



## FINANCIAL RETREAT

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### Study Session June 12, 2008

Mayor Lee Felling opened the meeting of the Sammamish City Council at 5:30 pm.

City Manager Ben Yazici outlined the financial issues facing the city.

- Revenues were decreased by \$3 million when the car tab initiative was passed
- Cost of Living Allowances for staff (3.5% on 2008) and other expenses are increasing faster than revenues (1% in 2008)
- Over 60% of the city's operating revenue is from property tax
- The city inherited \$245 million in infrastructure deficits
- Since incorporation the city has increased the infrastructure. Increased infrastructure also increases costs in maintaining the facilities as well as continuing to build new infrastructure
- Projections show the by 2017 our expenditures will surpass our revenues (*Crossover Point*) based on projected CPI increases
- The city has a very low ratio of staff to residents now, 1.8 employees per 1,000 so reduction in staff is not a viable option

The City has basically three options to reduce the impending deficit: (1) abandon core principles, (2) spend less (3) increase revenues

Assistant City Manager Lyman Howard explained some potential revenue options:

- Levy lid lift (requires voter approval)
- Business & Occupation Tax
- Utility Tax
- Second half of the Real Estate Excise Tax

After the staff presentation Council discussed different options for raising revenues and decreasing expenses. Deputy Mayor Gerend asked if revenues could be increased by assuming the two water and sewer districts in the city. Councilmember Whitten said she is against any new tax until the city is closer to the Crossover Point. Councilmember Cross suggested that the city could save money by reducing some of the capital projects. Mayor Felling ended the discussion with this consensus item:

While the City Council acknowledges that there is a financial structural problem, they want a better projection of what expenses are going to be, and it is premature to discuss new revenue option.

**Close Study Session**

**9:25 pm**