

**TUMWATER CITY COUNCIL WORKSESSION**

**MINUTES OF VIRTUAL MEETING**

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**CONVENE:** 6:00 p.m.

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

Staff: City Administrator Lisa Parks, City Attorney Karen Kirkpatrick, Community Development Director Michael Matlock, Finance Director Troy Niemeyer, Police Chief Jon Weiks, Water Resources and Sustainability Director Dan Smith, Assistant Finance Director Shelly Carter, Economic Development Program Manager Austin Ramirez, Communications Manager Ann Cook, IT Manager Lance Inman, and Planning Manager Brad Medrud.

**2025  
COMPREHENSIVE  
PLAN PERIODIC  
UPDATE – GROWTH  
MANAGEMENT ACT  
HOUSING NEEDS  
ALLOCATION  
PROCESS:**

Manager Medrud advised that under House Bill 1220 passed in 2021, new state mandates require jurisdictions to plan for and accommodate housing affordable to all economic segments of the population.

The City’s Comprehensive Plan, Countywide Planning Policies, Homeless Crisis Response Plan, and Housing Action Plans all contain policies to promote housing for a range of incomes across the City. The mandate requires the City to document planning and policies that meet the new requirements.

Thurston Regional Planning Council (TRPC) is working with all planning staff throughout Thurston County in response to the legislation passed in 2021. The current Housing Element and policies support planning for all economic classes within the City. Regional planning managers and directors met four times beginning in August to begin the process for allocating housing requirements for each jurisdiction. Staff provided an initial briefing to the General Government Committee earlier in the month on the outcome of those meetings.

Michael Ambrogi, TRPC, briefed the Council on the new state mandate and the recommended process for planning for low-income households across Thurston County. In addition to planning for affordable housing, jurisdictions must now identify the number of housing units in each of the economic segments and document the information within the Comprehensive Plan Periodic Update. The law specifically identifies the economic segments of Permanent Supportive Housing and Extremely Low-Income (0-30% of average median income (AMI) in Thurston County), Very Low-Income (30-50% AMI), Low-Income (50-80% AMI), Moderate-Income (80-100% AMI), and the remaining (100-120% AMI). The income categories are defined by household income relative to the region’s median income of approximately \$100,000. The law requires jurisdictions to also plan for specific housing types such as emergency shelter, emergency housing, and permanent supportive housing. In 2020, Thurston County currently had an inventory of 141,438 housing units. Data reflected how many of the housing units are

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affordable to households in the different income brackets. Approximately 40% of the region's housing stock is affordable for low-income households.

Over the next 25 years, the region will need approximately 54,000 new housing units. The analysis reflects how many units will be required in each income category. For some income categories, the need is acute. The forecast is a realistic projection of the number of housing units needed in each income category rather than reflected as a target.

Mr. Ambrogi described the two methods for allocating the number and income category of the required housing units. The preferred allocation method, used by Snohomish County, is based on an equal share of new housing units, provides some credit to jurisdictions with a disproportionate share of low-income housing, includes no negative allocations, matches countywide totals, and can easily be replicated in the future.

In 2020, the City of Tumwater had 11,000 housing units within the City and 1,200 housing units in the urban growth area (UGA). Over the next 25 years, Tumwater projects a need of an additional 6,600 housing units with 2,500 housing units in the UGA based on TRPC's population, employment, and housing projections adopted in 2018.

Mr. Ambrogi displayed a graph of the housing available in different income categories. Approximately 50% of housing in Tumwater is affordable for a low-income household. Another graph depicted future housing needs within the different income categories. The City's need is somewhat lower than the countywide share. Another graphic depicted how the allocations compare across the jurisdictions.

Manager Medrud reported the Department of Commerce produced materials for guidance to jurisdictions. All state guidance materials for the periodic update are posted on the City's Comprehensive Plan Periodic Update webpage. For housing, staff is focusing on the guidance for updating the Housing Element and addressing racially disparate impacts within the community.

