

**TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF MEETING
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CONVENE: 5:35 p.m.

PRESENT: Mayor Pro Tem Joan Cathey and Councilmembers Neil McClanahan, Eileen Swarthout, Debbie Sullivan, Tom Oliva, Leatta Dahlhoff, and Michael Althausser.

Excused: Mayor Pete Kmet.

Staff: City Administrator John Doan, Assistant City Administrator Heidi Behrends Cerniwey, City Attorney Karen Kirkpatrick, Finance Director Ursula Euler, Police Commander Jay Mason, Fire Chief Scott LaVielle, Public Works Director Jay Eaton, Community Development Director Michael Matlock, Communications Manager Ann Cook, IT Manager Lance Inman, City Clerk Melody Valiant, System Administrator Jeremiah Gooden, and Recording Secretary Valerie Gow.

**INFORMATION
TECHNOLOGY
UPDATE ON
COUNCIL TABLETS:**

Assistant City Administrator Behrends Cerniwey reported the Council received Microsoft Surface Pro tablets several years ago to conduct City business and to help reduce staff time preparing agendas and other documents for the Council. The City is taking advantage of technology advances and new tools and is providing the Council with new iPad Pro tablets.

System Administrator Gooden provided a hands-on demonstration for using the new tablets.

**2019-2020 BIENNIAL
BUDGET
WORKSHOP #4:**

City Administrator Doan and Director Euler briefed the Council on the wrap-up of the proposed 2019-2020 budget:

- Outstanding Issues/Pending questions to address
- Major Facility projects
- Public Comments/Requests
- Council Proposals (Mayor/Mayor Pro Tem)
- Salary Adjustments
- One-Time Transfers

Major facility projects include:

- City Hall – exterior paint, front doors, space utilization, Finance and IT space, keys
- Historical Park – renovate rental building
- Parks – recycling stations, new mower and truck
- Golf – maintenance building renovations
- Library – exterior paint and parking lot improvements
- Pioneer Park – restroom upgrades

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- Parks Maintenance Building – replace garage doors, generator
- T-1 Station – garage door replacement
- T1/2 Stations – kitchen upgrades

Public budget requests include:

- Tumwater Chamber/EDC for \$15,000 per year for two years for the Scale-Up Tune-Up Program Scholarships
- Salvation Army for an unspecified amount of funds to fund operations at a 24-hour facility in downtown Olympia
- Request from the Family Support Center to participate in the City's efforts for housing and homelessness
- Thurston Thrives requested \$20,000 annually to support staff for the Action Teams

Councilmember Cathey has requested moving the Pioneer Cemetery Improvements in the Capital Facilities Plan (CFP) from 2021 to 2019, which would be possible.

Mayor Kmet and Mayor Pro Tem Cathey have reviewed the budget requests and are offering the following recommendations:

- Tumwater Chamber/EDC for \$15,000 per year for two years for the Scale-Up Tune-Up Program Scholarships – *Currently, the City pays dues to the Tumwater Chamber of Commerce of \$1,000 each year and \$20,000 for EDC membership each year. The proposed budget includes an increase of the EDC membership to \$25,000. The proposal is to divert \$10,000 (\$5,000 each year) from the EDC membership fee for sponsoring the scholarships. Part of the request from the Chamber and EDC was for marketing and advertising the scholarship program. The City could assist with marketing efforts.*
- Together! Diversion Program – *The proposed budget includes an allocation of \$25,000 in 2019 for innovative homelessness solutions. Mayor Kmet and Mayor Pro Tem Cathey propose a \$25,000 allocation to a diversion program administered by TOGETHER! to help people avoid becoming homeless. Efforts would be targeted to families with children attending Tumwater schools. The \$25,000 would be available to expend in 2019 and 2020 until expended. An agreement between the City and TOGETHER would be necessary to define the standards, legal compliance, and tracking mechanisms.*
- Salvation Army for an unspecified amount of funds to fund operations at a 24-hour facility in downtown Olympia – *The budget includes \$25,000 each year to support regional*

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housing solutions. Mayor Kmet and Mayor Pro Tem Cathey's proposal would allocate \$25,000 to the Salvation Army's 24-hour shelter program in 2019 with several beds reserved for use by the City for people displaced from encampments in Tumwater. Future funding could not be guaranteed.

