



## CITY COUNCIL

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**Mayor's Roundtable**  
**August 13, 2007**  
**Monday, 6:30 P.M.**

**Study Session**  
**Monday, 7:00 P.M.**

**CALL TO ORDER:** Mayor Asay called the special meeting to order at 7:00 P.M.

**ROLL CALL:** Present were Councilmember's Beaudry, Borek, Drotz, Heddlesten, and Sirack. Councilmember Neal was excused during the August 6<sup>th</sup> meeting. Councilmember Whalen was absent.

**STAFF PRESENT:** Interim City Administrator Carter, Finance Director/City Clerk Pierce, Planning & Community Development Director Terrell, Chief Rhoads, Deputy City Clerk Marcelia, City Attorney Phil Olbrechts

### **STUDY SESSION:**

#### **Guest Speaker:**

Mayor Asay introduced Gayla Gjertsen, Finance Director for the City of Tumwater. Ms. Gjertsen was present to talk about the roles of council and City staff. She also touched on the roles and responsibilities of the Finance Director. She talked about internal control, taking payments, GAAP accounting, and payroll. She stated that certain information regarding payroll is not disclosable.

Ms. Gjertsen touched on some of the challenges the City is facing.

Basic understanding of the roles of City Council and City staff: for local government, the City Council is the legislative body. The basic, most important things that Council provides are the policy statements. The City's policy statements, strategies, mission, values, and goals should be established and set by the City Council. That is the basic framework that management, the administrative side of the City, implements and make certain that those policies are being followed through. The policy direction, that is set by Council, can cover a variety of things. For example, the revenue direction in the policy statement can set future rates for park programs, for a variety of different things; administration needs to put the budget together, which has the framework for the fees, based on the policies that Council has set.

Directors work together: The directors' primary roles are the program managers of the budgets that Council has authorized. Ms. Gjertsen asked Council to picture in their mind a chart, that starts at the top, and has a summary nature. As it works its way down into the detail, the detail is for the program managers and the individual coding for individual purchases. As the summary goes up, it doesn't mean that Council doesn't have the authority or ability to see all of the detail – but Council's role is at the top. She shared some information from an article she wrote, stating that the City Councilmembers are the "eagles"; when you think of how an eagle works in the animal community, the eagle is very high – they view the world from a very high position. On occasion, they see or smell something that isn't correct, doesn't feel good, doesn't smell right – they dive down, get what they need, but they have to keep their head up. The City Council's role is to be strategic – to be looking high and long – they should be seeing the City in a non-myopic way, very global. They need to be out in front, like a "point man". She reminded Council that City Staff follows along with all of the busy work. She stated that it's like digging a trench from point A to point B: if we're not constantly looking up, to make sure we're still headed in the right direction, we'll go off course. Council needs to look at the big picture and keep looking up. While the Council is looking at the big picture, the director's jobs are to take care of the details – like coding the purchase orders and individual purchasing.

Ms. Gjertsen commented on how the Finance Director's position is slightly unique. The role of the Finance Director, by statute, is to be the Auditing Officer for the City. When the State Auditor's Office comes to the City, they will look to the Finance Director to make sure everything was charged correctly, that products were received as it was meant to be, that products were properly budgeted for, that everything has appropriately be followed through on. Unlike other department directors, the Finance Director's function or task can impede activity. Finance Directors sign a certificate, whenever a bill is paid, that states it is true and accurate, that the product was received, that the item was budgeted for, pricing is right, coding is correct, and everything is good. A Finance Director's job is on the line every single time payables are conducted – it is their responsibility. Not only do the auditors audit everything the Finance Director does, but they audit to the policies. They will look at the policies and will make sure management is implementing the policies correctly.

