

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

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

Excused: Councilmembers Neil McClanahan and Eileen Swarhout.

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

**GREEN
LEGISLATION
UPDATE:**

Representative Beth Doglio briefed the Council on the outcome of environmental legislation during the 2019 legislative session.

Under the Governor's leadership and team, a package of environmental measures was presented. The legislature examined carbon emission reductions using a sector by sector approach. A package was developed to meet emission reduction standards by 2035. A coalition of environmental, conservationists, communities of color, and labor developed a fossil free electric bill targeted for 2045, which passed. By 2025, all coal would be removed from the grid and beginning in 2030 the state will achieve net zero carbon with up to 20% of the load from fossil with required renewable energy credits to achieve 100%. The bill prompts investments into the renewable energy sector to meet the eventual goal of fossil free electricity by 2045. The legislation applies to all private and public utilities in the state. Many utility companies and PUDs testified in favor of the bill. The bill will require utilities to invest in low-income weatherization. Tensions between energy developers and the labor movement resulted in graduated tax incentives based on labor practices.

Representative Doglio said she sponsored HB 1257 establishing a building performance standard for existing commercial buildings over 50,000 square feet. The bill requires compliance by 2025 with an energy efficiency performance standard. The bill creates jobs and it bill provides a \$75 million ten-year public utility tax credit for building owners investing in energy efficiency measures. Gas utilities would be required to invest in all cost effective energy efficiency with an option for gas utilities to create a tariff for renewable natural gas from landfills, digesters, cattle, etc. The bill also requires all new buildings to be plumed and EV-ready.

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Other legislation not included in the environmental package was a green transportation package to incentivize new EV infrastructure charging funded through an increase in tabs for electric vehicles. The bill includes incentives for electric transit buses

Policy tools on clean fuels have been implemented in Oregon, British Columbia, and California. However, the Legislature was unsuccessful in passing similar policies for the state. Subsequently, Puget Sound Clean Air Agency will issue a rule for a regional clean fuels standard to reduce carbon intensity of fossil fuels by 2030 by 10%-20% (dependent upon final rule).

Food waste and recycling continue to be problematic. The Legislature invested some discussions and policy to identify new markets for recycled materials and how to utilize waste to create jobs and minimize recycling waste. Food waste is #3 in terms of contributors to greenhouse gases (globally) because waste typically is deposited in landfills. One in five children is food insecure. Food Life Link lobbyists assisted in moving the bill, which passed unanimously in both houses. The bill sets a goal to reduce food waste by 50% by 2030, opens up some new opportunities, and implements a planning process to explore ways to marry grocery stores and restaurants with food banks.

Representative Doglio shared information on a proposed annexation bill addressing county islands by providing jurisdictions with an alternative process to annex county islands through an interlocal agreement with the county.

**CAPITAL
FACILITIES PLAN
2020-2025 – GENERAL
GOVERNMENT:**

Director Eaton reviewed the Capital Facilities Plan (CFP) Financial Plan for General Governmental projects for the period 2020-2025.

The plan includes new projects and projects carried forward from prior years. At this point, the plan is not balanced and costs exceed available funds. Some projects will either be removed or moved to future years prior to the final adoption on the plan. The General Governmental CFP is funded primarily by a portion of the City's 6% utility tax. The Council previously directed allocation of 1.5% of utility tax to the General Governmental portion of the CFP equating to approximately \$1 million each year. Other sources of funds include park impact fees and grants (project specific). Some projects will be funded by revenue from the Metropolitan Park District.

Director Eaton answered questions about several projects carried over from previous years.

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Director Eaton, City Administrator Doan, and Department Directors described and addressed questions on new projects included in the plan:

- Purchase of a new Aid Unit
- Tanker Fire Engine Acquisition
- T-1 Bay Heating System
- Arts Project
- Emerging Projects (*Placeholder*)
- Participation in Regional Housing Project
- Solar Panel Installation
- Craft Beverage Start-up Facility
- Washington Center Renovations
- Custer Way Bridge Beautification
- WSDOT Olympic Region Property

Next steps include a review of the plan with the Planning Commission. Approval of the plan is scheduled in the fall as part of the 2019 Comprehensive Plan Amendment docket. The financial plan for General Governmental Projects will be balanced following the City and public review process.

**IMPLEMENTATION
OF SHB 1406:**

City Administrator Doan described the purpose of the proposal. The Legislature approved an opportunity for local governments to access funding to assist with affordable housing by reallocating a portion of state sales tax currently collected by the state to local jurisdictions. To take advantage of the legislation, the City is required to take action affirming its intent to access the funds, which must be used to assist persons whose income is at or below 60% of the City median income. Because the City has a population of less than 100,000 people, the funds could be used for construction, rehabilitation, or acquisition of affordable housing facilities, as well as for rental assistance. The City would be eligible to receive .0073% of the state collected sales tax or \$55,000 annually. Funds would become available in July 2020. The City is required to pass a resolution of intent by January 31, 2020 followed by subsequent tax ordinance adopted no later than July 27, 2020.

