

City of SeaTac

Budget Workshop 1 Minutes Synopsis

October 5, 2018 (Friday)
10:00 AM

City Hall
Council Chambers

Call to Order: Mayor Erin Sitterley called to order the SeaTac City Council Budget Workshop 1 at 10:00 a.m.

Council Present: Mayor Erin Sitterley, Deputy Mayor (DM) Clyde Hill, Councilmembers (CMs) Rick Forschler, Joel Wachtel, Peter Kwon, and Pam Fernald.

Staff Present: City Manager Joseph Scorcio, City Attorney Mary Mirante Bartolo, City Clerk Kristina Gregg, Finance & Systems Director Gwen Pilo, Budget Analyst Alexis Briggs, Municipal Court Administrator Gail Cannon, Police Chief Carl Cole, Community & Economic Development (CED) Director Steve Pilcher, Parks, Community Programs & Services (PCPS) Director Lawrence Ellis, Public Works (PW) Director Will Appleton, Executive Assistant Lesa Ellis, Senior Management Analyst Tim Ramsaur, Government Relations & Communication Manager Moore

Public Comments (related to the agenda items listed below): None.

Council Position No. 5 Vacancy - October 13, 2018 Special Council Meeting (SCM) Interviews: Scheduling and process and ground rules for the interviews

City Attorney Mirante Bartolo and City Clerk Gregg randomly drew the following interview times:

Time	Applicant	Time	Applicant	Time	Applicant
9:10	Deborah Myers	11:10	Kent Palosaari	1:30	Nimco Bulale
9:30	Daniel Santon	11:30	Andrew Ried-Munro	1:50	Mario Coluccio
9:50	Victoria Lockwood	11:50	Parmbir Singh	2:10	Takele Gobena
10:10	JD Hill Jr	12:10	Brandon Pinto	2:30	Amina Ahmed
10:30	Jennifer Corona	12:30	Stanley Tombs		
10:50	20 minute break	12:50	40 minute lunch break		

Mayor Sitterley read the process and ground rules for the interviews, stating the information will also be provided to each candidate.

- Interviews will occur at the Saturday, October 13, 2018 SCM beginning at 9 a.m.
- After all interviews have been conducted, Council will recess to an Executive Session to discuss the qualifications of the candidates. RCW 42.30.110(1)(h)
- Council will then reconvene the SCM to appoint a CM in open session.
- The appointed CM will be sworn in at the October 23, 2018 Regular Council Meeting (RCM) and serve through the certification of the November 2019 General Election.

City Manager Scorcio requested guidance from the Council regarding video recording of the October 13, 2018 SCM. The meeting will be audio recorded.

Resident Earl Gipson objected to the Council making the selection of the CM on the day of the interviews.

Council discussion ensued regarding video recording and when to make the appointment of the new CM.

Mr. Gipson stated the decision in 2008 was made in an open Council meeting, video recorded.

Resident Vicki Lockwood requested the CM be selected during the same meeting after the interviews.

Mrs. Gregg stated the process and agenda drafted for this appointment follows the same process and agenda used in 2008.

Council consensus: October 13, 2018 SCM for interviews using the previously proposed process: audio recording only and select member at the October 13, 2018 SCM to be sworn in at the October 23, 2018 RCM.

Legislative Agenda Prioritization

Mr. Scorcio stated Council discussed the Legislative Agenda during a previous Administration & Finance (A&F) Committee.

Government Relations & Communication Manager Moore introduced Gordon Thomas Honeywell Representatives Josh Weiss and Trevor Justice. He stated ideally the City should have three top items.

Mr. Weiss explained the importance of having only a few top items and then a secondary list of items that provide direction to the lobbyist.

He reviewed the items previously discussed by the A&F Committee and provided input on each item as to why it should or shouldn't be one of the top items:

1. SR 509 project
2. SR 518 project study because airport traffic effects SeaTac more than other communities
3. Look at what is considered tax-exempt properties
4. Protection of local property taxes
5. Second airport in Washington due to overcapacity
6. Use of State Transportation budget to ease access to airport
7. Mobile Home Park displacement funds
8. Local Control
9. Airport impacts to local communities
10. Agency Rulemaking
11. Refine housing control language
12. Gang prevention funding
13. Opportunity Zone Redevelopment
14. HB 2718 concerning seizure and forfeiture procedures and reporting. Need due process
15. 2718 concerning seizure and forfeiture procedures and reporting. Need due process
16. Homeless services limited by community
17. Lodging Tax That Would Return Funds Proportionally Back to Cities That Pay into It
18. Voting Rights Act
19. Housing choice
20. Human services
21. Airport impact study
22. Department of Corrections funding of local jail beds is funded by state mandate and city would like to raise the rate for jail beds

Council discussion ensued regarding their individual reasons for wanting certain items as priorities.

