



City of Gig Harbor
Finance and Safety Committee
Councilmembers Abersold, Rodenberg, Woock

AGENDA

September 20, 2021 – 4:00 p.m.

Online

Please click the link below to join the webinar:

<https://zoom.us/j/95470134545>

Call-in: 253 215 8782

Meeting ID: 954 7013 4545

Call to Order and Roll Call:

Approval of Minutes: June 21, 2021

New Business:

1. 6 Year Financial Forecast

Next Scheduled Meeting: December 20, 2021

Adjourn



City of Gig Harbor

Finance and Safety Committee Minutes

Council Committee Abersold, Rodenberg, Woock

June 21, 2021 – 4:00 p.m.
Online Meeting

Call to Order: 4:06 p.m.

Roll Call:

Present: Council Members Abersold, Rodenberg, and Woock, Kit Kuhn Mayor, Robert Larson City Administrator, Dave Rodenbach Financial Director, Jaci Auclair Tomlinson Senior Accountant, Josh Stecker Assistant City Clerk, David Trageser D.A. Davidson and Michael Williams Finance Technician.

Approval of Minutes from May 17, 2021.

New Business:

1. **Consideration for Early Payoff of 2010 LTGO and Refunding Bonds** Mr. Rodenbach presented the 3 options for the 2010 LTGO Bonds. 1.) Do nothing 2.) Payoff and Refinance using the Civic Center Bond Reserve Fund 3.) Just Refinance to a lower interest rate. MR. Rodenbach then introduced Mr. Trageser for more detail explanation of the process and timing. The 2010 LTGO Bonds are callable allowing all three scenarios. If choosing to go forward an RPF would be issued and that would give the final numbers. Current bonds are at 4.5%, new bonds would be about 1.7%. Questions were called for. Savings would be to the General Fund. The savings would be a smaller cash flow from the General Fund. Mayor Kuhn complemented the Committee for moving forward with Option #2. Council Member Woock moved to recommend Option #2, Payoff and Refinance be presented to the City Council. Second by Council Member Abersold. Motion Passed.

Mayor Kuhn commented on a group of citizens that have been involved in identifying derelict boats in the harbor area. Mayor Kuhn suggested they contact the Finance and Safety Committee about volunteering to keep a lookout for these boats. The Committee would look forward to having them contact the Committee.

Council Member Rodenberg thanked the Committee and Mr. Trageser for work done on the refinancing options. It will create a wonderful savings for the City.

Adjourn: 4:16 p.m.

Next Meeting Date: September 20, 2021



To: Mayor and
From: David Rodenbach,
Date: September 20, 2021
Subject: 2021 Budget Forecast

Finance and Safety Committee
Finance Director

This forecast covers the period from year-end 2021 through 2027 for the general and street operating funds. It is not intended to provide insight into the details of operations, but simply to take a snapshot of trends and known expectations to get a sense of where the city is headed financially. This forecast did not involve review of future operations with the departments, nor did it involve future staffing considerations.

The U.S. economic recovery appears to be slowing, rather than the takeoff once hoped for. Earlier this summer, many economists saw the week of Labor Day as the moment when the economic recovery would kick into high gear. Their expectation was that wide spread vaccinations would ease labor shortages. Schools and offices would reopen, which would mean a comeback for local businesses reliant on office workers.

Economists don't expect the variant to push the U.S. back into recession. But the loss of steam could prolong the recovery of the millions of jobs lost during the pandemic, leave many on the labor market's sidelines and continue to hobble businesses unable to grow or unwilling to invest amid fresh uncertainty. At the same time, that damping effect could ease inflation pressures if it reduces consumer demand.

The pace of hiring plummeted in August, as restaurants and stores cut staff. Employers overall added 235,000 jobs, down from about one million each in June and July. The University of Michigan's measure of consumer sentiment fell in late August to the lowest level in a decade, with Americans saying they are worried about the Delta variant and rising inflation.

The charts represent four major items resulting from the forecast, total revenues, total expenditures, ending fund balance and required ending fund balance (60 days working capital).

Total 2021 general fund revenues are tracking to come in \$2.3 million, or 15% over 2020; and in 2022, we are looking at a \$1.1 million (6%) increase. The increases are almost entirely due to receipt of ARPA Cares Act funds (\$1,497,275 received in 2021 and same amount due in 2022).

Sales taxes through June 2021 are up 22.7 % over June 2020. The year over year spread has narrowed a bit to 21.1% in July and then 20% in August. Due to this softening, we are planning 15% growth through December 2021 and 10% growth in 2022. Sales taxes are 51 % of total general fund revenues.

General fund expenditures (includes transfers to other funds) are tracking 7%, or \$1.1 million over 2020; while preliminary (pre-budget) 2022 projected expenditures are \$5.7 million (34%) over 2021. It should be noted that 2021 through 2023 expenditures will include approximately \$3 million in federal Cares Act expenditures.

2021 revenues for the street operating fund are \$1.3 million. The general fund contribution for 2021 is \$1 million, while the motor vehicle fuel tax is about \$210,000.

Street operating fund expenditures in 2021 are tracking to \$1.9 million or a 3.4% increase over 2020. Preliminary expenditures in 2022 are estimated to be nearly \$3.0 million over 2021.

