

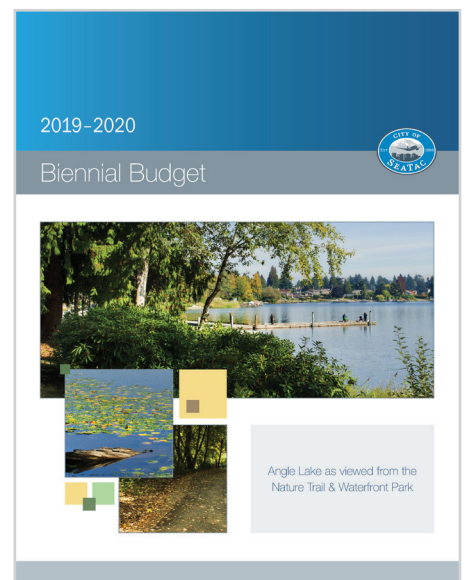
A LOOK BACK AT THE LAST FEW YEARS

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IN 2013, THE CITY OF SEATAC WAS STILL RECOVERING FROM THE NATIONAL FINANCIAL CRISIS of 2007/2008 and the great recession of the early 2010's. While the local economy was showing indications of a strong recovery, the City, like most of its counterparts, were slowly recapturing the benefits. This is normal, as local government revenues and activities always have a lag time with the larger economy. Even with the recovery, and for a variety of reasons, the City began 2016 facing a projected revenue shortfall of \$1.3 to \$2.5 million. By implementing a managed reduction program in April 2016 (administrative actions), and promptly acting to capture revenues from the recovering economy (Council actions), the City instead ended 2016 with a \$2.5 million year-end balance surplus in the General Fund.

The booming local economy over these years has provided the biggest benefit, but these gains are always temporary, so a series of cohesive financial actions between the City administration and Council has led to many sustainable, positive changes. These sometimes challenging decisions work to promote and maintain long-term fiscal solvency for the City and to meet established transparency, accountability, and continuous improvement goals of the Council.



**2019-2020
Biennial Budget Document**

Some of our joint accomplishments since 2016 include:

- Restructuring the overall budget to better link revenues with expenditures, with established performance objectives. The City's 2017–2018 and 2019–2020 budgets are based on conservatively projected revenues and moderately projected expenditures (budgeting within our means). Financial policies have been adopted to provide clear standards and expectations for future budgets.
- All Fund revenues are balanced with Fund expenditures, and restricted revenues sources are clearly distinct from less restricted/general revenues. This realignment ensures that all Funds remain individually balanced, including the establishment of reserve levels. These strategic operating reserves provide the “rainy day” funds to make sure City services are able to be maintain programs and services in emergency situations and provide a cushion for the next economic downturn.
- The City's General Fund strategic operating reserve has been increased from three to four months, and is fully funded. The City's annual property tax rate has lowered, and financial policies have been adopted that set performance standards before the tax rate will be increased in the future.
- Whenever practical, user-based fees have been established so that customers seeking direct services pay for those services, instead of using general property tax or sales tax dollars to offset the costs of those individual services. As a result, these user fees pay for an increasing portion of the staff and programs that provide these direct services.
- A three-year collective bargaining agreement stabilized labor costs, and set the stage for maintaining long-term cooperation. Direct contracting with employee benefits providers has allowed benefits to be maintained at better overall rates for both the employees and the City.
- Public safety programs have been enhanced by adding patrol officers, parking officers and a probation counselor.
- Performance monitoring and reporting standards for programs and capital

projects have been established, including several one-time analyses of cost-benefit and revenue options for future consideration. City contracts and service agreements have been reviewed, and whenever practical, reissued to the competitive market before renewal. Major service agreements, such as Police, Fire, and Animal Control have been reviewed and adjusted.

With all of these changes, the City's financial condition continues to be strong. At the beginning of 2019, SeaTac will have a healthy \$24 million dollars in all reserves in the 2019–2020 Biennial Budget approved by the Council, and is poised for maintaining current services for many years.



