

# City of SeaTac

## 2015-2016 Budget Workshop

### Minutes Synopsis

October 9, 2014 (Thursday)  
9:00 AM

City Hall  
Council Chambers

**CALL TO ORDER:** The SeaTac City Council Budget Workshop was called to order by Mayor Mia Gregerson at 9:04 a.m.

**COUNCIL PRESENT:** Mayor Mia Gregerson, Deputy Mayor (DM) Anthony (Tony) Anderson, Councilmembers (CMs) Barry Ladenburg, Kathryn Campbell, Terry Anderson (*arrived at 9:20 a.m. and left at 4:39 p.m.*), Dave Bush (*left at 4:29 p.m.*), and Pam Fernald (*arrived at 11:13 a.m. and left at 4:38 p.m.*).

**STAFF PRESENT:** City Manager Todd Cutts, City Clerk Kristina Gregg, City Attorney Mary Mirante Bartolo, Finance & Systems Director Aaron Antin, Assistant City Manager (ACM) / Acting Human Resources (HR) Director Gwen Voelpel, Police Chief Lisa Mulligan, Community and Economic Development (CED) Director Joe Scorcio, Municipal Court Judge Elizabeth Cordi-Bejarano, Municipal Court Administrator Gail Cannon, Parks & Recreation (P&R) Director Kit Ledbetter, Executive Assistant Lesa Ellis, Senior Permit Coordinator Joyce Mullin, Building Official Gary Schenk, Administrative Assistant 3 Debra McClung, Program Manager Soraya Lowry, Police Captain Annette Louie, Public Works (PW) Director Tom Gut, Fire Chief Jim Schneider, and Deputy Fire Chief Brian Wiwel.

#### **RECOMMENDATION FROM THE CITY COUNCIL BUDGET WORKING GROUP**

DM A. Anderson provided background on the reason for the Council Budget Working Group. CMs Ladenburg and Fernald and he were tasked with working with staff to find a way to close the anticipated significant budget deficit and making a recommendation to the Council.

**Recessed:** Council recessed from 9:10 to 9:31 a.m.

*CM T. Anderson arrived during the recess.*

CM Ladenburg, reading CM Fernald's speaking points, reviewed the high-level joint recommendations made by the working group and the City Manager in order to decrease the budget gap: exercise the Council's full 6% authority in levying a new utility tax = \$2.7 million in annual revenue; increase fees to 50% of median of the fees in neighboring jurisdictions = \$450,000 annually; fund City Manager recommended decision cards = an average of \$300,000 each year over the biennium; and reduce expenditures (personnel and non-personnel) = \$600,000 each year of the biennium.

CM Ladenburg summarized the working group's efforts. He stated that staff projects, with the new revenues combined with the expenditure reductions, the budget will be balanced through 2018.

#### **BUDGET OVERVIEW PRESENTATION FROM CITY MANAGER AND FINANCE DIRECTOR**

Finance & Systems Director Antin reviewed the budget calendar: June 23 – Macro Budget Workshop, July – August – staff budget preparation, July – September Council directed working group; October 1 – draft budget; filed; October 9 – Workshop; October 14 and 28 – draft agenda bills/ordinances; November 1 – sixty day notice due if imposing new taxes with January 1 implementation date; November 12 – Property Tax public Hearing (PH) and new taxes; November 11 and 25 or December – final adoption of 2015 Property Tax Levy Amount, 2015-2016 Biennial Budget, and 2015-2020 Capital Improvement Program (CIP).

He reviewed the major assumptions used to develop the budget and the anticipated budget gap through 2018.

The balancing issue is that the revenue growth restrictions (1% cap on property tax) cannot continue to cover even minimal inflationary growth in expenses (2-3% historically). Public Safety costs are the largest portion of the General Fund (GF) and annual historical growth in this cost area is significantly and repeatedly over 3% per year.

Mr. Antin reviewed the joint recommendation from the working group and City Manager for 2015-2016 Budget: Revenues - add 6% Utility Tax at \$2.7 million per year, increase cost of services fees to 50% of market with inflation clause, utilize \$920,000 of construction sales taxes to sustain 2015-2016 operations, and continue to levy a property tax levy rate at the \$3.10/\$1,000 assessed value amount.

Expenditures - decision cards totaling \$604,724 over the biennium, expense reductions totaling \$1,240,679 over the biennium, 2.49% COLA, Public Safety Costs – Fire Service Interlocal Agreement (ILA) increases at 7% and Police services increases at 3.7%, increase human services funding in 2015 to \$510,000 and \$525,000 in 2016, and maintain the 25% strategic reserve balance for 2016 at \$8.5 million.

The five year forecast, with the recommendations, is a GF Balance of \$3,392 in 2018.

