



AGENDA

Finance Committee Regular Meeting

8:00 AM - Friday, March 23, 2018

City Hall Executive Briefing Room - Plaza 111, Sammamish, WA

Page		Estimated Time
	CALL TO ORDER	8:00 am
	PUBLIC COMMENT	
	APPROVAL OF THE MINUTES	
3 - 7	1. March 1, 2018 Regular Meeting View Minutes	
	TOPICS	
8	1. Follow Up: Committee Discussion on City Councilmember Medical Insurance Benefits 2. Facilities CIP and Capital Planning Discussion <ul style="list-style-type: none"> • Review of Draft Capital Facilities Project Priorities View Agenda Item	
	FUTURE MEETING TOPICS	
	1. Classification & Compensation Study – Contractor Equity/Market Average or Other Standard for Total Compensation (2Q 18) 2. Auto Enrollment Default/Employer Match Option on 457 Plan (TBD) 3. Discussion on Impact Fees/Impact Fee Deposits Annual Report (2Q 18) 4. Master Capital Project List/Waterline Discussion (Retreat Follow-Up) (TBD) 5. Revenue & Expense per capita comparisons – further detailed inquiry (Retreat Follow-Up) (TBD)	

6. Quarterly FMR reviews (ongoing throughout 2018)
7. Review Financial Policies (1Q or 2Q 18)
8. Transportation Improvement Plan (TIP) (2Q 18)
9. Presentation of Municipal Financing – Intern project (TBD)
10. Public Outreach discussion ahead of public hearings on 2019-2020 budget (TBD)

NEXT MEETING DATE(S)

Thursday, May 3, 2018 - 8:00 - 9:30 a.m.

ADJOURNMENT

9:30 am

Public Comment Guidelines:

This is an opportunity for the public to address the Committee. Three (3) minutes are granted per person, or five (5) minutes if representing the official position of a recognized community organization.

If you are submitting written material, please supply a minimum of seven (7) copies (three (3) for the Committee; three (3) for Staff; one (1) for the record). If you would like to show a video or give a presentation, please contact Tammy Mueller (tmueller@sammamish.us; 425-295-0514) to determine whether the meeting room is equipped to accommodate your needs. Digital files must be submitted or emailed by 5:00pm the day prior to the meeting to Tammy Mueller.

Please be aware that all materials submitted will become part of the public record.

Meeting Accessibility:

Committee meetings are wheelchair accessible. American Sign Language (ASL) interpretation is available upon request. Assisted Listening Devices are also available upon request. Please call (425) 295-0500 at least 48-hours in advance to request assistance.



Meeting Minutes
City of Sammamish Finance Committee
Regular Meeting
Thursday, March 1, 2018 – 8:00 a.m.
Executive Briefing Room - Plaza 111

Called to Order:

Assistant City Manager and Finance Director Antin called the meeting to order at 8:09 a.m.

Committee Members Present:

Chris Ross – Chair
Pam Stuart
Tom Hornish

Staff Present:

Aaron Antin, Finance & Risk Mgmt Dir, Asst City Mgr – Staff Lead
Jessi Bon, Deputy City Manager
Chris Gianini, Finance Deputy Director
Tammy Mueller, Administrative Assistant

Election of Committee Chairperson:

Councilmember Pam Stuart nominated Councilmember Chris Ross for Finance Committee Chair. There were no other nominations. Councilmember Ross was unanimously elected to the position of Finance Committee Chair by a vote of 3-0.

Approval of Meeting Minutes:

The minutes of the October 5, 2017 meeting were approved as distributed.

Public Comment:

No public comment was provided.

Discussion on process for City Councilmember Medical Insurance Benefits Discussion (\$75,000 Budget):

The Finance Committee commenced discussion on the agenda item, utilizing Item #5 in the packet ([link](#)).

- In order to obtain insurance for elected officials, 50% or greater (4) Councilmembers must participate. If participation drops below this threshold, all participants lose their insurance. In order to achieve and maintain this threshold, the Committee discussed whether offering more enticing benefits, comparable or better than Councilmember's employers, would encourage participation and potentially attract more residents to consider running for City Council positions in the future. The Committee was split as to whether benefits alone would be enough to attract new members or whether a living wage salary would need to be offered as well.

