

**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 Althaus, Leatta Dahlhoff, Angela Jefferson, Eileen Swarthout, and Kelly Von Holtz

Excused: Councilmember Joan Cathey.

Staff: City Administrator Lisa Parks, City Attorney Karen Kirkpatrick, Finance Department Director Troy Niemeyer, Police Chief Jon Weiks, Fire Chief Brian Hurley, Community Development Department Director Michael Matlock, Transportation & Engineering Department Director Brandon Hicks, Water Resources & Sustainability Department Director Dan Smith, Parks and Recreation Department Director Chuck Denney, Assistant Finance Director Shelly Carter, IT Manager Lance Inman, Police Commander Jay Mason, Communications Manager Jason Wettstein, City Clerk Melody Valiant, and Deputy City Clerk Tracie Core.

SPECIAL ITEMS:

**PROCLAMATION:
AMERICAN INDIAN
HERITAGE MONTH,
NOVEMBER 2024:** Councilmember Agabi read a proclamation declaring *November 2024 American Indian Heritage Month*. The proclamation encourages people to celebrate the rich cultures of indigenous people, honor their sacrifices, acknowledge the unique challenges Native people face, historically and in the present, and recognize their continued significance in the community.

Mayor Sullivan presented the proclamation to several tribal members representing the Squaxin Island Indian Tribal Council.

Tribal Council Chair Kris Peters, Tribal Council Vice Chair Jaimie Cruz, Tribal Council Secretary Jim Peters, and Tribal Council Member Jeremie Walls accepted the proclamation on behalf of the Squaxin Indian Tribe and thanked the Mayor and the Council for the recognition of the tribe and its contributions to the community.

**PROCLAMATION:
NATIONAL
VETERANS AND
MILITARY
FAMILIES MONTH,
NOVEMBER 2024:** Councilmember Jefferson read a proclamation declaring *November 2024 National Veterans and Military Families Month*. The proclamation encourages people to recognize and support veterans and military families, who embody strength, resilience, courage, and whose experiences enrich the community.

PUBLIC COMMENT: **Pamela Hansen, P.O. Box 14521, Tumwater**, reported that Thurston Community Media, Channel 22, is broadcasting the November 5, 2024

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general election live. Ms. Hansen spoke to the proposed consideration of the City's Fee Schedule and the proposed changes in fees. Because of the numerous changes, the proposal should have been advertised because of the increase in fees for water, sewer, storm drain, and utility tax. More discussion could have been offered to receive feedback. The proposed resolution should have been added as a public hearing. She asked for information on the justification of the proposed fees that would more closely align with the fees charged by the City of Olympia and City of Lacey. She cited the 93rd Avenue Interchange Study and asked that the study consider the presence of standing water in the area of the study.

Dave Nicandri congratulated the City on the completion of the Israel Road improvement project.

**CONSENT
CALENDAR:**

Approval of Minutes: City Council Work Session, October 8, 2024
Approval of Minutes: City Council, October 15, 2024
Approval of Minutes: City Council Work Session, October 22, 2024
Payment of Vouchers
93rd Avenue Interchange Study Consultant Agreement with Shea Carr & Jewell, Inc.
Capital Area Regional Public Facilities District Board of Directors Appointment of Troy Kirby (CAR-PFD)
Advisory Board Appointment of Pat Schneider to the Civil Service Commission

MOTION:

Councilmember Althausser moved, seconded by Councilmember Dahlhoff, to approve the consent calendar as published. A voice vote approved the motion unanimously.

PUBLIC HEARINGS:

**ORDINANCE NO.
O2024-007, 2025-2026
PROPOSED BUDGET:**

Director Niemeyer reviewed the City's annual biennium budget process initiated during the Council's retreat in January 2024.

Challenges facing the City include many years of growth, an increase in population, increasing demand for public services, inflation, limited revenue growth because of the 1% cap on property tax, and staff turnover. An increase in property tax is limited because of a citizen initiative passed in the early 2000s. Prior to the initiative, cities were able to increase property tax annually up to 6%. New construction in the City increased property tax revenue to the City. However, despite increased revenue from new construction, the City is not able to keep pace with inflation.

Budget priorities during the next biennium focus on increasing non-represented employee salaries to a competitive level, adding employees, adding space, and improving security at City Hall.

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Director Niemeyer shared a graphic representing the difference in salaries between union and non-union employees. The information does not include special pay, overtime, or assignment pay. Because of the growth in population in the City, the budget adds more positions to address demand for services, new state requirements and standards, and unfunded mandates.

The City has much deferred maintenance. Director Niemeyer shared examples of buildings requiring new siding, a new roof, or upgrades within the interior. Based on growth of positions in the City to address population growth, more space is required to accommodate employees. The proposed budget includes additional space to accommodate new programs and staff, as well as security enhancements to City Hall as recommended by a recently completed Homeland Security audit.

