

Minutes

FINANCE COMMITTEE MEETING August 12, 2014

Councilmembers Present

Councilmember Lora Petso
Councilmember Kristiana Johnson

Staff Present

Sarah Mager, Accounting Supervisor
Brian Tuley, IT Supervisor
Doug Fair, Municipal Court Judge
Scott Passey, City Clerk
Mike Thies, Code Enforcement
Jeannie Dines, Recorder

The meeting was called to order at 6:00 p.m.

A. 2014 June Quarterly Budgetary Financial Report

Ms. Mager presented the report, advising there was nothing new or different from the May report. The June report is the second quarter report, halfway through the year. She reported general fund revenue is above budget and expenses are below budget, none of the departments are over budget. Mr. James will add the narrative to the report that is presented to the Council. She responded to committee members' questions.

Action: Schedule on Consent Agenda

B. Employee Expenses, Volunteer Recognition and Reimbursements Policy

Ms. Mager explained the policy was drafted by Finance Director Scott James based on Poulsbo's policy. He is seeking comments/changes before the policy proceeds. Committee members requested the following changes:

- Specifically address the annual volunteer appreciation event
- Indicate Council President signs Councilmember expenses
- Eliminate limit on number of retreats (page 3)

Action: Discussion only

D. PFD Quarterly Report

Executive Joe McIlwain reviewed the EPFD Statement of Revenues, Expenses and Changes in Net Position, highlighting the following:

- On budget through June 30, revenues at 53% and expenses at 52%
- Ticket sales are higher than budgeted at 62%
- Rental revenue and concessions are on budget
- Contributions are at 42% which is typical at this time of year. Additional revenue expected from Red Carpet Gala (auction) in September and Rick Steves contribution. Expect to meet goal for contributions.
- Artist expenses are higher which translates into higher ticket sales
- Salaries and employee benefits are on budget. Reconfiguring job description for facilities manager position.

Mr. Mclalwain relayed he expects to submit a request to the City for a loan of \$160,000 to meet the bond obligation at year end. This process begins via the PFD submitting a Notice of Deficiency to the Finance Director in October.

Mr. Mclalwain reported the \$10,000 projected in Snohomish County Tier 2 revenue in 2014 is expected to increase to \$40,000-\$50,000 in 2015. Although a very volatile revenue stream, it is part of the answer to the shortfall. The original projection for Tier 2 revenue prior to 2008 was \$200,000/year. They are still trying to identify new revenue streams to eliminate the need for loan from City and ultimately begin to repay the loans. He and the Director of Advancement are working on a building sponsorship program to generate an annual revenue stream of \$150,000-\$200,000 for 10 years to help address the bond debt. The name of the ECA would be X Theater at Edmonds Center for the Arts.

Councilmember Petso asked whether artist presentation expenses are covered by ticket sales which Mr. Mclalwain offered to research. Councilmember Johnson requested Mr. Mclalwain add to the agenda memo a narrative regarding the Notice of Deficiency process in October and the estimated amount.

PFD Board President Bob Rinehart and ECA Past President Steven Shelton were also present.

Action: Schedule on Consent Agenda. Next quarterly report in October/November 2014
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C. IT Update

Mr. Tuley provided an update on the computer system upgrade. All the hardware has been received and the engineer is scheduled to begin work August 28. The exchange server is being built from the ground up. Users should not notice any difference.

Mr. Tuley provided an update on telephony, advising all equipment has been ordered; awaiting delivery from MyTel. Once it arrives, the vendor will be informed, programming will be completed off site and equipment will be installed after hours in Public Safety, Public Works and City Hall. There will be minimal downtime and it will be virtually unnoticeable to users other than reprogramming voicemail greetings. He forwarded the committee members a draft replacement policy and a draft replacement schedule.

In response to committee members' questions, Mr. Tuley advised a portable A/C unit was rented for the server room for the short term. The long term solution is to update it with a bigger unit. The new computer equipment will not produce as much heat. The project will be on or under budget at the end. With regard to the replacement policy, he assured equipment that is still working would not be replaced.

Action: Discussion only.

E. Business License Fees Discussion

Mr. Passey explained there are 1,800 licensed businesses in the City; approximately 70 businesses annually pay their fee late. Under the current process, the City Clerk sends a renewal, a courtesy notice and a second letter; when that is unsuccessful, it is referred to code enforcement who sends three more letters. Several options have been discussed; he recommended raising the late fee from \$25 to \$100 as an incentive to comply. The cost of a business license renewal is \$50. This would free up staff time and allow staff to provide a higher level of service to community. He has some discretion in waiving late fee. A code amendment is required to change the fee schedule. Mr. Thies commented it is typically the same businesses every year.

Committee members' suggestions included prominently identifying in the annual renewal letter and the reminder letter that the late fee has increased and including the reminder letter in the Council packet.

Action: Schedule on Consent Agenda.

F. Public Comment

Port Commissioner David Preston commented some organizations have a tiered late fee. He asked whether the City accepts credit cards. Ms. Mager answered yes, over the phone but not online. There is no automatic renewal program.

Councilmember Petso recalled a discussion about establishing a credit card fee based on a percentage of the charge. Ms. Mager advised the City can charge a fee but it cannot be a percentage of the sale. Some departments do not accept credit card payments over \$5,000.

Municipal Court Doug Fair explained his salary is 95% of a District Court Judge's salary which is due to increase September 1 in accordance with the annual increase established by the State Salary Commission. To continue to receive Court Improvement Funds, the increase needs to be approved by the Council. As it was not on the Finance Committee's agenda, Councilmember Petso will inform the Council that Judge Fair will be contacting Council President Buckshnis to schedule it on a Consent Agenda before September 1.

Action: Schedule on Consent Agenda

The meeting was adjourned at 7:04 p.m.