



# Meeting Agenda

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

---

**Wednesday, April 17, 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**     [19-0374](#)     Approval of March 20, 2019 Finance Committee Meeting Minutes

**Attachments:**     [Minutes](#)

**6. COMMITTEE BUSINESS**

**6.A**     [19-0362](#)     Budget Snapshot - Audits Conducted by the State Auditor's Office and Other Agencies

**6.B**     [19-0363](#)     Briefing on the County Courthouse Regional Administration Building Project

**6.C**     [19-0364](#)     Discussion of the Financial Status of the Washington Center for the Performing Arts

**6.D**     [19-0372](#)     Discussion of Options to Account for and Report on Parks Arts and Recreation Department Funding

**6.E**     [19-0366](#)     Discussion of Impact on Updated Accounting and Financial Reporting Requirements for Certain Governmental Revenues

**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 March 20, 2019 Finance Committee Meeting Minutes

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 5.A  
**File Number:** 19-0374

---

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

---

**Title**

Approval of March 20, 2019 Finance Committee Meeting Minutes



# Meeting Minutes - Draft

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

---

**Wednesday, March 20, 2019**

**5:30 PM**

**Room 207**

---

**1. CALL TO ORDER**

Acting Chair Bateman 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**

The following people spoke: Steve Segall, David Schaffert, Nicholas Hefling, Bobby Snyder, Patrick Knutson, Todd Cutts

**5. APPROVAL OF MINUTES**

**5.A** [19-0259](#) Approval of February 20, 2019 Finance Committee Meeting Minutes

**The minutes were approved.**

**6. COMMITTEE BUSINESS**

**6.A** [19-0250](#) Budget Snapshot - Investments

Fiscal Services Director Nanci Lien provided an overview of how the City approaches investments.

**The information was received.**

**6.B** [19-0253](#) Oral Report - Review and Discuss 2018 Year-End General Fund Balance

Administrative Service Director Debbie Sullivan presented and explained the 2018 General Fund Year-End financial position and unfunded needs.

**Chair Cooper moved, seconded by Committee member Parshley, to recommend to the City Council an appropriation of \$100,000 of the Year-End General Fund Balance to the Budget Stabilization Reserve and the remaining**

**\$55,454 be appropriated to procure new Case Management Software.**

**Aye:** 3 - Chair Cooper, Committee member Bateman and Committee member Parshley

**6.C**     [19-0251](#)     Briefing on the Fire Vehicle Replacement Funding Strategy

Fiscal Services Director Nanci Lien presented a short-term and long-term replacement funding strategy for fire equipment. Fire Chief Greg Wright provided updated information by the Washington Survey Rating Bureau (WSRB), which allows for a longer replacement cycle for some equipment.

**The information was received.****6.D**     [19-0257](#)     Discussion of Data Needs and Approach to Studying Business, Non-profit, and Worker Profiles to Inform Discussion on Minimum Wage

Ms. Sullivan and Economic Development Director Mike Reid shared an approach to analyzing and evaluating Olympia's current economic ecosystem.

Suggestions were made on the approach and Finance Committee requested updates in time to share with the full Council on March 26.

**The discussion was completed.****6.E**     [19-0252](#)     Briefing on Future Financial Needs for Long-Term Capital Projects

Ms. Sullivan presented an update on the financial needs for Long Term Capital Projects by category. Future Finance Committee meetings will focus on various projects. An invitation will be extended to invite someone from Thurston County to brief the Committee on the County Courthouse Regional Administration Building project.

**The information was received.****7.     REPORTS AND UPDATES**

Ms. Sullivan discussed topics for upcoming Finance Committee meetings, including adding a discussion with the Utility Advisory Committee.

Committee Member Parshley requested an update on LOTT and how it might impact the City's ability to adjust the Lifeline Utility Rate program.

**8.     ADJOURNMENT**

The meeting was adjourned at 7:21 p.m.



