

**Mount Vernon City Council
Finance Committee
Minutes
October 12, 2016**

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

Staff present: Finance Director Alicia Huschka, Fire Chief Brice, Police Chief Dodd, CED Director Bob Hyde, Library Director Soneda, Gary Duranceau, Peter Donovan and City Attorney Rogerson.

1. Mayor Boudreau presented the 2017 Preliminary Budget to Council.
 - The 2017 preliminary budget was created with the following priorities:
 - ✓ It is mission driven with an emphasis on efficiency in traditional services.
 - ✓ It follows and sets funding for the strategic goals as adopted June 24, 2015.
 - ✓ It follows adopted financial policies.
2. Alicia reviewed the preliminary budget with the following highlights:
 - The 2017 preliminary budget is \$54.3 million which is an \$815,000 or 1.5% increase over the 2016 budget.
 - The governmental operating budget is \$28.6 million which is a \$1.4 million increase or 5.3% increase compared to 2016.
 - Alicia reviewed the use of fund balance to balance the budget, what estimated fund balance reserves look like at Dec 31, 2017, measuring that with the fiscal policies established for fund balance reserve minimums.
 - Alicia reviewed certain revenue assumptions in regards to property tax, the current sewer utility tax rate of 8.5% and the estimated revenues for sales tax.
 - One of the largest challenges in developing the preliminary budget has been meeting current needs plus growing needs of city operations with current revenue streams.
 - Alicia reviewed the major increases to the 2017 preliminary budget where cost of labor accounted for \$819,000 of the \$1.4 million increase in government operations.
 - Other significant increases were in the CED professional services budget, equipment rental rates and Skagit 911 charges.

Budget discussions will continue at the October 19 and 26, 2016 Finance Committee meetings. Departmental budgets will be reviewed starting with public safety and criminal justice related budgets, followed by Public Works budgets, capital budgets,

followed by all other remaining departmental budgets. On November 9th the City will hold a public hearing on revenues and City Council will be asked to consider setting the property tax levy amount for the ensuing year. The public hearing on the budget adoption will be on November 22, 2016.

Adjourned at 6:55 p.m.

Submitted by
Rebecca Wade