

# **TUMWATER CITY COUNCIL WORKSESSION**

## **MINUTES OF VIRTUAL MEETING**

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**CONVENE:** 5:30 p.m.

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

Staff: City Administrator John Doan, City Attorney Karen Kirkpatrick, Parks and Recreation Director Chuck Denney, Community Development Director Michael Matlock, Finance Director Troy Niemeyer, Planning Manager Brad Medrud, Communications Manager Ann Cook, and City Clerk Melody Valiant.

### **PUBLIC RECORDS AND OPEN GOVERNMENT TRAINING:**

City Attorney Kirkpatrick introduced Morgan Damerow with the Washington State Office of the Attorney General. Mr. Damerow provided training to the Council on public records and open government. The training covered the significance of public records and open government transparency under the Open Public Meetings Act and the Public Records Act. Mr. Damerow answered a variety of questions covering meeting minutes, meeting quorums, and types of meetings.

### **BUSH PRAIRIE HABITAT CONSERVATION PLAN (HCP) – STATUS UPDATE:**

Manager Medrud reported the City embarked on the process to develop a Habitat Conservation Plan (HCP) for the City beginning in 2016. A draft plan has been developed and forwarded to the Washington Department of Fish and Wildlife (WDFW) and U.S. Fish and Wildlife Service (USFWS) in November 2021 for review and comment.

The City is pursuing development of the HCP because the plan would be the most effective tool of ensuring private development and City operations could move forward for development and maintenance of roads and facilities. The plan is designed to protect endangered species in an urban environment. Without the benefit of a Citywide HCP, developers and the City would be required to complete a plan for each project and any mitigation would likely be less effective.

The Citywide HCP protects the Olympia subspecies of the Mazama pocket gopher, streaked horned lark, Oregon spotted frog, and Oregon vesper sparrow. The first three species were listed for protection under the federal Endangered Species Act (ESA) and the last is expected to be listed during the term of the HCP. It is illegal for private and public landowners to “take” species under

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the ESA. Protected species cannot be harmed or removed without some level of mitigation to ensure the species are not endangered.

The southern two-thirds of the City are located within the Bush Prairie and the Chambers Prairie systems supporting many wildlife species. Those areas are also the easiest areas of the City to develop. The Mazama pocket gopher was listed as an endangered species in 2014 and is the most widespread protected prairie species in the City. Other prairie species include the streaked horned lark and the Oregon vesper sparrow located primarily in area around Olympia Regional Airport and the Oregon spotted frog found primarily in wetlands and streams in the western half of the City within the Black Lake drainage system. The ESA listings protect both species and their habitat.

The Port of Olympia and the City recognized the difficulty of developing within the impacted areas and entered into an interlocal agreement in 2016 to develop an overall “take” permit (HCP) to allow for development and mitigation to protect the species. A “take” of the species can range from killing the animals to harming animals and its habitat.

The HCP permits area wide “take” under ESA Section 10. The plan allows for higher quality and more efficient long-term species protection, reduces uncertainty, costs, and delays for new development and redevelopment, allows development envisioned by the City and the Port, and allows continued and ongoing maintenance of City and Port facilities.

Manager Medrud responded to questions and comments about the negative connotation of “take”, impacts to birds, how the HCP could affect the possibility of airport expansion, and mitigation efforts by private landowners. He explained how at the beginning of the process, staff worked closely with USFWS to identify species to include in the HCP. The Taylor’s checkerspot butterfly was on the list of species that could be potentially included in the HCP. However, because of insufficient areas containing the butterfly within the City, the species was not included in the HCP.

Director Matlock reviewed funding sources to develop the HCP through federal funds and funds matched by the City and the Port. The federal grant through USFWS is administered by WDFW.

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Director Matlock identified the species covered in the HCP and their respective state and federal listing. He shared a map of the permit area and the plan area. The permit area is an area where permits can be issued while the plan area is the area of mitigation. Additionally, the listing of endangered species is the first occurrence in the state with listings in an urban area. Maps were shared identifying levels of occupancy by species and criteria for covered activities projected over the 30-year period of the plan.

