

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
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CONVENE: 7:00 p.m.

PRESENT: Mayor Pete Kmet, Councilmembers Joan Cathey, Betsy Spath, Ed Hildreth, Nicole Hill, Judith Hoefling, Tom Oliva, and Neil McClanahan.

Staff: City Administrator John Doan, City Attorney Karen Kirkpatrick, Finance Director Jim Hendrickson, Community Development Director Michael Matlock, Public Works Director Jay Eaton, Police Chief John Stines, Senior Planner David Ginther, Contract Planner Gary Cooper, Fire Chief John Carpenter, City Engineer John Norman, and Recording Secretary Valerie Gow.

ADDITIONS TO THE AGENDA: Mayor Kmet moved Ordinance No. O2012-026 as the first item under Public Hearings. The agenda was approved as amended.

SPECIAL ITEMS:

PRESENTATION TO FIRE CHIEF JOHN CARPENTER BY HANNELE BEUCHNER, TUMWATER MUBENDE SISTER CITY: Hannele Beuchner, 10646 Cedar Lake Drive, SE, Olympia, Director, Tumwater Mubende Sister City Association, reported that during a visit in 2009 by Mubende Mayor Zziwa he received a donation from the City of an ambulance. During a subsequent visit in 2010, Mayor Zziwa met with Lt. Edward Wright, a firefighter from Poulsbo, who expressed interest in establishing emergency services in Africa. He visited Mubende to assess the areas needs. In March 2011, the ambulance was delivered to Mubende. Since then Lt. Wright has trained 14 local members with another colleague in emergency services and in the operation of the ambulance. They donated training manuals and some gear as well.

Councilmember Cathey arrived.

Ms. Beuchner acknowledged the efforts of Fire Chief Carpenter and the City for donating the ambulance and presented certificates of appreciation from Mayor Zziwa to Fire Chief Carpenter and to the City Council.

Ms. Beuchner advised that the association's website was recently updated and is located at www.tumwatermubendesca.org

Jaws of life was also donated to Mubende. Lt. Wright was also able to secure a donation of a fire truck from the Port Ludlow Fire Department. Funds from the sale of the fire truck will be used to support the ambulance and continued training of personnel.

Fire Chief Carpenter thanked Ms. Beuchner for the recognition and acknowledged her work on the project. Mayor Kmet thanked Ms.

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Beuchner for her work in fostering the city relationship.

PUBLIC COMMENT: There were no public comments.

CONSENT CALENDAR:

- a. Approval of Minutes: Regular Meeting, October 16, 2012; Worksession, October 9, 2012, Worksession, October 23, 2012; Worksession, October 30, 2012; Special Meeting, October 30, 2012.
- b. Payment of Vouchers
- c. Ordinance No. O2012-022, Ad Valorem for Special Levy
- d. Resolution No. R2012-017, Community Development Block Grant Program Authorization
- e. 2013 Agreement for Prosecution Services with Thurston County
- f. Award Contract: Vehicle Towing & Storage
- g. Regional Health and Human Services Agreement

MOTION: **Councilmember Hildreth moved, seconded by Councilmember Spath, to approve the consent calendar as published. Motion carried unanimously.**

Mayor Kmet reviewed items approved on the consent calendar.

PUBLIC HEARINGS:

ORDINANCE NO. O2012-026, EXTENSION OF MORATORIUM ON LIQUOR RETAIL SALES FOR OFF-PREMISE CONSUMPTION:

Director Matlock reported the Council adopted a moratorium in response to the liquor initiative passed by voters in 2011. The sale of liquor is no longer controlled by the State of Washington. The initiative included specific criteria for establishments licensed to sell liquor. Seven retailers are located in Tumwater with all currently selling liquor. The initiative also included language pertaining to a “trade area” of an underserved area where new liquor establishments of less than 10,000 square feet could be licensed by the Liquor Control Board. However, the legislation did not define “trade area.” The Liquor Control Board is scheduled to define the language through a rulemaking process. In response to the lack of a definition, the Council passed a moratorium banning new stores selling liquor until the trade area is defined.

The proposed ordinance extends the initial ordinance for another six month period. The Liquor Control Board has not issued a draft rule but expects to issue the rule later in the month. The rule will undergo a review period of up to 180 days prior to final adoption.

Councilmember Cathey asked whether the moratorium only applies to stores that are less than 10,000 square feet. Director Matlock said the moratorium applies to all new stores, regardless of size, that are not currently selling liquor.

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Councilmember Hildreth asked whether any other cities enacted similar moratoriums. He asked about the opening of any new stores in those communities that did not enact a moratorium. Director Matlock offered to follow up with information to address the questions.

City Attorney Kirkpatrick acknowledged that some cities enacted moratoriums prior to the City's moratorium. A number of cities had also previously included liquor stores within their respective zoning code. Tumwater's Zoning Code did not include liquor stores, which is another reason why the Council enacted a moratorium.

Councilmember Hildreth asked whether the other moratoriums are as broad as the City's in limiting all liquor retail sales. City Attorney Kirkpatrick said she is familiar with one moratorium that is similar to the City's moratorium.

Councilmember Cathey asked about the ability for the City to revisit the moratorium within the next six months if the state issues a definition. City Attorney Kirkpatrick advised that the Council could reconsider the ordinance at any time.

Councilmember Oliva asked whether the City can prohibit the state from licensing stores over 10,000 square feet that sell liquor. Director Matlock explained that the City's role pertains to reviewing permits for alcohol establishments. The moratorium doesn't allow processing of any new stores planning to sell liquor that are not currently operating. It's unlikely there are any existing retail establishments eligible to sell liquor, as all of the grocery stores in the City are currently licensed and selling liquor.

Mayor Kmet opened the public hearing at 7:24 p.m.

**PUBLIC
TESTIMONY:**

Darren Smith, P.O. Box 14039, Tumwater, disclosed that he is the owner of Tumwater Liquor and Wine LLC, which was the former state liquor store. He questioned the potential outcome if for some unknown reason or emergency he was required to relocate his business in Tumwater. He asked about the impact the moratorium would have on his ability to continue selling liquor at a new location.

