

City of SeaTac

Council Study Session Minutes Synopsis

November 22, 2016
5:00 PM

City Hall
Council Chambers

CALL TO ORDER: The SeaTac City Council Study Session (CSS) was called to order by Mayor Michael Siefkes at 5:00 p.m.

COUNCIL PRESENT: Mayor Michael J. Siefkes, Deputy Mayor (DM) Pam Fernald, Councilmembers (CMs) Rick Forschler (*arrived at 5:01 p.m.*), Kathryn Campbell, Peter Kwon, Tony Anderson, and Erin Sitterley.

STAFF PRESENT: Acting City Manager Joe Scorcio, Senior Assistant City Attorney Mark Johnsen, City Clerk Kristina Gregg, Water Quality Technician Tom George, Code Compliance Administrative Assistant 2 Margarita Flores, Parks, Community Programs and Services Director Lawrence Ellis, Facilities Manager Brian Ruda, Police Chief Lisa Mulligan, Acting Community & Economic Development (CED) Director/Economic Development (ED) Manager Jeff Robinson, Public Works (PW) Director Will Appleton, and Acting Finance Director Gwen Pilo.

PUBLIC COMMENTS (related to the agenda items listed below): Roger McCracken spoke regarding Commercial Parking Tax. He stated that while the need is understood, the funds can't all come parking businesses.

CM Forschler arrived at this point in the meeting.

Earl Gipson spoke regarding decision cards and stated his disappointment in the budget process from Council.

PRESENTATIONS - INFORMATION ONLY:

Introduction of New/Promoted City Employees: Water Quality Technician Tom George and Code Compliance Administrative Assistant 2 Margarita Flores

Acting City Manager Scorcio introduced Mr. George and Ms. Flores.

PRESENTATIONS – COUNCIL DIRECTION:

Capital Improvement Program (CIP)

Acting City Manager Scorcio reminded Council they have seen all of the presentations for the CIP. He requested Council only identify and remove items that Council wants more discussion on.

Council discussion ensued regarding the Community Garden.

Fund #301

Project	2017	2018	Council consensus
City Hall Parking Lot Repaving		\$282,576	Approved as presented
City Hall Lighting Upgrade	\$64,100	64,100	Approved as presented
City Hall Elevator	64,161		Approved as presented
Angle Lake Park-Phase II		179,230	Approved as presented
Valley Ridge Playground	1,678,028	2,069,235	Approved as presented
Angle Lake Playground	52,575		Approved as presented
Sunset Park Tennis Court Renovation		120,450	Approved as presented
Community Garden	95,000		Reduce by \$30,000
Riverton Heights Park	358,133		Approved as presented
Hughes Property Trail	570,150		Approved as presented
188th St Fence Beautification	105,338		Approved as presented
North SeaTac Park Improvements		157,433	Approved as presented
Total	\$2,987,485	\$2,873,024	

**PRESENTATIONS – COUNCIL DIRECTION (continued):
 CIP (continued):**

Equipment	2017	2018	Council consensus
Computers & Monitors	\$30,000	\$30,000	Approved as presented
City Hall Virtual Servers	14,000		Approved as presented
Electronic Plan Review Monitors	2,600	2,600	Approved as presented
City Hall UPS Batteries	6,658		Approved as presented
Maintenance Shop Exercise Equipment	8,064		Approved as presented
Convection Oven	6,388		Approved as presented
Soccer Goals (3 Fields)		10,079	Approved as presented
Total	\$67,710	\$42,679	

Fund 306

Project	2017	2018	Council consensus
Demolition of Old Fire Station #45	\$157,495		Approved as presented
Total	\$157,495	\$0	

Fund 308

Project	2017	2018	Council consensus
South 154 th Street Station Area Property Acquisition	\$1,250,000	\$500,000	Approved as presented
Total	\$1,250,000	\$500,000	

Council concurred to include these items in the 2017 - 2018 Biennial Budget with the reduction of \$30,000 for the Community Garden.

Other Additions/Deletions/Objectives & Actions

Acting City Manager Scorcio presented an additional budget message/objective regarding the mapping study analysis.

Council discussion ensued regarding the budget objective presented. Council concurred with adding this objective.

Council discussion ensued regarding the following decision cards discussed at a previous budget workshop:

Item	Amount	Council Consensus
Master Plan for Tub Lake Trail decision card	\$25,000	Remove the word “trail” so the plan is for the Tub Lake area, after evaluation of any contaminations and any Port of Seattle (POS) responsibility
Spot Drainage Repair	\$400,000	Fund at requested amount

The following agenda bills were moved to this agenda from the November 21, 2016 Budget Workshop 5:

AGENDA BILLS:

THE FOLLOWING TWO AGENDA BILLS WILL BE PRESENTED TOGETHER:

Agenda Bill #4476; A Resolution approving the limit factor for 2017 property taxes.

