

City of SeaTac

2017-2018 Budget Workshop 2

Minutes Synopsis

October 24, 2016 (Monday)
4:00 PM

City Hall
Council Chambers

CALL TO ORDER: The SeaTac City Council 2017-2018 Budget Workshop 2 was called to order by Mayor Michael Siefkes at 4:00 p.m.

COUNCIL PRESENT: Mayor Michael J. Siefkes, Deputy Mayor (DM) Pam Fernald, Councilmembers (CMs) Rick Forschler (*left at 6:00 p.m.*), Kathryn Campbell, Peter Kwon (*arrived during the Executive Session*), Tony Anderson, and Erin Sitterley.

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, Fire Chief Jim Schneider, Deputy Fire Chief Brian Wiwel, Public Works (PW) Director Will Appleton, Acting Community & Economic Development (CED) Director/Economic Development (ED) Manager Jeff Robinson, Building Services Manager Gary Schenk, Engineering Review Manager Ali Shasti, Parks, Community Programs & Services Director Lawrence Ellis, Facilities Manager Brian Ruda, Recreation & Cultural Service Manager Brian Tomisser, Parks Operations Manager Mike Fitzpatrick, Human Services Program Manager Colleen Brandt-Schluter, Executive Assistant Lesa Ellis, Police Chief Lisa Mulligan, Police Captain Carl Cole, Municipal Court Judge Elizabeth Cordi-Bejarano, and Municipal Court Administrator Gail Cannon.

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

EXECUTIVE SESSION: Potential Litigation RCW 42.30.110(1)(i) and/or OPMA Exempt Meeting per RCW 42.30.140(4)(A) (20 minutes)

RECONVENED: Mayor Siefkes reconvened the workshop at 4:21 p.m.

Acting City Manager Scorcio stated that staff is maintaining an errata sheet and provided an updated version. This sheet will continue to be updated throughout the budget review process.

PUBLIC COMMENTS (related to the agenda items listed below): Earl Gipson spoke regarding the Fire services contract and questioned whether it has lived up to the projections that were done when SeaTac joined the Kent Regional Fire Authority (RFA).

Department Budget Reviews - General Fund

Fire Services (Contract)

Kent Regional Fire Authority (RFA) Fire Chief Schneider, Deputy Chief Wiwel, and Finance Manager Margaret Martin reviewed department goals, services, and budget summary with a 4.1% increase from the 2015-2016 Budget.

Discussion ensued regarding increase in costs and Fire Explorers.

Chief Schneider stated that the increase in costs is mainly related to wages and salaries, not an increase in services.

Deputy Chief Wiwel stated that the Fire Explorer costs were originally charged to the SeaTac budget and are now absorbed by the Fire Department.

Police Services (Contract)

Police Chief Mulligan and Captain Carl Cole reviewed department goals, services, and budget summary with an 8.4 % increase from the 2015-2016 Budget.

Chief Mulligan stated salaries and wages are for one city employee as well as a court security officer and the intergovernmental costs relate to Animal Control, SCORE Jail, and Police Services.

Department Budget Reviews - General Fund (continued):

Police Services (Contract) (continued): Discussion ensued regarding SCORE Jail related costs, police staffing, crime statistics related to SeaTac being an airport community, police services contract which expires December 31, 2016, Animal control contract related costs, and grants.

Municipal Court

Judge Cordi-Bejarano and Court Administrator Cannon reviewed department goals, services, and budget summary with a 6.2% increase from the 2015-2016 Budget.

Discussion ensued regarding the use of electronic forms and signatures removing the need to transport inmates, grants for court, and utilizing alternative solutions to serving time in jail which reduces the city's costs.

Upon a question about the impacts from the airport related to Municipal Court, Judge Cordi-Bejarano stated she could look at other cities with a comparable case load and look at the make-up of their cases versus what SeaTac has.

Ms. Cordi-Bejarano stated that the city's use of the SCORE Jail has stayed consistent with an average of 19. The original estimate for the city's use was 9.

