



City of SeaTac

YMCA Lease & Service Agreement

June 14, 2018



YMCA Lease Agreement

- Lease payment \$29,000 commencing on issuance of certificate of occupancy
 - Issued September 2009
- Escalation of 1% annually
- Can exceed 1% due to increased property values
- Cannot increase more than 10% in any one year
- Can not increase more than 1% more than 5 times of the 50 year term



Historical Rate Information

Year	Rent		Property Tax Rate		CPI	Assessed Valuation	
	Monthly	Increase	Rate	Increase		Amount	Increase
2009	\$ 2,416.67		2.34		1.3%	\$ 4,886,455,259	
2010	\$ 2,440.83	1%	2.58	10%	1.1%	\$ 4,516,292,185	-7.58%
2011	\$ 2,465.24	1%	2.80	9%	3.9%	\$ 4,221,569,357	-6.53%
2012	\$ 2,489.89	1%	2.90	4%	2.0%	\$ 4,500,240,659	6.60%
2013	\$ 2,514.04	1%	3.10	7%	1.2%	\$ 3,923,037,913	-12.83%
2014	\$ 2,539.18	1%	3.10	0%	1.7%	\$ 3,937,459,452	0.37%
2015	\$ 2,564.58	1%	3.14	1%	0.0%	\$ 4,188,042,617	6.36%
2016	\$ 2,590.23	1%	2.99	-5%	1.5%	\$ 4,912,255,243	17.29%
2017	\$ 2,616.13	1%	2.89	-3%	2.2%	\$ 5,405,585,665	10.04%
2018	\$ 2,642.29	1%	2.77	-4%		\$ 5,753,634,271	6.44%
	Total	9%	Total	18%	14.9%	Total	18%

- Does the city recommend a rate increase in September of this year?
- If so, what percentage increase is recommended?



2009-2011 Services Purchased

- Senior Water Aerobics (\$5,760) Monthly Teen Nights (\$14,400)
- Lap Swim for Adults (\$8,750) Swim for Afterschool Program (\$4,000)
- Swim for Summer Camp (\$1,000) Healthy Lifestyle Classes (\$1,800)
- Swim for Teen Camp Program (\$400) Quarterly Family Night (\$6,000)
- Open Recreation Swim (\$12,000) Open Climb (\$720)
- Climb Time for Youth Camp (\$1,500) Climb Time for Teen Camp (\$600)

- Annual Cost of Services \$56,930



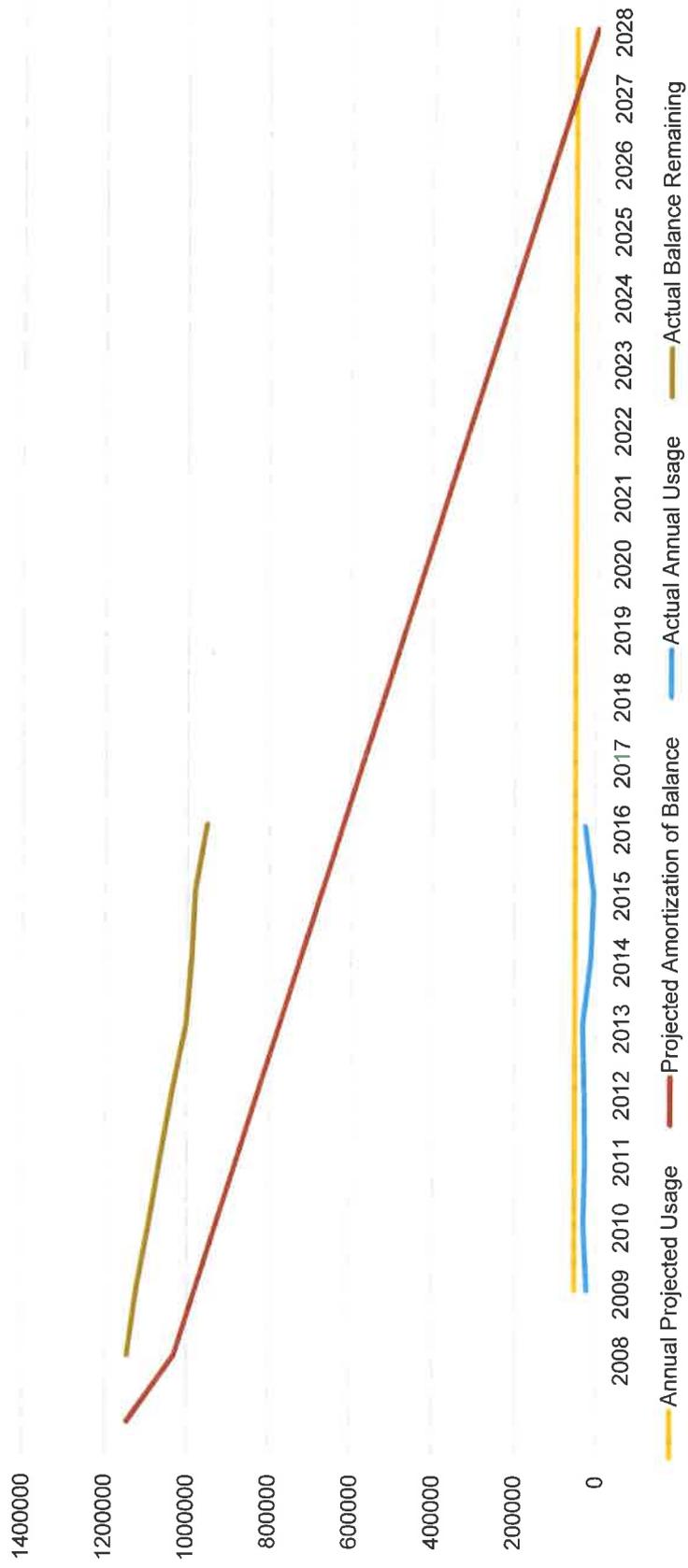
Expenditures - \$1,146,280 Starting Balance

