



City of Tukwila
Finance Committee

- ◆ Verna Seal, Chair
- ◆ Kathy Hougardy
- ◆ Zak Idan

<u>Distribution:</u>	
V. Seal	Mayor Ekberg
K. Hougardy	D. Cline
Z. Idan	R. Bianchi
D. Quinn	C. O'Flaherty
K. Kruller	A. Youn
T. McLeod	L. Humphrey
C. Delostrinos Johnson	

AGENDA

MONDAY, DECEMBER 14, 2020 – 5:30 PM

HAZELNUT CONFERENCE ROOM
 (At east entrance of City Hall)

**THIS MEETING WILL NOT BE CONDUCTED AT CITY FACILITIES
 BASED ON THE GOVERNOR'S PROCLAMATION 20-28.**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS
 MEETING IS: 1-253-292-9750, Access Code 969998131#**

Item	Recommended Action	Page
1. BUSINESS AGENDA		
a. A lease renewal with Sound Cities Association for office space in the 6300 building. <i>Brandon Miles, Business Relations Manager</i>	a. Forward to 1/4/21 Consent Agenda.	Pg. 1
b. 2020 3rd Quarter sales tax and miscellaneous revenue report. <i>Vicky Carlsen, Finance Director</i>	b. Discussion only.	Pg.13
c. 2020 Committee work plan. <i>Laurel Humphrey, Legislative Analyst</i>	c. Discussion only.	Pg.19
2. MISCELLANEOUS		

Next Scheduled Meeting: *January 2021*



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 Please contact the City Clerk's Office at **206-433-1800** (TukwilaCityClerk@TukwilaWA.gov) for assistance.



TO: **Mayor Ekberg
Finance Committee**

FROM: **Brandon Miles, Business Relations Manager**

DATE: **December 7, 2020**

SUBJECT: **Sound Cities Association Lease Agreement**

ISSUE

The current lease agreement with Sound Cities Association (SCA) expires on December 31, 2020. Staff is proposing to enter into a new two-year lease agreement with SCA.

BACKGROUND

SCA is a local non-profit corporation composed of member cities with a population of less than 150,000 people that act locally and partner regionally to create livable, vital communities through advocacy, education, leadership, mutual support and networking. The City of Tukwila is a member of SCA. SCA began leasing space from the City of Tukwila in 2006 in the 6300 Building. The current two-year lease with SCA expires at the end of the year.

DISCUSSION

Staff is proposing a two-year lease agreement from January 1, 2021 – December 31, 2022 to coincide with the biennium budget cycle. Due to COVID-19, staff is proposing that there be no increase in the rent from 2021 (compared to 2020 rent). For 2022 the lease will increase fifty (50) cents, which represents a 2.8% rent increase. SCA is also required to pay the applicable leasehold tax to the City as part of their rent. Per Revised Code of Washington 35A.11.010 and 35A.11.020 all lease agreements must go before City Council for authorization.

FINANCIAL IMPACT

The base rent for SCA will be \$25,550.00 per year, to be paid in monthly installments of \$2,129.17 in 2021 and \$27,010.00 per year, to be paid in monthly installments of \$2,250.83 in 2020. In addition to the base rent, SCA will pay leasehold excise tax pursuant to RCW 82.29A at the rate of 12.84 percent of the base rent in the amount of \$273.39 per month in 2021 and \$289.01 per month in 2022. Provisions also include internet services at a rate of \$100.00 per month, payment of long distance and toll calls, and after-hours emergency callouts or mutually agreed upon project work at a flat rate of \$150 an hour.

RECOMMENDATION

The Committee is being asked to move this item forward to the consent agenda of January 4, 2021 City Council Meeting for approval and authorization for execution by the Mayor.

ATTACHMENTS

Draft Lease Agreement for 2021-2022



LEASE AGREEMENT

THIS LEASE AGREEMENT is made between the **City of Tukwila** (“the City” or “Lessor”) and **Sound Cities Association** (“Sound Cities Association” or “Lessee”).

IN CONSIDERATION OF the mutual benefits and conditions hereinafter contained, the parties hereto agree as follows:

1. **Premises.** Lessor is the owner of the commercial property located at 6300 Southcenter Boulevard, Tukwila, Washington (the “Property”). Lessor does hereby agree to lease to Lessee, a portion of the Property consisting of approximately 1,460 rentable square feet (the “Premises”). The Premises do not include the exterior walls, roof, land beneath, pipes, ducts, conduits, wires, fixtures and equipment above the suspended ceiling, or any other portion of the Property or the buildings thereon. The City and Lessee agree that the Lessee’s pro-rata share of the Property that the Premises are a part of is 3.45%, based on the ratio of the agreed rentable area of the Premises to the agreed rentable area of the entire Property as of the date of this Lease.
2. **Term.** This Agreement shall be in full force and effect for a period commencing January 1, 2021 and ending December 31, 2022, unless sooner terminated under the provisions set forth in Section 22. Upon termination of this Lease the Lessee shall surrender all keys and/or access cards to the City.
3. **Possession.** Lessee shall be deemed to have accepted possession of the Premises in an “as-is” condition. The City makes no representations to Lessee regarding the Premises including the structural condition of the Premises and the condition of all mechanical, electrical and other systems. Lessee shall be responsible for performing any work necessary to bring the Premises into condition satisfactory to Lessee. Lessee shall not engage in any improvements or alterations to the Premises without the express written consent of the City.
4. **Rent.** Base rent shall be set at \$17.50 per square feet per year, or 25,550.00 per year, to be paid in monthly installments of \$2,129.17 for the period of January 1, 2021 – December 31, 2021 and \$18.00 per square feet per year, or \$27,010.00 per year, to be paid in monthly installments of \$2,250.83 for the period of January 1, 2022 – December 31, 2022. Rent shall be due on the first day of each month. If payment is not received by the fifth day of each month, Lessee shall be responsible for paying a late fee equivalent to five percent (5%) of the delinquent amount in addition to the past due payment. All delinquent sums not paid within thirty (30) days of the due date shall bear interest at the rate of twelve percent (12%) per annum. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. The City’s acceptance of less than the full amount of any payment due



from Lessee shall not be deemed an accord and satisfaction or compromise of such payment.