## Finance Committee

### Budget Snapshot - Audits Conducted by the State Auditor's Office and Other Agencies

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 6.A  
**File Number:** 19-0362

---

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

---

#### **Title**

Budget Snapshot - Audits Conducted by the State Auditor's Office and Other Agencies

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive a briefing on audits conducted by the State Auditor's Office and other agencies. Briefing only; No action requested.

#### **Report**

##### **Issue:**

Whether to receive a briefing on audits conducted by the State Auditor and other agencies.

##### **Staff Contact:**

Nanci Lien, Fiscal Services Director, 360.756.8465

##### **Presenter(s):**

Nanci Lien, Fiscal Services Director, Administrative Services Department

##### **Background and Analysis:**

The City of Olympia receives audits from the State Auditor's Office, as well as other agencies. The State Auditor can conduct four basic types of audits: financial, accountability, single and performance audits.

Staff will brief the Finance Committee on the various types of audits.

##### **Neighborhood/Community Interests (if known):**

N/A

##### **Options:**

Information only.

**Financial Impact:**

N/A

**Attachments:**

None



## Finance Committee

### Briefing on the County Courthouse Regional Administration Building Project

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 6.B  
**File Number:** 19-0363

---

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

---

#### **Title**

Briefing on the County Courthouse Regional Administration Building Project

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive a briefing on the Thurston County Courthouse Regional Administration Building Project

#### **Report**

##### **Issue:**

Whether to receive a briefing on the Thurston County Courthouse Regional Administration Building Project

##### **Staff Contact:**

Steve Hall, City Manager, 360.753.8477

Rick Thomas, Special Project Coordinator, Thurston County 360.791.8449

##### **Presenter(s):**

Steve Hall, City Manager

Rick Thomas, Special Project Coordinator

#### **Background and Analysis:**

The Thurston County Commissioners selected the existing Lee Creighton Justice Center site on Plum Street to relocate the County's Courthouse and Administration Buildings. This complex can also be used to co-locate City of Olympia court, probation, prosecution, public defense, and jail operations.

The Lee Creighton Justice Center was originally built in 1965. A 2008 Building Condition Assessment Report rated the overall building 4.1 on scale of 1 (excellent) and 5 (seriously deficient and needing extensive repairs). The City has addressed the most serious deficiencies and an updated condition assessment of this building will be presented to the Finance Committee later this year. The building



remains operationally deficient.

Partnering with the County and co-locating in the same facility presents the City an alternative to addressing the unfunded capital deficiencies and improving the operational functionality of the building. The preliminary planning-level estimate for the City's portion is between \$25 - \$30 million. This estimate does not include several items that need further analysis including: a geotechnical evaluation of the site, relocating the Public Works maintenance activities on the old fire pad, relocating jail operations during the two-year construction project, and calculating a more detailed estimate for required frontage improvements.

Rick Thomas from Thurston County will brief the Finance Committee on the assumptions used to calculate the planning-level estimate for the City's portion of the project. He will also update the Committee on the schedule and approach to completing the design and construction of the County Courthouse.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

Information only.

**Financial Impact:**

N/A

**Attachments:**

None



## Finance Committee

### Discussion of the Financial Status of the Washington Center for the Performing Arts

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 6.C  
**File Number:** 19-0364

---

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

---

#### **Title**

Discussion of the Financial Status of the Washington Center for the Performing Arts

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Discuss the financial status of the Washington Center for the Performing Arts.

#### **Report**

##### **Issue:**

Whether to discuss the financial status of the Washington Center for the Performing Arts.

#### **Staff Contact:**

Debbie Sullivan, Administrative Service Director, 360.753.8499

#### **Presenter(s):**

Debbie Sullivan, Administrative Services Director

Jill Barnes, Executive Director, Washington Center for the Performing Arts

#### **Background and Analysis:**

The Washington Center for the Performing Arts (the Center) was constructed in 1985 by the City of Olympia. While the City owns the building, the Center holds a long-term lease agreement to provide quality and financially sound performing arts programming for the entire community.

*The Washington Center Operating Agreement, 2016 Amendment* states that the Center will occupy, manage, and operate the facility. They are responsible for the costs of administration, daily operations, general maintenance of the building and premises, and performance-related maintenance. The City of Olympia is responsible for maintaining and repairing the major systems including the HVAC equipment, the building exterior, and the roof.

