



11930 Cyrus Way, Mukilteo Washington 98275

City Council Finance & IT Committee
Committee Meeting No. 2016-11
Mukilteo City Hall
Tuesday November 1, 2016

Meeting Minutes:

In attendance were Mayor Jennifer Gregerson, Council President Bob Champion, Councilmembers Randy Lord and Steve Schmalz, Interim Police Chief Cheol Kang, Executive Assistant Nancy Passovoy, Accounting Manager Sandy Fujioka and Finance Director Doug Volesky.

1. Finance Director Doug Volesky introduced Accounting Manager Sandy Fujioka to the Committee. Volesky stated how very happy the City is to have her.
2. Interim Police Chief Interim Cheol Kang gave a presentation on the paid parking program solution that the City is researching from Passport Inc. Kang explained the staff time and other efficiencies that could be obtained from the use of this technology. Kang further explained that the cost of the product is fee based with \$3.00 per parking ticket paid. This is estimated to be around \$6k annually based on 2015 paid parking tickets. There would be upfront costs from equipment and a design fee, but Kang stated that this should still be under the appropriated cost that was being offered by Tyler Technologies. Council President Champion asked several questions about the total cost of the solution, what, if any, comparisons were done and asked about security and any cyber risk. Champion also asked if Kang could provide a brochure pertaining to the product. Kang said he would send a PowerPoint presentation that was provided to the City.
3. Executive Assistant Nancy Passovoy led a discussion on Community Support Grants presentations and selection and scoring criteria. She asked for input as to whether the Committee would like to follow the same process that was used last year for scoring grants or if they would like to change anything. The Committee agreed to follow the same process and format.
4. Volesky gave an update on the 2017 Budget Process Timeline Document and shared that the City had met all the budgeting tasks deadlines.
5. Volesky and Accounting Manager Sandy Fujioka explained to the Committee an issue that was found with the financial transactions for the 2014 purchase of the Japanese Gulch. During the review of this transaction, they found grant revenue was allocated to three funds, REET 1, Municipal Facilities, and Parks Acquisition

& Development. Capital outlay was also recorded in an amount equal to the purchase of the Japanese Gulch land. The Municipal Facilities Fund and the Parks Acquisition & Development Fund were to contribute \$219,034 and \$450,000, respectively, towards the purchase of the Japanese Gulch land. \$300,000 of the Parks contribution was made by receiving a loan from the Equipment Replacement Reserve Fund. Capital outlay was recorded and grant revenue was recorded to back the capital outlay in each of these funds. The cash from these two funds, which would reduce fund balance, was not moved. The land purchase was made out of REET 1, including grant monies. Fujioka explained the balance sheet side of the funds which showed the cash balances. The City suggested the best way to correct these entries would be for the Parks Acquisition & Development Fund to payoff the remaining loan balance to the Equipment Replacement Reserve Fund in 2016. This would eliminate the loan and leave a fund balance in the Parks fund of \$238,102. The fund balance in the Municipal Facilities Fund is currently planned to be transferred to the General Fund in the 2017 Preliminary Budget and then this fund should be closed out. The balance that is currently in this fund is from proceeds from right of way vacation and the sale of the former fire station property. The Committee agreed to move forward with these entries as planned. The City will be presenting a Budget Amendment in 2016 for the payoff of the loan in the Parks Acquisition & Development Fund.

6. Volesky led a discussion on the 2017 Levy information.
 - Assessed property values went up approximately 8.7% for tax year 2017 for a total value of \$4,384,156,190 including new construction.
 - The rate of inflation from the implicit price deflator (IPD) to be used for taxes due in 2017 is 0.953%. This equates to \$47,039.92.
 - The City has proposed in the 2017 Preliminary Budget to increase the previous year's levy by the full 1% (substantial need resolution required) which equates to \$49,359.83.
 - The new rate per \$1,000 drops from \$1.213024 to \$1.1427513.
 - This would set the regular levy at \$5,010,000 (compared to \$4,935,983 for the year 2016). This amount is the sum of \$4,935,983 plus \$7,863 for new construction, \$16,000 for estimated state utility values and \$0 for refunds.
 - The impact on a home with an assessed value of \$543,500 would be about \$6.20 per year.
 - As of 2016, the City's Banked Capacity is \$424,839.44.

Next Meeting: December 6, 2016, 6:30pm at City Hall

Agenda:

1. Discuss Lessons Learned from the 2017 Budget Process
2. Set January's Agenda