

TUMWATER CITY COUNCIL MEETING

MINUTES OF HYBRID MEETING

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CONVENE: 7:00 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, Fire Chief Brian Hurley, Finance Director Troy Niemeyer, Water Resources & Sustainability Director Dan Smith, and City Clerk Melody Valiant.

PUBLIC COMMENT: There were no public comments.

- CONSENT CALENDAR:**
- a. Approval of Minutes: City Council Worksession, November 7, 2022
 - b. Approval of Minutes: City Council, November 15, 2022
 - c. Approval of Minutes: City Council Worksession, November 22, 2022
 - d. Payment of Vouchers
 - e. Ordinance No. O2022-010, Unfair Housing Practices
 - f. Ordinance No. O2022-012, Rental Housing Code
 - g. Ordinance No. O2022-019, Compost Procurement
 - h. Ordinance No. O2022-026, Establishing a new fund “ER&R – IT”
 - i. Ordinance No. O2022-027, Establishing a new fund “LERMS”
 - j. Resolution No. R2022-012, 2023 Fee Resolution
 - k. Resolution No. R2022-015, Charitable Partnerships
 - l. Resolution No. R2022-016, Arts Strategy
 - m. Contract Approval for an 8-Year Multifamily Tax Exemption for the 350 North Street Apartments (TUM-22-1338) ***Pulled***
 - n. Contract Approval for an 8-Year Multifamily Tax Exemption for the Craft District Apartments (TUM-22-1393) ***Pulled***
 - o. Cancellation of the December 20th and January 3rd Regular Council Meetings
 - p. Service Provider Agreement with Thurston Economic Development Council for Thurston Strong Phase II
 - q. Service Provider Agreement with Strategies 360 for Legislative Advocacy Services
 - r. Service Provider Agreement with Thurston County Chamber of Commerce for Shared Legislative Agenda Partnership
 - s. Service Provider Agreement with TOGETHER! for Tumwater Community Schools
 - t. Service Provider Agreement with Stantec Consulting Services for the Deschutes River Flood Reduction Study Amendment 1
 - u. Service Provider Agreement with Green Environmental Consulting Amendment 1
 - v. Interlocal Agreement with Olympia for Regional Fire Authority Amendment 1

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- w. Schedule 74 Underground Conversion – Project Construction Agreement
- x. Interlocal Agreement with Thurston County Medic One for Basic Life Support Funding
- y. Clark County Public Utilities District Radio Agreement
- z. Operating Agreement with Thurston Community Media (TCMedia) Amendment 1
- aa. Interlocal Agreement with Lewis County Sheriff for use of jail facilities Amendment 1

Councilmember Cathey requested removal and deferral of the following items to Council Considerations:

- m. Contract Approval for an 8-Year Multifamily Tax Exemption for the 350 North Street Apartments (TUM-22-1338)
- n. Contract Approval for an 8-Year Multifamily Tax Exemption for the Craft District Apartments (TUM-22-1393)

MOTION:

Councilmember Dahlhoff moved, seconded by Councilmember Swarthout, to approve the consent calendar as amended. Motion carried unanimously.

Mayor Sullivan reviewed the items approved on the consent calendar.

**PUBLIC
HEARINGS:**

**JOINT
RESOLUTION NO.
R2022-014
REGIONAL FIRE
AUTHORITY:**

PROPOSITION NO. 1

The City of Olympia and City of Tumwater adopted a Joint Resolution concerning formation of a regional fire authority and its Plan. If approved, this proposition would form the Olympia Tumwater Fire Authority and adopt the Plan to provide fire protection and emergency medical services. The Authority will be funded by property tax (not to exceed \$1.00 per \$1,000 of assessed value) and a six-year benefit charge (not to exceed 60% of the Authority's operating budget). This funding would reduce Olympia and Tumwater's property tax capacity by the tax rate collected by the Authority. Should this proposition to form the Olympia Tumwater Fire Authority and its Plan be approved?

YES

NO

Mayor Sullivan reported the public hearing is to receive public testimony on the proposal for the City of Tumwater to form a Regional Fire Authority (RFA) with the City of Olympia to provide fire protection and emergency medical services to residents within both governing communities. She introduced Fire Chief Brian Hurley and City Administrator John Doan to provide information on the proposal.

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Fire Chief Hurley described the reasons for the cities to consider forming a regional fire authority. The proposed action was prompted from the results of the 2019 Fire and Emergency Services Study conducted with a number of fire agencies in the region on the provision of fire and emergency medical services. The study recognized limited resources, increasing demand, response time increases, and planning for the future and growing community needs.

Fire Chief Hurley displayed a graphic depicting data on Tumwater population, call volume and response times from 2012 to 2030. This year, Tumwater Fire Department will respond to approximately 6,000 calls for service. The Olympia Fire Department will handle approximately 15,500 calls for service. Calls for service continue to increase. Both cities will be unable to keep up with forecasted needs moving into the future.

