



City of Tukwila
**Finance and Governance
 Committee**

- ◆ **Kate Kruller, Chair**
- ◆ **Kathy Hougardy**
- ◆ **De'Sean Quinn**

Distribution:	
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M. Abdi	L. Humphrey
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AGENDA

MONDAY, AUGUST 28, 2023 – 5:30 PM

THIS MEETING WILL BE CONDUCTED BOTH ON-SITE AT TUKWILA CITY HALL AND ALSO VIRTUALLY.

**ON-SITE PRESENCE WILL BE IN THE DUWAMISH CONFERENCE ROOM
 (2ND FLOOR, 6300 SOUTHCENTER BOULEVARD)**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS
 MEETING IS: 1-253-292-9750, Access Code 313004383#**

Click here to: [Join Microsoft Teams Meeting](#)

For Technical Support during the meeting call: 1-206-433-7155.

Item	Recommended Action	
1. BUSINESS AGENDA a. Financial Sustainability Plan and Utility Rate Study: Financial Sustainability Committee Process. <i>Pete Mayer, Acting Deputy City Administrator/ Parks & Recreation Director; and Vicky Carlsen, Finance Director</i>	a. Forward to 8/28 C.O.W. Meeting.	Pg.1
2. MISCELLANEOUS		

Next Scheduled Meeting: *September 11, 2023*



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Please contact the City Clerk's Office at **206-433-1800** (TukwilaCityClerk@TukwilaWA.gov) for assistance.



INFORMATIONAL MEMORANDUM

TO: Finance and Governance Committee

FROM: David Cline, City Administrator
Pete Mayer, Acting Deputy City Administrator | Parks & Recreation Director
Vicky Carlsen, Finance Director

CC: Mayor Ekberg

DATE: August 16, 2023

SUBJECT: Financial Sustainability Committee Process- Financial Sustainability Plan and Utility Rate Study

ISSUE

Overview of proposed financial strategy and utility rate study project and seek confirmation and endorsement of the process to secure interested parties to serve on a Financial Sustainability Committee that will help advise the development of a City financial sustainability plan.

BACKGROUND

Recognizing the need for community input on the future finances of the city, the Council, approved funding for the financial sustainability plan project, including convening a community stakeholder committee to help inform the 2025-2026 budget process.

In July 2023, Council approved a contract with BERK, partnering with FCS Group, for the development of a comprehensive financial sustainability plan and utility rate study. The plan will review the City's operating and capital improvement program expenditures and revenues. A goal is to provide short-term (2-5 years) and long-range (6-10 years) plans for the City that considers current and future programs, projects, and services the community desires and can afford. A utility rate study will also be completed to inform the financing of major utility (water, sewer, and surface water) infrastructure projects. Recent changes, such as the Business and Occupation Tax to be implemented in January 2024 to support police services, and the flexibility gained from the fire annexation vote which will be fully implemented in January 2025, provide the community with additional tools to inform the drafting of the 2025-26 biennial budget as well as future budgets.

DISCUSSION

The team has begun their work and has proposed an overall framework and approach (Attachment A), including a process to form, compose and charge a Financial Sustainability Committee (Attachment B) to advise on the development of a financial sustainability plan. The Committee will review information about the City's financial condition and factors that will impact future revenues and expenditures and review options for enhancing the City's financial sustainability and prepare recommendations for the Mayor and City Council.

The proposed process replicates the 2021 process and framework Council previously endorsed for the forming of the "Future of Fire/EMS Community Advisory Committee." Representatives from BERK and FCS Group will help facilitate a discussion exploring the proposed framework and any refinements the Finance and Governance Committee might recommend the full City Council consider at their subsequent Committee of the Whole meeting later the same evening.

RECOMMENDATION

Provide guidance and identify any desired refinements to the proposed framework and process for subsequent deliberation and endorsement at the August 28, 2023, Committee of the Whole meeting.

ATTACHMENTS

Attachment A- Proposed Financial Strategy and Utility Rate Study Project Overview

Attachment B- Proposed Financial Sustainability Committee Process



City of Tukwila

Financial Sustainability Plan & Utility Rate Study: Project Overview

The City of Tukwila is planning for a financially sustainable future that balances the cost of City programs, services, and infrastructure investments with equitable impacts to taxpayers and ratepayers. Key questions to be answered include:

- *How can the City best use its limited financial resources to meet the priorities of the community?*
- *How should the City's programs and services be calibrated with the community members' desires and willingness to pay?*
- *How can impacts to residents and businesses be most equitably balanced, including consideration of the range of household wealth and business size present in Tukwila?*

The City is implementing two interrelated planning processes to answer these questions and establish the City's long-range financial strategy.

A Financial Sustainability Plan will:

- Reflect the Tukwila community's needs, values, and priorities.
- Consider how programs and services may change as the community continues to grow and change.
- Provide short-term (2-5 years) and long-range (6-10 years) strategies to maintain the City's financial stability, guiding both operating and capital investments.

The Financial Sustainability Plan will be guided by a Financial Sustainability Committee and the Tukwila City Council. It will be developed in collaboration with City staff and supported by BERK Consulting.

