



# Government Performance and Finance Committee

# 2017

During 2017, the Government Performance and Finance Committee deliberated and made recommendations on a number of policy matters related to the improvement of the quality, accountability, cost-effectiveness and efficiency of all governmental services. Much of the Government Performance & Finance Committee's work is outlined below under the committee's suggested areas of responsibility in the Council Standing Committee Process Manual.

## 2017 YEAR- END REPORT

<b>ISSUE AREAS</b>	<b>INFORMATIONAL BRIEFINGS</b>	<b>REQUESTS FOR ACTION</b>	<b>TOTAL ITEMS</b>
Audits	4	0	4
Financial Policies	4	4	8
Process Improvement	1	5	6
Inter-Governmental Relations	1	5	6
Strategic Plan/Performance Management	4	0	4
Business Information Systems	1	1	2
Constituent Communications	0	0	0
<b>Total</b>	<b>19</b>	<b>11</b>	<b>30</b>
<b>Percentage of Total Briefings</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>

**GOVERNMENT PERFORMANCE & FINANCE COMMITTEE  
2017 YEAR-END REPORT**

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# **GOVERNMENT PERFORMANCE AND FINANCE COMMITTEE**

## **2017 YEAR-END REPORT**

### **AUDITS**

#### **STATE AUDITOR'S OFFICE ENTRANCE AND EXIT CONFERENCE - FEBRUARY 15**

Assistant Finance Director and Controller, Susan Calderon provided brief opening remarks and introduced Joanne Klein, Audit Manager, and Linda Mastin, Assistant Audit Manager, Washington State Auditor's Office. Ms. Klein and Ms. Mastin provided an overview of the results of the 2015 accountability audit, including audit highlights, 2015 accountability audit, results and related reports. They continued reviewing the 2016 audit scope, financial statement audit, federal grand compliance audit accountability audit, timeline, reporting levels for audit recommendations, expected communications, new accounting standards and contracts.

#### **MOSS ADAMS AUDIT UTILITY EXIT INTERVIEW - JUNE 7**

Susan Calderon, Assistant Finance Director, made opening remarks and introduced Olga Darlington, Partner, Moss Adams LLP. Ms. Darlington reviewed the auditor's report on the financial statements and areas of audit emphasis, including internal control environment, management estimates, treasury, capital assets, net pension liability, debt activity, Tacoma Employees' Retirement System, and lease termination. Ms. Darlington then reviewed the required communications, including auditor and management responsibilities, audit performance, significant accounting policies, financial statement disclosures, representations, audit adjustments, new accounting pronouncements, and consideration of fraud. Ms. Darlington provided information on the upcoming accounting pronouncements related to audits, other communications, and key service team members' contact information

#### **STATE AUDITOR'S OFFICE FEDERAL AND FINANCIAL AUDIT EXIT CONFERENCE- OCTOBER 18**

Susan Calderon, Assistant Director, Finance, introduced Linda Mastin, Assistant Audit Manager, and Joanne Klein, Audit Manager, State of Washington Auditor's Office. Ms. Mastin provided information relative to the 2016 State's Office Federal and Financial Audit Exit Conference, including the audit reports process and 2016 financial statement results. Ms. Klein provided information on the 2016 federal audit results; federal programs tested, and police department fraud loss report. Ms. Mastin then reviewed the focus areas of the accountability audit, including self-insurance, police department, Open Public Meetings Act, purchase card controls and expenditures, and permit receipting, and concluded with contacts in the State Auditor's Office

#### **ENTRANCE UTILITIES AUDIT - DECEMBER 6**

Susan Calderon, Assistant Director, Finance, made opening remarks and introduced Olga Darlington, Moss Adams. Ms. Darlington provided an overview of the 2017 audit for the Tacoma Public Utilities and Environmental Services funds, including the engagement team; communication with those charged with governance, noting direct access to the Committee, an audit entrance presentation, and an audit exit and final report presentation; phases of the audit and timeline; scope of services; responsibilities under auditing standards; management's responsibilities; areas of emphasis in risk assessment; and new accounting standards.

