CITY OF AUBURN WASHINGTON

Special City Council Meeting
June 22, 2016 - 2:00 PM
Auburn City Hall
MINUTES

I. CALL TO ORDER

Mayor Nancy Backus called the special meeting to order at 2:06 p.m. in the Council Chambers located at Auburn City Hall, 25 West Main Street in Auburn. The purpose of the meeting was to discuss the 2017-2018 Biennial Budget.

II. DISCUSSION ITEMS

A. 2017-2018 Budget Process

Director Coleman reviewed the meeting agenda and explained today's meeting is the first of several budget meetings relating to the 2017-2018 Biennial Budget.

Director Coleman reviewed the budget calendar and provided an overview of the funds and fund types. She reviewed typical department and capital budgets and spoke regarding future budget challenges.

Director Coleman reported Mayor Backus and the department directors will be meeting the week of July 18th to finalize department budgets. The next Council budget meeting will take place in August.

Director Coleman stated some of the advantages to adopting a biennial budget versus an annual budget include. saves Council and staff time, provides for a longer financial planning perspective, and allows policy makers a better view or longer vision. Biennial budgets are created in odd numbered years and appropriations are for two years or two one year budgets (Auburn uses two one-year budgets).

Director Coleman reviewed the City's fund structure. The City's budget includes a total of 33 funds, including Governmental Funds (General Fund, special revenue, debt service and capital project funds), Proprietary Funds (enterprise and internal service funds), and Fiduciary and permanent funds.

In the last year, the City created seven new capital sub-funds to accumulate resources for capital projects or capital acquisitions. The sub-funds are in the water, sewer, storm, cemetery, airport, equipment rental and innovation and technology funds. Funds available for these uses will be transparent and not co-mingled with funds or reserves required for operations, debt reserves and debt management. Project managers will know precisely how much funding has been accumulated for projects and financing needs will be apparent.

Director Coleman then reviewed a sample draft Human Resources and Risk Management Department budget along with department mission statement, department overview, accomplishments and objectives, performance measures, department staffing levels, preliminary department budget by expenditure category, and the department budget detail report.

Director Coleman then reviewed a sample Capital Improvement Fund (Fund 328) budget, including budget detail reports, lead schedules and project detail sheets.

Director Coleman also reviewed a draft Proprietary Fund for Equipment Rental. Director Coleman reminded that proprietary funds are both operational and capital in nature. She provided a brief overview of the fund's mission statement, fund overview, accomplishments and objectives, performance measures, and budget detail reports for both operational and capital components.

Director Coleman discussed some of the budget challenges anticipated for upcoming years. Director Coleman stated the sales tax growth is slowing. This year the City experienced a two percent increase over the previous year For the last three years, the City has averaged a nine percent increase in sales tax growth. Sales tax on new construction is dedicated to the local street preservation program.

Director Coleman stated the State will be looking for funds to meet the funding obligations under the McCleary decision during the 2017-2019 biennium. She cautioned that funds normally shared with cities could be in jeopardy

Director Coleman reminded that the annexation sales tax credit will sunset on June 30, 2018. The annexation sales tax credit averages $1 7 million in revenue.

Director Coleman also stated that the demand for services is increasing faster and is greater that budget growth, particularly in public safety, transportation, and human services–homelessness and mental health.

Director Coleman and Council discussed the underfunding of the PERS 1 retirement system. Director Coleman stated the employee contributes six percent while the employer pays 12.67 percent to the public employees retirement system (PERS 1).

In response to a question from Councilmember Wagner, Director Coleman stated that the 2017-2018 program improvements will be included with the department budget.

Director Coleman pointed out the appendix section of the Council packet, which includes property tax statistics, the reserve policy, the budget calendar and a list of funds.

In response to a question from Councilmember Holman, Director Coleman stated the sales tax on construction this year is anticipated to be approximately $2 million.

Councilmembers and Director Coleman briefly discussed fund balances and working capital guidelines.

III. ADJOURNMENT

There being no further discussion, the meeting adjourned at 3:04 p.m.

APPROVED THIS 6th DAY OF September, 2016

Nancy Backus
NANCY BACKUS, MAYOR

Danielle Daskam
Danielle Daskam, City Clerk