Mayor Kmet asked Mr. Smith whether he is contemplating moving his business. Mr. Smith replied that he has no intent to move, but as a business owner, he must be prepared for contingencies.

City Attorney Kirkpatrick replied that the former state liquor store is exempt from the licensing requirement. However, the moratorium is

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only for six months and shouldn't have any impacts to the store beyond six months.

Mr. Smith reported that under the terms of the initiative and the rights of purchase of the former state liquor store, he is entitled to relocate within a one-mile radius of the original liquor store. However, he wants to avoid any conflicts between the City ordinance and state law and the possibility of the City's ordinance invalidated because it conflicts with state law.

Councilmember Cathey about the impact to the business if it moved to a new location that is less than 10,000 square feet. Mayor Kmet clarified that the current liquor store is less than 10,000 square feet. Under the moratorium, Mr. Smith would be unable to open a new business in another location. City Attorney Kirkpatrick affirmed that if Mr. Smith needed a new license or permit, the moratorium would prohibit the City's processing of any permits. While the state law affords the owner the ability to move the operation within a specific radius, she understands that is only available if the current store location is not available. She acknowledged that there are many hypothetical situations; however, while the moratorium is effective and if Mr. Smith was required to move, it would be problematic.

Councilmember Oliva suggested the possibility of the Council considering some type of portability clause within the ordinance to address a situation that requires a current licensed business to move.

Jess Sangha, President Washington Liquor Store Association, said the association has a membership of 100 small business owners. Members have paid over \$200,000 just for the right to sell liquor as a liquor store owner in a retail facility that is less than 10,000 square feet. Many owners are experiencing some difficult times through this new paradigm. It's important to consider that there is a right and there is a license. In some cases, there are some lease issues. For example, he owns the right but has some lease issues and consequently, his stores are not in operation. At some point, he will need a license to move the business within a specific geographical area. If Mr. Smith should have to close his business because of some unknown reason, Mr. Smith still has right but must obtain a license to relocate the business. It's important to have some protections for small business owners who reside and support the City unlike big box stores. He questioned how the City has seven licensed stores selling liquor if the City adopted a moratorium effective June 1.

Mayor Kmet responded that the businesses were authorized under the initiative. Any establishments over 10,000 square feet as well as the existing state liquor store meeting specific criteria were issued a

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liquor license. He described the reasons the Council enacted the moratorium. Ultimately, the City will need to address the issue after the State Liquor Board addresses the criteria.

Mayor Kmet closed the public hearing at 7:35 p.m.

Mayor Kmet outlined the options available for the Council's consideration.

MOTION:

Councilmember Spath moved, seconded by Councilmember Hoefling, to approve Ordinance No. O2012-026; Extension of a moratorium on liquor (spirits) retail sales for off-premise consumption.

Councilmember Hildreth said he opposes the extension for the reasons he previously stated. It also could place undue hardship on businesses located in the City if some emergency should occur requiring the business to relocate. That's unfair to businesses in Tumwater. There is no data to support limiting any growth in stores selling liquor.

Mayor Kmet asked staff about the City's experience based on the expansion of liquor sales. Police Chief Stines said the only impact has been an increase in the number of thefts of liquor from grocery stores in the City.

Councilmember McClanahan reported he met with the Olympia Police Chief who has been invited to testify on the new liquor law and its impact on youths. There is a belief that the increase in the number of children admitted to hospitals for alcohol poisoning is in direct correlation to the accessibility of liquor. He expressed support of the moratorium because alcohol is detrimental to youths.

Councilmember Hoefling commented that this is one of those situations where a higher authority needs to make some decisions before the Council can act. She supports extending the moratorium.

Councilmember Oliva said that although he generally favors extending the moratorium, he is sensitive to Mr. Smith's situation and could favor portability provisions. However, without zoning in place, the City has no control in the location of liquor stores.

MOTION:

Councilmember Oliva moved to amend Section 1 by adding the following, "except to stores of at least 10,000 square feet of fully enclosed retail space."

Councilmember Oliva explained that as a practical matter, the

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amendment likely won't make any difference because there are no existing businesses larger than 10,000 square feet in the City that are currently permitted that do not sell liquor. However, the Council should be concerned about exercising that power because it's an unnecessary overreach in terms of limiting where businesses operate.

MOTION:

There was no second to the motion. The motion died due to the lack of a second.

Councilmember Hildreth asked whether a liquor store is allowed to locate anywhere in the City if the moratorium is not extended. Director Matlock said liquor stores are commercial businesses limited to commercial or light industrial zoning districts. Residential zones do not allow the use. However, there are commercial zones abutting residential zones.

Mayor Kmet responded to questions and explained that the purpose for extending the moratorium is to provide an opportunity for the City to establish some criteria after the Liquor Control Board establishes definition in its criteria for licensing of liquor stores that are less than 10,000 square feet.

Councilmember Cathey commented that she originally opposed the moratorium because Tumwater shouldn't be conveying messages that the City is limiting businesses. Although she understands the concern and is supportive of actions that protect the community, she is still not convinced it's an action the Council should pursue. It is an overreach. However, if the state began issuing liquor licenses and the City hasn't established some zoning criteria, she would not want liquor establishments located near schools. Her decision is in conflict with her beliefs but she'll support the extension to afford time for the City to establish some criteria.

Councilmember Hildreth affirmed his concerns about safety as well. He questioned the likelihood of businesses grandfathered prior to the City's ability to restrict liquor sale locations through zoning. City Administrator Doan replied that the timing of the state's action is unknown at this time. The state has 180 days after late November before issuing a final rule. If the moratorium expires at the end of November, the City has no ability through its zoning to limit the location of new liquor establishments.

Councilmember Oliva questioned why the City couldn't begin drafting zoning language rather than delaying action pending the state's action. Mayor Kmet replied that the state rules might be acceptable to the City requiring no further restrictions, which is why there is some reluctance at this time to move forward with a draft.

