

Regular Meeting – Finance Standing Committee
Tuesday, September 8, 2010, 3:30 p.m.
City Hall Conference Room

CALL TO ORDER Councilmember Palmer called the meeting to order at 3:30 p.m.

IN ATTENDANCE

Councilmember Jim Palmer, Chair
Councilmember Beth Munns
Councilmember Bob Severns

Mayor Jim Slowik
Paul Schmidt, City Administrator
Doug Merriman, Finance Director

PUBLIC COMMENTS

No public attendance, no comments.

MEETING NOTES

No comments about the August 11, 2010 meeting notes.

UTILITIES

Status Report on Monthly Billing

Finance Director Doug Merriman talked about the monthly billing launch and the difficulties with this first launch which have since been corrected. The actual billing has gone very well and many people have signed up for automatic billing. However, 280 door hangers were placed from this first monthly billing. Mr. Merriman personally phoned commercial businesses on the shut-off list, ICOM is not receiving their billing in time to process it through their accounting system; there are pluses and minuses to both sides of this launch which are being worked out. Overall, there has been positive feedback on the new billing format. The bill's consumption graph has helped catch water leaks. The radio-read metering can look at the system day-by-day and helps explain billing to customers. This new billing system already appears to have saved \$20,000.

FINANCE ACTIVITIES

Sales Tax Revenues for 2010

Mr. Merriman presented sales tax data, by group, for the current period and year-to-date. Mr. Merriman noted that page two's current period percentage of change at -43.0 is not a true figure because it included the month of the State's error. The year-to-date percentage change would be more toward -10.0 than rather than -11.9. Discussion followed about these sales tax data groups: General Merchandise (big box stores; purchases are down), Real Estate (most likely reflecting the audit adjustment; Mr. Merriman will check the discrepancy between current period and year-to-date), Wholesale Trade and Durable Goods, Securities and Commodities, and Specialty Trade Contractors (usually mirrors construction; still affected by the School District project).

Discussion continued about initiatives 1100 and 1105 which would affect liquor board profits and liquor excise taxes, the effect on Oak Harbor's revenues, if the State has the ability to equalize the effect on small cities, and the lesser amount which would be gained from private

liquor sales. Mr. Merriman will be meeting with the State Treasurer and State Economist during the upcoming Finance Officer's Conference. Discussion continued about equalizing automobile tax to zip codes rather than cities that sell automobiles, and the concept of mini-regionals – taxing the whole district and then dividing which is difficult to administer. Mr. Merriman noted that, in the 1990s, we had a motor vehicle excise tax. A push was made for the State to skim sales tax out and then we would receive the balance, but it never gained ground. We lost 12% then.

Discussion continued about diversification of funds and converting funds to enterprise funds, local options and park districts (but they are property tax-based), and petitioning to create a port district or asking Coupeville to expand their port district north. The limitation of one port district per county is no longer in place, but port districts need industrial use which may be difficult for Oak Harbor.

Discussion followed regarding the 7 percent decline projected for the end-of year, but it could move toward a 9 percent decline. The loss of the first-time home buyer premium affected real estate figures.

Property Tax Ordinance – Update

Mr. Merriman has still not received notification from the State about the IPD. He will again bring two property tax ordinances forward for Council consideration; needs the IPD number first.

State Auditors Arrival

The auditors arrived a week early; the lead auditor is from the Everett team. To secure CAFR certification, the audit team needs to begin their work in March or April. Mr. Merriman, Tallie Boyer, and the Finance team have been working up preparation documents for the auditors. Mr. Merriman has proposed interim auditing for the State auditors which would help with timing. Audit results are available on the State's website and Mr. Merriman receives email ahead of results.

Biennial Budget Process

The Department submittal deadline for expenditures has been met. Mr. Merriman will compare for balances. The budget process will begin with the General Fund and how the City looks re: revenues vs. expenditures. Department heads do their own presentations to Council; material is presented at the workshops.

OTHER BUSINESS

None discussed.

ADJOURN

The meeting adjourned at 4:45 p.m.