Councilmember Agabi questioned the methodology used to determine future needs, and whether low-income housing automatically denotes multifamily units. Manager Medrud said the basic premise is the type of housing unit a household could afford. If an area is not experiencing growth pressure and has an excess inventory of housing, single family units could be potentially affordable for those with an income of 80% and under the AMI. The City is not facing that situation with the City experiencing growth pressure and many people moving to the City. The City will need to consider ways to enable the development of more multifamily units as part of the update process.

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Councilmember Agabi questioned how the statistics factor age. Manager Medrud said the City must account for a specific level of population as part of the planning process as well as housing needs as allocated. The work also includes tracking household size as part of the planning process. The City's household size has been increasing over the last 10 to 15 years rather than decreasing. As part of the process, the City will need to consider how multifamily development can accommodate larger households as well as seniors who could have special needs. The City must focus on all different forms of housing across all age groups.

Manager Medrud reported that staff now has the numbers and can begin the first step of identifying the barriers and limitations to housing production, such as zoning, development regulations, and other provisions the City could consider for more efficient housing production. Staff anticipates it will require much work, as well as reviewing policies and regulations to identify potential contributors to racially disparate impacts, displacement, and exclusions in housing.

Following completion of background data, staff will begin documenting programs and actions to achieve housing availability. Examples include working with the Regional Housing Council and addressing the Council's priorities for affordable housing and homelessness. All those factors will be considered, including the Housing Action Plan. Next year, efforts will continue to develop goals, policies, and objectives to include implementation and assignment of responsibility, as well as reporting and monitoring.

Staff has scheduled time to meet with the Planning Commission to review the Housing Element next year while concurrently meeting with the General Government Committee for updates throughout the update process. Additionally, staff plans to provide updates during Council worksessions on specific topics next year. Phase three begins the legislative adoption process in November 2024. The update process includes an extensive public process comprised of open houses and a community survey with notification via postcards to residents. To date over 160 responses have been received.

Councilmember Dahlhoff inquired as to how the planning process accounts for equity and diversity in the larger discussion with respect to "fair equity and equality." Manager Medrud said it was important to include a discussion on what the City wants to achieve as part of the update. The "fair" speaks to equality, as it is important for each jurisdiction to participate for each economic group as all jurisdictions in Thurston County have a responsibility to ensure all economic groups are addressed. The City's policy within the Housing Element supports equity and equality but under a different umbrella as many conversations surrounded the importance of providing for all income groups appropriately. Existing policies will be incorporated within the update of the Housing Element. The discussions during the update will also address racially disparate impacts.

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Councilmember Swarthout commented on the importance of the discussions also accounting for choices in housing units rather than a broad review of increasing overall housing units regardless of different preferences. Manager Medrud said the process would account for affordable housing units. The breakdown will be dependent on supply and other factors. If the City is able to demonstrate adequate supply, staff anticipates having a greater range of housing types to be constructed. If there are issues of ensuring all income categories have housing options, it might entail some adjustments in the type of units constructed. Fortunately, the state is moving closer to freeing up condominium laws, as there are other mechanisms for home ownership rather than a single-family house. Preference decisions are dependent on the market to a large degree. Additionally, the City is required to plan for “middle housing” or duplexes, triplexes, quads, and other housing units that lend themselves to individual ownership then other housing units, such as multistory apartments.

**INTERLOCAL  
AGREEMENT WITH  
THE REGIONAL  
HOUSING COUNCIL  
FOR THE FRANZ  
ANDERSON  
PROJECT:**

Manager Medrud reported the proposal is an interlocal agreement with the Regional Housing Council for the Franz Anderson project located in the City of Olympia. The property is located north of the Pacific Avenue freeway interchange. The request is to include the interlocal agreement on the consent calendar for the Council’s next regular meeting. The project was reviewed with the Council in May when the Council approved a letter of commitment for allocating a portion of general government funds for the project. The next stage of the process is the interlocal agreement with RHC. He introduced Jacinda Steltjes with the City of Olympia to review details of the proposed agreement and project.