During the last Council budget workshop, budget expenditures were more than revenues by approximately \$10.2 million. At that time, staff committed to balancing the budget. The proposed budget reflects an overrun reduced to \$6.8 million requiring the use of reserves to balance the budget. During the budget preparation process, staff identified overall needs. All needs of the City are approximately \$30 million more than available revenue. Subsequently, staff worked to reduce the amount to \$20 million. Further reductions decreased the deficit to \$10.2 million as reflected in the Mayor's proposed budget. The deficit has since been reduced to \$6.8 million.

Director Niemeyer identified some of the larger items included in the proposed budget:

- Body-worn cameras for police officers plus new positions to implement the program, hardware costs, and increased wages to guild members wearing body-worn cameras totaling \$1.1 million
- New Medic One unit assigned to Tumwater Fire Station T-2 costing \$2.5 million with revenue reimbursements from Medic One of \$2 million resulting in a net increase to the City's general fund of approximately \$512,000

Most general fund revenue is typically from property tax and sales tax, respectively. During the next biennium, general fund revenue will be primarily from sales tax followed by property tax, reflecting the long-term effect of the 1% cap on property tax. Sales tax will be the City's largest source of revenue; however, sales tax is volatile because it is subject to fluctuations in the economy. Other revenue sources are Business and Occupation tax and intergovernmental contracts and grants.

Councilmember Jefferson inquired as to whether the state increases the

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sales tax or if the City has any discretion to increase the sales tax rate. Director Niemeyer advised that the City has some limited ability to raise the sales tax rate.

Director Niemeyer reported salaries and benefits represent the largest expenditures in the budget followed by other charges and services. By department, police and fire represent nearly 50% of the general fund followed by Parks at 12/9%, and Transportation and Engineering at 10.4%.

Director Niemeyer displayed a graphic representing the City's financial performance measure. The graph includes a revenue line and an expenditure line. Due to the limit on property tax, a structural deficit occurs over time with revenues unable to keep pace with expenditures. The City ends each biennium with an ending fund balance that must include a minimum required reserve. When the lines intersect as depicted occurring in 2028, the City will reach the financial "cliff." Staff monitors the amount closely and invests smartly in the future to forestall intersecting lines in the future. In 2022, the line intersected in 2026, which reflects a successful extension to 2028.

Business operating funds are considered utilities (water, sewer, and stormwater) and the golf course. Capital project funds include General Government and Transportation Capital Facilities Plans (CFPs). The proposed budget for expenditures to date is \$428 million, to include ending reserves.

The Council is scheduled to conduct another budget workshop on November 12, 2024 followed by a second public hearing on November 19, 2024.

Councilmember Swarthout asked about receiving the documents identifying the reduction in expenditures from \$10.2 million to \$6.8 million. Director Niemeyer advised that the information on expenditure reductions would be shared at the Council's next budget workshop. Following adoption of the final budget, all information will be included in the final budget document as well.

Councilmember Dahlhoff questioned the basis for conducting a public hearing on the budget when the Council has not received a budget. Director Niemeyer said the Council received a proposed budget, which was also posted on the City's website. Councilmember Dahlhoff thanked him for the clarification while adding that when a budget reflects a 100% increase in utility tax, the question is what the increase is intending to solve because the budget should reflect each department's expenses and revenues to justify reasons for an increase, such as inflation, projects, or

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staffing. The 63-page budget document did not include that detail.

City Administrator Parks explained that staff will be providing additional information at the next budget workshop. Staff is following the same format as in previous years other than this budget process has experienced some delays as the City continues to transition from one financial reporting system to a new system creating difficulties in tracking finances, as well as in the budgeting process this year. Although, the steps in the process are similar to previous budget processes, one change in the process was not providing the Council with a budget binder containing all department schedules. The schedules are available for dissemination to the Council. The schedules reflect a \$10.2 million deficit. Rather than undergoing another laborious process of compiling and printing information, staff did not provide information reflecting the reduction in the deficit to \$6.8 million because of ongoing efforts to identify other savings to avoid using as much ending fund balance as possible. Documentation on the final savings will be provided to the Council at that time.

Councilmember Dahlhoff responded that the challenge is conducting a public hearing with no proposed budget for the public or for the Council to review. She asked for a delay in approving the budget until December to enable more time to review budget documentation.

Director Niemeyer added that more information will be forthcoming during the Council's discussion and consideration of the proposed fee resolution. The discussion includes the proposed increase in utility tax.

Councilmember Dahlhoff replied that at the last Council budget workshop, staff explained that the proposal would increase the utility tax 100%. She would like numbers reflecting current needs, projected needs, and the problem the City is attempting to solve and why it equates to a 100% increase in utility tax because she is not convinced and is not in support of the proposal. Her goal is supporting the budget and moving forward while ensuring she has the information on the problems that are to be solved and what it equates to in terms of utility tax and why the proposal is for a 100% increase. She would like to be in a position to explain to constituents why utility tax is proposed for a 100% increase.