Director Matlock responded to questions concerning delisting of a species and how that might affect the HCP. The HCP can be amended to remove or add a species to the list. The plan's conservation strategy mitigates affects and is based on best available science. The HCP identifies mitigation land required and how to finance the acquisition and maintenance of land. Once the HCP is approved, the City has assurances of no required changes when science changes.

An annual report is required by USFWS documenting the status of efforts, status of acquiring mitigation land, and status of the species. The Port and the City, as the permittees under the HCP, have specific requirements to fulfill.

Cost centers include the implementation of the conservation strategy, mitigation land acquisition, staff support for land management, monitoring, administration costs, adaptive management, and a funding mechanism to manage mitigation lands into perpetuity requiring a contingency fund and endowment.

Director Matlock reviewed the costs for administering the plan, conservation land strategy, plan management habitat restoration, monitoring and adaptive management, pocket gopher research, and the endowment fund comprised of permitting fees for the HCP invested over time to maintain habitat and prairies in perpetuity. The total cost is \$2.5 million annually equating to over \$78 million for the 30-year term.

Director Matlock outlined a typical project approval process under the HCP. The habitat conversion fee is due at the first applicable step in the project approval process that authorizes ground disturbance such as grading permit issuance, building permit issuance, and any other final action for a covered activity that authorizes an action that will result in an impact on a covered species or its habitat. The conversion fee will be incorporated

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within the permit fee schedule. Structures constructed not requiring a permit are difficult to identify and subsequently, a projected number of those types of projects over the 30-year plan period have been factored within the costs.

Director Matlock reviewed completed and future public outreach. The project established a stakeholder group with representatives from the Chamber of Commerce, Center for Natural Lands Management, tribes, and other interested stakeholders. The group meets periodically, receives updates on the status of the plan development, and provides feedback. Other meetings with small groups have been held, as well as ongoing coordination with WDFW and the Federal Aviation Administration. One community meeting was held in November 2019 with a second community meeting planned in 2022. The plan requires both a State Environmental Protection Act (SEPA) and a National Environmental Protection Act (NEPA) review and possibly an Environment Impact Statement (EIS) process.

Councilmember Agabi pointed out the probability of the City suffering from the lack of development if developers are subject to payment of a conversion fee. Director Matlock advised that some economic modeling was completed on the plan, as well as conversations with the development community. Staff believes the plan will be effective over time. Although a conversion fee of \$51,364 per acre appears high, any development occurring in Tumwater will require prairie preservation because of the ESA listings. The HCP option will be less costly for the development community as the developer would need to hire a consultant to prepare the development's HCP and then work through the approval process with USFWS over the course of several years. The developer would be required to identify, acquire, and maintain mitigation land. Currently, land allocated for mitigation is through individual HCPs. The City is negotiating for the use of excess capacity from the Puget Western development as part of that development's prairie mitigation project. The City plans to pursue state funds to acquire mitigation property.

Director Matlock reported in January 2021, staff submitted an administrative draft of the HCP to USFWS. In July, an all-day meeting was held with staff and the City's consultant and USFWS staff to review the draft to identify any issues that should be corrected or adjusted to move forward for preparing a final draft of the plan. In November 2021, the second draft was submitted to

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USFWS and WDFW. Next steps include receiving detailed comments from both agencies on the plan. If USFWS accepts the draft plan, the next step is environmental review. A public draft of the HCP is anticipated to be released in late summer 2022 with a final HCP in 2023. Scoping for the environment review and/or the EIS will begin in spring 2022.

Director Matlock responded to comments about what appears to be less stringent standards USFWS applies to prairies in eastern Washington versus prairies in Thurston County and Tumwater by explaining that the listing of species drives protection of different species. In many areas of the country, prairie species are not listed but may be in decline. When a species is listed as endangered, they become federally protected.

City Administrator Doan added that the pocket gopher has many subspecies and most of them are not listed. For instance, a pocket gopher in Yelm is different from gophers in Tumwater. The list of subspecies is lengthy and many are not listed as endangered or threatened.

#### **RECESS:**

*Mayor Sullivan recessed the meeting at 7:53 p.m. for a break.*

#### **RECONVENE:**

*Mayor Sullivan reconvened the meeting at 8:01 p.m.*

#### **GOLF COURSE UPDATE:**

City Administrator Doan explained that the update was scheduled to provide information on the status of the golf course in terms of how the golf course weathered the pandemic, budgeting, activities hosted at the golf course, and future activities and challenges.