She also commented on internal controls. In a government of finance world, internal control, in a very simplistic format, is exactly the opposite of what the Police Department does. The Police Department has a role; when they arrest someone, they have the chain of custody which has to remain solid. They don't like to break the chain of custody. When they walk into court, they can swear to the judge that they took that product from "defendant A", they put that product in the cell where it's held, and that product was under their supervision until it came out and was utilized if so needed in a court action. This is completely opposite in the finance world. Everything is done to break that chain of custody so that there is not one person who takes all of the money in, posts it to the account, and then draws the checks out on the other hand. In the ideal world, whoever is taking in the cash and processing the mail is no the same person posting to the accounts. If they are, there should be a journal ran – adjusting on the billings, adjusting on the receipts that come in, and someone is looking at those making sure they are appropriate.

Two people should be involved in opening up the mail and processing the bank deposit – verifying the money.

Payroll is a private activity. Much of what's done inside the payroll function is not public knowledge. No one needs to know about garnishments, child support payments, and IRS tax liens. That information is between, what State Law says is the *Need to Know*, the person that needs to know in order to do their job and the employee. Council must set the salaries – either a range of salary or salaries for exempt employees. Council is to approve all union contracts. Council is supposed to set personnel policies and should be familiar with labor issues. The implementation of policy is taken care of by Staff. For example, the Payroll Officer should not, by the security of the computer system, have the ability to add an employee. That function should always be done by someone else. Payroll Officers should not have the ability to add a payroll or benefit type. The supervision of payroll is done internally. That's why internal control is so important.

GAAP Accounting: There are two ways to do accounting, Cash or Modified. Cash Accounting is when you get your paycheck, you deposit it into the bank and then write checks – cash in, cash out. Most cities do Modified and Cash. The State Auditor set a limit of either a population size or a gross revenue size of a utility, where you are required to go to Modified or GAAP Accounting. The State Auditor has now issued a new ruling that has raised that threshold, recognizing that there is no real benefit to GAAP Accounting, modified accrual. Cash Accounting meets all the needs the City has. She shared her personal opinion: it is a tremendous amount of Staff work, it is a tremendous amount of time and effort and cost to do GAAP Accounting, it provides no benefit. The only benefit that GAAP provides, that you can still do, is the fact that the City Council has a responsibility to know what is the value of the “plant”; how much is water worth?; how much is sewer worth?; when do we need to replace capital in the future? This is the only part of GAAP Accounting that is responsible and should be done. It should be done and is done in most cities even in they do Cash Accounting. She recommended that Public Works work on, and help finance, putting a value on the water system – giving the City an understanding of how old the lines are, where the lines are located, the size of the lines, and when they came about. Public Works need to notify Finance of new water lines that are put in.

Citizens and councilmembers were allowed to ask clarifying questions of Ms. Gjertsen.

Councilmember Borek commented on an issue with payroll not seeming to balance out due to quarterly reports. He stated that he understands why it doesn't balance, but wanted some clarification. Ms. Gjertsen stated that the biggest issue is that payroll is not public information. She said that payroll should not be coming before Council for approval.

Councilmember Heddlesten shared his concerns regarding the payroll documents that have been presented to council in the past. He agreed that he doesn't need to know how the salaries of the employees are dispensed, however, he wants to know the total amount of money that was expended. He shared that, on more than one occasion, it hasn't added up – there's been a sizable difference. Ms. Gjertsen stated that it is not appropriate to run

payroll vouchers through Council. She reiterated that payroll does not need to come to Council for approval.

Due to the processes they have to go through internally, when payables come before Council, it could be 45 days or more, since the beginning of the transactions. For example, even if the City wanted to send a screw or nail back, it couldn't – the product has been used. The Statute does say that the payable run has to be approved unless an auditing officer is appointed – the reason for that is so that the bills can be looked at and see if something needs to be turned back. The ability to say legally say “no” is completely different in the Accounts Payable world as it is in the Payroll world. She challenged the Council not to pay an employee. Council approved the salary schedule, the personnel policies that lay out when people get accruals, overtime, holiday pay, standby pay, jury duty pay, etc. Council has approved the union contracts that set when people get overtime, when they don't get overtime, when they get reimbursed for cleaning allowances or uniform allowances, etc. When Council approves those things, that's when they're approving payroll.

