



**Finance/Administration Committee**  
**City Hall – 200 NE Moe Street**  
**3<sup>rd</sup> Floor Conference Room**

<b>Subject</b>	<b>Meeting Minutes</b>	<b>Date</b>	<b>04/05/17</b>
<b>Recorder</b>	<b>City Clerk Rhiannon Fernandez</b>	<b>Start Time</b>	<b>5:03 PM</b>
<b>Committee Chair</b>	<b>Ed Stern</b>	<b>End Time</b>	<b>6:44 PM</b>
<b>Committee Members</b>	<b>Gary Nystul, Kenneth Thomas, Ed Stern</b>		
<b>Staff Present</b>	Mayor Becky Erickson, Finance Director Deborah Booher, Human Resources Manager Kingery, City Clerk Rhiannon Fernandez, Accounting Manager Brown, Deputy Chief Pate, Chief Schoonmaker, Senior Budget Accountant Ziemann		

**Agenda**

No.	Topic	Action/Recommendation/Discussion
<b>1.</b>	<b>Administrative:</b>	
	<p><b>a.</b> Questions &amp; Concerns of the Committee</p>	<p>Booher commented that furniture is being ordered for new workspaces, and a budget amendment will be coming forward in April for \$10,000. Additionally, a budget amendment will be coming forward to replace the police garage door for around \$20,000.</p> <p>No concerns expressed from the committee review of claims.</p> <p>Stern expressed a concern with the Metropolitan Parks District coming to the Council. He has reservations of looking at one project without considering the whole arrangement of needs that the City has. He felt the committee would be decide on the MPD proposal as a stand-alone issue, and he encouraged a separate parallel committee to look at all the issues that have tax implications.</p> <p>Erickson said the Transportation Benefit District has not moved forward yet, because they are waiting on the three surface tests to be completed. She doesn't expect the MPD to be fast. It will be a long deliberate process. She is delaying the committee formation, because Planning has to work through the Critical Areas Ordinance first. She felt the best solution would be to have a Council retreat in a couple months to have serious conversations about UGA resizing, social services, neighborhood streets, and parks.</p>

		<p>Stern felt asked that another department lead the MPD committee, because he felt Planning has too many projects right now. Erickson said she could have Jan Harrison work on this with Parks &amp; Rec Director McCluskey.</p> <p>Thomas noted that the MPD proposal was presented in the Community Services Committee. He noted if several items are brought up to the voters (including other jurisdiction), timing is critical, so stretching out the MPD timeline makes sense.</p> <p>Nystul disagreed with having a parallel committee, he felt one committee should look at all the projects and make a recommendation.</p>
	<b>b. Agenda and Extended Agenda Review</b>	
	1. 04/05/17-Members Absent-	None.
	2. 04/19/17-Members Absent-	None.
<b>2.</b>	<b>Agenda Items</b>	
	<b>a. Police Vehicle Purchase Options</b>	<p>Booher said the Police Department currently has in the budget the purchase of two new police cars in 2017, and two more in 2018 (\$100K each year). The current police fleet is getting old, due to the recession when the cars were not funded for replacement. Many cars in the fleet are old and unreliable. Pate looked at a leasing program for local programs by the State. It is called a lease, but it is actually going out for long term debt issue, and at the end of the lease, the vehicles belong to the City. We can decide if we want the debt to be three or four years, but the debt cannot be longer than the life of the vehicles.</p> <p>The Police Department would like to go with the three-year loan, with the average of \$146K a year. The four-year loan would be \$109K a year.</p> <p>Staff would have to submit intent paperwork in May to the state would also have to pass a resolution.</p> <p>Other cities who use the process are happy with it. It allows larger number of vehicles to be replaced. There will be an increase in the risk insurance rates. We will be obligating ourselves for four years of debt which cannot be paid off early in the local program. Staff is also looking at a bank loan as an alternative.</p> <p>Erickson supports the proposal. We have cars that are falling apart, because we stopped replacing vehicles</p>

during the recession. Additionally, the Police Department has had five high speed chases this year, and they need cars that are in good condition. This is a methodology to catch up.

Thomas asked how this would impact the biennial budget, and if the economy slides, what would we do when we are committed to this debt. Erickson said we would be locked in for four years. We would have to cut in other areas if the economy went south. This takes advantage of favorable interest rates. We need to prioritize buying cars. We have the payments for the next two years already budgeted.

Nystul asked if there was any concern on the timing of getting vehicles. Pate said Columbia Ford had no problem ordering the cars later in the year.

Nystul supports getting more cars. We have \$22MM of our cash invested that we are getting less than 1% interest. He asked staff to look at an interfund loan, if we have a way to repay the loan.

Booher said we had \$3MM in general fund, but borrowing money may take us below our financial management policy. There are some limitations going to the reserves for sewer, especially after seeing their six-year plan. Brown added the pool is not making over 1%, but our core is well above our budget. We are getting 1.75% now. We are laddering up.

Erickson said we can find the debt instrument. The decision is should we buy a fleet of cars now, and commit ourselves for four years to pay for them.

Nystul asked how many years would the replacement cycle be. Pate said they are looking at two different replacement cycles: 6 year or 8 year (based on payback). This would be for the patrol officer vehicles.

Schoonmaker said this is a reliability issue for his department to be able to respond to calls. They are respectful with the fact that they are not the only department in the city. The fleet is bleak.

Stern asked if there any upcoming capital needs. Erickson said she is unaware of any substantial needs for capital besides the waterfront bathrooms and demo of

		<p>two homes. Of course, emergencies could arise.</p> <p>Staff will bring the draft reimbursement resolution to the April 19 Finance-Administration Committee and then approval by the Council. The committee agreed with going forward with replacing the fleet and looking at debt structures. The number to be replaced needs to be decided.</p> <p>Discussion was held on needing to move council committee reports to top of agendas during the council meetings.</p>
	<p><b>b.</b> Sales Tax Zone Report for 2016 Year-End</p>	<p>Ziemann presented the report, which included a comparison analysis for 5 years and the 10-year trend. The City remains consistent.</p>
	<p><b>c.</b> Monthly Sales Tax</p>	<p>Booher reported sales tax received in March collected in January, up 7.37% over the same period as last year. Year to date the City is 5.6% over last year and higher than anticipated budget through February.</p>
	<p><b>d.</b> Benefits Information</p>	<p>Kingery presented the salary and benefits that the City of Poulsbo managers receive; a benefits comparison between the managers, teamsters, and police; 2016 insurance benefits of comparable cities; 2016 vacation, holiday, and sick leave benefits of comparable cities; and 2016 longevity pay plans of comparable cities.</p> <p>Nystul presented the 2017 Poulsbo Salary Schedule per Resolution 2016-25 Step A. He would like to see when two jobs are very close in pay, combine them to be on the same pay grade.</p> <p>Discussion was held regarding the Mayor's salary and the costs of city managers/administrators.</p> <p>Nystul asked if staff could get a copy of Port Orchard's salary study. Staff has asked, but they haven't received it yet. The document may not be final yet.</p> <p><i>The committee recommended Kingery move forward with compiling the 2017 numbers for the whole group and bring back a recommendation for implementation in January 1, 2018.</i></p>