

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 1**

CONVENE: 7:00 p.m.

PRESENT: Mayor Pete Kmet, and Councilmembers Joan Cathey, Eileen Swarhout, Ed Hildreth, Tom Oliva, and Neil McClanahan.

Excused: Councilmembers Nicole Hill and Debbie Sullivan.

Staff: Assistant City Administrator Heidi Behrends Cerniwey, City Attorney Karen Kirkpatrick, Finance Director Ursula Euler, Public Works Director Jay Eaton, Police Chief John Stines, Planning Manager Tim Smith, Senior Project Planner Gary Cooper, and Recording Secretary Valerie Gow.

ADDITIONS TO THE AGENDA: Mayor Kmet referred the Council to a revised version of the Community Correction Interlocal Agreement scheduled for consideration on the Consent Calendar.

THURSTON COUNTY COALITION AGAINST TRAFFICKING: Linda Malanchuk-Finnan, Thurston County Coalition Against Trafficking, presented information on the effort under Washington Engage that was founded by Rose Gunderson. The initiative has promoted the state as one of the most proactive states with positive laws to deal with human trafficking. The coalition has developed along the Puget Sound corridor and sponsors a variety of activities to campaign against human trafficking.

On Thursday, March 12, an event on “Cultural Grooming – Uncovering Vulnerabilities to Trafficking in our Communities” is scheduled from 6 p.m. to 8 p.m. at Lacey Conference Center. Teachers, parents, youth workers, civic leaders, elected officials, and concerned citizens are encouraged to attend.

Ms. Malanchuk-Finnan addressed questions from the Council on preventing trafficking and working with other organizations and schools to help focus efforts on trafficking prevention of people in all age groups, sharing of information with advocacy groups on trafficking training, and the serious issue of labor trafficking that is three times worse than sex trafficking.

CHILDCARE ACTION COUNCIL WARM HEARTS SOUP BOWL EVENT: Annie Cubberly, Executive Director, Childcare Action Council, shared information on the 7th annual ‘Warm Hearts Soup Bowl’ fundraiser on February 19 from 11:30 a.m. to 1 p.m. at the Lacey Community Center. The program raises funds for early learning activities through a series of programs provided by the Childcare Action Council for children under the age of six. Ms. Cubberly described several of the programs supporting young children and funded primarily by community members. The organization addresses behaviors at a young age to prevent problems as children age.

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 2**

**PUBLIC
COMMENT:**

There were no public comments.

**CONSENT
CALENDAR:**

- a. Approval of Minutes: Regular Meeting, January 20, 2015; Worksession, January 13, 2015; Joint Meeting with Planning Commission, January 13, 2015
- b. Payment of Vouchers
- c. 2014 Certification of the Equitable Sharing Agreement
- d. Community Corrections Interlocal Agreement
- e. Interlocal Agreement between the City of Olympia and the City of Tumwater for Training Services
- f. Puget Sound Meeting Services Agreement

MOTION:

Councilmember Oliva moved, seconded by Councilmember Cathey, to approve the consent calendar as published. Motion carried unanimously.

Mayor Kmet reviewed the items approved on the consent calendar.

**PUBLIC
HEARINGS:**

**RESOLUTION
R2015-001, TO
ANNEX AN AREA
IN THURSTON
COUNTY
REFERRED TO AS
THE 93RD AVENUE
SW ANNEXATION:**

Project Planner Cooper reported in June 2014, Puget Western, Inc. submitted an application to annex five parcels in its ownership encompassing approximately 68 acres zoned Light Industrial.

Currently, Puget Western, Inc. has a vested development application with Thurston County. The company wants to complete the permitting process with the City.

The direct petition method of annexation requires 60% of approval by property owners within the annexation area through signing of an agreement supporting future annexation or submittal of a petition for annexation to the City. The City has received a combination of the two requests and exceeded the 60% threshold to move forward with the annexation.

