

**Finance Standing Committee Meeting  
City Hall Conference Room  
May 12, 2010, 3:30 p.m.**

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**IN ATTENDANCE**

Rick Almberg (for Jim Palmer, Chair)  
Jim Campbell (for Beth Munns)  
Bob Severns

Mayor Jim Slowik  
Doug Merriman, Finance Director

**ABSENT**

Council Members Beth Munns and Jim Palmer were absent and formally excused from this meeting.

**STUDENT ATTENDANCE**

Students from Mr. Chargualaf's Oak Harbor High School social studies class were also in attendance.

**CALL TO ORDER**

Councilmember Almberg called the meeting to order at 3:40 p.m. Councilmember Severns arrived at 3:45 p.m.

**NOTES**

No discussion of meeting notes from the April 7, 2010 meeting.

**FINANCE DIRECTOR – INFORMATION ITEMS**

**Monthly Utility Billing**

1. Ordinance work
2. Advertising and flyer notification
3. Redraft of OHMC rules on billing calendar
4. Contract for mailing of utility bills
5. Public hearing – ordinance, utility rates

Mr. Merriman noted that the City's billing has been recreated to allow our vendor to set up a monthly billing format. Monthly billing notification will accompany May and June utility bills. The monthly billing target date is still scheduled for July 20, 2010. Ordinances will address monthly utility billing and the rate framework (classification language for single family, multi-family, commercial), and fees will be moved to a stand-alone Municipal Code section.

**First Quarter Revenues**

Mr. Merriman presented a **General Fund Revenue Analysis Draft – Period Ending March 2010**, which accompanies these notes as Attachment A, and discussed the main tax classifications for this period.

1. **Property tax revenue** is ahead by 22.52% but, as the graph shows, this figure can change since receipt of property taxes is a two-step phase. These revenues are tracking as expected.

2. **Sales tax revenue** is down about 6.3%; similar to what was budgeted. The economic downturn and completion of Oak Harbor High School's construction project play into this percentage. There is a "false positive" with the school project and Mr. Merriman will watch this category very closely for the rest of this year. It may remain in a 6% to 7% percent deficit for this year. Mr. Merriman also talked about the reporting process with the state.
3. Looking at page 3 of the handout, **group analysis by size**, the first ten items usually represent 90% of sales tax revenues. There is a drop in construction (30% due to school project completion), auto sales, and real estate. Gardening has also dropped, possibly because of winter months (this category usually reflects home remodels).
4. Even though there is a negative (-) 6.31%, if construction figures are backed out, core retail sales remain. **General merchandise** will usually reflect the true core. Mr. Merriman was more concerned about the negative (-) 3.9% in this category. The current period and year-to-date columns were also clarified.
5. Page 4 of the handout compares the **percentage change totals** of a negative (-) 7.7% change for the current period to the negative (-) 6.8% in the year-to-date column.
6. Page 6's **sales tax comparison** sheet was discussed beginning with the sales tax "glitch" that Mr. Merriman noticed in June of last year which the state then corrected in August. Those numbers are shown in red: June - \$157,724.93; August - \$454,723.85. March's \$188,569.49 is out-of-the-ordinary so Mr. Merriman will again look to the state. Occasionally, the Department of Revenue will audit companies and if there is a correction, it can be taken out all at once as an audit adjustment.
7. Returning to page 2 of the handout, Mr. Merriman discussed **business and utility taxes** which are down by negative (-) 3.21%; **licenses and permits** are at 17.96% which could reflect better compliance with animal and business licenses, and tracking of destination-based sales tax. Discussion followed about how staff checks business license compliance. **Building permits** are down a negative (-) 13.19%.

### **Budget Calendar**

Mr. Merriman used a past budget calendar resolution to illustrate the timeframe used for scheduling the budget preparation process: revenue estimates in June and first public hearing, back to City Council in July after departments' preparations, August for department meetings with Council, and an estimated 4 – 6 meetings with City Council regarding the budget's preparation. Department presentation order is not yet established.

