

City of SeaTac

Council Study Session Minutes Synopsis

August 9, 2016
5:00 PM

City Hall
Council Chambers

CALL TO ORDER: The SeaTac City Council Study Session (CSS) was called to order by Mayor Michael Siefkes at 5:00 p.m.

COUNCIL PRESENT: Mayor Michael J. Siefkes, Deputy Mayor (DM) Pam Fernald (*arrived at 5:02 p.m.*), Councilmembers (CMs) Rick Forschler, Kathryn Campbell (*arrived at 5:01 p.m.*), Peter Kwon (*arrived at 5:01 p.m.*), Tony Anderson, and Erin Sitterley.

STAFF PRESENT: Acting City Manager Joe Scorcio, Senior Assistant City Attorney Mark Johnsen, City Clerk Kristina Gregg, Planning Manager Steve Pilcher, Senior Planner Kate Kaehny, Parks and Recreation (P&R) Director Lawrence Ellis, Public Works (PW) Director Will Appleton, Acting Community & Economic Development (CED) Director/Economic Development (ED) Manager Jeff Robinson, Stormwater Compliance Manager Don Robinett, Acting Finance Director Gwen Pilo, and Treasury Operations Manager Ruth Black.

PUBLIC COMMENTS (related to the agenda items listed below): Steve Clagett, spoke in support of Agenda Bill #4418 (diversity in the community) on the Regular Council Meeting (RCM) agenda.

AGENDA BILLS:

Agenda Bill #4380; An Ordinance adopting amendments to SeaTac Municipal Code (SMC) 15.205.040 (Zoning Code), regarding ground floor commercial space requirements for multi-family uses outside of established overlay districts.

Summary: The proposed amendments are part of ongoing efforts to remove potential barriers to development from the Zoning Code. The proposal would reduce requirements for commercial space in multi-family projects in certain zones outside of the City's three overlay districts. (The recently adopted Angle Lake Station Area Overlay District includes similarly reduced commercial/residential mixed use requirements. Mixed use requirements in the South 154th Street Station Area and City Center overlay districts will be addressed in the future. The main impetus for this amendment was information received from multiple residential developers who indicated that existing ground floor commercial requirements in these areas are a deterrent to building multi-family projects in these areas of SeaTac due to the additional construction expense and challenge in leasing the space in a timely manner.

The proposed changes to the Zoning Code were drafted based on a review of mixed use requirements in neighboring cities and after significant input from the Planning Commission (PC). A guiding principle articulated by the PC was to maintain opportunities for retail and commercial businesses in SeaTac's commercially-focused zones, while removing potentially onerous requirements from mixed use and multi-family residential developments. A summary of the proposed revisions is below:

Multi-Family Projects in Zones with a Residential Focus:

- *Zones Affected (Outside Overlay Districts):* Urban High-Urban Center Residential (UH-UCR) and Office/Commercial/Mixed Use (O/C/MU) zones.
- *Proposed Changes:* Eliminate existing requirement for 50% of the ground floor to include commercial space, but allow developer the option.

Multi-Family Projects in Zones with a Commercial Focus:

- *Zones Affected (Outside Overlay Districts):* Office Commercial Medium (O/CM), Community Business (CB), Community Business in the Urban Center (CB-C), Aviation Business Center (ABC) zones.
- *Proposed Changes:* Reduce requirement for ground floor commercial space from 100% to 50% if property is located along Principal Arterials, specifically: International Boulevard (IB) and South 188th Street. Eliminate ground floor commercial space requirement in other locations, but allow developer the option.

Planning Manager Pilcher and Senior Planner Kaehny reviewed the agenda bill summary. Acting CED Director Robinson and Acting City Manager Scorcio were also present to respond to questions.

AGENDA BILLS (continued):

Agenda Bill #4380 (continued): Council discussion ensued regarding the proposed changes, comments from developers that the requirement for ground floor commercial has been an issue, setbacks on IB, residential on IB, and current commercial business vacancy rate.

Council consensus: Refer to the 09/13/16 RCM Action Item

Agenda Bill #4419; A Motion authorizing the City Manager to execute a 36-month lease at SeaTac City Hall with Rasmussen Capital Management.