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Councilmember Oliva added that if there is no action after one year, the City should move forward and establish some rules.

MOTION:

Motion carried. Councilmember Hildreth opposed.

**ORDINANCE NO.
O2012-025, BUDGET
AMENDMENT:**

Director Hendrickson reported that during the process of preparing the next biennium budget a number of adjustments are required based on activities and estimations for the next two years. The staff report includes detailed line-by-line adjustments. A majority of the changes are capital construction activities. Most of the activity occurs in the General Government and Transportation elements of the Capital Facilities Plan and the Special Revenue Fund containing some funds collected for projects.

Additionally, when the levy lid lift was passed, the line items were not created to account for levy lid lift funds. Those line items have since been created to track the funds appropriately.

The proposed ordinance adopts the total budget for each fund and the changes. Most of the City's funds did not change. Staff is requesting public feedback and the Council's consideration to move the ordinance to a second reading.

Mayor Kmet opened the public hearing at 7:55 p.m. There was no public testimony. Mayor Kmet closed the public hearing at 7:55 p.m.

MOTION:

Councilmember Hoefling moved, seconded by Councilmember McClanahan, to move Ordinance No. O2012-025 to a second reading by the City Council on December 4, 2012. Motion carried unanimously.

**ORDINANCE NO.
O2012-023,
ADOPTION OF THE
2013-2014 BIENNIAL
BUDGET:**

Mayor Kmet provided introductory remarks on the process undertaken in the development of the City's biennial budget. The City's financial situation is much better than many other communities. There are no proposed reductions in staffing. The City's good financial status is also attributed in part to the savings the City achieved over the last biennium as well as the implementation of some operation efficiencies. The City recently experienced a modest increase in revenue primarily from retail sales tax and some business taxes through construction and retail activity. The proposed budget includes modest efforts to improve maintenance of parks, streets, and City facilities. The Council is grateful to the citizens of Tumwater for passing the public safety initiative affording the City the opportunity to hire additional police officers and firefighters, purchase a new fire truck, and expand the police facility.

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City Administrator Doan provided an overview of the 2013-2014 Biennial Budget. The budget was a significant effort by directors and the City Council. The budget represents one of the two most important tasks of the Council in terms of adopting a comprehensive plan and setting the vision for the community, and adopting a budget and determining how to allocate resources.

The City's accomplishments over the current biennium include:

- Adopting the City's first biennial budget
- Emergency snow response by staff and the community
- Completion of Littlerock Road improvements
- Public Safety Improvements through successful levy lid lift
- Initiated Capitol Boulevard Planning process
- Initiating a Brewery Neighborhood Planning Process
- Initiated Brewery Action Plan
- Implemented some Council Operational Updates
- With assistance from the 17th Fires Brigade at Joint Base Lewis McChord, the City installed a Pioneer Park shelter
- Improved the City's Communications Program and sponsored Tumwater University

The purpose of the City budget serves many roles for different people. It serves as a management tool, accountability tool, public input process, public information tool, it sets direction, it allocates resources, and it achieves vision, mission, and beliefs established by the City Council.

The budget process began with the Council's retreat in April 2012, which established the direction of the budget and City goals. In August, department directors received instructions on preparing budget proposals that were due in September. The Council conducted a series of budget workshops in September and October. The public hearing is scheduled to receive public feedback on the budget with adoption scheduled on December 4.

On the positive side, most departments under spent respective spending targets through efficiencies, attrition/changes in staffing, or delaying some projects. Over time, the City has reduced staffing and implemented many efficiencies. The Public Safety Levy Lid Lift enabled the City to enhance the City's public safety program. The City has experienced a significant amount of permit-related revenue through impact fees from single family home construction. Over 500 single family homes have been constructed in the last four years. The City delayed some initiatives. Some commercial permits exist and there are significant commercial opportunities in the future.

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On the downside, property values continued to decline impacting the City over the last four years. According to recent data across the nation, home values are slowly increasing. The City also hit the \$3.10 per \$1,000 of assessed valuation property tax cap. If valuation doesn't begin to increase, it may impact the City's budget negatively beginning in 2015. Uncertainties continue to exist in terms of the economy, the federal fiscal cliff, federal debt, Europe, and actions occurring in the Middle East. The City projects moderate sales tax growth potential while continuing to experience significant facility and infrastructure needs. Those needs can be deferred for several years, but at some point, maintenance of assets is necessary. The City, as a consequence of the economy, continues to experience declining grant and shared revenues especially in terms of the federal debt situation and the outcome of the fiscal cliff.

The City's limited financial toolbox includes:

- Influence level of service
- Increase revenue sources
- Implement efficiencies
- Increase taxes and fees
- Seek one-time revenues

The City's budget is comprised of 25 different funds, each with separate rules on how funds can be spent. The General Fund is the basic fund for funding police, fire, and all City departments. Other funds include utilities and the golf course, reserve funds, and capital project funds. The proposed 2013-2014 budget totals \$123,303,302 representing an increase from the last biennium budget because of levy lid lift revenue. The budget includes two proposed utility rate increases of 5% for Water and Storm Utilities and a 3% rate increase from LOTT Clean Water Alliance for the operation of the waste water treatment facility.

Overall budget highlights include:

- Continue commitments and stabilize
- Retire library bond debt in 2012 and retire water utility debt in 2013
- Street resurfacing on Henderson, Tumwater, and Capitol Boulevard
- Significant grants and loans for utility projects
- Implement Public Safety improvements

The General Fund budget is \$53.5 million over the two-year period.

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It includes General Fund Special and Reserve funds and an increase from levy lid lift and carry-over revenues. Property tax increased with the Consumer Price Index (CPI) but is capped at \$3.10 per \$1,000 of assessed value. Approximately 52% of the General Fund is spent on public safety, representing a 3% increase from the last biennium.

City Administrator Doan displayed and described two pie graphs of revenue by source and expenditures by department.