Property owners and surrounding residences were notified of the proposal by mail on August 1, 2014. Both Thurston County and the West Thurston Regional Fire Authority were briefed on the proposal and do not object to the proposed annexation. The notice for the public hearing was mailed January 21. The site was posted with three public notice signs.

The proposed annexation site is located at the corner of 93rd Avenue SW

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 3**

and Blomberg Road in the northwest corner of the Puget Western property. Project Planner Cooper reviewed the annexation boundary on a map illustrating the property boundaries. The site encompasses the Black Hills Soccer fields to include several City of Tumwater parcels.

Project Planner Cooper displayed an aerial map of the annexation boundary and identified numerous developed properties. The annexation boundary encompasses approximately 42 parcels totaling 368 acres. The former Restover Truck Stop is included within the annexation boundary. All former buildings on that site were recently removed. The total assessed value of the area is \$39 million with an average parcel assessment of \$700,000 because the parcels are zoned Light Industrial. The annexation would provide the City with \$120,000 in property taxes. One-time revenues to the City could be substantial dependent upon the type of development for building fees and impact fees. Some of the greatest revenues to the City would be from initial construction phases of development.

Costs incurred to the City by annexing the properties would be approximately \$60,000 in police costs equating to .5 FTE. The area includes approximately 1.5 miles of roadway. The standard annual maintenance cost for roads is approximately \$12,000 annually.

The Council's action is consideration to adopt the resolution signaling the Council's intent to annex the area subject to the approval of the Thurston County Boundary Review Board (BRB).

If approved, staff would send the annexation to the BRB, which has 45 days to consider the annexation to determine whether it wants to invoke jurisdiction to review the annexation. The BRB has the ability to modify or deny the annexation if not consistent with requirements of the statute. Should the BRB not invoke jurisdiction by letting the 45 days expire, the annexation is technically approved with Council adopting an ordinance approving the annexation and the effective date.

The County Assessor has certified that the annexation meets all petition requirements. The proposed annexation is located within the urban growth area and is consistent with the City and Thurston County's Joint Planning Policies. The proposed boundary is logical and all parcels are zoned Light Industrial.

Puget Western has several development plans that include extension of street improvements and the extension of water and sewer infrastructure to the area facilitating the construction of infrastructure in the area to assist in the growth of the Light Industrial district.

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 4**

Staff recommends the Council approve Resolution No. R2015-001.

Councilmember Hildreth asked whether the BRB's decision is mandatory or negotiable. Project Planner Cooper advised that any decision the Council believes is not consistent with the guidelines in the statute to modify or reject an annexation is appealable by the City. Mayor Kmet added that in previous annexations that were rejected by the BRB because of the boundary, the annexation was returned to the City to re-establish a boundary based on feedback provided by the BRB.

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

**PUBLIC
TESTIMONY:**

Gus Erikson, President, Puget Western, Inc., said the company owns 113 acres of industrial zoned property at the 93rd Avenue interchange with 48 acres located on the east side of Interstate 5 in the City of Tumwater. The site has received approval for an industrial development. The 68 acres located on the west side of Interstate 5 include an approved industrial project by Thurston County, which would be transferred to the City of Tumwater. After a tenant has been identified, it would trigger the need to extend utilities across Interstate 5.

Mr. Erikson described the frontage improvements necessary on Blomberg and Lathrop when the site begins to development. Should other projects of significant size be initiated first, it would prompt the extension of utilities as well.

The major benefit of annexation to the City is streamlining and gaining efficiencies in the permitting process and the construction of the project, as well as off-site improvements. Land use construction permits were issued by Thurston County. The annexation would entail working with the City of Tumwater for water and sewer improvements. For road improvements, Puget Western would work with Washington State Department of Transportation, Thurston County, and the City of Tumwater. The City would benefit from permit and impact revenues that otherwise would go to Thurston County.