Director Niemeyer noted that the proposed utility tax increase is from 6% to 12%.

Councilmember Jefferson emphasized the importance of sharing the data graphically to justify the increase.

Mayor Sullivan advised that the Council and the public will receive additional information during consideration of Resolution No. R2024-

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017, 2025 Fee Schedule later in the meeting. She acknowledged the difference in the budget process than in previous budget cycles. It is a matter of identifying a balance because in the past providing the Council with a 3-inch budget binder was overwhelming with information constantly changing throughout the budgeting process creating sections with different versions.

Councilmember Dahlhoff conveyed appreciation for streamlining the process while acknowledging the challenges associated with a loss of transparency. She has been unable to answer questions from constituents. She acknowledged the new process while recognizing that it is November affording insufficient time to review and understand the information to answer questions appropriately.

City Administrator Parks encouraged the Council to engage in a robust conversation with questions at the next budget workshop. The information provided to the Council was produced from the new financial system reflecting summaries of collapsed line items by department and by fund. She offered to follow-up with staff to determine if more detail could be provided. Staff could provide a 3-inch budget binder with all schedules lacking accurate approvals. Staff can email or upload the documentation to the website with the acknowledgement that the information is not accurate and is a draft version.

Councilmember Agabi suggested it would be beneficial to cite the monthly bill to an average ratepayer today and the monthly bill after the increase.

Mayor Sullivan opened the public hearing at 7:50 p.m.

**PUBLIC
TESTIMONY:**

Pamela Hansen, P.O. Box 14521, Tumwater, summed up the budget in three words: deficit, overspending, and efficiencies, which summarizes the conversation and all activities occurring in previous years. She has one of the 3-inch budget binders and understands all pages in the binder. During the first Comprehensive Plan public hearing, she testified in addition to former Mayors Ralph Osgood and Pete Kmet. At that time, she and Mayor Osgood reported to the same person at the Department of Revenue. Continually, Ralph Osgood went one way as the budget manager and she went another way by scheduling meetings, data entry, and learning everything by attending meetings with other department staff to manage the budget of the state. In terms of FTEs that have left the City, funding is available to fill positions. Each month, a budget report should be submitted by each department. As a supervisor at the Department of Revenue Property Tax Division she was responsible for her work and reported to the assistant director. A budget conversation without documentation other than a summary that includes an additional \$2 million transferred to the golf course is reflective of the golf course

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not generating sufficient revenue. Taxpayers continue to pay for the golf course of more than \$500,000 each year. It took some effort to locate the amount in the three-inch budget document. She is also curious as to whether the loan from the transportation fund to pay for the brewhouse would be paid back to the transportation fund.

Dave Nicandri, 505 4th Avenue SW, Tumwater, recalled the time he was on the Council in the 1970s, when the budget was not prepared until December. He offered some feedback on the present circumstances of the Historic Preservation Commission. He thanked the Mayor for his reappointment to the Commission. He said he could state with confidence that the Commission is quite restive, as the Commission has no activities and no staff or resources to provide support. That situation is bad especially as a community that bills itself as Tumwater's first community while the City's historic preservation board has nothing to work with. Director Denney repeatedly reminds members that he has no staff and no time. The Council may need to move the Commission to another department that has the time and resources or give Director Denney the time and resources to work with the Commission. It is truly a lost opportunity because not only are historic issues not being worked on; the City is not taking advantage of the talent represented on the Commission. One woman is in charge of public broadcasting network and another member is the most knowledgeable about the state in terms of local history. Another member used to direct the State Historical Society for a quarter of a century. The only time the Commission is convened is when the Council wants the Commission to engage in some dirty work, such as selecting wallpaper because some vagrant set fire to the Brewmaster's House or the Council wants the Commission to delist one of the principal historic assets in the community. It is possible to disagree about what should be done with the Brewmaster's House or what should be done with the tree; however, the Council should provide some resources to work with or disband the Commission.

Mayor Sullivan closed the public hearing at 7:57 p.m.

Mayor Sullivan reported the next budget workshop for the Council is on Tuesday, November 12, 2024.

**ORDINANCE NO.
O2024-006, AD
VALOREM FOR
REGULAR
PROPERTY TAXES
FOR THE FISCAL
YEAR 2025:**

Assistant Director Carter presented the 2025 property tax levy ordinance for the City of Tumwater. The City's property tax levy is an important source of revenue used to support the City's ongoing general government programs and public services. The City is required to respond to the Thurston County Assessor's Office no later than November 30, 2024 with an approved ordinance for the next year's levy request.

Each year, the Thurston County Assessor's Office provides the City with reassessed values on all existing properties, new construction amounts,

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and any annexations. The City uses the values to estimate the City's annual property tax levy request. Cities are allowed by law to increase the levy each year by 1% or by the implicit price deflator (IPD), whichever is less. This year, the IPD is higher at 2.57%. Subsequently, the ordinance establishes the City's property tax levy for fiscal year 2025 with an increase of 1% from the 2024 levy.