The 2016 Agreement also requires the Center to provide an independent audited financial report, quarterly budget reports, and an annual operating budget to the City. Administrative Services Director Debbie Sullivan serves as an ex-officio member of the Board and receives these financial reports.

Jill Barnes, Executive Director of the Center, will provide the Finance Committee with more detailed information on the Center's operating budget, capital budget, programming, and strategic direction. City staff will also share an update on the Center's reimbursement grant for Center's Development Director and the status of the Washington Center Endowment Fund.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

Discussion only.

**Financial Impact:**

None

**Attachments:**

None



## Finance Committee

### Discussion of Options to Account for and Report on Parks Arts and Recreation Department Funding

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 6.D  
**File Number:** 19-0372

---

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

---

#### Title

Discussion of Options to Account for and Report on Parks Arts and Recreation Department Funding

#### Recommended Action

##### Committee Recommendation:

Not referred to a committee.

##### City Manager Recommendation:

Discuss options to account and report for Parks Arts and Recreation Department funding

#### Report

##### Issue:

Whether to discuss options to account and report for Parks Arts and Recreation Department funding

##### Staff Contact:

Nanci Lien, Fiscal Services Director, 360.756.8465

Jonathon Turlove, Director of Planning and Maintenance, Parks Arts and Recreation Department,  
360.753.8068

##### Presenter(s):

Nanci Lien, Fiscal Services Director

Jonathon Turlove, Director of Planning and Maintenance

##### Background and Analysis:

In 2015, Olympia voters approved Proposition 1 which created the Olympia Metropolitan Parks District (OMPD). The proposition provides ongoing funding through special property taxes to acquire, maintain, operate, and improve parks. Collection from the new tax began in 2017. The OMPD is governed by a Board composed of the Olympia City Councilmembers. The OMPD exercises powers given to metropolitan park districts in state law, including levying property taxes and contracting with the City of Olympia to perform District functions.

The OMPD Board created an advisory committee to provide transparency and public reporting on the use of OMPD and other dedicated City of Olympia Parks funds. An interlocal agreement between the

City and the OMPD was approved in 2016 and amended in 2018. The Interlocal Agreement states the process for limiting and controlling the OMPD's annual budget and property tax levy. The agreement specifically states:

1. The City shall include in its annual General Fund Operating Budget revenue to support the Olympia Parks, Arts and Recreation Department (OPARD) projects, program and services in amounts necessary to meet or exceed the minimum funding. The calculation is based off of the 2015 adopted net budget for OPARD of \$4.4 million, which was 11 percent of the General Fund revenues; i.e. sales tax, business and occupation tax, property tax, private utility tax and public utility tax, excluding currently dedicated portions.
2. The City commits to use 2% Voted Utility Tax revenues to acquire new park land and to maintain and develop those park properties, with a priority of acquisition to the extent practicable.
3. The City commits to use one-half of the 1% Non-Voted Utility Tax revenues to acquire new parkland and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable until January 1, 2030.
4. The City intends to allocate in its budget the remaining one-half of the Non-Voted Utility Tax to acquire new parkland and to maintain and develop those acquired properties, with a priority on acquisition to the extent practicable until January 1, 2026. If such budget allocation does not occur, to the extent a year-end fund balance exists, then the City intends, absent an exigent financial circumstance, to allocate the first \$500,000 of that balance to such purposes.

The later three commitments were intended to achieve the City's goal of acquiring 500 acres of parkland. Currently, the City has acquired 424 acres toward the goal, including 100.4 acres in 2018.

The Interlocal Agreement also directs the OMPD Advisory Committee to provide an annual report to the City Council and OMPD regarding the City's compliance with the funding levels for items 1 through 4 listed above. The first compliance reported was presented on July 11, 2018, which covered the 2017 budget. With the exception of an oversight of \$24,200, the City was in compliance with the terms of the Interlocal Agreement. The City remedied the oversight and appropriated the \$24,200 in a subsequent budget amendment.

