

City of SeaTac

Council Study Session Minutes Synopsis

September 23, 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 4:00 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, Senior Assistant City Attorney Mark Johnsen, City Clerk Kristina Gregg, Assistant City Manager (ACM) Gwen Voelpel, Senior Human Resources (HR) Analyst Stephanie Johnson, Community & Economic Development (CED) Director Joe Scorcio, Planning Manager Steve Pilcher, Economic Development (ED) Manager Jeff Robinson, Senior Planner Kate Kaehny, and Police Chief Lisa Mulligan.

PUBLIC COMMENTS (related to the agenda items listed below): The following people spoke in favor of Agenda Bills #3629 [Tourism Promotion Area (TPA)] and #3630 [Seattle Southside Regional Tourism Authority (SSRTA)]: Carol Kolson, Katherine Kertzman, and Frank Welton.

PRESENTATIONS – INFORMATION ONLY:

● **Introduction of new City Employee: Records Management (RM) Coordinator Patrick Oakes**
City Manager Cutts introduced Mr. Oakes.

THE FOLLOWING TWO AGENDA BILLS WERE PRESENTED TOGETHER:

Agenda Bill #3629; An Ordinance establishing a Tourism Promotion Area (TPA), imposing a charge on the furnishing of lodging with the TPA, and other matters related thereto

Summary: This Ordinance formally establishes the boundaries of and imposes the charges (special assessments) within the Seattle Southside Tourism Promotion Area (SSTPA) that encompasses the cities of SeaTac, Des Moines and Tukwila. A public hearing (PH) will be conducted prior to the consideration of this Ordinance.

TPAs were created by state statute, Revised Code of Washington (RCW) 35.101, with the purpose of furthering additional positive impacts for tourism spending in local communities. The TPA statute allows the legislative authority of the TPA to impose a charge on certain lodging of up to \$2.00 per room, per night. The charge is not a tax on the sale of lodging. Rather, it is a self-imposed special assessment collected by certain lodging businesses within the TPA. This special assessment is collected in addition to the Lodging Tax.

In King County (KC), the establishment of a TPA requires the participation of two or more local governments through an Interlocal Agreement (ILA). The proposed SSTPA will be a joint effort between the cities of SeaTac, Des Moines, and Tukwila. These three cities executed an ILA in May 2014 (the SeaTac City Council authorized the City Manager to execute the ILA on March 25, 2014 via Agenda Bill #3525). The ILA designated the SeaTac City Council as the legislative authority for the SSTPA.

TPA formation is initiated when the operators of lodging businesses in the proposed TPA, who would pay 60% or more of the proposed self-assessments, submit a formation petition to the designated legislative authority. This petition was delivered to the City on August 7, 2014. The petition contained signatures from 62% of the applicable hotels. As the designated legislative authority for the TPA, the City Council is statutorily required to conduct a PH and consider adopting an ordinance establishing the proposed TPA and imposing the charge on lodging by certain lodging businesses located within the boundaries of the TPA.

This Ordinance creates the SSTPA. The boundaries of the SSTPA will be the corporate boundaries of SeaTac, Tukwila, and Des Moines. This Ordinance also sets the special assessments within the SSTPA at \$2.00 per room, per night. This assessment would only apply to those lodging establishments with 90 or more rooms. Finally, this Ordinance specifies that the revenue received from these assessments can only be used for certain tourism promotion purposes. More specifically, it is the intent that this funding will be used to augment and expand the tourism promotion services currently provided by Seattle Southside Visitor Services (SSVS).

If this Ordinance is adopted, the assessment is projected to take effect on or around January 1, 2015. In addition, the City's responsibilities as legislative authority for the TPA include adopting a budget for the use of the special assessments, contracting with the Washington State Department of Revenue (DOR) for the collection and remittance of the revenues generated, and receiving reports from the SSRTA (if established), which will have management and fiscal responsibility for the funds and programs supported from SSTPA revenues.

Agenda Bill #3629 (Continued): If the City Council adopts this Ordinance creating the SSTPA, the City Council will be asked to consider adopting a second Ordinance creating the SSRTA (Agenda Bill #3630).

Approximately \$2.0 - \$2.5 million in yearly revenue is expected to be generated annually for tourism promotion to augment and significantly expand the current services provided through SSVS. There will be minimal staff time needed for the administrative and fiscal oversight of the TPA.