Ms. Steltjes reported Thurston County and the City of Olympia partnered to purchase the property in 2022 for affordable housing. The City of Olympia released a solicitation for a developer for the property to develop permanent supportive housing. Low Income Housing Institute (LIHI) was selected to develop the property. A purchase and sale agreement is in process with the company. Other funding is being pursued for the project. The cities of Lacey and Tumwater, and Thurston County through the RHC have discussed collaborating to assist the development as well as support financing. The proposed agreement allocates American Rescue Plan Act of 2021 (ARPA) funds from Thurston County and approximately \$6.7 million pooled regionally to support the project. The project is comprised of 71 units of permanent supportive housing for individuals with an income up to 30% of the AMI. Pending the receipt of other funding sources and low-income housing tax credits, the property will close on financing next fall with the project scheduled for completion by late 2026.

Councilmember Jefferson requested an update on the effectiveness of tiny house villages in terms of the population served and how long they remain in the homes. Manager Medrud said information could be provided as part of

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the discussions on the Housing Element early next year. The City of Olympia offers different types of villages serving different populations with different needs. Staff will work with Thurston County and the City of Olympia to obtain some information.

Councilmember Swarthout questioned the agreement's reference to Maple Court. Manager Medrud responded that as part of the state's right-of-way initiative directing the Department of Commerce, Washington State Patrol, and WSDOT to develop a plan to move individuals who are homeless from state rights-of-way, the state provided funds to purchase the former Days Inn in Lacey. The property was converted to temporary housing to support that population. The facility opened during the summer and is now at capacity. The next phase of the project is moving those individuals to better housing opportunities to enable conversion of the Maple Court facility to a permanent supportive housing facility.

Councilmember Swarthout referred to concerning language that speaks to LIHI using its "best efforts" to provide services to the population. Manager Medrud confirmed that LIHI was awarded a contract by the state to provide those services to the Maple Court facility.

Ms. Steltjes noted that when the City of Olympia solicited a request for proposals, LIHI's proposal included a partnership with service providers. The City of Olympia requested identification of the service providers providing the services to individuals living in permanent supportive housing. LIHI proposed working with SeaMar to provide support services.

Councilmember Swarthout referred to the failure of another project in downtown Olympia and her concerns about avoiding another similar situation with an even larger project.

Mayor Sullivan pointed out that LIHI has completed many projects including the Plum Street tiny homes village. The company is experienced, and it is likely the company would collaborate with other service providers to provide those services.

Councilmember Althaus commented on the many reasons why the downtown facility encountered challenges. Unfortunately, there is not one answer as to the failures the facility encountered. The facility was initially established as a day use facility or a warming facility offering many ancillary uses. The proposal is for a resident-based facility where individuals live and receive services.

Councilmember Swarthout said her concerns center on some local businesses concerned whether the facility will be successful in assisting individuals as they transition to permanent housing. Manager Medrud agreed the concern was valid, but more time is warranted to determine if the facility and the

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programs are assisting people successfully. The issue is complex but deserves some time to monitor outcomes.

Councilmember Swarhout asked whether \$6.7 million is sufficient to cover the cost of the project. Ms. Steltjes explained that the \$6.7 million is the proposed amount committed by local jurisdictions to support the project for development. The total anticipated cost of the project is approximately \$25 million. The funding balance will likely be from the state's Housing Trust Fund and low-income housing tax credit programs. Additionally, the state will also monitor the project to ensure all concerns are addressed and services are being provided that are affordable, accessible, and safe and healthy for some time following completion of the project.

Councilmember Althausen conveyed support for the project citing efforts by the RHC and local jurisdictions to initiate the project. Tumwater residents will utilize the services outside the City's borders. It is an important regional project for the future.

Mayor Sullivan confirmed the Council's support to place the proposal on the Council's consent calendar.

Councilmember Cathey commented on the importance of people owning their homes to promote wealth for their future and for their families. She urged consideration by the Council to emphasize other forms of housing such as condominiums and cottage housing that offer the ability for home ownership.

**EPA COMMUNITY-  
WIDE ASSESSMENT  
GRANT AND  
ECOLOGY  
INTEGRATED  
PLANNING GRANT  
UPDATES:**

Manager Ramirez updated the Council on two grants awarded to the City to support brownfield redevelopment and revitalization efforts. The City received a state grant and a federal grant.

