

City of SeaTac

Council Study Session Minutes Synopsis

April 22, 2014
4:00 PM

City Hall
Council Chambers

CALL TO ORDER: The SeaTac City Council Study Session (CSS) was called to order by Mayor Mia Gregerson at 4:01 p.m.

COUNCIL PRESENT: Mayor Mia Gregerson, Deputy Mayor (DM) Anthony (Tony) Anderson, Councilmembers (CMs) Barry Ladenburg, Kathryn Campbell, Terry Anderson, Dave Bush, and Pam Fernald.

STAFF PRESENT: City Manager Todd Cutts, City Attorney Mary Mirante Bartolo, City Clerk Kristina Gregg, Assistant City Manager (ACM) Gwen Voelpel, Parks & Recreation (P&R) Director Kit Ledbetter, Assistant P&R Director Lawrence Ellis, Community & Economic Development (CED) Director Joe Scorcio, Economic Development (ED) Manager Jeff Robinson, and Police Chief Lisa Mulligan.

PUBLIC COMMENTS (related to the agenda items listed below): There were no public comments.

Agenda Bill #3609; A Motion authorizing staff to apply for the 2015 Community Development Block Grant (CDBG) for design and construction of a neighborhood park at Riverton Heights site

Summary: The project will design and construct a neighborhood park within the 8 acre parcel of land at the Riverton Heights site (the area of the park would be three acres). In 2007, the City purchased the Riverton Heights Elementary School site from the Highline School District (HSD) and the community adopted the site as an informal park. After acquiring the site, the City cleared the buildings and completed the necessary environmental cleanup.

Over six months and three community meetings, members of the community developed a vision that would be an amenity for the whole community and a space that serves its immediate neighbors. The creation of a neighborhood park would accommodate multiple activities and provide a combination between active and passive uses. Some of the amenities that were presented at the community meetings were artful gateways to identify entry points of the park, shelters, interior walkways, rain garden, pea patch, basketball court, children's play area, benches, and a perimeter path.

The P&R Department has been successful in securing King County (KC) CDBG funds in the past six years to design and construct a neighborhood park and a skate park, both at SeaTac Community Center (STCC), expand the Valley Ridge Community Center (VRCC) for the teen program, and renovate Sunset soccer field.

The design and construction of the proposed project is not budgeted and this portion of the project will not proceed without CDBG grant funding. The estimated cost for design and construction is undetermined at this time. If the grant funding is approved, the City Council will be asked to formally accept the grant and award contracts for design and construction of the project.

To meet all grant requirements, a pre-application has been submitted (due April 4, 2014) and the formal grant application deadline is May 30, 2014. Approval of this Motion is required for the City to formally apply for this grant funding. If this Motion to apply is not approved, staff will withdraw the pre-application.

Applying for this grant has no fiscal impact. This is not a matching grant and this portion of this project will not move forward without this grant.

Assistant P&R Director Ellis reviewed the agenda bill summary.

Council discussion ensued regarding the grant and the project. Mr. Ellis stated that staff will be applying for \$300,000.

Council consensus: Refer this to the 05/13/14 RCM Consent Agenda

THE FOLLOWING TWO AGENDA BILLS WERE PRESENTED TOGETHER:

Agenda Bill #3591; A Resolution declaring real property located at 19608 International Boulevard (IB) surplus to the needs for the City, and authorizing the City Manager to execute a purchase and sale agreement (PSA) with TMI Hospitality, Inc. for its disposal

Summary: The proposed development is for an approximately 140 room hotel with an estimated development cost of \$20 million. The completed project will create dozens of temporary construction and new permanent jobs and generate revenues from construction and on-going sales taxes, lodging taxes, and permit fees. It will also return currently non-taxed parcels to the property tax roll.

Agenda Bill #3591 (Continued):

History:

- The City originally purchased the “Hughes Property” in 1997 for \$2.8 million as an option for a “new City Hall or other City purposes”.
- Resolution #97-017, which authorized the City acquisition of the property, stated that: “a parcel of land has been identified as a prime location, subject to development costs, for park, recreation, viewpoint, community or convention, for tourist service facilities, for greenbelt or conservation area, for other public facilities, or for any combination of the foregoing.”
- On April 10, 2001 the Council authorized staff to invite Request for Proposals (RFPs) from developers for the property and stated that two major objectives of the plan were to have: “public access and uses of the waterfront public spaces”; and the “desire to have quality development with a substantial profit on this unique property.”
- On April 16, 2001 an RFP advertisement was published with proposals due to the City in June 2001.
- A proposal was received from a development team to develop a park, a theatre, and a parking structure on the site with the use of significant public funding. Other privately-financed development was to follow including offices, retail, condominiums, and a restaurant. The offer was not accepted by the City.
- Another proposal and associated PSA for \$2.95 million was submitted in October 2002 for the development of a hotel, casino, and gift shops. The Council rejected this offer as well.