Agenda Bill #3630; An Ordinance authorizing the creation of a public corporation known as Seattle Southside Regional Tourism Development Authority

Summary: This Ordinance charters the SSRTA as a public corporation and separate legal entity to perform the management of tourism promotion activities for the SSTPA.

Public Development Authorities (PDAs) (which the SSRTA will be), are established by cities or counties pursuant to RCW 35.21.730 et seq. These entities are created to operate projects or programs which the city or county determines are best managed outside of the traditional administrative and political constraints of local government. PDA's provide limited liability for the city that creates them and allows for more entrepreneurial decision making and specifically focused goals and management through the professionals who oversee their operations. There are several dozen PDAs in Washington State, including the Foss Waterway Development Authority in Tacoma, the Pike Place Market PDA in Seattle, the South Correctional Entity (SCORE) Facility PDA, and the Valley Communications Development Authority. The decision to establish the SSRTA as a PDA and as the managing entity for tourism promotion efforts came after a thorough analysis of other potential management structures including 501(c)(3) and 501(c)(6) non-profit organizations, both of which included requirements not conducive to the operation of a regional tourism promotion effort.

The SSRTA is being established to carry-out and implement the provisions in the ILA between SeaTac, Tukwila, and Des Moines to manage both TPA-generated resources and lodging tax funding for regional tourism promotion activities. This organizational structure allows for:

- An entrepreneurial approach necessary for successful tourism promotion;
- Active participation of members of the hospitality industry;
- Use of multiple revenue sources;
- Coordination with other tourism related entities; and
- Professional staffing that is required for the proper planning, management, oversight and accountability of such an undertaking.

Programmatically, the SSRTA will function in much the same manner as the current SSVS, which has been providing tourism marketing for over twelve years. However, the SSRTA will have significant additional resources and as an independent entity will be governed by its own Board of Directors.

The SSRTA will be required to obtain its own legal, accounting, and insurance services independent of the City, and will be independently audited by the Washington State Auditor. The SSRTA is also required to comply with applicable state laws, including the Open Public Meetings Act and the Public Records Act.

The Charter of the SSRTA delineates its structure, purposes, operations and limitations.

- Governance resides in an independent Board of Directors which shall exercise all corporate powers and manage the business, property and affairs of the SSRTA.
- The structure includes a Board composed of between seven and eleven members comprised primarily of ratepayers representative of a variety of geographic locations, property sizes and price points within SSTPA. The initial Board will be appointed by the SeaTac City Council with all subsequent appointments recommended by the existing Board and confirmed by the City Council.
- Generally, the purposes of the SSRTA are to:
 - Facilitate, through service contracts, the operation and management of the SSTPA through the receipt of funds from the special TPA assessments, lodging tax revenues and other sources of income;
 - Provide tourism promotion services; and
 - Serve as a destination marketing organization for SeaTac, Des Moines and Tukwila.
- The SSRTA will be operated by a staff of tourism professionals hired and managed by the SSRTA Board to negotiate and implement contracts for services with the partner cities for the operation and implementation of tourism-related activities, marketing and programs.

Agenda Bill #3630 (Continued):

- Limitations to the SSRTA include specific restrictions on the authority to issue bonds or incur any liability that creates recourse by any party to any assets, services, resources or credit of the City of SeaTac, Des Moines or Tukwila, unless otherwise expressly agreed to in writing.

The City's oversight responsibilities are specifically articulated to create an absence of liability for any actions of the SSRTA. This oversight includes receipt of annual written and verbal reports, approval of a general budget, access to all records, including financial statements, and attendance of Board meetings. The City Manager will designate a member of the City staff to be the liaison between the City and the SSRTA that has responsibility for the oversight function.

The City will record in a memorandum of agreement with the SSRTA how the oversight responsibilities will be conducted by the City. This will include attendance at meetings of the SSRTA, review of minutes, receipt of budgets or resolutions, sitting in on audit exit interviews, and then periodically reporting to the City Manager. This will both define and limit the scope of oversight, and provide an understanding of what oversight means to the City. This memorandum will also delineate what information the City expects to receive from the SSRTA to ensure that it is appropriately informed of activities for oversight purposes. This will include, but not be limited to copies of meeting notices, minutes, resolutions, budgets, and audit reports. The goal of this memorandum is to create transparency as to the relationship between the City and the SSRTA.

