

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
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CONVENE: 6:34 p.m.

PRESENT: Mayor Pete Kmet and Councilmembers Michael Althausen, Joan Cathey, Leatta Dahlhoff, Angela Jefferson, Eileen Swarthout, Debbie Sullivan, and Charlie Schneider.

Staff: City Administrator John Doan, Parks and Recreation Director Chuck Denney, Transportation and Engineering Director Brandon Hicks, Water Resources and Sustainability Director Dan Smith, Communications Manager Ann Cook, and City Clerk Melody Valiant.

CITY OPERATIONS AND MAINTENANCE FACILITY: City Administrator Doan reported the briefing would cover the history of the property, status of the project, and current milestones requiring some decisions.

Current operations and maintenance facilities are the public works shops located behind City Hall. The shops opened in 1988 moving from another facility on Tumwater Hill. The shops house all City utilities, street operations, office space, lunchroom, equipment and materials storage internally and externally, and parking for staff and vehicles. The City's fleet is funded separately and operated by the Equipment Replacement Reserve Fund and includes vehicle maintenance and a fueling facility. The site houses the police department and parks storage facilities, as well as the police outdoor impound yard. The facility has exceeded its capacity and is technologically outdated. The underlying property is owned by the City's general fund. The long-term vision for the property is parks and open space as envisioned in the Tumwater Town Center Plan and the City's Campus Master Plan.

City Administrator Doan described the location of different uses within the facility and the different types of vehicles used for operations and maintenance activities. He shared a development illustration of the Tumwater Town Center Plan outlining a mix of future uses of residential, commercial, and offices throughout the Town Center.

Development of the City's Campus Master Plan was driven by the remodel of the police facility and to address future needs. The plan includes a significantly sized addition to the rear of City Hall as well as a cross street connecting New Market, a new street added behind the State Attorney General's Office, and an urban park.

The City also owns the existing Parks and Facility building located at the corner of Capitol Boulevard and Israel Road formerly used as the City's main fire station from 1987 to 2000 when the fire station moved to a new Headquarters Station adjacent to City Hall. When the

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facility was vacated by the Fire Department, Parks and Facilities moved into the building. The property has some challenges because of underlying deed restrictions by the Federal Aviation Administration, which prevents the City from selling the property. The property is zoned General Commercial. Prior to the pandemic, Tumwater Farmers Market was featured on the property during market hours in spring, summer, and fall each year. Since the pandemic, the market has relocated to Peter G. Schmidt Elementary School with the market open on Sundays rather than Wednesdays. The market has not been as successful requiring the market to develop an entirely new customer base. The City has engaged in some conversations with the market as well as with representatives from the Night Market located off Old Highway 99, which is seeking a permanent location with more parking and visibility. The old fire station could be conducive to a market as it includes large rolling doors securing the bays within the facility. In addition to the old fire station, the City constructed some temporary shelters in the rear of the building to house parks and facilities equipment.

Mayor Kmet noted that additionally because of the pandemic, public works split operations between the facilities behind City Hall and the Palermo Wellfield to store some materials and provide workspace for staff.

In 2011, the City explored new sites to locate a new operations and maintenance facility based on a set of initial criteria involving property size, proximity, and ownership requirements. In 2014, the Trails Arena property became available and the City purchased the property at a good price. In 2018, the City demolished most of the buildings on the property. The property can be described as two parcels with three primary areas with the western parcel containing one building. The second parcel is divided into two areas with the upper portion previously the site of the main arena and one building remaining for storage. The parcel is heavily impacted as the property was previously graveled and used for parking, vehicles, and horses. The property also contains a sizable kettle with a substantial elevation drop. The kettle was used for waste from horses over the 40-year operation of the arena. The kettle could be restored and potentially used for limited public access.

Prior to demolition of some buildings on the site in 2018, the City hired TCF Architecture, a firm with expertise in similar public works/utilities facilities, to develop a master plan for the site. The planning process by the City and the firm included a review of the property, functions, streets, utilities, police functions, parks and facilities maintenance, and office space for Transportation and Engineering and Water Resources. Adding space for the two

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departments exceeded the project budget. Additionally, a public meeting room was included based on feedback from the community and the potential for a future park site to take advantage of the kettle area. In 2018, the City held a public discussion on master plan options. One of the preferred options was Alternative A with the main shops located on the western parcel and a park on the eastern side of the property with retention of the street between the two properties. The community conveyed general support for the project with many neighbors supporting a park. Several community members acknowledged potential improvements in service response to neighborhoods during inclement weather. Other members of the community preferred the City's uses rather than commercial uses developed on the property. Some community members expressed concerns about any kind of activity occurring on the property and the location of a park.

Subsequently, the City advanced the preferred alternative comprised of the main shops on the west parcel and the park on the east side; however, because the facilities were confined to a six-acre site, employee parking was moved to the east side because of the lack of parking space on the six-acre site. Parking would be available to the public for the park as well. The kettle would be preserved as a natural area.