Councilmember Heddlesten stated that if the documentation that is put before Council is not accurate, then Council has the responsibility to see to it that it is corrected and that what comes to Council is accurate. He stated that he doesn't want to see the City in financial disarray, so keeping a close scrutiny of finances is important to him.

Ms. Gjertsen shared that quarterly reports from the department heads should reflect accurate numbers. She stated that people cannot be hired without going through the Mayor and the Council approving the FTE's. Council has approved the salary schedules and the hour types. Council should be getting quarterly reports from each department; each department report should reflect the percent of their budget that has been spent. That's the Council's fiscal responsibility. The detail is to be done by the Mayor, CAO, and Department Directors. Reports supplied by the departments, more frequently than quarterly, is too much. Council needs to focus quarterly, just as the Statute says.

As Department Directors, Staff's first job is to make sure there are no surprises – directors need to keep City Administrator and Mayor informed.

To clarify, Councilmember Borek commented that the easiest way to get around the issues at hand is to delete payroll from the agenda and look for the information in the Finance Department's quarterly reports. Ms. Gjertsen agreed. Councilmember Borek requested that the City look into this. Ms. Gjertsen stated that Tumwater's quarterly reports can be found on their website.

One of the pitfalls of being an elected official is getting bound up in payables when it has ultimately no meaning. The fiscal management is to set policies, goals, and achievements that are expected to be done in the next 12 months. Council's job is to value the cost of each department and the achievements of those departments. Council should be looking for performance measures. “Use it or lose it” is absolutely true. By State Law, the appropriations that Council makes to the departments go away as of December 31<sup>st</sup> each year. What is the benefit of being a good public employee who saves money? There

really is no benefit. Council needs to keep each department on task with the things that they said they want done, and the level of performance they expect from them.

Councilmember Heddlesten commented that he hopes he's serving on a Council that has enough integrity and intelligence to identify that a director, who comes in under budget, is more likely to give an honest appraisal of what they need next year. In turn, he would be more likely to give them what they need, possibly a little extra if it's available.

Per Director Pierce's request, Ms. Gjertsen brought up the topic of having a policy regarding grant acceptance. Her personal opinion was "absolutely", Council should have such a policy. She stated that City Council should have a policy that says no director should apply for any grant before it comes before the City Council for approval. A grant can tie the hands of future Councils as well as the current Council's future action. Council needs to know what the long term implications of every grant are – it's Council's decision.

Traditionally, cities that use the committee format potentially have a Public Works committee, a General Government committee, a Public Safety committee and a Budget/Finance committee. The Chairs of each of the committees (Public Works, General Government and Public Safety) usually serve on the Budget/Finance committee because they understand what's going through Public Works, General Government and Public Safety. A Budget/Finance committee would meet during the day and review the payables.

Mayor Asay thanks Ms. Gjertsen for taking the time to come and speak with the Council.

**AB07-007C Animal Control:**

Council held a discussion regarding the draft ordinance, incorporating King County regulations as part of the process for entering into a contract with King County to provide animal control services.

City Attorney Olbrechts drafted the ordinance incorporating King County regulations into the Milton Municipal Code and was present for questions and comments. He spoke on the difference between the City's code and King County's code.

Mayor Asay recessed the meeting for a 5 minute break at 8:37 P.M.

Mayor Asay reconvened the meeting at 8:42 P.M.

**AB07-095 Work Crew Program – Municipal Court:**

Chief Rhoads presented this item to council and stated that he and Judge Allen are in favor of the possibility of establishing a work crew program for persons who have been convicted for offenses in Milton Municipal Court.

Judge Allen has discussed the possibility of establishing a work crew program whereby persons convicted of minor offenses and who do not have the financial capability of paying for their fines would be allowed to work off their liability.

Interim City Administrator Carter explained that this is a conceptual idea and council shared their comments in agreement with the program.

Councilmember Beaudry asked if the union would be involved in the decision of this program. Chief stated that the union would be briefed on the program, but also shared that there is plenty of work that's not being completed due to lack of City staff.