Some operational enhancements through the regional fire authority planning process include BLS Transport and a CARES Program (Community Assistance, Referral, Education Services), a mechanism to address community members who have needs that are not always addressed by a 911 call, fire engine response, or a trip to an emergency room. Many times, there are healthcare or other service delivery needs that can be met outside of the emergency response environment. The goal is to create a structure that will enable both jurisdictions to take advantage of the service and reduce Fire Department call volumes.

Another operational enhancement is the elimination of city boundaries where some areas currently receive emergency response from either Olympia or Tumwater.

Today, fire and EMS training is difficult for fire departments to schedule because of response obligations. Having a larger pool of resources to cover calls would enable personnel to attend training. Lastly, community risk reduction considers all types of risks in the community, such as fall prevention, smoke alarms, fire extinguisher training, or hazards associated with vacant buildings that need to be identified.

The Regional Fire Authority Planning Committee was established in summer 2021 and held its first meeting in August 2021. Voting members of the committee include Councilmember Dahlhoff, Councilmember Swarthout, Councilmember Schneider, and Olympia Councilmembers Parshley, Cooper, and Huynh. Ex Officio non-voting members include Fire Chief Hurley, Olympia Fire Chief Todd Carson, IAFF Local 2409 President James Osberg, and IAFF Local 468 President Steven Busz.

Fire Chief Hurley reported the committee hosted some community meetings, briefed staff from both cities to keep them engaged, and briefed local fire unions. Both unions voted in support of moving forward with

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the measure. Pending steps include public hearings by the City of Tumwater and the City of Olympia with another public hearing scheduled to review the fire benefit charge on January 9, 2023.

Fire Chief Hurley displayed the organizational chart of the proposed regional fire authority. The chart designates all existing positions, new positions, and positions for BLS Transport and the CARES Program. Two positions are classified positions comprised of a Deputy Chief for Support Services and Administration, and an EMS Assistant Chief.

Governance of the organization beginning from 2023 through 2025 is by the RFA Board comprised of three councilmembers from each City. In 2026, the Board phases to two councilmembers from each jurisdiction with three at-large RFA Commissioners elected by voters. Beginning in 2028, Board membership includes a councilmember from each city and five at-large elected RFA Commissioners to govern the new organization.

City Administrator Doan described how the new organization would be funded. Funding for the RFA is from four primary revenue sources. The first is the fire levy, a property tax. The second is EMS levy revenue through Thurston County to provide Advance Basic Life Support (ALS) and some Basic Life Support services. The third is fees for service, typically for permits and other fire charges. Because of the number of state buildings in Thurston County, a charge is paid by the state to each agency as state-owned buildings do not pay property tax. The last source of revenue is a Fire Benefit Charge (FBC), a fee assessed to property owners based on the fire risk associated with the size and type of structure.

Two funding options for a RFA under state law rely on property tax. Another option assesses a fire levy at a lower level and authorizes the use of the FBC. That option requires 60% voter approval and is recommended by the committee. The cities would transfer \$1 of property tax based on \$1,000 assessed valuation, as well as \$1 taxing authority. The RFA would assume the capacity and the authority. From a property tax perspective, property tax is revenue neutral. The FBC assessed by other RFAs in the state use the same fundamental formula. The formula is a function of fire flow (total square footage of the building) times the building category factor (type of use), factor for the cost of building, cost for gallon of water, a discount for structures with sprinklers, and other exemptions (the same for property tax exemptions or reductions). The FBC cannot exceed more than 60% of the RFA operating budget. Each year, the RFA Board examines other forecasted revenue sources and expenditures to determine the FBC to balance the budget. With the proposed addition of the BLS Transport and the CARES Program additional revenue is necessary to provide those services.

The FBC is billed by the Thurston County Treasurer's Office and included in the property tax statement. The FBC is subject to reauthorization by

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voters after six years with different options available for consideration by voters.

The committee developed a seven-year financial plan covering operations, capital facilities and equipment needs, reserve funds, service enhancements, and based on a two-battalion chief model. As the RFA would experience a delay in the receipt of property tax until May 2024, the RFA would not receive any property tax revenue until May 2024, and if approved by voters, the RFA would be responsible for finances effective January 2024. The proposal includes some loans from each jurisdiction to assist the RFA in its financial transition until revenues are received by the RFA.

Key financial assumptions include both cities retaining its respective retired firefighter pension fund liabilities, the remaining Tumwater levy lid lift revenue for the purchase of fire engines (remaining \$2 million) would be transferred to the RFA with the City of Tumwater continuing to make payments on fire engine #2 obligated under the levy lid lift, as well as transferring accrued replacement funds existing in the City of Tumwater's equipment fund.

The FBC formula includes different classifications of residential, apartments, commercial, and industrial uses. The proposal includes a recommendation to exempt manufactured homes/mobile homes from paying the FBC. The formula includes different weights for different sizes of commercial with lower weightings for smaller commercial to higher rating for larger commercial.