Councilmember Jefferson asked whether staff considered a park with a community center similar to the Lacey Community Center. City Administrator Doan said the space was insufficient for a community center, as it would require a minimum of 10 acres to meet space needs for a future aquatic facility. The community supported a park but not a community center because it would attract more visitors to the site. The size of the park is approximately five acres, which is the typical size of a neighborhood park.

Councilmember Schneider requested clarification as to the extent of general community support for the proposal. City Administrator Doan said no voting occurred during the public meeting other than a majority of the comments were positive.

City Administrator Doan reported that because of the listing of the pocket gopher as an endangered species, the City had an opportunity to purchase gopher mitigation credits from a private party. The City completed the acquisition of those credits to enable development of the site.

In 2018, the Tumwater Metropolitan Park District (TMPD) allocated some impact funds for the park. In 2017, the City applied a portion of the utility rate increase to fund a portion of the project. Funding of the

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project includes a funding allocation from each utility and the general fund. At that time, the funding split was 60/40, respectively. In 2017/2018, a 1% utility rate increase was allocated to the project. In 2019 through 2022, 2% of the utility rate increase has been allocated to the project. The funds will be available to pay off bond debt.

In 2020, the U.S. Fish and Wildlife Service (USFWS) no longer allowed individual Habitat Conservation Plans (HCP). However, because the City completed an assessment on the status of gophers on the property and acquired mitigation credits, USFWS agreed to proceed with an individual HCP.

During 2020 and through 2021, the construction market experienced significant price increases and volatility. In 2021, at the City's request, the Legislature approved \$150,000 to support construction of meeting room space within the project.

Councilmember Althaus asked whether the funds from the state expire after a specific period of time if not utilized. City Administrator Doan said the City is required to utilize the funds or demonstrate that the proposal is proceeding.

Approximately six months ago, Mayor Kmet suggested examining a way to reduce the general fund share of the project because of the intense competition of general fund monies by exploring other options to address project needs. Staff explored removing the parks and facilities uses from the project, removing the police component, and retaining only the streets and fleet functions as the only general fund contributors. Staff also postponed the parks plan to renovate the existing shop site. Parks and facilities staff would move from the old fire station to the shop site with additional space created for the police through some minor renovations. The old fire station would be offered to the two private markets with some minor renovations.

Other community concerns conveyed during the Old Highway 99 corridor-planning study was the obtuse angle of the existing intersection at 79th Avenue and Old Highway 99. The study recommended adding a roundabout at that location to correct the alignment. The community supported moving forward sooner to add the roundabout; however, the status of the City's HCP delays any action at this time. Based on the new project alternative, funding would be tied to the roundabout project as well. As the roundabout project requires an HCP, staff contacted USFWS and requested consideration of including the roundabout within the project HCP so the roundabout project could move forward. The agency agreed freeing a huge milestone in terms of timing of the project to avoid waiting for the completion of the City's HCP.

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Councilmember Althausen asked whether staff considered excluding the use of natural gas within the new facilities to serve as model to the community for electrifying new facilities. City Administrator Doan explained that staff has not assessed the option but it could be considered. The architectural design takes advantage of technology in terms of water and energy usage. Staff could explore the option of not including natural gas as an energy source.

Staff and the Council discussed options for seeking LEED certification of the buildings and/or including solar as an energy source while acknowledging that when the project moves forward to construction many of the Governor's energy initiatives would be required for all new structures.

City Administrator Doan reviewed the new proposed alternative and the revised funding proposal. The proposal is based on design assumptions and escalating construction costs. The funding proposal includes conversion of the facility behind City Hall, conversion of the old fire station, and installation of the roundabout. The recommended funding plan is to issue a combination of utility and general obligation bonds to finance the project. Utility bonds typically incur a lower interest rate and are backed by utility revenue of the City. The general obligation bonds would be based on the City's credit history of the general fund. Combining all previous utility rate increases equals to approximately 10% with a final increase in 2023 of a 1% utility rate increase dedicated to the project enabling the entire funding of the utility portion of the project (60%) to be fully funded. Within the general fund, the Council allocated approximately \$1 million from the Capital Facilities Plan to help pay for the project. The City would then need to implement a new utility tax on the City's utilities (water, sewer, and storm) according to a proposed schedule.

City Administrator Doan reviewed the utility tax increase schedule and a comparison of utility tax assessed by other cities. The proposed project cost of \$36 million does not include the costs associated with developing the park, which would be paid by park impact fees and TMPD funds.

City Administrator Doan reviewed costs incurred to date for purchase of the property, completing the master plan, demolition, and preparation of the HCP. A significant investment would be required to bring existing facilities to code and improve energy efficiency. Both markets continue to experience a need for a venue. The costs for the park is of concern in terms of exceeding the budget of approximately \$900,000. Timing the construction of the park with the facility construction could result in significant savings. Additionally,

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the park requires frontage improvements that would consume the entire \$900,000 budget.

