

City of SeaTac

2012 Budget Workshop 1

Minutes Synopsis

October 7, 2011 (Friday)
9:00 AM

City Hall
Council Chambers

COUNCIL PRESENT: Mayor Terry Anderson, Deputy Mayor (DM) Gene Fisher, Councilmembers (CMs) Rick Forschler, Anthony (Tony) Anderson, Pam Fernald, and Mia Gregerson. Excused Absence: CM Ralph Shape.

STAFF PRESENT: City Manager Todd Cutts, Deputy City Clerk Marcia Rugg, Interim Finance Director Joyce Papke, City Attorney Mary Mirante Bartolo, Human Resources (HR) Director Anh Hoang, Police Chief Jim Graddon, Police Administrative Captain Annette Louie, Community and Economic Development (CED) Director Cindy Baker, Municipal Court Judge Elizabeth Cordi-Bejarano, Public Works (PW) Director Tom Gut, Economic Development (ED) Manager Jeff Robinson, Senior Planner Al Torrico, Accounting Supervisor Ruth Black, and Human Services Program Manager Colleen Brandt-Schluter.

2012 BUDGET PROCESS AND STATUS

City Manager Cutts introduced Interim Finance Director Joyce Papke. Ms. Papke provided an analogy comparing the budget process to building a house. The project started in June keeping in mind the Council's goals and vision.

BUDGET PREPARATION NOTEBOOK OVERVIEW

Ms. Papke reviewed the notebooks and workshop schedule. City Manager Cutts stated the decision cards will be presented by the department managers and a comprehensive list of decision cards will be reviewed at the next two budget workshops.

2012 GENERAL FUND (GF) PROJECTION OVERVIEW

City Manager Cutts stated the budget was built on the following assumptions from the June 2011 macro budget retreat: include the 1% property tax increase; no new taxes; include Port of Seattle (POS) construction sales tax in the GF operating budget to sustain current service status; use public engagement to provide direction to City Manager on formation of the 2013 budget; and build the 2012 budget with the goal of ensuring a fund balance above the equivalent of three months operating reserve.

The 2012 GF revenues are \$29.9 million and expenditures are \$30.1 million with a projected fund balance for December 31, 2011 of \$7.87 million. The 2012-2017 Capital Improvement Program (CIP) is \$43 million, including \$8.5 million for 2012. The City's bond status is AA+.

The proposed 2012 budget is \$330,000 over the fund balance target of three months operating reserve. At the end of 2011 staff expects to have a projected balance over the fund balance target of \$919,000. That fund balance will roll into the 2012 budget. The City's expenditures over the revenues for 2012 result in a deficit of \$229,000. Expenditures will be reviewed in depth by each department and various funds within the City.

Ms. Papke reviewed the preliminary budget revenue projections for 2012. She explained the various sources of revenues which support services and programs. The increases reflect a rise in retail sales tax, leasehold tax, permit revenues and Interfund transfers.

Mr. Cutts reviewed the formula for property tax revenue. As the City's assessed value decreases, the levy rate rises. There is a statutory cap of \$3.10.

The 2012 budget sustains existing service levels; includes funding consideration for accomplishing the Council's five goals and provides resources and expenditures for the first year of the 2012 – 2017 CIP; provides funding for essential repair and replacement items; assumes no new taxes; assumes no tax increases other than the 1% property tax increase; provides for medical insurance premium increases; and retains the target fund balance. In order to balance the 2012 budget, a transfer of \$920,000 of POS construction sales tax will be made. Also, \$270,000 will not be transferred from the GF to the Equipment Rental Fund.

Mr. Cutts reviewed future considerations for 2013 and beyond, including sustainability of funding sources; property tax collected capped at 1% annually; threat of City reaching property tax levy lid; volatility of sales tax and permit revenue; low yield investments; increased cost of doing business; cost of living adjustments (COLA); merit step increases; benefits; and utilities.

Mr. Cutts reviewed some of the potential solutions for sustainability problems for 2013 and beyond by increasing revenues, decreasing expenditures and improving efficiencies.