City Administrator Doan displayed a summary of the FBC for each use classification totaling approximately \$10.5 million per year. The FBC is adjusted annually to account for new construction. City Administrator Doan shared examples of some properties from Thurston County records to show the estimated FBC for each structure.

Among the most critical services cities provide are fire and emergency medical services. The proposal addresses increases in demand leading to increases in call volumes affecting response times that is nearing the unacceptable level. The time for action is today rather than after the system is broken. The RFA proposal is a result of the 2019 study that examined the needs and the opportunities and forecasted a regional fire authority as right fit and solution. City staff, consultants, and elected officials have worked jointly on the proposal to address, to the extent possible, the issues within the constraints of law and fire and emergency medical services without competing with other city services. It calls on the electoral to authorize the RFA, select the governing system, and authorize taxes to fund the RFA that would provide a dedicated and adequate, diverse, and sustainable funding source to ensure fire and emergency medical services are provided to the jurisdictions in the future.

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Earlier, the RFA Plan was amended to change Exhibit B describing the FBC. The amendment removes language in the exhibit that speaks to taking an extra step of calculating a per unit average as the basis of the FBC in apartment buildings. The FBC calculation in 2024 is based on fire flow that is impacted by the type and size of the building. The RFA cannot impose a rule on an apartment owner that dictates how the owner will divide the FBC amongst multiple apartments. Apartment owner bills would be unchanged by the proposed amendment and would be consistent with the information the City has shared previously. City Administrator Doan invited questions from the Council.

Councilmember Schneider referred to information on two options for RFA funding. He asked whether the recommendation by the committee for Option 2 would be the option the Council is considering. City Administrator Doan said the recommendation by the committee is for Option 2 of a property tax at a lower level and a FBC. Option 2 requires 60% voter approval.

Councilmember Agabi questioned how the assessment of the FBC by an apartment building owner would be factored in terms of each unit's lease situation. City Administrator Doan responded that the apartment complex owner with 20 apartment units would receive a single bill based on the square footage of the entire apartment complex. If the complex includes a variety of different sized units totaling the combined square footage, that square footage is the amount considered to determine the FBC. The RFA does not dictate to the apartment complex owner how to assess the FBC for each unit. A mechanism for a monitoring is lacking to enforce how the apartment complex owner assesses the FBC charge for each unit. Existing leases would require the apartment complex owner to pay the entire cost when an existing lease is in place. Councilmember Agabi commented that he foresees many apartment dwellers visiting Thurston County Courthouse over how the FBC was assessed by the apartment complex owner. City Administrator Doan said the apartment complex owner could proactively obtain the FBC formula to replicate the FBC for different sized units.

Councilmember Jefferson questioned the timing of the ballot measure for the proposal. City Administrator Doan said the proposal would be placed on the April 2023 ballot. If approved, the RFA would be effective at the end of September 2023. The two cities would continue to fund all employees through 2023 with the RFA financial system effective January 1, 2024.

Councilmember Jefferson said she has spoken with several homeowners who are not happy about the proposal. She acknowledged that the City's expenses will exceed revenue in the next several years. She asked whether

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the public understands the urgency and the reasons for the proposal and what a “no” vote would reflect in terms of decreases in service or staffing.

City Administrator Doan responded that if both Councils support placing the proposal on the April ballot, public education efforts would be initiated by each jurisdiction to address the proposal and how it affects future service. The jurisdictions are not allowed to use resources to encourage a particular vote. However, each jurisdiction is able to inform and educate. Other options to provide more resources to the jurisdictions are increasing property taxes. The planning committee considered that option and did not believe it would provide long-term sustainability. Another community where the proposal was not approved by voters was the West Thurston Fire Authority. The organization did not receive approval for assessing a FBC. The Fire Authority is currently eliminating many firefighter positions and is closing half of its fire stations because of the lack of revenue.

Councilmember Dahlhoff suggested that any concerns from the community would warrant follow-up questions and an opportunity to incorporate more information in messaging and disseminating educational materials.

Councilmember Cathey asked about the percentage of the 6,000 calls for service each year related to fire. Fire Chief Hurley replied that emergency medical services calls are approximately 80% of the department’s call volume. The remaining calls are structure fires and a variety of service calls. Councilmember Cathey commented that some of the community’s concerns likely center on the fact that most of the response by the departments is not related to fires. Many in the community would likely be questioning the need for a ladder truck if most of the response is for medical assistance. She asked whether planning by the committee included consideration of the percentage of firefighters and required training costs versus firefighter/paramedics costs and whether those differences were factored within forecasted expenditures. She asked for the immediacy of the action because more time is needed for education and discussion by the communities. Some community members have shared that the proposal appears to be “rushed.”