**BUDGET OVERVIEW PRESENTATION (Continued):** Discussion ensued regarding the reserves. Mr. Antin stated that there is no firm law. 25% is a healthy amount.

Mr. Cutts stated that it is difficult to get the gross number from utilities in order to estimate the Utility Tax revenue. He explained how the estimate was determined. He presented a draft agenda bill and Ordinance. Council concurred to move forward with an Ordinance authorizing the Utility Tax.

Mr. Cutts also explained the cost of service fees increase which is recommended to be set at 50% of the market plus inflationary adjustment with credit for owner occupied where possible. An Ordinance will be considered prior to end of year.

The Council working group explained their recommendation regarding fees. Council concurred with moving forward with an Ordinance to change the fees.

Mr. Cutts reviewed proposed cuts and detailed how personnel cuts were decided: cut Senior HR Analyst position - \$252,277, cut City Manager Administrative Assistant 1 position - \$162,233, cut one Police Department Community Service Officer (CSO) - \$260,909, discontinue Facilities 1.75 full-time employee (FTE) Custodial Pilot Program - \$49,844, cut one Court Judicial Support Specialist Position (vacant) - \$155,870, cut CED Senior Permit Coordinator to Permit Coordinator (vacant) - \$78,562, cut Fire Public Education Program and Newsletter - \$135,000, cut CM training opportunities - \$10,000 (one-time), cut citywide training budgets/programs - \$18,400, cut Finance Certified Annual Financial Report (CAFR) Award and Information Systems (IS) Professional Services - \$20,000 (one-time) and \$25,000 (ongoing), cut City Manager's Office training - \$3,020 (one time), and cut P&R Lifeguard Program at Angle Lake Park - \$69,564.

Council discussion ensued regarding the recommended cuts, specifically the Lifeguard Program and CSO position. The working group members present detailed their reasons for proposing these cuts. Most CMs showed support for retaining the Lifeguard Program but looking into additional opportunities for savings with this program.

Council concurred to leave the cuts in for now and discuss in more detail the CSO position and Lifeguard Program at a future meeting.

Mr. Antin reviewed the ending balances for all funds with an estimated ending budget of \$39.2 million in 2016.

### **DEPARTMENT BUDGET REVIEWS**

**City Council:** City Manager Cutts shared the City's road map. The City Council does not have any decision cards and he reiterated the one cut to the City Council budget: training - \$10,000. Executive Assistant Ellis clarified that while the proposed cut reduces the Council budget for National League of Cities (NLC) training, the City Council determines how the training budget is spent and if Council chooses to send more members to the NLC conference they would just have less funding for other trainings/conferences.

**City Manager's Office:** City Manager Cutts reviewed the department's road map. He stated he is recommending one decision card for his office: Community Engagement Pilot Project - \$31,000.

Program Manager Lowry reviewed the decision card.

ACM Voelpel responded to an inquiry by stating that this is a great supplement to the work of the Community Building Committee (CBC). The CBC has heard about this approach and is extremely supportive.

Mr. Cutts clarified that this pilot project is being proposed in lieu of the resident survey.

*CM Fernald arrived at this point in the meeting.*

**Legal:** City Attorney Mirante Bartolo reviewed the Legal Department's Align & Improve memo and decision card: add Prosecuting Attorney/reclass current Prosecuting Attorney to Chief Prosecutor - \$266,826.

Council discussion ensued regarding the decision card.

**Fire Services:** Deputy Chief Wiwel reviewed the Fire Services road map.

Fire Chief Schneider introduced Kent Regional Fire Authority (RFA) Finance Manager Margaret Martin.

**DEPARTMENT BUDGET REVIEWS (Continued):**

**Fire Services (Continued):** Chief Schneider and Deputy Chief Wiwel responded to a question related to public education in schools. The Highline School District (HSD) does not include this in their curriculum. Schools are under strict guidelines for improving grades. If this doesn't fit, it is a low priority.

Fire does not have any decision cards.

**Finance & Systems:** Finance & Systems Director Antin reviewed the road map and reductions.

Discussion ensued regarding the reductions and specific line items.

**Recessed:** Council recessed from 11:44 a.m. to 12:32 p.m.

**DEPARTMENT BUDGET REVIEWS (Continued):**

**City Clerk's Office:** City Clerk Gregg presented the department's road map and decision card: Add Part-Time (0.5) to Full-time (1.0) Records Management Coordinator - \$96,555.

Council discussion ensued regarding public disclosure requests (PDRs).

**HR:** Acting HR Director Gwen Voelpel reviewed the department's road map.

Mr. Cutts reviewed the decision card: Classification & Compensation Study - \$75,000 (one-time). The question still to be answered are how positions are handled when a position is under or over market. He provided options to be discussed later.

Council discussion ensued regarding the decision card.