General Fund highlights include:

- Continue efforts on Brewery Redevelopment
- Complete Capitol Boulevard Planning
- Initiate Brewery Neighborhood Planning
- Begin work on Design Guidelines
- Address the impacts caused by the Mazama Pocket Gopher designation
- Implement facility improvements
 - Restore facility, parks and street positions
 - Improve street trees, T-2 Station, Library and Old Town Center
- Continue technology improvements
- Work with LOTT Clean Water Alliance on water tank and T Street Park
- Continue design and funding for Deschutes Valley Trail
- Implement Public safety improvements – hire third police officer, implement the School Resource Officer Program, initiate police facility improvements, and study volunteer programs
- Utilize Olympia fire training facility
- Implement Fire Inspection Program
- Study Municipal Court future
- Performance Measurement Initiative
- Introduce a volunteer program with .5 FTE
- Establish a Neighborhood Matching Grant Program
- Initiate Well City Program for employees
- Add a second mailed community newsletter
- Continue to fund the Emergency Fund

City Administrator Doan reported the proposed budget is presented for a public hearing and passage of first reading with adoption scheduled on December 4. The Council will have another opportunity to review the budget during its worksession on November 27.

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Mayor Kmet opened the public hearing at 8:21 p.m. There was no public testimony.

Mayor Kmet closed the public hearing at 8:21 p.m.

Councilmember Spath thanked City Administrator Doan and staff for their efforts in preparing the budget. The City has experienced significant improvements in City operations. The presentation was very clear and informational for citizens.

Councilmember Oliva asked whether the budget is available on the City's website. City Administrator Doan affirmed the budget and all budget detail is available on the website.

Councilmember Hoefling complimented staff on the budget process, which was very transparent. For the benefit of residents, Councilmember Hoefling asked for additional clarification of the Brewery Neighborhood Planning project and the Brewery Redevelopment project.

City Administrator Doan explained that the Brewery Redevelopment Project is the result of the visioning project the City completed with the community that was focused on the newer brewery area and not the historic brewhouse. The newer brewery properties include the area and warehouses in the valley, buildings on the knoll, and the bluff overlooking the valley. The vision process produced an action plan adopted by the Council. Subsequently, the Council hired a Brewery Manager who is working on resolving infrastructure, ownership, and zoning issues associated with the brewery properties.

The City's Strategic Plan identifies a Brewery Neighborhood, which essentially is the historic downtown area of the City. The area includes a mix of uses and a physical design promoting walkability and a downtown atmosphere. The Brewery Neighborhood is defined as the entire area surrounding the brewery properties beginning at the City's northern boundary south to Western Meats and the Valley Athletic Club and west to the Old Town Center. The purpose of the planning project is helping the neighborhood transition and prepare for the redevelopment of the brewery properties, which will profoundly affect the surrounding neighborhood.

Councilmember McClanahan acknowledged the work of staff, City Administrator Doan, Director Hendrickson, and Mayor Kmet in the development of the budget. It's reassuring the City has a two-year solid budget that is capable of growth as opposed to other agencies that are struggling each year. Other agencies have indicated

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Tumwater is leading the way by adopting a biennial budget. The City's priorities are in good order and the City is moving forward.

MOTION: **Councilmember McClanahan moved, seconded by Councilmember Hill, to move Ordinance O2012-023 as presented, adopting the budget for the City of Tumwater, Washington for the two year fiscal period ending December 31, 2014 (Biennial Budget 2013-2014), to second reading on December 4, 2012.**

Councilmember Hill expressed appreciation for the leadership of the directors and the talent of staff.

Councilmember Hildreth commented that the budget document is excellent and staff did a great job.

Councilmember Cathey thanked City Administrator Doan for introducing a biennial budget to the City.

MOTION: **Motion carried unanimously.**

**COUNCIL
CONSIDERATIONS:**

**ORDINANCE NO.
O2012-021, AD
VALOREM FOR
REGULAR
PROPERTY TAXES
FOR THE FISCAL
YEAR 2013:**

Director Hendrickson reported the proposal establishes the property tax rate for the City. This is the second year of the levy lid lift. The levy lid lift allows for the increase of 2.7% over prior year taxes. However, the City's property tax rate is capped at \$3.10 per \$1,000 of valuation. Exceeding the cap erodes the taxing authority of Timberland Regional Library. Since the City is currently at the cap and if the City elects to increase the rate by 2.7%, the City loses approximately \$195,000 each year. Additionally, the proposed ordinance indicates that the increase is zero because the calculation of assessed value before adding new construction multiplied by the rate of \$3.10 per \$1,000 of assessed valuation is a little less than the current year's total by approximately \$9,000. Subsequently, based on law, if the amount is less than zero the ordinance must reflect \$0. The addition of new construction will reflect an amount of \$65,000 higher than received in 2012.

MOTION: **Councilmember Oliva moved, seconded by Councilmember Cathey, to approve Ordinance No. O2012-021, an ordinance relating to tax revenue of General Fund fixing the regular property tax levy for the City of Tumwater, Washington for the fiscal year ended December 31, 2013. Motion carried unanimously.**

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**NOTICE OF
INTENTION TO
COMMENCE
ANNEXATION
PROCEEDINGS FOR
27.17 ACRES OF
LAND LOCATED
BETWEEN THE CITY
LIMITS AND PRINE
DRIVE SW:**

Contract Planner Gary Cooper presented the Notice of Intention to Commence Annexation Proceedings for 27.17 acres of land located between the City limits and Prine Drive SW. This action is considered the direct petition method of annexation. An applicant has requested annexation to the City. The Notice of Intention to Annex was received by the City on October 3. The proponent owns properties located within and outside the City limits. At this time, the applicants have no specific development plans for the property but believe the properties could be marketed more competitively if located within the jurisdiction of the City rather than separated by the City's boundary.

Planner Cooper displayed an illustration of the proposed annexation area. The proposal encompasses 9 parcels totaling 27.17 acres represented by one applicant.