Summary: Rasmussen Capital Management will occupy 455 square feet on the 2nd floor of SeaTac City Hall. Minor improvements are being requested by the prospective tenant that includes painting, shampooing carpets and removal of 2 outlet boxes located on the floor. Provided the tenant is not in default, the tenant will have one option to renew the term of the lease for a period of three years.

Rasmussen Capital Management would like to begin occupancy on September 1, 2016 and since there are no other City Council meetings before this date, Council action is being requested on August 9, 2016.

The initial monthly lease rate is \$619.56. In addition to the monthly rent, the tenant will pay an additional 12.84% Leasehold Excise Tax which the City remits to the State. The rent will increase by 3% each year of the lease agreement. The total rent revenue generated by the 36-month lease is \$22,977.48. The 7.5% leasing commission to the Andover Company is approximately \$1,723.31, which results in a net income to the City of approximately \$21,254.17. The improvements requested by the tenant will be completed by city staff before the move in date of September 1, 2016.

P&R Director Ellis reviewed the agenda bill summary.

Council discussion ensued regarding background checks and market rate.

Council consensus: Refer to the 08/09/16 RCM Consent Agenda

Agenda Bill #4413; An Ordinance amending the 2015-2016 Biennial City Budget to provide additional funding for the Public Works (PW) and Community and Economic Development (CED) Departments.

Summary:

Capital Costs: During a video inspection of our storm drainage system associated with the Sound Transit (ST) Light Rail Project, a failing segment of 54" storm drain was identified downstream of where the ST project proposed to tie into the system. Specifically, it was noted that a significant portion of the corrugated metal pipe underneath 28th Avenue South was rotted away and that a void had developed beneath the roadway. ST's column B-4, was also located near this area creating an added level of concern and need to effect a repair quickly. The City requires developers hooking into our storm water infrastructure to perform a downstream analysis that includes inspection to ensure that no deficiencies exist that would preclude them from using the infrastructure. In most cases, those repairs necessary to allow for expanded use of the system are required to be constructed and paid for by the developer; however, in this case both parties recognize that the nature, location and extent of the repair was so extensive that cost sharing is appropriate. While the City recognizes that ST's repair precluded the City from having to design, bid and build the repair in an expedited manner, ST recognizes that while their approach allowed them to stay on schedule, performing the work under force account is not nearly as cost effective as them to stay on schedule, performing the work under force account is not nearly as cost effective as bidding out the work. It is agreed that both parties have an interest in this work having been completed and further have agreed to divide the costs associated with the repair equally; this amounts to \$189,876 each. Surface water infrastructure repairs related to the 24th Avenue South Overlay project were found to be more extensive than originally thought. An increase of \$75,000 is required from the 403 fund to cover the costs associated with the increased system repairs. ST, at the request of the City, performed additional concrete panel replacement work on 28th Avenue South, replacing 33 panels above and beyond what was required of the project. This work was undertaken due to both the poor condition of the existing panels and the ability to have the work done quickly and cost effectively. The amount associated with this work is \$103,744, of which 100-percent is the responsibility of the City.

Professional Services: In 2015, the City was informed by the Department of Ecology (DOE) that we would be receiving up to \$50,000 in grant funding in 2016 for assisting with the implementation of our NPDES phase II permit requirements. Staff decided to use these funds to assist with the integration of Low Impact Development (LID) into our

AGENDA BILLS (continued):

Agenda Bill #4413 (continued): code and entered into a contract with Herrera Environmental to assist with this work in the amount of \$49,951. In 2016, the DOE reduced the grant funding to \$25,000, creating a shortfall in the funds available for the LID related work. Additionally, in response to community/developer concerns regarding the impacts of integrating LID into our code the City has asked our consultant to expand their scope of work to include a more exhaustive investigation into approaches that will help developers within the City to more easily navigate the new requirements. The grant shortfall coupled with the expanded scope requires that an additional \$34,000 be added to the surface water division's professional services budget.

