

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
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CONVENE: 5:31 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, Finance Director Troy Niemeyer, Parks and Recreation Director Chuck Denney, Planning Manager Brad Medrud, and City Clerk Melody Valiant.

ORDINANCE NO. O2022-015, OTHER HOUSEKEEPING AMENDMENTS: Manager Medrud briefed the Council on Other Housekeeping Amendments. Two of the three amendments include Hearing Examiner Staff Reports–Schedule and Traffic Study Requirements. One amendment is a proposed change for consideration.

The hearing examiner has requested changing the date when staff reports are available from five working days prior to the public hearing to seven days. The second amendment updates criteria for when a traffic impact analysis would be required. Additionally, another recommendation pertains to discussions on sidewalk amendments. The issue involves the responsibility of sidewalk obstructions, maintenance, and repair. The Commission considered a proposal but elected not to include it in the ordinance and recommended the Council consider a public engagement and a voluntary support program to address any community issues prior to considering any amendments to Title 12 on sidewalks.

Staff recommends the Council forward the ordinance for consideration at the October 4, 2022 Council meeting. The Council concurred with the request.

ORDINANCE NO. O2022-013, 2022 DEVELOPMENT CODE HOUSEKEEPING AMENDMENTS: Manager Medrud presented 15 Tumwater Municipal Code (TMC) Housekeeping Amendments for consideration. The proposed amendments are minor corrections to development regulations. The Planning Commission and the General Government Committee reviewed the proposed amendments. The Planning Commission forwarded a recommendation for approval of the proposed amendments. The General Government Committee approved the amendments but questioned two of the amendments involving personal and professional services and school and church signs.

Manager Medrud reviewed the proposed amendments supported by the Commission and the General Government Committee:

A. Accessory Dwelling Unit Entrances: Amendment to TMC 18.42.010(D)(3) would change a requirement to an option.

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- B. Adult Family Homes/Residential Care Facilities:** Amendments would address consistency of adult family home and residential care facilities as permitted and conditional uses.
- C. Bicycle Storage:** Clarifies bicycle storage requirements.
- D. Capitol Boulevard Community – Multifamily Parking Requirements:** Adjusts the 1.0 parking space per dwelling unit limit based on the number of bedrooms of multifamily dwelling units to relieve off-street parking impacts to adjacent neighborhoods.
- E. Car Washes:** Adds “carwash” as an amendment to Title 17 Zoning definitions, instead of a specifically listed use.
- F. Duplexes:** Amends the permitted uses in the Residential/Sensitive Resource, Single-Family Low Residential Density, and Single-Family Medium Residential Density zone districts.
- G. Impound Yards:** Adds “impound yards” as a new use, which is not currently permitted in any zone districts in the City. The proposal adds the use as a conditional use to LI, HI, and ARI zone districts and adds minimal conditions through the conditional use process in TMC 18.56.180.
- H. Mixed Use Overlay (MUO):** Clarifies that MUO requires commercial uses along primary roadways rather than 20% of every building.
- I. Nonconforming Signs:** Addresses a conflict in the nonconforming signs requirements in TMC 18.44 *Signs*.
- J. Optometry Clinics:** Addresses “optometry clinics,” which do not fit in the existing “medical clinic” or “professional services” uses.
- K. Personal and Professional Services:** For consistency and clarity, splits “personal and professional services” into “personal services” and “professional services” and removes “personal and professional and services and sales” from the TMC 18.07.020 Table of Commercial zone districts permitted and conditional uses. The General Government Committee requested further discussion by the Council. Staff’s proposed amendment allows product sales for personal sales to more than 25% of the gross floor area of the business. The intent of the proposal was to ensure any personal service business utilized most of the floor space for the specific use rather than for product sales supporting the use. The second issue is whether retail sales should be included in Neighborhood Commercial and Community Services zone districts. *Councilmember Althausen, Chair of the General Government Committee, described the committee’s concerns surrounding the proposal. The committee recommends adding retail sales as a permitted use in the Neighborhood Commercial and Community Services zone districts as a way of addressing the limitation of product sales to help support small businesses. The Council*

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discussed the intent of the proposal and enforcement methods for applying the requirement. The Council supported the proposed changes recommended by the General Government Committee.