Issue Area	Informational Briefings	Requests for Action
Audits	4	0

## FINANCIAL POLICIES

### TPU PRESENTATION OF CLICK! CABLE TV RATES - JANUARY 18

Tenzin Gyaltzen, Tacoma Power, provided an overview of Click! Network cable television rates, including background information, issues, proposed Ordinance revisions, market rate comparison, bill comparison, additional revenue, next steps, and recommendations. Discussion ensued regarding the market rate comparison, differential, service bundles, promotional features and timeline, product discounts, competitive vision, content costs, and an increase in labor and management.

### TACOMA POWER UTILITIES AND WATER RATES – MARCH 18

Chris Robinson, Power Superintendent, provided information relative to the Tacoma Public Utilities (TPU) approval process, including policymaker review steps, and 2017 public outreach. Mr. Robinson then reviewed Tacoma Power rate recommendations, including cause of rate increase, rate making process, cost-of-service analysis principles, ratemaking principles, Tacoma Power customer classes, rate increases by customer class, residential rate design, how residential customers are charged, increase to customer charge, rationale, design impacts, mitigation and offsets. Francine Artis, TPU, discussed bill assistance and the low-income conservation program. Sean Senescall, Tacoma Water, reviewed Tacoma Water rate recommendations, including because of rate increase, Tacoma Water customer classes, rate increases by customer class, single family residential average bill, and the bill credit assistance program.

### MOBILITIE WIRELESS TELECOM FRANCHISE AGREEMENT- APRIL 5

Jeff Lueders, Franchise Services Manager, provided an overview of the proposed Mobilitie Wireless Telecom franchise agreement, including history, process, the ordinance, and next steps. Mr. Lueders concluded by showing examples of the proposed light pole attachments. Discussion ensued throughout regarding franchise fees, future agreements, undergrounding provisions, equity, proposed placement of the light pole attachments, and fee structure.

### TACOMA POWER FINANCING PLAN - JULY 19

Bill Berry, Rates, Planning, and Analysis Manager, introduced Travis Metcalf, Power Section Assistant Manager II, Tacoma Power, and provided information regarding the Proposed 2017 Financing Plan, including an overview, levelization of debt service, issuance of bonds, and statistic and data charts on financing the capital needs, interest rates, sources and uses of funds, financing team, and expiring short-term agreements. Mr. Berry then reviewed the other considerations, including issuing with two rating agencies, issuing 2017 and future long-term debt, and debt service reserve funds. Mr. Berry concluded by reviewing the current ratings on Tacoma Power, snapshot of rate, coverage, and liquidity projections, history of debt structure, future debt structure, and the schedule.

**TELCOM FRANCHISE AGREEMENT – AUGUST 30**

Jeff Lueders, Supervisor, Information Technology, made brief opening remarks and provided information relative to the Telecommunications Franchise Agreement, including the history, process, ordinance, next steps, actions upon Council's approval, and staff recommendations.

**WORKFORCE CENTRAL LINE OF CREDIT - AUGUST 30**

Linda Nguyen, Chief Executive Officer, Workforce Central, made opening remarks and provided information relative to the Workforce Central Line of Credit, including the background, history, distribution of funding, and who they serve. She then provided information on the Pierce County Workforce Development Council (WDC) and its composition and obligations, noting that Mayor Strickland and Council Member Lonergan are members of the WDC. She concluded by stating the recommendation. Discussion ensued throughout the presentation regarding the history, federal law changes, provision of City services, and obligation to contracted partners, funding timeline, the county's involvement, and source of the City funding.

**COMPREHENSIVE ANNUAL FINACIAL REVIEW (CAFR) - OCTOBER 18**

Susan Calderon, Assistant Director, Finance, made opening remarks and introduced Paula Barry, Accounting Division Manager, Finance. Ms. Barry presented an update on the 2016. Comprehensive Annual Financial Report (CAFR) and stated the City is required to complete an annual financial report that demonstrates transparency, full disclosure, and board and management competency. Ms. Barry noted this report is viewed by credit rating and grant agencies, bond counsel, investors, and other financial advisors, and audited by the State Auditor's Office. She then explained the various financial and statistical sections of the CAFR, including auditor's reports, management's discussion and analysis (MD&A), financial statements and trends, revenue and debt capacity, and demographics and economy. She stated the auditor is responsible for performing annual audits and reporting issues identified during an audit as findings, management letters, or exit items. Ms. Barry presented the CAFR top five must-reads which include a transmittal letter, MD&A, basic financial statements, notes, and statistical section. She concluded by stating the next step is an accountability audit.