5. **Leasehold Excise Tax.** Lessee shall pay leasehold excise tax due pursuant to RCW 82.29A to Lessor by the first day of each month at the rate of 12.84% of the base rent set forth in Section 4 herein, such amount being \$273.39 per month for January 1, 2021 – December 31, 2021 and \$289.01 per month for January 1, 2022 – December 31, 2022. The leasehold excise tax shall be paid in addition to the monthly rental payment and any other payments required under this Lease. If the State of Washington changes the leasehold excise tax, the tax payable by the Lessee each month under this Lease shall be correspondingly modified in compliance with RCW 82.29A without further action by the parties.
6. **Use of Premises by Lessee.** Lessee shall use the Premises for general office use. The Premises shall be used only for the uses specified herein and for not for any other business or purpose without the prior written consent of the City. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises or cause the cancellation of any insurance on the Premises. Lessee shall not commit or allow to be committed any waste upon the Premises or any public or private nuisance. Lessee shall not do or permit anything to be done on the Premises which will obstruct, cause injury or interfere with the rights of other tenants, or occupants of the Premises or their customers, clients and visitors.
7. **Lessee Maintenance and Repair Responsibility.** Lessee shall, when and if needed, at Lessee's sole expense, make repairs to the Premises and every part thereof; and Lessee shall maintain the Premises in a neat, clean, sanitary condition. Lessee shall surrender the Premises to the City in good condition upon the termination of this Lease, reasonable wear and tear expected.
8. **Signage.** Lessee shall obtain the City's written consent before installing any signs on the Premises and shall install any approved signage at Lessee's sole expense and in compliance with all applicable laws. Lessee shall not damage or deface the Premises when installing or removing signage and shall repair any damage to the Premises caused by such installation or removal.
9. **Utilities, Equipment and Services.** The City shall provide the Premises with the following services, the cost of which shall be included in the rent paid by Lessee: water, electricity, and heating/cooling seven (7) days per week and janitorial services five (5) nights per week, exclusive of holidays.



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The Lessee shall pay the City \$100 per month for internet service, payable on the first of each month along with rent.

The City's Technology Services department shall provide the Lessee with basic technology support to maintain hardware equipment and software applications, such support being performed during the City's regular, non-holiday business hours of 8:30 a.m. to 5:00 p.m. Any after-hours emergency callouts or mutually agreed upon project work will be billed in one-hour increments at a flat rate of \$150/hour with a minimum charge of one hour. Charges will be invoiced upon completion of the work and will be payable within 30-days.

The City shall provide six (6) extensions to the City phone system for use by the Lessee and will maintain the phone system at no additional cost to the Lessee. Lessee shall be responsible for all costs associated with long distance and other toll calls which may be billed separately by the City. Charges will be invoiced upon receipt of phone bill and will be payable within 30-days.

On an annual basis, the Lessee shall provide an inventory list to the City detailing hardware equipment and software utilized by the Lessee. Any hardware equipment or software requested for purchase by the City to update the Lessee's inventory will be billed to the Lessee at actual cost. Any hardware equipment or software purchased by the Lessee shall be reviewed by the City's Technology and Innovation Service Center for system compatibility and supportability prior to purchase and installation.

Virus checking software and that has been approved by the City's Technology and Innovation Service Center is mandatory on all Lessee computers, laptops and servers in use by the Lessee. Any virus signature files released by the virus checking software company shall be set to automatically update to keep the Lessee's software updated to the latest version available.

A data backup program approved by the City's Technology and Innovation Service Center is mandatory and will be configured to automatically back up any of the Lessee's server-based live, primary data. Data that is stored only locally (on computers, laptops, phones, tablets) will NOT be backed up nor monitored at the Lessee's own risk. The performance of the backup program will be monitored and tested on a quarterly basis by both parties.

10. **Destruction of Premises.** If the Premises are completely or partially destroyed by fire or other casualty, or if they are damaged by an uninsured casualty, or by an insured casualty to such an extent that the damage cannot be repaired within sixty (60) days of the occurrence, the City shall have the option to restore the Premises or to terminate this Agreement on thirty (30) days written notice, effective as of any date not more than sixty (60) days after the occurrence. If this Section becomes applicable, the City shall advise the Lessee within thirty



(30) days after such casualty whether the City elects to restore the Premises or to terminate this Agreement. If the City elects to restore the Premises, it shall commence and complete the restoration work with due diligence. For the period from the date of the casualty until completion of the repairs (or the date of termination of this Agreement, if the City elects not to restore the Premises) the monthly base rent shall be abated in the same proportion that the untenable portion of the Premises bears the whole thereof, unless the casualty results from Lessee's negligence or its breach of obligations under this Agreement.