L. Residential Mechanical Equipment in Setbacks: Proposal allows “residential mechanical equipment” in the RSR, SFL, and SFM zone districts rear setbacks.

M. Public Building Signs: Adds exemptions for the size and number of signs for public buildings and churches located in residential zone districts. *The General Government Committee requested the Council’s consideration of whether its recommendation would be acceptable to increase the height of a free standing sign to 15 feet and 55 square feet in size for signage for schools, public buildings, and churches in residential zone districts or whether churches should have reduced standards for sign regulations in residential zone districts than schools and public buildings. Manager Medrud provided examples of existing monument signs at schools located in residential zone districts and a commercial business in the City. Councilmember Althausser described the committee’s discussion acknowledging that many schools and public buildings have signs that do not conform with the existing sign code as the signs were installed prior to changes in the sign code. The committee’s concern surrounded the inclusion of churches by the Planning Commission within the staff recommendation. Many churches are located in the middle of residential neighborhoods. The proposal would enable churches to erect large signs in a residential area. The committee considered including requirements for churches similar to sign requirements for residential subdivisions of five units or greater.*

The Council discussed options with several members acknowledging how churches serve the community and the importance of enabling signage to help churches identify their location, such as adding exceptions if churches are located near a freeway or major arterial. Councilmember Althausser offered a compromise of allowing larger signs for larger structures and smaller signs for smaller structures. Manager Medrud reminded the Council that any limit of the square footage of signs applies to all signs located on a site.

Manager Medrud affirmed the Council’s direction to retain the size of 55 square feet for signs at no more than six feet in height in residential zone districts.

N. Residential Storage Sheds – Gravel Access: Adds an exemption from driveway surface requirements for storage sheds smaller than five hundred square feet in single family residential zone districts.

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O. Subdivision Dedication Code - Updates the subdivision dedication code language in TMC 17.24.030(D)(2) to change “men” to “persons.”

The Council approved the recommendation to move the ordinance forward to the Council’s October 4, 2022 meeting with the recommended changes as noted.

ORDINANCE NO.
O2022-021,
REMOVAL OF
PROPERTIES
FROM HOPKINS
DRAINAGE
DISTRICT:

Director Smith provided an update on the status of issues surrounding Hopkins Drainage District #2 and proposed Ordinance No. O2022-021. The Public Works Committee scheduled a public hearing at the October 4, 2022 Council meeting to receive testimony on the proposed ordinance for removal of properties from Hopkins Drainage District #2. The properties were previously annexed by the City.

On September 24, 2022, Commissioners of the Hopkins Drainage District adopted and certified the subject properties as part of the District. Under RCW 85.38.21, any properties within any drainage district or drainage improvement district that are also located within the boundaries of a city that operates a stormwater utility can be removed from the drainage district through Council action.

The proposal is an emergency ordinance because of the limited timeframe for the City to respond and act on the District’s recent action on September 24, 2022. In addition to the properties identified within the ordinance, all City right-of-way would be included. All affected property owners were mailed the public hearing notification for the October 4, 2022 public hearing. Comments can be provided in person, via zoom, or by email.

Thurston County also scheduled a public hearing on October 18, 2022 to receive public testimony regarding the proposal to suspend Hopkins Drainage District #2 following additional proceedings.

BUDGET
WORKSHOP #2:

City Administrator Doan’s presentation covered capital projects, non-governmental fund revenues and expenditures, and utilities within the proposed 2023-2024 Tumwater Budget.

