FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

Executive Board:

Andy Cherullo, Chair
City of Tacoma

Jan Hawn
City of Bellevue

Susy Haugen
City of Everett

Glen Lee
City of Seattle

Executive Board Agenda

April 27, 2015

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

1. **CALL TO ORDER**
   a. Introductions

2. **PUBLIC COMMENT***

3. **APPROVAL OF MARCH 23, 2015 MEETING SUMMARY** **Page 2**

4. **REVIEW OF MARCH FINANCIAL STATEMENT** **Page 4**

5. **DISCUSSION ITEMS**
   a. 2016 Budget Draft and Three Year Product Roadmap **Page 8**

6. **OTHER BUSINESS**
   a. Project Implementation Status

7. **NEXT MEETINGS:**
   a. Operations Committee Meeting: May 11, 2015 at 2:00 p.m.
   b. Executive Board Special Meeting: May 14, 2015 at 4:00 p.m.
   c. Executive Board Meeting: May 26, 2015 at 12:00 noon

8. **ADJOURNMENT**

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

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Executive Board Meeting Summary

March 23, 2015

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

KEY: Underlined text indicates actions/decisions.
Bold/italicized text indicates follow up items.

Standing Items

1. CALL TO ORDER

The March 23, 2015, meeting of the FileLocal Executive Board was called to order at 12:03 pm and held in Conference Room 4070 of the Seattle Municipal Tower Conference in Seattle, Washington.

ROLL CALL

Board Members Present: Andy Cherullo (phone), Jan Hawn (phone), Susy Haugen (phone), and Glen Lee

Board Members Absent: none

Staff and Others: Jamie Carnell, Ezra Hodge (e-Gov Systems), Rick Mekdessie (e-Gov Systems), Laurie McVay, Marianne Bichsel, Jay Long (phone), Mike Doubleday (phone), Kjristine Lund (phone), Vanessa Lund (phone)

2. PUBLIC COMMENT

There were no public comments

3. APPROVAL OF MEETING SUMMARY

On a motion made by Jan Hawn and seconded by Glen Lee, the Board unanimously approved the January 26, 2015, meeting summary.

4. REVIEW OF FINANCIAL STATEMENT

There were no questions or concerns about the January and February Financial Statements.

5. ACTION ITEMS

A. Resolution FL2015-02, Conflict of Interest Policy: The policy was reviewed by Kjristine Lund of Lund Consulting. On a motion made by

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Glen Lee and seconded by Jan Hawn the resolution was passed with the following amendments:

I. Item 4A will be revised to indicate no agency officials shall accept any gifts

II. Item 4CIII will be revised to read "the Board member shall:"

III. Item 5E will be revised to read "he or she shall promptly inquire of the chair of the meeting and Agency legal counsel whether or not disclosure as provided by this section is appropriate or required and proceed as directed by the chair and legal counsel."

6. DISCUSSION ITEMS

A. 2014 Year in Review: Jamie briefly reviewed the 2014 accomplishments

I. All system component build-outs are completed, only change requests are in the works

II. Most of the operations/agency policies are completed.

B. 2015 Launch:

I. Service Level Agreements (SLA) are being drafted; they will be presented to the Executive Board at the April meeting. Quarterly performance reports, based on metrics included in SLAs, will be presented to the Board after roll-outs.

II. A strategic roadmap for 2016-2020 will be included with the 2016 budget discussions.

III. Business feedback regarding issues and improvements will be regularly solicited. There will also be recruiting efforts for new cities.

IV. Media outreach strategies are beginning to be developed.

V. City readiness is imperative. The Executive Board will be responsible for the Go/No Go decision for each launch.

7. ADJOURNMENT

On a motion made by Glen Lee and seconded by Susy Haugen and Jan Hawn, the Board adjourned at 12:48 p.m.

Respectfully Submitted,

Susy Haugen
Secretary, FileLocal

FileLocal

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FileLocal
Financial Statements
March 31, 2015

TABLE OF CONTENT	PAGE
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF ACTIVITIES	2
SCHEDULE OF BUDGET AND REMAINING BUDGET	3

Your one stop for local business licensing and tax filing

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

ASSETS		
Cash	$	712,447
Accounts Receivable		86,841
Prepaid - Insurance		3,744
Total Current Assets		803,032
TOTAL ASSETS		803,032
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		1,738
Total Current Liabilities		1,738
TOTAL LIABILITIES		1,738
NET ASSETS		
Net assets, unrestricted		801,294
TOTAL NET ASSETS		801,294
TOTAL LIABILITIES AND NET ASSETS	$	803,032

FILE LOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH AND YEAR-TO-DATE ENDED MARCH 31, 2015

