

**TUMWATER CITY COUNCIL WORKSESSION  
MINUTES OF MEETING  
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**CONVENE:** 5:35 p.m.

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

Excused: Councilmember Joan Cathey.

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

**ORDINANCE NO. O2017-007, SIGNS:** Manager Medrud reported the proposed changes were prompted by a Supreme Court ruling establishing a new legal precedent for municipal sign regulation. Any sign code that relied upon judging the content of a sign is now considered an unconstitutional regulation of free speech. Additionally, some ongoing issues surrounding temporary signs were also addressed. Since the Council's last review of the proposal, additional language was drafted focusing on A-board signs and feather flags.

Planner Ginther referred to previous direction by the Council to allow each business one A-board sign. Currently, the code does not allow feather flags nor does it directly address feather flags. The proposed ordinance prohibits feather flags as recommended by the Planning Commission. Staff drafted proposed language in the event the Council elects to allow feather flags. Additionally, the staff report includes a discussion as to whether to allow either an A-board sign or a feather flag, but not both.

Mayor Kmet shared some recent photographs of businesses located along Martin Way in Thurston County. The photographs depict a proliferation of feather flags. He displayed examples of different types of feather flags available for sale.

Councilmember Althausen asked whether the category of temporary signs also includes 18" x 24" corrugated plastic signs often displayed in front of businesses. Manager Medrud replied that staff is not proposing any changes to existing regulations in terms of temporary commercial signs or noncommercial signs. The code allows temporary election signs for a period of six weeks to cover the

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election period. Another set of regulations govern signs allowed for a commercial project. Regulations limit both the size and the length of time for displaying those types of temporary signs.

Councilmember Althaus commented that if he was a business owner with a feather flag that would no longer be allowed, he would replace the flag with a corrugated plastic sign. Constraining one type of sign could result in more types of temporary signs that are less regulated.

Mayor Kmet remarked that one option could include a limit on those types of temporary signs similar to the restriction for A-board signs.

Discussion ensued on commercial centers with many businesses and the potential of numerous temporary signs creating visual clutter. Several Councilmembers acknowledged the importance of providing options to businesses to attract customers. They commented on the importance of the City pursuing outreach to businesses and problems with enforcement. Although many customers know the location of a specific business or use smartphones for directions, many senior citizens rely on temporary signs to guide them to businesses. Staff responded to questions on how new businesses are notified about the City's sign code. Mayor Kmet added that until recently, the City's sign enforcement included periodic sweeps of signs in right-of-ways. Since the City now has a dedicated code enforcement team, the City could expand efforts to notify businesses of illegal and legal signs.

Councilmember Swarthout referred to the City of Lacey's website featuring a page on all types of signs allowed or not allowed in the city.

Manager Medrud noted that the City's website page on signs could be modified and expanded to provide more information. Staff could also pursue discussions with the Tumwater Chamber of Commerce for improving outreach to businesses.

Mayor Kmet offered the possibility of the City sending out a welcome letter with pertinent information for new businesses.

Mayor Kmet advised that Councilmember Cathey prefers to allow feather flags. His ongoing concern is the proliferation of feather flags similar to previous concerns surrounding A-board signs. Previously, the Council was presented with a compelling case to allow an A-board signs for a business. Unfortunately, following the amendment to allow one A-board sign per business, the City experienced a proliferation of A-board signs. He prefers not allowing feather flags.

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Discussion ensued on prohibiting temporary corrugated plastic signs as well. Manager Medrud cited the section of the code governing those types of temporary signs other than A-board signs.

Some options considered by the Council included:

- Allowing one temporary sign for each business
- Each temporary sign would count for the square footage for signs allowed for the business
- Allowing one temporary sign for each business regardless of size

Councilmember Dahlhoff offered to explore the possibility of recycling or reusing plastic corrugated signs confiscated in the right-of-way to avoid adding more waste to the landfill.

The Council discussed preferences and offered the following suggestions:

- Support not allowing feather flags and add clarifying language to the code to address corrugated plastic temporary signs.
- Support not allowing feather flags as long as the City pursues a partnership with the Tumwater Chamber of Commerce in terms of code enforcement.
- Support not allowing feather flags, but agree businesses should have some options for temporary signage.
- Support allowing one temporary sign for each business.
- Support not allowing feather flags and afford a grace period to remove feather flags.

Mayor Kmet reported that based on the feedback, staff will draft a policy and ensure new business packages include information on signs, as well as sending periodic reminders to all businesses.

**2019-2020 BIENNIAL  
BUDGET  
WORKSHOP #3:**

City Administrator Doan summarized budget topics covered in Workshops 1 and 2. Workshop 3 will focus on Special Revenue Funds, Debt Service Funds, Capital Facility Plans (CFP), Utility Funds and Rates, Golf Course, and Internal Service/Equipment Rental and Reserve.

Mayor Kmet commented on several recent funding requests from local organizations. City Administrator Doan advised that Workshop 4 would cover the funding requests, salary schedule update, outstanding issues/questions, and several facility improvements projects. Mayor Kmet said he would review the funding requests and

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prepare a recommendation for the Council after consultation with staff.

Councilmember Althaus shared additional information on the funding request from Thurston Thrives.

Mayor Kmet pointed out that this workshop affords the Council with some ability to recommend some adjustments within the Capital Facilities Plans.

