REDMOND CITY COUNCIL PUBLIC ADMINISTRATION AND FINANCE COMMITTEE MEETING SUMMARY/SPECIAL COUNCIL MEETING

Council Conference Room, City Hall Thursday, June 17, 2010

<u>Council</u> <u>Staff</u>

Hank Margeson, Chair Kim Allen Hank Myers Mike Bailey, Finance and Information Services Director Malisa Files, Financial Planning Manager Michelle M. McGehee, CMC, City Clerk

Convened: 4:30 p.m. Adjourned: 5:30 p.m.

MEETING SUMMARY

Monthly Financial Report

Mr. Mike Bailey, Finance and Information Services Director, provided a report to the members of the Committee. The report addressed:

- revenues contributing to the City being further ahead of budget than reported in the previous month;
- a synopsis of the sales tax and utility tax funds;
- fines and forfeits fund seeing an increase in the amount of receipts to that fund;
- interest earnings continue to lag behind;
- the City continuing to manage its expenditures;
- less water use in the county overall;
- property tax receipts helped to make the general fund whole this month in reporting; and
- Advanced Life Support Fund continues to be recovered late.

Councilmember Margeson stated that he believes the City should look at how we approach utility tax revenue and natural gas utility tax revenues.

Review of Current Budget Forecast

Ms. Malisa Files, Financial Planning Manager, provided a report to the members of the Committee. The report addressed:

- revenues at seven percent below the projected budget;
- expenditures trending at eight percent below budget;
- a carryover in 2011 in the project amount of \$2.2 million;
- potential savings with regard to fines and forfeitures the court will conduct a reconciliation and the City will either collect funds, or owe King County in this regard; the City expects a reimbursement;
- the State's decision during the 2008/09 Legislative Session to decrease PERS rates and the City's response in keeping the collection rate the same and placing the delta of funding in a liability account; and

 Verizon's contention of a potential \$500,000 overpayment to the City – the City of Redmond believes that Verizon may be entitled to some part of a refund, but does not anticipate a \$500,000 refund – Verizon has provided no information on the claim at this time.

Long Range Financial Strategy

Mr. Bailey provided a report to the members of the Committee. The report addressed:

- updating the prior Long-Range Financial Strategy, as opposed to creating a new one;
- the schedule of anticipated conversations with the Council regarding the strategy one pre-budget and one post-budget; and
- including a 5x6 element to the forecast; three bienniums are incorporated.

Discussion ensued regarding:

- eliminating the "Navigating the Rapids" analogy to the forecast;
- the Business Tax Transportation Improvement; "was/were increased" Councilmember Cole stated that there has never been an increase;
- whether to use the phrase "great recession" as a descriptor in the strategic plan; Councilmember Myers would rather see language to the affect of "significant recession;"
- whether or not Council's Vision Statement has been established;
- holding a study session to further discuss the Council's Vision Statement; including the Price of Government philosophy in the discussion;
- the Existing Revenue Chart is a 25 percent beginning balance accurate?; members of the Committee suggested removal, or notation, of the reference;
- including the 5x6 element into the budget table members of the Committee concurred regarding the placement;
- a reference to "historical rate" should this reference be used in light of recent history?; and
- the Committee's expectation that the one percent property tax increase allowed by Initiative 747 will be a topic of conversation during the budget deliberations.