

**City of Port Orchard  
Council Finance Committee**

A meeting of the Council Finance Committee was held in the Mayor Conference Meeting Room at City Hall on October 08, 2019 at 5:00 p.m.

PRESENT: Council members John Clauson, Beck Ashby and Shawn Cucciardi, Mayor Rob Putaansuu, Director of Finance Noah Crocker, Human Resource Coordinator, Debbie Lund,

The meeting was audio recorded.

**Finance Report**

The Finance Director discussed the Monthly Budget Status report was previously provided to the full council and as such the finance Committee currently has all the Financial Status reports for the City.

**Mid-Biennial Review**

The Finance Department has asked department to review their current budget status reports during the month of September and respond to the Mid-Biennial Review and Modifications request.

The City has focused its criteria for mid-year modification to those items that materially affect the budget in one of 3 ways:

- Changes that reduce expenditures
- Major increases to current budgeted expenditures.
- Modifications/Requests for new mission critical, unforeseen major expenditures

All departments have responded and provided their proposed modifications for consideration to the finance department. The Mayor and the Finance Department met and reviewed all requests and have prepared the Mayor's proposed adjustments for consideration.

The Finance Committee will discuss and review the proposed modifications to the budget and provide any suggested changes. The Finance Committee recommendations will then be brought to council work study session for full council discussion.

The City Council will review the proposed modifications to the city budget at the work study session and provide additional direction. The public hearing on the budget modifications will be held on Oct. 22, 2019 with possible action on a budget amendment to take place during the business meeting of the Council Meeting later that night.

Role of the Finance Committee

The finance committee provides oversight of city budgeting, financial planning, and financial reporting. The committee recommends long-range financial goals along with funding strategies for the operating and capital budgets. Human resource issues requiring policy direction are brought before the committee. The committee serves as the advisory forum for transportation and street maintenance funding, and funding relating to the transportation benefit district.

The finance committee walk through the Mayor's proposed modifications.

The Highlights include:

1. All beginning fund balances are adjusted to reflect actual beginning fund balance as of January 1, 2019
2. All ending fund balances are adjusted to incorporate changes in beginning fund balance, and proposed revenues, and expense adjustments
3. Fund 001-Current Expense increase expenditure authority by \$922,000
4. Fund 002-City Street Operations increase expenditure authority by \$285,000
5. Fund 111-Impact Fee reduced expenditure authority by \$72,000
6. Fund 302-Capital Construction increased expenditure authority by \$248,715
7. Fund 304-Street Capital Construction increased expenditure authority by \$1,210,000
8. Fund 401-Water Sewer Operations increased expenditure authority by \$1,435,558 and will be closed before year end
9. Fund 403-Water Sewer Capital increased expenditure authority by \$732,427 and will be closed before year end
10. Fund 411-Water Operations increased expenditure authority by \$502,400
11. Fund 413-Water Capital increased expenditure authority by \$300,000
12. Fund 421-Storm Operations increased expenditure authority by \$266,840
13. Fund 423- Storm Capital increased expenditure authority by \$531,200

The Finance Committee reviewed the proposed modifications and the financial impact to the City. Of importance the committee discussed the additional transfer authority needed to meet the 2020 stabilization goal, the additional monies requested by the Health District and a new transfer to the ER&R fund to fund the Court Software system purchase in the future. The committee asked that these three items be added to the Mayor's proposal.

### **Personnel Updates**

The Mayor discussed the need to add an additional IT Full Time FTE, a re-alignment with the current PW labor position. The PW labor position will be strictly for water reading and parks and then the community service program will be re-assigned to more senior public works employees. Debbie Lund discussed the proposal to offer a high deductible health saving account plan for employees. It appears to be a saving for city as well as a tool to save for health care. There was discussion regarding the police chief requesting is current unfilled FTE be broken up and hours assigned to current employees. The mayor announced that the city was made aware that we will be losing our assistant city engineer to another entity which will encourage the city to do an organizational assessment. Lastly, the Mayor shared with the Finance Committee that our current general legal counsel contract is coming due and she has requested an

#### Role of the Finance Committee

The finance committee provides oversight of city budgeting, financial planning, and financial reporting. The committee recommends long-range financial goals along with funding strategies for the operating and capital budgets. Human resource issues requiring policy direction are brought before the committee. The committee serves as the advisory forum for transportation and street maintenance funding, and funding relating to the transportation benefit district.

increase in her contract by about \$20 more per hour. The committee discussed and recommended that city put an RFQ on the street for legal services.

### **Health District**

This was discussed during the mid-biennial review. Health District is requesting the city contribute \$2 per capita. The City currently contributes \$1 per capita. All other neighboring cities are contributing \$3 per capita. The Finance committee values the health districts efforts and requested that the City contribute \$3 per capita.

### **Study Session Preview**

The Finance Director discussed the mid-Biennial review presentation to come study session, a revenue and sources hearing will be brought forth to the Oct. 22,2019 council meeting as well as the property tax ordinance.

The meeting adjourned at 6:20 pm.

#### Role of the Finance Committee

The finance committee provides oversight of city budgeting, financial planning, and financial reporting. The committee recommends long-range financial goals along with funding strategies for the operating and capital budgets. Human resource issues requiring policy direction are brought before the committee. The committee serves as the advisory forum for transportation and street maintenance funding, and funding relating to the transportation benefit district.