**EXTENET AND CROWN CASTLE FRANCHISE AGREEMENT - NOVEMEBER 1**

Jeff Lueders, Cable Communications and Franchise Services Manager, Media and Communications, presented two franchise agreements with ExteNet and Crown Castle. He provided information on the history of franchise fee requirements and review process, including completed applications on file, financials reviewed, references contacted and online research completed. Mr. Lueders described what the ordinances allow, protect and require. He further presented the next steps, including the City Councils consideration, publication, and the effective date. He stated the staff recommendations for approval by the Committee to forward this item to the full City Council for consideration and adoption.

<b>Issue Area</b>	<b>Informational Briefings</b>	<b>Requests for Action</b>
Financial Policies	4	4

## PROCESS IMPROVEMENTS

### RADIO SYSTEM COST SHARING AND ACCESS FEES - JANUARY 4

Mark Lauzier, Assistant City Manager, presented an overview of radio system cost sharing and access fees, including the Tacoma-Puyallup network, regional interoperability, access fees, South Sound 911's (SS911) current and emerging regional roles, SS911's IO-point plan for 2017, identified policy issues impacting the City, potential fiscal opportunities, and next steps. Discussion ensued regarding access fees, dispatch options, an upcoming community meeting relative to the new Public Safety Communications Center for SS911, and fire services provided to Fife.

### RADIO SYSTEM ACCESS FEES AND MEMORANDUM OF UNDERSTANDING - APRIL 5

Mr. Kelanic provided brief opening remarks and introduced Andrew Neiditz, South Sound 911; Mark Lauzier, Assistant City Manager; and Steve Taylor, IT. Mr. Taylor provided an overview of the proposed Memorandum of Understanding (MOU) for 2017 radio system access fees, including background information, highlights of the 2017 MOU, and recommendations. Discussion ensued regarding police and fire service models, necessity of the MOU, billing, the 2017-2018 biennial budget, and additional costs.

### PERMIT FEES AND COST RECOVERY - MAY 17

Peter Huffman, Director, Planning and Development Services, reviewed the goals for the creation of permits and a structured fee system, broken down steps of the fee methodology, building services, a simplified fee system, planning land use services, fire services, historical preservation services, what the cost recovery represents in each services, and next steps involving internal and external work. Discussion ensued throughout the presentation regarding concerns, comparison of costs for an individual and a single family, demand for more permits, permitting requirements, reaction to cost, and scarcity of lands effecting the cost recovery planning.

### PAID SICK LEAVE UPDATE - MAY 31

Melanie Harding, Employment Standards Program Manager, introduced Danielle Larson, Senior Financial Manager, and provided information relative to Initiative 1433, including an overview, background, and primary sick leave differences between the City and State, including the method of investigation, amount of leave, and who is covered. Ms. Harding continued providing information relative to the alternatives, staff recommendation, and next steps. Discussion ensued throughout the presentation regarding the State's method of investigation, State laws relative to investigations, involving the Equal Employment Opportunity Commission for employment investigations, clarification on the number of complaints, and confusion between the City and State law, and clarification for requesting flexibility.

### RESTRUCTURE OF DEDICATED FUNDS - NOVEMBER 15

Peter Huffman, Director, Planning and Development Services, presented the modifications to Title 2.09 of the Municipal Code, regarding the permit fee code with information including an overview, stakeholder input, financial policies, and fee code changes. He provided charts of dedicated funds restructure and creation of a reserve fund, including current and proposed funds, single-family review funding with current and additional revenue, new single-family fees with value based percentages, comparison of new single-family home development with square

footage and valuation of project, alterations and stand-alone trade permits to new single family fees, and concluded with the planned schedule of presentations at future meetings.