	MARCH	YTD
REVENUES		
User fees	-	-
Reimbursable cost	-	
City of Seattle	-	368,997
City of Bellevue	-	53,714
City of Tacoma	-	86,841
City of Everett	-	24,996
Total reimbursable cost		534,548
Total revenues	$ -	$ 534,548
EXPENSES		
Accounting fees	1,000	3,252
Technology Costs	-	250
Bank fees	39	110
Conference costs	-	-
Insurance	416	1,256
Labor costs	-	-
Legal fees	502	1,240
License and membership fees		170
Office and Operating Supplies	-	-
Total expenses	1,957	6,278
CHANGE IN NET ASSETS	$ (1,957)	$ 528,271

FILELOCAL
SCHEDULE OF BUDGET AND REMAINING BUDGET
FOR THE YEAR TO DATE ENDED MARCH 31, 2015

	Budget	YTD Actual	% of Budget	Remaining Balance
REVENUES				
User fees	$58,106	-	0%	$58,106
Reimbursable cost				
City of Seattle	368,997	368,997	100%	-
City of Bellevue	53,714	53,714	100%	-
City of Tacoma	86,841	86,841	100%	-
City of Everett	24,996	24,996	100%	-
Total reimbursable cost	534,548	534,548	100%	
Total revenues	592,654	534,548	90%	58,106
EXPENSES				
Labor costs	314,740	-	0%	314,740
Contracts	36,440	4,618	13%	31,822
Overhead	43,807	1,660	4%	42,147
Technology Costs	230,133	-		
Operating Reserve	184,493	-		
Total operating expenses	809,613	6,278	1%	803,336
CHANGE IN NET ASSETS	(216,959)	528,270		
NET ASSETS, AS OF JANUARY 1, 2015	216,958	273,024		
NET ASSETS, AS OF MARCH 31, 2015	(1)	801,294		
Schedule I - Contracts				
Accounting	$20,000	$3,252	16%	$16,748
Auditing	10,220	-	0%	10,220
Insurance	5,500	1,256	23%	4,244
Bank fees	720	110	15%	610
Total	$36,440	$4,618	13%	$31,822
Schedule II - Overhead				
Legal	$25,000	$1,240	5%	$23,761
Conference costs	-	-	0%	-
Office and operating supplies	5,110	-	0%	5,110
Printing	5,110	-	0%	5,110
Licenses/Memberships	5,110	170	3%	4,940
Agency IT costs	3,477	250	7%	3,227
Total	$43,807	$1,660	4%	$42,147

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FileLocal Resolution FL 2015-03 Briefing Paper

Date: April 27, 2015

Issue: Draft 2016 Budget Review

Rationale: The Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement Section 13 sets a process for approving the annual budget. The process steps are as follows:

- No later than May 1 present a proposed budget to the Executive Board. The proposed Draft Budget is being presented at the April 27 Executive Board meeting.
- Resolution 2015-03 will be presented for passage at the May 28 Executive Board meeting.
- No later than June 15 the Executive Board shall (1) review and revise the draft budget as it deems appropriate; (2) approve the draft budget by Supermajority Vote, and (3) forward the same to the principals no later than July 1.
- A final budget must be approved by December 31.

The Operations Committee discussed the draft budget at their April meeting, requested modifications, and approved the draft budget to be reviewed with the Executive Board on April 27

The key areas of change discussed with the Operations Committee are:

- Addition of $146,578 to the Operating Reserve to be used for possible emergency production issues in the system.
- Increase in bank fees to allow agency to use electronic checks.
- Capital Cost Recovery Charges to Bellevue, Everett and Tacoma.
- Capital Cost Recovery Payments to Seattle.

The Operations Committee also agreed to revisit the budget at the September Board meeting to discuss additional funds for technology improvements in the system in 2016. The recommendation to the board is to revisit and possibly revise the budget in September once more is known about the usage of the system post launch and the immediate improvements needed in 2016. The Operations Committee will also bring the board a set of recommendations for adding new cities in 2016 which may reduce cost allocations.

FileLocal

Draft 2016 Budget

Below are the changes made to the 2016 budget:

1) Adjustment to bank fees to reflect e-check services from Bank.
2) CPI-U adjustment was made for 2015
3) Fund balance carryover from previous years is added to operating reserve

Washington Cities Business License and Tax Portal Agency
2016 Budget
April 7, 2015

	2016	
Revenue		
Fund Balance Carryover	146,578	<9>
User Fees	193,510	<1>
Reimbursable Costs		<2>
- City of Seattle	386,324	
- City of Bellevue	56,237	
- City of Tacoma	90,918	
- City of Everett	26,170	
Total Reimbursable Costs	559,649	
Capital Cost Recovery Charges		
- City of Bellevue	8,000	<8>
- City of Tacoma	12,000	<8>
- City of Everett	4,000	<8>
Total Capital Cost Recovery Charges	24,000	
Total Revenue	923,737	
Expenditures		
Labor	324,182	<3>
Contracts	38,520	<4>
Overhead	43,868	<5>
Technology Costs	329,888	<6>
Operating Reserve	163,279	<7>
Capital Cost Recovery Payments	24,000	<8>
Total Expenditures	923,737	
Excess (Deficit)	-	

Assumptions and Notes

<1> User fees are estimated based on the amount of 2012 actual filers.