Summary: The Washington State Department of Revenue (DOR) notified municipalities over 10,000 in population that the increase in the Implicit Price Deflator was 0.95 percent for the 2017 budget year. This notification results in the additional requirement of a separate Council resolution (majority plus one required for approval) with a finding of substantial need prior to passing a regular levy increase of 1% (without new construction).

Per the KC Assessor's estimates, a 1% increase in the City's regular property tax levy, versus the 0.95% increase provided by the Implicit Price Deflator, without new construction is equal to \$6,912 additional property taxes collected in 2017.

The Preliminary 2017-2018 Biennial Budget did not assume a 1% increase in the property tax levy in 2017, per Council direction at the budget workshops in June and October. This Resolution is presented should the Council decide to take an action related to the 1% option.

AGENDA BILLS (continued):

Agenda Bill #4476 (continued): It is important to note that the City Council is authorized under state law to allow the increase in the calculation base, without actually increasing the levy amount charged/collected. This option allows the City to "bank" the increased capacity for use in future years should it be needed. This is intended to provide greater flexibility and options for the City Council to address future needs.

Agenda Bill #4453; An Ordinance authorizing the City's 2017 Property Tax Levy.

Summary: Cities must submit their authorized levy amounts to the KC Assessor's Office by December 5, 2016 for inclusion in KC's 2017 property tax roll. The KC Assessor's Office is not expected to certify the City's assessed valuation (AV) prior to their December 5 deadline. The total estimated allowable statutory levy amount including new construction, estimates of refunds, and increases in utility valuations is \$16,398,314. Under the 101% limit factor, the levy amount is currently anticipated to be \$14,899,712. Under this year's implicit price deflator (the "IPD") the increase factor of 100.95% the levy amount is currently anticipated to be \$ 14,892,800. State Law requires that the annual increase in the limit is to be the lesser of 1% or the increase in the IDP. State Law further stipulates that in the event that IPD is lower than 1% any increase above the IPD increase and up to 1% requires a separate resolution stating a finding of substantial need by the City Council. In recent years the City has not passed a separate resolution stating a finding of substantial needs. Based on the KC provided estimates, the difference in the 100.95% IDP increase and the 101% increase is approximately \$6,912. The KC Assessor has given the city a preliminary estimate of the City's 2017 assessed value = \$5.1 billion which is a 4% increase over 2016. This preliminary estimate excludes any increases in utility valuations. Because the actual 2017 levy rate is calculated from the final King County certified assessed valuation, the final rate is unknown at this time. However, based upon the City proceeding with the 100.95% IDP increase, it is currently anticipated that the levy rate will decrease from the \$2.995/\$1,000 AV that was levied in 2016 to \$2.904/\$1,000 AV for 2017. This decrease in levy rate represents a \$9.10 decrease property tax per \$100,000 value in property valuation. The actual increase or decrease in taxes is dependent upon the actual change in a particular property's assessed valuation. As an example, the owner of a \$250,000 home, with no change in the King County assessed value of the home, applying the \$2.904/\$1,000 AV rate in 2017 would result in a total annual amount paid to the city of \$726/year (or \$60.51/month).

This Ordinance authorizes a 2017 property tax levy amount of \$14,892,800 based on a levy rate of \$2.904 per thousand AV. The actual levy amount will be determined when the KC Assessor certifies the City's total assessed valuation in December. In 2015 and 2016, the certified tax levy rate was \$3.157 and \$2.995, respectively, per thousand AV.

Acting Finance Director Pilo provided details and definitions related to property tax. She also reviewed the agenda bill summaries for Agenda Bill #4476 and #4453.

Acting City Manager Scorcio stated the staff recommendation is to take a lower millage rate than in 2016, 2015, or 2014 due to an increased assessed valuation.

Discussion ensued regarding the potential for banked capacity and the staff recommendation to not approve the resolution of substantial need.

Council consensus Agenda Bill #4476: Unanimous consensus to no longer consider this item

Council consensus Agenda Bill #4453: Refer to the 11/22/16 RCM Public Hearing (PH) and Action Item

Agenda Bill #4454; An Ordinance adopting the City's 2017-2018 Biennial Budget.

