

TUMWATER CITY COUNCIL WORK SESSION
MINUTES OF VIRTUAL MEETING
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CONVENE: 6:00 p.m.

PRESENT: Mayor Debbie Sullivan and Councilmembers Peter Agabi, Michael Althaus, Joan Cathey, Leatta Dahlhoff, Angela Jefferson, Eileen Swarthout, and Kelly Von Holtz.

Staff: City Administrator Lisa Parks, City Attorney Karen Kirkpatrick, Community Development Director Michael Matlock, Finance Director Troy Niemeyer, Police Chief Jon Weiks, Water Resources and Sustainability Director Dan Smith, Communications Manager Ann Cook, Planning Manager Brad Medrud, and Land Use and Housing Planner Erika Smith-Erickson.

**CDBG
PRIORITIZATION
AND
CONTINGENCIES
DISCUSSION:**

Manager Medrud reported the discussion pertains to the three-year funding cycle for Community Development Block Grant (CDBG) funds the City receives every three years. Topics of discussion include providing guidance on some of the prioritization for the CDBG funding process, as well as approval to schedule a meeting of the Budget and Finance Committee in late April to receive funding proposals initiated through a Request for Proposal (RFP) process and scheduling consideration of the committee's recommendation on May 7, 2024 during the Council meeting.

The City of Tumwater shares CDBG funding on a three-year rotation with the south Thurston County jurisdictions and the City of Lacey. The City of Olympia receives a separate CDBG entitlement and is not included in the three-year rotation. The City first received CDBG funds in 2015 as part of the interlocal agreement to participate in the funding cycle for annual CDBG funds. The City contracts with Thurston County for administration of the funds and the RFP process. The City issues an RFP for the use of the funds. In prior years, the RFPs focused on services and capital projects benefiting low- and moderate-income households in designated census tracts. In 2018 and 2021, the Council prioritized affordable housing and public services activities and did not consider applications for public facilities or economic development.

The amount of funding the City will receive in 2024 has not been determined through the federal Department of Housing and Urban Development (HUD) and Thurston County. However, the amount is anticipated to be similar to the 2021 funding allocation of approximately \$1 million. Of that amount, Thurston County retains 20% for administrative costs.

The City's funding history for services includes funding to the Boys and Girls Club for scholarships, Catholic Community Services for the Community Kitchen Program, Senior Services for its Home Share Program, and TOGETHER to support efforts with Tumwater Community Schools. Additionally, capital funding was allocated to five projects to Homes First for affordable rental homes in Tumwater, Thurston County Housing

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Authority Sequoia Landing Phase 2 project, Rebuilding TOGETHER Thurston County and Habitat for Humanity for critical homes repairs, and a buy down for the Tumwater Town Hall project through Habitat for Humanity. All funds were expended. The 2021 process also included the inclusion of a contingency because of concerns surrounding the successful purchase of the property for the Housing Authority's project. Provisions in the contingency included deferring the allocation to two other projects if the purchase of the property was not successful.

Following determination by the Council on the parameters for awarding funds during this cycle, Thurston County Public Health and Social Services will administer the RFP and the selection process. The Council determines the funding allocation for each applicant selected to receive funds. The selection of funding projects is referred to the Board of County Commissioners for final authority as the Commission serves as the legal entity receiving the funds from HUD. The City's decisions are to be completed by late April/early May to enable Thurston County staff to prepare for a public hearing and present the draft plan to the Board of County Commissioners for approval and submittal to HUD.

Options for the Council's consideration include issuing an RFP similar to previous cycles released in late February in conjunction with the RFPs released from the County and the Regional Housing Council for affordable housing and homeless services through a separate funding allocation. The City is able to identify specific funding prioritizations to include in the RFP. Thurston County has requested information by the end of January to enable county staff to finalize the application and the RFP. The Council also specifies which services would be eligible and the percentage of funding based on the funding cap of 15% for services. Another option available to the Council is to allocate to a specific project without pursuing the RFP process or withholding a specific amount of funds for a project without pursuing the RFP process.