**HOMELESSNESS &
AFFORDABLE
HOUSING –
MITIGATION SITE:**

City Administrator Doan commented on efforts by the City of Olympia to establish another homeless mitigation site. The City is seeking a formal coordinated and regional approach. A proposed regional mitigation site would be located off Carpenter Road in Lacey's urban growth area. The Regional Housing Council's Technical Committee has met once and discussed the mitigation site.

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City Administrator Doan asked the Council for input on whether there is a role for the City to participate in the regional effort and what the City's form of participation (funds or staff support) should be.

Councilmember Althausser reported the next meeting of the Regional Housing Council is scheduled next week to receive an update on the outcome of the Technical Committee's discussion. Councilmember Althausser advocated for the City's participation as it provides a good opportunity for the Council to acknowledge that it is a regional issue and that participation should be tied to the City to help meet the City's homeless and affordable housing goals.

Mayor Kmet pointed out concerns surrounding inequity of the City contributing general funds while Thurston County would contribute funds from housing funds. Those housing funds of approximately \$6 million annually are generated through land use transactions occurring in all cities and the county that is pooled and managed by Thurston County. Those funds were intended for mitigation sites and for other support services to combat homelessness. A serious conversation is warranted about how much of those funds should be applied for mitigation versus transitional housing or long-term subsidized housing. Thurston County's contribution should be from its general fund until that conversation occurs. Some funds have been allocated in the CFP for potential participation, but he would prefer using those funds as the last resort at this point.

Councilmember Cathey stressed the importance of the City engaging in the regional effort regardless of the funding issue because of the many unresolved questions surrounding whether a mitigation site would be low barrier for easier accessibility and user friendly or whether eligibility requirements or other restrictions would be imposed.

City Administrator Doan noted the City of Olympia's current downtown mitigation site is low barrier except a person cannot be a sex offender and the use of alcohol or drugs cannot be a visible activity because the fundamental goal of the site is to remove people off the street.

Mayor Kmet requested feedback from the Council on the proposal. The Council supported participating in the regional effort.

**BREWTOWER
RENOVATION
UPDATE:**

Director Eaton provided an update on the status of the renovation of the Old Brewtower. Work is progressing well with the masons adding and repairing bricks to the exterior of the building. The entire

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building is fully scaffolded and represents the first time anyone can fully inspect the building exterior. Work completed in preparation for the bid (drawings) was prepared to the best extent possible with assistance of drone video and exterior examinations in areas that were possible to inspect. Those inspections have revealed other issues that will require attention. The current renovation work includes three main areas of work. The first is total wall rebuilds (bricks) and repointing. Additional repointing work has been identified that should be completed as part of the project. Masons have examined the entire building except for the tower because of inaccessibility until just recently. The masons have accessed each brick. Scaffolding of the building comprised a substantial cost of the contract. Staff worked with the contractor to document the extra costs. Currently, the cost is estimated at \$400,000 in addition to the contracted amount. Staff is requesting authorization to proceed with a change order for \$400,000 to complete the work. The project is funded partially by a grant from the state with the remaining generated from a fundraising campaign.

Director Eaton affirmed that the tower could entail another change order; however, staff is optimistic that costs might be less than the proposal. A change order might be required but not to the extent of the cost for the first change order.

Discussion ensued on the probability of the City developing a loan structure to accommodate the extra costs. City Administrator Doan commented on the importance of completing the additional work as each component of the brewtower (walls, roof, tower, & bricks) are part of a comprehensive system. When one component fails, it impacts another component. Each brick is also part of a system and if areas requiring repair are not repaired, water can penetrate the entire system.

Manager Cook reported the City has received over \$1 million from the state. The City has accounted for the match for the first \$500,000 grant enabling the City to submit invoices for reimbursement. Each state grant contract dictate the scope of work and it could be questionable if the City did not approve the change order whether the City would receive the grant. The next phase of work is for the seismic retrofit, which should not move forward until the brick work has been completed.

Council and staff discussed the relationship between the City and the Brewery Foundation and some confusion as to the Foundation's role with respect to fundraising for a trolley. Councilmember Oliva commented that the Foundation's concerns center on the other areas of the property rather than the old brewtower. There appears to be no

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plan by the owner to save or rehabilitate the warehouse behind the tower.

Manager Cook shared some pictures of the brick restoration work. The north wall required a full rebuild. The fourth floor roof was entirely replaced.

City Administrator Doan reported the Council is scheduled to receive a briefing at its August worksession on the fundraising campaign and the Council's role.

The Council supported moving forward with the change order as requested.

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

The City's annual fireworks show attracted over 19,000 attendees, an all-time record. The Council is scheduled to receive a report on fireworks complaints.

Mayor Kmet reported on his attendance to a four-day training session hosted by Puget Sound Energy on how electricity is generated, energy technologies, and energy policies. The information will likely provide some insights that can be utilized as the City pursues the Climate Action Plan. Another session is scheduled in Washington, D.C. in October. Numerous legislators from across the nation attended the training.

City Administrator Doan shared information on the City's participation in a region-wide Diaper Drive to collect and distribute diapers.

ADJOURNMENT:

With there being no further business, Mayor Kmet adjourned the meeting at 7:50 p.m.