Near Past / Current Events:

- In July 2012, staff briefed the Council on the Hughes Property after the City received an unsolicited offer and received direction to obtain an appraisal of the site.
- The appraisal was completed and derived an estimated value of \$41 sq ft and noted the “highest and best use” as a mid-scale hotel property.
- On February 20, 2014, the City received a second unsolicited offer for approximately 75% (3 acres) of the site from TMI Hospitality of Fargo, North Dakota, a 35 year old company with annual revenues in excess of \$312 million that operates over 200 hotels in 25 states across the country.
- The City would retain ownership of the approximately 25% of the site nearest the lake for public access.
- The offer is for +/- 3 acres at \$43 sq ft, or \$5,619,240, less a “Developer Fee” at 1.5% results in net receipt to City of approximately \$5,534,959, before seller closing costs.
- The property has most recently been assessed by KC at \$3,051,700, or \$17.48/sq ft

The structure of the transaction includes:

1. \$200,000 in earnest money provided at execution of PSA and applicable to sales price upon closing. \$100,000 of which is non-refundable if permits are issued but project does not move forward.
2. Requirement that due diligence be completed within 150 days of the execution of the PSA.
3. Full applications for all necessary permits and other approvals submitted to jurisdictions with authority within 90 days of expiration of the due diligence period.
4. That construction commence within 18 months of permit issuance.
5. As an additional protection for the City, a “Failure to Commence Construction / Reversionary Clause”, will be included and recorded as a covenant on the title which will allow the City to re-purchase the property at its original sales price if the TMI Hospitality project does not move forward to construction as an extended stay hotel within 18 months. This restriction will also prohibit the transfer of the property to another party without the consent of the City.
6. There will be an easement for pedestrians, the exact location of which will be determined prior to closing, from International Boulevard to the public access at Angle Lake shoreline and vehicle access to lakefront for emergency and City maintenance purposes. The pedestrian access will provide a continuation of existing trail easements from Angle Lake Park.

Other, Non-transactional Elements to be Included in a Separate Agreement Include:

- If meeting space is included in the hotel, an agreement to allow cost-free use to City or community-based non-profit organizations four times per year as availability allows.
- TMI will make an annual contribution to 4th of July Festival on Angle Lake (number of years and \$ amount to be determined).
- Evidence of application to the Marriott Corporation for a Residence Inn “Beacon” design prototype.

Sales proceeds to the City of approximately \$5.6 million before seller closing costs resulting in a net return of \$2.8 million on the initial purchase, or double the original investment.

Agenda Bill #3603; An Ordinance authorizing the City Manager to execute an agreement with Wisenet Branin Brothers LLC for acquisition of a walking path easement between Angle Lake Park and the Hughes Property and amending the City's 2013-2014 Biennial Budget

Summary: This Ordinance authorizes the City Manager to execute an agreement with Wisenet Branin Brothers LLC (Owner) for a walking path easement along the shoreline between Angle Lake Park and the Hughes Property. This Ordinance also amends the City's 2013-2014 Biennial Budget to appropriate the funds to pay for the easement.

The purpose of this agreement between the City and the Owner is to grant an easement for a public walking path along the shoreline through the property located at 19600 IB. Once the agreement is signed by all parties, the City and the Owner will complete the documents for recording the easement and other related documents. The City will pay for the easement, legal, and recording fees related to this transaction.

The agreement states that the City will supervise and pay for the following property projects, and the Owner's portion of the expenses will be deducted from the easement payment made by the City. The City will arrange for the installation of a new chain link fence along the property line separating the Owner's property from the Hughes Property and arrange for the removal of seven trees from the Owner's property. The Owner agrees to pay one-half of the cost of the fence materials and installation, or \$7,110.72, whichever is less. They also agree to pay the entire cost of removing the trees, or \$7,774.50, whichever is less. The City will pay the Owner the appraised value of \$33,800 for the path easement. Net payment of \$18,914.78 (\$33,800 less \$7,774.50 & \$7,110.72) will be made at the time of delivery of the path easement.

The Owner will grant an easement for the City to design, construct, and maintain the walking path not greater than ten feet in width as shown on the property survey. The City will install a six foot tall fence on the west side of the trail with a locking gate so the property Owner can access the walking trail yet still provide separation from the walking path and the property west of the walking path. Once the pathway is completed, the P&R Department will be responsible for the maintenance from the pathway to the water's edge.