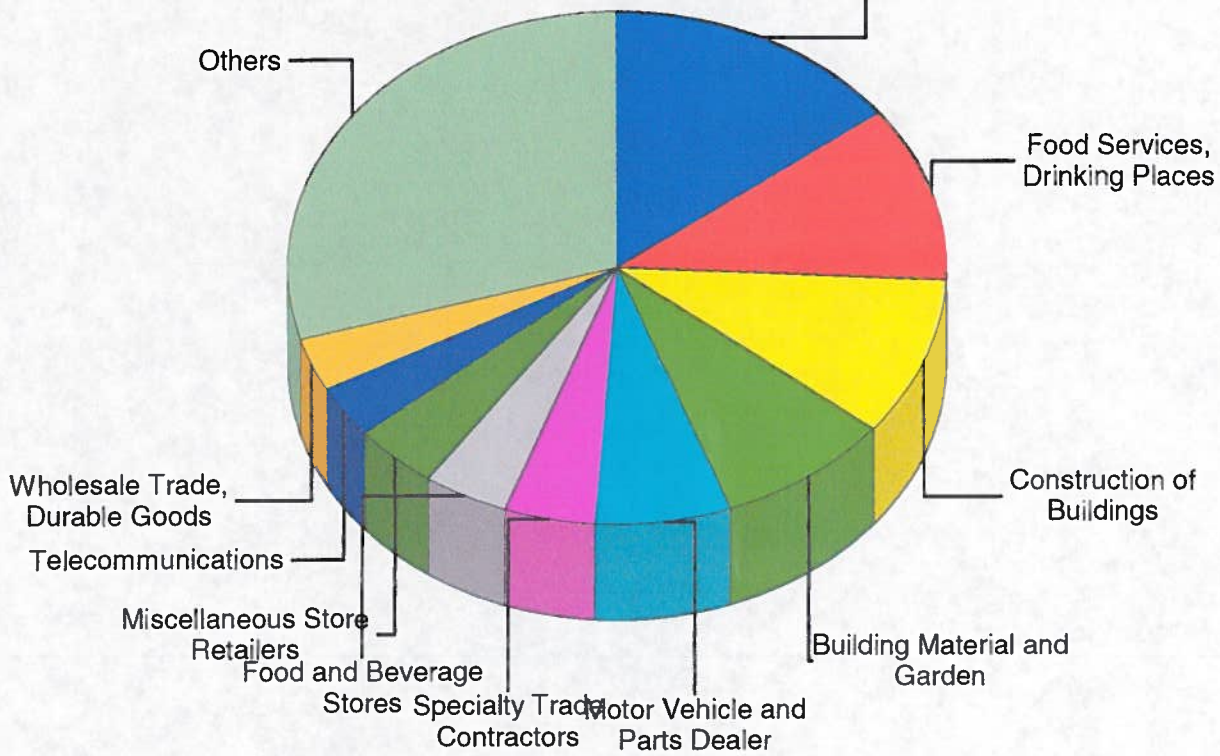
Meeting notes were taken by
Connie Wheeler
City Clerk