Councilmember Heddlesten asked if the overseer would have special training. Chief Rhoads answered that a qualified person would be overseeing the work done.

Council asked what the City's liability would be if a work crew member got injured? Chief Rhoads stated that a release form would have to be signed.

Council was in agreement for such a program.

**AB07-096 Amending Building Codes to Require a Guard over Falling Hazard Area:**

Director Terrell shared that the Public Works Development Standards require a fence or guard on top of any retaining wall over 30 inches to protect someone from falling over the edge. The Building Codes and Zoning Code need to match the development standards.

Councilmembers asked clarifying questions regarding acceptable guards, walls, fences, etc.

**AB07-097 Proposed Third Party Building, Structures, Civil and Fire Inspection Roster:**

The Planning, Public Works, and Fire Departments wish to create a third party inspections roster to cover *as needed* building, fire and civil improvement inspections. Director Terrell stated that last year an expedited third party plan review roster was created. There were quite a few more permits submitted last year – and with limited staff, the process was becoming slow.

This roster would be similar to the expedited third party plan review roster. The Public Works, Fire Department and Planning Department need this new roster to help out with the Lloyd's building project as well as the new proposed hotel project on SR99.

Councilmember Beaudry shared that he thinks it's a great idea, especially since it won't cost the City any additional monies.

Councilmember asked clarifying questions of Director Terrell.

**AB07-098 Add Language to Zoning Code to Prohibit Extended Living in Recreational Vehicles:**

The zoning code is not clear as to whether living in recreational vehicles, travel trailers, etc. is a violation of the Milton Municipal Code. Director Terrell expressed a need to bring the proposed ordinance to the Planning Commission. Councilmembers agreed that the Planning Commissioners should review the ordinance.

**AB07-099 Include Code Enforcement Provisions for Streets, Stormwater and Clearing/Grading:**

Director Terrell stated that the MMC, Titles 12 and 13, have inadequate code enforcement provision for streets, stormwater and clearing/grading. The ordinance provided simply alters the definition of development regulations in MMC 17.78 to include the requirements in MMC Titles 12 and 13. Director Terrell requested to bring the ordinance back to Council for approval at the next meeting; Council agreed.

**AB07-100 Buildable Land and Affordable Housing:**

As an FYI, Director Terrell shared that the Planning and Community Development department has completed its buildable lands analysis. Under the Growth Management Act (GMA), each county and municipality in Puget Sound is required to make room for its fair share of regional growth. The Washington State Office of Financial Management (OFM) generates population figures for each city and county. The OFM population estimate for Milton in April 2007 was 6,520. Of this, approximately 5,695 people are in Pierce County.

**AB07-075A Job Description:**

Interim City Administrator Carter presented this item to Council. The council discussed revised job descriptions for all Administrative Assistant personnel and Deputy Court Administrator positions. Two of the job descriptions are new: the Administrative Assistant-Finance Technician II and the Entry Level Office Assistant positions. Carter commented that City Staff would be meeting with the union (tomorrow) to go over the details and changes to the job descriptions. Council will need to approve the revised job descriptions.

Councilmember Drotz clarified that these job descriptions are for positions that are currently in place, Carter agreed.

**AB07-101 Vacation Buyback Policy:**

Mayor Asay stated that, since 1994, the City has had an unwritten policy which allows employees to buyback 40 hours of vacation pay. An employee has asked to buyback more than 40 hours. Having an excessive amount of vacation pay on the books is a liability for the City.

Discussion ensued concerning a proposal which would allow a one-time buyback. Mayor Asay indicated her concern that the proposal would not create a lower cap on vacation accrual. Following additional discussion, Mayor Asay indicated she would research the issue further and hopefully bring back a policy that would protect both the City and employees.

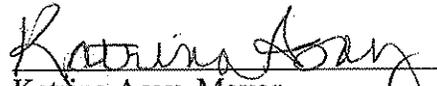
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**ADJOURNMENT:**

The meeting was adjourned at 9:56 P.M.

  
Katrina Asay, Mayor

ATTEST:

  
Katie Marcelia, Deputy City Clerk