A slide compared the 2024 levy to the proposed 2025 levy with the 1% increase. The Thurston County Assessor's Office may provide revised values up through November 30, 2024, which may result in a change in the values. Preliminary values indicate an assessed value of \$6.74 billion for existing properties in Tumwater. A 1% increase over the 2024 levy is estimated at \$11.78 million resulting in additional revenue of approximately \$116,643. The most recent preliminary report reflects that the 2024 new construction value is \$98.66 million. Construction value will provide an additional \$183,300 in property tax revenue in 2025. No annexations occurred in 2024 or 2025. The combined 2025 property tax levy including the 1% increase plus additional taxes from new construction estimates the City's indirect tax rate per \$1,000 of assessed value to be \$1.80. The ordinance is necessary to establish and certify the City of Tumwater's request for the 2025 property tax levy and indirect property tax as proposed. Following the public hearing, staff requests approval to move the ordinance forward on the consent calendar for adoption at the November 19, 2024 Council meeting.

Mayor Sullivan opened the public hearing at 8:01 p.m.

**PUBLIC
TESTIMONY:**

Pamela Hansen, P.O. Box 14521, Tumwater, cited language in the proposed ordinance that indicates the City Council desires to limit the rate to \$3.10 per \$1,000 of assessed value, plus administrative refunds, and another provision stating, "Certification of the levy shall not exceed the \$3.10 limit per \$1,000 of assessed value plus administrative refunds." She asked whether the amount would be increased after approval of the ordinance from \$1.80 to \$3.10 per \$1,000 of assessed value because the difference would be a substantial increase. She also opposes the proposed increase of 1%.

Director Niemeyer noted that the ordinance includes some required language. The City lacks the authority to raise the property tax from \$1.80 to \$3.10.

MOTION:

Councilmember Swarthout moved, seconded by Councilmember Jefferson, to move Ordinance No. O2024-006, an ordinance relating to tax revenue of the General Fund fixing the Ad Valorem for the regular property tax levy essential to pay expenditures of the City of Tumwater, Washington for the fiscal year ended December 31, 2025, to the November 19, 2024, consent agenda for adoption. A voice vote

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approved the motion unanimously.

**COUNCIL
CONSIDERATIONS:**

**RESOLUTION NO.
R2024-017, 2025 FEE
SCHEDULE:**

Director Niemeyer advised that the proposed action only pertains to fees and not taxes. During a recent Public Works Committee meeting, members discussed the proposed utility tax increase, as well as during the Council's last budget workshop. The actions are related as the utility tax is on City utility services; however, the actions are separate and no action is requested on the utility tax rate. If the Council agrees to move forward with a utility tax increase, staff will present another ordinance for consideration.

The fee resolution is an annual process. Staff evaluates fees the City charges annually. The proposed action affects all City departments. The City prefers to implement small, incremental increases rather than one large increase every five to ten years.

Director Niemeyer reviewed some of the proposed fee changes:

Table I – Business Licenses, Administrative & Publications

- Overall, minimal changes from 2024 with the largest change for Inspection Fee for a new location from \$85 to \$110
- Many other fees include a small increase to keep pace with inflation and the cost of doing business

Table II – Zoning, Land Division & Environmental

- Transportation Impact Fees. The City collects impact fees for Tumwater School District and the Olympia School District and remits the fees to the school districts. The Tumwater School District raised its impact fees in 2025 by 2.4%. The Olympia School District suspended the collection of its impact fees in 2025 because of declining enrollment.

Table III – Building & Fire Safety

- Inspection Fees – Increased fees to reflect current rates
- Permit Extension Fees – Added clarification language on fee cost
- Plumbing Code – Added information on commercial permits
- Fire Code – Increased system retest fee from \$85 to \$110
- Certificate of Occupancy for Business – increased from \$85 to \$110

Table IV – Transportation, Engineering, Utilities & Utility Connections

- Water Service Line & Meter Installation – Increased fees to reflect current rates

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- Water Connection Charges - Increased fees by 8.5%
- Sewer Connection Charges – Increased charges by 4.0%
- Housekeeping – Changed department names and removed Life-line Program language that is now reflected in new Table VIII

Table V – Public Safety

- Fire Alarm Systems – Increased third alarm fee by 2.04% to \$401.00, first two responses to a fire alarm are not charged

Table VI – Recreation

- Youth Baseball League – Increased registration fees by \$10 for youth baseball and youth basketball

Table VII – Utility Rates

- Utility Rates – Increase of 6.0% for Water, 8.0% for Stormwater, and 7.0% for Sewer
- LOTT Wastewater Service Charge – Increase of 2.5% to \$47.52, per LOTT
- Water Monthly Consumption Rate – Non-Residential - increase from \$3.34 to \$3.54; Irrigation – increase from \$3.99 to \$4.23
- Sewer Monthly City Wastewater Service Rate – increase from \$23.11 to \$24.73
- Stormwater – Monthly Account Fee – Increase from \$2.10 to \$2.27

Table VIII – Life-line Program – New Table

- Life-line Program – Low-income senior citizen and disabled person rate discounts. Every qualified account on file receives a discount of 50% on all utility rates reflected on this new table. A second program, Tumwater Hardship Program is funded by community donations. Additionally, other state and federal programs offer utility assistance.