<2> Reimbursable costs are allocated based on the allocation percentages defined in the Interlocal Agreement.

<3> Labor costs represent 2.5 FTE loaned in from City of Seattle. The total costs include salaries, fringe benefits, related payroll taxes and other allocated overhead costs. The labor costs are estimated based on actual 2013 with a CPI-U adjustment.

<4> Professional fees include accounting, insurance, and bank charges are based on the existing

<5> Overhead includes legal, supplies, printing, memberships and allocated information technology costs.

<6> Technology costs include fixed annual hosting and licensing fees, services based on the usage, and other associated fees. User fees are estimated based on the numbers of actual 2012 transaction count.

<7> The operating reserve is estimated based on 15% of total expenditure budget.

<8> Per Interlocal Agreement, capital cost recovery should be paid on an annual basis beginning in 2015. The amount include the capital cost recovery for both 2015 and 2016.

<9> Fund balance carryover from previous years is to be used as an additional operating reserve.

Washington Cities Business License and Tax Portal Agency
Projected User Fees, Transaction Fees, and Payment Processing Fees
April 7, 2015

	Seattle	Bellevue	Tacoma	Everett	Total
User Fees ($4 per filing)	$ 96,810	$ 40,760	$ 38,560	$ 17,380	$ 193,510
Transaction Fees Charged by E-Gov ($1.25 per count) <1>					$ 153,888

<1> Estimated based on current fee schedule between Kubra and City of Seattle. FileLocal Operating Committee will need to make final decision on Kubra fees.

Transaction Counts

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Transaction Counts *	212,457	30,927	50,000	14,392	307,776
% Allocation *	69%	10%	16%	5%	100%

** Per the Interlocal Agreement, 2012 actual transaction counts are used to estimate transaction fees and to determine cost allocation percentages among participating cities.*

2. Numbers of Filings

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Filings **	60,506	25,475	24,100	10,863	120,944

*** The 2012 Actual Filings represents the adjusted 2012 actual transaction counts by zero filers and estimated multiple transactions happening for one city. The numbers of filings are used to estimate user fees and payment processing fees.*

Adoption Rate (Five Years)

	2014	2015	2016	2017	2018
Adoption Rate Recommended by E-Gov	15%	40%	50%	60%	70%
Adjusted Adoption Rate ***	0%	20%	40%	50%	70%

**** The adjusted adoption rate reflects the adjustments made to the recommended adoption rate as a result of the expected live operation in the second quarter of 2015.*

Washington Cities Business License and Tax Portal Agency
Expenditure Budget Details (2015 - 2016)
April 7, 2015

		Proposed 2016 Revision	2017	2018
Personnel costs assumes max rate, 35% burden and 3% cola each year	FTE			
Portal Manager (assumes existing position salary)	1	157,890	162,626	167,505
Administrative Specialist (assume mid range)	0.5	37,469	38,593	39,751
Project Manager/Business Analyst (assume mid range)	1	128,823	132,688	136,668
Labor Total	*2.5*	*324,182*	*333,908*	*343,925*
Consultants and Service Fees				
Outside Accounting Services		20,890	21,349	21,819
State Auditor		10,445	10,675	10,909
Insurance and WCIA Fee		5,745	5,871	6,000
Bank Fees		1,440	573	586
Consultants and Service Fees, Total		*38,520*	*38,468*	*39,315*
Overhead				
Legal		26,112	26,687	27,274
City of Seattle Technology Fees		2,089	2,135	2,182
Office and Operating Supplies		5,222	5,337	5,455
Printing		5,222	5,337	5,455
Licenses/Memberships		5,222	5,337	5,455
Overhead Total		*43,868*	*44,833*	*45,820*
Info. Technology				
ASP Hosting fees		24,000	24,000	24,000
SAAS per Year		150,000	150,000	150,000
Portal Improvements (agreed to as part of budget process each year)		TBD in September		
USPS Address Validation (assumes 50,000 new address validations at .04 cents to be trued up after one full year of operation)		2,000	2000	2000
Transaction Fees (cost per transaction is $1.25 - uses the same adoption rate as user fees as well as the baseline budget allocation transaction count of 307,776 from updated 2012 #'s)		153,888	220,860	309,204
Info. Technology, Total		*329,888*	*396,860*	*485,204*
Total Operating Budget		736,458	814,069	914,263
Reserves				
Operating Reserve - 15%		110,469	8,354	15,029
Prior Year(s) Reserve		93,768		
Current Year Reserve		*16,701*	*822,423*	*929,292*
Total Budget		*753,159*		