Mr. Erikson said the annexation process was initiated early last year through meetings with City staff. Puget Western sent information to local property owners in the area to gauge interest or opposition to the annexation proposal. Several large property owners expressed interest for inclusion within the annexation boundary. Puget Western negotiated a cost-share agreement with the City to share some of the annexation costs. He asked for the Council's approval of the resolution to move the annexation forward.

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 5**

Councilmember Cathey asked about the type of project planned by Puget Western. Mr. Erikson said the company's focus has been on industrial properties located along Interstate 5 and Interstate 90 for manufacturing, distribution warehouses, and other commercial and residential projects. The Tumwater site would likely be a good area for a warehouse of approximately 700,000 to one million square feet. Thurston County issued approval for a total building size of over 1.2 million square feet. The company envisions either a manufacturing warehouse or distribution warehouse facility. The proximity to I-5 would be beneficial for that type of use. Because of the generation of truck traffic, signalization improvements would be required at the freeway ramps.

Councilmember Hildreth asked about any changes the City might require in terms of the permit issued for 1.2 million square feet of building space. Mr. Erikson said the company is working with City staff to ensure approvals and permits previously approved by Thurston County align with the City's development requirements.

Ryan Reynolds, 9020 Blomberg, commented that the area has experienced a significant increase in criminal activity with several calls to Thurston County Sheriff's Department. His concern is with some properties that could be utilized in a manner that could attract unwanted elements to the City, and especially to an area already experiencing an increase in activity. He asked about stipulations in terms of the type of use that can occupy warehouses and whether the use will increase criminal activity. Secondly, based on prior surveyors visiting his home, the surveyors were exploring the shortest route to extend water and sewer to service 93rd Avenue. He understands that the extension of the lines on the shortest and easiest access were adjacent to the Williams pipeline that would run across other parcels not included in the annexation. He asked whether the extension would be along 93rd Avenue or across the shortest route and whether it would impact residential homes needing access.

Project Planner Cooper responded to questions about uses. Current zoning would not change upon annexation. Current uses allowed today would be allowed after the annexation. The City's zoning code aligns with Thurston County's zoning code. One potential of the annexation is the presence of Tumwater police and more frequent patrols in the area because the City has twice the number of police officers per 1,000 people than Thurston County. The issue of crime was never addressed during the preliminary stages of the annexation process.

Director Eaton responded to concerns about the extension of utilities. The extension of utilities would be located along 93rd Avenue and extended across Interstate 5. Larger developments need utilities and they pay the cost

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 6**

for extending utilities. The City has worked several years with Puget Western on plans to extend utilities along 93rd Avenue. The timeframe is dependent upon need. Impact to residential properties is minimal other than having the ability to potentially connect to City utilities in the future. There are no plans to extend any utilities parallel to the Williams pipeline. The extension of sewer and water would be located in right-of-ways of existing roads (93rd Avenue, Lathrop Road, and Blomberg Road).

Jeff Berschauer, 9630 Blomberg Road, said he owns property contiguous to Puget Western property south of 93rd Avenue. Although, he personally has no issue with the company's request for annexation, the method requiring only 60% of the assessed value is not representative of the property owners along Blomberg. He and his neighbor do not want to be included within the annexation and would like to be removed from the annexation boundary, as there would be no advantage to the City to remain within the annexation boundary. Within the last decade, he developed his property and he sees no benefits for annexing either for him or for his neighbor, Jerry Clark. There appears to be only expense and he and Mr. Clark want to be removed from the annexation. He commented on the unfairness of the assessed valuation to arrive at the 60%, as it's not representative of the wishes of the other property owners.

Douglas Carr, 6609 Sierra Drive, Lacey, said he owns several parcels off 93rd Avenue. The presentation has created more questions for him. One of his concerns is the extension of sewer and water and residential properties forced to connect.

Councilmember McClanahan pointed out the City doesn't force properties to connect when utilities are extended.