Director Niemeyer noted that the City has contracted with a consultant to complete a 10-year rate study for utility rates (Water, Sewer, & Storm Drain). The proposed fee increases are designated to support additional staff, additional equipment, electrification of the City’s fleet, long-term capital projects, urban forestry, and the Deschutes Estuary project.

Councilmember Dahlhoff questioned the dollar amount of each proposed increase for City utilities and the basis for the proposed rate increases of 6%, 7%, and 8% and whether the increase is based on a five-year plan, the Capital Facilities Plan, or a six-year plan. She asked staff to explain the cost of the business rationale for fee increases, the current rate, the value, and how staff assigned the proposed increases for the biennium. The document within the budget lacks sufficient information as to the justification for the increases. She asked about the problems the

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proposed increases are intended to solve and how that is tied to the proposed increase of fees.

Director Smith replied that when the department completes a long-term forecast, staff considers operational costs versus capital costs and attempts to balance the long-term needs with the proposed capital projects while retaining sufficient reserves as required by City policy and best management practices for the operation of the utilities. The City manages that process through regular rate increases. The initial forecast was previously completed with a long-term perspective to ensure the availability of operational capital in addition to required reserves to meet future needs. That process was implemented and established a proposed 6% increase in water rates. The same process was developed for the sewer and stormwater utilities. Additionally, the Water Resources and Sustainability Department is undertaking a 10-year rate study with a consultant. The consultant recommended a much larger rate increase because of significant capital projects planned. Staff elected not to pursue the recommendation because the modeling for the study has not been completed and the existing model for forecasting rate increases for the last decade utilizes a simplified model that was developed through the Capital Facilities Plan annual update. Staff considers the elements that cause increases. Those elements include inflation each year of a minimum of 2% to 3% yearly, increases in insurance, increases in personnel costs, new costs for staffing, and major equipment replacement.

Councilmember Dahlhoff thanked staff for the explanation and requested additional information, such as a graph depicting the level of inflation, staffing costs, and project costs, etc., because more transparency is important to show how those elements are considered when forecasting increases for each utility.

Councilmember Jefferson agreed because of the importance of the Council having the data to explain the reason or the whys for an increase.

Councilmember Agabi commented that the proposed increases cumulatively total 21%. He asked whether the utilities have capital improvement plans over the next five years. In addition to staffing and inflation increases, there should be some tangible improvements to reflect an increase of 21%. Director Smith responded that each utility operates under separate plans. The Water Utility operates under the Water System Plan, the Sewer Utility operates under the Comprehensive Sewer Plan, and the Stormwater Utility operates under the Comprehensive Stormwater Plan outlining needs for labor, capital projects, and programmatic needs forecasting from 10 to 30 years dependent upon the utility. The Comprehensive Water System Plan was adopted in 2021 with a significant capital program covering the next 10

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years. Information in the plans serves as the basis of the CFPs for each utility. The plans are posted on the City's website.

Councilmember Dahlhoff asked staff to provide documentation addressing the missing links of each increase and how those increases are tied to projects, personnel, and inflation for each utility.

City Administrator Parks commented that the issue surrounds multiple and different actions by the Council related to the budget. Each year, the Council adopts a new fee resolution that is separate but is tied to the budget. Every two years the Council adopts the biennial budget. This year, the process is later than usual but within the statutory timeframe. Staff has not been able to satisfy the questions surrounding some elements in the budget, which staff plans to address. Adoption of the fee resolution could be delayed until all questions can be addressed with the budget and the proposed fees. Adoption of the budget is based on a statutory timeline while the fee resolution could be adopted before the end of the year to implement the resolution by January 1, 2025.

Councilmember Swarthout cited the proposed increases in water, sewer, and storm water and questioned whether the increases could be lower in 2026. Director Smith said staff uses the same format to forecast rates to ensure sufficient operational capacity and reserves for each utility. Next year, the CFP proposes a 5.5% increase for Water, 6.5% for Sewer, with the exception of Stormwater which remains at 8% for the long-term needs for the Deschutes Estuary project and urban forestry program. Staff intends to use the model from the water rate study that provides a visual representation of the forecast of water rates and utilize the same model for the Sewer and Stormwater Utilities. Staff is initiating a Sewer Plan update this month to update the plan at the same level as the Water Utility. In the next several years, the Stormwater Plan will be updated.