### **Whidbey Island Marathon**

Mr. Schmidt talked about the preliminary revenue and expense statement for the Marathon. There are still a few expense items to be settled. At this point, net income for the 2010 event is \$36,608. The Marathon's purchase will be recovered in this first year. These figures do not include indirect staff time (approximately 200 hours, per Mr. Schmidt). 2011 plans are underway and staff hours will be more efficient for the second year of City ownership. AWC has been interested in how the Marathon promoted staff and elected officials morale. The Marathon generated a huge amount of enthusiasm and could be an excellent springboard for wellness and Well City selection next year. If Oak Harbor once again receives a Well City

Award, the City would realize a 2% decrease in health benefits costs which could amount to five figures.

**Standing Committee Rules and Procedures**

City Attorney Hite was ill and not able to attend this meeting. Mr. Schmidt reviewed the introductory agenda bill from May 4<sup>th</sup> which will come before all of the standing committees prior to returning to a regular City Council meeting for final consideration. As discussed in the General Governmental Standing Committee, this addresses standing committees; general rules, as talked about during Council's retreat, will be considered separately.

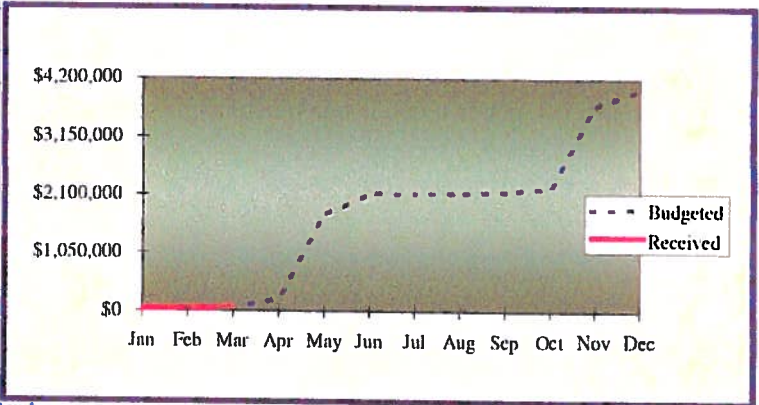
**ADJOURN**

With no other business coming before the Finance Standing Committee, the meeting adjourned at 4:15 p.m.

Notes were taken by  
Connie Wheeler  
City Clerk

**Property Tax Revenue**

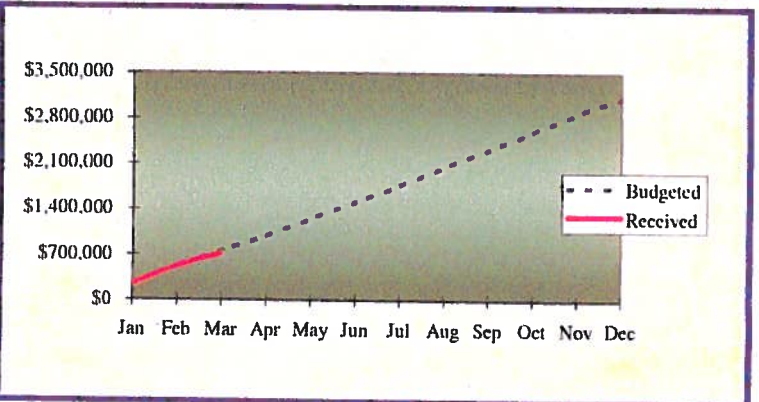
	Monthly Budgeted	Monthly Received	YTD Budgeted	YTD Received	% of Budget
Jan	\$21,254	\$46,839	\$21,254	\$46,839	120.37%
Feb	8,435	7,452	29,689	54,291	82.87%
Mar	26,460	14,502	56,149	68,793	22.52%
Apr	172,804	0	228,953		
May	1,507,471	0	1,736,425		
Jun	380,555	0	2,116,980		
Jul	17,943	0	2,134,922		
Aug	12,241	0	2,147,163		
Sep	25,614	0	2,172,777		
Oct	75,119	0	2,247,896		
Nov	1,454,956	0	3,702,852		
Dec	312,236	0	4,015,088		
<b>Total</b>	<b>\$4,015,088</b>	<b>\$68,793</b>	<b>\$4,015,088</b>		



Includes: Actual property tax receipts, including Fire Bond special levies.