Planner Cooper introduced Ray Aspiri, applicant of the proposed annexation.

Ray Aspiri, 8808 SW Glen Landing, Vashon Island, reported he is the owner of the properties. He introduced Pastor Denny Bobbitt and Shawn Talbot, who were instrumental in moving homeless individuals from encampments nearby to shelters and homes. They changed the lives of many who have served the country in the military. Pastor Bobbitt has arranged to clean up the area. He invited the Mayor to participate in coordinating the clean up activity.

Mayor Kmet thanked them for their efforts.

Planner Cooper reviewed the public outreach to include a courtesy notice of the proposed annexation to surrounding properties, which is not required by the annexation process. The City conducted an open house on October 8 to answer questions from residents. No one from the community attended the open house. Staff has contacted representatives from the Regional Fire Authority, which is a stakeholder as tax revenues shift from the Authority to the City from property taxes. In this case, the amount is approximately \$1,950 annually if the annexation is approved as proposed. The Fire Authority has not forwarded any comments on the proposal.

Some decisions are necessary under the statute. One of the immediate steps is determining whether to accept, modify, or reject the proposal. The second consideration is whether the proposed annexation will require the simultaneous adoption of a new zoning designation. The last consideration is whether the City, upon annexation, requires the residents within the annexation area to assume their portion of existing City indebtedness.

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The impact of assuming any City indebtedness for a home valued at \$200,000 is approximately \$33 more per year per parcel. However, there is an offset in the reduction of some county levies. The net impact in property tax per household per year is approximately \$15 based on a \$200,000 home.

The Council also has the option of accepting the proposal as presented, rejecting, or geographically modifying the proposal. The Council has some latitude on where to establish a revised boundary. The parcels represented in the Notice of Intention to Annex must represent a minimum of 10% of the assessed value of all the parcels represented in the final proposed annexation boundary. After the Council sets the boundary, it's referred to as the "10 percent boundary." The nine parcels have an assessed value of \$1.3 million. The Council has the authority to expand the annexation to an area that would encompass \$13 million of assessed value.

Some of the issues for determining the 10 percent boundary include incompatible zoning. The area to the west of the core proposal area is currently zoned Commercial District. The City does not have a Commercial District zone, which creates a barrier. To annex the area, the Council would need to adopt a Commercial District zoning district, which would add several months to the annexation process. The county was contacted about the annexation petition. The urban growth areas and the county have similar zoning. However, in the early to mid-90s there was a zoning change in the county that was not included within the Joint Planning Policies. Planner Cooper recommended deferring to the county to rectify the zoning prior to including the area within an annexation.

The City has been contacted by two additional property owners who are interested in the annexation. The properties are located south of the proposed boundary.

Staff recommends the Council accept the proposal to annex with some minor geographical modifications, not propose any zoning changes from the current zoning, and require the annexed area to assume City indebtedness. Planner Cooper reviewed the area recommended for annexation, which excludes the two parcels that the applicant originally included in application that are located in the northwest corner because they are zoned Commercial District, and only include one parcel from one of the property owners to the south requesting inclusion in the annexation to avoid creating a county island. The initial annexation area is supported entirely by the property owners, it creates a logical boundary, it doesn't create any county islands, and no zoning changes would be required.

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Planner Cooper reviewed future steps if the annexation is accepted by the Council. Staff will draft a petition and circulate it to affected property owners. Approval of the property owners representing 60% of the assessed value of the annexation area is required, which is anticipated. Final approval of the annexation occurs after review and approval by the Boundary Review Board (BRB) followed by a public hearing and action by the Council.

Mayor Kmet asked whether a review by the BRB is automatically triggered by the annexation petition. Planner Ginther advised that the annexation is reviewed by the BRB.

Councilmember Spath asked about the existing zoning of the property. Planner Cooper said the property is currently zoned General Commercial.

MOTION:

Councilmember McClanahan moved, seconded by Councilmember Oliva, to accept the annexation proposal with minor geographic modifications as recommended by staff, adopt the existing Comprehensive Plan land use designation and General Commercial zoning upon annexation, and require the property owners within the proposed annexation to assume their portion of existing City indebtedness.

Councilmember Hildreth asked whether water and sewer services are provided to the properties. Director Eaton said that currently, water and sewer does not extend into the area. When development of the properties occur, the owner will need to extend water and sewer service as a condition of development. Water extends down Tumwater Boulevard but not sewer. Typically, as development needs utility extensions, the developer is responsible for paying for the cost of the utilities. Some of the cost can be recouped through a latecomers agreement or the developer can delay extension until the City includes a project in the Capital Facilities Plan (CFP) to extend utilities.

Councilmember Cathey asked about any residential structures on the properties. Planner Cooper said there are some structures on the properties. It appears some may be inhabited.

Mr. Aspiri reported there is one tenant on his property, which is not included in the proposed annexation. The property was not recommended for inclusion because it creates a county island. He referred to the illustration of the 27 acres to the north of Israel that are under consideration for a rezone, 11 lots of the former John Fedor property located south of Israel Road where the encampments were

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located, and the proposed area of the annexation. That entire area would be zoned General Commercial providing a long-range view of how commercial development might occur.

Councilmember Oliva asked whether General Commercial zoning allows big box retail. Planner Ginther affirmed that General Commercial allows many uses with the exception of heavy industrial uses. Councilmember Oliva said it appears the annexation could create a footprint that would enable activity of a scale that otherwise couldn't occur. It appears that the activity could impact residents along Prine Drive. He asked about Prine Drive serving as a commercial corridor to serve the properties. Planner Cooper advised that future development of the annexed area is difficult to predict. Those types of impacts are analyzed at the time of a development proposal. Zoning is currently General Commercial and annexation of the properties doesn't change any uses that are currently allowed. Impacts from development are reviewed and analyzed at the time of a development proposal. Any impacts must be mitigated based on the City's codes.