Washington Cities Business License and Tax Portal Agency
Projected Reimbursable Costs and Capital Recovery Fees
April 7, 2015

1. Reimbursable Costs

Total Expenditures	753,159
User fees	193,510
Costs to be allocated	559,649
- Seattle	386,324
- Bellevue	56,237
- Tacoma	90,918
- Everett	26,170
Total estimated reimbusable costs (revenue)	-
2. Capital Recovery Fees	
Bellevue	8,000
Tacoma	12,000
Everett	4,000
Total Capital Recovery Fees	-

	2015	2016	2017	2018	2019	2020	2021
CPI-U-Sea-Tac-Bell MSA	0.74%	2.42%	2.38%	2.41%	2.35%	2.35%	2.34%

FileLocal Proposed Product RoadMap

April 27, 2015

Goals of the Agency

- Users will have a seamless, transparent, user-friendly and efficient experience
- Easy and timely access to knowledgeable staff at each participating city to respond to tax or licensing questions
- Error-free data collection, transmittal and tax payment process
- Local control and oversight of tax collections and policy
- Participating cities accountable for the accuracy and timeliness of information provide to the agency and to their customers

Goals of the Agency

- Decision-making jointly exercised by the Principles through the Executive Board
- Agency will seek to balance the interests of IT, Treasury, Finance and Tax Staff within participating cities in the development of the FileLocal's capabilities and operating rules
- Agency will comply with all legal requirements
- Agency will accommodate additional city partners over time and be able to process additional taxes and licenses over time
- Agency will support the ability to maximize the use of FileLocal so participating cities do not need to replicate FileLocal services

Goals of the Agency

- Agency will coordinate with the Department of Revenue
- Agency will be a cost effective solution for participating cities

Developing a Product Roadmap

- Agency is taking on increased responsibility for strategic development of FileLocal in partnership with e-Gov
- Stricter controls through the implementation of product management is necessary to ensure system remains stable, useable and financially feasible
- Agency recognizes there is a list of items cities identified during testing which have not been addressed
- There is a current waiting list of eight cities, two of which are ready to go at any time

Three Year Product Roadmap

	2015				2016				2017				2018			
Milestone:	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Implementation	Soft Launch CRs	Full Launch CRs Cities 1&2	Post-Launch CRs Cities 3&4	Xfer contracts												
Measure Customer Satsfaction					Baseline											
Budget Planning																
Board Approved Changes					Defect Fixes		Ease of Use Enhancements			Ease of Use Enhancements			New Features			
Customer Support Enhancements																
Customer Driven Changes																
City Participation																
Testing	E2E P1.5	E2E P3	E2E P4	E2E P5												
Technology	WCF		WSDL													

Priorities defined in the development of the product roadmap.

- Provide a reliable, usable and secure website to file for local business licenses and file local B&O taxes
- Sustain a customer satisfaction rate of 98% or higher
- Expand market share to 85% of businesses and preparers file and pay for B&O taxes through FileLocal
- Expand the member cities to include all cities with B&O taxes in WA

Production Issues – Highest Priority

System production issues (critical and high defects) and major problems identified via our feedback loops and product management process.

City Tax Rate and Policy Changes

- Tax Rates considered part of maintenance
- City policy changes affecting the use of FileLocal for a City need to go through the Change Management process

Strategic Product Categories

1. Defects
2. Ease of Use Enhancements
3. Customer Support
4. New Features
5. Customer Improvement Requirements (CIR)
6. Technology Improvements

Defects:

- Open defects from testing – all critical and high defects will be fixed during launch segments in 2015.
- All existing medium and low defects will need to be put through a Change Management process and be approved by Operating Committee and Executive Board for work in 2016.

2016 Ease of Use Enhancements

- Propose the reporting capability for the cities be built out further

2017:

Ease of Use Enhancements:

- Tooltips (based on business user feedback)
- Automate completion of UBI from Secretary of State API
- Access Management by the cites
- Other items approved by Operating Committee and Executive Board.

Customer Support Enhancements:

Based on feedback from users – make additional adjustments to training materials and customer support materials (FAQ, etc.)

2017 - 18 Items

New Features and Customer Improvement Requests:

Agreed upon new features and areas of improvement based on city and customer feedback.

Technology Improvements:

- Data Interchange Improvements - Data format consistency and developing a comprehensive set of test data for the internal Quality Assurance
- Planned Technology Changes