The beginning fund balance for the 2023-2024 biennium budget is \$17.5 million with projected revenues of \$72 million and nearly \$80 million in expenditures. Of the City’s forecasted expenditures, approximately \$4.8 million are considered one-time or extraordinary expenditures. Based on projected long-term trends, the ending fund balance continues to decrease creating problems for the financial stability of the City. As the City has faced a similar situation in the past, the Council can consider using some of

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the tools in the financial toolbox to address budget issues. At the top of the list is the proposal to form a Regional Fire Authority (RFA), which is essential to provide fire, emergency medical services, and to reduce the rate of growth of City expenditures. Although the RFA would increase taxes, the alternative is a levy lid lift, which also increases taxes. The proposed budget identifies police staffing needs and funding, which could require another source of revenue. The budget speaks to renewing the Transportation Benefit District (TBD), as the District helps the City provide an improved transportation system in the City. The budget also identifies the need for real economic development, modifying the property tax cap through statewide action, ongoing monitoring of revenue assumptions, and implementing smart infrastructure investments to maintain facilities, create capacity to support development, and create a better community.

In response to questions on economic development activities, City Administrator Doan reported the City has an effective Economic Development Plan (EDP) with strategies. The City recently hired an Economic Development Manager who is focusing more efforts on partners that support the City's economic development strategies.

City Administrator Doan answered several questions concerning the difference in trends for general fund revenue and expenditures between 2016 and 2020, economic development activities of focus, and the formula for determining the proposed RFA fire benefit charge.

City Administrator Doan reviewed details of the Other Funds:

- **Special Revenue Funds** – required by law to be a separate fund that may be expended for general government purposes:
 - Affordable Housing Sales Tax
 - Domestic Violence
 - Drug and Other Seizure Fund
 - Lodging Tax Fund
 - Development Fees Fund – receives impact fees for parks, transportation, and schools and funds the Tree Fund and CFP projects.
 - Transportation Benefit District (TBD) – funded from a \$.2% sales tax on retail sales and construction. The fund leverages grant funds and pays for major transportation projects. The TBD must be renewed in 2024.
 - Metropolitan Park District (MPD) – voter approved in 2018. Revenue was not received until May 2020 during the pandemic. Future MPD projects during the next biennium include the Park at the Preserve, Community Center Design Study and land acquisition, implementation of the Arts Plan,

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growing the Community Garden Program, and ongoing maintenance projects.

- **Debt Service Funds** – funds held to pay external debt payments.
 - Current City debt is \$200,000 annually for Fire Engine #2 and Energy Upgrades. Future debt includes Fire Engine #3, Community Center, Operations and Maintenance Facility (O&M), and potential utility debt service.
- **Capital Project Fund** – a fund comprised of multiple revenue sources to pay for capital projects in the Capital Facilities Plan (CFP). Highlights of completed projects include:
 - MPD Projects, Deschutes Valley Trail, Tumwater Hill Trail, ERP Launch, and Contributions to the Washington Center
 - Ongoing Projects: Additional trail segments of the Deschutes Valley Trail, O&M Facility, Brewtower, Completion of ERP, MPD Projects, Community Center, WSDOT Facility, Arts and Culture Programs, Solar Panels, and Golf Course Facilities
 - Future Action – Establish a utility tax for the general fund portion of the O&M Facility
 - Transportation CFP – adopted in 2021 for six-year period, next update is scheduled in 2023.
- **Proprietary Funds** – required by law to hold assets separately (Golf and Utilities Funds) and expend on business-related purposes only. Proprietary Funds include:
 - Water Utility – Future expenditures and projects include upgrading instantaneous read meters, additional source development, 3 million gallon reservoir, sustainability improvements, new O&M Facility, security improvements at well sites, reclassification of Department Assistant II to Administrative Assistant, new position of Water Resources Program Manager, and new position of Maintenance Tech 1 in Operations - Distribution.
 - Sewer Utility – future projects include continuation of program to convert high priority septs to sewer, energy conservation/sustainability improvements, including solar, Sewer Plan Update, upgrade of telemetry system, system improvements, and consumer education to reduce occurrence of overflows, new O&M Facility, reclassification of several positions, and one new position.
 - Storm Utility – Major reorganization completed forming dedicated stormwater team, launched NPDES compliance business inspection program, and implemented salmon-safe certification for golf course. Staff proposes adding \$125,000 each year of the biennium for professional services in support of salmon-safe activities, habitat enhancements, and

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pollution prevention. New activities include adding second street sweeper vehicle, designating Storm Utility to contribute City's share to fund Capitol Lake/Deschutes Estuary long-term management through 2050, training and education programs to reduce impacts on stormwater systems, initiate tree planting program, continue culvert and fish passage improvements, contribute to O&M Facility, and reclassifications of several existing positions and addition of several new positions.

