

# City of SeaTac

## 2017-2018 Budget Workshop 1

### Minutes Synopsis

October 10, 2016 (Monday)  
4:00 PM

City Hall  
Council Chambers

**CALL TO ORDER:** The SeaTac City Council 2017-2018 Budget Workshop 1 was called to order by Mayor Michael Siefkes at 4:00 p.m.

**COUNCIL PRESENT:** Mayor Michael J. Siefkes, Deputy Mayor (DM) Pam Fernald (*arrived at 5:02 p.m.*), Councilmembers (CMs) Rick Forschler, Peter Kwon, Tony Anderson, and Erin Sitterley. Excused absent: CM Kathryn Campbell.

**STAFF PRESENT:** Acting City Manager Joe Scorcio, City Attorney Mary Mirante Bartolo, City Clerk Kristina Gregg, Acting Finance Director Gwen Pilo, Financial Consultant Roan Blacker, Senior Assistant City Attorney Mark Johnsen, Human Resources (HR) Manager Vanessa Audett, Deputy Chief Brian Wiwel, Public Works (PW) Director Will Appleton, Acting Community & Economic Development (CED) Director/Economic Development (ED) Manager Jeff Robinson, Parks and Recreation (P&R) Director Lawrence Ellis, GIS Coordinator/Analyst Zinta Smidchens, Police Chief Lisa Mulligan, Executive Assistant Lesa Ellis, and Municipal Court Administrator Gail Cannon.

**RECESSED:** Mayor Siefkes recessed the workshop to an executive session on potential litigation at 4:01 p.m.

**EXECUTIVE SESSION: Potential Litigation RCW 42.30.110(1)(i) (30 minutes)**

City Clerk Gregg announced Council requested an additional 10 minutes.

**RECONVENED:** Mayor Siefkes reconvened the workshop at 4:40 p.m.

**PUBLIC COMMENTS (related to the agenda items listed below):** Earl Gipson spoke regarding the SWM Fund 403 decision cards. He urged Council to deny these requests and consider combining services with other cities. He also questioned the justification of moving the Human Services division under Parks and Facilities.

#### **Budget Overview Presentation from Acting City Manager and Acting Finance Director**

Acting City Manager Scorcio stated this is the 1<sup>st</sup> of 4 scheduled workshops on the budget. He explained the budget process.

Mr. Scorcio introduced Acting Finance Director Pilo and Financial Consultant Blacker. He stated the 2017-2018 preliminary budget provides for the same level of service as the 2015-2016 budget.

He detailed changes that have been made to the process and budget from past budgets, including providing a clear link between revenues and expenditures.

#### **Organizational Alignment/Changes**

Changes in City Manager's Office: City Clerk's Office has been moved to the Legal Department and Human Services has been moved to the Parks & Recreation & Facility Department. In addition, all directors are sharing the responsibility of backing up the City Manager position.

The Legal & City Clerk departments have remerged.

Parks, Recreation & Facilities Department has rebranded to Parks, Community Programs, & Services Department, and now includes the Human Services Manager position.

PW Department: proposed creating a Solid Waste & Environmental Fund, moved PW Administration out of General Fund (GF) and into Streets/SWM/SWE, Moved Engineering Review FTE's costs to Street & SWM (Division remains in CED), and Transfer out of GF 50% of Engineering Review Revenue to Street & SWM.

### **Revenue and Expenditure Review**

Total revenue projection for 2017-2018 is \$126 million. Revenues are down from 2015-2016 by about \$3 million due to some special projects coming to an end, and one time projections for sale of property or grants. Long term budget stability is something to consider as Council wants to add items to the budget. Mr. Scorcio stated he has no concerns at this time with maintaining the balanced budget.

Total expenditure projection for 2017-2018 is \$128 million. This is an increase from \$127 million in 2015-2016. This is mostly due to anticipated consumer price index (CPI) for contract services as well as employees. Staff has reached tentative agreement with the AFSCME Union. Once the union approves the contract, it will come before Council. Included in the new contract is alternatives to healthcare programs; same level of service at reduced costs. Also, there are some increases in expenditures, primarily in Surface Water and Capital Improvement, use built up reserves for projects in 2017-2018. Staff is also looking into options of leasing equipment instead of purchasing new equipment.

Discussion ensued regarding the equipment repair and replacement fund, and the potential of working with other entities to “share” equipment, and LTGO (Limited Tax General Obligation) bonds.

### **Input from Administration & Finance (A&F) Committee**

Mr. Scorcio stated staff worked with the A&F Committee to review organizational and alignment changes and Affirmed Council Retreat Macro Budget decisions, including target reserve at 4 months (up from 3 months), and maintaining Human Services at 1.5% of General Fund (GF) Operating Expenditures. The proposed 2017-2018 budget builds in the four month reserve balance.

Mr. Scorcio commented on proposed fee changes stating that some have been approved already and some will be reviewed by Council for action: traffic impact fees approved in August and effective in 2017, and business licenses, parking tax, and City Fee Table will all be reviewed at a future meeting.

The city has a very stable revenue base. The preliminary budget is as close to a zero base budget as possible.

As the budget is proposed today, based on Council direction, there is no 1% or increase for the implicit price deflator related to property tax in the preliminary budget.

*This item was moved forward on the agenda to accommodate presenters.*

### **Identify and Confirm items for Additional Review/Analysis**

Mr. Scorcio reviewed items to be discussed at a future meeting: summary of savings, Fund 105, debt services, and current balances.

### **Department Budget Reviews - General Fund**

#### **City Council**

Executive Assistant Ellis reviewed services provided by the City Council, as well as budget summary with a .6% decrease from the 2015-2016 budget.

Discussion ensued regarding citywide memberships, and quarterly report of Council costs. The A&F Committee will review the options for the report.

#### **City Manager's Office**

Mr. Scorcio reviewed services provided by the City Manager's Office, and budget summary with a 39.4% reduction. He explained that while there is a reduction in the City Manager's Office budget, it may not be reflected in the City budget due to some funds were transferred to other departments.

Discussion ensued regarding the staffing in the City Manager's Office and the city's process for actively reviewing contracts.

Mr. Scorcio presented the first Errata sheet and reviewed revisions. Council will be asked in the future to adopt the preliminary budget as amended including Errata sheet.

### **Finance and Systems**

Acting Finance Director Pilo and Acting System Director Perman reviewed department goals, services provided, and budget summary with a 1.9% increase over 2015-2016 due to audit costs and armored car services, and maintenance costs for programs throughout the city.

Discussion ensued regarding the increase due to armored car service, and asset management software.

### **Confirm Budget Timeline / Workshop Agendas**

Mr. Scorcio reviewed the proposed workshop agendas and timeline:

Budget Workshop 2 – October 24

Budget Workshop 3 – November 3

Budget Workshop 4 – November 7

Levy Setting – November 22

Public Hearing – November 22

Budget Adoption – November 22

**ADJOURNED:** Mayor Siefkes adjourned the workshop at 6:35 p.m.