Mr. Carr acknowledged that he's unsure of the future plan and has heard different stories about the extension of water and sewer. He asked about the plan for extension of sewer and water as it appears somewhat curious that a warehouse would be in need of sewer and water. He believes another underlying story is in play because everyone is aware that the Chehalis Tribe purchased the former Restover Truck Stop property and property across 93rd Avenue. There have been some rumors that the tribe plans to develop the area. Initially, the sign on the site indicated existing buildings would be remodeled. Since then, the parcel has been cleared and he believes the tribe has other plans for the site. The tribe paid over \$6 million for the properties. Rumors have indicated future plans include a casino. However, there has been no other information officially or any information about the connection between Puget Western properties and the tribe's properties. He believes that both parties were involved in the Tribe's purchase transaction. A casino or hotel would need sewer and water

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 7**

service. He believes that something else is underway but no one is providing a true picture of future plans. A casino would change the character of the area. Although Councilmember McClanahan addressed his concerns about connecting to sewer and water, the people who live in the area are very independent and want to maintain control over their life and property as much as possible. He has heard of situations where properties were forced to connect to sewer. He asked about residential properties located within the annexation boundary forced to connect to utilities.

Director Eaton reported that the extension of water and sewer would be along 93rd Avenue along the frontage of the properties. The plan is to extend water and sewer across I-5 along 93rd Avenue down to Blomberg extending south along Lathrop and Blomberg Roads to the extent of Puget Western's properties. Sewer would be served by a pump station located on Puget Western's property, which would also serve the Restover property. Other extensions would be prompted by development occurring within the urban growth area. The City has no plans to complete any of those extensions. The Restover transaction was recent while the City has been working on the utility plans for over five years. The tribe also owns one property north of 93rd Avenue.

The City has no requirement for properties to connect to utilities when extended. The extension provides future options to properties should well or septic systems fail. However, if a septic system fails and it is located within 200 feet of a City sewer, the County Health Department likely wouldn't issue a permit and that would require the property owner to connect to City sewer.

Project Planner Cooper addressed the ownership of property by the Chehalis Tribe. Regardless of the annexation, the issues remain the same because the City is not changing the zoning or allowed uses. Puget Western doesn't have to be annexed to pursue its development or to extend sewer and water. It likely doesn't matter to the tribe whether it is located in the City or the county. The annexation will not facilitate the tribe or Puget Western's development proposals. The annexation doesn't include any residential properties. He is also not aware of the tribe's plans. The tribe has the option to exempt the property from the City's zoning regulations if the land is designated as tribal trust land through a federal process.

Mayor Kmet described the process the tribe could pursue to designate its property as trust land. City Administrator Doan has had some preliminary conversations with the tribe. The City hasn't received any plans about the tribe's future development plans for the property.

Project Planner Cooper addressed Mr. Berschauer's comments concerning

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 8**

his property's inclusion within the annexation boundary. Exclusion of Mr. Clark and Mr. Berschauer's properties could jeopardize the proposal and it would create an island, as well as require the City to exclude a section of Blomberg Road creating an unusual inefficiency for road maintenance. Finally, the two properties would be the only light industrial properties in the area not included in the annexation.

Project Planner Cooper responded to questions from the Council and clarified the process of annexation pertaining to sewer and water connections, property tax increase of approximately \$120 annually for industrially-zoned properties, and inclusion of the tribe's property within the proposed annexation boundary.

Mayor Kmet addressed questions about the potential of the tribe constructing a casino. Currently, state law prohibits casinos. The City's zoning also bans card rooms. If the tribe plans to build a casino, the land would need to be converted to trust land. The City also contacted the tribe about the annexation. Director Eaton added that the tribe has contacted staff about the property. No formal contact has occurred and to date, no discussions have occurred about placing a casino on the property because it appears there might be other development plans for the site as shared with staff by the tribe's consultant.

