

City of SeaTac

Macro Budget Workshop Minutes Synopsis

Virtual Meeting

July 10, 2020 (Friday)
9:00 AM

City Hall
Council Chambers

CALL TO ORDER: Mayor Erin Sitterley called the SeaTac City Council Macro Budget Workshop Meeting to order at 9:00 a.m.

COUNCIL PRESENT (remotely): Mayor Erin Sitterley, Deputy Mayor (DM) Peter Kwon, Councilmembers (CM) Senayet Negusse, Stanley Tombs, Clyde Hill, Takele Gobena, and Pam Fernald.

STAFF PRESENT (remotely): City Manager Carl Cole, City Attorney Mary Mirante Bartolo, City Clerk Kristina Gregg, Finance & Systems Director Gwen Pilo, Budget Analyst Alexis Briggs, Deputy City Manager Gwen Voelpel, Information Systems Manager Bart Perman, Senior Assistant City Attorney Mark Johnsen, Public Works Director William Appleton, Police Captain Joseph Hodgson, Human Resources (HR) Director Mei Barker, Senior Management Analyst Tim Ramsaur, Acting Community & Economic Development (CED) Director Jennifer Kester, City Engineer Florendo Cabudol, Parks, Community Services & Programs (PCPS) Director Lawrence Ellis

FLAG SALUTE: Mayor Sitterley led the Council, audience, and staff in the Pledge of Allegiance.

AGENDA REVIEW:

- A. Due to the current COVID-19 public health emergency, and social distancing protocols, pursuant to the Governor's and public health officials' orders, this meeting will be conducted virtually.
- The meeting will be live streamed on SeaTV Government Access Comcast Channel 21 and the City's website.
 - The public may also call in to the conference line to listen to the meeting at 206.973.4555. You will not be able to participate in the meeting. If you are unable to mute your phone, everyone else on the call-in line will be able to hear you, so please refrain from speaking.
 - No one will be able to physically attend this meeting.
- B. The City Council will not hear any in-person public comments. Public comments received by email at publiccomment@seatacwa.gov before 4 p.m. yesterday will be mentioned by name and subject and then posted to the City's website.

PUBLIC COMMENTS (related to the items on this agenda only):

Earl Gipson – hiring freeze

CM Fernald commented on a Facebook post by a CM regarding the City's budget. She stated her objection to this post and that the post does not state her opinion.

2019-2020 Performance & Projected Ending Fund Balances

City Manager Cole thanked Council for today's meeting. This will be very interesting budget construction given the current circumstances. The purpose of today's meeting is to set the foundation, and receive direction.

Finance & Systems Director Pilo reviewed today's agenda and the 2019-2020 performance and projected ending fund balances.

General Fund (GF) Revenue	2020 Budget	% of total GF
Property Tax	\$17.3	40%
Sales Tax	15.3	35%
All other revenues	10.6	25%
Total Revenue	43.2	100%

2019 was one of the best years for the City. Total revenue came in at \$9.3 million over budget. Total expenses were down \$4 million from budget. Total ending balance was \$14.5 million.

2020 Budget to estimate: Total Revenue is estimated to be down \$10.6 million from budget. Total expenses are estimated to be down \$12.4 million from budget. Total ending balance is estimated to be \$16.3 million.

2019-2020 Performance & Projected Ending Fund Balances (continued):

She reviewed the 2020 projection by fund. She also reviewed 2020 projected GF ending fund balance, and GF reserves (4 month target) by comparison from 2016 actuals through 2020 estimate.

Council discussion ensued (clarification), reserves, and sales tax projected loss.

General Fund (GF) Financial Forecast

Budget Analyst Briggs briefed Council on the GF Financial Forecast Assumptions:

Scenario 1: Phased Re-Opening

Revenues: Sales Tax - models phased reopening in 2020 with steady increase in future years; Property Tax - Assessed valuation increases in 2021, decreases in 2022 before increasing in future years (King County Economic Update June 2020)

Expenditures: Steady increase in personnel expenses, supplies and services (including contracts), service contracts account for 56% of budget; personnel 31% of budget

Scenario 2: Delayed Re-Opening

Revenues: Sales Tax assumes phased re-opening is halted (possibly due to a virus resurgence), slower increase in future years; Property Tax - Assessed valuation decreases in 2022 and 2023 before recovering

Expenditures: Steady increase in personnel expenses, supplies and services (including contracts), service contracts account for 56% of budget; personnel 31% of budget

Mrs. Pilo stated underline assumptions originally made are no longer valid. Projections help with planning to meet target reserves

Council discussion ensued regarding target reserves.