Director Denney complimented the efforts of golf course staff under the leadership of Golf Operations Manager Dave Nickerson and Golf Course Superintendent Eric Thompson.

Director Denney provided an overview of the golf course constructed in 1970 by the Olympia Brewing Company. The City purchased the golf course in 1996. The 20-hole championship course includes practice areas and a large driving range serving as event space.

Golf Course event highlights in 2021 included:

- 6<sup>th</sup> Annual O Bee Junior Open, a youth tournament attracting youths from across the Northwest
- WIAA High School State Championship

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- TOGETHER!
- Several high school district tournaments
- WIGA Junior events
- Thurston County Chamber Tourney
- Tumwater Chamber of Commerce Tourney

Partnerships include:

- Seventh consecutive year hosting First Tee Junior Golf serving 322 youths
- Valley Golf Academy offers golf instruction to junior to senior ages including classes tailored to Special Olympics, Big Brothers/Big Sisters, local charter school PE programs, Olympia Parks, Arts, and Recreation, and other groups
- Continued partnership with U.S. Martial Arts Center for outdoor workout sessions on the east side of driving range
- PGA Junior League – 35 participants
- Partnership with Delphi Golf Course to enhance junior golf and Special Olympics programs

2021 course improvements included:

- Additional drainage added to hole 5 fairway
- Major renovation of overgrown landscape on hole 10 tee box, relocation of rhododendrons behind #10 green replacing diseased/dying trees
- Removal of 8 stumps from storm damaged trees on hole 15
- Installation of new tee signs (shape of old brewhouse with historic photos)
- Installation of new vantage posts to increase pace of play
- Identification and long-range planning for removal of dangerous or diseased trees
- Tree replacement plan to include native species that will thrive in valley setting
- Removal of invasive weed species, implementation of a native tree species planting program (or suitable alternatives)
- Using native vegetation maximizes resource saving and environmental benefits
- Implementation of Salmon Safe program and improvements
- Use of reclaimed water through partnership with LOTT to irrigate over 200 acres of the golf course

Special events in 2021 included:

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- March Madness
- Tumwater Youth Program on the Range
- Junior World Qualifier
- High School District Championship
- Holiday Sale and Taste of Tumwater
- July 4 Fun Run
- Fireworks & Family Festival (festival not held in 2021 because of COVID)
- Tumwater Artesian Brewfest
- Screen on the Green Movies

The number of golf rounds from 2018 through 2021 include:

- 2018 – 37,069
- 2019 – 39,440
- 2020 – 46,020
- 2021 – 50,145

Total golf course revenue from 2015 through 2021:

- 2015 - \$981,630
- 2016 - \$908,371
- 2017 - \$888,684
- 2018 - \$1,000,907
- 2019 - \$1,218,745
- 2020 - \$1,249,181
- 2021 - \$1,373,044

Total golf course expenses from 2015 through 2021 (operational/maintenance only, does not include bond debt):

- 2015 - \$1,393,225
- 2016 - \$1,443,386
- 2017 - \$1,446,565
- 2018 - \$1,500,266
- 2019 - \$1,638,062
- 2020 - \$1,696,250
- 2021 - \$1,863,714

Director Denney described goals to attain a cost recovery of 85-87%.

Finance Director Niemeyer reviewed the status of the golf bond. In 2011, the City secured a bond of \$3.5 million with a payout of 15 years. The bond has four years remaining with \$1.2 million in

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principle outstanding. The City has the option of paying the bond off at this time. For 2022 and 2023, the interest rate is 4.5% with the last two years at 4%. An option exists for an interfund loan by using a portion of utility tax to pay the bond in full with the amount refinanced internally at a rate of 1% saving the City approximately \$42,000 over the next four years. The Budget and Finance Committee will consider a request to recommend approval of an interfund loan at its meeting in February.

