

FINANCE & ECONOMIC DEVELOPMENT COMMITTEE MINUTES
SEPTEMBER 28, 2021
8:31 A.M. – 9:38 A.M.
REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER (CHAIR), DEPUTY MAYOR PRATT, COUNCILMEMBER GREENSTEIN

STAFF PRESENT: SCOTT SPENCE, TROY WOO, BRANDON CARTER, PERI EDMONDS

ACTION: APPROVE FINANCE & ECONOMIC DEVELOPMENT COMMITTEE AGENDA
MOTION: MOTION MADE, SECONDED, AND CARRIED BY COUNCILMEMBER GREENSTEIN AND DEPUTY MAYOR PRATT

2022 BUDGET DISCUSSION

STAFF: TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

The Committee received information regarding the 2022 Budget Estimates. The budget message for the year is that due to unpredictability and uncertainty of both the revenue and expenditure projections, the 2022 budget will not be one of expansion with the expansion of critical/essential needs.

Under the 2022 estimated revenues, sales tax is anticipated to be \$14,240,951, an increase of \$2,573,794 compared to the 2021 adopted budget. New construction is weaker than in recent years, and not all categories have returned to pre-pandemic levels. The 2002 Fire Safety Improvements Bonds final payment is on December 1, 2021, and will result in a reduction of ~ \$0.00595/\$1,000 AV.

The 2022 Business Occupation tax is anticipated to be \$2,540,102, an increase of \$444,823 compared to the 2021 adopted budget, and Parks and Recreation fees are also anticipated to increase to \$892,940, close to returning to pre-pandemic levels.

Under the 2022 estimated expenditures, there's an anticipated increase of 1.0% to salaries and benefits from both the General Fund and the Total Budget, based on 2021 salaries and benefits.

Significant budget initiatives for the next year include the Regional Athletic Complex investments and repairs, the new police station, police body cameras, and building

repairs. The Mobile Outreach Team, Homeless Rapid Response Cleanup Team, and Community Service Officers are also significant budget initiatives.

The current estimated budget has limited capacity to take on new initiatives, and focus should be on maintaining past and current initiatives.

The 2022 proposed budget uses Reserves for ongoing general fund expenditures, including the police succession planning, and the RAC Long-Term financial plan.

The City Manager will present the proposed 2022 Budget at the October 21, 2021, Council meeting, followed by a public hearing on November 4, 2021, and November 18, 2021. The final 2022 Budget is scheduled for adoption at the December 2, 2021, Council meeting.

INVESTMENT STRATEGY

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

Staff presented four investment strategies for the Committee's consideration. Two are within the current investment policy and the other two require an amendment to the policy. The most recent policy adoption made by Council was in May 2020.

- **In-Policy Recommendations:**
 - Move from the current 0-3 year benchmark to a 0-5 year benchmark.
 - Liquidity needs are being met and the City would benefit from long-term yields.
 - Increase CORE investments, helping maintain adequate cashflow for immediate needs.
 - Yields would also increase with the 0-5 year benchmark

- **Recommendations Requiring Policy Changes:**
 - Increase the maximum single maturity to 5.5 months if the City changes to the 0-5 benchmark.
 - Corporate notes commonly exceed the 5 year threshold by a few weeks.
 - Include corporate note single A rating as a minimum .
 - The current policy states a minimum of AA- rating.
 - Corporations are limited to 25% of City portfolio holdings, and no single issue may be more than 3%.

There was Committee consensus on the two in-policy changes.

The Committee requested additional parameters for further discussion on the investment strategies requiring policy changes. Staff will review and bring back to a future Finance & Economic Development Committee meeting.