



SeaTac City Council

Request for Council Action

Agenda Bill #: 4413

Council consideration: 2016 Budget Amendment

Date Action Requested: 09/27/16 RCM

Review Dates: 09/13/16 CSS

Prepared By: Will Appleton, Public Works Director

Amount: \$432,226 PW/ \$37,593 CED **Budgeted?:** No
(2016)

Applicable Fund Name: Streets (102, 307), SWM(403), General Fund

Director Approval:

City Manager Approval:

Purpose: A budget amendment to the 2016 Public Works and Community and Economic Development budgets is proposed to address:

1. Capital costs associated with streets and surface water infrastructure;
2. Additional professional services for the surface water division;
3. Addition of a full time Public Works inspector position; and
4. Addition of a Temporary Plans Examiner/Inspector II position.

ANALYSIS: During a video inspection of our storm drainage system associated with the Sound Transit Light Rail Project (ST), 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 Ave S. was rotted away and that a void had developed beneath the roadway. Sound Transit'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 down stream 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 Sound Transit's repair precluded the City from having to design, bid and build the repair in an expedited manner, Sound Transit recognizes that while their approach allowed 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 \$189,876.00 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.

Sound Transit, at the request of the City, performed additional concrete panel replacement work on 28th Ave 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 \$103,744.00, of which 100-percent is the responsibility of the City.

In 2015, the City was informed by the Department of Ecology 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 LID into our code and entered into a contract with Herrera Environmental to assist with this work in the amount of \$49,951.00. In 2016, the Department of Ecology 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 divisions professional services budget.

The creation and filling of a new Public Works Inspector position within the engineering division is requested in 2016 based on current and future workload. Public Works 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 thru 2017, which take into account both the capital program and the permit/development inspection activities, do not show any significant decrease in activity (See Attachment 1). An additional FTE 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 and Surface Water funds and have no impact on the general fund. It is anticipated that the new position would primarily focus on capital projects, but would also be assigned to perform engineering review related inspections and reviews on a recoverable cost basis.

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 electrical inspections 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.

BUDGET SIGNIFICANCE: Funds within Public Works will be impacted as follows:

Streets (102) -

Sound Transit Street Repair - \$103,744.00 (one time)

Streets (307)-

Inspection FTE - \$20,724 in 2016 (\$86,434- ongoing)

Surface Water (403) -

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

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

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

Inspection FTE - \$8,882 in 2016 (\$37,043 - ongoing)

ok
(307, 102, 403 - ongoing)

The 307, 102 and 403 funds all have adequate reserves to support the proposed one time and ongoing costs.

Estimated General Fund impact:

Temporary Plans Examiner/Inspector II - \$37,593 in 2016 (\$240,813 in 2017/2018)

- ALTERNATIVE(S):**
1. Approve all budget amendments as recommended.
 2. Do not approve the proposed amendments and provide direction to Staff.

RECOMMENDATION(S):

Administration and Finance Committee – Revisions to SMC

5.05 – Business Licenses and Regulations

New/Renewal Time Line (Proposed Revision)

- Business License Expires April 1
- Renew by April 30th
- 30 days late May 30th
 - Courtesy 30 day letter mailed to licensee
- 60 days late by July 1st
 - Licensee is in default; Notified by certified mail
 - 50% of fee penalty OR Flat rate penalty (\$100 to \$250)
- 90 days late by August 1st
 - Notice of Infraction issued per SMC 5.05.190
 - Fine set by Judge per SMC 5.05.190
- ~~▪ 120 days late by September 1st~~
 - ~~➤ 100% of fee penalty~~

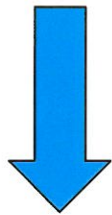
5.05.190 – Engaging in Business without a License or Payment of fee

- Notify the licensee in writing by first class mail, certified mail or personal service that they are operating a business within the City limits without a business license and have thirty (30) days to apply and obtain a business license as specified in SMC 5.05.020.
- If the licensee fails to respond to the letter within thirty (30) days, the licensee will be subject to a fine of a maximum of \$250, and the City Manager or designee shall follow the procedures for a Notice of Infraction in SMC 1.15.065 and Hearing before the Municipal Court Judge in SMC 1.15.075.