Councilmember Cathey asked about the reason the City wouldn't consider rezoning the property. Mayor Kmet said the City has an agreement with the county. When annexation occurs within the urban growth area, the City had agreed not to change zoning for at least one year. The parcels proposed for annexation were always envisioned as General Commercial because of their location next to the freeway.

Councilmember Hill expressed support for the motion as the applicant is also a City taxpayer and is attempting to promote development of the property. She finds value in that action and has confidence in the City's review standards, which will address any impacts to the neighborhood.

Councilmember Spath added that she also supports the motion. No residents living in the surrounding areas voiced any concerns with the petition.

MOTION:

Motion carried unanimously.

Planner Cooper described the next steps involving the drafting of a petition that is forwarded to landowners within the proposed boundary. Sixty percent approval is required. The petition is reviewed by the BRB and returned to the Council to conduct a public hearing followed by Council action.

Councilmember Hoefling asked about the Fedor properties. Mr.

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Aspiri reported that John Fedor passed away on December 19. Mr. Fedor managed the properties for many years. As the surviving manager, Mr. Aspiri said he assumed responsibilities for the properties. Mr. Fedor frequently attended City meetings. He mentioned the work of Mr. Fedor with other property owners in the area and his support for extending Tyee Boulevard to help relieve congestion on Littlerock Road. Mr. Fedor visualized many of the improvements to that area and should be credited for his efforts.

Councilmember Oliva suggested posting signs along Tumwater Boulevard regarding the proposed annexation to assist in notifying as many residents as possible about the proposed annexation. Planner Cooper affirmed staff could extend the notification area based on Council's direction. Mailings have been sent to surrounding property owners about the proposed annexation. Councilmember Oliva suggested the City should be as transparent as possible to avoid residents claiming they didn't know about the proposed annexation. Mayor Kmet advised that staff can post signs on Prine Drive and Tumwater Boulevard and review the City's notification procedures.

**CAPITOL
BOULEVARD M
STREET TO
CAPITOL
BOULEVARD
BRIDGE PROJECT:**

City Engineer Norman reported the City received federal grant funds in 2011 for the Capitol Boulevard Resurfacing project from M Street to the Capitol Boulevard Bridge. The project application was for a total project cost of \$1,010,000, of which \$810,750 is grant money.

The project includes grinding and replacement of the top asphalt surface, replacing the loops at the signals at Linwood and Capitol, and at E Street and Capitol with video detection, and upgrading sidewalk ramps to ADA standards.

Capitol Boulevard consists of four lanes with a median containing a concrete slab. There are existing bikes lanes from M Street to E Street. There are no bikes lanes from E Street to the bridge. Concrete under the asphalt is creating asphalt cracking as the roadway is approximately 20 years old. The cracking is occurring at the edge of the concrete. The Public Works Committee was advised that removal of the concrete from the roadway, replacement of the median, and the remaining project elements could increase the cost to approximately \$3 million. The committee elected not to pursue that project scope.

However, the committee did discuss adding bike lanes from E Street to the bridge. Including bike lanes along that segment requires removal of existing sidewalk on both sides of the roadway, extending the roadway to include a bike lane, and reconstructing the sidewalks, which would require some retention walls along some areas of the roadway as well as some fencing.

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From M Street south on Capitol Boulevard there are no bike lanes. However, the Capitol Boulevard Planning process is including a bike lane proposal along Capitol Boulevard. If bike lanes are added, they would stop at the bridge and necessitate a future need to address bike lanes across the bridge. There are also no bike lanes north of the bridge to Custer Way. The committee was informed the construction of bike lanes from Capitol Boulevard from E Street to bridge would cost approximately \$360,000. However, upon further review by staff, signal poles need to be moved necessitating an additional \$100,000 in cost for a total cost of \$450,000. The committee recommended including bike lanes from E Street to the bridge as an element of the project. An additional \$450,000 is required from the transportation element of the CFP to include the bike lanes.

Councilmember McClanahan commented that in conjunction with the ongoing study of Capitol Boulevard, he recommends including bike lanes because if not included, the City will lose the momentum and likely not include the lanes for some time. The bridge will be a challenge because it's an historical bridge. However, adding bike lanes south of the bridge will provide a major improvement for the community, which will tie in and enhance efforts occurring with the Deschutes Valley Trail. For those reasons, he supports the inclusion of bike lanes within the project.

MOTION:

Councilmember McClanahan moved, seconded by Councilmember Spath, to approve including construction of bike lanes from E Street to the Capitol Boulevard Bridge as part of the Capitol Boulevard Resurfacing: M Street to Capitol Boulevard Bridge Project.

Councilmember Hoefling commented on the possibility of including bike lanes off site at less cost. Although not necessarily opposed to the motion, she is concerned about allocating \$450,000 from the CFP because it may delay another important project. As an owner of a vehicle, Councilmember Hoefling said she pays road tax for her vehicle, which pays for the pavement. However, bicyclists are not charged any fees or assessed for any of the costs incurred to add bike lanes. She questioned why policymakers do not have a discussion on the issue of bicyclists paying for what they use. As budgets continue shrinking, everyone needs to pay their share. Essentially, it entails taking funds from the CFP that could be used for other important projects to include bike lanes on a street that probability shouldn't have bike lanes because it's narrow and dangerous. She'll support the motion but wanted to share her concerns.

Mayor Kmet replied that he's had the discussion at the regional level

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and hasn't received much support for the concept of everyone paying a fair share.

Councilmember Spath said the City is experiencing traffic congestion on the boulevard. The City is encouraging more people to commute by bicycle. If the City wants to increase commuting by bicycle, it must be safer. Including a bicycle lane definitely contributes to the safety of bicyclists. She supports the motion and hopes one day the City can extend bike lanes to Custer Way.

Councilmember Hill said the Public Works Committee thoroughly discussed all possible alternatives. She expressed support of staff's patience with the committee as it discussed the fiscal implications of including bike lanes. There is more efficiency by including bike lanes and pedestrian facilities when construction occurs in the corridor. This is the opportunity to include bike lanes and if the addition of 800 feet of bike lane is not included, the City likely will not have an opportunity to add it later. She suggested timing the construction of the stormwater/wetland project in conjunction with this project to increase some project efficiencies.