Staff recommends designating 80% of the funds for supporting capital costs associated with the creation of new low-income housing in Tumwater with a priority of leveraging additional investment in low-income housing. Staff recommends participating in the RFP process. Additionally, the remaining funding is recommended for availability for other eligible capital or service providers up to the maximum allowed by HUD with Thurston County issuing the RFP for proposals.

Manager Medrud shared the schedule prepared by Thurston County for the CDBG process. In March, an application workshop is scheduled for applicants interested in applying for funds with applications due by April 5, 2024. Thurston County staff will conduct an initial review of the applications for eligibility and risk assessments to ensure applications meet the minimum requirements. The City will receive applications on April 9, 2024 for the

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committee's review in addition to staff comments and/or recommendations. The Council is requested to schedule award recommendations at the Council's May 7, 2024 meeting. The annual action plan would be posted for public review and comments with a public hearing and a recommendation by the Thurston County Board of County Commissioners on June 18, 2024. Conditional award letters would be mailed at the end of June with contracts executed in September and October.

Councilmember Althausen asked whether a time limit is imposed on expenditure of the funds. Manager Medrud responded that unless the City has considered a specific project and a funding amount, he recommends not withholding funds in contingency unless a shovel-ready project has been identified. The Council also has the option of establishing a contingency if the City, following completion of the RFP process, lacks adequate projects for funding.

Councilmember Jefferson cited a recent conversation with a young man who completed the Veterans Drug Court program. He inquired about the possibility of the City assisting him with housing. She asked about the process for the individual to request funding assistance. Manager Medrud said the individual would likely need to submit an RFP for services funding. An application workshop is scheduled with Thurston County staff to provide information to applicants about the process.

Councilmember Dahloff supported the recommendation based on community need. She asked whether the process could support innovative funding ideas, showcase, or highlight innovative ideas as well as preventive work to minimize the pipeline of people losing housing. Manager Medrud said the inquiry speaks to two issues. In terms of prevention, the allocation for social services could be one approach recognizing that the funding allocation for services would likely not be sufficient to fund innovative options or achieve major changes; however, the Council could consider its membership with the Regional Housing Council (RHC) to leverage regional resources to address those types of issues.

Councilmember Althausen commented that in recent years, many resources have been dedicated to response rather than prevention, which is largely the result of having fewer resources to address key issues. It is often an impossible choice of whether to prevent future harm versus saving lives today. In terms of regional projects, the intent is focusing more on affordability and issues the RHC is addressing. One major issue surrounds mobile home parks and housing. The RHC engaged in several discussions surrounding that specific concern, as it is a symptom of a situation where many are being priced out of housing and moving down the housing ladder. Many individuals and families living in mobile home parks with fixed incomes are being priced out of that particular housing market.

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Councilmember Swarthout mentioned prior funding to TOGETHER to assist individuals avoid eviction. Issues pertaining to mobile homes parks are a concern statewide. The Legislature addressed mobile home parks during the last session, but she is unsure whether legislation was effective in helping residents.

Councilmember Cathey noted that the concerns surrounding mobile home parks also speak to assisting seniors as many live on fixed incomes and are also experiencing risks of losing housing. It is difficult to be innovative when so many issues and problems are so prevalent within the community. She suggested providing information on the success of programs previously funded with CDBG funds.

The Council supported a focus on mobile home parks, rental assistance, senior assistance, and supporting organizations providing financial support to households experiencing unexpected expenses jeopardizing their ability to pay rent.

The Council discussed the future possibility of the City of Lacey withdrawing from the interlocal agreement because Lacey may be eligible to seek CDBG funding separately, similar to the City of Olympia. Manager Medrud said it is likely the parties would negotiate another interlocal agreement during the next funding cycle in 2027.