Legal / City Clerk

Senior Assistant City Attorney Johnsen and City Clerk Gregg reviewed department goals, and services. Mr. Johnsen reviewed the budget summary for the Legal portion with a 1.6% increase from the 2015-2016 Budget.

City Attorney Mirante Bartolo explained that while the department has an employee leaving at the end of the month, there is no change reflected in the budget because the position is not proposed to be eliminated at this time. The department will attempt to absorb the duties with existing staff and assess what the city and the department need within the next few months.

Ms. Gregg reviewed the budget summary for the City Clerk's Office with a 10.7% decrease from the 2015-2016 Budget. The intergovernmental line item increase is due to elections, voter pamphlet, and voter registration cost estimates provided by King County (KC).

She also reviewed funds being transferred from the City Manager's Office to the City Clerk's Office for Administrative Assistant 3 position, SeaTac Report, City Manager Weekly Update (CMWU), SeaTV, and postage machine related costs. The difference between the 2015-2016 Budget and 2017-2018 Budget for these costs is an increase of 4.7% due mostly to an increase in health benefits for one employee due to family status change.

Discussion ensued regarding salaries and benefits, elections related costs, and potential costs related to recording Council committees if approved at the October 25 Regular Council Meeting (RCM).

Human Resources (HR)

HR Manager Audett reviewed department goals, services, and budget summary with a .3% decrease from the 2015-2016 Budget.

Discussion ensued regarding the department goal of Fostering student learning and development through the Tye Educational Complex. Ms. Audett provided an example of how that goal is supported with participating in the Tye career fair.

RECESSED: Mayor Siefkes recessed the workshop from 5:49 p.m. to 6:00 p.m.

CM Forschler left at this point in the meeting.

Parks, Recreation, Facilities, & Human Services

Parks, Community Programs & Services Director Ellis reviewed department goals, services, and budget summary for Parks Administration with an 8.6% decrease, Parks Maintenance with a 10.4% decrease, Recreation with a 1.1% decrease, Facilities with a 4.1% increase, and Human Services with a 1.2% increase from the 2015-2016 Budget. The department summary budget as a whole has an increase of 4.2%.

Department Budget Reviews - General Fund (continued):

Parks, Recreation, Facilities, & Human Services (continued): Council discussion ensued regarding resident discounts, priority opportunity for residents to register for classes, Historical Society displays at city hall and the community center, and Human Services budget.

Upon a question raised regarding the total increase percentage, Ms. Pilo stated that the Human Services division was moved into the Parks budget mid-biennium, which is skewing the end numbers. It is not a true 2-year to 2-year comparison.

Mr. Ellis responded to questions regarding the goal to energize and enhance cultural arts program through development of an Arts Master Plan goal. He stated the first step will be to develop an Arts Commission, which takes a strong staff liaison to keep it going.

Discussion ensued regarding grants and lifeguards.

Community & Economic Development

Acting CED Director/ED Manager Robinson reviewed department goals, services, and budget summary with a 4.2% decrease from the 2015-2016 Budget. The CED budget intergovernmental line item includes a transfer of 50% of the engineering review fees to Streets and Storm Water for \$223,400.

Discussion ensued regarding intergovernmental line item.

General Fund Revenues

Acting Finance Director Pilo reviewed the types of revenues: Taxes, Licenses and Permits, Intergovernmental, Charges for Goods and Services, Fines and Forfeits, Miscellaneous (Interest/Rents), and other financing sources.

When revenue estimates are being developed, the following is reviewed: historical, trends, risks, and economic factors. Also considered are: outliers, growth factors, timing, and one-time. All revenues are estimated conservatively.

The proposed 2017-2018 Budget revenue summary total is a 1.4% decrease from the 2015-2016 Budget.

Acting City Manager Scorcio stated that the budget was not built on the expectation of property being sold. Sale of property is an option in order to pay for additional items.

Discussion ensued regarding fines & forfeits, revenue for new properties, and 1% property tax.

Mr. Robinson stated that property taxes for new buildings were figured into the budget. The tax revenue generated by the hotels is in the H/M Tax fund.