This Ordinance also increases expenditures in the Municipal Capital Improvement Program (CIP) Fund (Fund 301) in the 2013-2014 Biennial Budget by \$33,800 to pay for the easement.

The City will pay a total of \$33,800 for the right to have the walking path easement. This includes the payment of \$18,914.78 to Wisenet Branin Brothers LLC (Owner), \$7,110.72 for fence materials and installation and \$7,774.50 for tree removal. The funds will be paid through the BARS accounts listed above.

CED Director Scorcio and ED Manager Robinson reviewed the agenda bill summary for Agenda Bill #3591.

Council discussion ensued regarding the hotel and the lake access.

P&R Director Ledbetter reviewed the agenda bill summary for Agenda Bill #3603.

Council discussion ensued regarding the agreement.

Council consensus: Refer Agenda Bill #3591 and 3603 to the 05/13/14 RCM Consent Agenda

Agenda Bill #3606; A Motion authorizing the City Manager to execute a contract with the low bidder for Angle Lake Park Restroom Fire Damage repairs

Summary: Requesting a Motion to authorize the City Manager to execute a Contract with the low bidder, Koss Construction, Inc., to complete the repairs that are needed due to fire damage to the restroom building at Angle Lake Park.

On December 26, 2013 the restroom building at Angle Lake Park was damaged by fire. The fire was investigated as an arson event and was turned over to our Risk Manager as an insurance claim. We received original estimates from the insurance company of \$53,007 which after our deductible and depreciation resulted in a claim of \$50,268.48 for which Travelers Insurance has issued the City a check. As this information was reviewed, it was discovered that the estimates by the insurance company did not include paying prevailing wage rates. Staff informed both the estimator and the insurance company that we will need to competitively bid the project and pay prevailing wage rates.

Bids packets were sent to contractors selected from the MRSC Small Works Roster and bids were received back from two contractors. Due to the requirement to pay prevailing wage rates, the low bid came in at \$69,000.

Agenda Bill #3606 (Continued): Travelers Insurance has agreed to pay the City the increased cost totaling \$75,555 which includes Sales Tax. In the event any of the contingency is used, the additional amount will be requested from Travelers Insurance.

Following are bid results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Bid Including Sales Tax (9.5%)</u>	<u>Bid w/tax + 10% Contingency</u>
Koss Construction Inc.	\$69,000	\$75,555.00	\$83,110.50
Henderson Partners, LLC	\$69,455	\$76,053.23	\$83,658.55

The only fiscal impacts to the City are payment of the insurance deductible in the amount of \$2,500 and depreciation on the structure of \$273.14.

P&R Director Ledbetter reviewed the agenda bill summary.

Council discussion ensued regarding the project.

Council consensus: Refer this to the 05/13/14 RCM Consent Agenda

THE FOLLOWING THREE AGENDA BILLS WERE PRESENTED TOGETHER:

Agenda Bill #3593; An Ordinance amending Chapter 1.20 of the SeaTac Municipal Code (SMC), relating to the duties of the Hearing Examiner (HE), procedural requirements and land use permit decision criteria

Summary: This Ordinance updates the HE code to differentiate the duties of the HE from those of the Planning Commission (PC); clarify procedural requirements concerning appeals; and eliminates language concerning land use decision criteria, which is also contained with Title 15, Zoning Code.

The PC has continued with its review of the SMC to provide greater clarity and eliminate redundancies. While considering possible amendments to the Zoning Code, it became apparent that companion amendments to Chapter 1.20, HE System, were also needed in order to ensure consistency. The PC has reviewed these amendments, but did not conduct a public hearing (PH) regarding them, as Chapter 1.20 does not fall within the PC's designated purview as listed in SMC 2.15.120.

This Ordinance clarifies that the HE considers land use permit applications, while legislative matters such as code amendments and shorelines designations are duties of the PC. It will also provide consistency with SMC 16A.23 to note that appeals of SEPA actions proceed directly to Superior Court. This Ordinance also clarifies that only decisions (not recommendations) of the HE may be appealed to the City Council and that once an appeal is filed, the HE has no further role in the process. This Ordinance also eliminates various land use decision criteria (such as for variances), at these criteria are also contained in the Zoning Code (SMC Title 15). This will eliminate the need to amend two sections of the code should there be a need to amend decision criteria and also provides a single location where this information may be found.