**Sales Tax Revenue**

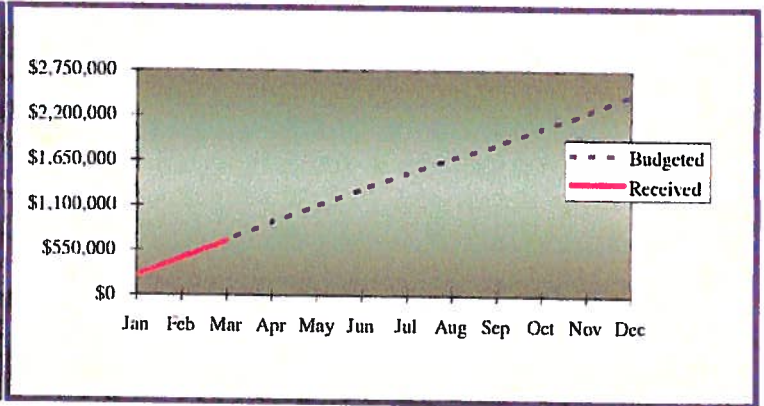
	Monthly Budgeted	Monthly Received	YTD Budgeted	YTD Received	% of Budget
Jan	\$238,619	\$229,841	\$238,619	\$229,841	-3.68%
Feb	303,652	286,104	542,270	515,945	-4.85%
Mar	224,083	202,024	766,354	717,969	-6.31%
Apr	219,782	0	986,136		
May	267,139	0	1,253,275		
Jun	260,843	0	1,514,117		
Jul	251,320	0	1,765,437		
Aug	286,153	0	2,051,590		
Sep	268,023	0	2,319,613		
Oct	269,499	0	2,589,112		
Nov	287,285	0	2,876,397		
Dec	246,014	0	3,122,411		
<b>Total</b>	<b>\$3,122,411</b>	<b>\$717,969</b>	<b>\$3,122,411</b>		



Includes: Actual sales tax receipts from the County. Received 2 months after actual sale.

**Business & Utility Taxes**

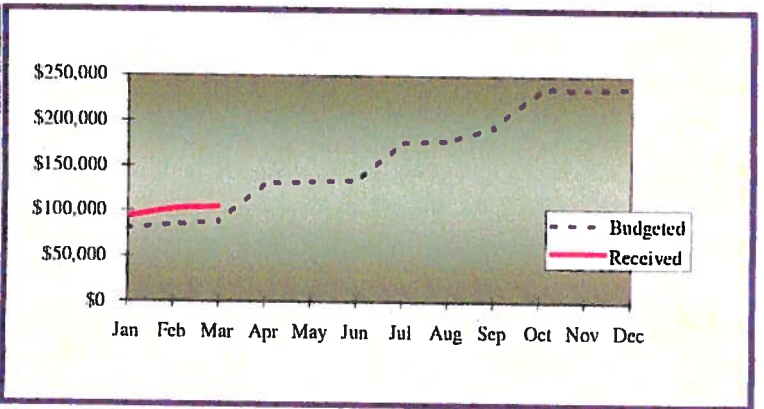
	Monthly Budgeted	Monthly Received	YTD Budgeted	YTD Received	% of Budget
Jan	\$214,999	\$232,007	\$214,999	\$232,007	7.91%
Feb	248,511	214,893	463,510	446,900	-3.58%
Mar	221,355	215,970	684,865	662,870	-3.21%
Apr	213,752	215,970	898,616		
May	208,097	215,970	1,106,713		
Jun	196,382	215,970	1,303,096		
Jul	199,233	215,970	1,502,329		
Aug	179,471	215,970	1,681,800		
Sep	169,098	215,970	1,850,898		
Oct	205,379	215,970	2,056,277		
Nov	187,230	215,970	2,243,507		
Dec	224,343	215,970	2,467,850		
<b>Total</b>	<b>\$2,467,850</b>	<b>\$2,606,595</b>	<b>\$2,467,850</b>		