Group	Name	Current Period			Year To Date			Last 12 Months
		This Year	Last Year	% Chg	This Year	Last Year	% Chg	
452	General Merchandise Stores	33,792	36,091	-6.4	280,154	292,933	-4.4	417,968
722	Food Services, Drinking Places	31,217	29,661	5.2	212,968	208,255	2.3	321,222
236	Construction of Buildings	15,780	46,704	-66.2	125,593	255,838	-50.9	284,242
444	Building Material and Garden	21,457	21,659	-0.9	152,286	171,928	-11.4	240,759
441	Motor Vehicle and Parts Dealer	13,027	20,962	-37.9	117,019	145,154	-19.4	190,088
238	Specialty Trade Contractors	16,663	11,156	49.4	81,357	91,160	-10.8	130,436
445	Food and Beverage Stores	11,595	9,098	27.4	76,471	79,117	-3.3	117,125
453	Miscellaneous Store Retailers	10,318	10,625	-2.9	80,474	82,531	-2.5	115,723
517	Telecommunications	8,216	8,406	-2.3	69,385	64,137	8.2	101,423
423	Wholesale Trade, Durable Goods	17,131	5,540	209.2	62,448	54,795	14.0	88,784
454	Nonstore Retailers	5,635	5,077	11.0	45,075	43,487	3.7	63,911
443	Electronics and Appliances	6,407	8,696	-26.3	42,068	41,938	0.3	62,741
424	Wholesale Trade, Nondurable	5,155	4,674	10.3	40,675	41,713	-2.5	55,057
447	Gasoline Stations	4,559	4,705	-3.1	34,077	34,485	-1.2	52,830
541	Professional, Scientific, Tech	5,686	4,114	38.2	33,289	32,097	3.7	48,333
926	Economic Programs Admin	1,343	4,973	-73.0	30,488	31,628	-3.6	46,959
811	Repair and Maintenance	5,085	5,431	-6.4	31,809	29,276	8.7	45,482
442	Furniture and Home Furnishings	3,499	3,665	-4.5	29,721	29,901	-0.6	44,335
561	Administrative and Support Svc	6,592	5,595	17.8	29,243	29,327	-0.3	42,131
532	Rental and Leasing Services	3,018	3,980	-24.2	25,242	30,064	-16.0	40,714
721	Accommodation	3,308	3,973	-16.7	22,172	21,429	3.5	40,572
446	Health and Personal Care Store	3,621	3,035	19.3	26,965	24,800	8.7	38,982
448	Clothing and Accessories	4,018	3,369	19.3	26,272	24,235	8.4	37,403
713	Amusement, Gambling, and Rec	2,620	2,676	-2.1	18,429	18,320	0.6	27,699
451	Sporting Goods, Hobby, Books	2,600	2,178	19.4	12,962	11,775	10.1	24,930
999	Nonclassifiable Establishments	913	-208	-538.2	14,189	2,492	469.4	18,979
812	Personal and Laundry Services	1,957	2,044	-4.3	12,598	14,156	-11.0	18,861
237	Heavy and Civil Construction	448	1,779	-74.8	9,399	9,179	2.4	16,721
321	Wood Product Manufacturing	1,449	1,681	-13.8	9,223	11,214	-17.8	15,709
524	Insurance Carriers and Related	1,379	1,714	-19.5	9,844	11,058	-11.0	15,214
611	Educational Services	842	742	13.5	6,586	5,719	15.2	10,274
531	Real Estate	3,081	173,509	-98.2	6,582	73,607	-91.1	10,048
337	Furniture and Related Products	487	127	282.5	3,359	2,770	21.3	6,100
311	Food Manufacturing	505	531	-4.8	3,515	3,065	14.7	5,753
511	Publishing Industries	995	531	87.5	3,588	2,269	58.1	5,033
813	Religious, Grantmaking, Civic	397	331	20.1	3,370	3,217	4.7	4,920
221	Utilities	437	571	-23.4	2,306	2,505	-7.9	4,073
323	Printing and Related Support	339	284	19.4	2,610	2,533	3.0	3,700
332	Fabricated Metal Product Manuf	299	122	144.2	2,513	1,523	65.1	3,085
327	Nonmetallic Mineral Products	337	382	-11.8	1,811	2,244	-19.3	2,974
522	Credit Intermediation	398	675	-41.1	2,445	4,412	-44.6	2,890
621	Ambulatory Health Care Service	343	1,588	-78.4	2,244	2,789	-19.5	2,845
512	Motion Picture, Sound Record	41	31	33.5	1,559	1,371	13.7	2,432
425	Wholesale Electronic Markets	28	79	-64.4	697	813	-14.3	2,398
518	Internet Service Providers	97	162	-39.9	1,273	1,293	-1.6	1,770
488	Transportation Support	168	190	-11.2	1,146	1,317	-13.0	1,719
339	Miscellaneous Manufacturing	72	38	89.4	1,150	1,335	-13.8	1,644
523	Securities, Commodities, Other	497	8	6416.0	1,306	924	41.4	1,596
562	Waste Management, Remediation	68	222	-69.1	618	693	-10.7	1,551
312	Beverage and Tobacco Products	171	178	-3.8	908	1,101	-17.6	1,483
334	Computer and Electronic Produc	144	295	-51.0	782	1,667	-53.1	1,273
212	Mining (except Oil and Gas)	38	188	-80.0	661	1,347	-51.0	1,115
711	Perform Arts, Spectator Sports	124	45	176.7	577	180	219.9	856

