

**Mount Vernon City Council
Finance Committee
Minutes
July 27, 2016**

Present: Councilmembers Fiedler, Hulst, Hudson, Lindquist, Molenaar, Quam, and Ragan

Staff present: Finance Director Huschka, City Attorney Rogerson, Human Resources Director Bartlett

1. Minutes were approved.
2. Transportation Benefit District (TBD) – Alicia presented information regarding the ballot advocate committees, for and against the TBD sales tax ballot proposition. A notice was published and the City also posted the notice on the City's website, soliciting individuals to apply to be on one of two committees for the ballot proposition. The committees are charged with writing a statement for the voters' pamphlet either in support of or opposition to the proposed increase in sales and use tax of two-tenths of one percent. There were three applicants in favor of the proposition. There were no applicants against the ballot measure. This is an action item for Council at the Council Meeting.
3. Financial Update:
 - Sales Tax – January through July 2016 collections are up 9.9% over the same period in 2015 excluding the sales tax generated from the jail construction project. This is part of a consistent upward trend this year. Overall the tax revenue is up 13.6% over the same time period in 2015. The breakdown of the 2016 increase through June 2016 is as follows: 49% is from construction activity, 22% is from automobile and RV dealers, 2% is from other retailers that are in the City's top 15 sales tax generators, with 27% coming from all other sectors.
 - Criminal Justice Sales Tax - the January through June collections are up 6.6% over the same period in 2015.
 - Utility tax collections are varied with electric, cable, sewer and solid waste increasing while gas & telephone taxes being down.
 - Building Permits – this continues to show strong growth with the January through June 2016 collections 4% greater than the same period in 2015. The budget for 2016 is \$525,000 which averages \$43,750 per month; the actual monthly average for January through June is \$66,000.
 - Business Licenses – this revenue continues to show an increase in 2016. January through June 2016 is 3.7% higher than the same period in 2015.
 - Motor Vehicle Fuel Tax – January through June 2016 is 5.9% higher than the same period in 2015.
 - REET – collections for REET taxes are above budgeted estimates, but below the January through July 2015 collections by 5%. The monthly budgeted average is \$29,000; actual collections to date average \$56,000 per month.
 - Hotel/Motel tax is down 11.5% compared to Jan – June 2015.
4. Expenditure Mid-year recap:
 - Many of the departments are at or below the mid-year expenditure point of 50%. The exceptions are often due to payment of whole year expenses in the first half of the year. The overall mid-year expenditure percentage is 46% of budget for the Current Expense Fund.

5. Reserve Fund balance target for the Government Operating Funds. Alicia reviewed with the Committee the target fund reserve goals for Current Expense, Streets, Parks and Recreation, and Library. Goals were met for the year ended December 31, 2015 and are on target to exceed target levels for the year ended December 31, 2016.
6. Impact Fees: These fees are collected for Transportation, Parks and Fire. The funds are restricted and must be used within 10 years, used for capital improvement and be planned for in the capital improvement plan. They should benefit development activity. Alicia reviewed the reports for the year ended December 31, 2015.
7. Other Items:
 - SAO exit conference is set for August 1, 2016 at 1:00 p.m. Council members are encouraged to attend.
 - The 2017 Budget Call will be July 28, 2016. Departments will begin preparing their 2017 budget requests. The 2017 budget calendar was reviewed with Council.
 - On August 24, 2016 Council will be asked to discuss and review their 2017 budget goals.

Adjourned at 6:44 p.m.

Submitted by
Rebecca J. Wade