Includes: Cellular phone tax and utility taxes

**Licenses & Permits**

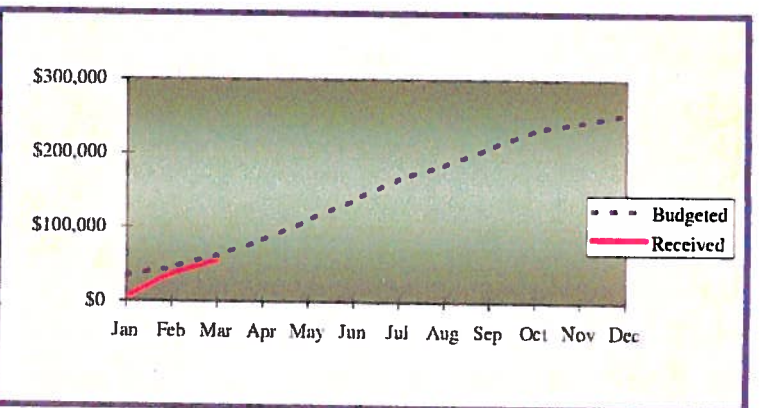
	Monthly Budgeted	Monthly Received	YTD Budgeted	YTD Received	% of Budget
Jan	\$80,772	\$93,206	\$80,772	\$93,206	15.39%
Feb	5,304	8,795	86,076	102,001	18.50%
Mar	2,608	2,613	88,684	104,613	17.96%
Apr	42,556	0	131,241		
May	1,647	0	132,888		
Jun	1,342	0	134,230		
Jul	42,739	0	176,969		
Aug	1,164	0	178,133		
Sep	15,415	0	193,548		
Oct	41,718	0	235,266		
Nov	685	0	235,951		
Dec	699	0	236,650		
<b>Total</b>	<b>\$236,650</b>	<b>\$104,613</b>	<b>\$236,650</b>		



Includes: Business licenses, cable franchise fees and animal licenses.

**Building Permits**

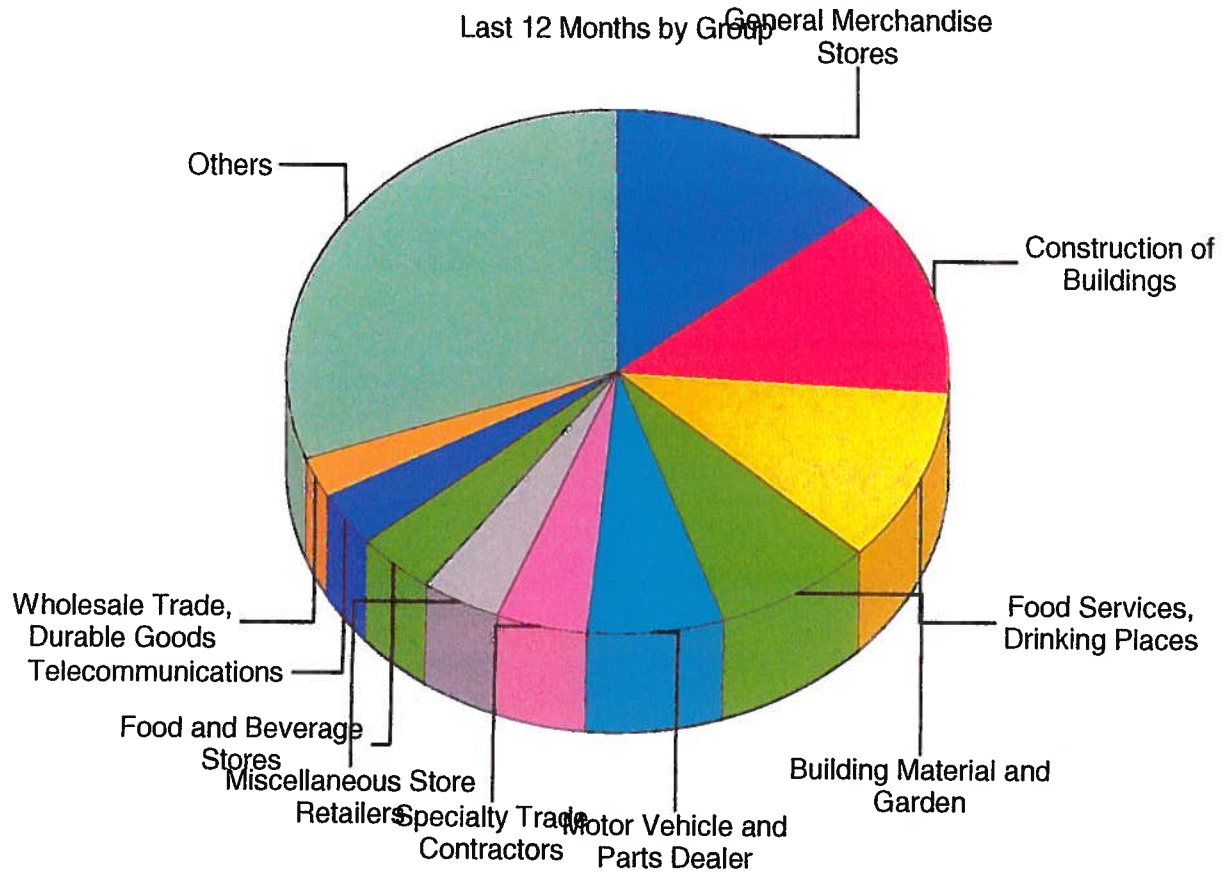
	Monthly Budgeted	Monthly Received	YTD Budgeted	YTD Received	% of Budget
Jan	\$33,330	\$4,586	\$33,330	\$4,586	-86.24%
Feb	13,431	31,655	46,761	36,241	-22.50%
Mar	16,419	18,607	63,180	54,848	-13.19%
Apr	20,754	0	83,933		
May	26,817	0	110,750		
Jun	27,321	0	138,071		
Jul	28,968	0	167,039		
Aug	17,790	0	184,829		
Sep	23,736	0	208,564		
Oct	23,608	0	232,172		
Nov	10,907	0	243,080		
Dec	11,920	0	255,000		
<b>Total</b>	<b>\$255,000</b>	<b>\$54,848</b>	<b>\$255,000</b>		



