

**CITY OF OLYMPIA
SPECIAL STUDY SESSION
MINUTES
May 19, 2009**

PRESENT: Mayor Doug Mah, Mayor Pro Tem Jeff Kingsbury, Councilmembers Craig Ottavelli, Rhenda Iris Strub, Karen Messmer, and Joe Hyer. Councilmember Machlis was excused.

The Special Study Session of the Olympia City Council convened at 6:30 p.m. on Tuesday, May 19, 2009.

Mid-Year Budget Strategy

The Special Study Session was convened at 6:30 p.m. in the Executive Conference Room.

City Manager Steve Hall discussed the financial picture and indicated that City revenues are lagging for 2009. Sales tax, the single largest General Fund revenue, continued to decline and was \$607,000 short. If the trends continued, there would be an estimated \$2.6 million deficit by the end of the year. His goals for 2009 were to avoid midyear layoffs, restructure the organization to be more efficient, and start positioning the organization for the 2010 budget

He proposed to use the \$800,000 from 2008 year end savings, over \$350,000 from the tax audit, and \$148,000 from Council goal money. In addition to this, seasonal workers in both Parks and Public Works would be reduced and the 2009 salary survey was eliminated. He had also asked departments to limit discretionary spending, and put a hiring freeze in place

Also, as a part of the State budget, the Legislature reduced both the employer and employee contribution to PERS, which would save \$220,000 this year. However, he cautioned that the reduction in the pension contribution would come back to haunt us because the rates would have to increase in the future.

He also recommended elimination of the after school middle school program at the end of this school year. He was making the recommendation now so that there was time to give notice to parents and so that a program would not be started with the new school year in September, only to have it cut in January.

He said that the City's financial position continued to decline. The 2010 projections predicted a gap of \$2.5 to \$5 million. He indicated that we would proceed with this strategy unless given a different direction from the Council, and work with the Finance Committee on budget updates in the ensuing months.

Meeting adjourned at 7:00 p.m.