Draft Ordinance Proposed Revision to Non-Profit Organizations as presented at the Council Study Session on 7/28/16

5.05.060 Non-Profit Organization.

Non-profit organizations recognized by the State of Washington and Federal Government as 501(c)(3) organizations, with proper documentation (e.g. IRS Determination Letter or IRS Affirmation Letter), are exempted from the requirement to pay fees associated with the issuance of a business license as required by this chapter. However, non-profit organizations are still required to apply for and obtain a valid business license and comply with all other provisions of this chapter.



Additional revisions based on
7/28/16 CSS

5.05.060 Non-Profit Organization.

A. Non-profit organizations recognized by ~~the State of Washington and~~ Federal Government as a 501(c)(3) organization, with proper documentation (e.g. IRS Determination Letter or IRS Affirmation Letter), are exempted from the requirement to pay fees associated with the issuance of a business license as required by this chapter. However, non-profit organizations are still required to apply for and obtain a valid business license and comply with all other provisions of this chapter.

B. Failure to register a non-profit organization with the City will result in a late penalty as established by the City's Schedule of License Fees, Permit Fees, Other Fees and Charges for City Services.

**Administration and Finance Committee
August 1, 2016**

	<i>Licenses Issued</i>	<i>% of Total</i>
Commercial Licenses	595	32.34%
Out of City Licenses	986	53.59%
Home Occupation Licenses	259	14.08%
	<u>1840</u>	

Commercial License Fees (Current 2016)				
	<i># of Licenses</i>	<i>% of Total Com. Licenses</i>	<i>Fee</i>	<i>Total</i>
0-50 Employees	556	93%	\$250	\$139,000
51-100 Employees	11	2%	\$1,500	\$16,500
101-500 Employees	25	4%	\$4,750	\$118,750
501-1000+ Employees	3	1%	\$9,500	\$28,500
Total	595	100%	\$16,000	\$302,750

New Optional License Category

Commercial License Fees Option				
	<i># of Licenses</i>	<i>% of Total Com. Licenses</i>	<i>Fee</i>	<i>Total</i>
0-10 Employees	404	68%	\$100	\$40,400
11-50 Employees	152	26%	\$250	\$38,000
51-100 Employees	11	2%	\$1,500	\$16,500
101-500 Employees	25	4%	\$4,750	\$118,750
501-1000+ Employees	3	1%	\$9,500	\$28,500
Total	595	100%	\$16,100	\$242,150

Out of City License Fee (Current 2016)			
	<i># of Licenses</i>	<i>Fee</i>	<i>Total Out of City Revenue</i>
Out of City Fee (Current 2016)	986	\$75	\$73,950

Out of City License Fee Option			
	<i># of Licenses</i>	<i>Fee</i>	<i>Total Out of City Revenue</i>
Option	986	\$150	\$147,900

Home Occupation (Current 2016)			
	<i># of Licenses</i>	<i>Fee</i>	<i>Total Home Occ Revenue</i>
In Home Office	211	\$50	\$10,550
Daycare	27	\$50	\$1,350
Adult Family Home	21	\$50	\$1,050
	<u>259</u>		<u>\$12,950</u>

Administration and Finance Committee
August 1, 2016

Change in Commercial Revenue

	Option #1
New Total Commercial Revenue	\$242,150
2016 Commercial Revenue	\$302,750
Change	-\$60,600

Change in Out of City Revenue

New Total Out of City Revenue	\$147,900
2016 Out of City Revenue	\$73,950
Change	\$73,950
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Net Change	\$13,350

Late Fee Revenue

2015	\$ 14,533.00
2016	\$ 2,683.00

City of SeaTac


Transportation Impact Fee Update

Presented by
transpogroup 



What Are Transportation Impact Fees

- Impact fees are one-time charges assessed by local governments against a new development project to help pay for new or expanded public facilities that will directly address the increased demand created by that development.