Councilmember Swarthout asked for an explanation of the impetus for the planning for the benefit of the public who may not be aware of the initial fire study completed in 2017. City Administrator Doan explained that the Council participated in a Council Retreat in 2016. At that time, the Council identified a goal to initiate a conversation around regionalization of fire and emergency medical services. In 2017, the Council authorized completion of a fire regionalization study to explore fire and emergency medical encompassing the Tumwater Fire Department, Olympia Fire Department, Lacey Fire District #3, East Olympia Fire District, McLane-Black Lake Fire District, and West Thurston Regional Fire Authority. The

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study was completed in late 2019 prior to the COVID pandemic. The study recommended pursuing a RFA for a series of benefits. The pandemic slowed the process and conversations surrounding potential implementation of a regional fire authority. As conditions of the pandemic began to improve, conversations were initiated with the City of Olympia to consider the possibility of fire regionalization. Over the last 18 months, the cities established the RFA Planning Committee and the framework for the committee.

Councilmember Swarthout cited examples of citizens supporting a tax increase in for emergency services in 2011. City Administrator Doan said the public safety levy lid lift represented a permanent increase and included some capital for buildings and fire apparatus. The permanent increase continues funding four police officers and three firefighters. He noted how Tumwater voters also approved a sales tax increase for the Tumwater Transportation Benefit District and a tax increase for the Tumwater Metropolitan Park District.

Councilmember Agabi offered that the focus of communicating with the public should be on the benefits the community receives in terms of response time and better services than provided today.

Mayor Sullivan opened the public hearing at 7:54 p.m.

PUBLIC
TESTIMONY:

Pete Kmet, 434 C Street, Tumwater, testified in favor of the proposal to form a RFA. He recommended a modification to the proposal for consideration. He addressed an issue that many people have pointed out pertaining to how the merger results in the loss of identity of the two fire departments. Both Tumwater and Olympia Fire Departments are well integrated in many ways. The vast number of calls is for medical response. An integrated countywide system handles medical calls along with standards, which would not change under the proposal. Many firefighters and medics in both departments are funded through the Medic One levy. When a fire of any size occurs, both departments provide support. The RFA would actually improve large fire response because of more equipment and personnel available under an integrated umbrella organization. The City of Olympia currently completes fire engine maintenance with the City of Tumwater contracting with the City of Olympia for that service. The City of Olympia also hosts a fire training facility with a contract with the City of Tumwater to utilize the center for fire personnel training. Both departments often participate in joint training exercises. Both vehicle maintenance and fire training would be maintained under the RFA. Most of the fire equipment and staffing requirements are dictated by state and national. Those requirements would not change under the RFA. The two departments have fire unions representing fire department employees. Both unions work closely together. Under the RFA, the unions would merge as one union reducing administrative expenses. The main difference for merging the two

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departments would be a different name on fire trucks. It is true that under the RFA model, residents and businesses would pay more for fire and medical services; however, it is also true that the community will pay more for fire and emergency medical services in the future without an RFA. The reality is that the services are expensive to provide as the service providers are highly trained individuals responding to emergency calls in the community. Today, fire departments compete with other city general fund departments, such as Parks, Streets, and Police. Creation of a RFA would enable those departments to maintain their level of funding and services. Without an RFA, more of those resources would have to be dedicated to fire and medical services to the detriment of the other city departments. Mr. Kmet asked the Council to consider simplifying the presentation of the FBC fee when presenting information to the public.

Walt Jorgensen, 823 North Street SE, Tumwater, expressed appreciation for the public hearing to receive comments on the proposed RFA. He spoke to an article authored by Jim Lazar in the most recent online edition of the *Jolt*; the Journal of Olympia, Lacey, and Tumwater. Mr. Lazar covered all of his points and from a much more informed perspective. Although his intent is not to be shy about his opinions, he is more interested in the opinions of the Council. Should the Council authorize the action, the public will have an opportunity to vote on the measure. As a citizen and a voter, the most useful information beyond learning about individual opinions is learning about the Council's rationale and why Councilmembers would vote either for or against the proposal. He asked for an explanation beyond the proposal's talking points surrounding the issues that are persuasive and why. Forging public policy is not easy, especially when everyone is second-guessing the Council. By sharing the reasons upfront, there would be fewer reasons for that to occur.

Thomas Fender, 509 Blass Avenue SE, Tumwater, said his comments pertain to several points. He studied a similar process in another jurisdiction and the Council has addressed some of the same issues. In terms of the firefighting section within the proposal, it speaks to an insurance model in terms of separating the different classes of buildings. Different types of buildings represent different risks. The amount of square footage is not the total determinate of the risk, which the Council should consider. A building containing many flammables and no sprinkler system poses a different kind of risk. Today, existing fire and police departments perform well and he has been satisfied with the service. The creation of another local government entity is problematic as the goal should be to have less local governments operating independently. He looks forward to the Council's action in the future of rendering an informed decision.