#### JOB TAX CREDIT - DECEMBER 6

Danielle Larson, Tax and License Manager, Finance, provided information on the new job tax credit, including an overview, background, a comparison chart of the number of new positions versus the number of credits available to use, the existing job credit, the new job credit with a proposed annual credit, and next steps. Discussion ensued throughout regarding the comparison chart and details of the existing job credit. Discussion concluded on the use of incentives, empowerment zone, clarification on the qualifications, and use of the credit, outreach, and project-based jobs.

<b>Issue Area</b>	<b>Informational Briefings</b>	<b>Requests for Action</b>
Process Improvements	1	5

## INTER-GOVERNMENTAL RELATIONS

#### REVIEW OF CITY COUNCIL AT-LARGE POSITIONS NO. 6 POSITIONS - JANUARY 18

Chair Lonergan provided brief opening remarks, and stated that public comment will be heard before each briefing item on tonight's agenda. Public comment was heard from: 1. Liesl Santkuyl, Latinos Unidos of South Sound, regarding the vacant City Council At-Large No. 6 position. 2. Efrain Lopez, Latinos Unidos of South Sound, regarding the vacant City Council At-Large No. 6 position. 3. Chris Paredes, 2901 South 85th Street, regarding the vacant City Council At-Large No. 6 position. Doris Sorum, City Clerk, provided background information on the vacant City Council position and timeline for filling the vacancy. She stated that at tonight's meeting, applications will be reviewed, and narrowed to finalists to be interviewed at the City Council study session on January 24, 2017. Discussion ensued regarding candidates' qualifications, and the needs of the City Council.

#### COUNCIL CONSIDERATION REQUEST DISCUSSION – APRIL 19

Elizabeth Pauli, Interim City Manager, provided background and history information on the Council Consideration Request (CCR) process and intent, stating it started in 2013 as a tool to manage the staff resources available for assisting with policy development. She noted some of the issues that prompted the use of the CCR were multiple Council Members working with different groups of staff to develop similar policies, or one Council Member working with staff to develop policy that may not have had any interest from other Council Members. She stated the original intent of the CCR was to flesh out the policy better by providing research or work to date, background information, and intended results, and over time the CCR began to be used differently to serve as an informational item for topics coming forward rather than as a tool to start policy discussions. Ms. Pauli noted the use of the standing committees changed over time, and agenda items include more committee appointments and staff updates rather than policy development. She concluded by stating the Council never adopted any rules regarding the use of the CCR, and the most closely related rule is 8.A, which allows any Council Member to request City Council agenda items.

**PUBLIC UTILITY BOARD INTERVIEW - JULY 27**

Doris Sorum, City Clerk, provided information regarding one vacancy on the Public Utility Board. She stated that Mark Patterson is seeking reappointment.

**BOARD OF ETHICS INTERVIEW - AUGUST 16**

Wendy Fowler, Acting City Clerk, provided information regarding the need, current composition, and one vacancy on the Board of Ethics.

**BOARD OF ETHICS INTERVIEW - NOVEMBER 1**

Doris Sorum, City Clerk, provided information regarding one vacancy on the Board of Ethics and the Committee's previous interest in this applicant. The Committee interviewed James (Jimmy) McCarty

**COMMITTEES, BOARDS AND COMMISSIONS EVALUTION - NOVEMBER 15**

Doris Sorum, City Clerk, made opening remarks and introduced David Nash-Mendez, Management Fellow, City Manager's Office. Mr. Nash-Mendez provided an overview of the Committees, Boards, and Commissions (CBC) evaluation, including background, preparation, recommendations, and further proposals. He described the background in detail with the number and types of CBCs and seats available and presented charts of demographics including race, gender, and Council Districts of seated members. He further presented charts of the age, educational attainment, and income of applicant pool. Mr. Nash-Mendez described the preparation for evaluation to include a breakdown of surveys sent out, outreach, staff conversation, and City Manager/City Clerk meetings, which resulted with recommendations and proposed changes including re-aligned expiration of terms, use of ranked-list system for alternate candidates, and limit of youth position terms and alignment with their academic calendar. He concluded the presentation with proposed CBC term end dates and further recommended proposals to include a list of problems, proposals, and status of suggestions.

