



MINUTES
Council Budget-Related Study Session
Clyde Hill City Hall
Tuesday, October 16, 2018
7:00 PM

COUNCIL PRESENT: Marianne Klaas
Scott Moore
Chris Baker
Barre Seibert
Bruce Dodds

BUDGET ADVISORY MEMBERS PRESENT: Bruce Jones
Mike Foley
Bob Walerius
Gregg Daugherty
Amy Kwan
Mitra Ehsan
John Schwager
Alan Dashen

STAFF PRESENT: Administrator Wasserman
Chief Kolling
Finance Manager Rohla
Assistant City Administrator Greenwood
Deputy City Clerk Benjamin

1 WELCOME & CALL TO ORDER

Mayor Martin opened the Council budget-related study session on Tuesday, October 16, 2018, 7:00 PM, at the City Hall.

2 ROLL CALL

3 BUDGET & FINANCIAL RELATED MATTERS

- a) . 2019 Draft Budget Overview
 - Review 2018 Projected Year End
 - Review 2019 Draft Operating Budget
- .
 - Review Special and Capital Projects

City Administrator Wasserman noted this is his 29th and last Clyde Hill budget. Mr. Wasserman discussed the City's budgeting approach and how it has worked in both good and bad economic times, providing the City with financial comfort and flexibility.

OVERVIEW OF 2018 PROJECTED YEAR-END ESTIMATES

Finance Manager Rohla provided an overview to the Council and Budget Advisory Committee of the 2018 projected year-end estimates. Mr. Rohla noted that the current projections indicate a 2018 net surplus of \$1,217,475.00. This surplus is due to several factors. These include: increased development revenues, reconstruction of Clyde Hill Elementary School, more development sales tax, interest income (higher rates), and the extra time it took to hire new employee positions (included in the 2018 budget) some staff turnover and postponed retirement (which resulted in savings).

BALANCED 2019 DRAFT BUDGET & REVIEW OF 2019 OPERATING BUDGET

Finance Manager Rohla discussed how the still recent "great recession" (experienced several years ago) has challenged the City in balancing its budget. However, as a result of previous strategic decisions, sound planning and a projected 2018 surplus, the City will go into 2019 with a healthy beginning General Fund balance.

Mr. Rohla further discussed the 2019 draft budget and noted the following:

- General Fund Revenues – 6.7% increase in revenues from 2018 budget largely due to the reconstruction of Clyde Hill Elementary school*
- Operating Expenditures – 4.7% increase in expenditures from 2018 budget. Mr. Rohla noted that the expenditures can be broken down into three areas: people costs, Fire/EMS and all other accounts.*
- One time expenditure for retirement/succession planning*
- Special Projects Fund –City Facilities Plan, IT & Website Development*
- 2018 General Fund Surplus Suggested Usage- part for 2019 Special Projects and part on hold for City Facilities Plan*
- Capital Projects Fund – Road System, Stormwater System, Sidewalk System, Capital Asset Maintenance*
- 2019 Financial Monitoring Program – continue present program.*
- Bank the general property tax levy (0% increase - 8th year in a row) and new construction property tax levy (0% increase).*

- b) Discussion and Decision Topics • 2019 Property Tax Levy
- Development Revenue Target
 - 2018 Surplus
 - Special & Capital Projects
 - Any other budget related ideas, issues or concerns

CONFIRM 2019 PROJECTS FUND ACTIVITIES

Assistant City Administrator Greenwood discussed how the departments in the Projects Fund must keep track of restricted revenue sources so they are used only for allowable expenditures.

Mr. Greenwood proposed several projects for suggested usage of the 2018 General Fund surplus. These included the following: City Facilities Plan and IT & Website Development. After further discussion by the committee members, it was recommended that money be placed in the budget for these projects.

2019 GENERAL FUND BUDGET

Mr. Wasserman explained that the 2019 Draft Budget will show a surplus. He reviewed a draft preliminary budget that based upon current assumptions resulted in a healthy beginning balance. Mr. Wasserman emphasized that this allowed for many viable options to utilize the excess in funds from the 2018 surplus. These options were discussed by all the participants to develop a consensus. After considerable discussion, the final recommendation for a 2019 budget balancing strategy was agreed upon as follows:

- *Bank the general property tax levy (0% increase - 8th year in a row); bank the new construction property tax levy (0% increase)*
- *Continue to utilize REET fund for public works maintenance expenses (street sweeping & storm drain maintenance)*
- *Continue Financial Monitoring Program*

4 REVIEW OF CITY'S FINANCIAL POLICIES

- a) Review and Confirm Adequacy of Policies
- Implementation of Policy #5 relating to the City's Reserve Fund

The Committee members confirmed the current policies.

5 ISSUES FOR 11-20-18 PRELIMINARY BUDGET MEETING

- a) Topics will include:
- Public Hearing on 2019 Preliminary Budget

- Confirm 2019 Property Tax Request
- Confirm Financial Strategy/Policies for 2019

6 ATTACHEMENTS - DRAFT 2019 BUDGET

- a) DRAFT BUDGET MEMO
- b) BUDGET CALENDAR
- c) BUDGET PROCESS
- d) TARGET ISSUES 2018 & 2019
- e) FUND CONSOLIDATION PLAN & ACCOUNT STRUCTURE
- f) FINANCIAL POLICY STATEMENTS & FINANCIAL STRATEGY
- g) 2019 DRAFT BUDGET & FINANCIAL OVERVIEW
- h) 2019 BUDGET BOOKLET ACCOUNT SHEETS
- i) OTHER ITEMS

7 ADJOURN