5. To monitor and control capital spending in such a way that capital market entry can be planned;
6. To maintain a level and structure of outstanding indebtedness that does not lead to erratic and excessive debt service requirements, thereby avoiding unnecessary strains on the operating budget;
7. To raise necessary capital at the lowest cost consistent with meeting the needs of the City to provide services to citizens; and
8. To maintain confidence of investors and taxpayers.

Staff will present information on the different types of short- and long-term debt instruments available and used by the City such as: General Obligation and Revenue Bonds, Bond Anticipation Notes, and Federal and State Government loans. Staff will also share the City's current debt and debt capacity.

Neighborhood/Community Interests (if known):

N/A

Options:

Information only.

Financial Impact:

N/A

Attachments:

None



Finance Committee

Briefing on the Future Financial Needs for Long -Term Capital Projects - Including the County Courthouse

Agenda Date: 2/20/2019
Agenda Item Number: 6.B
File Number: 19-0170

Type: information **Version:** 2 **Status:** In Committee

Title

Briefing on the Future Financial Needs for Long-Term Capital Projects - Including the County Courthouse

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a briefing on the future financial needs for long-term capital projects, including the new County Courthouse. Briefing only; No action requested.

Report

Issue:

Whether to receive a briefing on the future financial needs for long-term capital projects, including the new County Courthouse.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Steve Hall, City Manager, 360.753.8477

Presenter(s):

Debbie Sullivan, Administrative Services Director

Steve Hall, City Manager

Background and Analysis:

Thurston County is proposing to locate a new County Courthouse on the existing site of the Lee Creighton Justice Center on Plum Street in Olympia. The intent is to partner with the City to co-locate facilities. The preliminary planning level estimate for the City's portion is between \$25 - \$30 million.

Staff will share future capital projects/equipment needs over the next 10 years. This will include the City's portion of a new courthouse and jail, which will require debt financing. Staff will also share a

summary of our current outstanding debt. This briefing will serve as background as the Finance Committee and City Council continue to pursue the opportunity to participate in a joint facility with Thurston County.

Neighborhood/Community Interests (if known):

N/A

Options:

Information only.

Financial Impact:

N/A

Attachments:

None



Finance Committee

Discussion of a Process to Consider a Locally Mandated Minimum Wage in Olympia

Agenda Date: 2/20/2019
Agenda Item Number: 6.C
File Number: 19-0175

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

Title

Discussion of a Process to Consider a Locally Mandated Minimum Wage in Olympia

Recommended Action

Committee Recommendation:

Discuss possible process steps. This item was referred to the Finance Committee in 2018.

City Manager Recommendation:

Discuss process options to understand the issues, pros and cons of a locally mandated minimum wage.

Report

Issue:

Whether to recommend a process for the City Council to consider a locally mandated minimum wage.

Staff Contact:

Steve Hall, City Manager, 360.753.8370

Mike Reid, Director of Economic Development, 360.753.8591

Presenter(s):

Mike Reid, Director of Economic Development

Steve Hall, City Manager

Background and Analysis:

This is a very complex issue with many facets. To create good policy will take considerable research, public engagement and listening to avoid unintended consequences for employees, small businesses, not for profit groups and the overall the community.

In 2016, Washington State voters approved an increase in the State minimum wage that will reach \$13.50 per hour by January 2020 for most workers in the State.

Nevertheless, the costs of housing, health care and other expenses make it difficult for minimum wage earners to make ends meet even when they are working full time.

At the same time, most of Olympia's large and medium employers; health care, schools, the State of Washington, other governments, financial institutions already pay \$15.00 per hour and more.

However, Olympia's job employer mix is unique. After subtracting government, schools and health care who already exceed the minimum wage, most of Olympia's remaining employers are small and locally owned.

The biggest impact of increasing the minimum wage could come in the areas of retail and restaurants, which are already very competitive sectors of the local economy. This would leave many of these small businesses operating on thin margins. For example, recent closures of the 5th Avenue sandwich shop and Ramblin Jacks point to the thin margins of even well-established restaurants.