Group	Name	Current Period			Year To Date			Last 12 Months
		This Year	Last Year	% Chg	This Year	Last Year	% Chg	
452	General Merchandise Stores	31,236	31,240	0.0	148,777	154,734	-3.9	424,789
236	Construction of Buildings	10,291	32,895	-68.7	66,205	109,399	-39.5	371,099
722	Food Services, Drinking Places	25,078	23,893	5.0	100,159	96,650	3.6	320,057
444	Building Material and Garden	16,074	17,796	-9.7	62,848	78,353	-19.8	243,652
441	Motor Vehicle and Parts Dealer	12,427	16,426	-24.3	50,244	67,211	-25.2	201,255
238	Specialty Trade Contractors	7,231	10,222	-29.3	36,394	44,944	-19.0	131,816
453	Miscellaneous Store Retailers	9,033	8,770	3.0	41,376	39,714	4.2	119,445
445	Food and Beverage Stores	8,801	8,945	-1.6	36,735	38,071	-3.5	118,435
517	Telecommunications	8,538	7,899	8.1	33,056	31,330	5.5	97,899
423	Wholesale Trade, Durable Goods	7,305	6,182	18.2	26,625	27,838	-4.4	80,024
531	Real Estate	61	116	-47.5	2,134	1,597	33.6	77,610
443	Electronics and Appliances	4,563	4,426	3.1	20,030	14,800	35.3	67,841
454	Nonstore Retailers	5,067	4,590	10.4	24,516	22,856	7.3	64,007
424	Wholesale Trade, Nondurable	4,143	4,184	-1.0	18,445	18,245	1.1	56,294
447	Gasoline Stations	4,030	4,016	0.4	16,599	16,446	0.9	53,390
541	Professional, Scientific, Tech	3,823	2,988	28.0	18,130	12,191	48.7	53,049
926	Economic Programs Admin	3,349	3,189	5.0	15,854	11,176	41.9	52,778
811	Repair and Maintenance	4,452	3,170	40.4	14,996	13,001	15.3	44,944
442	Furniture and Home Furnishings	4,609	4,030	14.4	14,331	14,657	-2.2	44,190
561	Administrative and Support Svc	1,954	2,408	-18.9	13,046	13,151	-0.8	43,354
532	Rental and Leasing Services	2,506	3,535	-29.1	12,743	15,129	-15.8	43,093
721	Accommodation	3,751	1,957	91.6	9,941	8,694	14.3	41,076
446	Health and Personal Care Store	2,989	2,968	0.7	13,093	12,575	4.1	37,337
448	Clothing and Accessories	2,456	3,261	-24.7	12,291	13,383	-8.2	34,238
713	Amusement, Gambling, and Rec	2,007	2,014	-0.3	8,643	8,875	-2.6	27,359
451	Sporting Goods, Hobby, Books	1,305	641	103.7	5,664	5,540	2.2	23,865
812	Personal and Laundry Services	1,111	1,475	-24.7	5,946	7,075	-16.0	19,323
524	Insurance Carriers and Related	976	1,237	-21.1	4,473	3,994	12.0	16,906
321	Wood Product Manufacturing	935	1,627	-42.5	3,942	5,125	-23.1	16,518
237	Heavy and Civil Construction	2,035	1,276	59.5	4,200	5,548	-24.3	15,248
999	Nonclassifiable Establishments	8,526	-28	-9999.9	9,721	1,855	424.2	15,148
611	Educational Services	338	125	171.0	3,410	2,728	25.0	10,083
311	Food Manufacturing	437	341	28.1	1,573	1,281	22.8	5,594
337	Furniture and Related Products	400	166	140.7	1,358	1,519	-10.6	5,350
813	Religious, Grantmaking, Civic	364	329	10.7	1,819	1,395	30.4	5,192
621	Ambulatory Health Care Service	216	96	124.9	1,446	585	147.1	4,251
221	Utilities	175	271	-35.4	911	960	-5.1	4,222
323	Printing and Related Support	325	307	5.8	1,423	1,290	10.3	3,756
511	Publishing Industries	144	126	14.6	602	568	6.0	3,733
522	Credit Intermediation	-47	773	-106.1	997	2,088	-52.2	3,654
327	Nonmetallic Mineral Products	208	300	-30.7	736	1,068	-31.1	3,075
425	Wholesale Electronic Markets	19	23	-15.5	528	130	304.9	2,911
512	Motion Picture, Sound Record	194	0	9999.9	833	609	36.8	2,468
562	Waste Management, Remediation	34	83	-59.5	71	-311	-122.7	2,007
332	Fabricated Metal Product Manuf	177	5	3318.5	936	1,052	-11.1	1,978
518	Internet Service Providers	96	126	-23.7	865	763	13.3	1,903
488	Transportation Support	113	154	-26.7	615	667	-7.8	1,837
334	Computer and Electronic Produc	235	243	-3.3	423	862	-50.9	1,724
312	Beverage and Tobacco Products	104	115	-9.5	421	474	-11.1	1,624
339	Miscellaneous Manufacturing	54	101	-46.9	674	980	-31.2	1,541
523	Securities, Commodities, Other	47	4	1007.3	740	521	42.1	1,433