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STRONGER STRATEGIC PARTNERSHIPS

The City must maintain mutually beneficial relationships with other cities, organizations and service providers. These strategic partnerships are critical to the long-term success of all the parties. Our largest partner is the Port of Seattle/Sea-Tac International Airport. The Airport is entirely within the City, comprises more than 40% of our City and is our most vital partner. After nearly two years of negotiations, a new Interlocal Agreement (ILA) went into effect in February 2018. The new 10-year agreement, with financial benefits of nearly \$30 million, replaces a series of agreements that began with the original 1997 agreement. The new ILA is

significantly different. It jointly established a mutual and cooperative system to recognize jurisdictional authorities and to avoid disputes. We still can disagree, argue and take legal actions if necessary, but the ILA provides transparency, predictability and consistency when addressing operations of Sea-Tac Airport and the City of SeaTac. This reduces the potential for costly litigation. The ILA is based on the principle that the City and Port/Airport are forever partners, and need to live, struggle and succeed together. The Airport needs the City, its local businesses and its residents to thrive. More than a quarter of all Sea-Tac airline passengers utilize businesses and services within the City to support their travel experiences. We are all in this together!

This new ILA includes enhanced community relief funds, which the City is using primarily to support public safety and traffic enforcement officers for the next decade. In addition, the agreement improves land use and development regulations that meet the unique needs of both the Port and the City and implements a quality assurance program for Port development permits. It improves the process for the Port to support City business license compliance. Lastly, the ILA opens up communication, outreach and cooperation opportunities at a much higher level than ever before.

The City Council launched the Sea-Tac Airport Advisory Committee (the first among the local communities). The purpose of the committee was to discuss both the positive and negative impacts of the airport in the City of SeaTac. Our community efforts in response to the Airport's removal of 3,000 trees in the City as part of the Flight Corridor Safety Program, led to a \$1million Airport Community Ecology Fund and a tree replanting and monitoring program.

The City led the efforts, by committing significant matching dollars up front, in order to get the State legislature to fund a Sea-Tac Airport Impact Study. The \$600,000 Study, being conducted by the State Department of Commerce is examining and documenting the current environmental, health, and economic impacts and benefits of the Sea-Tac International Airport on the surrounding

communities. Like our Airport Committee, city residents are serving on an advisory board for this Study.

The City worked closely with the Port and our City partners to create the Sea-Tac Stakeholder Advisory Round Table (StART). The residents and representatives of the communities of SeaTac, Burien, Des Moines, Federal Way, Normandy Park, and Tukwila along with aviation industry representatives, federal staff and Port staff are investigating real issues, asking and developing a shared understanding, discussing community concerns and providing feedback on the airport's construction projects, programs, and operations.

Cooperation among the adjoining cities of Burien, Des Moines, Federal Way, Normandy Park, and Tukwila seems to be at an all-time high. In addition to many projects and committees, the cities are working strategically on environmental issues, looking at shared resources, and opportunities for partnerships. Coordinating and communicating has proven to be an effective working relationship which benefits all the cities. While there are differences on individual issues, there is more common ground because we are all cities facing the same challenges.



Angle Lake Station Artwork

Another important partner is Sound Transit, the opening of the Angle Lake Station in 2016, has changed the southern portion of the City, just as the Tukwila International Boulevard (TIB) Station and Airport Stations changed the northern and central portions of our City. During negotiations in 2013, the City insisted that Sound Transit build an 1,100 stall parking structure at the Angle Lake Station. This artistic structure is operating at nearly 100% capacity for commuter parking, and