In the OMPD Advisory Committee's letter dated July 1, 2018, the Committee requested the OMPD Board to consider creating a dedicated fund (enterprise fund). The request was to: 1) ensure that OPARD-related funds not expended by year-end remain with OPARD; and 2) to enhance accountable and transparency.

The City has fully met its obligations to the OMPD using current practices and is under no obligation to make changes. The creation of a Parks' Enterprise fund has both operational pros and cons, which staff will discuss at the meeting.

Staff will provide an overview of the City's current finance and budget processes related to OPARD revenues and expenditures and present options and impacts for tracking on-going revenues and expenditures; and for allocating year-end funds.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Continue with current process which is to return all year-end funds to the General Fund.
2. Distribute a portion of year-end OPARD funds to OPARD based on a percentage of original OPARD revenue allocation.
3. Maintain OPARD's budget in General Fund with project tracking on all revenues and expenditures and include indirect overhead charges.
4. Move OPARD to a General Fund subfund and include indirect overhead charges.
5. Move OPARD to a Special Revenue or Enterprise Fund and include indirect overhead charges.

**Financial Impact:**

None

**Attachments:**

None



## Finance Committee

### Discussion of Impact on Updated Accounting and Financial Reporting Requirements for Certain Governmental Revenues

**Agenda Date:** 4/17/2019  
**Agenda Item Number:** 6.E  
**File Number:** 19-0366

---

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

---

#### **Title**

Discussion of Impact on Updated Accounting and Financial Reporting Requirements for Certain Governmental Revenues

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Discuss the impact on the updated accounting and financial reporting requirements for certain governmental revenues.

#### **Report**

##### **Issue:**

Whether to discuss the impact on the updated accounting and financial reporting requirements for certain governmental revenues

##### **Staff Contact:**

Debbie Sullivan, Administrative Service Director, 360.753.8499

Nanci Lien, Fiscal Services Director, Administrative Services, 360.753.8465

##### **Presenter(s):**

Debbie Sullivan, Administrative Service Director

#### **Background and Analysis:**

The City of Olympia recognizes and records all revenue in compliance with Generally Accepted Accounting Principles (GAAP). There are two accounting methods used to record revenue - full accrual and modified accrual. Full accrual accounting means that the transaction is recognized when the revenue or expense is incurred, not when the cash enters or leaves the City. The accrual method is used for the Utility Enterprise funds.

Modified accrual is a governmental accounting method where revenue is recognized when it becomes "measurable and available." This is the method used for non-proprietary funds; primarily the

General Fund and those funds supported by taxes. The industry standard for measurable and available is revenue received within 60 days of the end of the fiscal year. This means we can recognize taxes collected in November and December even though they are not received by the City until January and February of the following year. The rationale is that the November and December taxes collected are “measurable” because we know the amount collected and “available” because they are received within 60 days of the end of year.

The State Auditor’s Office has been conducting a state-wide initiative to ensure local governments are recording these revenues in compliance with GAAP. Olympia currently records non-proprietary tax revenue when it is received (January 1 - December 31) rather than when it is collected by an outside agency (i.e. State). Starting in 2019, we have adjusted our accounting methodology to recognize revenue when it is received within 60 days of the end of the fiscal year (March 1 - February 29 of the following year).

The impact of this accounting reconciliation will result in a one-time recognition of 14 months of certain tax revenue, resulting in a significantly larger fund balance available at the end of 2018. Although the City is recognizing these additional two months of, it is important to note that the overall amount of revenue available to the City remains the same because this is an accounting reconciliation.

Staff will present the identified revenues subject to this accounting change, including all recognized restrictions. Staff will also discuss a recommendation on how to designate the additional two months of revenue in 2018.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Discuss staff recommendation on 2018 end-of-year Finance Committee recommendations to Council based on adjusted end-of-year fund balance.
2. Direct staff to forward March 20 Finance Committee 2018 end-of-year recommendations to full Council.
3. Direct staff to schedule future meeting to discuss how to designate the additional two months of revenue in 2018.

**Financial Impact:**

None

**Attachments:**

None