



# Meeting Agenda

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Wednesday, May 15, 2019**

**5:30 PM**

**Room 207**

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**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** [19-0461](#) Approval of April 17, 2019 Finance Committee Meeting Minutes

**Attachments:** [Minutes](#)

**6. COMMITTEE BUSINESS**

**6.A** [19-0450](#) Budget Snapshot - Comprehensive Annual Financial Report

**6.B** [19-0431](#) Briefing on Commercial Parking Tax Options and Impacts

**Attachments:** [Comparative Commercial Parking Tax Table](#)  
[Link to RCW 82.80.030](#)

**6.C** [19-0451](#) Discuss the Scope, Authorization, and Use of a Budget Stabilization Reserve

**6.D** [19-0452](#) Briefing on Legislative House Bill 1406 - a Change in Sales Tax Related to Investments in Affordable and Supportive Housing

**6.E** [19-0453](#) Briefing on First Quarter Budget Report

**7. REPORTS AND UPDATES**

**8. ADJOURNMENT**

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*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 April 17, 2019 Finance Committee Meeting Minutes

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 5.A  
**File Number:** 19-0461

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

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**Title**

Approval of April 17, 2019 Finance Committee Meeting Minutes



# Meeting Minutes - Draft

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

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**Wednesday, April 17, 2019**

**5:30 PM**

**Room 207**

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**1. CALL TO ORDER**

Committee chair Jim Cooper called the meeting to order at 5:32 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**

Bob Jacobs spoke.

**5. APPROVAL OF MINUTES**

**5.A** [19-0374](#) Approval of March 20, 2019 Finance Committee Meeting Minutes

**The minutes were approved.**

**6. COMMITTEE BUSINESS**

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

Fiscal Services Director Nanci Lien shared a presentation regarding audits.

**The information was received.**

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

Thurston County Project Manager Rick Thomas discussed the County's intention for collaboration with the City to co-locate a new county court house/municipal court on the current Lee Creighton Justice Center site.

**The information was received.**

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

### Performing Arts

Washington Center for the Performing Arts Executive Director, Jill Barnes presented the financial status and annual report of the Washington Center for the Performing Arts. Administrative Services Director Debbie Sullivan, distributed a status report on the Washington Center Endowment Fund.

**The discussion was completed.**

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

Ms. Lien and Olympia Parks Director Paul Simmons presented the Parks, Arts and Recreation Department options to account for and report on funding. It was recommended they present three options to the Olympia Metropolitan Parks Districts Advisory Committee to solicit their feedback. The options presented were to continue with the current process; maintain Park's budget within the General Fund and start tracking all revenues and expenditures; and move Parks funding to a special revenue or enterprise fund.

**The discussion was completed.**

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

Ms. Sullivan presented how the City recognizes and accounts for revenue. She presented the Government Accounting Standards Board - 33 standards. Ms. Sullivan presented the requirement to reconcile our current methodology to this standard along with the financial impact. The financial impact of the one-time reconciliation is \$10,261,698.82 in additional 2018 end of year fund balance.

The Finance Committee directed staff to forward the following recommendation to the full Council:

Appropriate \$100,000 to Building Repair and Replacement, \$55,454 to procure Case Management Software, and \$10,261,698.82 to a Budget Stabilization Reserve. Chair Cooper requested the recommendation to Council state that the full amount of the Budget Stabilization Reserve would remain in the fund until the Financial Management Policies are reviewed and updated. Ms. Sullivan will schedule time on the May agenda to discuss the reserve policy.

**The discussion was completed.**

## **7. REPORTS AND UPDATES**

Fiscal Services Budget Analyst, Joan Lutz, informed the committee of the Finance Boot camp training being offered to City employees.

Ms. Sullivan recommended a virtual "Community Conversation" to help inform the 2020 budget using the City's new Engage Olympia program. Finance Committee members concurred.

**8. ADJOURNMENT**

The meeting was adjourned at 7:57 p.m.



## Finance Committee

# Budget Snapshot - Comprehensive Annual Financial Report

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 6.A  
**File Number:** 19-0450

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

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### Title

Budget Snapshot - Comprehensive Annual Financial Report

### Recommended Action

#### Committee Recommendation:

Not referred to a committee.

#### City Manager Recommendation:

Receive a briefing on the Comprehensive Annual Financial Report. Briefing only; No action requested.

### Report

#### Issue:

Whether to receive a briefing on the Comprehensive Annual Financial Annual Report.