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TIF Characteristics

- Provide consistent framework for assessing developer mitigation
- Allows developers to estimate potential traffic mitigation early in the process
- TIF can be “pooled” to implement projects; pooling not generally allowed under SEPA
- Funding can be better assured for capital projects – supports concurrency



Use of Transportation Impact Fees

- Capital facilities that are reasonably related to the new development, directly benefit the new development & serve the community at large.
 - Intersections
 - New roadway segments
 - Upgrade/reconstruction of roadway segments
 - Building/widening roadway shoulders
 - Non-motorized enhancements (bike lanes, sidewalks)





TIF Calculation (20-year TMP)

Program Costs	\$259,000,000
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TIF Eligible Cost	\$58,952,000
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Growth Trips	15,728
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Cost per Trip	\$3,748

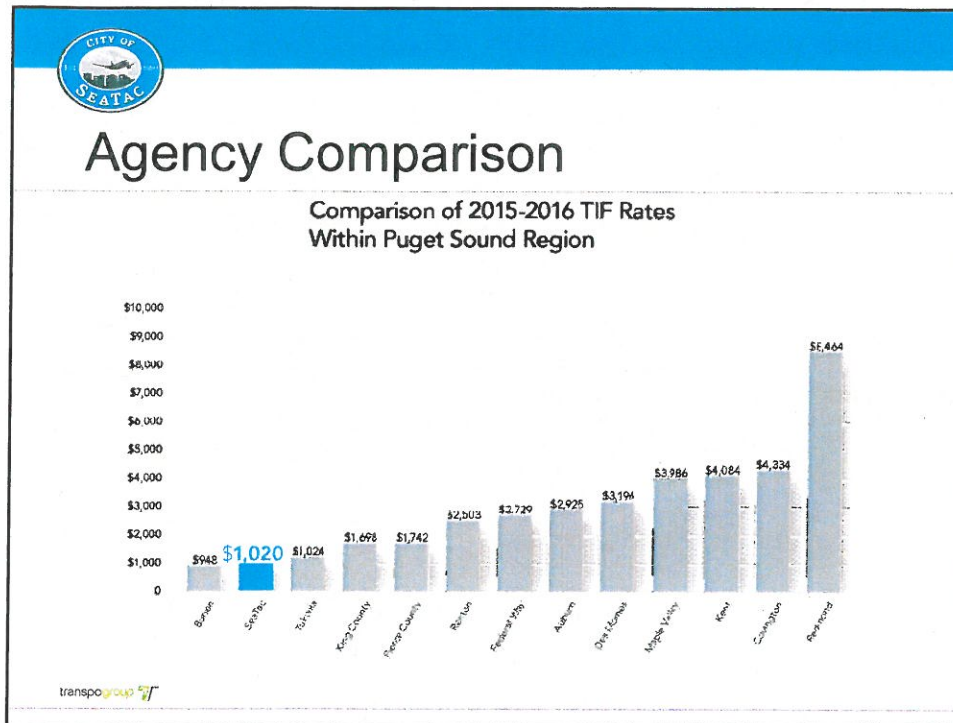
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TIF Cost Per Trip

- Current Adopted
 - \$1,020 per trip
- Range supported by 2015 TMP
 - ~\$2,800 to ~\$7,500 per trip
- Recommendation – 20-year plan
 - ~\$3,500 per trip
 - Annual escalator (WSDOT Construction Cost Index)

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- Development Scenarios (\$3,500 TIF)**
- Single-family (per dwelling unit) - \$3,500
 - Apartment (per dwelling unit) - \$2,170
 - General Office (per 1,000 square feet) - \$5,215
 - General Light Industrial (per 1,000 square feet) - \$3,395
 - Variety Store (per 1,000 square feet) - \$15,754
 - Free Standing Discount Superstore (per 1,000 square feet) - \$14,466
 - Fast Food Restaurant with Drive-Through (per 1,000 square feet) - \$57,138
 - Residence Inn - \$77,000 vs. \$262,000
- transpo group



Recommendations

Amend SMC to:

- Set TIF at \$3,500 per p.m. peak hour trip effective January 1, 2017
- Adopt the proposed deferral system for impact fees to be paid at time of final inspection for single family construction.
- Allow for TIF revenue to be expended within a 10-year timeframe rather than six.

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Q&A

THANK YOU

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