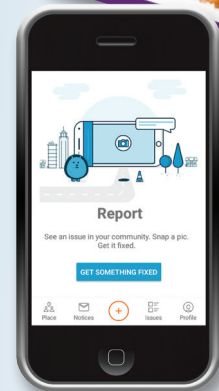
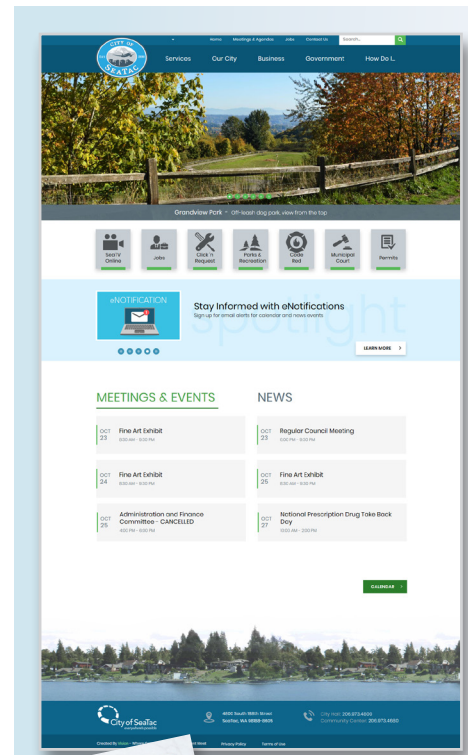
helps protect our adjoining neighborhoods from this traffic and congestion. The City has been addressing parking issues in neighborhoods around the other two Stations that did not incorporate parking garages at the time of construction. Sound Transit and the City are finalizing plans for their last project in SeaTac, which will connect Des Moines, Kent and Federal Way to the Angle Lake Station.

INCREASED TRANSPARENCY, ACCOUNTABILITY AND INCLUSIVENESS

The City Council has affirmed goals to make City government more transparent, ethical, accountable and inclusive. The Council approved Ethic Codes for itself, appointed committees and boards, and for City Staff with annual reporting. The City Council reorganized and expanded the number of advisory boards, creating many more opportunities for residents and businesses to actively participate in City issues and decisions.

Annual reports are required for all advisory boards to ensure that the community knows what's been happening. The Resolution #16-009 declared SeaTac as an ethnically diverse municipality that embraces inclusiveness in its mission and vision and encourages residents and staff to recognize, celebrate and protect the diversity that defines SeaTac.

An updated and vastly improved website is part of the City's ongoing efforts to improve transparency, access to services and overall communication with City residents and business owners. This *SeaTac Quarterly* magazine has replaced a quality, but more limited newsletter format. The *City Manager's Weekly Update* tries to provide current events and actions in a quick and easy read. The *E-Notify* system continues to be expanded, allowing anyone to automatically receive updates on topics, committees and projects of interest (if you aren't signed up – visit our website now!). The *SeeClick-Fix* online reporting tool is easy to use, and the phone app allows residents to report common issues (such as potholes, graffiti, street light issues or littering) and track their requests.





COMMUNITY DEVELOPMENT AND ECONOMIC ACTIVITIES

Since 2013, a wave of high-quality projects that will benefit the SeaTac community for decades are underway or recently completed. One of the largest projects is the Alaska Airlines Copper River Project located on International Blvd. at S 192nd. This office campus project (the “Hub”) will link a series of new buildings to Alaska’s existing buildings on adjoining blocks. Because of a positive development environment created by the Council and the streamlining of development regulations and processes, Alaska decided to grow its headquarters locally.



There has been a steady growth in the number of high-quality hotel projects including the Residence Inn at Angle Lake, which was built on former City-owned land. The sale helped fund the waterfront park improvement and connection to Angle Lake Park. With nine hotel projects in the works since 2013, developers are currently adding nearly 1,500 new hotel rooms in SeaTac. With nearly 6,000 rooms, SeaTac has the second largest number of hotel rooms in the state. Hotel visitors generate taxes for the City to use to support economic development and tourism purposes, and also provide ongoing support to other local businesses like restaurants.

constructing a new justice center on land nearly adjacent to these projects. Combined, these projects will provide a catalyst for even more economic growth and investment in the northern part of the City.

The preceding is just a small snapshot of all the activities that have been underway in these last few years. The City, its residents, and businesses are often affected in both positive and not so positive ways by change. The goals of providing for an improving, healthy, and financially sustainable government in a transparent, open, and accountable manner is a challenge that seems to be happening in SeaTac. ♦



Housing, mixed use, and hotel projects are happening in the vicinity of all three light rails stations since 2013. City owned properties near the TIB Light Rail Station are currently being sold to developers of both mixed use and residential housing projects. Construction could begin late in 2019. The City is completing plans for improving Military Road in this area. The neighboring City of Tukwila is also



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