Billy Olson, 1459 Old Israel Road, Tumwater, commented that after reviewing the proposed plan and listening to some of the concerns, he is struggling to understand the fire benefit charge and how it applies to

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different structures. If the Council is unable to convey the message accurately to the public, he questioned why the Council would not consider a flat rate. If successful, the rate could be adjusted enabling the public to decide whether the proposal should move forward. The fire benefit charge as presented is likely not going to be palatable to the majority of residents in Tumwater. The study was completed in 2017 and today gas prices have increased substantially along with taxes and the cost of living. Attempting to discern between different types of structures places the RFA in a position as an auditor to determine the type of and quality of the structure. He asked how that process would be perceived and whether there would be an appeal process. He supports the Fire Department and its services and agrees an increase is needed; however, he is unsure whether he could support a fire benefit charge.

With there being no further public testimony, Mayor Sullivan closed the public hearing at 8:06 p.m.

Mayor Sullivan cited the proposed action before the Council to adopt Joint Resolution No. R2022-014 in substantially similar form as approved by the City Attorney to form a regional fire protection authority and to approve a plan related thereto, and providing for the submission to qualified electors of the cities of Olympia and Tumwater at a special election to be held on April 25, 2023, of a ballot proposition to approve or reject creation of a regional fire protection service authority and a plan related thereto, within the boundaries of the cities of Olympia and Tumwater, effective September 25, 2023.

MOTION:

Councilmember Dahlhoff moved, seconded by Councilmember Swarthout, to adopt Joint Resolution No. R2022-014 in substantially similar form as approved by the City Attorney to form a regional fire protection authority and to approve a plan related thereto, and providing for the submission to qualified electors of the cities of Olympia and Tumwater at a special election to be held on April 25, 2023, of a ballot proposition to approve or reject creation of a regional fire protection service authority and a plan related thereto, within the boundaries of the cities of Olympia and Tumwater, effective September 25, 2023.

Councilmember Schneider thanked the Regional Fire Authority Planning Committee voting members and the nonvoting members for meeting over the last 18 months and developing and finalizing a RFA proposal. After receiving at least four presentations on the proposal participating in questions and answer sessions, he remains hesitant and has some underlying questions. As mentioned on many occasions, if approved, RFA staffing would increase by 16 positions. The Plan is intended to increase response to emergency situations, decreasing the loss of property from fire, and prompt medical services, as well as possibly saving lives. However, the administration and staffing chart reflects that at a minimum,

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eight of the new positions appear to be administrative functions both cities currently provide. Once the Plan is fully implemented in 2028, the Board will be comprised of five at-large RFA Commissioners and one Councilmember from each city. The Commissioners will be elected by the voters for a six-year term. The only other elected officials with a six-year term of office are United States Senators. It has been suggested that if the public is dissatisfied with Commissioners, the public could vote out the Commissioner. However, much can occur over the span of six years. The fire benefit charge is only an estimation and could possibly change after the budget and property values are determined for 2023. The fee is based on the structural square footage of the building rather than the value of the structure. Structures of the same square footage would pay the same fire benefit charge regardless of the difference in value between the two structures. The RFA has the ability to increase the FBC each year if needed. Ultimately, as a governing body, should the Council elect to approve and forward the RFA Plan for voter approval in April 2023, it is up to the public to decide if the proposal is the direction the City and Fire Department should pursue.

Councilmember Cathey asked whether a property owner who has obtained an eight-year exemption on property tax would receive fire and emergency medical services. City Administrator Doan said the multi-family tax credit is only a property tax credit and does not apply to the FBC. The owner would pay the FBC and would receive fire and emergency medical services. The FBC is billed in conjunction with the property tax billing. The FBC is not a tax, it is a fee.

Councilmember Dahlhoff commented on the City's budgeting process and the ongoing projections depicting the shortfall in revenue in future years. The City continually adjusts to prevent that from occurring, which is one of the reasons the City commissioned the fire study. The study revealed an alternative way to proceed while still providing emergency services. The work of the committee convened and in terms of public comments questioning the rush of the process, she stopped counting the number of hours she expended updating, reviewing, and debating different scenarios. The current scenario facing the City is not satisfactory for the community, for the Fire Department, or to the City. Although the City has identified patterns and make adjustments accordingly, the multi-year process weighed alternatives and determined the best one for the community to consider. As in life, no option is perfect, but it is based on future projections and exhaustive work by the committee to develop a solution for the Council to consider and the public to vote on. She in addition to committee members Althaus and Swarthout are confident in the draft RFA Plan. The committee has documented its work to ensure both councils are well informed. The City is adapting to changing circumstances. The proposed Plan mitigates risk. She supports the proposal given the amount of time and efforts invested by the committee to protect and serve the community.

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Councilmember Jefferson explained that her affirmative vote to approve the Plan is based on the City's budget forecast of expenses exceeding revenue without major investments by the City. Growth in the City is exploding and the City needs to invest in more firefighters and police officers or there will be a reduction in services and personnel, which is why she supports the motion.

