



Finance/Administration Committee

Subject	Meeting Agenda	Date	04/15/20
Recorder	City Clerk Rhiannon Fernandez	Start Time	5:00 PM
Committee Chair	Ed Stern	End Time	6:50 PM
Committee Members	Jeff McGinty, Gary McVey, Ed Stern		
Staff Present	Mayor Erickson, Councilmember Musgrove (quorum noticed 4/10/2020), Finance Director Booher, City Clerk Fernandez, Director of Engineering Kasiniak, Human Resources Manager Kingery, Parks & Recreation Director McCluskey, City Engineer Lenius		

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1.	Administrative:	
	a. Questions & Concerns of the Committee	The committee reviewed the audit schedule.
	b. Agenda and Extended Agenda Review	
	1. 04/15/20-Members Absent-	
	2. 05/06/20-Members Absent-	None.
	c. Committee Minutes of March 04, 2020	Approved.
2.	Agenda Items:	
	a. 2019 Sales Tax Zone Report	Booher reviewed the report, noting the percentage of sales tax by zone remains consistent over the years. As the business community is growing within the City limits, the percentage of outside City limits is slightly decreasing. We can attribute this to the streamlined tax on internet sales along with an increase in construction activity.
	b. Real Estate Excise Tax Report	Booher reported the City is 17% of the budget, it is under projection, but this one is hard to predict, as it is based on transactions.
	c. Monthly Sales Tax Report	Booher reported it is \$30,000 less than last year, but still much higher than the five-year trend. We are at 7.5% of the budget, and we are normally 8.33%. Revenues are still very diversified.
	d. Auditing via Electronic Files	Booher made sure everyone understood how to do the audits remotely.
	e. Legal Representation at City Council Meetings -McVey	McVey referenced the council meeting in March and the embarrassing situation that arose during the July 3

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		<p>fireworks discussion. He asked if a city attorney should be present at council meetings. Erickson said there are times she would like to have an attorney present. but the City drifted away from city attorneys attendance due to financial hardships, and the City is headed back to that same type of financial situation now. The city attorney attends when it is critical. Typically, actions done at council meetings are routine, and everything is routed through the attorney before it reaches the Council.</p> <p>McGinty said they picked OMW due to their diversity of expert attorneys, especially land use and human resources. Stern said they are in Seattle, and it tends to be costly. McVey questioned if a local attorney could be hired to attend meetings. Erickson said one could be hired, but it is expensive. McVey offered this issue could be discussed during the 2021-22 budget creation, or during the city administrator discussion.</p> <p>Musgrove added having an attorney present is expensive, but most entities like us have them present. He thinks it would be worthwhile to find out how much it would cost.</p> <p>Erickson stated they have not been sued in the last ten years from what they have done at the dais. Generally, things are not brought forward unless she is sure they are ready to go. Booher added as a department head, she has her items reviewed by the city attorney before they are brought before the council, and the other departments heads do that too. But if there is ever the desire to have the attorney present for an item, we can have them come and attend either in person or over the phone.</p> <p>The committee agreed to table this discussion until the budget discussion this summer.</p> <p>The committee confirmed that any city council person has the authority to contact the city attorney for pressing matters that are appropriate, it does not require prior approval. It is requested, though, that proper due diligence be exercised to try to to come up with a satisfactory answer in-house prior to contacting the attorney to help keep expenses down.</p>

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	<p>f. Financial Projections and Implications of COVID-19</p>	<p>Booher has been attending webinars and conference calls with other finance directors about possible impacts to revenues. There are so many unknowns right now, and she has heard anywhere from 10-25% reduction in sales tax. The City was very conservative in building its budget, and reviewed reductions of revenues based on potential percentage cuts. Program revenues with Parks & Recreation but will also lose the expenses. Overhead admin fees and the passport revenues will be lost.</p> <p>She thinks we will be okay in 2020, but moving forward in 2021, we know there are going to be some retirements happening. We will need to reevaluate what services we are providing and how can we reorganize and gain the dollars from attrition. That is the first strategy. Another discussion they will need to have is what do we do with utility taxes (water, sewer, and storm drain). At one time we were up to 12%, but right now we have them down to 6%. That could be a supplement to get over the hump.</p>
	<p>g. Carryover – See Council Packets</p>	<p>Booher reviewed the carryover budget amendment recommendations, which included: General Fund (projected beginning balance not including revenue stabilization and legal reserves, \$257,218; actual beginning balance, \$999,167; difference, \$741,949), General Fund actual 2019 figures, variable budget vs actual (highlights of revenues and expenditures), and General Fund funds to be carried over.</p> <p>The Mayor’s recommendation: retain balance in General fund (reduces amount of reserves intended to be used in 2020)</p> <p>Booher reviewed the other funds: special revenue funds, debt service funds, capital project funds and proprietary funds.</p> <p>Discussion was held regarding the Mayor’s recommendation to put the Neighborhood Streets program on hold. Stern was concerned with having just approved \$40,000 for consultant services two weeks ago for this program. Booher said they have a current budget, this is carryover, but she will continue to talk with the Public Works department moving forward. McGinty asked if they are still moving forward with the projects this year. Booher said asphalt was ordered, but</p>

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		<p>the Mayor asked them to hold off on ordering additional materials, because we have the Noll Road project that is dependent on impact fees and debt. It is not that they are recommending not moving forward, they just want to wait and see until they know the impacts of everything. We need to find out how the bids come back for Noll. We do not know what our debt service is going to be.</p> <p>The committee asked this was added to the extended agenda in June after we know what the Noll Road bids look like.</p>
	h. Recommence Extended Exploratory of City Administrator Position	Kingery talked about the salary ranges based on research she did of comparable cities and other cities in the region. The 2020 average is between \$166,372 and \$174,467 for city administrators. This discussion will continue at the next FAC meeting.
3.	Mayor and Department Head Comments:	None.