Councilmember Hildreth added that he fully supports improvements occurring on Capitol Boulevard. Even though the Public Works Committee supported the inclusion of bike lanes, he as a member did not support the inclusion for several reasons. The project cost of \$450,000 is nearly half the cost of the total project and it only adds 800 feet of bike lane. Additionally, a future path within 100 feet to the east could be used by bicyclists. It also removes \$450,000 from the CFP for other projects that are needed. The project can be delayed with no additional cost in the future when more funds are available.

Councilmember Cathey expressed support of the motion because of what the City is trying to accomplish in Tumwater to promote roadways that are bike/pedestrian friendly. She supports the addition because it aligns with some of the comments the community expressed during the brewery visioning process.

Councilmember Oliva supported the motion and agreed it's an expensive project as well as a nexus to recreation areas where bicycle traffic will continue to increase from the bridge to Tumwater Falls Park and as the river trail develops. The area will become a destination point for outdoor recreation. The bike lane is important for public safety as well. He asked about the programming impact in the CFP.

Director Eaton reported projects moving forward in the CFP typically

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include other sources of funding. However, there are some projects with no other sources of funding at this point that might be delayed. One project is the 93rd Avenue/Case Road intersection. The project programmed is the design work associated with the future project to identify the required right-of-way because it's likely the intersection will be converted to a roundabout. Design work has been completed and the funds set aside are for right-of-way acquisition. Right-of-way acquisition could be delayed until development begins to occur. The other project is for Capitol Boulevard for the south end project that includes no grant funding. Other funds are from the fund balance.

Councilmember Oliva recommended including additional landscaping and enhancing the area of the sign overlooking the brewery property to attract more people to the area.

MOTION:

Motion carried. Councilmember Hildreth opposed.

Mayor Kmet added that a similar and difficult discussion occurred when the bike lane on the west side of Capitol Boulevard was constructed. That project also increased the cost of the project. The facility is a great asset for both bicyclists and pedestrians because it affords some separation between pedestrians and traffic. It also positioned the City to receive another grant to complete the east side of Capitol Boulevard. In the long term, the project is a good investment for the City and will enhance the gateway to the brewery property.

**COMMITTEE
REPORTS:**

**GENERAL
GOVERNMENT:**
Joan Cathey

The next meeting is on December 5.

PUBLIC SAFETY:
Judith Hoefling

The committee reviewed the prosecutor's agreement and received an update on the status of levy lid lift purchases. The next meeting is on December 11. The committee is scheduled to discuss marijuana.

PUBLIC WORKS:
Neil McClanahan

The committee reviewed and recommended the M Street to Capitol Boulevard Bridge project and discussed the Transportation Benefit District (TBD). The Council is scheduled to discuss the TBD during a worksession.

**BUDGET AND
FINANCE:**
Pete Kmet

There was no meeting.

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

City Administrator Doan reported the City released the bid for the police facility expansion. At its first meeting in January, the Council is anticipated to approve award of the bid. He shared photographs of the assembly of the City's new fire truck. Fire Department staff will travel to Appleton, Wisconsin to accept delivery of the truck. After its arrival, the truck will be serviced in Oregon. Three newly hired firefighters recently graduated from the fire academy with two currently performing duties and one continuing advanced firefighter training. The City recently hired a second police officer, who will be introduced at the Council's first meeting in December along with the new firefighters.

Tumwater's Tree lighting ceremony is scheduled on December 8 from 2-5 p.m. A number of local school performances are scheduled at the Fire Department prior to the tree lighting.

The City has partnered with Tumwater's Lions Club for the Holiday Assistance Program. The club will assume a lead role in managing the program. The community is encouraged to visit www.tumwaterlions.org to contribute toys. Tags are available at City Hall for donating toys at City Hall. The Lions Club will provide more information on the program at the Council's next meeting.

Last week, some City staff members and Councilmembers visited JBLM at the invitation of the 377th Field Artillery Regiment, 17th Fires Brigade, to view a live fire demonstration of the M777 howitzer.

Mayor Kmet reported on his attendance to the 40th anniversary celebration of the Thurston County Food Bank as well as the opening of the new Hands On Children's Museum. He and City Administrator Doan recently attended a regional meeting of the Association of the Washington Cities to review some trends in city government. The greatest uncertainty is with the state budget. There are many concerns that some of the funds from the Public Works Trust Fund and other programs will be reallocated to other programs. He is scheduled to attend AWC's Mayors Exchange at the first of the month to receive an update from the new administration from the Governor's Office.

**COUNCILMEMBER
REPORTS:**

Joan Cathey:

Councilmember Cathey reported she attended a meeting of Sustainable Thurston on October 22. Members are entering Phase 2 of the sustainable planning process. Phase 2 focuses on "Creating

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places - Preserving Spaces.” The next meeting is on November 26. She referred to the newspaper article on the relocation of Sealy Mattress to Hawks Prairie, which speaks to the efforts of the Thurston County Economic Development Council (EDC) in promoting economic development in the region. At the last EDC Board meeting, discussion centered on EDC’s Strategic Plan focus on nine major areas. Tumwater is #5 on the list. She shared information on Asian food markets from Alaska to Los Angeles that rely on shipments of produce by six semi-trailers each week that are produced by a local farm in Rochester. The company was able to secure a grant through the USDA Natural Resource Conservation Service to build high tunnels similar to portable greenhouses for growing produce year round. The EDC Board rotates its monthly meeting location around the region. The EDC recently upgraded its website.

Betsy Spath:

Thurston County Emergency Medical Services Council (EMS) has initiated a system-wide needs study. The project lead is Thurston Regional Planning Council. All fire districts attended and participated in the meeting.

The Thurston County LEOFF Disability Board reviewed one item for consideration, which was returned for additional information.