Councilmember Althaus endorsed the comments shared by Councilmember Dahlhoff. He plans to support the motion. The need to move forward is dire as the Fire Department does good work with the resources provided by the City. However, the City is limited in resources it can provide to the Tumwater Fire Department with resources continuing to be limited more in the future. Call response times are increasing and will continue to inhibit the ability to meet the need whether for fire, healthcare, mental health, or substance use disorders that all require complex service arrays. One of the most important responsibilities as a City is saving lives at the time of need. That ability to do so is impinged today and further impinged in the future. The committee's public outreach has been continuous with robust interactions with the public through town hall meetings, forums, surveys, and online opportunities. The option under consideration embodies the best option to meet concerns and needs. The vote is on whether to provide members of the Tumwater community an opportunity to vote on a different future for emergency services. He plans to vote in support of the motion as it represents an important conversation moving forward.

Councilmember Swarthout said the committee process included the attendance of two firefighters and the fire chiefs who provided input throughout the planning process. As the budgeting process has demonstrated, the City's financial cliff is anticipated. The RFA proposal provides sustainable funding for fire and emergency medical services. She urged the public to talk to firefighters about the need.

Councilmember Cathey shared that she plans to support the motion but with great reluctance. She had hoped more time would be available to provide more information to the public while also respecting Councilmembers Dahlhoff, Althaus, and Swarthout who represented the City. She understands some of the concerns conveyed by her constituents. It is important to provide good fire service because she has used the service during a time of need and has observed response by the Fire Department in other situations. Her colleagues have done a tremendous job. She acknowledged the amount of time they expended and the information they were required to learn and research. She is appreciative of their efforts and will support the motion with some hesitation.

Councilmember Dahlhoff offered to follow up with Councilmembers Schneider and Cathey to address concerns from constituents.

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Mayor Sullivan pointed out that the Council's action does not create the RFA. The proposal places the proposal on the ballot for voters to determine whether to create the RFA

MOTION: **The motion carried unanimously.**

**COUNCIL
CONSIDERATIONS:**

ORDINANCE NO. Director Niemeyer presented the City's 2023-2024 Biennial Budget for
O2022-028, 2023-2024 consideration.

**BIENNIAL
BUDGET:** Director Niemeyer reviewed the extensive budgeting process by staff and the Council to develop the budget. The Council conducted four budget workshops and two public hearings. During the course of developing the budget, staff responded to Council input and direction resulting in some changes in personnel, improving environmental efforts, conducting a study on compensation for boards and commissions, and adoption of other strategic goals.

General Fund revenues are projected at \$72 million over the biennium with expenditures of \$80 million with an ending fund balance of \$10.2 million. Ending fund balance and reserves are at the target level because of revenues received during 2021 and 2022 from sales tax and new construction, as well as staffing shortages and supply chain issues because of the pandemic, which lowered expenses.

Citywide, the budget is \$194 million in revenue, \$217 million in expenditures, and \$83 million in ending fund balance. Some items of focus during the next biennium include:

- Regional Fire Authority
- Police Staffing
- City Projects
- Development
- Financial stability

Staff recommends the adoption of Ordinance No. O2022-028, adopting the biennial budget for the City of Tumwater for the fiscal period beginning January 1, 2023 and ending December 31, 2024.

MOTION: **Councilmember Swarthout moved, seconded by Councilmember Jefferson, to approve Ordinance No. O2022-028 adopting the biennial budget for the City of Tumwater, Washington, for the fiscal period beginning January 1, 2023 and ending December 31, 2024. Motion carried unanimously.**

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**MEMORANDUM OF
AGREEMENT
(MOA) FOR
BREWERY
WELLFIELD
TRANSFER OF
ASSETS:**

Director Smith reported in 2009, the City and its partners, City of Lacey and City of Olympia, acquired water rights, land, and physical infrastructure to support the development of the Brewery Wellfield and produce water to serve its respective communities. Over the last decade, the partners have evaluated existing infrastructure and resource management strategies for the future production and distribution of water using the water rights acquired from the former brewery. The second phase of the project began in 2015 to develop a strategic plan on how to utilize the water for the benefit of each partner's community. The partners considered treatment alternatives, how to fund a regional program, and the various scenarios the partners would need to begin utilizing the water. After completion of the development plan in 2018, the City of Tumwater negotiated with the partners on ways to implement the next step. With the advent of the COVID pandemic in 2020, efforts slowed as well as conversations with partners.

The former Brewery Wellfield includes 30 wells and extends to the Tumwater Golf Course. The wells range from 72 feet to 395 feet deep in the Tumwater Valley. The City acquired a series of pipelines and pumps. The wells were initially installed between 1948 and 1982. A one million gallon storage tank was constructed in the 1960s. The tank does not meet current seismic standards.

By March 2021 following resumption of negotiations with the partners, each partner's domestic water needs changed along with priorities for investment for source development. The City of Lacey estimated an investment of approximately \$42 million in development costs to provide water from the wells to the City's borders. The City of Lacey compared its allocation of 761 acre-feet of water from the Brewery Wellfield to its progress on conversion from septic systems to City sewer, and the use of reclaimed water. Lacey's forecast estimated a potential acquisition of approximately 1,100 to 1,700 acre-feet of water from reclaimed water, doubling the amount of water the City of Lacey would receive from the Brewery Wellfield partnership. As such, the City of Lacey questioned whether the partnership was the best option moving forward.

