City of Port Orchard
Council Finance Committee

A meeting of the Council Finance Committee was held at the Family Pancake House Restaurant October 10, 2013 7:30 a.m.

PRESENT: Chairman Clauson, members Putaansuu and Childs, Mayor Matthes, Engineer Mark Dorsey, Treasurer Allan Martin, Daryl Baldwin, and Bek Ashby.

Finance Report:

Sales Tax Revenue:
2013 Sales tax collection remains strong with a year to date collection 12.09% above projection. Recent September distributions include Department of Revenue corrections that resulted in additional one-time revenue.

Refunding bonds:
Mr. Martin reported that the bonds in City Hall had passed their call date which means they could be refinanced. However with interest rates so low the net savings to the city may not outweigh the cost of the refinance. Committee members asked what the savings amount over the remaining six years of the bonds could be. The treasurer responded that DA Davidson had” run the numbers” in the potential savings was estimated at $40,000. Considering the narrow band of savings, the short duration of outstanding bonds, and the potential for interest rates to change during a refunding, thereby wiping out any potential savings, committee declined pursuing a refunding of the outstanding bonds.

2014 Preliminary budget highlights:
Committee members were provided a copy of “Your Tax Dollars at Work” 2014 preliminary budget highlights. Note worthy inclusions in the 2014 general fund budget, street budget, criminal justice fund, recreation reserve, impact fee fund, and utilities were discussed. The Your Tax Dollars at Work presentation will serve as the outline for the work study session discussion on the preliminary budget. It was noted that the general fund budget funds two police cars, 33 computer workstations, and University of Washington intern community development program. The criminal justice fund includes funding for a command hybrid vehicle, the recreation reserve earmarks $165,000 for improvements to Paul Powers Park athletic field. From Storm Drainage utility $300,000 is provided for a new street sweeper. Well No.10 final design and permitting is budgeted for $840,000.

Human Resources:
Employee Benefit Trust is changing from a fully insured benefit program to a self-insured model. The committee was informed that the state risk manager approved the AWC Trust application to self insure the medical plans through Group Health and Regency Blue Shield, the vision service plan, and Washington Dental Service plan effective January 1, 2014. One of the overriding factors in the decision to be self-insured is the potential for cost savings to members. Self-insurance allows a trust to eliminate several taxes mandatory for fully insured plans including a 2% state tax and a 2 to 3% new 2014 federal insurance tax.
**Visit Kitsap (VCB) funding request presentation:**
Daryl Baldwin addressed the committee requesting funding for Visit Kitsap. Members were generally supportive and said it was early in the budget process. The committee will consider additions to the preliminary budget, including VCB funding, as part of the ongoing 2014 budget process.

The meeting concluded at 9:02 am.