The Regional HSRC Committee received 28 funding requests for 2013. Members are scheduled to return ratings next week followed by a meeting on December 5 to review the proposals for a funding recommendation.

Councilmember Spath said the recent trip to JBLM was very interesting. The howitzer was huge and one round weighs over 100 pounds.

Councilmember Spath shared that she recently toured a cargo ship at the Port of Olympia. She encouraged the Council to take advantage of the opportunity to tour cargo ships while they are in port. The ship was the Mt. Rainier from Hong Kong. The shipment was logs.

Ed Hildreth:

The Authority is currently in the process of hiring a new general manager. The subcommittee met and finalized the Request for Proposal. In the interim, Ann Freeman-Manzanares is the acting general manager.

The Hawks Prairie Park and Ride Lot should open in December.

The conversion to narrowband has been completed by T-Comm. However, a tower on Tumwater Hill will be moved because of the

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amount of transmissions from other towers interfering with signals.

The Solid Waste Advisory Committee issued its final report on plastic bag regulations. The report is available on the county's website. The next step is receiving input from the cities and the county prior to adoption by the County Commission.

Councilmember Hildreth reported on his recent appointment to the Board and the Executive Board of TOGETHER! However, he is not representing the City because Councilmember McClanahan is the City's representative. He also accepted an appointment to a national committee of the American Public Transportation Association as well as an appointment to the Executive Committee of the American Public Transportation Association. The next meeting is in March 2013.

Councilmember Hildreth thanked Supervisor Todd Anderson for a recent tour of the Tumwater Town Center and attendance to the Center's council meeting. He also spent an evening at a middle school event sponsored by the Tumwater Youth Program. Over 300 students attended the event. He recently attended the Tumwater School District PTA annual meeting and participated in a ride-along with Tumwater Police Officer Ken Rider.

Councilmember Cathey asked about the status of Pierce Transit addressing express service since its recent ballot measure failed. Councilmember Hildreth reported the issue is on the Authority's agenda to address. With the new federal transportation reauthorization (MAP-21), all discretionary funding to Intercity Transit was lost. It is likely the expansion of the Pattison facility will be delayed. Both are two of the major issues the Authority is scheduled to review. The demand for express service continues to grow.

Nicole Hill:

Councilmember Hill said Animal Services will provide a presentation to the Council in January. At its last meeting, members were advised that animals entering the shelter have decreased by 20% over the last five years. However, adoptions have decreased by 40% over the last five years. She recently adopted a dog from Animal Services. Some of the top 10 complaints in Tumwater in 2011 included stray dogs, injured wildlife, injured dogs and cats, barking dogs, and dogs in hot cars.

Councilmember Hill reported on her and Councilmember McClanahan's attendance to the Tumwater Education Foundation fundraiser. The event was very well attended and she met many great students.

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Judith Hoefling:

The recent meeting of the Thurston Regional Law and Justice Council was recently canceled because the Thurston County Courthouse received a bomb threat.

Councilmember Hoefling reported she was able to observe the recertification of the Community Action Council during a recent Board meeting. The Community Action Council received a clean audit of all of its programs provided through federal, state, and local funding. Earlier in the day, she attended the Visitor Convention Bureau Board meeting and received an update on upgrades to the VCB's website.

Councilmember Hoefling shared information on the increase in the cost of turkeys this year and how that increase in cost is impacting the Thurston County Food Bank. She encouraged everyone to provide assistance to the food bank this year to enable the food bank to help others.

Tom Oliva:

Councilmember Oliva reported on his attendance to the recent grand opening and dedication of the Hands On Children's Museum. The LOTT Clean Water Alliance administration office is located across the street. The office features the Wet Center for water education. LOTT is collaborating with the Hands On Children's Museum to encourage visitors to visit the Wet Center and learn about water. Most of the exhibits at the museum are science and nature-oriented about the Pacific Northwest and Puget Sound.

The LOTT Board selected members for its Citizens Advisory Committee formed to inform the Board about the public's interest in the Groundwater Scientific Recharge Study. One member of the 16-member committee is a resident from Tumwater.

At its last meeting, TRPC completed a review of its work plan. TRPC assisted in funding the City's Capitol Boulevard Study. Councilmember Oliva reported he attended the study's third public meeting on October 30. The meeting was taped by TCTV and can be viewed through a link on the City's website.

The signal at Lake Park Drive and Trosper Road is now operational.

Neil McClanahan:

The Thurston County Housing Task Force received an update from a representative with the Department of Commerce on the homeless count.

Tumwater United for Families (TUFF) is working on scholarships for students.

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Thurston County HOME Consortium's last meeting included a discussion on the region's overflow shelter during cold weather. Local cities open facilities during cold weather to house homeless individuals when temperatures dip below 32 degrees. Members discussed the funding needed to continue the program and agreed to raise the temperature from 32 to 38 degrees resulting in 48 more days of shelter during the winter. The Salvation Army has agreed to accommodate more single women and children by working with the Family Support Center and the Community Action Council.

Councilmember McClanahan reported on the recent arrival of the new director of the Thurston County Public Health and Social Services Department. Don Sloma is the new director. He is very knowledgeable and when he discusses health issues of the community, the discussion includes mental health, substance abuse, clothing needs, nutrition, and housing needs.

Councilmember McClanahan attended the Veterans Day event at the Capitol Rotunda on behalf of the Mayor. He also spoke to JBLM General Brown during a recent chamber meeting. General Brown complimented two cities that have been very supportive of the 17th Fires Brigade and the community's support of the base and the military. Tumwater was one of those cities.

Pete Kmet:

Mayor Kmet referred the Council to a copy of a presentation from Dan Penrose, Program Manager, South Sound Military & Communities Partnership on demographics, and the impact to the region by Joint Base Lewis McChord.

Councilmember Hoefling requested consideration to schedule a presentation at a future worksession by Dennis Mahar on the impact and opportunities of aging.

ADJOURNMENT: With there being no further business, Mayor Kmet adjourned the meeting at 10:24 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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