Issue Area	Informational Briefings	Requests for Action
Inter-Governmental Relations	1	5

**STRATEGIC PLAN/PERFORMANCE MANAGEMENT**

**2016 END OF YEAR REPORT - FEBRUARY 15**

David Nash-Mendez, Management Fellow, reviewed the Committee's 2016 End of Year Report.

#### APRIL BUDGET VS. ACTUALS - MAY 31

Sam Bencoter, Office of Management and Budget, provided an overview of the April 2017 financial report, including April 2017 financials, update on the 2017 General Fund, General Fund revenues and variances, General Fund expenditures and expenditure variance, and General Fund supported funds. Mr. Bencoter concluded by providing a monthly financial report summary.

#### TACOMA 24/7 END OF 2016 REPORT - MAY 17

Christina Curran, OMB, briefly provided information on 2015-2016 Budget Initiative Tracker Report Biennium-End Status, including eight completed projects, five on track projects, and two veering projects. Jared Eyer, OMB, presented the 2016 24/7 Performance Management Year End Report. Mr. Eyer then reviewed measures relative to public safety, including first arriving company and Tacoma Fire Department response time goals, number of medical incidents, and number of crimes. He then reviewed measures relative to infrastructure and community services, including road surface treatment, number of Tacoma residents receiving social services, average days from complaint to initial inspection, number of building permits issued, building permit values, percentage of available space occupied at the Convention Center and Tacoma Dome, and the new Tacoma Data website ([data.cityoftacoma.org](http://data.cityoftacoma.org)), which will have the New Open Performance Dashboard. Discussion ensued throughout the presentation regarding concerns and the new website. Committee members requested that staff come back with additional information on number of incidents with domestic partners, cause and types of the crime reported, and whether the Convention Center is being used by people in the local, regional, or national areas

#### ENVIRONMENTAL SERVICES STRATEGIC PLAN - JULY 19

Mike Slevin, Director, Environmental Services (ES), made opening remarks on the strategic plan 2018-2025 and introduced Jessica Knickerbocker, Engineer, and Shane Pettit, Management Analyst. Mr. Pettit reviewed the overview, planning team goals, planning process, resources used for the research, outreach, and strategies on the process. Ms. Knickerbocker provided information related to why people work for ES, the ES Commission workshop, identifying strengths, opportunities, weaknesses, and threats, stakeholder interviews, summary of stakeholders, and next steps. Mr. Slevin noted Brown and Caldwell firm will be consulting and teaching the team, and he is thankful and proud of the team and the product.

<b>Issue Area</b>	<b>Informational Briefings</b>	<b>Requests for Action</b>
Strategic Plan/Performance Management	4	0

## BUSINESS INFORMATION SYSTEMS

#### OPEN DATA REPORT (2016) - APRIL 5

Jack Kelanic, Information Technology (IT) Director, provided an overview of the 2016 Open Data Report, including 2016 highlights, policy direction, other highlights, Open Data Workgroup, achievements, and next steps.

#### TACOMA'S RECORDS MANAGEMENT SYSTEM IMPLEMENTATION EFFORTS- AUGUST 30

Jack Kelanic, Director, Information Technology, made opening remarks and provided information relative to the Tacoma Information Management System (TIMS) project, including background, the importance of managing business records, business drivers, TIMS 1.0 project history and obstacles, and lessons learned. He then provided information related to the TIMS 2.0 project, including the objectives, scope, solutions, key changes, recommended solution, security and compliance, implementation approach, fiscal impacts, recommended services, and next steps.

Issue Area	Informational Briefings	Requests for Action
Business Information Systems	1	1

## ISSUE AREAS NOT REVIEWED IN DETAIL

Constituent Communications

## POTENTIAL TOPICS FOR 2018

- Building Restructuring Plan
- Digital Equity
- SS911 Interlocal Agreements
- Radio System Access Fees
- CFP Revised Process
- Annexation (technical implementation and consequences)

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Deputy Mayor Ibsen, Chair

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Council Member Mello, Vice Chair

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Council Member Blocker

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Council Member Hunter