Group	Name	Current Period			Year To Date			Last 12 Months
		This Year	Last Year	% Chg	This Year	Last Year	% Chg	
212	Mining (except Oil and Gas)	78	154	-49.4	291	728	-60.0	1,365
111	Crop Production	0	4	-100.0	42	26	62.7	1,156
324	Petroleum and Coal Products	0	9	-100.0	0	736	-100.0	763
333	Machinery Manufacturing	5	148	-96.7	124	171	-27.8	596
711	Perform Arts, Spectator Sports	0	7	-100.0	258	132	95.4	585
325	Chemical Manufacturing	31	29	7.1	126	176	-28.5	463
336	Transportation Equipment Man	0	0	-100.0	91	183	-50.0	436
493	Warehousing and Storage	6	4	47.0	122	87	40.8	425
922	Justice, Public Order, Safety	6	0	0.0	274	200	36.9	286
519	Other Information Services	26	13	101.8	83	105	-20.9	217
322	Paper Manufacturing	9	13	-33.2	50	58	-14.1	172
515	Broadcasting (except Internet)	14	6	130.6	90	27	228.5	160
314	Textile Product Mills	5	5	-2.6	58	88	-33.5	136
313	Textile Mills	2	0	-1908.3	50	29	68.5	113
624	Social Assistance	1	8	-90.4	25	49	-49.0	101
551	Company Management	7	5	44.2	31	34	-11.1	97
525	Funds, Trusts, and Other	3	1	188.9	48	3	1361.7	96
335	Electric Equipment, Appliances	2	1	55.4	6	22	-75.4	66
533	Intangible Assets Lessors	10	0	0.0	23	23	1.2	66
326	Plastics and Rubber Products	1	0	0.0	10	0	7453.8	58
315	Apparel Manufacturing	2	2	-18.9	16	12	34.4	42
213	Support Activities for Mining	1	0	0.0	1	27	-94.9	29
316	Leather and Allied Products	0	2	-81.8	8	10	-19.0	18
484	Truck Transportation	0	79	-100.0	6	194	-96.8	17
331	Primary Metal Manufacturing	2	15	-84.4	2	19	-88.3	17
000	Unknown	15	0	0.0	15	0	0.0	15
924	Environmental Quality Programs	5	0	0.0	5	0	0.0	5
115	Agriculture, Forestry Support	0	0	0.0	0	2	-85.8	5
112	Animal Production	0	0	0.0	2	149	-98.8	4
492	Couriers and Messengers	0	0	0.0	1	0	54.1	2
923	Human Resources Administration	0	0	-100.0	0	0	-59.6	1
712	Museums, Historical Sites	0	0	0.0	0	0	0.0	1
113	Forestry and Logging	0	0	0.0	0	5	-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
<b>TOTAL</b>	<b>7,045 Accounts</b>	<b>204,527</b>	<b>221,540</b>	<b>-7.7</b>	<b>873,396</b>	<b>936,693</b>	<b>-6.8</b>	<b>3,031,889</b>