#### Staff Contact:

Nanci Lien, Fiscal Services Director, 360.756.8465

#### Presenter(s):

Nanci Lien, Fiscal Services Director, Administrative Services Department

### Background and Analysis:

[RCW 43.09.230 <https://app.leg.wa.gov/RCW/default.aspx?cite=43.09.230>](https://app.leg.wa.gov/RCW/default.aspx?cite=43.09.230) requires all local governments to submit an annual financial report to the State Auditor's Office (SAO). SAO prescribes a uniform format for each type of government, and the report must be filed within 150 days after the close of the fiscal year.

In response to this requirement, the City of Olympia produces a Comprehensive Annual Financial Report or CAFR (pronounced "kafer"). The CAFR represents the City's official financial report and is presented using generally accepted accounting principles.

SAO audits the CAFR and provides an official audit opinion which becomes part of the final document. As the official financial report of the City, the CAFR is used by various stakeholders to

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

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assess the City's finances. An example of users includes: city management and Council, auditors, credit rating agencies, granting agencies, bond advisors, and potential investors.

Staff will brief the Finance Committee on the CAFR and provide a high-level view of the information it provides.

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

N/A

**Options:**

Information only.

**Financial Impact:**

N/A

**Attachments:**

None





## Finance Committee

### Briefing on Commercial Parking Tax Options and Impacts

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 6.B  
**File Number:** 19-0431

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

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**Title**

Briefing on Commercial Parking Tax Options and Impacts

**Recommended Action**

**Committee Recommendation:**

Not referred to a committee

**City Manager Recommendation:**

Receive a briefing on the options and impacts of commercial parking taxes. Briefing only. No action requested.

**Report**

**Issue:**

Whether to receive a briefing on and discuss Commercial Parking Taxes.

**Staff Contact:**

Max DeJarnatt, Parking Program Analyst, Community Planning & Development, 360.570.3723

**Presenter(s):**

Max DeJarnatt, Parking Program Analyst

**Background and Analysis:**

The Commercial Parking Tax (CPT) allows cities to impose a tax for the act of parking a vehicle in a parking facility operated by a commercial parking business which charges fees for non-reserved parking stalls. The goals of the CPT are (1) to discourage drive-alone commuting and (2) to generate revenue for transportation purposes. Staff will present scenarios estimating potential annual revenue generated by a CPT in Olympia using other Washington cities' tax structures, constraints on how revenue may be allocated, and potential impacts.

**Neighborhood/Community Interests:**

Department of Enterprise Services noted that this tax will impact union contract negotiations.

**Options:**

Information only.

**Financial Impact:**

Using existing CPT tax structures of ten Washington Cities, staff estimates potential revenue for the City of Olympia spanning between \$186,615 and \$1,049,915 annually. See attached table for comparison of Washington Cities CPT rates.

**Attachments:**

Comparative Commercial Parking Tax Table  
[Link to RCW](#)

City	Code	Rate	Major Driver	Inception	Last Change	Schedule	Requested 2013-2018 Revenue	Population		
							2018	997,403		
							2017	979,164		
							2016	916,999		
							2015	823,382		
							2014	786,188		
Bainbridge Island	<a href="#">5.1</a>	30% gross proceeds	Seattle ferry	1992	2010	quarterly	Y	2013	715,010	26,156
Bremerton	<a href="#">3.82</a>	15% of gross proceeds	Seattle ferry	1999	2017	quarterly	Y			42,544
							2018	235,481		
							2017	244,548		
							2016	247,377		
							2015	219,453		
							2014	189,159		
Burien	<a href="#">3.13</a>	\$3 per transaction	Airport parking	2001	2013	monthly	Y	2013	157,626	52,794
		REPEALED								
		Marina parking meant to								
		fund capital projects at the								
		marina. "sequestration of					2018	3,537		
		these funds is incompatible					2017	7,087		
		with the purpose for which					2016	10,026		
Des Moines	<a href="#">5.68</a>	they are collected"		2004	2018		N	2015	13,433	31,160
							2018	65		
							2017	120		
							2016	104		
							2015	349		
							2014	621		
Milton	<a href="#">3.1</a>	\$1 per transaction	park and ride	2003	2003	monthly	Y	2013		9,026
							2018	54,583		
							2017	70,740		
		North of Harbour Pointe					2016	53,555		
		Boulevard North - 25% of					2015	42,446		
		gross					2014	33,215		
Mukilteo	<a href="#">5.1</a>	South of same - 8% of gross	Ferry, Airport	1993	2012	quarterly	Y	2013	60,131	22,320
Port Angeles	<a href="#">3.60</a>	10% of parking fee	Victoria Ferry	2008	2009		Y			20,658
		\$3 per transaction								
SeaTac	<a href="#">3.7</a>	indexed to CPI	Airport parking	1993	2018	monthly	Y			30,541