2012 GENERAL FUND (GF) PROJECTION OVERVIEW (Continued):

Decision cards: (1) Community Survey - \$16,000, (2) Council's Visioning and Goal Setting - \$6,500, and (3) Organizational Alignment & Process Improvement - \$220,000.

GENERAL FUND (GF) DEPARTMENT PRESENTATIONS:

City Council: Mr. Cutts reviewed the Council's five goals as discussed at the Council retreat. The 2012 budget has few changes from the 2011 budget. DM Fisher discussed wage increases for the CMs.

Decision card: Vision/Goal Setting Facilitation - \$6,500.

Municipal Court: Judge Cordi-Bejanrano introduced Court Administrator Paulette Revoir. Ms. Revoir reviewed the budget goals: enhancing the Court's website; allow payments to be made online; add information regarding interpreter services; probation information and accommodations for citizens with disabilities; continue to reduce jail expenses; contract with the City of Tukwila for day monitoring services; potential internship; improve policies and efficiencies; re-exam work stations; and improve telephones and other technological tools.

Decision cards: (1) Part-time South Correctional Entity (SCORE) Facility Jail Clerk - \$12,316, and (2) Electronic Sharing Software regarding SCORE - \$60,000.

City Manager's Office: Mr. Cutts reviewed the 2012 Goals: plan and organize the preparation of the budget; facilitate and coordinate Council's visioning and goals; facilitate and coordinate accomplishment for the 2012 budget; lead the City's communication efforts; ensure major projects are managed and completed appropriately within budget parameters; coordinate transit planning and implementation with local agencies; provide HS; and coordinate relevant issues with departments.

Mr. Cutts explained the City Manager's Office proposed budget, noting any differences from the 2011 budget. Salaries and benefits within the City Manager's Office reflect a change due to the formation of the CED; 50% of the CED Director's salary and 100% of the ED Manager's salary are paid from the Hotel/Motel (H/M) fund.

Decision cards: (1) Citizen Satisfaction Assessment - \$16,000; and (2) Organizational Alignment and Improvement - \$220,000.

City Clerk's Office: The City Clerk's Office budget will be re-scheduled at another budget workshop.

Legal Department: City Attorney Mirante Bartolo reviewed the 2012 goals: continue to represent and advise the Council and all departments; serve the public; prosecute all criminal charges before the Municipal Court; defend against all appeals from convictions to the superior court and state appellate courts; and continue to assist with the victim advocate program in conjunction with the prosecutor.

Ms. Papke summarized the increases in salaries and benefits. Ms. Mirante Bartolo stated there was no change in personnel. Outside legal services is used only when needed and there are no revenues or decision cards.

HR Department: HR Director Hoang summarized the department's 2012 goals: provide internal HR services to staff, including recruitment, selection, hiring, training, employee compensation benefits, employee relations, risk management, labor negotiations for the American Federation of State, County and Municipal Employees (AFSCME) 2012 contract and International Association of Fire Fighters (IAFF) 2013 contract; personnel investigative services and continue affiliation of Association of Washington Cities (AWC) Well City Award which entitles the City to an insurance premium discount of 2% for 2012.

The 2012 budget is estimated to be 10% over the 2011 budget and 5.2% over the 2011 estimated year-end expenditures.

Decision cards: (1) Employee Trip Reduction (ETR) - \$23,059. This was originally managed by the Public Works (PW) department and the Commute Trip Reduction (CTR) portion administrated and mandated by the state will remain in PW. PW Director Gut detailed the ETR program.

Recessed: Council recessed from 12:53 to 1:36 p.m.

HR (Continued): Decision cards (Continued): (2) Facilitation and Leadership Training for key staff members - \$5,000, and (3) Succession Planning - \$28,052 (this was removed from the 2012 budget prior to today's meeting due to the removal of a decision card for a full-time employee that would have managed the program).

GF DEPARTMENT PRESENTATIONS (Continued):

CED: CED Director Baker reviewed the 2012 budget requests for Long Range Planning, Communities Putting Prevention to Work (CPPW) Healthy Grant, Current Planning, Building Division, and Engineering Review.