Council determined the following items to be their top priorities for the legislative agenda: Transportation (including SR 509 and SR 518), Mobile Home Park Displacement Funds, Local Control (including unfunded mandates), Housing choice (condo liability issue), and SCORE.

Mr. Weiss commented there is no capital ask on the list, but he is happy with the items Council has provided.

He stated they will work on a recommendation for a policy statement and provide it to Council through the A&F Committee.

Council consensus: The Legislative Agenda will come before Council at the October 23 RCM. The policy statement will go through the A&F Committee.

Break: Mayor Sitterley recessed the meeting from 11:59 AM until 12:17 PM.

Quick Review of A&F Discussions

City Manager Scorcio stated the General Fund (GF) will be the focus of this meeting. The A&F Committee determined there is no need to review each department's budget.

- **Organizational Alignment/Changes**

Mr. Scorcio reviewed the three changes being built into the budget this year: Human Resources & Risk Management - name change, CED – decision card for realignment for administrative support and Code Compliance, CPCS Decision card. These items were all presented to the A&F Committee.

Discussion ensued regarding whether Community Services should be under PCPS or Finance. Mr. Scorcio stated only a portion of the work would make sense to be under Finance.

- **2018 Year End Projections**

Finance & Systems Director Pilo stated revenues have been steadily increasing since 2015 and expenditures have remained below the revenues which results in an ending fund balance that continues to grow.

2018 GF: Revenues - \$41.6 million, Expenditures - \$36.9 million, and Ending Fund Balance - \$24 million, 4-month reserves - \$12.3 million, and reserves over target - \$11.7 million

Mr. Scorcio stated the reserves over target is the area in which Council has the ability to spend without impacting the budget.

Council consensus: N/A

- **Financial Policies**

Ms. Pilo stated the policies were reviewed in depth with the A&F Committee. Staff reviewed the comments from the A&F Committee meeting and are recommending the following changes be made: Monitoring & Reporting – change “timely basis” of reviewing contracts to “annually”, and Purchasing & Expenditure Control – added references to RCW, SMC, Resolution, & BARS manual.

She stated staff could bring back the Vouchers 101 presentation to an A&F Committee meeting to show the new members all of the processes and codes that feed into that procedure. Council concurred.

Council consensus: Policies will be brought to the November 13 RCM for Council approval

- **Fee Schedule (moved to be discussed under 2019-2020 Revenue)**

2019-2020 General Fund Budget Review

- **Revenue**

Mrs. Pilo stated revenue estimates are determined by reviewing historical, trends, risks, economic factors, and considering outliers, growth factors, timing, and one-time versus ongoing. All revenues are estimated conservatively.

She stated the property tax levy will not be increased over the 2018 amount. The policy decision was to use the 2018 amount of \$16.9 million + new construction. Because the assessed value is unknown, the levy rate is unknown.

2019 Fee Schedule

Mrs. Briggs stated the following changes were made: round fees to nearest dollar; under \$1 fees not rounded, and tie inflation index to specific month (CPI-W June to June). She highlighted new and consolidated fees.

Mrs. Pilo reviewed GF revenues by source – mostly property tax (42%) and sales taxes (35%). Revenues are estimated to be 9% increase from the 2017-2018 Budget.

Council discussion ensued regarding revenues.

Council consensus: Fee schedule will be presented to Council at the November 13, 2018 RCM

- **Expenditures**

Finance & Systems Director Pilo reviewed GF expenditures by department – mostly Police (32.4%), Fire (26.2%), and then PCPS (13.9%). Expenditures are estimated to be 1% less than the 2017-2018 budget.

She stated an error was found in the City Manager’s Office budget of \$5,400. It will be included in an errata sheet at the Budget Workshop 2.

GF Budget Summary:

Category	2017-2018 Budget	2017-2018 Actual/Estimate	2019-2020 Budget
Beginning Fund Balance	\$17,471,668	\$17,471,668	\$24,087,825
Revenues	\$74,098,954	\$82,112,139	\$80,457,131
Expenditures	\$78,761,560	\$75,495,982	\$78,339,263
Ending Fund Balance	\$12,809,062	\$24,087,825	\$26,205,693
Target Fund Balance	\$12,754,750	\$12,330,210	\$13,269,574
Over(Under) Target	\$54,312	\$11,757,615	\$12,936,119

Council discussion ensued regarding expenditures.

Council consensus: N/A

Identify and Confirm Items for Additional Review/Analysis

Mrs. Pilo asked Council if there was anything regards to GF that they didn’t see today that they would like presented at a future meeting. There was none.

Council discussion ensued regarding deferred liabilities.

Mr. Scorcio stated Budget Workshop 2 will review decision cards, other funds, Capital Improvement Program (CIP), and Debt services.

Council consensus: N/A

Executive Session: None

Adjourned:

Mayor Sitterley adjourned the Budget Workshop 1 at 1:20 p.m.