Also, a large part of the expense for any businesses is labor costs. Because these sectors are very competitive, business owners can make choices to locate outside Olympia in nearby Cities to avoid higher costs. Those type of decisions would hurt the Olympia economy.

In addition, Olympia is home to a number of not-for profit agencies (181 listed in the Secretary of State's website). These include groups such as Safeplace, United Way, YWCA, PIPE, YMCA, Together, Thurston County Food bank, Goodwill, etc. Many of these agencies have fixed revenues, dependent on grants and charitable giving. An increase in labor cost would have to be absorbed by reducing the number of employees and possibly reducing services.

Another issue that warrants consideration is childcare. Childcare is expensive and hard to find in Olympia. On one hand, childcare workers are sometimes paid less than \$15.00 per hour. While a higher minimum wage could help child care workers, a higher minimum wage could make it more difficult to afford childcare and harder to find, a vexing dilemma.

The real question for cities is whether they can help low wage workers earn more money without losing small business, losing not for profit organizations, or driving up the cost of essential services like child care.

Neighborhood/Community Interests (if known):

Many groups from labor to small business to not for profits, to child care providers/ employees and users have a stake in this discussion.

Options:

1. Choose from the list of process options suggested by staff
2. Develop other process steps

Financial Impact:

Unknown

Attachments:

April 10, 2018 Referral

Proposed Process Steps for Consideration of a Locally Mandated Minimum Wage



Olympia City Council Referral Request

Tracking Number	2018-0020NJ
Date of Referral	4/10/2018
Originator	MPT Jones
Referral To	Finance Committee
Request	Consideration of local minimum wage is included in the Finance Committee work plan but remains unscheduled. This item has been a topic of lengthy community debate, and recent Council campaigns. Request that Committee provide full-Council with detail of proposed process, including: content, timeline, citizen engagement, and expense requirements. This referral anticipates consideration of results in other communities that have adopted new wage laws, the impact of the new state-wide minimum wage, strategies to protect small businesses, and alternative phase-in approaches. The Committee is expected to use best available science.
Relationship of Request to City	This referral includes only a request for the committee's detailed plan. Eventual outcomes may carry implications for legal and enforcement functions.
Connection to Comprehensive Plan (choose all that apply)	<input checked="" type="checkbox"/> Community, Safety and Health: <i>inclusive, respectful, civic participation; a safe & prepared community; health and wellness; adequate food and shelter; a quality education</i> <input checked="" type="checkbox"/> Economy: <i>abundant local products and services; a thriving arts and entertainment industry; sustainable quality infrastructure; a stable thriving economy</i>
Options	1) Drop topic from committee work plan. 2) Provide full-Council with requested detail. 3) Committee promptly proposes a third option.
Timing	Committee report to Council in 2 months.
Attachments	None



Proposed Process for Evaluation of a Locally Mandated Minimum Wage

Background

Evaluation of a process to consider Olympia only mandated minimum wage has been assigned to the City Council's Finance Committee.

On April 10, 2018, the City Council approved a referral (*Attachment 1*) for staff to develop a detailed process (including content, timeline, public engagement and expenses) to fully consider the pros/cons and impacts of increased minimum wage for Olympia only.

Process – Proposed Tasks

I. Develop a Business/Non-profit Profile for Olympia

Most of Olympia's businesses are small or very small. Olympia is also home to a number of non-profit organizations. All would be impacted by an increase in the minimum wage. A business profile will help identify the number and scale of businesses and non-profits who will be impacted.

- Number of very small - less than 10 employees
- Number of small - 10 – 50 employees
- Percent grossing less than \$1 Million/year
- Percent grossing less than \$500,000/year
- Percent grossing less than \$200,000/year
- Number of non-profits
- Number of employees per non-profit

II. Data

Data gathering and analysis will better determine which sectors of the economy will be most impacted by an increased minimum wage. Many large employers such as government, schools, and medical services generally pay above state minimum wage. Other more competitive sectors like retail and restaurant often mirror the state minimum wage.