Summary: This Ordinance adopts the 2017-2018 Biennial Budget. The budgeted revenue and expenditure amounts was based on the preliminary budget that was presented by the Acting City Manager on October 3, 2016, and modifications by the City Council during the budget meetings in October and November. In accordance with Washington State law, public notice has been issued following the filing of the preliminary budget for two consecutive weeks prior to the public hearing on the City Council's preliminary budget which is scheduled for November 22, 2016. Following the public hearing on the budget and the property tax levy rate, the City Council may adopt the City's 2017-2018 Biennial Budget.

AGENDA BILLS (continued):

Agenda Bill #4454 (continued): The budget appropriations are consistent with the City Council directions on what to include or not include in development of the City's Preliminary 2017-2018 Biennial Budget, including maintenance of current service levels, and balancing with budget including the funding of a 33% (4 month), strategic operating reserve for the GF.

This Ordinance also adopts by reference the salary schedule for City employees, including any adjustments, COLA, and new positions as discussed at the October and November budget workshops.

Acting Finance Director Pilo reviewed the agenda bill summary, including errata sheet, decision cards, six-year CIP, and salary schedule.

She stated at the November 21 Budget Workshop, Council approved the following amounts for decision cards: \$1.6 million in the General Fund (GF), \$835,000 in the Street Fund, \$400,000 in the Port of Seattle (POS) Interlocal Agreement (ILA) Fund, \$263,000 in the Municipal Capital Improvements Fund, and \$765,000 in the Surface Water Management Fund.

The total 2017/2018 Biennial Budget is \$55 million.

Council consensus: Refer to the 11/22/16 RCM PH and Action Item

Agenda Bill #4482; A Resolution setting a procedure for funding of outside human services agencies.

Summary: Council Resolution #98-010 sets forth the specific duties and responsibilities of the Human Services Advisory Committee (HSAC). One of their duties is "evaluate funding requests and make recommendations on human services funding." Past practice has been that the Council approved the list of agencies that receive funding, but did not specifically authorize the dollar amount per agency. Contracts with outside human services agencies are usually two years, with funding for the second year contingent on budget appropriation.

The City Council should approve specific dollar amounts for each outside human services agency contract, consistent with the procedures of other City contracts. However, the HSAC should still continue to make recommendations to the City Council regarding human services funding. This Resolution sets forth a process to ensure that the Council makes the final decision of such funding, including the name of the agency and the dollar amount per agency.

If passed, this Resolution provides that the Administration and Finance (A&F) Committee will review and make recommended modifications to the HSAC's funding requests, if any. The City Council may then modify recommendations of the HSAC and/or the A&F Committee, and shall specifically approve funding of all outside human services agencies regardless of dollar amount. The City Manager will only execute contracts with outside human services agencies in the dollar amount explicitly approved by the City Council. Furthermore, contracts for all outside human services agencies shall not exceed a term of one-year, unless explicitly authorized by the City Council. After the adoption of the City's biennial budget (in even numbered years) or the City Council's mid-biennial review and modification (in odd numbered years), the HSAC shall finalize and provide recommendations for funding outside human services agencies for the upcoming year. Any changes during the biennial budget in established allocation amounts shall be provided by the City Manager to the Council, through the A&F Committee, for approval.

Mayor Siefkes reviewed the agenda bill summary.

Council discussion ensued regarding email received by Council from Human Services providers and the proposed Resolution.

Acting City Manager Scorcio clarified the current process. He stated that one year contracts may add a complication, however, language can be added to provide a termination clause.

Discussion ensued regarding the process.

AGENDA BILLS (continued):

Agenda Bill #4482 (continued):

Legal will revise the Resolution to include the following:

- start agency selection process earlier
- two-year contract with the ability to terminate in one year, or one-year contract with automatic one year renewal
- A&F Committee will receive a report after one year if keep 2 year process
- Status report to A&F or at a RCM as needed or requested

Council consensus: Refer to the 11/22/16 Action Item for discussion

Due to time, the following items were postponed to the November 22 Regular Council Meeting Action Items:

Agenda Bill #4379; An Ordinance approving the 2017-2019 labor agreement as negotiated between the City of SeaTac and Washington State Council of County and City Employees American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, Local 3830

Agenda Bill #4409; A Motion authorizing the City Manager to send a Non-Binding Letter of Interest to participate in the 2018-22 Interlocal Agreement with Regional Animal Services of King County.

Agenda Bill #4467; A Resolution adopting the 2017 City of SeaTac Fee Schedule.

Agenda Bill #4468; An Ordinance amending portions of SMC Chapter 3.70 adjusting the Commercial Parking Tax Rate.

ADJOURNED: Mayor Siefkes adjourned the Council Study Session at 6:50 p.m.