NOTE: YTD column includes returns from 200911 to 201002



General Merchandise Stores	14.0%
Construction of Buildings	12.2%
Food Services, Drinking Places	10.6%
Building Material and Garden	8.0%
Motor Vehicle and Parts Dealer	6.6%
Specialty Trade Contractors	4.3%
Miscellaneous Store Retailers	3.9%
Food and Beverage Stores	3.9%
Telecommunications	3.2%
Wholesale Trade, Durable Goods	2.6%
Others	30.5%
<b>Total:</b>	<b>100.0%</b>

**City of Oak Harbor  
Sales Tax Comparison**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
Jan	236,765.71	237,134.63	223,582.88	215,262.98	
Feb	288,459.77	295,225.06	280,982.79	265,036.36	
Mar	224,504.22	220,545.76	210,587.46	188,569.49	
Apr	199,586.68	217,532.06	221,540.31	204,526.67	
	949,316.38	970,437.51	936,693.44	873,395.50	93.24%
Subtotal at April					
May	257,164.88	247,748.65	262,465.88		
Jun	252,944.94	242,643.62	157,724.93		
Jul	259,862.91	230,965.53	251,046.17		
Aug	310,217.69	262,024.91	454,723.85		
Sep	262,995.25	250,663.85	272,970.74		
Oct	276,059.82	257,464.47	262,491.86		
Nov	288,903.69	261,593.34	270,117.63		
Dec	258,534.19	237,206.50	226,952.34		
	4,065,316.13	3,931,185.89	4,031,880.28	1,746,791.00	

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION TO ESTALISH A BUDGETING PROCESS CALENDAR FOR USE IN SCHEDULING CITY COUNCIL WORKSHOPS AND PUBLIC HEARINGS.**

WHEREAS, the budget process is the key to the development of City of Oak Harbor’s strategic plan - allowing departments the opportunity to reassess goals and objectives and the means for accomplishing them, and;

WHEREAS, the City needs to establish a timely and consistent calendar for scheduling the various components of the budget preparation procedure – a calendar that provides adequate time for consideration, preparation, and public review of the budget preparation process, and;

WHEREAS, the City is desires to establish a budget calendar process that is consistent from year to year, and;

BE IT RESOLVED by the City Council of the City of Oak Harbor as follows:

- 1) For purposes of scheduling the various components of the budget preparation process, the following calendar will be utilized:

<u>Process</u>	<u>Date</u>
Review of Annual Budget and Planning Calendar	Mid-March
Council Retreat - Review Budget Goals and Policies Established By Mayor and Council	April-May
First Council Budget Workshop Explaining Budget Environment; Hold First Public Hearing on Budget	April-May
Budget Instructions Completed and Distributed to City Staff. Supplemental Information Prepared and Distributed to Departments.	June
Departments Submit Requests for New Programs	June
Finance Prepares Documents and Coordinates Revenue Estimates	June
Preparation of Preliminary Base Budget by Finance	June
Second Council Workshop Discussing Expenditure Trends, programs, and Updating Budget Environment.	July
Preparation of Preliminary Revenues and Resources by Finance; Second Public Hearing Held on Budget – Estimated Revenues	July
Administration Review of New Programs Requests, Revenue Estimates, and Base Budgets.	July
Develop Target Budgets for Departments. Receive Budgets from Departments.	August
Third Council Budget Workshop – Revenue Expectations	August

# UNOFFICIAL

## Whidbey Island Marathon Income Statement For the 2010 Event

	2009	2010	Total
<b>Revenue</b>			
Participant Fees:			
Full Marathon	\$ 3,806	\$ 21,833	\$ 25,639
Half Marathon	6,216	89,393	95,609
5K Fun Run	-	3,494	3,494
Vendor Display	-	3,080	3,080
Donations	8,000	33,515	41,515
Interest Income	239	-	239
<b>Total Revenue</b>	<b>18,261</b>	<b>151,315</b>	<b>169,576</b>
<b>Expenses</b>			
Operating:			
Office and Operating Supplies	12	354	366
Professional Services	4,800	39,826	44,626
Travel	213	173	386
Advertising	8,675	5,420	14,095
Insurance	-	610	610
Miscellaneous	1,186	35,229	36,415
Discounts on Participant Fees	-	2,833	2,833
Outstanding Invoices*	-	-	20,637
Nonoperating:			
Marathon Purchase	13,000	-	13,000
<b>Total Expenses</b>	<b>27,886</b>	<b>84,445</b>	<b>132,968</b>
<b>Net Income (Loss)</b>	<b>\$ (9,625)</b>	<b>\$ 66,870</b>	<b>\$ 36,608</b>

\*Outstanding invoices that have not been posted as of MAY 4, 2010

## 2010 Whidbey Island Marathon

### Professional Services - \$44,626

1. Event Coordinator	\$9,800
2. Event Contractor (includes reimbursement)	\$23,031
3. Sponsorship Coordinator/Volunteer Director	\$10,262
4. National Barricade	\$1,533

### Miscellaneous: - \$36,415

1. Winners payments	\$4,950
2. Seattle Expo	\$1,025
3. Permits -	\$150
4. B&O tax	\$1,486.63
5. T-shirts	\$16,469
6. Spray Paint	\$36.87
7. Medals	\$4,506.50
8. Balloon Arch	\$260.88
9. Waterstation Supplies	\$140.36
10. 5K/Volunteer Shirts (Bayview Embroidery 'N Print)	\$3,846.01
11. Island County Sheriff	\$1,035.00
12. Shuttles (Whidbey SeaTac Shuttle & Oak Harbor School District)	\$2,052.79
13. Plaques/prizes	\$360.42
14. 2 Refunds	\$95.00

**Outstanding Invoices – \$20,636.75**

1. Action Signs	\$70.66
2. Coachman Inn	\$878.94
3. Rich Tyhuis – bridge plywood	\$10.87
4. Winner payment	\$250.00
5. Sound – ½ Marathon start	\$300.00
6. Diamond Rentals	\$3,860.71
7. National Barricade	\$5,947.57
8. Race Center magazine ad	\$2,195.00
9. Timing Company	\$5,823.00
10. Finish Sound	\$900.00
11. Tamra Sipes (remaining commission – invoice not received yet)	\$400.00

**PRELIMINARY BOTTOM LINE –**

**Revenue = \$169,576**

**Expenses = \$112,331**

**PRELIMINARY TOTAL: \$57,245**

**Outstanding Invoices = \$20,637**

**TOTAL: \$36,608**

**(There will be more revenue coming in to the totals of approximately \$2,830)**