- Gather data on Olympia's employment sector
 1. Number of jobs per category (retail, restaurants etc.)
 2. Wage and salary data per category
 3. Percent of each category at \$15 per hour
 4. Percent of each category below \$13 per hour
- Data sales
 1. Retail Sales - percent in Olympia, number of employees, wage data
 2. Restaurant sales - percent in Olympia, number of employees, wage data

III. Business/Non Profit Impact Survey

A survey will solicit direct and indirect impacts for those required to impose the increased wage.

- Develop a statistically valid survey using Elway Research
- Develop time and costs

IV. Focus Group Process

The minimum wage initiative in Tacoma used their model to forge wage options for Tacoma which received voter consideration. Focus Group members could include:

- Minimum Wage Earners
- Non-profits
- Small Businesses
- Large Businesses
- Organized Labor (Allison Peters Proposal – Cost and timeline)

V. Research on Minimum Wage in Other Cities

- Seattle
- Tacoma
- SeaTac
- Impacts/Pros & Cons/Unintended Impacts

VI. Ballot Options

- Dates and Costs
- Pros and Cons

VII. Implementation Costs and Issues

Develop an estimate of staffing and cost to provide employer/employee education about a different minimum wage.

- Staffing
- Costs
- Education/Effort
- Enforcement?

VIII. Cumulative Impact on Employers

The 2018 Legislative Session included new mandates for business which will be felt in 2018 – 2020. Assess the current impact at these regiments on Olympia employers to get a baseline.

- New State Mandates
 1. State minimum wage increases
 - 2018 - \$12/hour
 - 2019 - \$12.50/hour
 - 2020 - \$13/hour
 2. Mandatory sick leave
 3. Paid family medical leave – January 2019



2019 Election Dates/Estimated Costs/Pros and Cons

Type	Date	Cost	Pros	Cons
Primary	August 2019	Up to \$100,000	<ul style="list-style-type: none">• More time to prepare• Some time for public engagement	<ul style="list-style-type: none">• Cost could still be high if no other City issues on ballot
General	November 5, 2019	Up to \$50,000	<ul style="list-style-type: none">• Least expensive• Most time for public dialogue	<ul style="list-style-type: none">• Deadline for Council is early August
Special	February 2020	\$100-150,000	<ul style="list-style-type: none">• Single issue for voter attention	<ul style="list-style-type: none">• Most expensive• Least time for community dialogue• No time for analysis public information



enviroissues

At EnviroIssues, we've built our name on bringing people together to tackle complex issues. We are a full-service public participation firm providing outreach and engagement, communications, research facilitation and creative services on some of the most complex and visible projects that face our local communities. A hallmark of our team's value is our unparalleled research capabilities that help inform decision-making for public agencies.

As you know, EnviroIssues has in-house expertise in research design, including telephone surveys, online surveys, group facilitation, custom panels, focus groups and stakeholder interviews, intercept surveys and written surveys. Our in-house outreach platform, EnviroLytical™, associates and synthesizes attitudinal data and participation for benchmarking and tracking. We have substantial expertise with online platforms such as Survey Gizmo, Survey Monkey and similar online survey tools. We have long-standing relationships with telephone banks and data processing teams throughout the region.

EnviroIssues' value includes extensive depth of experience in community surveying across a diverse and skilled 100-person consulting team. We have in-house capacity to staff projects with our full-time professional staff and guide work with senior associates who bring unparalleled expertise in strategic messaging and project management.