11. **Hazardous Substances.** Lessee shall not generate, release, spill, store, deposit, transport or dispose of (collectively "Release") any hazardous substances, sewage, petroleum products, radioactive substances, medicinal, bacteriological, or disease-producing substances, hazardous materials, toxic substances or any pollutants or substances defined as hazardous or toxic in accordance with applicable federal, state and local laws and regulations in any reportable quantities (collectively "Hazardous Substances") in, on or about the Premises. Lessee shall attach a separate list of Hazardous Substances they propose to store on site and the City must accept the list in writing or Hazardous Substances cannot be stored on site. The Lessee shall indemnify, hold harmless and defend the City from any and all claims, liabilities, losses, damages, clean-up costs, response costs and expenses, including reasonable attorneys' fees, arising out of or in any way related to the Release by the Lessee or any of its agents, representatives or employees, or to the presence of such Hazardous Substances in, on or about the Premises occurring at any time after the effective date of this Agreement to the full extent of the Lessee's liability.
12. **Alterations and Additions.** After obtaining the prior written consent of the City, Lessee may make, at its sole expense, such additional improvements or alterations to the Premises which it may deem necessary or desirable. Any repairs or new construction done by Lessee shall be done in conformity with plans and specifications approved by the City. All work performed shall be done in a workmanlike manner and shall become the property of the City.
13. **Liens.** Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee.
14. **Insurance.** The Lessee shall procure and maintain for the duration of the Lease, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Lessee's operation and use of the leased Premises.

- a. No Limitation



The Lessee's maintenance of insurance as required by the Lease shall not be construed to limit the liability of the Lessee to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

- b. Minimum Scope of Insurance. The Lessee shall obtain insurance of the types described below:
 - i. Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover premises and contractual liability. The City shall be named as additional an insured on Lessee's Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing at least as broad coverage.
 - ii. Property insurance shall be written on an all risk basis.
- c. Minimum Amounts of Insurance. Lessee shall maintain the following insurance limits:
 - i. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.
 - ii. Property insurance shall be written covering the full value of the Lessee's property and improvements with no coinsurance provisions.
- c. Other Insurance Provisions. The Lessee's Commercial General Liability insurance policy or policies are to contain or be endorsed to contain that they shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be in excess of the Lessee's insurance and shall not contribute with it.
- d. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M Best rating of not less than A: VII.
- e. Verification of Coverage. Lessee shall furnish the City with original certificates and a copy of any applicable amendatory endorsements including, but not necessarily limited to, the additional insured endorsement evidencing the insurance requirements of the Lessee.
- f. Waiver of Subrogation. Lessee and the City hereby release and discharge each other from all claims, losses, and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the Premises or said building. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.
- g. City's Property Insurance. The City shall purchase and maintain during the term of this Lease, all-risk property insurance covering the Building for full replacement value without any coinsurance provisions.



- h. Notice of Cancellation. The Lessee shall provide the City with written notice of any policy cancellation, within two (2) business days of receiving such notice.
 - i. Failure to Maintain Insurance. Failure on the part of the Lessee to maintain the required insurance shall constitute a material breach of this Lease upon which the City may, after giving five (5) business days notice to the Lessee to correct the breach, terminate this Lease or, at its discretion, procure or renew such insurance and pay and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.
 - j. City Full Availability of Lessee Limits. If the Lessee maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Lessee, irrespective of whether such limits maintained by the Lessee are greater than those required by this Lease or whether any certificate of insurance furnished to the City evidence limits of liability lower than those maintained by the Lessee.
15. **Indemnification and Hold Harmless.** Lessee shall defend, indemnify, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of Lessee's use of Premises, or from the conduct of Lessee's business, or from any activity, work or thing done, permitted, or suffered by Lessee in or about the Premises, except only such injury or damage as shall have been occasioned by the sole negligence of the City. It is further specifically and expressly understood that the indemnification provided herein constitutes the Lessee's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the Lessee and City. The provisions of this section shall survive the expiration or termination of this Lease.
16. **Assignment and Subletting.** Lessee shall not assign this Lease or sublet any portion of the Premises. Any sublease or assignment made in violation of this provision shall be void.
17. **Default.** Failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease, where such failure shall continue for a period of ten (10) days after written notice from the City to cure the default, shall constitute a default and breach of this Lease. Lessee shall notify the City promptly of any default not by its nature necessarily known to the City.
18. **Access.** After reasonable notice from the City (except in the cases of emergency where no notice is required) the Lessee shall permit the City and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, alterations, improvements or



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inspections. This section shall not impose any repair or other obligation upon the City not expressly stated elsewhere in this Agreement.

19. **Compliance with Laws, Rules and Regulations.** Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force relation to or affecting the conditions, use, or occupancy of the leased premises. Lessee shall faithfully observe and comply with City rules and regulations.
20. **Permits.** Lessee shall, at its sole cost and expense, be responsible for obtaining any required permits and licenses necessary to perform the work and covenants of this Lease.
21. **Notices.** All notices under this Lease shall be in writing and shall be effective when mailed by certified mail or delivered to the addresses listed below.

Notices to Lessor shall be sent to:
City of Tukwila
ATTN: Mayor's Office
6200 Southcenter Boulevard
Tukwila WA 98188

Notices to Lessee shall be sent to:
Sound Cities Association
ATTN: Deanna Dawson, Executive Director
6300 Southcenter Blvd, Suite 206
Tukwila WA 98188

22. **Termination.** Either party may terminate this Agreement if the other party is in default as outlined in Section 17 or at any time on or before the expiration of this Lease by providing a minimum of thirty (30) days written notice to the other party.
23. **Applicable Law; Venue: Attorneys' Fees.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. In the event any suit, arbitration, or other proceeding is instituted to enforce any term of this Agreement, the parties specifically understand and agree that venue shall be in King County, Washington. The prevailing party in any such action shall be entitled to its attorneys' fees and costs of suit.
24. **Authority of Lessee.** The Lessee and the individual executing this Lease on behalf of the Lessee represent and warrant that s/he is duly authorized to execute and deliver this Lease and upon execution this Lease is binding upon the Lessee in accordance with the terms herein.
25. **Waiver and Forbearance.** No waiver by the City of any breach or default by the Lessee of any of its obligations or covenants herein shall be deemed to be a waiver of any subsequent breach or default of the same or any other obligation or covenant, nor shall forbearance by



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the City to seek remedy for any break or default of the Lessee be deemed a waiver by the City of its rights and remedies with respect to such breach or default.

