



INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee

FROM: Tracy Gallaway, Parks & Recreation Director

BY: David Rosen, Parks & Recreation Fiscal Analyst

CC: Mayor Ekberg

DATE: May 23, 2022

SUBJECT: Codifying Foregoing Admissions Tax Collection From Foster Golf Course

ISSUE

At the October 1, 2018 Regular Meeting of the City Council it was decided Admissions Tax revenues would remain in the Foster Golf Links budget as opposed to being remitted to the General Fund, a decision that would require a change to the TMC. Said change was to occur in alignment with adoption of the 2019-2020 biennium budget that December, but it did not.

BACKGROUND

Admissions Tax is a 5% tax levied on admissions charges to entertainment venues and any other activity where an admission charge is made to enter a facility, the tax is collected by the venue and then remitted to the city on a monthly basis. RCW 35.21.280 authorizes cities to establish Admissions Tax and TMC Chapter 3.20 establishes the City's authority to levy the tax. TMC Chapter 3.20 was created through approval of Ordinance 1733 in 1995.

During the October 1st, 2018 City Council Regular Meeting where the decision to forego collection of Admissions Tax from the Foster Golf Links (411) Fund was made, the revenues were identified as being used for:

1. Payment of a new easement lease expense being paid to Seattle City Light
2. Reinstating the Golf Cart Replacement Fund

DISCUSSION

This ordinance has no financial impact on the General Fund and is intended only to align the TMC with current practice.

RECOMMENDATION

The committee is being asked to approve the ordinance and consider this item at the June 13th Committee of the Whole meeting and subsequent June 27th Special Meeting scheduled due to holiday cancellation of the June 20th Regular Meeting.

ATTACHMENTS

10-1-18 City Council Regular Meeting Minutes
Draft Ordinance

- Long range concerns include aging infrastructure and replacing sewer lift stations
- Public Works Shops debt service is estimated at \$240k per year

Surface Water Fund

- Rate increases of 5% in 2019 and 3% in 2020, alternate years
- Remains at 12.5 employees
- CIP includes Riverton Creek Flap Gate Removal, Chinook Wind, Tukwila 205 Levee, and the East Marginal Way S Stormwater Outfalls.
- Long range concerns include NPDES (National Pollutant Discharge Elimination System) requirements, aging infrastructure, and levee
- Public Works Shops debt service is estimated at \$560k per year

Based on a question by Councilmember Quinn regarding investments in infrastructure, Ms. Labanara explained that the City's insurance carrier, WCIA (Washington Cities Insurance Authority) is often surprised at the minimal claims they receive for Tukwila. That can be attributed to the investment in infrastructure that has been occurring regularly for the last 6-7 years.

Based on a question by Councilmember Kruller regarding increasing utility rates, Ms. Labanara emphasized that the Sewer Fund is similar to a business in that its only revenue is from the rate payer receiving the sewer services. As new requirements occur, the City must go to the rate payers to recoup costs.

Based on a question from Councilmember Quinn regarding the approach to community members as it relates to utility increases, Ms. Labanara relayed that the Council has given direction to have low and steady increases that occur over time to avoid drastic escalations. At this time, there is a slight increase in water rates, no increase in sewer rates, and surface water rates will increase at 5% and 3%.

Based on a question from Councilmember Kruller regarding how well Tukwila has done based on the projections from 6 years ago, Ms. Labanara explained the City is doing very well. The Water Fund is the most unpredictable as it is consumption based. The Sewer Fund had some significant increases in the past, which is the basis for no increases occurring at this time. The surface water rates remain one of the lowest in the region.

• Foster Golf Course (FGL) – Reviewed at the September 25, 2018 Community Development and Neighborhoods Committee meeting

Robert Eaton, Parks and Recreation Manager, provided an overview of the Golf Course budget.

HISTORY

Staff began a deep dive project to make adjustments in the procedures, management practices, maintenance operations, and revenue programs. This process started with the first step of making budget reductions. All golf staff from maintenance to management have met regularly and worked diligently to achieve 8% budget reductions (\$159,000) for the 2018 budget and for the 2019-20 biennium budget.

The ongoing implementation of GASB 68, which requires all government agencies to report possible liabilities for future pension requirements, has changed the available fund balance significantly from previous years. Over \$500,000 is allocated due to this reporting requirement even though the City will not incur these costs.

Additionally, staff have been making changes to improve operational efficiencies in course maintenance operations, pro shop operations, and revisions to the fleet replacement plan to better align with golf course equipment needs, as well as implementing new revenue generating programs.

DISCUSSION

Intentional efforts are helping set FGL on a more sustainable long-term trajectory.

The administration recommends that Admissions Tax revenues remain within the FGL budget. As seen on Attachment G, the \$60,000 Admission Tax expense has been zeroed out so that those funds collected



by FGL stay within the FGL budget to make it balance. If approved, the Tukwila Municipal Code will need to be amended to reflect this. This reduction will cover the annual SCL (Seattle City Light) easement lease expense of \$30,000 while the remaining \$30,000 will be allocated to reinstate the golf cart replacement plan and Comprehensive Improvement Plan funding again. This change helps create a sustainable financial plan, especially when the GASB 68 proposed liabilities are not included.