**Police Services:** Police Chief Mulligan reviewed the department's road map and align and improve memo.

Discussion ensued regarding the proposed CSO position cut.

Mr. Cutts stated that if Council chooses to have an additional budget workshop, this topic would be a good one to discuss further.

Police Captain Louie detailed the history of the two SeaTac CSO positions.

**Municipal Court:** Judge Cordi-Bejarano reviewed the department's road map. The Court does not have any decision cards.

Judge Cordi-Bejarano and Court Administrator Cannon discussed service level ramifications with the proposed Judicial Support Specialist position cut.

**CED:** CED Director Scorcio reviewed the department's road map which deals mostly with City Council goals.

He discussed the fee schedule proposal and reviewed decision cards: add Electrical Inspection Professional Services - \$4,500, and Code Compliance – Reclass Code Enforcement Officer to Code Compliance Program Coordinator and add 0.5 Administrative Assistant 2 FTE - \$111,585.

Council discussion ensued regarding the Code Compliance Program.

**Parks & Facilities:** P&R Director Ledbetter reviewed the department's road map.

Discussion ensued regarding the decision cards: CLASS registration system replacement – \$906 (GF) and add two 3-month and one 6-month seasonal maintenance positions - \$54,604; and CIP requests - New Fire Station #45 - \$4,456,656; SeaTac Community Center Exterior Beam Repair - \$25,656, Valley Ridge Community Center Improvements - \$315,010, Pea Patch - \$65,000, SeaTac Community Center Restrooms & Locker Rooms Tile & Partition Replacement - \$52,426, Riverton Heights Property Development - Riverton Heights Property Development - \$65,192, City Hall Lighting Upgrade – 2015 - \$64,100, 2016 - \$64,100, Valley Ridge Park Playground Equipment Replacement - \$95,990, City Hall Atrium Glass Replacement & Vestibule Addition - \$176,219, Hughes Property Trail & Waterfront Park Project – 2015 - \$28,125, 2016 - 570,150.

**Facility Repair and Replacement Fund #110:** Mr. Antin stated that this fund is for projects between \$5,000 and \$20,000 that are suitable for repair and replacement activities for facilities and parks. Revenue for this fund is coming from Fund 108.

**DEPARTMENT BUDGET REVIEWS (Continued):**

**Facility Repair and Replacement Fund #110 (Continued):** P&R Director Ledbetter stated that staff takes all items related to a facility, such as carpets, and places a life expectancy on it and funding is saved through the years to pay for the replacement when it is needed.

Discussion ensued regarding the 2015/2016 repair and replacement schedule for City facilities and parks.

**PW:** PW Director Gut reviewed the department road map and align and improve memo for the GF.

He also reviewed the GF decision cards: (1) American Public Works Association (APWA) Accreditation Program - \$3,333 from the GF, \$3,334 from the Street Fund, and \$3,333 from the Storm Water Management (SWM) Fund; and Neighborhood Grant Programs - \$10,000.

Council discussion ensued on APWA Accreditation Program with concerns over the cost versus benefits. Council concurred to leave this decision card in the budget for now, however they requested additional discussions on this topic.

**Street Fund #102:** Mr. Gut stated reviewed the projected parking tax revenue versus actual for 2007 – 2014. The actual collection is much lower than anticipated.

**Des Moines Creek Basin Interlocal Agreement (ILA) Fund #111:** Mr. Antin stated that this is largely a fiduciary responsibility.

**SWM Fund #403:** Mr. Gut reviewed the decision cards: Stormwater Specialist/Asset Management Coordinator - \$129,929, and Stormwater Asset Management Program Equipment - \$295,000.

Mayor Gregerson stated that due to limited time, Council will review the Capital Budget at the next Council Study Session (CSS). Council will also schedule additional time at a future meeting for continued discussion about the CSO position, Lifeguards program, and the (APWA) Accreditation Program.

*CM Bush left at this point in the meeting.*

**SWM Fund #403 (Continued):** Mr. Gut continued reviewing the decision cards: Low Impact Development Citywide Infeasibility Study - \$50,000.

Council discussion ensued regarding the decision cards.

**Equipment Rental Fund #501:** Mr. Gut stated this is an internal service fund. He reviewed the decision cards: 3,000 Gallon unleaded fuel tank - \$50,000.

Council discussion ensued regarding this decision card.

*CMs Fernald and T. Anderson left at this point in the meeting*

**Equipment Rental Fund #501 (Continued):** Mr. Gut continued reviewing decision cards: Fleet Asset/Maintenance Software - \$25,000.

*This item was postponed to the October 14 CSS due to limited time.*

**Review the 2015-2020 Capital Improvement Program (CIP)**

Council 2015-2016 Budget Workshop was closed at 4:50 p.m.