

# City of SeaTac

## Council Macro Budget Workshop

### Minutes Synopsis

June 18, 2012  
5:00 PM

City Hall  
Council Chambers

~~CALL TO ORDER:~~ Mayor Anthony (Tony) Anderson called the SeaTac City Council Workshop to order at 5:02 p.m.

**COUNCIL PRESENT:** Mayor Tony Anderson, Deputy Mayor (DM) Mia Gregerson (*arrived at 5:54 p.m.*), Councilmembers (CMs) Barry Ladenburg (*arrived at 5:09 p.m.*), CM Rick Forschler (*arrived at 5:14 p.m. and left at 8:00 p.m.*), Terry Anderson, Dave Bush, and Pam Fernald.

**STAFF PRESENT:** City Manager Todd Cutts, City Attorney Mary Mirante Bartolo, City Clerk Kristina Gregg, Finance Director Aaron Antin, Assistant City Manager (ACM) Gwen Voelpel, Administrative Captain Annette Louie, Fire Chief Jim Schneider, and Police Chief Jim Graddon.

#### PRESENTATION:

##### ●Macro Budget Presentation and Discussion

Finance Director Antin reviewed the 2011 budget performance, projected 2012 ending balance, and 2012 activity including prior year sales and use tax correction of -\$600,000.

*CM Ladenburg arrived at this point in the meeting.*

The 2012 adjusted projection is \$50.9 million.

He stated that Council will be asked to define a balanced budget: (1) General Fund (GF) Revenues = GF Expenditures, or (2) minimum GF budgeted ending balance = 3 months operating reserve.

Mr. Antin reviewed the GF revenue structure. The 2012 total revenue estimate, without transfers, is \$27.8 million.

*CM Forschler arrived at this point in the meeting.*

Mr. Antin reviewed the GF expenditure structure equaling \$30.3 million. He separated the amounts by personnel expenses, non-personnel - public safety budgets, and non-personnel - all other City departments.

He presented three projected financial scenarios for GF forecast (2011-2016), showing at what point expenditures may exceed revenues, and therefore require additional funding or cuts.

Council was again asked to consider the definition of a balanced budget. They were also asked to consider whether the City should allocate any portion of the ending balance to a strategic contingency.

Council discussion ensued regarding a strategic contingency. Mr. Antin clarified that this would be a new contingency fund in the GF.

City Manager Cutts stated that in 2010, Council approved reducing the reserves from four months of operating budget to three months.

Council discussion ensued regarding the reserves with suggestions of anywhere from 3 to 6 months with general support being expressed for establishing a contingency within the GF.

*CM Gregerson arrived at this point in the meeting.*

**RECESSED:** Council recessed from 6:02 to 6:14 p.m.

Mr. Antin reviewed revenue options: (1) property tax revenues (1% increase) and utilizing property tax levy banked capacity; (2) Utility Tax (1% tax rate is estimated to generate \$445,000 per year); and (3) B&O Tax (.2% is estimated to generate \$242,941 per year).

Council discussion ensued regarding the revenue options.

Mr. Cutts stated that, in addition to the major revenue options mentioned, many of the City's fees haven't been adjusted in years and are below market. That can be discussed at a future date.

Mr. Antin reviewed the expense options: (1) identify which services to reduce or eliminate to meet current funding level; (2) strategic planning exercises can help; and (3) Lean/SixSigma work should help realize efficiencies that will save the City money.

**PRESENTATION (Continued):**

**Macro Budget Presentation and Discussion (Continued):**

Council discussion ensued regarding the options. Council provided the following guidance for developing the 2013 budget and contingency to address the projected budget shortfall through 2016:

- Continue using the current definition/practice for a “balanced” budget: the goal then is to create a budget that achieves a projected fund balance equal to three months operating reserve
- Consider a combination of possible options including levying the 1% property tax, using the property tax banked capacity, and implementing a Utility Tax
- Do not implement a Business & Occupation (B&O) Tax
- Staff to bring back a proposal for the basis of establishing an amount for the GF Contingency Fund
- Use the POS Construction Sales Tax for operating expenses

Mr. Antin stated that Council action is required by June 30 for the City to utilize a 2013-2014 biennial budget. He reviewed the main benefits and detractors of using a biennial budget.

*CM Forschler left at this point in the meeting.*

Council discussion ensued regarding a biennial budget versus an annual budget with Council concurring to proceed with Council action on the biennial budget at the June 26, 2012 Regular Council Meeting (RCM).

**ADJOURNED:** Mayor A. Anderson adjourned the Council Study Session at 8:16 p.m.