Councilmember Swarthout pointed out that the CFPs for utilities include information that correlates to the proposed increases. Director Smith affirmed that the CFPs correlate to the proposed increases for the most part. However, the Stormwater Utility required an update as some projects were identified as a higher priority because of the adoption of the Urban Forestry Management Plan that was not previously included in the Stormwater CFP. Staff will identify revenues required to support the new program, as well as the long-term capital need for the Deschutes Estuary project. The CFPs are reviewed annually and re-forecasted to account for long-term capital needs and the financial status of each utility to ensure sufficient capital is available for operational needs and to maintain regulatory and City policy for operational reserves.

City Administrator Parks noted that fee increases are on an annual basis while updates to the CFPs are a bi-annual process. Each utility has its

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own CFP in addition to the Transportation CFP and the General Government CFP. The process tends to be protracted and bifurcated. It is correct that the CFPs forecast needs for capital projects for community priorities, regulatory requirements, or to meet new and future growth needs, such as the Deschutes Estuary project. The Deschutes Estuary project is projected to cost \$7.9 million over the next several decades.

Councilmember Althauser remarked that the explanation was helpful as the process has been somewhat confusing in terms of discussing both the budget as it pertains to the operating funds and the fees that are the proprietary funds. The budget pertains to future expenses based on approval by the Council. In terms of the proprietary funds, the Council previously approved expenditures through the approval of the CFP. By adopting the CFP, the Council is scheduled to approve the financing measure to fund the commitments the Council previously approved.

Director Niemeyer reported when staff embarked on the budget process, department directors were asked to determine what would be necessary to operate each department in terms of personnel, space, salaries, equipment, and any other needs. As previously reviewed, the needs identified are much larger than revenue the City receives. The City's financial toolbox includes several options for increasing revenue. One tool is utility taxes, which is contemplated in the proposed budget. The City instituted a utility tax in 1974 of 3%. In 1991, the City increased utility tax to 6%. Since then, utility tax has not been increased. The proposal is increase utility tax to 12% only on Tumwater-owned utilities (Water, Sewer, & Stormwater) and not Puget Sound Energy or other service providers. The additional revenue to the City annually would be \$617,000 to help fund the general fund. The cost to the average customer would be \$8.08 each month. Compared to neighboring cities, the City of Lacey charges 6% utility tax and the City of Olympia charges 12.5% utility tax. A comparison chart between the three cities reflect that the City of Tumwater's combined utility rates and proposed utility tax increase would increase the average utility bill by \$14.51 for an average utility bill of \$143.55 which is \$4.78 less than the City of Olympia and \$7.65 less than the City of Lacey.

An increase in the utility tax requires approval of an ordinance. Staff is prepared to present an ordinance for the Council's future consideration.

City Administrator Parks explained that the City is restricted in the use of funds generated by the business funds (utility funds). The City is restricted in the use of funds generated by utility rates and fees. Those funds can only be used by the utilities. The City can utilize rates and fees to transact an interfund loan; however, the loan must be paid back fully. Utility tax, however, can be used by the general fund to cover other City expenses. Utility tax enables the City to close the gap in

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projected revenue and projected expenditures in the general fund. The budget deficit projected at this time is \$6.8 million and accounts for the additional collection of \$617,000 in utility tax. The draft budget assumes a utility tax rate of 12%.

Councilmember Dahlhoff said that at this time she does not support increasing utility tax to 12% because of the lack of budget information. She wants the information to identify the need for an increase.

Discussion followed on the request to the Council. Director Niemeyer explained that the request to the Council is to approve the fee schedule, which does not include an increase in utility tax. Increasing utility tax requires a separate ordinance. The fee schedule includes the increases in utility rates.

MOTION: Councilmember Althausser moved, seconded by Councilmember Von Holtz, to adopt Resolution R2024-017, updating the 2025 fee schedule, as recommended by the Public Works Committee at its October 17, 2024 meeting. A voice vote approved the motion unanimously.

**COMMITTEE
REPORTS:**

**PUBLIC HEALTH &
SAFETY:**
Peter Agabi

The committee's November 12, 2024 agenda includes review and consideration of an Interlocal Agreement with Thurston County Prosecuting Attorney's Office for Prosecution Services, an Interlocal Agreement with Olympia for Mark Noble Regional Training Center, an Interlocal Agreement with Olympia for FDCARES Program, and Resolution R2024-015, Affirming the Council's commitment to equality, dignity and the protection of civil rights, and standing against hate, bigotry and discrimination.

**GENERAL
GOVERNMENT:**
Michael Althausser

The committee's next meeting on November 13, 2024 includes briefings and consideration of Amendment One to Interlocal Agreement with the Regional Housing Council for the Franz Anderson Project, an Interlocal Agreement with Cities of Lacey, Olympia and Yelm for the update of Accessory Dwelling Unit Plans, a review of proposed changes in Ordinance No. O2024-005, Development Code Administration, and discussion on a proposed Food System Plan.