26. **Entire Agreement - Modification.** This Lease Agreement together with all exhibits or addenda expressly incorporated herein by reference and attached hereto shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. Except as otherwise provided, no modification or amendment of this Lease Agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.
27. **Severability and Survival.** If any term, condition or provision of this Lease is declared void or unenforceable or limited in its application or effect, such event shall not affect any other provisions hereof and all other provisions shall remain fully enforceable.

CITY OF TUKWILA

SOUND CITIES ASSOCIATION

By: _____
Allan Ekberg
Mayor

By: _____
Deanna Dawson
Executive Director

Attest:

By: _____
Christy O'Flaherty, City Clerk

Approved as to form:

By: _____
City Attorney



City of Tukwila

6200 Southcenter Boulevard, Tukwila WA 98188

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Allan Ekberg is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Tukwila to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 2021.

(Print Name)

Residing at _____

My appointment expires _____

[Stamp or Seal]

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Deanna Dawson is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it the Executive Director of Sound Cities Association to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ____ day of _____, 2021.

Notary Public for Washington

(Printed or Stamped Name of Notary)

Residing at _____

My appointment expires: _____

[Stamp or Seal]



INFORMATIONAL MEMORANDUM

TO: Finance Committee
 FROM: Vicky Carlsen, Finance Director
 BY: Aaron Williams, Fiscal Coordinator
 CC: Mayor Ekberg
 DATE: December 14, 2020
 SUBJECT: Sales Tax & Misc. Revenues – 3rd Quarter 2020

Year Over Year Sales Tax Comparison:

Schedule I - Sales Tax

in \$1,000's

----- YEAR OVER YEAR COMPARISON -----													
---- Month ----		2019 Actual			2020 Actual			YOY Change					
Collect- ed	Rec'd	Construc- tion	Other Industries	Total	Construc- tion	Other Industries	Total	Construction		Other Industries		Total	
								Amount	%	Amount	%	Amount	%
Jan	Mar	\$ 140	\$ 1,225	\$ 1,365	\$ 145	\$ 1,313	\$ 1,459	\$ 6	4%	\$ 89	7%	\$ 94	7%
Feb	Apr	62	1,252	1,314	138	1,001	1,138	75	121%	(251)	-20%	(175)	-13%
Mar	May	102	1,565	1,668	293	1,022	1,315	191	187%	(543)	-35%	(352)	-21%
Q-1 Totals		\$ 304	4,042	\$ 4,346	\$ 576	3,336	\$ 3,912	\$ 272	89%	(705)	-17%	\$ (434)	-10%
Apr	Jun	119	1,447	1,566	214	770	984	95	80%	(677)	-47%	(582)	-37%
May	Jul	147	1,356	1,503	197	949	1,146	51	34%	(407)	-30%	(357)	-24%
Jun	Aug	204	1,647	1,851	202	1,017	1,220	(1)	-1%	(630)	-38%	(631)	-34%
Q-2 Totals		\$ 470	4,450	\$ 4,920	\$ 614	2,736	\$ 3,350	\$ 145	31%	(1,714)	-39%	\$ (1,569)	-32%
Jul	Sep	165	1,527	1,692	204	1,307	1,511	38	23%	(219)	-14%	(181)	-11%
Aug	Oct	230	1,412	1,642	202	1,196	1,398	(28)	-12%	(216)	-15%	(244)	-15%
Sep	Nov	309	1,474	1,783	214	1,253	1,467	(95)	-31%	(221)	-15%	(316)	-18%
Q-3 Totals		\$ 704	4,413	\$ 5,117	\$ 620	3,757	\$ 4,376	\$ (84)	-12%	(656)	-15%	\$ (740)	-14%
Oct	Dec	310	1,408	1,717			-						
Nov	Jan	164	1,514	1,677			-						
Dec	Feb	267	1,871	2,139			-						
Q-4 Totals		\$ 740	4,793	\$ 5,534	\$ -	-	\$ -	\$ -	0%	-	0%	\$ -	0%
Totals		\$ 2,219	17,698	\$ 19,916	\$ 1,810	9,829	\$ 11,639	\$ 332	15%	(3,075)	-17%	\$ (2,743)	-14%

The global COVID-19 pandemic began impacting businesses and city revenues late in the first quarter. By the end of March many businesses were closed due to the stay home orders.

Through September sales taxes are \$2.7M behind the total collected for the same period of the prior year. Industries such as retail trade and services (incl. restaurants) have been significantly impacted, accounting for the majority of the total decline. At the same time, construction sales taxes have remained strong and exceed the same period of the prior year by \$332k.

Budget to Actual Sales Tax Comparison:

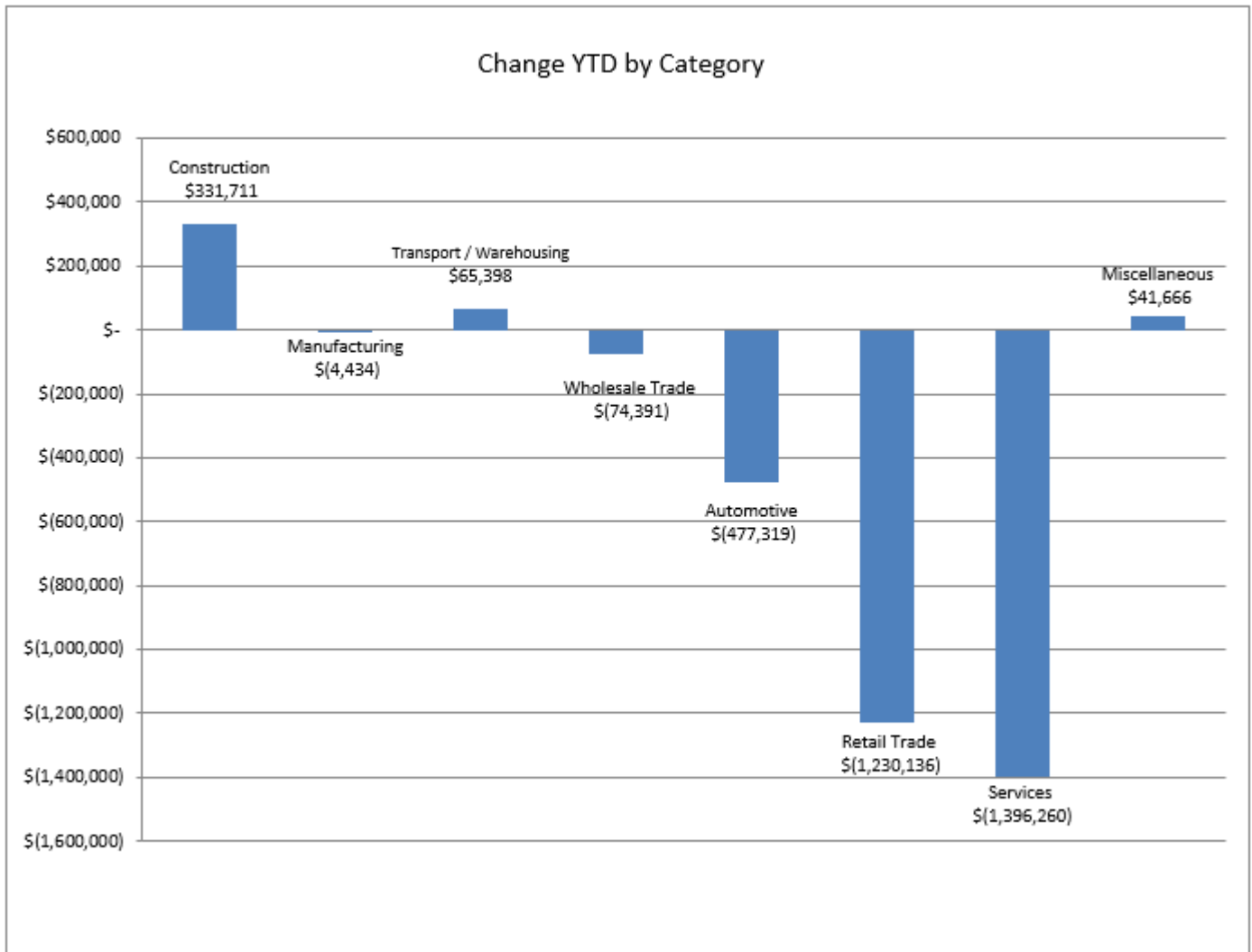
Schedule I - Sales Tax in \$1,000's

----- BUDGET TO ACTUAL -----						
-- Month -- Collected Rec'd		2019	2020		Allocated Budget to Actual Variance	
		Actual	Allocated Budget	Actual	Amt	%
Jan	Mar	\$ 1,365	\$ 1,364	\$ 1,459	94	7%
Feb	Apr	1,314	1,313	1,138	(175)	-13%
Mar	May	1,668	1,667	1,315	(352)	-21%
Q-1 Totals		\$ 4,346	\$ 4,345	\$ 3,912	\$ (433)	-10%
Apr	Jun	1,566	1,566	984	(581)	-37%
May	Jul	1,503	1,503	1,146	(356)	-24%
Jun	Aug	1,851	1,850	1,220	(631)	-34%
Q-2 Totals		\$ 4,920	\$ 4,918	\$ 3,350	\$ (1,568)	-32%
Jul	Sep	1,692	1,692	1,511	(181)	-11%
Aug	Oct	1,642	1,641	1,398	(243)	-15%
Sep	Nov	1,783	1,783	1,467	(315)	-18%
Q-3 Totals		\$ 5,117	\$ 5,116	\$ 4,376	\$ (739)	-14%
Oct	Dec	1,717	1,717			
Nov	Jan	1,677	1,677			
Dec	Feb	2,139	2,139			
Q-4 Totals		\$ 5,534	\$ 5,533	\$ -	\$ -	0%
Totals		\$ 19,916	\$ 19,911	\$ 11,639	\$ (2,740)	-13.8%

Est. Budget Impact due to COVID-19 **\$ (7,612)**

Adjusted Budget **\$ 12,299**

The 2020 adopted budget for sales taxes is \$19.911 million, which is nearly equal to total collections for 2019. This budget has been revised to reflect a \$7.6M anticipated impact from the COVID-19 pandemic; for a total adjusted budget of \$12.3M.



The chart above compares the prior year-to-date totals to the current year-to-date totals for the eight major categories of sales tax. Construction sales taxes are up \$332k which is helping offset declines in other categories.

The decline in Automotive is related to one-time revenues received in 2019.

Retail Trade and Services were the hardest hit categories from the economic shutdowns and reflect a combined \$2.6M decline from the prior year.