Brownfield development typically applies to properties encountering difficulties in developing or expanding because of the presence or the suspected presence of hazardous substances, pollutants, and contaminants. The Environmental Protection Agency (EPA) estimates approximately 500,000 brownfield sites are located across the country. The City of Tumwater houses several brownfield sites. The sites are often the last sites to be developed because of uncertainties surrounding contamination and costs. The properties are often old, historic properties of previous industrial uses. The City's brownfield sites include the brewery properties and the Washington State Department of Transportation (WSDOT) property located off Capitol Boulevard. Because of the existing sites, the City was able to leverage the opportunities to receive some state and federal funding.

Brownfield redevelopment is important because it increases the local tax base, facilitates job growth, utilizes existing infrastructure, improves and protects the environment, and facilitates private investment. Brownfield

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grants are often used as an economic development incentive. Funding from the EPA Community Wide Assessment Grant and the Department of Ecology Integrated Planning Grant enable the City to:

- Complete an inventory and characterization assessment of the sites
- Conduct planning activities to identify future development opportunities
- Identify the type of contamination present on the sites and cleanup costs
- Convene a community engagement process

The two target areas of focus include the Brewery District and the Capitol Boulevard corridor. The EPA grants totals \$500,000 and is intended to capitalize job creation and private sector investment. The grant enables a community-wide assessment and is not limited to a single site. EPA funds will focus on the Brewery knoll site and the brewery warehouse site.

The Department of Ecology Integrated Planning Grant is for \$200,000 and is intended for local governments to make informed decisions when considering the purchase or redevelopment of brownfield properties. The City will focus the grant on the former WSDOT headquarters site off Capitol Boulevard.

For both grants, the City plans to contract with a qualified environmental professional to assist in the environment assessment and to support grant implementation. The intent is to hire one consultant for both grants.

Councilmember Dahlhoff asked whether the request for proposals for the consultant would include some requirements for a data dashboard to enable the tracking of City progress, community engagement, and potential investors. Manager Ramirez advised that the City is required to pursue those opportunities as part of the grant requirements. The grants require regular reporting. The consultant can assist the City is converting the information in conjunction with efforts by staff. Councilmember Dahlhoff stressed the importance of providing an external process to share progress with the community.

Councilmember Cathey questioned the purpose of utilizing the grants for properties not under the City's ownership. Manager Ramirez explained that the goal of the grants is to promote redevelopment and reuse of the sites whether owned or not owned by the City. In most cases, brownfield sites are owned privately. The goal is to convert once contaminated and under-utilized sites that do not contribute positively to the community into assets. The grant funds help to catalyze private investment, job creation, and reuse of properties that can contribute to the community. The grant from Ecology requires an interest for owning the site to be eligible for the grant. The EPA grant does not require interest for publicly owning a site. The Ecology grant

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is only an assessment grant and is not intended for cleanup of the WSDOT site. The grant will help the City identify existing contaminants, clean-up plans, and cleanup costs.

Councilmember Cathey emphasized the importance of ensuring protection of the Deschutes River during any development activity. Manager Ramirez said the assessment would also identify any plumes of contamination from the sites traveling to the river.

Councilmember Althausen asked about any required grant match by the City. Manager Ramirez advised that the grants do not require a cash match; however, the City will accumulate in-kind match through staff resources working on the project.

Manager Ramirez said the grants cover a four-year period and the intended outcomes are to obtain a clear understanding of contamination types and levels, development of a cleanup plans and cost estimates, establishment of a community-driven redeveloping visioning process, leveraging of additional funding, and positioning the City to receive larger cleanup grants.

Manager Ramirez shared that staff has been working with The Center for Creative Land Recycling, a non-profit technical assistance provider for the EPA. The organization works with local jurisdictions to help guide staff through the grant and redevelopment process. The organization includes assistance from experts in all phases of redevelopment. Services are available to the City at no cost because of the EPA's program. The organization has been a tremendous asset to the City. The organization offered to coordinate a vision action workshop in partnership with the City for the WSDOT site. The vision action model engages the entire community through an environmental justice and equity lens to engage communities that are historically difficult to reach and often left out of important community discussions. The collaborative effort enables the City to leverage an additional \$50,000 in funds and it strengthens the grant application with the EPA. Staff plans to work with the organization over the next year to coordinate the vision action model for the WSDOT site.

