



**MINUTES**  
**Council Budget-Related Study Session**  
**Clyde Hill City Hall**  
**Tuesday, August 21, 2018**  
**7:00 PM**

**COUNCIL PRESENT:** Scott Moore  
Kim Muromoto  
Barre Seibert  
Bruce Dodds

**COUNCIL EXCUSED:** Marianne Klaas

**BUDGET ADVISORY MEMBERS PRESENT:** Bruce Jones  
Bob Walerius  
Gregg Daugherty  
Chuck Nelson  
Amy Kwan  
Mitra Ehsan  
John Schwager  
Alan Dashen

**STAFF PRESENT:** Administrator Wasserman  
Chief Kolling  
Finance Manager Rohla  
Public Works Director Clark  
Assistant City Administrator Greenwood  
Deputy City Clerk Benjamin

**1 CALL TO ORDER**

*Mayor Martin opened the Council budget-related study session on Tuesday, August 21, 2018, 7:00 PM, at the City Hall.*

**2 ROLL CALL**

- a) Welcome and thanks to the members, new and returning, of the 2019 Budget Advisory Committee

*Mayor Martin welcomed the members of the Committee and thanked everyone for their participation in the 2019 budget process.*

### 3 STUDY ITEMS

- a) Discussion of Financial Trends & Projections
- Monitoring the City's Financial Condition & Economic Trends

*Administrator Wasserman explained that the purpose of the meeting was to provide the groundwork to understand the City's current fiscal condition and review the projected financial future to start the 2019 budget process.*

*Mr. Wasserman provided the following financial background information for those in attendance:*

- *The City at one time had 15 funds and several years ago reduced the number of funds to three:*
  - *General Fund – The City's Operating Fund*
  - *Reserve Fund – Non-restricted funds*
  - *Projects Fund – Divided into restricted revenue sources and/or non-operating Capital/Special Projects*
- *To help guide Clyde Hill in financial decisions, the City has a set of financial policies, an Investment Policy and an Investment Committee.*
- *The budget process is mandated by the State, including the manner in which the City does the accounting with BARS (Budgeting Accounting and Reporting System).*
- *Political and economic constraints are factors considered when making financial decisions.*
- *Economic trends are followed to help the City plan for the future.*

*The Administrator explained that the budget process is an open process during which three budgets would be prepared – the draft budget, a preliminary budget and the final budget. The final budget will go before the Council at its December 11th meeting. In addition, policy decisions will be discussed throughout the budgeting process.*

- b) Discussion of Financial Projections
- Overview of 2019 - 2024 Financial Projections

#### Monitoring the City's Financial Condition

*In discussing "pre-budget" thoughts, Mr. Wasserman noted that Clyde Hill's overall goal for 2019 is to efficiently maintain the current level of essential services and facilities in an uncertain economy. Due to past sound financial planning including the management of the Reserve Fund, the City is expected to be able to maintain this level of services and facilities in the foreseeable future.*

Projecting the City's Financial Future

*Administrator Wasserman elaborated on the following slides he prepared to help identify financial trends in Clyde Hill.*

General Fund (Operating Fund) Surplus or Deficit:

*In 2018 Clyde Hill is expected to have a General Fund surplus due primarily to City revenues associated with exceptionally strong new home construction permits issued this year and the Clyde Hill Elementary rebuild.*

Reserve Fund Ending Balances:

*Mr. Wasserman explained that the Reserve Fund had gone up every year from 1997 until 2009 when part of the Reserve Fund was used to balance the General Fund. Although the Reserve Fund has multiple purposes, it provides the Council with the only realistic tool to respond to unanticipated adverse conditions.*

Elastic Revenue as a % of Total Operating Revenue:

*Mr. Wasserman explained that elastic revenues expand and contract with the health of the economy giving as examples the sales tax, development revenues, utility taxes, and franchise fees. A strong Reserve Fund is important in light of the City's increasing dependence on elastic revenues and the lack of other revenue flexibility.*

- c) Discussion of Selected Performance Indicators
  - Overview Discussion

*Assistant City Administrator Greenwood discussed the following in regards to the Dashboard Report: Crime, Municipal Court, Projection Accuracy and Staff Incidents/Accidents.*

- d) Discussion of 2019 Budget Issues
  - 2018 YE Projections
  - School Construction
  - Facilities Master Plan (continued)
  - Other 2019 Items
- e) What's Next?

*Administrator Wasserman noted the following dates on the budget calendar:*

- Tuesday, October 16, Draft Budget Study Session
- Tuesday, November 20, Preliminary Budget Hearing
- Tuesday, December 11, Adoption of Final 2019 Budget

- 4** **ADJOURN**  
*The meeting adjourned at 9:02 PM.*