<u>Date Used</u>	<u>Fund Used</u>	<u>Balance</u>
• Sept. 09-June 10	\$22,827.00	\$1,123,453.00
• July 10-June 11	\$30,698.00	\$1,092,755.00
• July 11-June 12	\$27,377.00	\$1,065,378.00
• July 12-June 13	\$29,089.00	\$1,036,289.00
• July 13-Dec. 14	\$33,359.00	\$1,002,930.00
• 2015	\$13,982.00	\$ 988,948.00
• 2016	\$ 7,680.00	\$ 981,268.00
• 2017	\$28,697.00	\$ 952,571.00

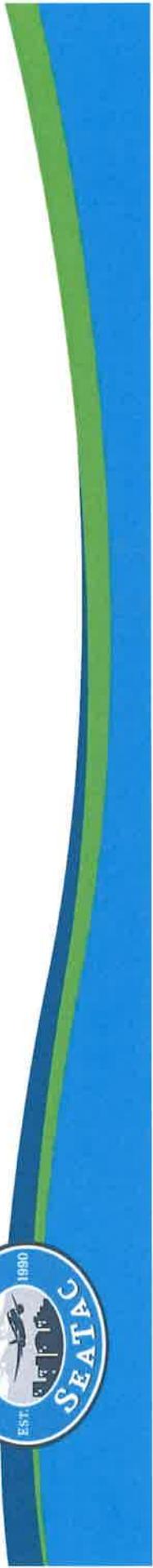


Amortization Chart

YMCA Services - Amortization Chart



Questions?





LEGAL DEPARTMENT MEMORANDUM

TO: Administration & Finance Committee
THROUGH: Joseph Scorcio, City Manager
FROM: Legal Department *MAJ/MSJ*
DATE: June 14, 2018
RE: Employment Standards Ordinance

The City's Employment Standards Ordinance was adopted by City Initiative in 2013. This memo discusses a conflict between this Ordinance and Initiative 1433, that was approved by voters in 2016 and effective January 1, 2018. This memo also sets forth some potential solutions to address the issue.

Brief Background.

The Workplace Standards Ordinance is codified in Chapter 7.45 of the SeaTac Municipal Code. Although this Ordinance is commonly referred to as the City's "minimum wage" law, the Ordinance also imposed a requirement that affected employers provide "Safe and Sick Time" to their employees at the rate of one hour earned for every forty hours worked.

In November, 2016, Washington State voters adopted Initiative 1433. In summary, this Initiative raised the State minimum wage and required certain employers to provide sick leave to their employees at the rate of one hour per forty hours worked.

Conflict regarding unused sick leave.

There is a conflict between City Code and State law with regard to cashing out unused sick leave. Under City Code, all unused sick leave must be cashed out and paid to the employee at the end of the calendar year. There is no discretion for employees being able to carry over sick leave from year to year under the Employment Standards Ordinance. However, per State law, employers must allow employees to carry over at least forty hours of accrued, unused sick leave to the following year.

This conflict has raised questions in the business community, and the Legal Department has been contacted seeking guidance from a few employers. Essentially, businesses do not know whether to follow our Employment Standards Ordinance and cash out their employee's sick leave at the

end of the year, or whether they should follow State Law and carry over the unused sick leave to the following year.

Initiative 1433 also provides that local jurisdictions may enact more favorable labor standards than state law and since the City's Code ensures that an employee is compensated for all unused sick leave at the end of a calendar year (which is not a requirement under State Law), the City's Ordinance is arguably more favorable.

Direction sought from A&F—potential options.

Direction is sought from the Administration & Finance Committee regarding what, if any, action should be considered that would clarify this issue for affected employers in the City. Several potential options are listed below for consideration.

- 1) The Employment Standards Ordinance could be amended to eliminate the conflict. However, this is not a simple task. Since the Employment Standards Ordinance was adopted through the initiative process, any amendments must be approved by the voters, although the measure may be placed directly on the ballot by the Council. If the Committee would like to pursue this option, the Legal Department would draft all required documents for Council consideration. If placed on the ballot, the election would occur on November 6, and the change would be effective in early December. Ballot measures must be filed with King County Elections by August 7, 2018. The current estimate for placing an item on the November ballot will be approximately \$25,000.
- 2) The City could seek an Attorney's General opinion to seek clarification. However, State law does not allow the City to seek an opinion directly. Rather, such request would be made through one of our State Legislators or through MRSC. While this option might provide clarity, there is no guarantee that the Attorney General would issue an opinion. Additionally, Attorney General opinions could take up nine months or more for a response which does not provide guidance to the businesses before the end of this year.
- 3) The City could take no action at this time and see how things go.

The Legal Department will also continue discussions with the Department of Labor & Industries with hopes of resolving this issue.