

ORDINANCE NO. 711

AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, CREATING CHAPTER 4.85 UPMC, AMENDING UPMC 22.30.040; RELATING TO BUSINESS RECRUITMENT INCENTIVES

WHEREAS, the City of University Place recognizes that general business economic activity which supports a strong local and regional economy and whose presence should be encouraged, not discouraged. The City also recognizes that there is substantial value towards the recruitment and expansion of businesses that have established themselves. While the City's authority to grant exemptions is not coextensive with the State, the City nonetheless has tools at its disposal; and

WHEREAS, the Washington legislature has recognized that businesses that invest capital create jobs and generate economic activity that supports a healthy Washington economy. These investments result in future revenues that support schools and our communities. Therefore, the legislature found that a pilot program must be conducted to evaluate the effectiveness of a program that invests business taxes from new investments into workforce training programs that support manufacturing businesses in the state of Washington thereby creating jobs and capital investments in the state for the benefit of its citizens. RCW 82.85.010(1); and

WHEREAS, the City does not charge a Business and Occupations tax, instead assessing a number of charges and fees to sustain its operations. The loss of revenue associated with a waiver or deferral of these fees and charges in order to secure and expand established businesses which provide family-wage employment is outweighed by the long-term benefits received by the City's share of sales and other taxes; and

WHEREAS, investments in business recruitment result in not only future revenues that support the City of University Place and its schools, but also the potential relocation of those employees of these businesses who may choose to reside within the City, which will also add to a vibrant and healthy sense of community; and

WHEREAS, the chief elected officials of Pierce County and approximately one dozen municipalities, including the Mayor of University Place, have committed themselves to working with the members of their elected boards to identify economic recruitment and retention incentives to attract new jobs to Pierce County for those employers who create a minimum of five (5) new jobs with a minimum salary of eighty percent (80%) of Pierce County's median annual household income. Under this joint proposal, employers who meet these requirements may be eligible for tax or fee relief in an amount up to \$275.00 per new employee; and

WHEREAS, the public benefits derived from the creation of a new family-wage job will exceed the value of the rebate provided. An example of one public benefit is increased local sales tax revenue which is estimated to be \$280 or more per year for incomes of at least \$50,000 per year;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Incorporation of Recitals. The recitals are hereby incorporated herein as if set forth in full.

Section 2. Creation of Chapter 4.85 UPMC. A new chapter 4.85 of the University Place Municipal Code titled, "Economic Development Credits," is created to read as follows:

UPMC 4.85.010 Definitions.

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means a person making an application for a waiver or deferral under this chapter.

- (2) "Business" shall have the same meaning as set forth in chapter 5.05 UPMC.
- (3) "Eligible charges and fees" mean monetary payments paid by the applicant or the applicant's agent to the City of University Place after the effective date of this chapter for building permits, critical area review, traffic impact fees, and land use actions such as conditional permits and variances.
- (4) "Family wage job" means an ongoing employment relationship of indefinite duration in which an employee is compensated by an employer at a gross annualized rate, excluding employer-paid benefits such as health benefits and pension payments of any type, at or above 80 percent of the most recent calculation of Pierce County's median annual household income by the Washington State Office of Financial Management, which is \$52,197 for calendar year 2019.
- (5) "Recipient" means a person or entity receiving a waiver or deferral of fees and other charges as authorized by this chapter.

UPMC 4.85.020 Fees Subject to Waiver

- A. Notwithstanding any other provision of this Code, eligible charges and fees charged by the City are subject to waiver or deferral as set forth in this chapter.
- B. Not less than once per year, the City Council shall receive a report detailing the amount of fees waived or deferred under this chapter.

UPMC 4.85.030 Waiver Eligibility

- A. A business meeting all of the following conditions is eligible for a waiver or deferral of fees under this chapter:
 1. The business can demonstrate that it will create and fill a minimum of five new family wage jobs, whose primary workplace will be situated within the City of University Place.
 2. The business qualifies for the issuance of a business license pursuant to (a) Title 5 of the University Place Municipal Code; (b) any other licenses required by this Code; and (c) which are required by state and federal law.
- B. The application must be made to the City in a form and manner prescribed by the City. The application must contain information regarding the location of the business, the applicant's average employment in the state for the prior year, estimated or actual new employment related to the employer, estimated or actual wages of employees related to the employer, estimated or actual costs, time schedules for completion and operation, and other information required by the City.
- C. An application for a waiver or deferral of expenses associated with construction-related fees or charges must be submitted before construction has started.
- D. The total amount of eligible charges and fees waived or deferred pursuant to this chapter shall not exceed \$275.00 per new family wage job in the City of University Place created and filled by the applicant.

UPMC 4.85.040 Limitations

In no event shall this chapter be construed as authorizing the following acts:

- A. A payment to an applicant unless such payment would otherwise be allowed if this chapter was not in effect;
- B. Waiver or deferral of fees or those portions of any fees which the City would be required to remit to the State or other governmental entity unless the State or other governmental entity has either consented or provided a process for the waiver or deferral of such fees and such process has been complied with; or
- C. Waiver or deferral of fees and charges where a specific rule or regulation prohibits such waiver or deferral.