- Before Councilmembers can decide whether they are interested in participating in AWC insurance (used by City Staff), information about the benefits package and its cost to Councilmembers and/or the City must first be decided.
- The Committee discussed the possibility of investigating plans on the open market prior to entering into a plan with AWC.
- The Committee discussed the level of insurance they felt appropriate to offer City Councilmembers as they are considered part-time employees. Part-time City Staff are required to pay a pro-rata share of medical benefits if they elect City coverage. As leaders in the organization, Council should consider the implication of giving themselves more generous medical benefit provisions than what is currently available to part-time City staff.
- The Committee discussed the issue of whether the City or the Councilmembers would be responsible for insuring dependents, or whether dependents could be insured at all. They also raised the point that potential complications could be created for Councilmembers with primary insurance taking the City's insurance as secondary as it may decrease the coverage of their primary insurer.
- The Committee explored and then rejected whether another option might be to obtain insurance on the open market and have the City reimburse them and whether this would be considered taxable income.
- The Committee requested that Staff follow-up with AWC to determine whether:
 - Whether AWC can be used as secondary insurance of Council medical plan coverage,
 - Whether AWC secondary plan coverage is part of the current City employee plan,
 - Whether dependents can be covered,
 - What medical benefits are included in the AWC plan coverage.
- The Committee postponed making a recommendation until additional information is available.

Financial Report Review:

Discussion commenced on the 2017 and 2018 Financial Management Reports.

a. December 2017 Financial Management Report

The 2017 draft Financial Management Report, Item #6a of the packet ([link](#)), was reviewed.

- Traffic Impact Fees were less than expected, likely due to instances of a number of developers opting to make improvements themselves and obtaining a credit toward their impact fees.
- Other Revenues reflected a budget underrun, the majority of which was due to a Transportation Improvement Board reimbursable grant for a capital project that was delayed from 2017 to 2018.
- In reviewing expenditure to budget performance, staff explained that contracts created in 2017 which have ongoing work through 2018 will have the budget savings from the Services & Charges line carried forward into the 2018 budget once the administrative carry forward budget process has occurred. It was noted that the carry forward process was also discussed at the City Council retreat when reviewing the upcoming 2019-2020 draft budget calendar. The Committee requested an additional note as to what is anticipated to be included in the carry-forward amount as compared to what is anticipated to be 2017 performance savings, although understand this is an early draft report as the financial statements are not due to the State until May, 2018 and the

numbers currently reflected will need to be adjusted as State as 2017 revenues and expenditures get finalized.

- Personnel savings were due primarily to budgeted staff vacancies as there was a delay in filling new positions during 2017. There were also variances related to staff turnover, as some positions were hired at lower pay rates than previous incumbents and/or the position was left vacant for a period of time while the recruitment and selection process was occurring creating salary savings in the current year during the transition.

b. January 2018 Financial Management Report

The 2018 Financial Management Report (actuals through January 31) from the packet, Item #6b ([link](#)), was reviewed.

- The Finance Committee requested that going forward, Financial Management Reports be delivered to them electronically with Councilmembers who prefer paper requesting it; the inverse of current procedure.
- The Committee questioned whether the budget would be adjusted when items are carried forward. Staff answered affirmatively.

Retreat Follow-Up Items:

a. Discussion of Development Revenue/Fund Balance Restriction

The agenda item was discussed, utilizing Item #7a ([link](#)) from the packet. The question posed was “How much of the operating fund balance is restricted for on-going development funded activities?” The packet material offers Staff’s response.

- Staff clarified that development fund revenue (separate from impact fees) can only be used toward permit processing, plan review, inspection, and environmental impact statements. It was noted that caution should be exercised when allocating indirect costs of development expenses and the City calculates these types of allocations very conservatively when modeling development related revenues and associated expenses.
- Staff informed the Committee that, while 2017 alone reflects a positive ending balance for development related revenues and expenses, it is noteworthy that the timing of revenue collections and associated expenses do not begin and end right on December 31st. This means that some revenues are collected to pay for expenses that will occur later, making a longer term view more appropriate. The 4-year cumulative view of these activities currently reflects an estimated overall loss, but the 2017 picture shows that loss reducing as development activity continues forward. Given that development projects often span multiple years, a multi-year view is also more useful for this type of modeling.
- With the modeling results provided, the multi-year variance shown is within the allowable tolerances planned for in the \$500,000 DCD revenue stabilization contingency that Council has established for the 2017-2018 Budget. This means that no adjustment to that stabilization reserve is recommended at this time, and no restriction on the general fund ending balance is required for on-going development revenue funded activities nor will any further restriction need to be identified for GASB (Governmental Accounting Standards Board) statement 54 compliance.

b. Discussion of 2019-2020 Budget Stress Test/Decision card process

The agenda item was discussed, utilizing a Stress Test Illustration handout ([link](#)).