Group	Name	Current Period			Year To Date			Last 12 Months
		This Year	Last Year	% Chg	This Year	Last Year	% Chg	
336	Transportation Equipment Man	236	152	54.9	415	400	3.5	541
325	Chemical Manufacturing	47	38	24.6	301	334	-9.7	482
493	Warehousing and Storage	10	80	-87.2	260	248	4.9	402
922	Justice, Public Order, Safety	16	4	289.8	317	204	55.1	325
333	Machinery Manufacturing	26	317	-91.7	169	538	-68.6	274
519	Other Information Services	21	33	-35.0	186	175	6.6	250
515	Broadcasting (except Internet)	25	3	657.5	171	42	307.8	227
314	Textile Product Mills	19	9	118.4	133	121	9.5	177
322	Paper Manufacturing	15	15	-0.7	113	124	-9.2	168
111	Crop Production	14	11	21.3	79	1,053	-92.5	165
331	Primary Metal Manufacturing	0	0	0.0	135	34	297.7	135
525	Funds, Trusts, and Other	4	1	356.4	79	7	1040.4	124
551	Company Management	35	7	394.1	86	68	27.0	119
313	Textile Mills	3	9	-70.3	64	42	51.0	115
335	Electric Equipment, Appliances	31	35	-12.5	85	70	22.4	99
624	Social Assistance	13	23	-43.9	65	100	-34.7	90
533	Intangible Assets Lessors	5	3	103.8	48	44	7.7	71
326	Plastics and Rubber Products	0	5	-100.0	16	7	117.9	57
315	Apparel Manufacturing	21	28	-22.5	42	61	-31.6	46
000	Unknown	43	0	0.0	43	0	0.0	43
324	Petroleum and Coal Products	0	70	-100.0	2	1,462	-99.9	39
213	Support Activities for Mining	0	0	0.0	1	28	-95.0	28
316	Leather and Allied Products	2	-2	-173.5	16	18	-10.6	18
484	Truck Transportation	0	0	0.0	16	188	-91.6	17
482	Rail Transportation	2	0	0.0	10	0	0.0	10
924	Environmental Quality Programs	0	0	0.0	7	0	0.0	7
115	Agriculture, Forestry Support	3	2	32.2	3	6	-42.6	4
492	Couriers and Messengers	0	0	0.0	1	2	-38.1	2
923	Human Resources Administration	0	0	0.0	0	0	-59.6	1
112	Animal Production	0	0	0.0	0	149	-99.9	0
113	Forestry and Logging	0	0	0.0	0	5	-100.0	0
712	Museums, Historical Sites	0	0	0.0	0	1	-100.0	0
814	Private Households	0	0	0.0	0	3	-100.0	0
921	Executive, Legislative, Other	0	0	0.0	0	4	-100.0	0
TOTAL	7,267 Accounts	258,992	454,724	-43.0	1,816,365	2,062,654	-11.9	2,848,898

NOTE: YTD column includes returns from 200911 to 201006

Last 12 Months by Group



General Merchandise Stores	14.7%
Food Services, Drinking Places	11.3%
Construction of Buildings	10.0%
Building Material and Garden	8.5%
Motor Vehicle and Parts Dealer	6.7%
Specialty Trade Contractors	4.6%
Food and Beverage Stores	4.1%
Miscellaneous Store Retailers	4.1%
Telecommunications	3.6%
Wholesale Trade, Durable Goods	3.1%
Others	29.5%
Total:	100.0%