PUBLIC WORKS:
Eileen Swarthout

Agenda items during the next meeting on November 7, 2024 include consideration of an Interagency Agreement with Washington Department of Commerce for Tumwater Fire Stations Solar + Storage Feasibility, a grant from the Department of Ecology for the Golf Course Stormwater Retrofit Project Amendment 2, Acceptance of Work with Sound Pacific Construction for the 2022 Pedestrian Improvements Project, Acceptance

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of Work with Miles Resources for the 2023 Pavement Maintenance project, authority to Solicit Bids and Recommend Award for the Percival Creek Fish Barrier Removal project, and an Old Highway 99 & 79th Ave Roundabout Schedule 74 Underground Conversion Design Agreement with Puget Sound Energy.

**BUDGET AND
FINANCE:
*Debbie Sullivan***

There was no meeting and no report.

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

City Administrator Parks reported on forms and documentation submitted to the federal government for \$86,000 from the Inflation Reduction Act for the City's clean vehicle purchases and EV charging infrastructure. She acknowledged the staff team for preparing the documentation lead by Coordinator Jones Wood and other staff members. Assuming the continuation of the Inflation Reduction Act, the City anticipates processing more requests annually as improvements are completed.

The demolition of the former South Pacific Restaurant site began earlier in the day. The first step of the process is asbestos remediation followed by the removal of the remaining structure and debris.

The City initiated recruitment for the Assistant City Administrator position.

The budget workshop on November 12 will be in a hybrid format. The Council meeting on November 19, 2024 includes the second public hearing on the budget. Additionally, the Tumwater Metropolitan Park District will conduct a meeting to review an audit engagement letter, data sharing agreement with the State Auditor's Office, selection of officers, receive a report on expenditures during the year, and conduct a public hearing on the property tax levy for the district and the proposed budget. The work session on November 26, 2024 will be a virtual meeting to include guests from the Thurston Climate Action Team. The December 3, 2024 Council meeting includes consideration for completion of the budgeting process through the adoption of the proposed budget and several other actions. The last Council work session is scheduled on December 10, 2024 as a joint meeting with the Planning Commission to continue the review on the Comprehensive Plan Periodic Update and the annual Work Plan for long-range planning for 2025.

Mayor Sullivan reported on her attendance to the October 16, 2024 Thurston County Elections Symposium, which focused on security of the election process.

On October 19, 2024, Mayor Sullivan attended a ceremony at the Union

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Pioneer Cemetery sponsored by the Daughters of the American Revolution. The Daughters expended 500 hours cleaning all headstones in the cemetery. The Daughters plan to continue working to restore some headstones. The event featured *Talking Headstones* with the history shared of some of the people buried in the cemetery.

On October 23, 2024 Mayor Sullivan and Councilmember Swarthout attended the High Capacity Transportation Visioning event. Leaders representing Sound Transit, Pierce Transit, Pacific Transit, Intercity Transit, Amtrak, and other agencies discussed ways to meet transportation needs and the methods to meet those needs.

Mayor Sullivan attended the ceremonial Change of Command for the Commanding General at Joint Base Lewis-McChord. The former commander has been reassigned to South Korea.

Mayor Sullivan attended the Principals' Emergency Fund breakfast along with other Councilmembers.

Upcoming meetings include the Intercity Transit Authority meeting and participating in a Veteran's Day event on the Capitol Campus.

**COUNCILMEMBER
REPORTS:**

Kelly Von Holtz:

Councilmember Von Holtz reported on her attendance to the Tumwater Principals' Emergency Fund breakfast. Later in the day, she and Councilmember Dahlhoff participated in the YMCA Community Conversation event and were introduced to several community members.

Councilmember Von Holtz and Councilmember Dahlhoff also visited and participated in the Community Bazaar at the ASHHO Cultural Community Center. During the event they registered five new voters.

Angela Jefferson:

At the last Emergency Medical Services Council meeting, members approved the 2024 Comprehensive Plan to move forward to stakeholders for review prior to consideration by the Thurston County Board of County Commissioners. The new eighth Medic One unit location and contract was approved by the Council.