Temporary PW Inspector: The creation and filling of a temporary PW Inspector position within the engineering division is requested in 2016 based on current and future workload. PW is utilizing engineering and supervisory staff to perform inspection work in addition to their regular duties in order to keep up with workload; this approach is difficult over the short term and not sustainable over the long term. Projected workload estimates through 2017 and into 2018, which take into account both the capital program and the permit/development inspection activities, do not show any significant decrease in activity. A temporary (28 month duration) position is justified in order to insure proper inspection coverage on capital projects as well as an acceptable level of service for the development community. This position would be fully funded through both the Streets Capital (70%) and Surface Water funds (30%) and have no impact on the general fund. It is anticipated that the temporary position would primarily focus on capital projects, but would also be assigned to perform engineering review related inspections and reviews on a cost recovery basis.

Temporary CED Plans Examiner/Inspector 2: The establishment of a temporary Plans Examiner/Inspector 2 position (28 month duration) within the current budget year is necessary to address current workloads and those projected over the next three years based on projected new development. Both current and anticipated projects demands for these services will outstrip current staffing resources. Presently, the approach to handling work overloads is for the Building Services Manager or Building Services Supervisor to complete field inspections when needed; this is not a sustainable or efficient solution and is negatively impacting the quality of customer service being provided to the development community. The increased revenues (expected to exceed \$300,000 this year) from the current and expected on-going surge in development within SeaTac will more than cover the estimated \$279,000 cost of funding this 28 month temporary position. Alternatives considered included contracting out the additional work, discontinuing local electrical inspections (return to State L&I system) and reassigning staff to perform building inspections and related plan review. However, these options result in higher costs and result in a significant reduction in customer service (significant time delays).

Funds within PW will be impacted as follows:

Streets Fund (Fund #102)

Sound Transit Street Repair - \$103,744(one-time expense)

Streets CIP Fund (Fund #307)

70% Temporary PW Inspector

Salary - \$20,724 in 2016 (\$172,868 in 2017/18)

Other - \$2,000 in 2016 (computer, vehicle, phone, clothes etc.) (\$10,400 in 2017/18)

Surface Water Fund (Fund #403)

54" Truck Line Repair - \$189,876 (one-time expense)

24th Ave Overlay Scope Increase - \$75,000 (one-time expense)

Professional Services - \$34,000 (one-time expense)

30% Temporary PW Inspector

Salary - \$8,882 in 2016 (\$74,086 in 17/18)

Other - \$850 in 2016 (computer, vehicle, phone, clothes etc.) (\$2,400 in 2017/18)

The 102, 307, and 403 Funds all have adequate reserves to support the proposed costs.

Funds within CED will be impacted as follows:

General Fund

Temporary Plans Examiner/Inspector 2

Salary- \$37,593 in 2016 (\$240,813 in 2017/2018)

Other- \$2,500 in 2016 (computer, vehicle, supplies etc.) (\$5,000 in 2017/18)

AGENDA BILLS (continued):

Agenda Bill #4413 (continued): PW Director Appleton and Acting CED Director Robinson reviewed the agenda bill summary.

CM Sitterley stated this was reviewed and recommended by the Administration & Finance (A&F) Committee.

Acting City Manager Scorcio requested this item be placed on tonight's consent agenda.

Council consensus: Refer to the 08/09/16 RCM Consent Agenda

PRESENTATIONS - COUNCIL DIRECTION:

Overview of Low Impact Development (LID) Code Integration and Manual Updates

Stormwater Compliance Manager Robinett stated the National Pollutant Discharge Elimination Permit runs from 2013-2018 and currently requires the city update all standards, codes, policies, and plans by January 1, 2017. The controversial topic is integration of LID into the city's code.

Staff is currently looking for direction to take these amendments to the Transportation & Public Works (T&PW) committee to fully vet.

Acting City Manager Scorcio stated that the Land Use & Parks (LUP) agenda is currently full which is why this is being referred to the T&PW Committee. It is reasonable to expect the T&PW Committee will need to meet more frequently to meet deadlines.

Council consensus: Refer to T&PW Committee

RECESSED: Mayor Siefkes recessed the CSS to an Executive Session on Litigation and review the performance of a public employee at 6:18 p.m. until meeting is reconvened by the Mayor.

EXECUTIVE SESSION: Litigation RCW 42.30.110(1)(i) (43 minutes)

RECONVENED: Mayor Siefkes reconvened the meeting at 7:01 p.m.

ADJOURNED: Mayor Siefkes adjourned the Council Study Session at 7:01 p.m.