Councilmember Dahlhoff asked whether the ongoing issue of expenses exceeding revenue should be addressed. Director Denney said the issue surrounds a Council decision on expectations in terms of the golf course and whether it should operate at 100% cost recovery with the understanding that the course is also available for community events. Over the years, the golf course has been considered as a park facility as it serves different needs in the community to include open space for the community. The course provided land for the Deschutes Valley Park and the ability to install the Deschutes Valley Trail from Tumwater Historical Park to Pioneer Park. The golf course is the largest stormwater treatment facility in the City and treats water from the Farm subdivision, Cleveland Avenue, and other areas of the City. Councilmember Dahlhoff inquired as to the number of assets the City operates at a loss. Director Denney said most assets of the City operate at a loss. The City is not in the business of generating revenue other than the golf course generates more revenue to cover expenses than any other facility in the City.

Director Niemeyer explained that the Utility Funds have large balances because of the size of utility projects, maintenance, repair, and future growth and development of the system.

Councilmember Schneider asked about the impacts to the golf course caused by recent flooding. Director Denney explained that flooding was an issue recognized by the brewery when it designed the golf course. The clubhouse, the restaurant, and all greens are elevated and have never flooded. The course experiences sediment flooding. Water flooded the maintenance and cart barn. Staff prepares for those instances after experiencing many floods by moving equipment to protect during a flood event. The only damaged experienced this year was to a gravel maintenance road and two sand bunkers, which will need to be rebuilt.



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Councilmember Jefferson asked about the possibility of collaborating with another entity to help reduce operational costs. She advocated for pursuing future discussions on options. Director Denney encouraged a detailed conversation on the actual costs and revenue streams, as well as any options. Personnel are the largest cost center, similar to other City departments. The golf course has fewer FTEs than any other 18-hole golf course in the state. Most golf course operations are completed by hourly or seasonal employees, or volunteers. The level of revenue with the current level of staffing speaks to a great measure of success; however, lowering those costs further would be highly improbable. Other options could entail reducing maintenance costs, which would also have ramifications. This year the golf course raised all golfing rates as a way to slow business as the golf course has insufficient staff to accommodate users. There is a tipping point where rates could be increased, but in the long-term it could affect revenue. The course also has competition in the area that also must be considered.

Councilmember Cathey noted that in addition to open space afforded by the golf course, the golf course serves as one of the largest birding areas in the region. She spoke to the benefits the course has provided to the region, youths, and families.

Councilmember Swarthout agreed as the golf course is a community amenity that improves the quality of life in the City and provides a healthy environment and activities for youths and families.

City Administrator Doan conceded that the conversation as to whether the golf course should make a profit or cover its expenses is a Council policy choice; however, he cautioned that the path can be perilous because it begins to raise questions about the goal of the course to break even or make a profit, which could entail no longer offering programs for youths and others as those programs do not generate a profit. It is important to consider the reason for the City's golf course, which speaks to considering the golf course as a park rather than a golf course. This park returns more of its operating costs than any other park in the City. It speaks to the value of the course to tourism, community programs, community events, habitat, flood mitigation, and the quality of life.

Discussion ensued on community inquiries Councilmembers often receive questioning the golf course. Staff was asked to provide

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more information that speaks to the comprehensive story of the golf course and how it serves the community.

Director Niemeyer answered questions about the potential benefits to the City by paying off the bond early.

Director Denney reviewed opportunities and challenges:

**Opportunities:**

- Golf participation remains high
- River's Edge Restaurant remains successful
- Leagues, classes, and youth programs are near capacity
- Salmon Safety environmental programs continue
- Outdoor community events on track for 2022
- 200+ acres in the center of Tumwater provide habitat, open space, and environmental stewardship

**Challenges:**

- With golf participation remaining high, staffing levels are insufficient to maintain course conditions
- River's Edge Restaurant needs updating
- On-going course maintenance continues of drainage, irrigation, cart paths, range, teaching areas, parking lot, and golf cart replacement

Director Denney invited Councilmembers to visit the golf course for a behind the scenes tour of the course.

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

City Administrator Doan announced the release of the Tumwater Community Survey. He encouraged the Council to share information on completing the survey with friends and the community.

**ADJOURNMENT:**

**With there being no further business, Mayor Sullivan adjourned the meeting at 8:54 p.m.**