UPMC 4.85.050 Approval Process

- A. If the total amount of fees to be waived or deferred do not exceed the City Manager's spending authority, do not exceed \$10,000.00 annually amongst all fee waivers or deferrals, and if presentation of such a

waiver or deferral is not required to be approved by the City Council by other applicable law, the City Manager or designee may execute an agreement on behalf of the City without referral, consideration or approval by the City Council.

- B. The City Manager or designee may refer to the City Council an application for fee waiver which exceeds the City Manager's spending authority, or which necessitates the execution of an agreement with the applicant regarding conditions of development associated with relief under this chapter. Such an agreement must set forth the standards and provisions for relief under this chapter. Such standards and agreements may be governed by, but are not limited to, the provisions of chapter 22.30 UPMC.

UPMC 4.85.060 Criterion Considered

- A. The issuance of a waiver or deferral under this chapter is wholly discretionary with the City.
- B. In evaluating whether to approve the waiver or deferral of eligible charges and fees, the City may consider the following:
 - 1. The nature of the business and the impact the business will have on surrounding businesses, residents and the community-at-large;
 - 2. The number and nature of employees which will be employed by the business and the likelihood that those employees will take up residence within the City of University Place;
 - 3. Whether a waiver or deferral will be determinative as to whether the applicant chooses to add employees within the City of University Place in the absence of a waiver or deferral;
 - 4. Comparable waivers or deferrals issued by the City; and
 - 5. Any other factor that the City deems appropriate.

UPMC 4.85.060 Contents of Agreement

- A. An applicant may be required to execute an agreement with the City to obtain the benefits of under this chapter. The provisions of any such agreement shall include:
 - 1. A minimum period of time, of not less than twelve months, during which time the family wage jobs will remain sited within the City of University Place;
 - 2. Sufficient assurances that the family wage jobs for which credits are granted remain continuously filled by full time employees;
 - 3. Any other necessary provisions to effectuate the purposes of this chapter.
- B. In addition to or as an alternative to any other penalty provided herein or by any other business license or regulation ordinance, the City shall be entitled to its costs and reasonable attorneys' fees in any action to enforce the provisions of this chapter.

Section 3. Amendment of UPMC 22.30.040. Section 22.30.040 of the University Place Municipal Code entitled, "Processing procedure for development agreements," is amended to read as follows:

- A. Legislative Actions. A development agreement associated with a legislative action such as a comprehensive plan amendment or area-wide rezone shall be processed in accordance with the procedures established in Chapter 16.10 UPMC.
- B. Project Permits. A development agreement associated with a project permit application shall be processed in accordance with the procedures established in Chapters 22.05 and 22.10 UPMC.
 - 1. If the final decision on the underlying project permit application is made by the Hearings Examiner, then the Hearings Examiner shall consider both the project permit application and the proposed development agreement together during the public hearing. The Hearings Examiner shall make a recommendation to the Council on the development agreement and the Examiner's decision on the underlying project permit application shall be held in abeyance until the City Council considers the proposed development agreement in a public hearing. If the City Council approves the development agreement, the Council shall, by resolution or ordinance, authorize the Mayor City Manager or designee to execute the development agreement on behalf of the City. At this point, the Hearings Examiner may then issue the final decision on the underlying project permit application. Nothing in this section obligates the Hearings Examiner to forward a recommendation to the City Council for further consideration if the Hearings Examiner denies the underlying project permit application.

2. If the final decision on the underlying project permit application is made by the City administrative staff, then City staff shall consider both the project permit application and the proposed development agreement together. City staff shall make a recommendation to the Council on the development agreement, and the City staff's decision on the underlying project permit application shall be held in abeyance until the City Council considers the proposed development agreement in a public hearing. If the City Council approves the development agreement, the Council shall, by resolution or ordinance, authorize the Mayor City Manager or designee to execute the development agreement on behalf of the City. At this point, City staff may then issue the final decision on the underlying project permit application. Nothing in this section obligates City staff to forward a recommendation to the City Council for further consideration if City staff denies the underlying project permit application.
3. If a final decision on an underlying project permit application has been previously made by the Hearings Examiner or City administrative staff and the application was approved, City staff shall make a recommendation to the Council on the development agreement. A public hearing shall be held on the development agreement and if approved, the Council shall authorize the Mayor City Manager or designee, in a resolution or ordinance, to execute the development agreement on behalf of the City.

Section 4. Corrections by City Clerk or Code Reviser. Upon approval of the city attorney, the city clerk or 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 5. Severability. If any portion of this Ordinance or its application to any person or circumstances is held invalid, the remainder of the Ordinance or the application of the provision to other persons or circumstances shall not be affected.

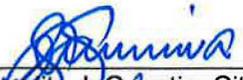
Section 6. Effective Date. This Ordinance will be in full force and effect on January 1, 2019 and after publication of the Ordinance Summary.

PASSED BY THE CITY COUNCIL ON NOVEMBER 5, 2018.



Kent Keel, Mayor

ATTEST:



Erselita J. Genetia, City Clerk

APPROVED AS TO FORM:



Matthew S. Kaser, City Attorney

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Effective Date: 01/01/19