A meeting of the Council Finance Committee was held at the Family Pancake House Restaurant July 19, 2013 7:30 a.m.

PRESENT: Chairman Clauson, members Putaansuu and Childs, Mayor Tim Matthes, Mark Dorsey, P.E. and Treasurer Allan Martin, citizens Gil Michael and Bek Ashby.

Sales Tax Revenue Report:
The Committee reviewed the June sales tax collection report showing $285,699. For the first half of 2013 sales tax collection is 11% above projection which results in an additional $196,600 into city coffers. The committee discussed whether the increase was due to the Bethel Corridor or overall increased business activities. A Bethel Corridor North Annexation Budget Allocation memorandum chart showing first quarter collections attributes the growth to newly annexed businesses rather than an increase due to greater economic retail activity.

2013 Revenue and expense trend:
The Committee considered current expense cash flow trends that results in a July ending balance of $282,000 more than was estimated when the 2013 budget was adopted. Mainly due to increased sales tax collections that the committee had focused upon earlier. Additionally the city received $185,109 in diverted county road taxes attributable to the annexed area. Diverted county road tax was deposited into City Street Fund No. 002. Current city labor contracts cover fiscal year 2013 and present predictability of wages during the coming budget writing process. Chairman Clauson emphasized the need to “set money aside for Bethel” road improvements. Members discussed ongoing road maintenance issues in light of immediate or interim repair needs, while at the same time separating the long term goal to rebuild the roadway. The conversation segued into a larger discussion on the need of a city wide paving program.

Audit schedule:
Staff reported that no annual 2012 audit has been scheduled by the State Auditor’s Office. SAO has moved to a two year audit cycle for some entities and the city may not be audited this year.

Hotel / Motel Transient Tax RCW 67.28 revenue trend:
The committee was informed that hotel motel tax collection was trending lower than expected. As such, the 2014 collection estimation is $64,000. Member Childs suggested reserving a portion of the collection in case revenue fell further. Chairman Clauson pointed out that allocating a percentage of collection was one option. Staff suggested that allocating by percentage was problematic because distributions are made over the course of the fiscal year and a percentage of total collections would not be known until the end of the year.

Project close out update:
Engineer Dorsey presented closing memorandum on the DeKalb Street Pier project and the Bay Street Pedestrian Pathway. Both projects are essentially complete with all contractor invoices paid. The Committee discussed the next building phases and property acquisition for the Bay Street Pedestrian Pathway.
**Webcheck:**
Mr. Martin described the benefits of electronic processing using Webcheck Canopy Service. Webcheck provides title and escrow companies’ online access to Springbrook™ software to instantly calculate water, sewer, and storm drainage closing amounts. Title and Escrow companies need this information when property changes ownership. Using Webcheck eliminates cumbersome manual utility closing estimates hand calculated by city staff, eliminates faxing closing estimations, and reduces phone contacts between title-escrow and city staff. It nearly eliminates the need to read and re-read meters reducing utility staff time. Local title-escrow companies currently use the system as does the City of Bremerton. Webcheck has extended an offer to waive set up costs of $2,500. Webcheck service charges are $15.00 per closing, the city charges $20.00. The Committee encouraged staff to pursue implementing Webcheck access to gain efficiencies, reduce staff time, and provide up-to-date and timely information to title and escrow providers.

**Municipal Code Title 2 2.36 Surety Bonds:**
Staff followed up with information requested at the June meeting. A redline draft reflecting minimum criteria as provided in RCW 35.23.081 was reviewed. According to state statute the clerk, treasurer, police chief, and city attorney are required to have an official bond, or surety. Staff canvassed several peer cities and determined that a surety of $10,000 was common, although some varied greatly. A surety bond for $50,000 was recommended for the Treasurer position, and a $10,000 surety for each, the clerk, police chief, and city attorney. Staff was directed to work with the city attorney to have the POMC brought into line with RCW 35.23.081.

The meeting concluded at 9:00 a.m.

**Next Meeting:** August 22, 2013 7:30 am Family Pancake House