Ms. Pilo stated the 1% property tax has not been calculated into the preliminary budget.

GF Budget Summary:

Acting Finance Director Pilo stated that the 2015-2016 Budget is estimated to have an ending fund balance \$4,443,838 over the target end balance. The 2017-2018 Budget is estimated to have \$5,459,086 over target end balance.

Ms. Pilo stated that four months of reserves is the target fund balance.

Mr. Scorcio stated that Council needs to be careful not to over commit and sustainability needs to be considered.

Mr. Blacker is working on a long term forecast that will be presented to Council at a future meeting.

Department Budget Reviews - Dedicated Funds

Transit Planning Fund #106

Acting CED Director / ED Manager Robinson reviewed services provided through this fund related to the Angle Lake Station and budget summary with a closeout of this fund by the end of 2018.

Discussion ensued regarding Sound Transit and whether there are any other related costs/revenues in the next biennium. Mr. Scorcio stated staff anticipates there will be a subsequent term sheet and development agreement (DA) which will have a funding package with it. Nothing has been factored into the budget because it hasn't been negotiated and approved yet. Staff anticipates it to be revenue neutral because the city only spends what it receives.

Hotel/Motel (H/M) Tax Fund #107

Acting CED Director / ED Manager Robinson reviewed services provided through this fund and budget summary with a 48.1% increase in revenues and 12.5% decrease in expenditures from the 2015-2016 Budget. The ending fund balance is 8.8% increase from the 2015-2016 Budget. This budget is recommended by the H/M Tax Advisory Committee.

Discussion ensued regarding staffing and whether it would be beneficial to add a position. Mr. Scorcio stated the City needs to continue demonstrating value to the committee before requesting additional staff.

Building Management Fund #108

Acting CED Director / ED Manager Robinson reviewed services provided through this fund and budget summary with a 18.5% decrease in revenues and 31.3% decrease in expenditures from the 2015-2016 Budget. The ending fund balance is 34.6% increase from the 2015-2016 Budget. Mr. Robinson stated that only half of the 2018 revenues/expenses were budgeted for the SeaTac Center with the hopes that it will be sold by that time.

Discussion ensued regarding City Hall 2nd floor availability. Mr. Robinson stated the 2nd floor is not fully leased. Projections are based on about half of the 2nd floor leased.

Facility Repair and Replacement Fund #110

Acting Finance Director Pilo stated this fund no longer meets the criteria to be a special revenue fund so the expenditures are being transferred to the Parks, Community Programs & Services Department budget and the remaining funds will be transferred to the General Fund. This fund will have a \$0 balance at the end of the year.

Debt Service Funds

2009 Refunding Bond Fund #2016:

Financial Consultant Blacker stated the bonds were issued in 2009 for relative tourism activity. There is a 0% change from the 2015-2016 Budget. The numbers are fixed due to a fixed rate bond schedule. The bonds expire December 1, 2018. These bonds are backed by a 1% Hotel/Motel Tax.

SCORE Bond Fund #2017:

Financial Consultant Blacker stated these bonds were issued in 2009. SeaTac's obligation is 3%. This is a fixed obligation. The payment is \$161,700 in 2017 and \$161,616 in 2018.

Ms. Pilo stated the cost is paid by SCORE through the contract agency revenue, but SeaTac is obligated to show it in the budget.

Time did not allow for the Public Works funds to be reviewed. They will be reviewed at Budget Workshop 3.

Public Works Department

Street Fund (102)

Des Moines Creek Fund (111)

Surface Water Fund (403)

Solid Waste Fund (404)

Equipment Repair and Replacement Fund (501)

Identify and Confirm items for Additional Review/Analysis

Mr. Scorcio reminded Council that Budget Workshop 3 is scheduled for November 3 and Budget Workshop 4 is scheduled for November 7. Decision cards are scheduled to be reviewed at Budget Workshop 4.

ADJOURNED: Mayor Siefkes adjourned the workshop at 7:21 p.m.