Agenda Bill #3594; An Ordinance amending Title 15 Zoning Code of the SeaTac Municipal Code (SMC), relating to land use permit decision criteria and public hearing (PH) procedures

Summary: This Ordinance amends Chapters 15.05 and 15.22 of the Zoning Code, which address decision criteria for various land use permits, the HE process, and the appeal process. These amendments are being proposed in conjunction with recommended changes to Chapter 1.02, HE System, to ensure issues are addressed in only one chapter, rather than being duplicated in two different locations within the SMC.

This Ordinance is the result of the PC's on-going review of the SMC to provide greater clarity, eliminate redundancies, and correct outdated provisions. Currently, decision criteria for some land use permits are found both in Chapter 1.20, HE System and within the Zoning Code. The PC has recommended that land use permit decision criteria be contained within the Zoning Code (Chapters 15.05 and 15.22) and eliminated from Chapter 1.20. (Proposed amendments to that chapter are being considered under a separate Ordinance).

Section 15.22.065 addresses the process for filing appeals of a decision of the HE. This language is replicated in SMC Chapter 16A.17; the recommendation is to strike the language in Chapter 15.22 and provide a cross-reference to SMC 16A.17.

Other minor changes are proposed to note that only one open record public hearing may be held by the HE; to note that PH notice requirements are contained within SMC 16A.13; and to note that the CED Department is responsible for transmitting HE decisions to all parties of record.

Agenda Bill #3595; An Ordinance amending Title 16A of the SeaTac Municipal Code (SMC), relating to the SEPA substantive authority and establishing a new chapter concerning the comprehensive plan (CP)

Summary: This Ordinance amends Chapter 16A.23 relating to the exercise of substantive authority under SEPA and add a new chapter 16A.25, addressing the CP. The amendment to SMC 16A.23.130 will provide updated references to plans, policies, rules and regulations that may be used during the SEPA process. The new chapter 16A.25, CP, identifies all documents considered as part of the plan and addresses the process for amending the plan.

The PC continues with its review of the SMC to provide greater clarity, eliminate redundancies, and correct outdated provisions. SMC 16A.23.130 lists those documents that may be used by the SEPA Responsible Official to approve, condition or deny a proposed action pursuant to SEPA (RCW 43.21C). It appears the current list of documents was established shortly after the City's incorporation, a period before it had adopted many of its own plans and regulations. The proposed amendment updates this list to include the current set of documents that should be relied upon for the exercise of SEPA substantive authority.

Currently, the SMC contains only minimal reference to the City's CP, which was originally adopted in 1994 and has been subsequently amended numerous times since. The proposed new Chapter 16A.25 defines the CP and its various associated documents; clearly states the City's policy to encourage early and continuous participation in the planning process, a Growth Management Act (GMA) requirement; and references the authority previously granted to the CED Director to establish an amendment process.

CED Director Scorcio and Planning Manager Pilcher reviewed the agenda bill summaries for Agenda Bill #3593, #3594, and #3595.

Council discussion ensued regarding the three agenda bills and the HE process.

Council consensus: Refer Agenda Bill #3593, #3594, and 3595 to the 05/13/14 RCM Consent Agenda

PRESENTATIONS – INFORMATIONAL ONLY:

•Update on Community Building Committee (CBC)

CBC Member Pat Patterson introduced members present: Matthew York, Jean Blackburn, Abdirahman Hashi, Virginia Olsen. He reviewed the committee's mission statement and some of the items the CBC is working on.

The CBC spoke with CMs to understand what the Council's expectations for this group are. Based on those comments here is the CBC's tasks: researching best practices of other jurisdictions and vetting those ideas within the community; fostering communication and building trust with all City departments and within the community; acting as a sounding board for projects and programs under development by the City; seeking innovation, community based ideas, through sustainable two way communication within the community; and participating in existing City, school, and community meetings and events to bridge the communication gaps and promote active participation and community engagement.

The committee also spoke with other City service groups to understand the diverse dynamics in the community. Mr. Patterson detailed the conversations with the service groups. The CBC will be back later this year with specific ideas for Council to act on.

Council discussion ensued regarding this committee's activities, future funding requests, and how to attract a diverse membership for the committee.

PRESENTATIONS – COUNCIL DIRECTION REQUESTED:

•City Council Support for a potential Trail around Tub Lake

P&R Director Ledbetter detailed the proposed trail and requested Council support for staff to work with the Port of Seattle (POS) and Federal Aviation Administration (FAA) to move forward with this trail. Design and construction will come back before the Council for approval.

Council discussion ensued regarding safety, homeless encampments, potential funding, and other potential trails that this money could be used for instead.

Council direction: Staff to move forward with due diligence / Staff to review what this money should be used for and any environmental contamination and liability / Staff to bring back to Council any potential uses for this money

ADJOURNED: Mayor Gregerson adjourned the CSS at 6:02 p.m.