As each partner reconsiders its future investment, the proposed MOA provides a framework for each jurisdiction to transfer its ownership interest within the partnership to another city or cities. Following acknowledgement that one City is willing to transfer its ownership interest to another, the negotiating partners would commission a water right evaluation by a nationally accredited evaluation appraisal company and a property valuation by a local professional. The estimated values presented are based a 2020 water right valuation for a different water right the City pursued. The estimate for that water right is \$6 million, as an example of the potential value. Property values presented are based on the Thurston County Assessor's assessment. Decommissioning the existing wells will

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cost approximately \$1.5 million. When a partner withdraws, deductions accounting investment liabilities, such as well decommissioning and storage tank demolition, will be included in the overall net value assessment. Because the storage tank does not meet seismic standards, the reservoir cannot be used resulting in a \$1.25 million credit or deduction applied to the overall formula. Existing well buildings on the property are valued at \$.24 million. Overall, project and design adds another \$50,000 resulting in a total deduction of \$3 million when considering the total valuation of the property or a net value of \$6 million divided by the three partners to equal \$2 million for each partner.

After the valuations are completed, the partners will determine whether there is agreement as to the values. If confirmed by each partner, the transferring agency, such as the City of Lacey would issue to the City of Tumwater or City of Olympia a certificate to use the water right in perpetuity the water right without owning the water rights until such time the water rights can be perfected based on a legal requirement. Once the receiving city acquires the water right and perfects the right, the transferee would provide a quick claim deed to the receiving jurisdiction to formally transfer the ownership of the water rights. Within 90 days of the issuance of the certificate to the recipient jurisdiction, payment for the water right would be provided based on the valuation.

Because of the length of the negotiations and the steps within the process, some additional fees are included in the agreement for reimbursement to the City of Tumwater of approximately \$57,000 payable by the three jurisdictions or \$19,000 for each jurisdiction. The City of Tumwater will also receive reimbursement of stormwater fees paid on behalf of the partners since 2009. The agreement includes recovery of those costs as part of the agreement. Moving forward in 2023, the City of Tumwater will continue to bill partners for their portion of stormwater fees with the City no longer paying the rates on behalf of the partners.

Next steps include the partners reviewing and authorizing the proposed agreement. Once the agreement is approved and executed, the process will commence over the next year. Based on a future agreement with the two partners, the City of Tumwater can begin the design of the Brewery Wellfield, drill new wells, and began providing water to customers.

Councilmember Schneider asked whether during the process, the City was concerned that the City of Olympia might acquire water rights. Director Smith explained that at the beginning of the conversations with the City of Lacey when it considered alternative sources of water supply, the City of Lacey contacted both the City of Olympia and the City of Tumwater to gauge interest by each jurisdiction. The City of Olympia's current water rights portfolio is sufficient to support future water needs for the City. The City of Olympia did not convey any interest in obtaining the City of Lacey's portion of water rights.

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MOTION: Councilmember Swarthout moved, seconded by Councilmember Dahlhoff, to approve and authorize the Mayor to sign the Memorandum of Agreement (MOA) with the Cities of Lacey and Olympia to provide a framework for the transfer of ownership interest and reimbursement of costs related to the Brewery Wellfield. Motion carried unanimously.

**CONTRACT
APPROVAL FOR AN
8-YEAR
MULTIFAMILY
TAX EXEMPTION
FOR THE 350
NORTH STREET
APARTMENTS
(TUM-22-1338):** Councilmember Cathey explained that she requested the withdrawal of the proposal from the consent calendar as she does not agree with the proposal and will vote against the proposed contract.

MOTION: Councilmember Althaus moved, seconded by Councilmember Dahlhoff, to approve the Contract for an 8-Year Multifamily Tax Exemption for the 350 North Street Apartments.

Councilmember Schneider commented that he has similar concerns of providing a tax exemption to developers who are financially benefitting. He does not believe in providing a tax exemption to individuals who are benefitting financially while other property owners must pay their respective property tax. He plans to vote against the motion as well.

Motion carried. Councilmembers Cathey and Schneider opposed.

**CONTRACT
APPROVAL FOR AN
8-YEAR
MULTIFAMILY
TAX EXEMPTION
FOR THE CRAFT
DISTRICT
APARTMENTS
(TUM-22-1393):**

MOTION: Councilmember Althaus moved, seconded by Councilmember Dahlhoff, to approve the Contract for an 8-Year Multifamily Tax Exemption For The Craft District Apartments (TUM-22-1393). Motion carried. Councilmembers Cathey and Schneider opposed.