Heather Burgess, a land use attorney representing Puget Western, said she has been working on the project for the last five years. She assured everyone that the conditions requiring extension of water and sewer utilities were required for the project previously without any regard to the Restover Truck Stop property. Thurston County required the extensions in response to public comment from the City of Tumwater during the land use process for the initial application. The conditions have been in place for a very long time because the downturn in the economy impacted the project timeline. Any timing associated with the tribal acquisition of the adjacent parcels is coincidence and there is no contract association or relationship between Puget Western and the Chehalis Tribe with respect to utility extensions or any other requirements associated with the project.

Mr. Berschauer asked about any formal process for requesting exclusion from the annexation.

Mayor Kmet advised that the public hearing is the opportunity to speak for or against the annexation.

Project Planner Cooper advised Mr. Berschauer that he and Mr. Clark could request the BRB to invoke jurisdiction, which would require contact with the BRB Clerk at Thurston County. The BRB is required to meet criteria to

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 9**

invoke jurisdiction. He reviewed the provisions in RCW 36.93.180 for modifying annexation proposals.

Mr. Reynolds questioned whether designation of the casino property as trust property would also create a county island. Project Planner Cooper noted the tribal property would still be included within the City of Tumwater but would have tribal trust designation that includes a special status in terms of land use.

Mr. Berschauer commented that the boundary line could be redrawn through the vacant parcel located to the south of his and Mr. Clark's properties without creating an island. He reiterated his desire not to be included in the City at this time. He purposely located his lumber manufacturing business outside of the City for a reason.

Project Planner Cooper responded to Councilmember Cathey's question about available options for excluding properties from the annexation. The City is at a specific stage of the process where it would be difficult to exclude properties. When the initial outreach occurred in early August, letters were mailed to property owners inviting feedback on the proposed annexation. Feedback was received from residential owners along Blomberg opposing the annexation resulting in a way to define a logical boundary that honored the wishes of the residential owners while still including all light industrial properties. Once the petitions are developed and certified by the Assessor, the annexation process is difficult to revise. Additionally, new surveys would be required to develop a new legal description of the annexation area. The area has also been designated as an urban growth area for the last 20 years and planned for annexation at some point in the future.

Project Planner Cooper identified the location of Mr. Berschauer and Mr. Clark's properties on an aerial map. South of the properties are three parcels with future development plans requiring City sewer and water service.

With there being no further public testimony, Mayor Kmet closed the public hearing at 8:49 p.m.

Councilmember McClanahan commented on the City's test wells in the area of the soccer complex that appear to be promising for supplying future water to the City. Inclusion of the soccer fields within the annexation is important as well because of the popularity of soccer fields and the resource it provides throughout the region. Soccer tournaments attract families who stay in hotels and frequent local restaurants.

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 10**

MOTION: Councilmember McClanahan moved, seconded by Councilmember Oliva, to adopt Resolution R2015-001, indicating the City of Tumwater's intention to annex 353 acres in the vicinity of 93rd Avenue Southwest and Blomberg Road within the Tumwater Urban Growth Area as described in Exhibit A and as depicted in Exhibit B of the Resolution.

Councilmember Cathey said it appears police costs may have been underestimated because it's likely the City will expend over \$120,000 on police, fire, and roads. The revenues to the City are one-time development money only, and it's important not to under estimate the total cost to the City. Additionally, after the developer completes improvements to the roads, the City assumes the cost of maintenance.

Councilmember Oliva expressed appreciation for the thoroughness of the presentation and his intent to support the motion.

MOTION: Motion carried unanimously.

Project Planner Cooper outlined the next steps of the process of forwarding the application to the BRB for its consideration during a 45-day review process.

**COUNCIL
CONSIDERATIONS:**

**SUMMER RECESS
SCHEDULE:** The Council discussed options for designating a different two-week recess in August.

MOTION: Councilmember Cathey moved, seconded by Councilmember Oliva, to suspend City Council rules and move the Council's two week recess to the first two weeks in August. Motion carried.