Alison Peters leads our research team and directs all research activities, including focus groups and surveys (online, telephone, mail and in-person). She has more than 20 years of public opinion research experience which includes 12 years as principal of her own research practice. During that time, she worked with public sector clients in the Northwest including state agencies, counties, municipalities, special taxing districts for parks, libraries, public health, public safety and schools. She is one of the only researchers in the region to be consistently sought-after by both business associations and coalitions and labor unions. Alison has led over 500 telephone surveys and moderated over 500 focus groups since 1997. Her clients have included:

- Clackamas County
- Clark County
- City of Portland
- City of Redmond
- City of Seattle
- Timberland Regional Library
- North Thurston Public Schools
- WSDOT
- WA State Department of Health
- Washington Hospitality Association
- Washington Policy Center

PROJECT APPROACH

Local minimum wage proposals can present conceptual and technical challenges in design, implementation and regulatory. New rates have passed statewide and been proposed at the

local level and in most cases, it's still very early to draw specific conclusions. As a result, as more proposals continue being debated, the public's initial response is generally a combination of interest, doubt and confusion.

Our role alongside emerging policy discussions is to design and implement research tools that achieve the following objectives:

- Provide the public or an affected audience (e.g. business owners) a chance to give input on a topic and ask questions
- Provide opportunities for participants to describe their connection to the discussion topic, their point of view and determine if any information presented during the session changes the participant's opinions
- Help public entities understand how the topic(s) are understood, what questions emerge from constructive debate and what community priorities exist that could be addressed through policy changes
- Recommend how to share what was heard with the public so communities can understand where their feedback was sewn into proposed legislation, or if not, why not

As a critical affected audience, local business owners do not often come together to discuss the potential impacts of minimum wage legislation on their prices, product offerings, profit margins and workforce. Their needs and experiences, however, are often mentioned as an important consideration for policymakers and the public in evaluating how or why new wage rates should be considered. In order to hear from a mix of business owners across multiple industries, we propose small-group focus group discussions with these owners. Focus groups are open, yet structured conversations that allow the group to hear and debate a variety of topics over the course of two-hours. A trained and neutral moderator helps set parameters so that participants stay focused on the most critical issues and make the best use of the time available.

Between two and four sessions are often the sweet spot to identify common trends across disparate participants and involve a diverse cross-section of the business community. The sessions would take place in Olympia and could occur in the evenings or during daytime hours depending on how many sessions are scheduled. Each session would be moderated by Alison Peters.

In managing focus group projects, our role involves the following subtasks:

Subtasks

- Project scoping and timeline
- Collaboration on final recruiting of businesses
- Drafting and approval of final Discussion guide
- Recruiting 13 business owners and confirmations for up to 8-10 to show up
- Moderating each session
- Hosting each session at a convenient Olympia hotel, with private observation capabilities
- Audio and video recording of each session
- Transcript of each session (optional)
- Refreshments and cash stipends for participants
- Copies of any handouts completed by participants
- Final written report of key themes, findings and recommendations

- Final in-person presentation to city staff or Council (optional)

Assumptions

- Two focus groups per day/evening
- City provides a list of businesses qualified to participate
- Mileage to Olympia from Seattle billed at IRS allowable rate

Ballpark Budget

- \$7,000 per focus group
- Direct expenses included: facility rental, cash incentives at \$100 per participant, recruiting 13 participants per session, onsite refreshments, observation room capabilities

We would be happy to answer questions about our focus group expertise and hear if we “got it right” in this summary of our approach. Let us know how we can be helpful as you move forward in more detailed exploration of this topic.



Finance Committee

Oral Report - Review and Discuss 2018 Year-End General Fund Balance

Agenda Date: 2/20/2019
Agenda Item Number: 6.D
File Number: 19-0169

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

Title

Oral Report - Review and Discuss 2018 Year-End General Fund Balance

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Review the preliminary 2018 year-end General Fund balance, and direct staff to forward the necessary ordinances to the full Council.

Report

Issue:

Whether to authorize staff to bring forward any necessary ordinances appropriating excess fund balance above the 10 percent reserve.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

Debbie Sullivan, Administrative Services Director
Steve Hall, City Manager

Background and Analysis:

Staff is actively closing out fiscal year 2018 and will provide the Finance Committee with a preliminary report of the City's end-of-year financial position.

Staff will discuss recommendations with Finance Committee for appropriating excess fund balance above the 10% reserve based on the 2019 operating budget discussions.

Attachments:

None