

**TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF MEETING
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CONVENE: 5:33 p.m.

PRESENT: Mayor Pete Kmet and Councilmembers Michael Althaus, Neil McClanahan, Joan Cathey, Tom Oliva, Debbie Sullivan, Leatta Dahlhoff, and Eileen Swarthout.

Staff: City Administrator John Doan, Assistant City Administrator Heidi Behrends Cerniwey, Police Chief Jon Weiks, Finance Director Ursula Euler, Parks and Recreation Director Chuck Denney, Public Works Director Jay Eaton, Fire Chief Scott LaVielle, Community Development Director Michael Matlock, Communications Manager Ann Cook, and Recording Secretary Valerie Gow.

**2019-2020 BIENNIAL
BUDGET
WORKSHOP #2**

City Administrator Doan and Finance Director Euler facilitated the second 2019-2020 biennial budget workshop focusing on the General Fund and the Mayor's proposed budget. The budget reflects the City's Vision, Mission, Beliefs, and is guided by the Council's Strategic Priorities. Budget proposals from each department were factored on those core values and beliefs.

Director Euler described each section in the budget binder provided to the Council and outlined the workshop agenda:

- Trends & Assumptions
 - Property tax (26% of revenues) is up reflecting the annexations and construction activity
 - Property valuation increasing to \$3.450 billion
 - Annexations added over \$400 million
 - New tax rate: \$2.84 per \$1,000 of assessed value
 - One percent property tax increase
 - Sales tax continues to grow but at slower pace – budget assumes a 3% increase in 2019 and 2020
 - COLA factored for non-represented employees of 2.2% plus a 1.1% matching program for a deferred compensation plan
 - Other employee costs continue to increase for pensions, healthcare, and Labor & Industries coverage
 - Proposed change to Cafeteria Healthcare Plan for non-represented employees who choose a plan of lower cost would receive 70% back in 2019 and 60% back in 2020
- Department Goals & Proposed Initiatives
- Staffing Changes
- Items Not Funded
- General Fund Special Sub-Funds
- General Fund Proposed Expenditures & Revenue

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Director Euler distributed a detailed line item budget to the Council.

Director Euler and City Administrator Doan answered questions on the process of transfers between different accounts based on direct and indirect services, how golf course debt is factored within the budget, a proposed deferred compensation plan for non-represented employees, and proposed changes to the Cafeteria Plan.

The Council offered observations, comments, and suggestions during the discussion on profit sharing, COLA, and benefits.

City Administrator Doan reviewed proposed initiative priorities:

- Facility Maintenance
- Additional Administrative Support
- Stormwater Requirements
- Sidewalks
- Software Replacement
- Promotion of “Tumwater Craft”
- New Maintenance & Operations Facility
- Emphasis on Housing and Homelessness Initiatives
- Continuation of Fire Regionalization Study

City Administrator Doan reviewed Department Goals/Initiatives.

City Administrator Doan provided an update on the status of the brewery project located off Capitol Boulevard.

Director Euler reported the proposed 2019-2020 budget includes departmental contingency funding within the non-departmental consolidated contingency fund to ensure resources and time are realistic if something unforeseen happens.

City Administrator Doan described the purpose of the Tumwater Way training and the IDEA Team in response to questions. Previously, Tumwater Way was the City’s leadership development training to develop employees for supervision and management positions. The effort began this year through a City-wide customer service program providing six hours of training to all City employees in customer service positions. The IDEA Team is specific to the Fire Department and focuses on Inclusion, Diversity, Empowerment, and Accessibility. The team’s goal is to diversify the workforce within the Fire Department.

The budget includes a separate allocation of \$25,000 for housing programs for each year of the biennium. The Council will

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determine how to expend the funds, such as support to the Salvation Army or support to a Tumwater service provider. Another one-time allocation of \$25,000 is for an innovative homeless pilot project. A similar project launched by the City of Albuquerque involved the city partnering with a nonprofit organization that offered jobs and assistance to homeless individuals. The pilot program requires a non-profit partner to supervise individuals. It is likely the City would want the City of Olympia involved as a partner. Mayor Kmet noted the three mayors have discussed the program and the City of Lacey has expressed interest in moving forward with a similar project.

The Council discussed whether the proposed budget of \$25,000 would be adequate. City Administrator Doan advised that several organizations are planning to request funding from the City Council. The Tumwater Chamber of Commerce is requesting funds of \$12,000 for business scholarships for the Scale-Up program in partnership with the Thurston Economic Development Council. Thurston Thrives is seeking funding to support operations.

