



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

Subject	Meeting Minutes	Date	02/07/18
Recorder	City Clerk Rhiannon Fernandez	Start Time	5:04 PM
Committee Chair	Ed Stern	End Time	6:32 PM
Committee Members	Gary Nystul, Kenneth Thomas, Ed Stern		
Staff Present	Mayor Erickson, Finance Director Booher, Human Resources Coordinator Kingery, City Clerk Fernandez		

Agenda

No.	Topic	Action/Recommendation/Discussion
1.	Administrative:	
	a. Questions & Concerns of the Committee	<p>From the committee review of claims the following concerns were noted:</p> <ul style="list-style-type: none"> • Credit cards limits – Booher reported there is a daily limit and a credit card limit. The limits can be exceeded with approval from Finance for specific purchasing needs. These requests come in writing and are approved in writing. Credit cards are preferred for purchasing, because we get rebates on purchases, and it is cheaper than writing checks. <p>Miscellaneous Discussion:</p> <ul style="list-style-type: none"> • Thomas reported on the second meeting of the Navy Draft Environmental Assessment, he has a copy of the report and will leave it at the council cubicle. • Email passwords are being required to be changed. • There needs to be equity in council committee assignments – some councilmembers only receive one assignment. • The Mayor will not pick the deputy mayor and alternate deputy mayor appointments based on the email received from Nystul. • Software hosting has been moved, and right now, the online payment system is down. Booher hopes to have it resolved by tomorrow.
	b. Agenda and Extended Agenda Review	
	1. 02/07/18-Members Absent-	

	2. 02/21/18-Members Absent-	
	c. Committee Minutes of December 06, 2017	Approved.
	d. Committee Minutes of December 20, 2017	Approved.
	e. Committee Minutes of January 03, 2018	Approved.
	f. Committee Minutes of January 17, 2018	Approved.
2.	Agenda Items	
	a. Review Historical CPI Rates	<p>Booher reviewed the historical trend of the CPI-U rates and the difference from the national average from 2009 to 2017. The trend fluctuates every year. Sticking with the Seattle-Tacoma-Bellevue rate is staff's recommendation.</p> <p>Nystul opposes using the Seattle-Tacoma-Bellevue, because MRSC and the Bureau of Labor Statistics recommends using regional or national averages due to statistical errors, and then the increase of cost in Seattle. He is wondering if there could be a fixed percentage and review it periodically when looking at the P&L.</p> <p>Booher said the plans are set up to have the cost inflator by the CPI. We no longer bargain labor agreements by CPI. It is built in because it is a standard inflator to make sure we are staying consistent. The CPI is a measure and justification of why we are raising rates. The last sewer rate increase has the Seattle-Bellevue-Tacoma rates written into the ordinance. Other ordinances and contracts would need to be redone.</p> <p>Erickson said both concepts are flawed, and if we have to pick one, she recommends picking the one that is most reflective of our community, and that is Seattle-Bellevue-Tacoma.</p> <p>Thomas said if there is a way to draft up an ordinance to change the reference, it would help.</p> <p>Erickson didn't care if it was the national average or Seattle-Tacoma-Bellevue, but she does not want to pick a fixed rate and have to keep going back and looking at it. She still thinks we are reflective of Seattle.</p> <p>Booher said the utility rates are looked at every three years, and they can look at the differences then. We can go forward with the Seattle-Bellevue-Tacoma rates, and if there is a variance, we can adjust.</p>
	b. Monthly Sales Tax	Booher reported YTD comparing January 2017 to

		2018, which is up 6.36%. Most of the increase is construction and retail trade (diversified).
	c. Real Estate Excise Tax	Booher said they exceeded their projections for 2017 by \$200,000 for the year. It is hard to trend it, because it is all transactional based. The budget was kept the same for next year. The funds are a restricted use. Funds were used to make a portion of the debt payment on this building and reserving the remainder for transportation (Noll Road).
	d. 10 Year Trends	Booher reviewed charts that went to Josh Farley for an article he is doing on how local government fared through the recession. She reviewed the 10-year sales tax recap, 12-year REET annual receipts, and 10-year FTEs by department.
	e. Sales Tax Comparative Data	Booher reviewed the 2015-2017 sales tax distribution in Bainbridge, Bremerton, Port Orchard, Poulsbo, and the County. Everyone is growing.
	f. Mayor's Salary Review	<p>Discussion was held on the need to study the executive function and property fund it.</p> <p>The City has moved from being a small village to a larger municipality with greater complexities to manage. The City needs to start planning to hire a city administrator prior to the next election cycle of the executive office.</p> <p>The committee will evaluate the compensation of the executive office. They requested Kingery prepare a table of salaries from comparable cities for the positions of mayor, city administrator, city manager, and executive assistant for the 3/7/18 FAC meeting.</p> <p>The Committee would like any recommendations from the city attorney on transitioning to hiring a city administrator.</p> <p>The committee recommended providing a salary increase to the Mayor in the next couple months (amount to be determined) and outline a path and timeline for the City to study the executive function, with the goal of moving towards funding the executive branch with a four-year plan of hiring a city administrator.</p>
	g. Senate Bill 6002	Thomas reported out on what this bill is regarding. If this bill passes, our City would be subject to districts. The threshold is too low.