

**TUMWATER PUBLIC WORKS COMMITTEE
MINUTES OF VIRTUAL MEETING
JUNE 5, 2025 Page 1**

CONVENE: 8:00 a.m.

PRESENT: Chair Eileen Swarthout and Councilmembers Michael Althausen and Angela Jefferson.

Staff: City Administrator Lisa Parks, City Attorney Karen Kirkpatrick, Finance Department Director Troy Niemeyer, Transportation and Engineering Department Director Brandon Hicks, Water Resources & Sustainability Department Director Dan Smith, GIS Manager Jennifer Radcliff, City Engineer Bill Lindauer, Capital Project Manager Jared VerHey, Senior Engineer Joseph Norman, and Community Engagement Specialist Marnie McGrath.

**APPROVAL OF
MINUTES:
PUBLIC WORKS
COMMITTEE MAY
8, 2025:**

MOTION: Councilmember Jefferson moved, seconded by Councilmember Althausen, to approve the May 8, minutes as presented. A voice vote approved the motion.

**ORDINANCE NO.
O2025-002
RENEWING PUGET
SOUND ENERGY
FRANCHISE
AGREEMENT:**

Manager Radcliff presented the proposal to renew a franchise agreement with Puget Sound Energy for operations within the City's right-of-way to provide energy services to residents and businesses. The current agreement is effective for 10 years with an option to renew for two, five-year terms upon written request. The agreement is at the end of the first ten-year period. PSE submitted written notice requesting an extension of the agreement for five years.

Staff requests the committee place the ordinance on the July 1, 2025 City Council agenda under *Council Considerations* for first reading.

Councilmember Jefferson inquired about the status of agreement after the expiration of the second, five-year agreement. Manager Radcliff replied that a new agreement would be negotiated after the second five-year agreement expires. She noted that no provisions in the existing agreement have changed with the new extension other than updating some legal language.

MOTION: Councilmember Althausen moved, seconded by Councilmember Jefferson, to place the Energy (PSE) Franchise Agreement on the

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**July 1, 2025, City Council consideration calendar for first reading.
A voice vote approved the motion unanimously.**

**SUPPLEMENTAL
AGREEMENT NO. 2
WITH TIERRA ROW
FOR X STREET
ROUNABOUT
PROJECT:**

Engineer Norman reported on the request to execute a supplemental agreement with Tierra ROW for work on the X Street Roundabout project.

The new roundabout would be located at the intersection of X Street and Capitol Boulevard. The project is federally funded. Because of the size and shape of the roundabout, acquisition of more right-of-way is required necessitating the need for assistance by Tierra to satisfy federally required mandates for the project. The supplemental agreement increases the maximum payable from \$150,000 to \$184,220 and adjusts billing rates to 2025 rates. The benefit to the City is receiving a higher level of service than originally contracted. The original agreement was executed in 2023 when the City's Deputy Director was available to assist with management oversight of the project. The funds are covered under the local agency agreement of \$200,000 for consultant services the City received in July 2020.

Councilmember Jefferson asked for additional clarification as to the requirement for additional right-of-way. Engineer Norman responded that additional property is required for the project to construct the roundabout. The geometry of the roundabout extends into private property requiring the acquisition of additional property from the property owners to extend the City's project footprint.

Chair Swarthout reviewed the requested action.

MOTION;

Councilmember Jefferson moved, seconded by Councilmember Althausser, to place the Supplemental Agreement No. 2 with Tierra Right of Way Services for the X Street Roundabout project on the June 17, 2025 City Council Consent Calendar with a

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recommendation to approve and authorize the Mayor to sign. A voice vote approved the motion unanimously.

**REAL ESTATE
CONTRACT WITH
LOTT FOR
PURCHASE OF
DESCHUTES
VALLEY
PROPERTIES:**

Director Smith reviewed the proposed purchase of LOTT Clean Water Alliance properties.

The properties are located in the Deschutes Valley and were previously owned by the former brewery. In 2011, LOTT Clean Water Alliance acquired the three parcels for reclaimed water production. At that time, LOTT's capital planning called for satellite plants located in each jurisdiction. The properties were intended to serve the City of Tumwater for reclaimed water production. Subsequent plant updates at the Budd Inlet in downtown Olympia altered planning and construction needs. In 2023, following updated capital planning, LOTT determined that a treatment plant was no longer required in Tumwater as the downtown plant could continue to produce reclaimed water to serve anticipated needs with delivery to the City through existing transmission mains. Subsequently, LOTT declared the properties surplus in 2023 and contacted the City about any interest in acquiring the properties.

The City and LOTT executed a Memorandum of Understanding (MOU) with provisions including a timeline for the potential acquisition of the properties by the City. The first step required a feasibility study by the City to determine whether the properties provide good public value. The study was completed in 2024 with assistance by SCJ Alliance. The study identified how the properties could serve a number of different goals pertaining to economic development consistent with the Comprehensive Plan and the Brewery District Plan. Some of those goals included supporting transportation needs as part of the E Street Connection project from Cleveland Avenue to Capitol Boulevard, providing habitat enhancement along the Deschutes River riparian corridor, adding trails and other outdoor recreation, and providing parking space for City events.

Following completion of the study, information was provided to LOTT affirming public value of the properties for the City and interest in moving forward with acquisition of the properties as outlined in the original MOU. Additional discussions identified the need to complete a new phase 1 study with Pioneer Technologies. In November 2024, the phase 1 study was completed. Since then, City and LOTT staff members have been meeting to develop a purchase and sale agreement that addresses the liabilities and assets of the properties.