City Administrator Doan reviewed and explained the purpose for each new staff position proposed in the budget, proposed position changes, and items and positions not recommended for funding.

The proposed salary schedule will be presented during the Council's next budget workshop.

Director Euler and City Administrator Doan reviewed the General Fund Special Sub-Funds:

- Public Safety Reserve Sub-Fund
- Emergency Reserve Sub-Fund – Used for unexpected and unplanned events
- Facilities Reserve Sub-Fund – Funds available for major repair, projects/programs, facility repairs, major maintenance, and facility replacement. The proposed budget allocates \$700,000 to this fund
- Tumwater Youth Program (TYP) Sub-Fund – Self-sustaining fund
- Historic/Park Boards Sub-Funds – Annual allocation to Parks and Recreation Commission for parks and recreation projects/programs, and to the Historic Preservation Commission for historical projects/programs
- E-link and Fiber Sub-Fund – Installation of conduit during road projects. Some conduit is leased to other agencies. A future project would extend fiber optics to the Trails End

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property.

- K-9 Sub-Fund – Supports Police K-9 Program and is funded through project donations and funds from the Police Guild
- Permit Reserve Sub-Fund – Proposed new fund to be used to stabilize the permit activity function
- Officer of the Year Fund – Proposed new fund to cover costs for the Office of the Year program

City Administrator Doan reported the Council has scheduled a public hearing on the budget on October 16, 2018. Budget workshop #3 is scheduled on October 23, 2018 and will focus on Utilities, Golf, Debt, Equipment Rental and Replacement, Special Revenue Funds, and Salary Schedule Adjustments.

City Administrator Doan affirmed that the next meeting would include a discussion on special revenue funds as it specifically relates to the Domestic Violence Fund. The fund has a balance of \$12,000 with no proposed spending plan. The City Attorney will also share information on the program offered through the Thurston County Prosecutor's Office.

Director Euler and City Administrator Doan addressed questions about the timing of the public hearings on the proposed budget.

**MAYOR/CITY
ADMINISTRATOR'S
REPORT:**

City Administrator Doan reported that previously the Federal Emergency Management Agency (FEMA) offered training for communities on emergency preparedness at the National Fire Academy in Maryland. Because of the cost associated with the training, FEMA is now offering training at the local level. FEMA has scheduled an earthquake training session on February 25, 2019 through February 28, 2019. The focus of the training is on recovery 30 to 60 days following a major earthquake. The training will be held at the Shilo Inn in Ocean Shores, Washington. Up to six individuals from the City can attend. City Administrator Doan encouraged up to three members of Council to participate in the training.

Fire Chief LaVielle reviewed some of the requirements for the training. An executive session will kick-off the training session with a separate meeting with designated attendees scheduled in January to review the training framework. Councilmembers Dahlhoff and Sullivan conveyed interest in participating in the training.

Staff and the Council commented on the City's response to the brewery fire and concerns surrounding the lack of security for the

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buildings. City Administrator Doan advised that a letter outlining the violations was mailed to the owner concerning issues with broken windows, security, graffiti, and unauthorized access. The letter has expired and typically transitions to a Notice of Violation with assessment of a penalty per day. The next major step is cleaning up the site of the fire.

Fire Chief LaVielle outlined the next steps following the fire to include an inspection of the site to ensure there was no loss of life.

Assistant City Administrator Behrends Cerniwey updated the Council on efforts to ramp up the City's pressure on the property owners. One of the owners is currently running for a political office in India. During a recent visit with the owners, staff conveyed concerns surrounding the facility and potential City actions if the issues continue to remain unchecked. Since the fire, City staff engaged in a telephone conversation with the owners and they have acknowledged their responsibility to take immediate action for clean-up of the site. The owners plan to visit the site on Tuesday, October 16, 2018 and have initiated contact with abatement contractors and state agencies.

Director Eaton addressed questions on the impact to the City's water system during the fire. Overall, adequate water pressure was maintained throughout the system. Over a million gallons of water was necessary to extinguish the fire.

Staff and Mayor Kmet shared information on the City's efforts to work with the property owners to address current conditions of the brewery property and buildings.

The Council was encouraged to volunteer during the Tumwater Clean-up, Drop-off event on Saturday, October 13, 2018 from 9 a.m. to 1 p.m. in the Tumwater City Hall parking lot.

ADJOURNMENT: With there being no further business, Mayor Kmet adjourned the meeting at 8:17 p.m.