**COMMITTEE
REPORTS:**

PUBLIC SAFETY: There was no report.
Ed Hildreth

**GENERAL
GOVERNMENT:** The committee reviewed and forwarded recommendations to the Council on the following:
Joan Cathey

- Memorandum of Understanding (MOU) for banning the use of neonicotinoids on publicly-owned land.
- 2015 Long Range Planning Work Program

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 11**

- GMA Update Work Program.

PUBLIC WORKS:
Neil McClanahan

The next meeting is scheduled on Wednesday, February 4 to review and discuss:

- Acceptance of Work – Linderson Way Pedestrian & Bike Improvements
- Master Interlocal Agreement with Thurston County
- Transportation Plan Update – Consultant Selection

**BUDGET AND
FINANCE:**
Pete Kmet

There was no report.

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

Mayor Kmet reported Thurston County's Thurston Thrives is establishing a committee and is seeking elected representatives from each jurisdiction. The committee plans to meet once a month for two to three hours. He encouraged Councilmembers to let him know if they have any interest in serving on the committee.

The Council's worksession on February 10 has been cancelled.

**COUNCILMEMBER
REPORTS:**

Neil McClanahan:

The Thurston homeless count was recently completed by 120 volunteers.

The HOME Consortium is considering funding proposals for over \$2 million in grants. The HOME Consortium is considering assignments to the selection committee, which could include another Tumwater representative from the City or the Council. Councilmember McClanahan recommends City Administrator Doan serving on the committee.

Tom Oliva:

No report as both Thurston Regional Planning Council (TRPC) and the LOTT Clean Water Alliance Board are scheduled to meet later in February.

Ed Hildreth:

The Visitor and Convention Bureau Board held its retreat on January 30 and discussed the future of VCB, strategic and business plan, and the \$2 hotel room assessment. A detailed report will be forwarded after completion.

Eileen Swarthout:

Emergency Management Services (EMS) honored outgoing Commissioner Karen Valenzuela for her contributions to the EMS and the region. Members discussed the critical planning study through TRPC for the Medic One System and voted on some recommendations.

**TUMWATER CITY COUNCIL
MINUTES OF MEETING
February 3, 2015 Page 12**

Councilmember Swarthout participated in a tour of the TCOMM 911 facility.

Attended the Youth of the Year event for the Boys and Girls Club.

Joan Cathey:

Attended the Urban Growth Management Subcommittee meeting on January 23, 2015. The committee incorporated final changes into the County-Wide Planning Policies to include Sustainable Thurston principles and goals as well as recommendations provided by Mayor Kmet. Another meeting is not planned at this time unless any amendments by other jurisdictions require additional review.

The Community Investment Partnership (CIP) is meeting on February 9 to review the Request for Proposal (RFP) for funding grants. Members will select the panel members to receive the presentations from organizations requesting funds. The CIP anticipates awarding \$600,000 in funds this year. Funding applications are due on March 2. One citizen from Tumwater applied for one of the panels.

The Solid Waste Advisory Committee is scheduled to meet on Thursday, February 19.

OTHER BUSINESS:

Mayor Kmet announced the release of the Community Development Block Grant RFP for grant funds. Applications are due by March 2.

Councilmember Oliva reminded the community about the City's Neighborhood Grant program for capital improvements. Information is available on the City's webpage.

Councilmember Oliva addressed questions from Councilmember Cathey on the TRPC's consideration of a funding request from Thurston Thrives. Thurston Thrives has provided several presentations to TRPC in recent meetings on the status of Thurston Thrives, which essentially follows on with the Sustainable Thurston work. TRPC has considered different options for pursuing Sustainable Thurston goals. He's unsure of the specific request to TRPC at this time and will follow up with the Council.

ADJOURNMENT:

Mayor Kmet adjourned the meeting at 9:20 p.m.