- The Committee noted that the General Fund Contingency would include any contingency funds that could be requested from Eastside Fire & Rescue as part of the partnership policies agreed to by EF&R Board representatives last year related to local emergency or natural disaster planning efforts.
 - The Committee discussed whether there was an option to decrease public safety costs since the City is under contract for these services. Staff responded that it would be possible, as an example, to renegotiate the City's contract to include fewer contracted officers should the City Council elect to go that direction. The Committee and Staff discussed decreases in staff leading to decreases in levels of service and events that the City offers.
 - The Committee expressed concern about conducting studies which result in cuts so minimal that they are not worth the cost of the study.
 - Staff informed the Committee of the budget decision card process. If departments want to request a change which would increase their base budget, they must submit a decision card highlighting the costs, offsets, and deliverables of the request. These are then reviewed by Staff and the City Manager who would make decisions as to what requests, if any, to include in forming the 2019-2020 Preliminary Budget that is required to be filed in October of 2018. Following the filing of the City Manager's Preliminary Budget, City Council would then have an opportunity to view the City Manager's recommended budget and make any adjustments to that prior to their final adoption and approval of the City's final 2019-2020 Biennial Budget. The City Council typically would only see a summary of decision cards that were approved by the City Manager for inclusion in the City Manager's Preliminary Budget, not all the various decision cards requested by all City Departments.
 - After reviewing this illustration and discussing the situation in more detail, the Committee unanimously recommended that staff expend no further efforts on a stress test at this point given other Council priorities.
- c. Timing of Long-term Forecasting Model (June, following May carry forward action)**
Staff informed the Committee that the long-term forecasting model will begin in June, after the May carry forward action.

Future Meeting Topics:

- a. Facilities & IT Capital Planning Discussion (1Q 18)
- b. Classification & Compensation Study – Contractor Equity/Market Average or Other Standard for Total Compensation (2Q 18)
- c. Auto Enrollment Default/Employer Match Option on 457 Plan (TBD)
- d. Discussion on Impact Fees/Impact Fee Deposits Annual Report (2Q 18)
- e. Master Capital Project List/Waterline Discussion (Retreat Follow-Up) (TBD)
- f. Revenue & Expense per capita comparisons – further detailed inquiry (Retreat Follow-Up) (TBD)
- g. Quarterly FMR reviews (ongoing throughout 2018)
- h. Review Financial Policies (1Q or 2Q 18)
- i. Transportation Improvement Plan (TIP) (2Q 18)

Next Meeting Dates:

Friday, March 23, 2018, 8:00 – 9:30 a.m.
Thursday, May 3, 2018, 8:00 – 9:30 a.m.

Meeting Adjournment:

The meeting adjourned at 9:39 a.m.

DRAFT

FACILITIES/BUILDINGS CAPITAL PROJECT PRIORITIES

DRAFT 03-19-18

NO:	PRIORITY	DESCRIPTION	RECOMMENDED TIMELINE	Y/N
1	Public Health & Public Safety	Prevents or corrects a health or safety hazard or addresses a major code issue.	Immediate: Project completion is needed immediately to minimum risk and avoid potential closure of a facility.	
2	Legal Requirement	Project addresses a mandate by State or Federal Law to modify existing facility conditions. (Example: ADA Compliance).	0 to 12 months: Within a calendar year or as prescribed in an approved plan. (Example: ADA Transition Plan)	
3	Major Deferred Maintenance	Lack of project improvement will likely result in compounded repair costs in the future or may materially disrupt the use of a facility.	1 to 2 years: Project is recommended for funding in the next budget cycle.	
4	Public Benefit	Project serves a community-wide need and/or improves a facility/area that is accessible to the public.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	
5	Green Project/ Energy Efficiency	Uses sustainable environmental principles, reduces environmental impacts, and/or uses green technologies.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	
6	Working Conditions	Project improvements will bring a work space or work area up to the standards of other City facilities.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	
7	Operating Budget Reduction	Project will result in the reduction of operating costs and/or is eligible for funding from alternative sources.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	
8	Relationship to Other Projects/Joint Use	Completes a project that is underway or advances the effectiveness of another project. Or, combines two or more projects in the same site or facility resulting in project cost savings.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	
9	Comprehensive Plan/Strategic Plan	Project is identified as a priority in the City's Comprehensive Plan or another strategic plan.	Variable: The timeline is variable and the project should be evaluated against other Citywide priorities.	

Definition of a facility capital project:	Project cost is greater than \$5,000 and extends or preserves the life of an asset.
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