A meeting of the Council Finance Committee was held at the Family Pancake House Restaurant July 24, 2014 at 7:30 a.m. The meeting was recorded and the recording device provided to the City Clerk.

PRESENT: Chairman John Clauson, members Rob Putaansuu and Jerry Childs, City Engineer Mark Dorsey, Clerk Brandy Rinearson, and Treasurer Allan Martin. City resident Elissa Whittleton.

**Finance Report:**
City Sales Tax Revenue collection distributed in July exceeds projected albeit at a lower percentage than the yearly average of 4.7%. July distribution totaled $306,239, a 1% increase over projection. Total year to date collections $2,177,107.

In June the Committee heard that Wireless Capital Partners, LLC had approached the City to purchase its cell tower site lease(s) for a term of 10 years. In the past the Committee has declined to entertain any offers because of the long-term nature of the sale, typically 99 years. The Committee directed staff to pursue terms and conditions and the amount a site lease sale may net the City. Wireless offered a onetime payment of $270,000 for both leases. They would only be purchasing the rights to the lease agreements with the City maintaining control of the land. The Finance Committee members declined the offer with member Putaansuu stating that he wanted to maintain “the cash flow” to the City budget.

The Committee was briefed on property items that will be declared surplus at the August 11 Council meeting. The items are broken or obsolete with the majority radio equipment made obsolete by federally mandated improvements.

It was reported the Seattle-Tacoma-Bremerton Consumer Price Index (CPI-U) June to June was recently published at 2.0%. The significance of this percentage relates to labor cost agreements and cost of living allowances contractually recognized in contracted services. The 2014 budget included COLA increases up to 2.5% for budget purposes.

**City Clerk report:**
Clerk Rinearson reported on the process staff conducted to determine requirements of new telephone equipment budgeted in 2014. A working group formed from each department met to determine essential functions and discussed various needs. The City will be purchasing from state bid lists with a recommendation to purchase from TRI-TEC Communications, Inc. The equipment will satisfy all the departments’ needs and will accommodate future growth.

**Public Works:**
City Engineer Mark Dorsey reported on progress in completing phase one of the McCormick Woods Park. Phase one is essentially completed with paving and restroom placement finished. Some raking and brush pickup remains. Staff will be considering park usage signage and park patrol coordination between the parks department and police department. The City year-end
budget amendment will include an additional $52,000 for construction cost mainly due to electrical connections and water sewer hookup cost.

The Committee requested that public works respond to its request to consider segmenting road construction projects. Engineer Dorsey explained that going forward new projects would be designed in financial constrained segments with the City looking first acquiring right-of-way with City funds rather than grant proceeds. Following a policy of segmenting would allow the City the greatest flexibility in construction funding and construction project management. The Tremont widening projects is more problematic.

A series of changes since 2005 has put the City in a position of “all or nothing” in constructing Tremont. Meaning constructing less than the certified defined design requires paying back grant proceeds used for right-of-way acquisition and design before redesigning the project into segments. Further complicating segmenting Tremont are horizontal and vertical road alignment and utility infrastructure placement. Level road surface grades requires a cut and fill process over the length of the project, and underlying water sewer lines need to correspond to the new street grade. Electrical utilities need alignment as well. Public Works shared its concern for the traveling public when trying to segment Tremont, including the need for adequate ingress and egress for the medical facilities housed along Tremont.

The Committee focused on the need to seek an exemption to Federal Regulations requiring the pay back of Federal highway grant proceeds in order to redesign the Tremont Widening Project. Members concluded that they would be contacting their congressional delegation to seek legislative relief from the payback requirement. It was the Committee’s understanding that Mr. Dorsey would continue to lead the effort seeking funding sources to complete the project as designed.

Treasurer Martin summed up the discussion: The City seemed to be following three courses of action 1) addressing funding as part of the 2015 transportation Comprehensive Plan update 2) continued pursuit of traditional funding sources 3) Council member activities seeking relief through the congressional delegation.

The meeting was adjourned at 8:40 a.m.

**Next Meeting:** August 26, 2014 at 7:30 am Family Pancake House.