

Minutes

FINANCE COMMITTEE MEETING July 8, 2014

Councilmembers Present

Councilmember Lora Petso
Councilmember Kristiana Johnson
Council President Buckshnis

Staff Present

Scott James, Finance Director
Brian Tuley, IT Manager
Rob English, City Engineer
Phil Williams, Public Works Director
Shane Hope, Development Services Director
Jeannie Dines, Recorder

The meeting was called to order at 6:03 p.m. Councilmember Petso added Sales Tax Reporting to the agenda prior to Public Comments. Councilmember Johnson reminded the purpose of committee meetings is Council and staff discussion; audience comments will be taken at the end.

A. 2014 May Budgetary Financial Report

Mr. James presented the 2014 May Financial Report, highlighting:

- General Fund revenues are above budget at 50%; May is 41.7% into the year
- General Fund expenses are below budget at 39%
- Fund 129, Special Projects Fund; It was agreed to retain the asterisk in revenues and expenses that references the SR99 International District enhancement Project
- Property Tax receipts are as budgeted
- Sales Tax revenues are above budget at 43%
- Anomaly in Amusement and Recreation Sales Tax is due to a catch-up payment last year

Mr. James responded to questions. Councilmembers requested Mr. James investigate liquor excise tax and profits and what the footnoted item on page 6 (Building Maintenance Subfund (016) Professional Services – difference due to a payment of \$439,517 for HVAC conversion) is for.

[Note: Later in the meeting Mr. Williams reported he contacted Jim Stevens by phone who said it was either to upgrade the Public Safety building HVAC controls or the ESCO project at Senior Center. Mr. Williams will verify and advise. He noted the Building 016 fund has spent only 6% of its budget.]

Action: Schedule on Consent Agenda

B. Discussion of Edmonds Public Facilities District and City of Edmonds Interlocal Agreement

Mr. James explained Alice Ostdiek, Foster Pepper, reported on amendments to the ILA at a Finance Committee meeting earlier this year. Councilmember Petso recalled universal dissatisfaction with the draft amendment presented to the Finance Committee and a request that the amendment only address the payment schedule. Her understanding was the amendment was to reflect the new debt service schedule as a result of the bond refunding. Councilmember Johnson observed there is a second issue, who benefits if there are savings as a result of the bond refunding. Discussion followed regarding the purpose of the amendment.

Action: Mr. James will prepare a budget amendment for at least \$5,000 to complete the amendment to the ILA to memorialize the repayment schedule due to the refunded bonds.

C. 2014 2nd Quarter Budget Amendment

Mr. James explained there are 17 budget amendments, 9 have previously been discussed by Council and 8 are new; of the 8, only 2 are not self-funded. The amendments include approximately \$115,000 in new revenues and \$1,416,000 in new expenses. The overall ending fund balance is reduced by \$1,301,000.

Mr. James reviewed the amendments and responded to questions. He highlighted the Unscheduled IT Equipment Replacement in the amount of \$318,000. Staff will provide Council a bi-monthly progress report on the replacement project. He described funding for the project which will include the use of some funds from the fiber optic budget. Staff was asked to add that information to the budget amendment. Other changes the committee requested included:

- Comprehensive Plan Extra Help - separate the expenditure from the grant
- Alliance for Housing Affordability - move to amendments previously discussed by Council
- Wetland Mitigation-Edmonds Marsh - staff provide details in presentation to Council

Mr. James distributed a draft IS Replacement Policy. It was agreed to discuss the policy at the next Finance Committee meeting, including an explanation regarding the need to establish a separate capital reserve for IS equipment.

Action: Schedule for full Council on July 15.

E. Sales Tax Reporting

Mr. James explained RCW 82.32.330 prohibits the City from disclosing single taxpayers' information. He proposed revising the Sales Tax Report to include a minimum of five businesses in each category and to create more categories. The revised report will be presented to the Finance Committee in the future.

Action: Discussion only.

D. Public Comment

Ron Wambolt, Edmonds, pointed out the hospital is not listed on the Sales Tax Report. After hearing a presentation on tourism at the EDC meeting, he recalled the Sales Tax Report in the budget book would be a way to show the EDC which businesses generate sales tax. The Sales Tax Report is not in the 2014 budget book. He noted car dealerships generate the most sales tax.

David Preston, Port of Edmonds Commissioner, pointed out Health and Personal Care is a category in the Sales Tax Report. He reported Leavenworth's City Council gave \$520,000 to the Chamber to help with promotion. Mr. James noted Leavenworth has far more hotels/motels than Edmonds. Councilmember Johnson commented Edmonds' Lodging Tax Advisory Committee allocates the City's Hotel/Motel Tax.

The meeting was adjourned at 7:37 p.m.