



# City Council Financial Retreat

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June 29, 2017

Mayor opened the meeting of the Sammamish City Council at 2:00 p.m.

## **City Finances**

City Manager Lyman Howard introduced the topic. He explained that staff periodically update the Council on the City's financial future. This meeting is being televised and recorded and will be available for viewing after the meeting. He explained that the City's finances are in very good shape. He then introduced Aaron Antin, Finance Director, who gave the staff report and showed a PowerPoint presentation (*available on the City's website at [www.sammamish.us](http://www.sammamish.us)*). When questioned about the crossover point, where expenditures will surpass revenues, Mr. Antin explained that this projection is always part of the budget process but hasn't occurred due to conservative and positive budget performance, as presented in the year end presentation that also authorized budget carry forwards from 2016 to 2017.

Tim Larson, Communications Manager reported on the results of the Virtual Town Hall regarding City finances. He said very few people took the survey. In general, there was little support for increasing taxes. The results from these self-selected individuals are in contrast to the results from the statistically valid Community survey, which showed a larger support for increased taxes.

Council was asked to consider the following questions and give direction to staff:

1. Diversify operating and/or capital revenue sources
2. Provide direction on how to adjust City Finances (Revenue/Expenses) if public safety costs exceed 1.6% increase budgeted for 2018?
3. Provide direction on operating service cuts or cuts to capital expenses?
4. Provide direction on 2018 Property Tax Levy?
5. Other direction?

Councilmember Valderrama feels that the community thinks the City should be first looking for cuts in services rather than increased taxes. He suggested looking at where costs could be cut or services reduced before deciding on diversifying our revenue sources or taking on debt.

Council agreed to address Question #3 first.

## **Provide direction on operating service cuts or cuts to capital expenses?**

With Police and Fire services being the largest expense, Mayor Gerend suggested that (Council representatives? or staff) could go to Eastside Fire & Rescue and King County and ask them for different concepts for providing the service. Examples could be less fire stations operating.

Councilmember Odell suggested examining police staffing to ensure that we need to add additional officers.

Deputy Mayor Keller wondered if there is a pressing sense of urgency right now to cut expenditures?

Councilmember Valderrama asked what it would look like if expenditures were cut 10% across the board and the City scaled back to 100 employees?

Councilmember Malchow requested more information regarding KC Sheriff's operating expenses before deciding on any cuts.

Councilmember Valderrama thinks we should reevaluate the pavement overlay program. He does not want Klahanie to suck all the resources, since their roads are in worse shape than the other streets.

Councilmember Odell would like to look at the amount of maintenance that is done in the right of way. Could we mow and weed half as much?

Councilmember Hornish would like to see net numbers. For instance, what resources off-set these different budgeted expenses? Public Safety isn't bringing in revenue, but what about the other services, He thinks that this is an area that money could be saved. He is open to debt financing for capital.

Deputy Mayor Keller would like the staff to be proactive in partnering with other agencies. Can we save money by upgrading street lights and improve level of service by partnering with Puget Sound Energy?

Councilmember Malchow thinks we could save money by enforcing parking regulations. She is not sure about debt with the plans to come, such as the TMP, but may be needed to get moving on road projects.

Councilmember Huckabay wants to change the plantings in the medians so they don't require as much maintenance.

Councilmember Odell think we should start employing youth for maintenance.

- *Parks and Recreation*

Councilmember Huckabay would like to see a list of properties and facilities that could be sold.

Councilmember Malchow asked if revenues offset expenditures?

Deputy Mayor Keller suggested reviewing partnership agreements and to continue to partner with other agencies.

Mayor Gerend feels we should continue to pursue park property in the northeast section of the City.

Councilmember Hornish would like staff to look at the operating side propose cuts so Council doesn't have to tell them too.

Jessi Bon, Deputy City Manager, clarified that Council is looking for what it would look like if we mow only once a month as opposed to twice a month?

Valderrama feels we should start scaling back on design.

- ***Community Development (DCD)***

Odell suggested revising the fee schedule and suggested having developers and HOA's taking over stormwater.

There was general consensus that they did not need to cut DCD resources

Councilmember Malchow suggested that we could find efficiencies by have more tool available to the public so they don't need to contact staff and take them away from other duties.

- ***Administrative Services***

Councilmember Huckabay wants to take a look at properties we might sell or convert the use of.

Councilmember Malchow would like to see where the money is going within the litigation line item.

Councilmember Hornish would like to see what the cost of property ownership is. He also suggested considering in-house counsel. Councilmember Valderrama agreed with that.

General consensus to review all the properties the City owns.

Councilmember Odell would like to see what percentage of the properties in Sammamish are tax exempt.

- ***Council, City Manager, Finance***

Councilmember Valderrama would like to see the return on some of our investments.

Councilmember Odell thinks we need to invest in technology to help staff work more efficiently. We should improve our lighting in City Hall and all of our facilities.

Councilmember Huckabay suggested cutting the paper newsletter.

- ***Human Services/Emergency Management/Non-Departmental***

Councilmember Hornish feels that Human Services are a lower priority than some of the other services the City provides.

Councilmember Valderrama thinks we should evaluate the Community Services Coordinator position.

- ***Capital Expenses***

Councilmember Odell expressed concern over delaying the Sahalee Way project.

**Provide direction on how to adjust City Finances (Revenue/Expenses) if public safety costs exceed 1.6% increase budgeted for 2018?**

Chris Gianini, Deputy Finance Director explained that the Eastside Fire & Rescue (EF & R) expenses came in less than budgeted in so the shortfall might only be around \$300,000. Councilmember Hornish suggested using the contingency fund.

Councilmember Valderrama suggested the both Police and Fire budgets be examined. Councilmember Hornish suggested that the EF & R Board continue to work the issue.

Mayor Gerend suggested that 1% in additional taxes could cover the shortfall.

**Diversify operating and/or capital revenue sources**

Councilmember Valderrama wants to see what a 10% cut across all departments would look like. Only then can you determine if you don't want to make the cuts then we should look at other revenues.

Councilmember Huckabay was supportive of a Transportation Benefit District.

Councilmember Hornish would be open to debt financing for capital projects, but the City should still continue to operate conservatively so our surplus can pay the debt expense.

Councilmember Odell is also supportive of debt financing for capital projects.

Councilmember Malchow is supportive of debt financing but feels it is premature to make the decision today.

Mr. Howard suggested staff look for efficiencies and propose them to Council at the Mid-Biennial Budget review.

Odell suggested tasking the Finance Committee to study these suggestions and come back to Council with some recommendations.

Mr. Howard said that Council can be provided with options for reducing operating costs.

Councilmember Hornish asked for very specific information if we cut by 10%. For example, if we only mow the grass once a month instead of twice a month, how much money will that save and how long will the grass be by the time we cut it.

**Adjournment**

6:40 pm