Finally, the City may dissolve the SSRTA "for any reason" by an affirmative finding by the City Council that such an action is warranted.

Approximately \$2.0 - \$2.5 million in yearly revenue is expected to be generated annually for tourism promotion to augment and significantly expand the current services provided through SSVS. There will be some amount of staff time and associated costs for the administrative and fiscal oversight of the SSRTA which will include attendance at Board meetings, review of budgets, meeting minutes, financial statements and audits. Given that the establishment of the SSRTA benefits the City as a whole, there is not a recommendation for an administrative charge at this time. The City intends to monitor the level of effort required to ensure that the cost of the oversight responsibility does not become overly burdensome in the future.

ED Manager Robinson introduced Pacifica Law Group Partner Deanna Gregory and reviewed the summaries for Agenda Bills #3629 and #3630.

Council discussion ensued regarding rules for spending the \$2 million.

Mr. Robinson also explained that even though some of the hotels declined to sign the petition, they will still be required to collect the money and will benefit from activities and programs.

Council discussion ensued regarding the Hotel/Motel (H/M) Tax versus TPA Funding, meeting oversight and minutes, and request for provision in policies for local spending when possible.

Council consensus: Refer Agenda Bills #3629 and #3630 to the 10/14/14 RCM for a PH and Council Action

Agenda Bill #3638; A Resolution authorizing the execution of a two-year extension of the 2012-2014 collective bargaining agreement (CBA) between the City of SeaTac and the Washington State Council of County and City Employees American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, Local 3830

Summary: The current labor agreement between the City and AFSCME, Local 3830 is due to expire on December 31, 2014. City and Union representatives have been negotiating a two-year extension to the current CBA since June 2014, and reached a tentative agreement on August 14, 2014. The Union membership ratified this tentative agreement on September 4, 2014.

This Resolution authorizes a two year extension of the 2012-2014 CBA through December 31, 2016. This extension provides for a Cost of Living Adjustment (COLA) in 2015 and 2016 at the same percentage as the current contract (95% of the CPI-W Seattle-Tacoma-Bremerton, June to June index, with a minimum of 2% and a maximum of 5%). Additionally, employees will continue to pay a portion of the monthly medical insurance premium for themselves and their enrolled dependents at the 2014 premium rates. The City will pay the balance of the premium. Finally, the Represented Positions Salary Schedule is amended to reflect changes that have occurred since the CBA was adopted in 2012.

Since this is an extension of the existing agreement, no additional fiscal impact is anticipated above what was already included in the current AFSCME contract. For estimating purposes, COLA is set at 95% of CPI-W or 2.09% in 2015,

Agenda Bill #3638 (Continued): with a 2% floor in 2016. The City's health insurance plan is estimating a 5% increase in premiums each year during 2015-2016. Given these COLA and medical assumptions, with the current employee contribution amounts remaining at the higher 2014 level and all else being equal, the 2015 impact would be an estimated cost increase of \$98,717 related to COLA and \$41,235 related to medical costs. The 2016 impact is then estimated to be \$98,336 related to COLA and \$43,296 related to medical plan costs.

City Manager Cutts reviewed the agenda bill summary.

Council consensus: Refer this to the 10/14/14 RCM Consent Agenda

Agenda Bill #3635; A Motion authorizing the City Manager to enter into an Agreement between the Highline Public Schools and City of SeaTac for a School Resource Officer (SRO) at Tyee Educational Complex and Chinook Middle School

Summary: This proposed Agreement would continue the Highline Public School's annual contribution to offset a portion of the cost for a SRO at the Tyee Education Complex and Chinook Middle School for the 2014-15 school years. The District has provided partial funding for this position since 2006.

The Agreement is similar to that used last year with the exception of the following changes:

- Total cost of the SRO has increased \$2,748 from last year which translates to a \$687.00 increased cost to SeaTac and a \$2,061.00 increased cost to Highline Public Schools.

	2013-2014 Cost	2014-2015 Cost
City of SeaTac Share	\$120,420	\$121,107
Highline Public Schools Share	\$53,925	\$55,986
Total Cost for SRO	\$174,345	\$177,093

- There are no significant changes to the language of the Agreement or scope of services.