Schedule II - YTD sales tax collections - top ten industry classifications

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
236	Construction of Buildings	\$ 1,366,417	\$ 1,084,953	\$ 281,464	25.94%
452	General Merchandise Stores	\$ 1,250,514	\$ 1,541,520	\$ (291,006)	-18.88%
722	Food Services, Drinking Places	\$ 952,284	\$ 1,551,243	\$ (598,959)	-38.61%
444	Building Material and Garden	\$ 752,984	\$ 634,721	\$ 118,263	18.63%
448	Clothing and Accessories	\$ 734,064	\$ 1,397,686	\$ (663,622)	-47.48%
423	Wholesale Trade, Durable Goods	\$ 664,348	\$ 729,539	\$ (65,191)	-8.94%
453	Miscellaneous Store Retailers	\$ 572,800	\$ 607,160	\$ (34,360)	-5.66%
443	Electronics and Appliances	\$ 567,897	\$ 771,021	\$ (203,124)	-26.34%
532	Rental and Leasing Services	\$ 521,691	\$ 495,685	\$ 26,005	5.25%
541	Professional, Scientific, Tech	\$ 510,473	\$ 426,353	\$ 84,120	19.73%

Traditionally the top three categories have been (452) General Merchandise, (722) Food Services and (448) Clothing & Accessories. During the ongoing pandemic and the mandated economic shut-downs, many of these businesses experienced significant declines in taxable sales. Construction of Buildings has been performing strong and is currently in the top position with nearly \$1.4M in taxes collected year-to-date.

Schedule III - YTD ten largest declines (\$) in sales tax collections by industry class

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
448	Clothing and Accessories	\$ 734,064	\$ 1,397,686	\$ (663,622)	-47.48%
722	Food Services, Drinking Places	\$ 952,284	\$ 1,551,243	\$ (598,959)	-38.61%
441	Motor Vehicle and Parts Dealer	\$ 341,939	\$ 822,042	\$ (480,103)	-58.40%
721	Accommodation	\$ 195,973	\$ 585,862	\$ (389,890)	-66.55%
452	General Merchandise Stores	\$ 1,250,514	\$ 1,541,520	\$ (291,006)	-18.88%
443	Electronics and Appliances	\$ 567,897	\$ 771,021	\$ (203,124)	-26.34%
713	Amusement, Gambling, and Rec	\$ 74,182	\$ 211,542	\$ (137,360)	-64.93%
511	Publishing Industries	\$ 78,150	\$ 214,627	\$ (136,477)	-63.59%
517	Telecommunications	\$ 331,822	\$ 459,887	\$ (128,064)	-27.85%
451	Sporting Goods, Hobby, Books	\$ 283,167	\$ 361,269	\$ (78,102)	-21.62%

The chart above shows the ten largest declines compared to the prior year.

Many of these categories were directly impacted by the economic shutdowns and changes to consumer shopping habits. The decline in the Motor Vehicle and Parts Dealer category is related to one-time revenues received in 2019 from bus deliveries.

SALES TAX SUMMARY
JAN-SEPT 2020 Sales Taxes (Received in Mar-Nov '20)