City	Code	Rate	Major Driver	Inception	Last Change	Schedule	Requested 2013-2018 Revenue	Population	
							2018	41,906,564	
							2017	41,301,600	
							2016	39,952,031	
							2015	37,944,559	
							2014	35,196,890	
Seattle	<a href="#">5.35</a>	12.5% various		2007		2011 quarterly	2013	32,310,776	684,451
							2018	59,151	
							2017	51,285	
							2016	45,595	
							2015	33,097	
							2014	26,751	
Sumner	<a href="#">3.26</a>	15% of gross proceeds	park and ride	2012		2014 quarterly	Y 2013	27,267	10,851
		5% of monthly gross receipts					2018	219,975	
		(non profit operating on City					2017	214,493	
		owned property)					2016	214,331	
		8% commercial					2015	193,486	
		2020 11%					2014	143,535	
Tukwila	<a href="#">3.48</a>	2021 15%	Airport parking	1998		2018 monthly	Y 2013	155,860	20,162

## RCW 82.80.030

### Commercial parking tax.

(1) Subject to the conditions of this section, the legislative authority of a county, city, or district may fix and impose a parking tax on all persons engaged in a commercial parking business within its respective jurisdiction. A city or county may impose the tax only to the extent that it has not been imposed by the district, and a district may impose the tax only to the extent that it has not been imposed by a city or county. The jurisdiction of a county, for purposes of this section, includes only the unincorporated area of the county. The jurisdiction of a city or district includes only the area within its boundaries.

(2) In lieu of the tax in subsection (1) of this section, a city, a county in its unincorporated area, or a district may fix and impose a tax for the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business.

The city, county, or district may provide that:

- (a) The tax is paid by the operator or owner of the motor vehicle;
- (b) The tax applies to all parking for which a fee is paid, whether paid or leased, including parking supplied with a lease of nonresidential space;
- (c) The tax is collected by the operator of the facility and remitted to the city, county, or district;
- (d) The tax is a fee per vehicle or is measured by the parking charge;
- (e) The tax rate varies with zoning or location of the facility, the duration of the parking, the time of entry or exit, the type or use of the vehicle, or other reasonable factors; and
- (f) Tax exempt carpools, vehicles with handicapped decals, or government vehicles are exempt from the tax.

(3) "Commercial parking business" as used in this section, means the ownership, lease, operation, or management of a commercial parking lot in which fees are charged. "Commercial parking lot" means a covered or uncovered area with stalls for the purpose of parking motor vehicles.

(4) The rate of the tax under subsection (1) of this section may be based either upon gross proceeds or the number of vehicle stalls available for commercial parking use. The rates charged must be uniform for the same class or type of commercial parking business.

(5) The county, city, or district levying the tax provided for in subsection (1) or (2) of this section may provide for its payment on a monthly, quarterly, or annual basis. Each local government may develop by ordinance or resolution rules for administering the tax, including provisions for reporting by commercial parking businesses, collection, and enforcement.

(6) The proceeds of the commercial parking tax fixed and imposed by a city or county under subsection (1) or (2) of this section shall be used for transportation purposes in accordance with RCW 82.80.070 or for transportation improvements in accordance with chapter 36.73 RCW. The proceeds of the parking tax imposed by a district must be used as provided in chapter 36.120 RCW.

[ 2005 c 336 § 24; 2002 c 56 § 412; 1990 c 42 § 208.]

### NOTES:

**Effective date—2005 c 336:** See note following RCW 36.73.015.



## Finance Committee

### Discuss the Scope, Authorization, and Use of a Budget Stabilization Reserve

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 6.C  
**File Number:** 19-0451

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

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#### **Title**

Discuss the Scope, Authorization, and Use of a Budget Stabilization Reserve

#### **Recommended Action**

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

Not referred to a committee.

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

Discuss the scope, authorization, and use of a Budget Stabilization Reserve.

#### **Report**

##### **Issue:**

Whether to discuss the scope, authorization, and use of a Budget Stabilization Reserve

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

Debbie Sullivan, Administrative Services Director, 360.753.8499

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

Debbie Sullivan, Administrative Services Director,

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

During the last recession, the City experienced severe cuts in service to the community. Overall, the recession cost \$6 million, 60 employees were laid off, and it took more than years to recover.

