



11930 Cyrus Way, Mukilteo Washington 98275

City Council Finance Committee
Committee Meeting No. 2015-7
Mukilteo City Hall
Tuesday October 12, 2015

Meeting Minutes:

1. 2016 Budget Process Update

Mayor Gregerson presented New Budget Items (NBI's) for equipment, facilities, REET, transportation impact fees and surface water capital. The Mayor also provided, for Council's review, the 2016 department budget narratives and an estimated General Fund budget analysis spreadsheet. She stated that these were just preliminary numbers and that city staff are currently reviewing and adjusting to provide a balanced budget for 2016.

2. Standard and Poor's Discussion

Finance Director Volesky led a discussion of the status of the S&P finding. Volesky reported that the city's associate from S&P has informed the city that they now have all the information and explanation they need at this point. The associate does not foresee any issues and he will be presenting it to their board for a decision. They should be making a decision later this week and the city should hear from them within 10 days. Volesky also discussed the issue of the high reserve fund balance and S&P concerns about having accurate ending fund balances. S&P has stated that they are reviewing the city's current reserve policy and that current practice is about 17%. The Council discussed looking at different options for lowering the reserve. Councilmember Schmalz suggested paying back the loan from REET that was spent on the Gulch purchase. Volesky will research this topic with S&P and report back to the Committee.

3. Financial Projections

The Council requested balance sheet statements of where we are today, where we project to be at the end of the year, and what we want to do in 2016. There was a discussion about using the monthly finance update data to show where we are today and the flex sheets to pull the 2015 ending fund balance projections. The Council also requested that the city staff include assumptions and explanations on changes in budget numbers for 2016 as compared to 2015 budget.

Next Meeting: October 26, 2015, 6:00pm at City Hall