

**REDMOND CITY COUNCIL
PUBLIC ADMINISTRATION AND FINANCE COMMITTEE
MEETING SUMMARY**

Council Conference Room
15670 NE 85th Street, Redmond, Washington

Tuesday, November 19, 2013
4:30 p.m.

Council

John Stilin, Chair
Hank Margeson
Hank Myers
Pat Vache (*Attending councilmember*)
Tom Flynn (*Attending councilmember*)
Byron Shutz (*Councilmember elect*)

Staff

Malisa Files, Deputy Finance Director
Human Resources

Mike Bailey, Finance and Information Services
Director
Michelle M. Hart, MMC, City Clerk

Convened: 4:30 p.m.

Adjourned: 5:16 p.m.

Committee Chair John Stilin called the meeting to order, reviewed attendance, and overviewed the agenda.

Monthly Financial Report

Mr. Mike Bailey, Finance and Information Services Director, stated that there are no concerns or issues with the adopted budget; however, there are a few expense areas that need to be addressed including legal costs and the development surge caused by the large amount of construction that is currently happening in Redmond.

General discussion ensued regarding cost recovery and how much the budget is off; if there will be a budget adjustment, or if the costs can't be absorbed; and how cost overruns affect the Budgeting by Priorities process.

Review of 2013-2014 Budget Adjustment

Ms. Malisa Files, Deputy Finance Director, discussed two adjustments to the budget. One is the approval of a full-time employee for the Redmond Fire Department that was previously through Fire District No. 34. The Council needs to authorize the change in employment status. The other adjustment is for the Development Review Fund, due to the development surge.

Review of 2014 Property Tax Ordinance

Ms. Malisa Files, Deputy Finance Director, stated that the Council can raise property taxes one percent from the previous year. The Assessor's estimate for new construction is in addition to that one percent. New construction was estimated at \$300,000, and was actually \$216,000,

leaving a small gap to be collected next year. Assessed valuation of homes in the City increased by nine percent (for existing properties). The levy rate currently is \$1.73 per \$1000 of assessed valuation, and will go down to \$1.62. That may or may not reduce property taxes. The property tax ordinance will go on the consent agenda.

General discussion ensued regarding if a Public Service Announcement (PSA) could help explain the property tax complexity to residents.

Briefing on Repeal of Water Utility Tax

Ms. Malisa Files, Deputy Finance Director, stated that a repeal of the Water Utility Tax is on the Council meeting agenda tonight as a budget adjustment. When the utility tax on water was created for the fire obligations, there were some accounting changes having to do with transfers from the General Fund to the water utilities. This repeal will undo the accounting changes to make it less complex.

General discussion ensued regarding if this procedure needs to be modified or not.

2014 Pay Plans for Non-Union and Executive Employees for AFSCME, Police, Police Support, and Fire Support Covered Employees

Staff from Human Resources stated that salaries are being set for 2014. There will be a two percent flat increase from 2013, which will go into effect on January 1, 2014. The exception is for the executive group which is based on a merit increase.

Changes in Benefits for 2014

Staff from Human Resources discussed a resolution to amend the Redmed plan that is on the agenda for the December 3, 2013, Council meeting. A broker looked through the plan and recommended some changes, and the Affordable Care Act will legally require some changes. There are also plan changes for treatment options, protocols, and benefit clarifications. All of the changes have been reviewed by the Employee Benefits Advisory Committee. The additional costs are estimated to be approximately \$54,000 per year; however, the dental network change will save approximately \$179,000. All the changes will have a cost savings of approximately \$125,000.

Meeting in December

The next committee meeting, scheduled for December 17, 2013, has been cancelled.