On October 30-31, 2024, Councilmember Jefferson attended the Washington State Annual Prevention Summit in Seattle. She attended as a coalition member of Tumwater HOPES. Two new prevention state initiatives were reviewed comprised of a free online tool from the University of Washington. The tool, *Check-in with You*, is for youths and young adults to practice taking time to assess their mental, emotional, and physical states and to help manage stress. The tool can be

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accessed 24 hours on any internet-connected device at www.checkinwa.org. Participants received a briefing from the National Director of the Centers for Disease Control and Prevention (CDC). According to the Director, Washington State is leading the nation in prevention work within communities. Latest data reveals a small decrease in drug overdose deaths after years of an upward trend. Less than 4% of deaths are not attributed to opioids with most deaths attributed to fentanyl and xylazine. Young adults and vulnerable individuals are dying from overdose. Different races experience different outcomes. LGBTQ+ and youths who experience bullying are at most risk. Prevention needs to begin early for nicotine, alcohol, and marijuana use. The vast majority of youth do not use substances. The research indicates substance use begins because of toxic stress, instability in early life, houselessness, hunger, violence in the home, and the lack of opportunities. Helping unstable families and children is by providing and supporting housing vouchers and nutrition assistance (SNAP benefits) resulting in less child abuse and happier less stressed youths attending school and ready to learn.

Tumwater HOPES is moving forward with Thurston County Opioid Response Task Force in a contract for supporting some of the programs and to strengthen families and peer programs.

Peter Agabi:

Councilmember Agabi reported on his meeting with Michael Cade, Executive Director of Thurston Economic Development Council (EDC). Mr. Cade shared data breakdown of businesses in Tumwater that received assistance from the EDC. Approximately 12 businesses received assistance from the EDC. The EDC identified the gopher issue in Tumwater as one roadblock preventing the relocation of businesses to the City. The EDC sponsored a retreat on October 30, 2024 at the Indian Summer Golf Course.

Leatta Dahlhoff:

Councilmember Dahlhoff reported the Thurston County Opioid Response Task Force Prevention Group has identified strategies for moving forward in 2025. The strategies provide an opportunity to connect with Tumwater HOPES and the school district. It could involve pursuing a conversation in 2025 during the annual meeting with the school district. The strategies for the task force include expanding resources to local communities with an emphasis on peer education and youth-led substance use prevention work that could tie into the Tumwater Youth Council. Another strategy is expanding availability of fact-based drug education and information about harm reduction approaches to substance use for youth. Both strategies would benefit by working with Tumwater HOPES, the Tumwater School District, and a future Tumwater Youth Council in 2025.

Councilmember Dahlhoff attended the Thurston County Fall Winter

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Weather briefing. The National Oceanic and Atmospheric Administration (NOAA) presented information on flood mapping and weather expectations from now to the beginning of the new year. NOAA is predicting a weak El Nino of wetter than average and cooler than average temperatures for the Pacific Northwest. Representatives from the Washington Department of Transportation, public works, Puget Sound Energy, and other organizations presented information on preparedness for rainfall, flooding, snow, ice, and the snowpack and water supply.

Councilmember Dahlhoff attended the Tumwater Principals' Emergency Fund breakfast, which was very successful.

Councilmember Dahlhoff reported she and Councilmember Swarthout attended a basketball game between the Tumwater Fire Department and Thurston County Sheriff's Office. The game, *Fire & Ice*, resulted in fire winning by one point. The event raised over \$7,000 for the Shop with a Cop and the program providing youths with winter coats.

Michael Althaus:

At the last meeting of the Regional Housing Council, members discussed Energized Thurston, a program scheduled to deploy in January 2025 to provide access to heat pumps to low-income families, as well as the group buy program for families that do not meet the income threshold. Members were briefed on mold and moisture in housing, which has become a pervasive issue given the climate and the average age of housing stock. Members were asked whether there was regional interest to discuss the possibilities of policies addressing mildew and mold in housing. The Council renewed some advisory board member terms. Members received an update on the Franz Anderson project and the interlocal agreement scheduled for review by the Tumwater General Government Committee at its next meeting. Members also discussed the ribbon cutting at Lotus Court. The project is 61 units of permanently supportive housing located between the cities of Lacey and Olympia.

Eileen Swarthout:

Councilmember Swarthout reported she attended the October 23, 2024 High Capacity Transportation meeting and learned that the reason for no bus service to Black Hills High School is because of the inability for buses to turnaround due to lack of space.

On October 28, 2024, Councilmember Swarthout attended the Climate Mitigation Committee meeting. Members reviewed the Home Energy Score Model Ordinance and the Energize Thurston Program offering financial assistance for upgrading a home from gas to electrical appliances.

At the November 1, 2024 Thurston Regional Planning Council (TRPC) meeting, members reviewed the Growth Management Act Housing Need

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Allocation. TRPC is conducting the study for the region that will assist jurisdictions in the update of comprehensive plans.

Councilmember Swarthout attended the Tumwater Principals' Emergency Fund breakfast. She thanked everyone from Tumwater for attending and supporting the event.

**EXECUTIVE
SESSION:**

Mayor Sullivan recessed the meeting at 9:08 p.m. to an executive session for approximately 20 minutes to discuss Collective Bargaining pursuant to RCW 42.30.140(4)(b). No action is anticipated following the executive session.

**RECONVENE &
ADJOURNMENT:**

Mayor Sullivan reconvened and adjourned the meeting at 9:28 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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