City Administrator Doan reported the proposed recommendation is to approve the preliminary funding strategy, authorize staff to proceed with the architecture and engineering contract to update and finalize the design, and proceed with permitting (to include a public process).

Councilmember Sullivan advocated for moving forward as further delay will only increase costs requiring deletion of some project components.

Councilmember Jefferson conceded the City has exceeded its capacity in existing facilities resulting in overcrowding and unsafe conditions and the City should proceed with the project.

Councilmember Cathey recommended tabling consideration of the proposal to avoid rushing a decision prior to the holiday season and the end of the year. A discussion is required by the Council during a City Council meeting that is open to the public as the decisions should not be determined without the benefit of public input.

Mayor Kmet pointed out the Council would be required to authorize any action during a regular Council meeting. The intent of the briefing was to provide an update on the status of the project prior to his term as Mayor ending to address any questions with respect to the proposal. He agreed the proposal warrants a public discussion.

Discussion ensued on the requested action before the Council. City Administrator Doan clarified that the recommendation is to move forward with contracting an architect and engineer with the contract presented to the Council for consideration.

Councilmember Cathey conveyed her reluctance to move forward on contracting without the benefit of a public process prior to any approval for actions on the project. City Administrator Doan advised that any public process would likely require the inclusion of the architect without fully engaging architecture and engineering services. The City requires some conceptual drawings to share with the public outlining the scope of the project. He suggested structuring the proposal as the Council supporting the proposal conceptually with a desire to engage the community, recognizing the need to engage the architect to support community engagement.

Councilmember Swarthout agreed with the importance of engaging the architect to develop some plans that are beyond a conceptual plan to inform the public.

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Councilmember Schneider supported receiving feedback from the community. He suggested developing several design concepts to provide the community with more than one alternative. He also questioned the use of natural gas in the new building. It is important for the City to use green energy regardless of the cost as an example to the community and to the region.

Director Hicks noted that natural gas is used for heating the large bays. There are alternatives that are typical of in-slab radiant heating at a significantly higher cost. Some of the desired designs would require the City to contract with an architectural firm. Staff presented six site alternatives to the community during the public open house. Community members during the open house conveyed support with many comments preferring the City as a neighbor as opposed to other types of uses. Staff will explore the option of not including natural gas.

City Administrator Doan recommended the scope of the request could be narrowed to variations of how the preferred alternative would work as opposed to an entire menu of possible uses on the property.

Councilmember Althausen said he perceives the request as consideration of whether the information and details as presented achieve the goals that were previously established. He believes the proposal does satisfy the goal because it provides needed facilities, public amenities, preservation of open space and trees, and construction of a roundabout while acknowledging the need for continued public engagement. The question is whether the proposal is the preferred alternative and does it remain the goal and meet the needs. The next step is contracting with an architect to develop illustrations of the proposal to share with the community.

Councilmember Cathey summarized her concerns with the proposed action and reiterated the importance of involving the community within the process. Director Hicks added that staff could comfortably commit to moving the construction of the park forward as a requirement of the HCP.

Mayor Kmet conveyed appreciation for the feedback.

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

Mayor Kmet reported on the City's successful Tree Lighting event on Saturday, December 11, 2021 despite the pandemic.

The City received a grant of \$371,000 from the Transportation Improvement Board for improvements to sidewalks along Linwood Avenue.

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City Administrator Doan queried the Council on the format of future Council meetings. He recommended conducting the January 4, 2022 meeting in a hybrid format because it will be short, includes the seating of new Councilmembers and Mayor, and to afford an opportunity to test the City's new hybrid meeting technology. An earlier poll of the Council reflected a 50/50 split for the virtual and hybrid meeting formats. He asked for feedback on the format for future committee, worksession, and regular meetings.

Councilmember Althausen supported continuing the virtual meeting format for committee meetings and worksessions, as well as for regular meetings in the near term dependent on the emergence of variants of COVID-19. He supported providing a hybrid option for regular meetings moving forward because it provides flexibility to all meeting participants and eventually move to in-person Council meetings dependent upon the outcome of the pandemic.

The Council supported Councilmember Althausen's recommendations.

City Administrator Doan thanked and acknowledged all City employees for their efforts during an incredible taxing year requiring more and different kinds of work that continually changes. Many employees worked wearing a mask during the entire workday. Although Zoom meetings have provided some level of ease and efficiency, more meetings have been held creating more work and expectations. He thanked the Council during a difficult time and for enduring endless zoom meetings, committee meetings, and conversations. Finally, he thanked Mayor Kmet for his friendship over the last 12 years and how he was honored to have worked with Mayor Kmet.

Mayor Kmet thanked the Council for their support over the years. Many Councilmembers have served with him for many years. The Council has made great progress in the City and much of it was due to the Council's support, as well as through the efforts of City Administrator Doan, who has done an incredible job for the City. He thanked City Administrator Doan for his support and leadership within the City. Mayor Kmet thanked the public for their support of the City.

ADJOURNMENT: **With there being no further business, Mayor Kmet adjourned the meeting at 9:28 p.m.**