

**CITY OF OLYMPIA
FINANCE COMMITTEE
MINUTES
August 11, 2009**

Members Present: Joan Machlis, Craig Ottavelli and Joe Hyer, Chair

The minutes of the July 14th meeting were approved.

Recommendation for Use of Asset Forfeiture Funds

The Committee will recommend to the full Council to spend approximately \$4,000 from the Asset Forfeiture fund for specialized training. This was a written report to the Committee. With this expenditure there will be a balance of approximately \$188,000 remaining. The funds may only be used for the expansion and improvement of law enforcement activities.

Service Funding Proposal from the Boys and Girls Club of Thurston County

The Finance Committee was asked to consider using a portion of Council goal money for funding Boys and Girls Club of Thurston County. The General Government Committee felt the proposal had merit; however, given the depth of unfunded community social service needs they were concerned about setting a precedent for considering mid-year agency proposals that are not part of a competitive process. The funding request was for \$25,000. Communications Manager Cathie Butler told the Committee there was an uncommitted balance of \$53,500 remaining in the Council Goal account. Committee member Machlis said the \$25,000 would help the Boys and Girls Club "get off the ground." She said another alternative is to use some of the savings generated in 2009 by eliminating the City after-school program. Committee member Ottavelli said TOGETHER and Evergreen Villages offer programs in the area and he was concerned about funding any request without a competitive process. After some discussion Chairman Hyer suggested this item be moved to a Council agenda under "OTHER BUSINESS" for a discussion by the full Council.

Update on Utility Rates

Public Works Director Michael Mucha provided an update on utility rates. Previously he had told the Committee staff was proposing a combined rate increase of 3.5%. However, the Council adopted a rate smoothing option for water that would generate an overall combined rate of 4.5%. Currently the proposal is for a 5% revenue increase in water and a 12% rate increase in wastewater. Committee Chair Hyer asked about the large fund balance in Solid Waste. He asked what staff's recommendation was and whether a portion of the fund balance could be used to offset other increases or to lower solid waste rates. Mr. Mucha said staff had a proposal to use the excess fund balance to replace some of the carts and to lower the replacement cycle on the solid waste fleet to 4 years. Committee members Ottavelli and Hyer were both concerned about the need to lower the fleet replacement cycle to 4 years. Committee Chair Hyer asked why the replacement carts were not in the calculation for rates. Mr. Mucha said staff would come back to the Committee with a proposal for using the fund balance later in the budget process.

Review of 2010 revenue projections

Administrative Services Director Jane Kirkemo reviewed the 2010 preliminary revenue projections. She stated the revenue projections will be updated monthly until the adoption of the budget. Sales tax continues to be the greatest concern. The decline is across all sectors and does not appear to have hit bottom. Committee member Machlis asked about the "Cash for Clunkers" program and whether it was having a positive impact on auto sales revenues. Ms. Kirkemo stated it was too early to tell. There is a 2 month lag on sales tax receipts. She also reviewed utility taxes, business and occupation taxes and development related fees. The only bright spot was in development activity. With the DIS building, City Hall and the LOTT administrative office development revenues are up.

The Committee reviewed upcoming Committee meeting dates. The September meeting will be on the 15th and the October meeting is scheduled for the 20th. Both meetings will be at 5 p.m.

The meeting ended at 2:00 p.m.