



**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>11/14/18</b>
<b>Recorder</b>	<b>City Clerk Rhiannon Fernandez</b>	<b>Start Time</b>	<b>5:07 PM</b>
<b>Committee Chair</b>	<b>Kenneth Thomas</b>	<b>End Time</b>	<b>6:50 PM</b>
<b>Committee Members</b>	<b>Jeff McGinty, Kenneth Thomas, Ed Stern</b>		
<b>Staff Present</b>	Mayor Erickson, Finance Director Booher, City Clerk Fernandez, Administrative Services Manager Ziemann, Human Resources Manager Kingery, Prosecuting Attorney/Risk Manager Foster		

**Agenda**

<b>No.</b>	<b>Topic</b>	<b>Action/Recommendation/Discussion</b>
<b>1.</b>	<b>Administrative:</b>	
	<b>a.</b> Questions & Concerns of the Committee	None.
	<b>b.</b> Agenda and Extended Agenda Review	
	1. 11/14/18-Members Absent-	
	2. 11/21/18-Members Absent-Thomas	
	<b>c.</b> Committee Minutes of October 3, 2018	Approved.
<b>2.</b>	<b>Agenda Items:</b>	
	<b>a.</b> Executive Office Discussion	Stern asked Fernandez to draft a thank you letter to the three people who attended the workshop with signatures from Mayor and Council on city letterhead. The committee will ask at the Council meeting if there is consensus to move forward with the city administrator and drop the city manager change in government option. If the Council is not ready to make that determination, they need to find out what is needed to get consent.
	<b>b.</b> Monthly Sales Tax Report	Booher reported August transactions are 20.5% over the same time last year, YTD the City is 16% up from a year before. We are at 78% of our budget and trending very well. Construction is one of the large increases (Fishline and Centennial Building). The other increase continues to be the Wayfair Law, which is setting the new base going forward.
	<b>c.</b> Real Estate Excise Tax Report	Booher reported August is up 140% over this month last year; YTD the fund is at 134%.
	<b>d.</b> Baseline and New Program Requests Recommendations	Booher reviewed the baseline budget requests and new program requests with the reasoning behind the Mayor's recommendations.

Stern asked Foster why the courts have ramped up so much in the past two years. Foster said there has been an increase in population, traffic, officers (3 since she has been here, 2 which are brand new); and drug activity. The change with the county in terms of how they prosecute and how the courts handle misdemeanor, gross misdemeanor and felony offenders, which seems like a revolving door. This is a cost shift, shifting the burden from their system to our system. It is also a trend nationwide in terms of prosecuting drug offenders. With that comes more petty crime. There is an increase of people with mental health issues. The County has changed how they manage their diversion agreements, which is another cost shift. She thinks the trend will continue. Erickson added she received recent highway counts. Edward Rose found 18-20% more cars in their recent TIA for their project than we had in our 305 study. That shows how busy the roads have gotten in the last two years.

Thomas asked about the police training budget and the new initiative which passed. Foster said they do some of the training, the initiative will put a larger burden on the police department. Erickson said she recommended increasing their baseline budget for training. Ziemann said they still need to learn more about the initiative and how it will impact them. That analysis still needs to happen.

Stern asked if the parking garage referendum would be combined with the fireworks advisory vote. Booher said they would have to be separate. Booher said the fireworks ballot was funded in 2018, and when it was discussed in PSL, it was determined that the vote was not needed based on feedback from the Fire Department. The funds have not been expended.

Kingery and Booher gave an update on medical coverage for part-time employees. Right now, PEBB is not looking viable. Erickson said they will continue to seek out other options. She believes part-time employees should have medical, and she wants a back up plan if we should ever lose our current insurance provider.

Discussion was held regarding transportation impact fees for roads. The Mayor said it is only being covered at 36%, and it needs to be at 50%. The impact fee will be bumped up. She also wants to look at a TBD by June to

		<p>do other roadwork projects beside Noll Road.</p> <p>Booher said the recommendations create an additional \$390K, creating a net loss of \$745K for 2019, for 2020 the new expenditures total \$405K creating a deficit of \$1.3MM. She reviewed the projected fund ending balances. Even with these recommendations, they are still above the financial policy. They plan on using \$1.7MM in reserves over the next two years. They know these are funding on-going expenditures. The last ones in will be the first ones cuts if there is a decline. The reserves are getting healthy. They don't want to reduce services or cut services and maintain a large savings account.</p> <p>Erickson said it was difficult, the reality is every 1% salaries go up, it equals \$100,000. They will know more in a week and a half about the labor contracts. That is the great uncertainty right now.</p> <p>Stern asked how recession proof the City is. Erickson said there is a healthy cushion. They will continue to monitor. If the local and national economy fluctuates much, changes will need to be made to the budget.</p> <p>Booher asked that the committee give feedback at the next FAC meeting.</p>
<b>3.</b>	<b>Mayor and Department Head Comments:</b>	
	<b>a. None</b>	