- *Thurston Thrives requested \$20,000 annually to support staff for the Action Teams – The proposal does not provide any funds for the Thurston Thrives request. City Administrator Doan said he does not believe any of the other cities are providing funding. Councilmember Althausser said the proposal would be appropriate at this time until Thurston Thrives' Coordinating Council establishes some organizational mechanisms to document accountability for public dollars.*
- *The City's Domestic Violence Fund balance is \$12,000. The proposal is for the City's Public Health and Safety Committee to consider a future allocation for the funds.*
- *The City has another \$25,000 earmarked in the 2019-2020 budget for future homeless or housing projects.*
- *The City will continue to study the Albuquerque-style employment program to help people living on the street.*

Additional ideas from the Mayor and staff include:

- Create Parks Special Events Sponsorship Fund
- Create the Metropolitan Park District fund, with monies to be defined with an amendment in 2019
- Move \$7,500 from Fire for Active Shooter Training (which is going to be paid 50% by Medic One) to Administrative Services expenditures to fund Volunteer Program supplies
- Move Volunteer Coordinator from Executive to Administrative Services – net zero expense.

The Council unanimously supported the proposals.

Salary Adjustments:

- The City has a Grade and Step System
 - The current system factors include: education and experience, supervision, authority, external market, internal equity and G/S system
- In represented groups, salaries are reviewed during labor negotiations
- Non-represented salaries are reviewed annually:
 - Re-allocate-adjusting for market comparables and internal equity – typically creates “headroom”
 - Re-classification – adjusting for job duty changes

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- Proposal is not for promotions.

Assistant City Administrator Behrends Cerniwey described the proposed changes to the salary schedule and the proposal for inclusion within the proposed budget of a salary schedule and a minimum and maximum. Grades 18 to 85 include a 2.5% increase for each step and a 2.5% increase for each grade increase.

City Administrator Doan noted that some positions are vacant and the City has elected to retain those positions in the system for the future.

City Administrator Doan referred to Councilmember Oliva's previous question surrounding fund balance. Over time, the City sometimes has scheduled more projects than possible to complete, revenue continues to remain strong, and the City continues to retain funds in the ending fund balance. This year, the strategy is to forecast expenses and revenues realistically and not budget potential contingencies to help the City define the true cost of operating the City versus the amount of revenue the City receives. The ending fund balance should be treated as one-time revenue.

Director Euler referred to the Financial Policies and provisions for using one-time money for one-time purchases. That policy was likely generated during the financial crisis. The City's fund balance offers an opportunity to consider expenditure for the fund balance, as well as defining what constitutes a one-time purchase. Within the proposed budget, staff is recommending the following one-time uses of fund balance:

- Shore up the ER&R Fund to help accommodate growth and needs for equipment and more expensive and sophisticated computer systems - \$800,000
- Set-aside Facility Reserve - \$750,000
- Shops at Trails End "Down Payment" - \$1,000,000
- Set-aside for ERP - \$500,000
- Permit Reserve - \$400,000
- Early Tyee Payment - \$767,000
- Sidewalk Project - \$680,000
- Net Cost of Habitat Conservation Plan - \$125,000
- Deferred Maintenance/facility projects/Equipment - \$1,068,305

City Administrator Doan added that the fund balance retains some funds above the minimum necessary for the next biennium budget. Director Euler added that the minimum General Fund balance is \$2.4

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million to account for cash flow fluctuations each month plus an additional \$1.2 million dependent on the actual ending balance in 2018.

Next steps include consideration of the 1% property tax increase at the Council's November 20, 2018 meeting. One additional public hearing on the proposed budget is scheduled on November 20, 2018. The Council is scheduled to adopt the 2019-2020 Budget on December 4, 2018 and the 2017-2018 Budget Amendments.

**MAYOR/ CITY
ADMINISTRATOR'S
REPORT:**

There were no reports.

ADJOURNMENT:

With there being no further business, Mayor Pro Tem Cathey adjourned the meeting at 7:36 p.m.

Prepared by Puget Sound Meeting Services, psmsoly@earthlink.net