Director Euler reported the City budgets by each fund as required by state statute. Special Revenue Funds are monies collected for specific purposes and are dictated by RCWs in most cases. Special Revenue Funds include:

- Domestic Violence Fund – A small fund with funds generated through the court system. Revenues can vary between \$500 and \$2,000 in a year. The fund balance is \$12,000. Thurston County collects the funds and transfers the funds to the City. Discussion ensued on options for using the funds, as the amount is not sufficient to sustain an ongoing program. Mayor Kmet suggested some options could be reviewed by the Public Health and Safety Committee.
- Drug and Seizure Fund – Revenue from seizures of drug and narcotic cases. Expenditures are limited to related enforcement activities, such as training for narcotic officers, or for a portion of equipment purchases that help prevent narcotic cases. The ending fund balance is \$77,863.
- Lodging Tax Fund – Funded by hotels and motels through an assessment of a 4% tax on room rentals. The City splits the fund evenly between two funds with the first half dedicated to the City's historic properties and historic projects/events, and the second half dedicated for tourism promotion and marketing of events and activities attracting visitors to stay in local hotels and spend money in the City.
- Development Fees Fund – Fund is comprised of revenue collected from impact fees for transportation and parks, as well as mitigation funds. Funds are used for expansions of parks and street systems. Revenue in the fund is difficult to forecast because it is generated from development projects. The fund provided a loan to the Transportation Fund for the Tyee Drive project.
- Barnes Lake Fund – Funds the activities of the Barnes Lake Management District.
- Transportation Benefit District (TBD) Fund – Funded from

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0.2% of sales tax approved by voters for transportation projects and staffing support for specific TBD projects. The TBD is up for renewal in 2024 as the fund was approved by voters for a 10 year period.

Director Euler reviewed Debt Service Funds. The City has existing general government debt and debt for utilities. The General Obligation Debt Service includes:

- Debit service on fire station/engines retiring in 2018 (voted debt)
- Fire engine #1 debt to paid in 2021
- Police facility debt to be paid in 2022
- Energy Conservation Project debt to be paid in 2027
- Future financing includes Fire Engine #2 from lid lift, Craft Beverage Start-Up from leases, and the Maintenance & Operations Facility

Utility Debt Service/Reserves:

- No outstanding revenue debt or balance
- Water Utility has one outstanding Public Works Trust Fund loan

City Administrator Doan reviewed continuing and new projects/programs proposed in the General Government CFP. Typically, projects and programs include parks, facilities, trails, and economic development. Revenue is derived from utility tax, grants, and development fees.

City Administrator Doan presented additional information on the Craft Beverage Start-up project and a proposal to investigate a Craft Beverage incubator program and facility for small start up craft beverage producers to share space, equipment, expertise, events, and public spaces. He outlined the proposed funding methodology for the project.

City Administrator Doan reviewed projects included in the Transportation CFP.

Proprietary Funds operate as stand-alone businesses and pay the General Fund for specific services, such as processing of utility bills by the Finance Department. Proprietary Funds include:

- Water Utility

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- Stormwater Utility
- Sanitary Sewer Utility
- Golf Course

City Administrator Doan reviewed proposed utility projects during the biennium and a comparison of utility rates between Tumwater, Lacey, and Olympia. The budget includes proposed rate increases in 2019 and 2020 for water, sewer, and sanitary sewer.

The Council asked about the variables staff considers when recommending utility rate increases. City Administrator Doan said the proposed increases are intentionally small and consistent to avoid bigger spikes. Factors for determining an increase include annual operating costs, annual maintenance of the systems, and creation of new capacity to accommodate both new and existing development. An additional one percent increase is included in the proposed rates to accumulate revenue to avoid incurring substantial debt service to pay for the new Operations and Maintenance Facility.

City Administrator Doan reviewed the Golf Course. Approximately, six years ago, the City changed its operational model and marketing strategies for the golf course. Major equipment includes golf carts and maintenance equipment. New carts were recently purchased and are typically replaced every five years. The budget includes replacement of maintenance equipment through a lease arrangement. The budget includes increased staffing to address event management and expand promotional opportunities, as well as an increase in the minimum wage. Capital projects include resurfacing the parking lot to accommodate a trail, stormwater repairs, renovation of the maintenance building, and recarpeting the restaurant. Golf course debt expires in 2025.

Director Euler reported the Equipment Rental & Reserve Fund is required by the state. The City expanded the fund to include information technology equipment. The fund covers the replacement and operational costs for the City's fleet (excluding fire engines) and IT (including personnel). Funds are generated by fees paid by users of the equipment that each department accumulates annually to ensure sufficient funds are available for replacement of items.

Director Euler reported that overall, most Funds are in a good shape. The proposed budget has major investments in facilities and vehicles. Golf debt will be paid in full in 2025. Utilities require annual revenue increases to address rising costs. The budget reflects a City in a good long-term debt situation.

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On November 5, 2018, a public hearing is scheduled to receive testimony on ad valorem taxes (property tax). The 1% property tax increase must be certified with Thurston County for 2019. Another budget workshop is scheduled on November 13, 2018. A public hearing is scheduled on November 20, 2018 to receive testimony on a 2017-2018 budget amendment. The Council is scheduled to adopt the 2019-2020 budget on Tuesday, December 4, 2018.

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

Mayor Kmet reported the LOTT Clean Water Alliance Board authorized inclusion of some funds in the agency's budget to help fund some showers and toilet facilities in a van that is parked near an existing homeless shelter to help expand capacity at the downtown location.

Councilmember Oliva asked whether a warming facility would be available this winter for the homeless. Mayor Kmet said he believes Salvation Army is creating a warming shelter as part of its operations. A tour of the newly remodeled Salvation Army facility is scheduled on Friday, October 26, 2018 at 10 a.m.

**ADJOURNMENT:**

**With there being no further business, Mayor Kmet adjourned the meeting at 8:00 p.m.**