- City Administrator Doan reviewed the proposed increases for water (4.8%), sewer (5.8%), and storm (8.5%) with the storm increase representing a larger percentage as the dollar amount is less. He shared information on similar rates charged by the cities of Olympia and Lacey for 2023. The City of Olympia has not adopted utility rates for 2024. When compared to the other cities, the City of Tumwater utility rates are less. Both cities charge a utility tax rate of 12.5% versus the City of Tumwater's utility tax rate of 6%.
- Golf Fund – in 2021, the golf course generated \$1,357,331 in revenue; rounds of golf totaled 50,145 (on track in 2022 with 34,725 round as of August 31, 2022); the course is a top Titleist retailer, has hosted First Tee for seven years, and paid off one outstanding loan. The golf course restructured remaining debt for the final payment in 2025, increased green fees in response to demand, improved pay for seasonal workers to a minimum of \$15 per hours, and is leasing new golf carts. New budget proposals include funding an irrigation pump to improve operations at the course for utilizing reclaimed water; developing a long-term vision and finance plan for club house, driving range, cart paths, customer amenities, parking lot, and environmental improvements; updating Point of Sale system; increasing seasonal position to .75 FTE for operations support; and completing minor facility improvements to club house and maintenance building.
- **Internal Service Funds** – established to hold funds across budget years to provide services and equipment to the entire organization.
 - Equipment Rental and Reserve Fund – Budget proposal is to separate Fleet and Technology as two funds. The fund has added five EV charging stations on City property and four electric and 11 hybrid vehicles to the fleet. All future vehicle purchases must be electric or hybrid whenever feasible and meets business needs. In those instances where it is not feasible because of the type of vehicle or supply chain issues,

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staff proposes a future conversation on establishing a carbon-offset program. The proposed budget includes purchase of a second large dump truck (funded), a second street sweeper vehicle, and replacement and acquisition of 31 vehicles.

IT (Technology) replaced and optimized the core of the City's network infrastructure, continued to enhance security measures, and implemented flexible solutions to accommodate teleworking, workstations, communications, and meetings. Future goals include continuation of improvements of remote access, implementing security measures (training, policies, equipment), and continuing the ERP transition.

Comments and feedback from the Council included:

- Councilmember Cathey requested consideration of utilizing some MPD funds to fund the volunteer coordinator position.
- Comments on the difficulty of balancing the repair and addition of sidewalks in rural areas of the City recently annexed versus urban areas in the City.
- A suggestion by Councilmember Agabi for staff to check on the status of sidewalk repairs near the intersection of Capitol Boulevard and Tumwater Boulevard
- Councilmember Cathey questioned the logic of a combined rate increase of 5% for utilities to fund a new O&M Facility.
- Councilmember Cathey complimented the efforts by Parks and Recreation Department staff for parks and recreation programs during the pandemic.

City Administrator Doan reported the next budget workshop (#3) is scheduled on October 11, 2022 to review proposed changes to the budget. He encouraged the Council to offer any suggested changes to the budget prior to the next budget workshop. The Council is scheduled to conduct two public hearings on the budget. The budget assumes a no RFA scenario. Should voters pass the RFA the Council would consider some budget amendments in 2023. The Council is scheduled to adopt the budget on December 6, 2022.

The Council thanked City Administrator Doan and staff for the thorough budget review.

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

City Administrator Doan encouraged the Council to consider the future of meetings in terms of continuing hybrid meetings, transitioning entirely to in-person meetings, or considering only virtual meetings.

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Mayor Sullivan reported on her achievement of receiving the Certificate of Municipal Leadership from the Association of Washington Cities.

ADJOURNMENT: **With there being no further business, Mayor Sullivan adjourned the meeting at 8:24 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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