Next steps include releasing a request of qualifications for the environmental consultant to support both grants, finalization of the scopes of work and agreements with EPA and the Department of Ecology, prepare for grant implementation in early 2024, and begin coordinating engagement with community partners (EDC, Chambers of Commerce, and other development organizations).

**BUSINESS AND  
OCCUPATION TAX  
CODE UPDATE:**

Assistant Director Carter reported the City of Tumwater imposes a Business and Occupation tax based on an adopted Model Ordinance. The adoption of Senate Bill 5199 added language to the Model Ordinance. The proposal adds the following language to the ordinance to update the City's code for business

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and occupation tax: “Beginning January 1, 2024, until January 1, 2034, as used in this section, the activities of printing, and of publishing newspapers and periodicals or magazines are those activities to which the exemption in RCW 82.02.259 and the tax rate in RCW 82.04.280(1)(a) apply.” The language has no impact on revenue or collection of taxes by the City. Staff requests moving the proposed ordinance to the consent calendar at the December 5, 2023 meeting to meet the deadline for implementation by January 1, 2024.

The Council supported the request.

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

City Administrator Parks reported on communication to the Council earlier in the day on the reasons for encountering difficulties for accessing and utilizing email. Essentially, the issue surrounds a decision by Microsoft to discontinue support for the desktop version of Office. The City is migrating to a subscription-based Office 365 product. Staff delayed the migration to the new program to the extent possible because of the cost. The project was delayed by several months to resolve issues with the email archiving element of the program. Unfortunately, Microsoft does not offer a process for local governments to archive email records for public records retention and requests. Staff researched and coordinated a third-party software program to assist the City in archiving information. The schedule called for completion of the migration to the new program over a two-week period ending at the end of the year with the migration occurring within each department individually. However, some internal and external factors required compression of the migration schedule to one weekend. Staff encountered some difficulties with the migration in addition to receiving notification from WSDOT and other service providers to remove existing and install new fiber in and around City Hall at the end of November and early December. The switch in the change of fiber would create much havoc for the City because it serves as the backbone for 911, EMS, Fire, and law enforcement service. Staff pursued transitioning the migration over a compressed timeline to avoid conflicts with the fiber replacement process. City Administrator Parks apologized for the inconvenience.

The replacement of some Council laptops and cellular phones has been delayed until the new platform has been fully implemented.

City Administrator Parks shared that during a recent Board of County Commissioners meeting, she shared information about the potential redevelopment of the brewery site with respect to the City’s recent award of the two grants. She shared on the City’s optimism for redevelopment of the site as an important component of the City’s economic development strategy as well as beneficial for the environment and the community. She also conveyed the City’s primary concerns surrounding the importance of understanding any environmental contamination.

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Mayor Sullivan reported on the award of the Lifesaving Award to Paramedic/Firefighter Roger Causey. On May 26, 2023 Paramedic/Firefighter Causey attended a track meet in Yakima, Washington with his daughter. One of the runners collapsed on the track and he immediately administered first aid and resuscitated the runner.

On Saturday, December 2, 2023, the 20<sup>th</sup> annual Tree Lighting Festival is scheduled from 1 p.m. to 5:30 p.m. at the Tumwater Fire Station. The event is also collecting non-perishable food items for the Thurston County Food Bank.

Santa visits this year will be to six City parks during the Christmas season. The City's website includes the schedule for Santa visits to the parks.

This year, the City is collaborating with the Tumwater Education Foundation to sponsor the Tumwater Holiday Assistance Program. Child gift tags are available at City Hall.

**EXECUTIVE  
SESSION:**

**Mayor Sullivan recessed the meeting at 7:34 p.m. for an executive session to discuss potential litigation pursuant to RCW 42.30.110(1)(i) for approximately 15 minutes with no action to follow.**

**At 7:49 p.m. Mayor Sullivan extended the executive session until 7:55 p.m.**

**RECONVENE &  
ADJOURNMENT:**

**Mayor Sullivan reconvened and adjourned the meeting at 7:55 p.m.**