

**CITY OF OLYMPIA
FINANCE COMMITTEE
MINUTES
February 10, 2009**

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

The minutes of November 12 and 26, 2008 were approved.

2009 Finance Committee Work Plan

Jane Kirkemo, Administrative Services Director, discussed a draft work plan for the Committee. Committee Chair, Joe Hyer, asked that we try to limit the meetings to two major work items (30 minutes each) and then at the end of each meeting include an update on the economy as well as discussion of items referred to the Finance Committee. The later months of the year were purposely left open to allow an opportunity for emerging issues. The Committee agreed to the work plan and recommended to forward to the full council on the Consent Calendar.

State Performance Audit

In 2007 and 2008 the City of Olympia received a performance audit on impact fees. The audit made seven recommendations for changes to current policies. The law requires the legislative body consider the report by July 1 detailing the progress in responding to the recommendations. The Council must justify any recommendations it did not respond to and detail additional correctives measure that were taken.

Staff reviewed the progress on each of the items. Several of the comments pertain to Park impact fees and the recommendations will be addressed in the Park Plan update to be completed later this year. The City ceased collecting Fire impact fees December 31, 2008 and believes there is no further action to be taken. The City began allocating interest on the School impact fees in August 2008 and will renegotiate the contract with the School District before July 1, 2009. There was a recommendation to publish the annual report on impact fees collection and usage on the City's website. The City does not review school impact fees usage and believes the School District should respond to questions and comments. The City may post impact fees reports on the website but does not want to adopt a policy requiring the posting of the information.

Staff will continue to monitor progress on the implementation of the recommendations. In June staff will present a draft letter for the Committee to forward to Council for their response prior to July1.

At the end of the meeting, Administrative Services Director, Jane Kirkemo, reviewed the draft 2008 yearend financial position. At this time it appears we will end the year with a surplus of \$776,245 in the General Fund and \$350,000 in the Capital Facilities Plan. The past practice has been to transfer the first \$1.2 million to the Pavement Management Program and then any remaining funds would go to the City Hall project. Obviously, this year there aren't sufficient funds for pavement management so no funds will be available for the City Hall project. Ms. Kirkemo explained the majority of the surplus was in Salary and Benefits. If the City had not put a freeze on hiring midyear, we would have ended the year in

a deficit position. Chairman Hyer recommended suspending the City's policy to transfer the surplus to the CFP. "Given the economic uncertainty and the need for cash for the City Hall project, I think we need to maintain as much flexibility as possible. If later in the year the economy turns around or development improves, we can always choose to transfer the funds." The Committee agreed and recommended to place this item on the Consent Calendar.

For the March meeting, the Committee will review the Waste Resources Budget and the Budget for the Urban Forestry Program. The Committee reviewed a list of proposed questions. Committee Member Machlis said, "Our job is to define the level of service, not to get into the detail. I am interested in looking at the big picture." Ms. Machlis also asked how this relates to the work of the Utility Advisory Committee. "I don't want to duplicate work they are doing."

Chairman Hyer suggested the Committee could meet with the UAC in June, after the Committee has reviewed the budgets. The Committee approved the list of suggested questions.

The meeting adjourned at 6:40 p.m.