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The three properties totaling approximate 45 acres were appraised at \$3.9 million, which is less than the purchase price paid by LOTT in 2011. The properties are zoned Light Industrial. Potential land uses for the properties were identified by staff based on physical and environmental characteristics of the parcels. Staff examined technical and constructability issues as the properties are located within a floodplain, reducing market demand for the properties because of potential flooding impacts to the properties. All those elements were examined in terms of how they might affect the purchase price of the properties. Staff also identified property liabilities and existing buildings.

Director Smith reviewed a conceptual drawing of how the City might utilize the parcels. Options identified included habitat restoration and replacement, compensatory mitigation for various City projects, such as stormwater outfalls, wetland enhancements for takings by other projects, floodplain storage mitigation, and up to 1,500 parking stalls. The property continues to be restrained by the railroad tracks, which prohibits public traffic but enables intermittent access for the City's July 4 holiday events. The proposed purchase and sale agreement would not be effective until September 1, 2025 providing the City with the ability to continue to sponsor the 4th of July event and satisfy parking needs under the existing agreement with LOTT. Staff would then begin negotiations with the railroad to develop a similar agreement.

Director Smith said the phase 1 assessment includes a refreshed environmental assessment for the properties since LOTT acquired the properties. The sale would include acquisition of the storage warehouse, hops storage warehouse, and the can warehouse. Unlike other brewery structures on other brewery properties, the structures do not present the same security concerns. LOTT has indicated the structures have not been major targets for vandalism. One of the structures is used by a community group for storage needs. Ongoing uses would be evaluated by staff in terms of future potential utilization of the facilities. On the west side of the railroad tracks, structures include several smaller storage and outbuildings, which would likely be removed by the City to reduce liability risks. During negotiations with LOTT, removal costs of some structures have been deducted from the purchase cost.

Councilmember Althausen asked whether the agreement addresses the responsible party in the event contamination is discovered below ground. Director Smith said the proposed installment agreement with LOTT extends to 2030 with the City paying for the properties over time.

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A \$300,000 environmental mitigation fund addresses any subsurface contamination that could be discovered. Additionally, the recent phase 1 assessment did not identify any significant underground contamination present on the properties. LOTT is providing a mitigation fund to reduce risks the City could encounter in addition to a \$225,000 building mitigation fund. The boiler house would incur some variable costs for removal because of some unknown materials existing within the building. Should costs be higher than anticipated, discussions with LOTT for establishing an additional fund could be an option to reduce risks to the City.

Councilmember Althausen asked whether staff believes \$300,000 for environmental mitigation is sufficient based on no indications of serious contamination. Director Smith affirmed the amount would be sufficient.

Director Smith reported another provision in the agreement is an easement to enable LOTT to maintain its facilities to enable service continuity to Tumwater customers. The easement across the properties is at no cost; however, any additional administration, engineering, or designing would be the monetary responsibility of LOTT.

The proposed purchase price is \$3,192,670.00. Because of multiple uses of the properties, the cost is split between the general fund and the storm utility fund. LOTT will hold the installment contract payable over six years from 2025 through 2030. Each annual payment totals \$572,192.11 at an interest rate of 3%.

Councilmember Jefferson asked about any potential plans to lease or sell the properties in the future. Director Smith responded that at this time, there are no plans for leasing or selling the property after the City acquires the property. Development potential is minimal because the properties are significantly impacted by the floodplain. Overall mitigation by a private developer for a project could cost between \$2 million to \$8 million. The property has limited commercial marketability.

City Administrator Parks noted that the City's planned action EIS will enable the City to evaluate all brewery properties to identify potential uses. The timing enables the City to include the properties within that analysis. During that process, it will be possible to identify alternatives or City intended uses for the property, as well as the impacts of those uses on the built and natural environment and mitigation measures necessary for any development to move forward. Additionally, the City

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would control the property, which will be of significant importance with respect to negotiating with the railroad for easements.

Chair Swarthout inquired as to whether the City would be responsible for the security of the properties as the new property owner. Director Smith said security of the properties is an element under negotiation; however, LOTT might be receptive to continue providing security.

City Administrator Parks added that City directors are planning to meet to discuss the interim management plan for the properties once the City assumes ownership. Site security will be a topic of the discussion. Staff has been in discussions with the property owner of the historic brewtower about the importance of more proactive security measures for the other brewery properties.

Director Smith described next steps after execution of the agreement in terms of identifying the work, identifying responsibilities by different departments, working with adjoining property owners, defining roles and responsibilities, and seeking funding options for the work moving forward. The City has until September 1, 2030 to apply for the mitigation funds from LOTT.

Staff recommends placing the Real Estate Contract with the LOTT Clean Water Alliance (LOTT) for the purchase of Deschutes Valley Properties on the August 19, 2025 City Council agenda for consideration with a recommendation to approve and authorize the Mayor to sign.

MOTION:

Councilmember Althaus moved, seconded by Councilmember Jefferson, to place the Real Estate Contract with the LOTT Clean Water Alliance (LOTT) for the purchase of Deschutes Valley Properties on the August 19, 2025 City Council agenda for consideration with a recommendation to approve and authorize the Mayor to sign. A voice vote approved the motion unanimously.

ADJOURNMENT:

With there being no further business, Chair Swarthout adjourned the meeting at 8:43 a.m.