NAICS	CONSTRUCTION	19 TOTAL	19 YTD	20 YTD	YTD % Diff	NAICS	AUTOMOTIVE	19 TOTAL	19 YTD	20 YTD	YTD % Diff
236	Construction of Buildings	1,670,033	1,084,953	1,366,417	25.9%	441	Motor Vehicle & Parts Dealer	963,914	822,042	341,939	-58.4%
237	Heavy & Civil Construction	89,166	50,102	81,323	62.3%	447	Gasoline Stations	99,694	74,536	77,320	3.7%
238	Specialty Trade Contractors	459,712	343,364	362,391	5.5%	TOTAL AUTOMOTIVE		\$ 1,063,607	\$ 896,578	\$ 419,259	
TOTAL CONSTRUCTION		\$ 2,218,910	\$ 1,478,420	\$ 1,810,131		<i>Overall Automotive Change from Previous Year</i>				(\$477,319)	-53.2%
<i>Overall Construction Change from Previous Year</i>				\$ 331,711	22.4%						
NAICS	MANUFACTURING	19 TOTAL	19 YTD	20 YTD	YTD % Diff	NAICS	RETAIL TRADE	19 TOTAL	19 YTD	20 YTD	YTD % Diff
311	Food Manufacturing	26,862	20,206	17,135	-15.2%	442	Furniture & Home Furnishings	565,878	415,360	358,788	-13.6%
312	Beverage & Tobacco Products	12,837	9,661	7,005	-27.5%	443	Electronics & Appliances	1,149,541	771,021	567,897	-26.3%
313	Textile Mills	130	27	1,620	5823.5%	444	Building Material & Garden	835,211	634,721	752,984	18.6%
314	Textile Product Mills	11,628	9,626	6,627	-31.2%	445	Food & Beverage Stores	311,945	231,615	216,982	-6.3%
315	Apparel Manufacturing	367	300	666	121.8%	446	Health & Personal Care	274,638	190,037	132,283	-30.4%
316	Leather & Allied Products	73	41	154	272.0%	448	Clothing & Accessories	1,996,280	1,397,686	734,064	-47.5%
321	Wood Product Manufacturing	3,105	1,984	31,162	1470.9%	451	Sporting Goods, Hobby, Books	508,525	361,269	283,167	-21.6%
322	Paper Manufacturing	22,299	16,281	14,336	-11.9%	452	General Merchandise Stores	2,167,481	1,541,520	1,250,514	-18.9%
323	Printing & Related Support	25,202	15,423	21,545	39.7%	453	Miscellaneous Store Retailers	857,091	607,160	572,800	-5.7%
324	Petroleum & Coal Products	103	83	31	-63.0%	454	Nonstore Retailers	137,655	92,654	143,425	54.8%
325	Chemical Manufacturing	4,124	3,544	2,550	-28.0%	TOTAL RETAIL TRADE		\$ 8,804,245	\$ 6,243,042	\$ 5,012,907	
326	Plastic & Rubber Products	4,068	3,326	2,746	-17.4%	<i>Overall General Retail Change from Previous Year</i>				(\$1,230,136)	-19.7%
327	Nonmetallic Mineral Products	5,827	4,823	7,155	48.4%						
331	Primary Metal Manufacturing	872	726	207	-71.4%	NAICS	SERVICES	19 TOTAL	19 YTD	20 YTD	YTD % Diff
332	Fabricated Metal Mfg Products	6,122	4,223	4,960	17.5%	51X	Information	988,506	747,961	469,239	-37.3%
333	Machinery Manufacturing	4,188	3,581	3,007	-16.0%	52X	Finance & Insurance	65,075	46,897	79,040	68.5%
334	Computer & Electronic Products	14,628	10,458	10,593	1.3%	53X	Real Estate, Rental, Leasing	707,128	518,207	501,481	-3.2%
335	Electric Equipment, Appliances	18,412	13,293	19,079	43.5%	541	Professional, Scientific, Tech	704,072	426,353	510,473	19.7%
336	Transportation Equipment Mfg	41,256	36,431	3,329	-90.9%	551	Company Management	53	53	0	0.0%
337	Furniture & Related Products	7,015	5,730	3,388	-40.9%	56X	Admin, Supp, Remed Svcs	325,783	236,976	233,758	-1.4%
339	Miscellaneous Manufacturing	29,576	18,244	16,281	-10.8%	611	Educational Services	5,953	4,635	3,627	-21.7%
TOTAL MANUFACTURING		\$ 238,694	\$ 178,010	\$ 173,577		62X	Health Care Social Assistance	85,567	54,353	58,803	8.2%
<i>Overall Manufacturing Change from Previous Year</i>				(\$4,434)	-2.5%	71X	Arts & Entertainment	314,765	243,698	79,899	-67.2%
						721	Accommodation	744,823	585,862	195,973	-66.5%
NAICS	TRANSPORTATION & WAREHOUSING	19 TOTAL	19 YTD	20 YTD	YTD % Diff	722	Food Services, Drinking Places	2,080,421	1,551,243	952,284	-38.6%
481	Air Transportation	0	0	-2,482	0.0%	81X	Other Services	227,568	176,460	109,796	-37.8%
482	Rail Transportation	46	42	88	110.0%	92X	Public Administration	14,275	10,722	12,787	19.3%
483	Water Transportation	305	279	152	-45.4%	TOTAL SERVICES		\$ 6,263,989	\$ 4,603,419	\$ 3,207,159	
484	Truck Transportation	1,916	1,419	1,556	9.7%	<i>Overall Services Change from Previous Year</i>				(\$1,396,260)	-30.3%
485	Transit and Ground Passengers	859	671	448	-33.3%						
487	Scenic and Sightseeing Tran	1,338	1,076	197	-81.7%	NAICS	MISCELLANEOUS	19 TOTAL	19 YTD	20 YTD	YTD % Diff
488	Transportation Support	55,956	36,779	104,176	183.2%	000	Unknown	0	0	0	0.0%
491	Postal Services	797	613	526	-14.3%	111-115	Agriculture, Forestry, Fishing	1,991	506	521	3.0%
492	Couriers & Messengers	2,494	1,738	1,441	-17.1%	211-221	Mining & Utilities	1,235	821	340	-58.6%
493	Warehousing & Storage	1,845	1,482	3,396	129.1%	999	Unclassifiable Establishments	104,627	86,425	128,557	48.8%
TOTAL TRANSP & WHSING		\$ 65,555	\$ 44,100	\$ 109,498		MISCELLANEOUS TOTAL		\$ 107,853	\$ 87,752	\$ 129,418	
<i>Overall Transportation Change from Previous Year</i>				\$65,398	148.3%	<i>Overall Miscellaneous Change from Previous Year</i>				\$41,666	47.5%
NAICS	WHOLESALE TRADE	19 TOTAL	19 YTD	20 YTD	YTD % Diff						
423	Whls Trade-Durable Goods	987,675	729,539	664,348	-8.9%						
424	Whls Trade-Nondurable Goods	163,323	119,711	110,703	-7.5%						
425	Wholesale Electronic Markets	2,609	2,219	2,028	-8.6%						
WHOLESALE TRADE TOTAL		\$ 1,153,607	\$ 851,470	\$ 777,079		GRAND TOTALS		\$19,916,461	\$14,382,791	\$11,639,027	
<i>Overall Wholesale Change from Previous Year</i>				(\$74,391)	-8.7%	<i>Grand Total Change from Previous Year</i>				(\$2,743,764)	-19.08%
						<i>Grand Total Change from Previous Year - Without New Construction</i>				(\$3,075,475)	-23.83%

Gambling, Admission and Telecommunications Tax revenue totals in the charts below reflect the quarter in which the economic activity occurred (accrual basis) as opposed to when the revenue is received (cash basis). The budgets for Gambling and Admissions Taxes were revised down based on the anticipated impacts of the economic shutdowns related to the ongoing pandemic.

Schedule IV - Gambling Tax ^(a)

Quarter Earned	2019 Actual	(c) 2020 Actual	2020 Allocated Budget	Revised COVID Budget	INCREASE (DECREASE)			
					YEAR OVER YEAR		COVID BUDGET VARIANCE	
					Amount	%	Amount	%
Q1	\$ 999,638	\$ 738,821	\$ 1,116,025	\$ 565,434	\$ (260,818)	-26%	\$ 173,386	31%
Q2	947,463	215,265	1,057,776	535,922	(732,198)	-77%	(320,657)	-60%
Q3	1,029,502	741,149	1,149,366	582,326	(288,353)	-28%	158,822	27%
Q4	880,337		982,834	497,953				
Totals	\$ 3,856,941	\$ 1,695,235	\$ 4,306,000	\$ 2,181,636	\$(1,281,369)	-43%	\$ 11,552	1%