She highlighted the following items:

Long Range Planning - 50% less funding is being requested for other services and charges due to final payment to Prothman in 2011.

CPPW Grant - The funds for the grant will be completed and all funds will be spent by the end of February 2012.

Current Planning and Building Division Salaries & Benefits – Current Planning has a 20.3% decrease due to some positions being moved to the Building Division, resulting in an 18.2% increase for the Building Division.

Engineering Review - While the reorganization occurred in 2011, it was determined that it would be easier to make the necessary budget changes from PW to CED in 2012.

Building Official Schenk reviewed the Building Division changes in staff and other services and charges. He detailed the proposed new electronic plan review and estimated costs.

Decision cards: (1) Program Manager - \$122,631 (to oversee the improvements to South 154th Street Station Area project and code enforcement tasks), (2) Outside assistance to complete a major Comprehensive Plan (CP) update - \$60,000 (City is mandated to update the CP by December 1, 2014 per Revised Code of Washington [RCW]), and (3) Zoning Code Update Consultant - \$60,000 (to review and streamline the Zoning Code for public and staff use).

HOTEL/MOTEL (H/M) TAX FUND:

ED Manager Robinson reviewed the proposed 2012 budget, explaining significant changes from the 2011 budget. The total budget for 2012 is \$1,148,829, approximately a 5% increase from 2011. Revenues have increased due to a higher hotel occupancy rate and this equals a projected 4% increase in 2012. The tax also funds other programs outside of the City: Seattle Southside Visitor's Services, redevelopment and coordination, Museum of Flight, Southwest King County Chamber of Commerce (SWKCC) membership, market data research, and brand development and marketing.

BUILDING MANAGEMENT FUND #108:

Mr. Robinson stated the largest increase included capital outlays of \$501,000 for potential tenant improvements in 2012. The empty space at SeaTac Center has impacted the City's revenue.

GF DEPARTMENT PRESENTATIONS (Continued):

Police Department: Police Chief Graddon highlighted some of the Police Department's 2012 goals: Crime Prevention/Community Outreach - continue G.R.E.A.T. (Gang Resistance Education Awareness Training) presently implemented at Chinook Middle School and expand the program into the lower grades, and continue recruiting for the Police Explorer Program; and Critical Incident Management – continue the Active Shooter Training.

Chief Graddon reviewed the 2012 proposed budget, highlighting increases for Police Department Contracts/Programs. Police Department direct revenues have a projected increase of \$19,000 from the Justice Assistance Grant (JAG).

2012 is the last year of the automatic five-year contract, 5% roll-over for the guild members in the King County (KC) Sheriff's Office. The contract will be re-negotiated.

Animal Control Services line item increased by \$50,000 for 2012 which reflects less revenue from licenses, use of services, and the elimination of KC subsidizing funds. The City continues to research animal control options.

Decision card: Joint Police & Fire fireworks Emphasis Patrol & Community Notification - overtime for police and fire enforcement on the 4th of July.

Fire: Fire Chief Schneider highlighted some of the 2012 goals: Administration – continue to work on the options for consolidation with the Kent Regional Fire Authority (RFA); continue to research and apply for grants; Operations – need to replace VHF radios, and implement Community Assistance Referral and Education Services (CARES); Emergency Management – update the City Comprehensive Emergency Management Plan; Fire and Life Safety - review the SeaTac Municipal Code (SMC) Title 13; and Training – improve training program to ensure compliance.

Chief Schneider reviewed the proposed 2012 budget stating that 87.7% of expenditures are salaries and benefits. One of the biggest revenue generators is the Medic One Levy - \$364,000 from KC Medic One for Basic Life Support (BLS).

GF DEPARTMENT PRESENTATIONS (Continued):

Fire (Continued): Decision card: CARES Program - \$7,500 (preventative program coordinated through Human Services, Police, and/or connecting them to services). This will reduce calls for services of the Police and Fire First Responders.

Budget Workshop 2 will be held Friday, October 14, 2011, at 9 a.m.

Council 2012 Budget Workshop 1 was closed at 4:16 p.m.