The Agreement documents cost sharing, indemnification, the employment status of the officer, how a replacement would be selected, the work schedule and duties of the SRO and the facilities to be provided by the School District. This Agreement does not commit the City to any additional staffing or enhancement of services at the schools. The term of the Agreement is through June 30, 2015 and allows for early termination with 60 days written notice. In the event of early termination, the City must return to Highline \$5,598.60 (1/10 of the \$55,986) for each full month remaining in the 2014-2015 school year.

This Agreement would result in compensation of \$55,986 by Highline Public Schools to the General Fund (GF). The 2014 portion of the City's 2013-2014 biennial budget was approved with an anticipated revenue of \$53,925 from Highline Public Schools to offset \$177,093 which is the total cost of an SRO.

SeaTac Police Chief Mulligan reviewed the agenda bill summary.

Council discussion ensued regarding the benefits of having SRO's, SRO duties, and visits to elementary schools.

Council consensus: Refer this to the 10/14/14 RCM Consent Agenda

Agenda Bill #3639; An Ordinance repealing Chapter 2.35 of the SeaTac Municipal Code (SMC)

Summary: Washington State law requires that each municipality set up a Civil Service Commission to develop rules for the personnel administration of their Fire and Police Departments, including the hiring, promotion, transfer, reinstatement and for handling all personnel actions.

The SeaTac Civil Service Commission has ensured that hiring and promotions are fair and competitive and that all personnel rules are fairly administrated for City Fire Fighters, Captains, Battalion Chiefs and the Assistant Fire Chief. Effective January 1, 2014 the City began contracting Fire services through the Kent Regional Fire Authority (RFA). The City has historically contracted Police services through KC. Therefore, the City no longer employs classifications subject to civil service, and SMC Chapter 2.35 is no longer needed.

During the 2013-2014 budget cycle, the HR Department budgeted \$43,032 for Fire Department Civil Service expenditures. This budget was returned to the GF in 2014 to help offset the cost of the contractual agreement with Kent RFA. Civil Service costs are borne by the Kent RFA for Fire Services and KC for Police Services.

Senior HR Analyst Johnson reviewed the agenda bill summary.

Discussion ensued regarding sunseting the Commission.

Council consensus: Refer this to the 10/14/14 RCM Consent Agenda

PRESENTATIONS – COUNCIL DIRECTION:

● Angle Lake Station Sub-Area Plan Project Update

Planning Manager Pilcher stated this project is nearing the end of the process. Tonight's presentation is primarily the results of the Pedestrian Bicycle Study recommendations which will form what the City does when the draft plan is developed.

Senior Planner Kaehny provided the current project status which is creating the implementation strategy with the final step being completing the plan.

The following Projects have been completed: July - Community Engagement Process and Report, and September – Pedestrian and Bicycle Connectivity Study.

The study recommendations focused on pedestrian and bicycle connectivity will be integrated into the Station Area Plan which is currently underway.

Ms. Kaehny reviewed the Pedestrian and Bicycle Study:

- Objectives – (1) assess existing conditions in station area; (2) evaluate feedback from community engagement process, existing City policies and best practices in transit-oriented development; (3) make recommendations for increasing walkability and opportunities for bicycle travel within and immediately adjacent to the Angle Lake Station Area.
- Draft recommendations – (1) Land Use “Sub-Districts” and (2) Station Area Connectivity.

Discussion ensued regarding a developer who has expressed interest in building in the station area, making it easier to get from the station to the trail head, and lighting on 37th Avenue South and paths. Ms. Kaehny stated that staff is working with developers in order to obtain a win-win situation and she will look into lighting options.

Ms. Kaehny stated that the current Interim Station Area Zoning Overlay standards expire December 31, 2014. Staff will be bringing an Ordinance in October or November requesting a six month extension.

Next steps: Fall – follow up with business/property stakeholders, complete draft Station Area Plan; Fall/Winter – City Council and Planning Commission (PC) reviews of Station Area Plan; December – anticipated Council action to extend Interim Overlay; and Early 2015 – anticipated Council action on Station Area Plan.

ADJOURNED: Mayor Gregerson adjourned the CSS at 5:18 p.m.