Schedule V - Admissions Tax

Quarter Earned	2019 Actual	(c) 2020 Actual	2020 Allocated Budget	Revised COVID Budget	INCREASE (DECREASE)			
					YEAR OVER YEAR		COVID BUDGET VARIANCE	
					Amount	%	Amount	%
Q1	\$ 272,521	\$ 192,693	\$ 247,790	\$ 133,933	\$ (79,828)	-29%	\$ 58,760	44%
Q2	251,285	632	228,481	123,497	(250,653)	-100%	(122,865)	-99%
Q3	214,495	3,450	195,029	105,416	(211,045)	-98%	(101,966)	-97%
Q4	218,532		198,700	107,400				
Totals	\$ 956,833	\$ 196,775	\$ 870,000	\$ 470,246	\$(541,527)	-73%	\$(166,071)	-46%

The Telecommunications Utility Tax was not anticipated to have measurable impacts related to the coronavirus pandemic; this tax has been on a downward trend over the past few years. The trend is reflective of consumer preferences and changes in the communications industry.

Schedule VI - Telecommunications Utility Tax ^(b)

Quarter Earned	2019 Actual	(c) 2020 Actual	2020 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 236,604	\$ 212,349	\$ 340,648	\$ (24,255)	-10%	\$ (128,298)	-38%
Q2	228,313	228,598	328,710	286	0%	(100,112)	-30%
Q3	227,053	199,935	326,897	(27,118)	-12%	(126,962)	-39%
Q4	255,078		367,246				
Totals	\$ 947,048	\$ 640,883	\$ 1,363,500	\$(51,087)	-7%	\$(355,372)	-36%

(a) Gambling tax includes card games, punch boards, pull tabs and amusement games.

(b) Telecommunications Utility tax includes cellular, pager and telephone usage.

(c) Actuals reflected in Schedules IV, V and VI are amounts earned for the quarter.



Tukwila City Council Finance Committee – 2020 Work Plan

Verna Seal, Chair; Kathy Hougardy, Zak Idan						
	Description	Qtr	Dept	Action or Briefing	Status/Notes	
1.	ORCA Business Passport Program	1	HR	A	Complete	
2.	City Attorney Service Proposals	1	Mayor	A	Complete	
3.	42 nd Avenue South Bridge Replacement funding strategy	1	PW	A	Complete	
4.	Dell Laptop Refresh Contract	1	TIS	A	Complete	
5.	Tukwila Heritage & Cultural Center grant application	1	ED	A	Complete	
6.	Financial Impacts from COVID-19 emergency	1-2	FIN	A	Ongoing – Bimonthly reporting to COW	
7.	42 nd Avenue South Bridge Replacement Funding	1	FIN	A	Complete	
8.	Contract: Employee Laptop Refresh	1	TIS	A	Complete	
9.	Budget Software Purchase	1	FIN	A	Complete	
10.	City Attorney Service Proposals	1	MO	A	Complete	
11.	Non-represented employee compensation study	2	HR	B	On hold	
12.	Agreement: Coronavirus Relief Funds	2	FIN	A	Complete	
13.	Ordinance: Reissuing LTGO Bonds	2	FIN	A	Complete	
14.	Replacement financial software system	2	FIN	A	Complete	
15.	Contract: Facility Study	2	FIN	A	Complete – did not advance past COW	
16.	False Alarm Fees Update	3	FIN	A	Complete	
17.	City Revenue Guide	3	FIN	B	Complete	
18.	Resolution: Police Department Change Fund	3	PD	A	Complete	
19.	Resolution: Video Redaction Fee	3	PD	A	Complete	
20.	Resolution cancelling uncollectible accounts	3	FIN	A	Complete	
21.	Resolution cancelling unclaimed property	3	FIN	A	Complete	
22.	Contract: Internet Services	3	TIS	A	Complete	
23.	Resolution: Fingerprint Fees	3	PD	A	Complete	
24.	Land Acknowledgement Practice	4	CNCL	A	Complete	
25.	2021-2022 Budget Components: Healthcare/Leoff, Mayor, Council, HR, Finance, TIS, Special Revenues	3-4	Multiple	A	Budget components handled in work sessions this year	
26.	Regular Budget Process check-ins	3-4	FIN	B	Complete	
27.	Resolution: Purchasing policy	4	FIN	A	Complete	
28.	Resolution: Financial Policies	4	FIN	A	Complete	
29.	Fleet funding Update	4	FIN	B	Part of Budget Process; Complete	
30.	Resolution: Discontinue pay reduction/furlough for non-reps	4	FIN	A	Complete	
31.	D-20 Financial Framework Update	4	FIN	A	Part of Budget process	



Tukwila City Council Finance Committee – 2020 Work Plan

32.	Budget Amendments	4	FIN	A	Complete
33.	2021-2022 Budget Adoption	4	FIN	A	Complete
34.	Property Tax Legislation	4	FIN	A	Complete
35.	Newporter land sale		ED	A	Postponed to 2021
36.	Longacres Parcel land sale		ED	A	Postponed to 2021
37.	Travelers Choice land sale		ED	A	Postponed to 2021
38.	Cloud PBX Phone System		TIS	A	Postponed to 2021
39.	City-wide Fee Schedule		FIN	B	Postponed to 2021
40.	Investment Policy		FIN	A	Postponed to 2021
41.	Debt policy		FIN	A	Postponed to 2021
42.	Public Records Requests Impacts		Clerk	B	Postponed to 2021
Standard Reports/Briefings		Frequency	Dept.		
Revenue and Investment Reports		Quarterly	FIN		
Department Budget to Actual Reports		Monthly	FIN		
Committee work plan		2-4 x	Council		
Public Safety Bond Financial Oversight Committee Report(s)			10/12 Complete		
Fire Department Budget Proviso reporting requirements			Report presented 2/24; 5/28		