Reclaimed Water

In the 2017-2018 council budget discussions it was suggested that reclaimed water be investigated as an alternate source for irrigating the golf course. Staff began a pilot test area on the course where reclaimed water is being used. This began in May of 2018 and to date has used 6,343 gallons of reclaimed water at a cost of \$4,275. Staff will continue with the pilot area testing and monitoring of the soils for two more years to allow more adequate time for determining the long-term impacts of using reclaimed water.

Based on a question by Councilmember Kruller regarding use of reclaimed water, Mr. Eaton explained that during the 2017-2018 budget process, staff was asked to look into use of reclaimed water. Over the past year, they have been using reclaimed water on a test plot on the 18th tee and are also conducting soil sampling and testing at a second location on the course to compare soils. They are consistently monitoring the sites and want to continue the testing phase over the next 2 years to ensure there is no damage to the greens.

Councilmember Robertson said he has done some research on the cost of reclaimed water and distributed a 2008 contract between Tukwila and King County regarding distribution of reclaimed water. He also talked with Kristina Westbrook from King County staff. The current way of charging based on this 10-year old contract could amount to \$240,000. The infrastructure to use the reclaimed water is provided by the County. In talking with Ms. Westbrook, King County would be happy to amend the current contract which could reduce the costs from \$240,000 to \$40,000-\$70,000.

Additionally, and of great significance is that the Governor has established a special task force to save the orca whales in the region, which rely on 80% of their diet coming from king salmon. A goal is to increase the number of chinook salmon and double the amount of hatchery fish in the Green/Duwamish River to help that cause. One of the problematic issues for the river involves volume, and while Tukwila has pumped water from the river in the past for use at the golf course, that could compromise the efforts to protect the orca whales. Councilmember Robertson would like to see Public Works staff bring the King County reclaimed water contract to a Transportation and Infrastructure Committee in February or March to start moving forward to reduce the costs for reclaimed water.

The Councilmembers discussed the topic of reclaimed water with the following comments:

- Appreciation for Councilmember Robertson providing this information to the Council;
- There has been a great deal of new data shared that will need to be worked into a timeline that may require further discussion;
- Concern was expressed regarding the need to provide the time necessary for testing to continue on the greens to ensure reclaimed water is the best option;
- There may be an opportunity through the Priority Based Budgeting process to determine if the City is best at managing the reclaimed water project or if another outside vendor would be a better option.

Council President Seal referenced that it is the recommendation of Administration that the Admission Tax revenues remain in the Foster Golf Links budget, which requires a Code change. She inquired as to whether the Code change would occur as part of implementation of the budget.

David Cline, City Administrator, said the Code change would occur in alignment with adoption of the budget in December.

8:12 p.m. Councilmember McLeod exited the Council Chambers.

8:14 p.m. Councilmember McLeod returned to the Council Chambers.



DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON; AMENDING ORDINANCE NOS. 2080 §2 AND 1733 §2, AS CODIFIED AT TUKWILA MUNICIPAL CODE SECTION 3.20.020, “ADMISSIONS TAX LEVIED”, TO UPDATE THE ADMISSIONS TAX COLLECTION PROCESS FOR FOSTER GOLF COURSE REVENUES; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Foster Golf Course is a City-owned enterprise; and

WHEREAS, the City Council adopted the 2019-2020 Biennial Budget with the intent of keeping admissions tax revenues within the Foster Golf Links budget barring further legislative action; and

WHEREAS, the reduction in admissions tax expense against the Foster Golf Links Fund provided for greater financial stability and for payment of easement lease expenses newly established in the 2019-2020 biennium;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. TMC Section 3.20.020.B Amended. Ordinance Nos. 2080 §2 and 1733 §2, as codified at Tukwila Municipal Code Section 3.20.020, “Admissions Tax Levied,” subparagraph B, are hereby amended to read as follows:

3.20.020 Admissions Tax Levied

B. ~~Admission tax waived: The transfer of admissions tax from the Foster Golf Links Fund to the General Fund shall be waived: The City of Tukwila will forego collection of admissions tax from Foster Golf Course for a period of three years, beginning January 1, 2005.~~ Beginning in the 2019-2020 budget biennium, the City of Tukwila’s General Fund will forego collection of admissions tax from Foster Golf Course until legislative action is taken to reinstate said collection and, further, admissions tax revenues collected by the

Foster Golf Course shall be allocated to the Foster Golf Link Fund until legislative action is taken to reallocate such revenues to the General Fund.

Section 2. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 3. Corrections by City Clerk or Code Reviser Authorized. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 5. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2022.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Published: _____

Effective Date: _____

Ordinance Number: _____

Office of the City Attorney