A Utility Rate Study will:

- Help the City plan for financing major utility (water, sewer, and surface water) infrastructure projects.
- Include recommendations for rates that:
 - Align with customer usage.
 - Can be adjusted as the community grows.
 - Are equitable in their treatment of different customer types and their ability to pay.

This utility rate study will be supported by staff of FCS GROUP who will work in collaboration with City staff and in conjunction with the Community Advisory Committee and Tukwila City Council.

Project Roles and Opportunities to Provide Input

City Council. Tukwila’s City Council will provide guidance for the planning process, and ultimately be responsible for adopting the direction established in the Financial Sustainability Plan and Utility Rate Study.

Community Advisory Committee. Representatives of Tukwila’s residential and business communities will provide guidance and feedback to the work of the consulting team as the Financial Sustainability Plan and Utility Rate Study are developed. The input of the Committee is intended to advise the consulting team and City Council; the Committee is not a decision-making body itself.

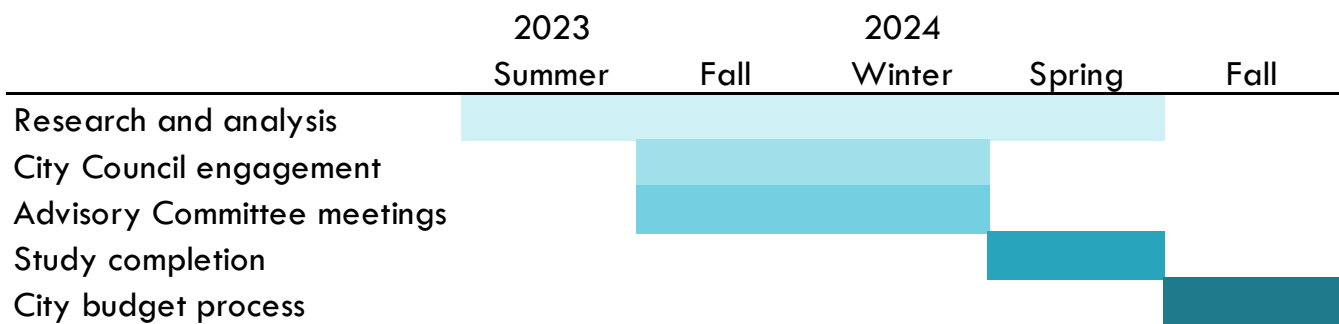
The City expects to appoint the membership of the Committee in October 2023. See www.tukwilawa.gov/TukwilaRoadmap for additional information if you are interested in serving on the Committee.

Tukwila Residents, Business Owners, and Key Partners. In addition to participation on the Community Advisory Committee, members of Tukwila’s residential and business communities will have the opportunity to review planning materials and provide input. The consulting team may additionally reach out to key City partners to obtain their input in the planning process.

Staff Workgroup. City of Tukwila staff will play a key role in informing the work of the consulting team. A Staff Workgroup with representation by City departments and labor unions will be formed to serve this purpose.

Project Management Team. The City’s core Project Management Team includes Vicky Carlsen, Finance Director; Pete Mayer, Acting Deputy City Administrator and Parks & Recreation Director; Laurel Humphrey, City Council Legislative Analyst; and David Cline, City Administrator.

Timeline



For More Information

Project webpage: www.tukwilawa.gov/TukwilaRoadmap

Pete Mayer, Acting Deputy City Administrator | Parks and Recreation Director
Pete.mayer@tukwilawa.gov | 206.767.2305

Vicky Carlsen, Finance Director Vicky.carlsen@tukwilawa.gov | 206.433.1839



City of Tukwila

Financial Sustainability Plan & Utility Rate Study: *Financial Sustainability Committee*

Committee Focus

Members of the Financial Sustainability Committee will:

- Review information about the City's financial condition and factors that will impact future revenues and expenditures.
- Review options for enhancing the City's financial sustainability.
- Prepare recommendations for the Mayor and City Council.

The input of the Committee is intended to advise the consulting team and City Council; the Committee is not a decision-making body itself.

Committee Composition

Members will be selected to represent the diverse makeup of Tukwila's residential community and Tukwila businesses of different types and sizes.

Committee Process

We anticipate that the Committee will meet six times between October 2023 and March 2024. Meetings will be held on weekday evenings at Tukwila City Hall, with in-person participation preferred.

Committee Member Commitment

Committee members should be:

- Interested in learning more about the City's finances and contributing to this critical work for the community of Tukwila.
- Willing to serve as a resource to other members of the community who want to learn more about this process.
- Interested in working closely with other Committee members and committed to collaboration, teamwork, and compromise to seek consensus on a solution(s).
- Able to commit to attending Committee meetings as described above.

The City expects to appoint the membership of the Committee in October 2023. If you are interested in applying, please [fill out the application for appointment](#). Completed applications can be emailed to BoardsComms@tukwilawa.gov or mailed to: Tukwila City Hall, 6200 Southcenter Boulevard, Tukwila, WA 98188.