Over the past several years, the City has experienced a strong local and regional economy that has provided sufficient revenues to support key programs and services. Several indicators suggest the local economy is beginning to slow. In 2018, sales tax revenues were below projections, private utility taxes flattened out, and cable TV tax declined. At the same time, certain expenses such as medical insurance continue to outpace revenues. With the cyclic nature of the national and regional economy, a downturn, which will adversely affect revenues, can be expected. It is prudent to evaluate the City's reserve policies to put measures in place to mitigate the effects of a downturn in the economy.

The Government Finance Officers Association recommends establishing a Budget Stabilization

Reserve in addition to an Emergency Reserve. The City currently has an Emergency Reserve which is funded annually at 10 percent of General Fund Operating Revenue. Staff recommends updating our financial management policies to include a Budget Stabilization Reserve.

The purpose of a Budget Stabilization Reserve would be to sustain City services by stabilizing revenue during a major economic downturn. This is in contrast to the 10 percent Emergency Reserve which would be used to sustain City services in the event of a catastrophic event such as a natural or man-made disaster.

Staff will discuss the following policy issues and seek direction from Finance Committee:

1. Purpose of the emergency reserve verses a budget stabilization reserve
2. Targeted funding levels for each reserve
3. Method to withdrawal the funds
4. Authorization to withdrawal the funds
5. Timeline to replenish the funds

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

N/A

**Options:**

Discussion only.

**Financial Impact:**

The current 10 percent General Fund Reserve is \$7,712,678; a Budget Stabilization Reserve would result in an increase of overall reserves.

**Attachments:**

None



## Finance Committee

### Briefing on Legislative House Bill 1406 - a Change in Sales Tax Related to Investments in Affordable and Supportive Housing

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 6.D  
**File Number:** 19-0452

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

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#### **Title**

Briefing on Legislative House Bill 1406 - a Change in Sales Tax Related to Investments in Affordable and Supportive Housing

#### **Recommended Action**

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

Not referred to a committee.

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

Receive a briefing on Legislative House Bill 1406.

#### **Report**

##### **Issue:**

Whether to receive a briefing on Legislative House Bill 1406.

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

Nanci Lien, Fiscal Services Director, 360.753.8465

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

Nanci Lien, Fiscal Services Director

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

As part of the 2019 legislative session, the Washington State Legislature passed House Bill 1406. When signed into law, the bill will allow counties and cities authorization to implement a local sales tax to help fund affordable or supportive housing. This is not a new tax, but basically a “transfer” of a portion of the State’s sales tax to counties and cities who enact the new law. The change will result in no overall increase in sales tax and no impact to the consumer. Housing and services funded by the new tax are limited to persons whose income is at or below the City median income. Based on 2017 sales tax proceeds, the Association of Washington Cities projects the City of Olympia’s annual tax will be approximately \$330,152.



Staff will brief Finance Committee on the legislative bill, City requirements, limitations on uses, and provide revenue projections and timelines for distribution.

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

N/A

**Options:**

Information only.

**Financial Impact:**

If enacted, the tax will provide additional resources for use in funding affordable or supportive housing.

**Attachments:**

None



## Finance Committee

### Briefing on First Quarter Budget Report

**Agenda Date:** 5/15/2019  
**Agenda Item Number:** 6.E  
**File Number:** 19-0453

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

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#### **Title**

Briefing on First Quarter Budget Report

#### **Recommended Action**

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

Not referred to a committee.

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

Receive a briefing on the 2019 First Quarter Budget Report. Briefing only; No action required.

#### **Report**

##### **Issue:**

Whether to receive a briefing on the 2019 First Quarter Budget Report.

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

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

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

Nanci Lien, Fiscal Services Director

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

[RCW 35A.34.240 <https://app.leg.wa.gov/RCW/default.aspx?cite=35A.34.240>](https://app.leg.wa.gov/RCW/default.aspx?cite=35A.34.240) requires that a quarterly budget report be submitted to the City Manager and City Council. The report should include a comparison of budget appropriations vs. actual expenditures and revenues received from all sources in the preceding quarter.

Staff will present a budget report representing the City's financial activities for the period of January 2019 through March 2019, provide analysis of the report, and seek Committee feedback on format and level of detail provided.

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

N/A

##### **Options:**

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

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Information only.

**Financial Impact:**

N/A

**Attachments:**

None