**COMMITTEE
REPORTS:**

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**PUBLIC HEALTH &
SAFETY:**

Leatta Dahlhoff

The December 13, 2022 meeting was cancelled. The next meeting is scheduled on January 10, 2023. The agenda includes briefings on Ordinance No, O2022-025 to update the Tumwater Municipal Code Title 9 Criminal Code.

**GENERAL
GOVERNMENT:**

Michael Althaus

The next meeting is scheduled on December 14, 2022 at 2 p.m. The agenda includes a continuing discussion on proposed housing protection efforts regarding rental housing registration as well as a potential partnership with the Thurston County Dispute Resolution Center for landlord dispute resolution services.

PUBLIC WORKS:

Eileen Swarthout

The next meeting is on December 8, 2022 at 8 a.m. The committee is scheduled to review Corrosion Control Service Provider Agreement Amendment 1 and a Septic to Sewer Conversion Program Grant Agreement.

**BUDGET AND
FINANCE:**

Debbie Sullivan

There was no meeting and no report.

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

City Administrator Doan highlighted the extensive amount of work and efforts by staff and the Council on several of the items included on the consent calendar.

City Administrator Doan thanked and acknowledged staff and the Council for their work and efforts to develop the budget.

City Administrator Doan acknowledged the efforts by Director Smith for his work and follow-through on ensuring movement continues on the Brewery Wellfield.

The City of Olympia voted earlier in the evening to approve the placement of the RFA proposal on the ballot.

City Administrator Doan thanked the Council for its leadership, vision, and patience during the year. He wished everyone a happy holiday.

City Administrator Doan advised that the Thurston County Treasurer informed the City that the Hopkins Drainage District submitted a revised roll excluding the Tumwater parcels, which was accepted by the Thurston County Treasurer.

Mayor Sullivan reported on her attendance to the Tree Lighting and Holiday Event. The event attracted many in the community. She thanked Parks and Recreation staff and the Fire Department for hosting the event.

**COUNCILMEMBER
REPORTS:**

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Charlie Schneider: Councilmember Schneider attended the Tree Lighting event and the Thurston County Food Bank open house earlier in the day.

Councilmember Schneider commented on the difficult year and his wish to everyone for a merry Christmas, happy holiday, and a prosperous new year.

Joan Cathey: There was no report.

Angela Jefferson: The Thurston County Drug Court has scheduled a graduation ceremony on Wednesday, December 7, 2022 at 2:30 p.m. Councilmember Jefferson and Councilmember Agabi are planning to attend the graduation.

Peter Agabi: At the last meeting of the Joint Animal Services Commission, members adopted the 2023 budget and received a report from the Director on her meeting with the State Attorney General to discuss ways to prevent animal abuse. The animal shelter has created space to enable people to meet with animals prior to completing an adoption.

Leatta Dahlhoff: Councilmember Dahlhoff participated in consultant interviews for the equity toolbox project.

Councilmember Dahlhoff is scheduled to participate in a South Sound Behavioral Health site visit, a Regional Fire Authority Planning Committee meeting, the LOTT Clean Water Alliance Board meeting, General Government Committee meeting, and the Thurston County Opioid Response Task Force, and the Law Enforcement Assisted Diversion meetings

Michal Althausen: The next meeting of the Regional Housing Council is December 14, 2022.

Eileen Swarthout: Councilmember Swarthout attended the November 28, 2022 the Climate Steering Committee member. The meeting included a presentation on the 2020-2021 Green House Gas Inventory. In 2019, Thurston Regional Planning Council, Thurston County, and the cities of Olympia, Lacey, and Tumwater committed to reducing climate warming greenhouse gas emissions through the adoption of targets. The targets called for achieving a 45% reduction of 2015 greenhouse gas emissions by 2030 and achieve an 85% reduction of the 2015 levels by 2050. Total greenhouse gas emissions in Thurston County are estimated at 2.9 million metric tons of CO₂ or 9.8 tons per person. After several years of increasing emissions, emissions in 2020 and 2021 were below the 2015 baseline in some areas of the county; however emissions are not on track to meet the 2030 and 2050 targets. The building, energy, and transportation sectors remain the largest contributors of greenhouse gas emissions. It is uncertain at this time if emissions can be reduced sufficiently to meet targets.

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On December 2, 2022 during the meeting of the Thurston Regional Planning Council, members received a report on the 2022 Call for Project grant awards. The Council approved \$11.3 million in combined Surface Transportation Block Grant and Transportation Alternative Grant awards to priority projects for federal fiscal years 2025 through 2027. The City of Tumwater received \$250,000 for the I-5/SR 121/93rd Avenue Interchange Improvement Study and \$2.9 million for the X Street Roundabout project. Members discussed a draft letter opposing the siting of an airport in central Thurston County. Members agreed to review the proposed draft with their respective agencies to receive input. Members are scheduled to finalize the letter at the January meeting.

ADJOURNMENT: **With there being no further business, Mayor Sullivan adjourned the meeting at 9:12 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
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