



# City of Tacoma City Council Study Session Minutes

747 Market Street, Tacoma WA 98402

Council Chambers

October 21, 2014

12:00 PM

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## Call to Order

Mayor Strickland called the study session to order at 12:10 p.m.

**Present:** 7 - Boe, Campbell, Ibsen, Lonergan, Mello, Walker and Mayor Strickland

**Absent:** 2 - Thoms and Woodards

Council Member Thoms arrived at 12:12 p.m. and Deputy Mayor Woodards arrived at 12:17 p.m.

## Briefing Items

### 1. 14-0994

Budget Work Session - General Fund Revenues and Cost Drivers

Mayor Strickland called upon Budget Officer Tadd Wille to review the General Fund proposed Biennial Budget and revenues, including taxes relative to property, business, sales, and utilities; and other revenues.

Council Member Thoms arrived here, at 12:12 p.m.

Mr. Wille reported since 2009 the City's General Fund tax revenues have increased an average annual percentage rate of 1.22 and is estimated to increase on an average 2.54 percent over the biennium.

Deputy Mayor Woodards arrived here, at 12:17 p.m.

Mr. Wille then reviewed estimated revenue sources, and a breakdown of items categorized as other taxes, fees, and charges. He then reviewed General Fund revenue adjustments, including a tax and license compliance increase, fire inspection fees, and public safety fee updates. Mr. Wille concluded by reviewing the General Fund reserves.

Joy St. Germain, Human Resources Director, reviewed the proposed Biennial Budget for salaries and health care benefits, including employee demographics, General Fund full-time equivalent (FTE) counts, expenditures, previously negotiated union contracts, salary increases, health care goals and

contributions, fluctuated costs, the Patient Protection and Affordable Care Act, and wellness events and activities.

Discussion ensued regarding other municipalities relating to the FTE count from the General Fund, department structure, and provided services. Council Member Walker requested staff provide information on the 2018 Federal Cadillac Tax. Council Member Ibsen requested information regarding strategies to lower the healthcare cost curve, the current healthcare cost curve, and goals needed to obtain sustainable levels. Council Member Mello requested information on the represented and non-represented employees FTE count from Tacoma Public Utilities (TPU).

Tim Allen, Interim Retirement Director, stated the Police and Fire Pension (PFP) and Tacoma Employees' Retirement System (TERS) are both meeting member expectations. He reported the PFP plan is a closed plan with 587 retired and 3 active members. Mr. Allen stated TERS is a defined benefit plan for non-uniformed City employees with approximately 2,200 retired/deferred and 3,300 active members. He then reviewed the TERS contribution rate, investment strategy, investment performance, and budget context. Mr. Allen concluded by reviewing the PFP and TERS funds by cost category.

Discussion ensued regarding funds that contribute to TERS every year, a comparison between TERS and other comparable public pensions, and the TERS declining contribution rates. Mr. Allen stated he would provide a further breakdown of the global equity, fixed income, and private equity portfolio of the TERS investment strategy. City Manager T.C. Broadnax stated the breakdown of the TPU FTE count is 1,463.5 positions, of which 457.3 or 31 percent are non-represented, and 1,006.2 or 69 percent are represented.

## **Other Items of Interest**

There were no other items of interest.

## **Agenda Review and City Manager's Weekly Report**

2. 14-0995 Weekly Report to the City Council, October 16, 2014

City Manager Broadnax stated at tonight's meeting there will be one recognition, recognizing Tae McKenzie, 2014 Pacific Region Youth of the Year, and a proclamation proclaiming October 19 through October 25, 2014 as Sarah Ioannides week, new music director for the Tacoma Symphony Orchestra.

## **Closed Session - Labor Negotiations**

**MOTION: Deputy Mayor Woodards moved to convene to Closed Session pursuant to RCW 42.30.140(4)(a)(b) to discuss labor negotiations, the session not to exceed 20 minutes.**

**SECONDED BY: Council Member David Boe.**

**ACTION: Voice vote was taken and carried. The motion was declared adopted.**

**Ayes:** 9 - Boe, Campbell, Ibsen, Lonergan, Mello, Thoms, Walker, Woodards and Mayor Strickland

## **Executive Session - Pending Litigation**

**MOTION: Deputy Mayor Woodards moved to convene to Executive Session pursuant to RCW 42.30.110(1)(i) to discuss pending litigation, the session not to exceed 15 minutes.**

**SECONDED BY: Council Member Boe.**

**ACTION: Voice vote was taken and carried. The motion was adopted.**

**Ayes:** 9 - Boe, Campbell, Ibsen, Lonergan, Mello, Thoms, Walker, Woodards and Mayor Strickland

Mayor Strickland stated Council would take a five minute break followed by Closed Session.

The Council convened to Closed Session at 1:20 p.m. The Closed Session concluded at 1:40 p.m.

The Council convened to Executive Session at 1:45 p.m. The Executive Session concluded and the study session reconvened at 2:00 p.m.

## **Adjournment**

There being no further business the study session was adjourned at 2:00 p.m.

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Marilyn Strickland, Mayor

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Doris Sorum, City Clerk