Future Risks/Initiatives

Mr. Cole stated it is important, when setting priorities, to try and predict obvious items

- Recession/Downturn: Recovery time unknown; projecting 3 years
- Personnel and Contracts biggest portion of expenditure budget
- AFSCME Contract ends 2023 - Reopen for personnel costs
- Development Activities - Monitoring pre-application activity
- Untapped revenue streams - B&O Tax; Utility Tax; Property Tax 1% or IPD
- Use of revenue from the sale of properties

Council Priorities/Goals

Mr. Cole reviewed the March Council retreat discussion. Staff identified five common threads and ideas:

- Develop more sidewalks for increased connectivity and safety
 - Lighting, bike lines, street trees, public transit access
- Create and preserve housing
 - Safe & Affordable housing, market rate housing attraction, access to public services
- Expand our parks
 - Community center in south end, parking
- Focus on creating three urban villages around light rail stations
 - Affordable services, programs, & activities, public art, branding
- Develop collaboration, trust and engagement with community
 - Community outreach & education, police response & communication

Council discussion ensued regarding common threads and ideas, as well as single family housing, affordable versus public housing, City Hall evaluation, quality of life, Human Services, and community engagement versus community outreach.

Council Priorities/Goals (continued):

Staff prepared the following proposed Council Goals:

- Increase Connectivity & Safety
 - Create a more cohesive city by investing in infrastructure that promotes pedestrian mobility and public safety. Increase resident access to public transit in all areas of the city.
- Create & Preserve Housing
 - Ensure access for all to adequate, safe, and affordable housing and basic services.
- Expand Green & Public Spaces
 - Enhance the community by improving parks and community spaces.
- Promote our Neighborhoods
 - Develop Urban Villages around light rail stations that promote programs and activities to create a sense of place.
- Build Effective & Accountable Government
 - Increase community trust through better access, collaboration, and transparency.

Council discussion ensued regarding the proposed Council goals, providing suggested areas of emphasis, transparency, and training including roll playing for the public.

Staff will make some revisions to the proposed goals and bring them back to a future Council meeting for approval.

BREAK: Mayor Sitterley recessed the meeting at 10:47 a.m. until 11:00 a.m.

Financial Policies

Finance & Systems Director Pilo provided background on the City's financial policies; how they were created, standards and best practices, and application & administration of the policies.

She reviewed two required changes:

1. Lines of Authority – SMC 3.40 was revised last year, new code chapter 3.41, investment committee structure has changed
2. Fees – trying to move all fees out of Code and into the Fee schedule to improve tracking, fee schedule is approved by Ordinance at or before the budget adoption

Mrs. Pilo summarized the various policies: General Budget Policies - Economic Downturns, Decision Cards; Reserve Policies – GF, Enterprise Funds, Capital Improvement Funds, Special Revenue Funds; Revenue Policies; Expenditure Policies; and Human Services Funding.

Discussion ensued regarding the policies with Mrs. Pilo requesting guidance on Human Services funding – does % include all costs for Human Services division operation expenditures or leave it at only Human Services Contracts? Should the % be increased?

Discussion ensued regarding Human Services funding.

Council direction was given to only include Human Services contracts in the funding and leave the % at 1.5%.

Budget Calendar

Finance & Systems Director Gwen Pilo reviewed the upcoming budget calendar dates:

- October 1 - City Manager submit Proposed Budget to Council
- October 1-31 - Budget Workshops
- November 10 - Public Hearings on Property Tax & Preliminary Budget
- November 24 – Council adopts Property Tax Levy
- Council to adopt budget prior to December 31

Staff will begin setting the Budget Workshop dates for October.

Discussion ensued regarding property tax and banked capacity, and community engagement in budget workshops.

EXECUTIVE SESSION: None

ADJOURNED

Mayor Sitterley adjourned the Council Workshop at 12:06 p.m.