Councilmember Agabi asked about the possibility of securing funding from the Governor's rapid housing transition funding. Manager Medrud advised that the City is participating in the program through the right-of-way program. It is likely the funding within the program has been fully expended in the region to provide housing for homeless individuals. It may be possible the Legislature allocates additional funds to the program.

Manager Medrud added that it is also likely possible for the City to use the CDBG funds as a match for other funding programs as long as eligibility requirements are fulfilled.

Mayor Sullivan affirmed the Council's support of the proposed process to meet the timeline. Councilmember Cathey suggested providing the Council with a review of projects previously funded by the Council within the 80% tier of the funding.

Manager Medrud recommended adding, "seeking innovative approaches to service provisions" as part of the instructions forwarded to Thurston County for the RFP to capture Councilmember Dahlhoff's recommendation.

Manager Medrud reviewed projects funded in 2015 with CDBG funds. The City funded several sewer-related projects in support of housing. One project was sponsored by the Community Action Council for its housing project.

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Another project in 2018 was a drug treatment facility located off Littlerock Road. Funds were contributed to convert the property from a failing septic system to City sewer, as well as funds to Homes First for purchasing, renovating, and renting affordable rental homes. Information on previous funding awards was included in the Council's agenda packet.

Councilmember Cathey inquired as to the next steps within the timeline. Manager Medrud explained that the intent of the Council's discussion was to inform Thurston County as to the Council's direction, which will be included within the RFP process.

**CONTRACT WITH
THE STATE
DEPARTMENT OF
COMMERCE FOR
THE 2025
COMPREHENSIVE
PLAN CLIMATE
PLANNING GRANT:**

Manager Medrud said the grant is one of three grants provided by the Department of Commerce. Funding is intended to fund the new Climate Element within the Comprehensive Plan, a new state requirement. The funding award is significant with the Department of Commerce allocating \$500,000 to all jurisdictions to complete the new Element. The City's contract with the state is \$420,000 as a provision in the legislation enables the City to allocate the difference of \$80,000 for additional climate work from 2025 to 2029.

Funding will be used primarily to fund a consultant to assist staff in the development of the Climate Element. Other climate-related work includes updating the Transportation Plan, Land Use Element, and the Capital Facilities Plan. Efforts on the Transportation Plan will explore greenhouse gas emissions and reducing vehicles miles traveled. The City's Climate Mitigation Plan and participation in regional efforts will assist staff as well.

Staff requests the Council approve placing the contract on the Council's consent calendar at the February 6, 2024 meeting. Following execution of the contract, staff will proceed to complete the RFP process for the consultant.

The City is hosting a community open house on the Comprehensive Plan Periodic Update on Wednesday, January 31, 2024 at the Fire Station Training Room from 7 p.m. to 9 p.m.

Councilmember Swarthout asked about the involvement of the City's Sustainability Coordinator. Manager Medrud responded that Coordinator Jones Wood was instrumental in developing the scope of work for the consultant and outlining specific tasks. She is actively involved in the update of other elements within the Comprehensive Plan.

Councilmember Cathey requested additional information on the consultant's scope of work. Manager Medrud reported that as part of the contracting process, a scope of work was developed as an addendum to the contract. One of the first actions is engagement of the community to assist in developing the Climate Element and related updates to other plans and elements. Some

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of the deliverables is a public engagement results report, which will be submitted to the Department of Commerce. The primary focus of the scope of work is preparation of the draft element and related updates. The Climate Element also requires development of a greenhouse gas emissions reduction sub-element, a detailed documentation of local emissions inventory, vehicle miles traveled, and other data documenting the connections between impacts today and actions and policies necessary to reduce future greenhouse gas emissions. Another new requirement is a climate resilience sub-element. Much of the work involved in updating the Hazardous Mitigation Plan will help inform that work in addition to other data and mapping efforts.

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

City Administrator Parks reminded members of the Council's retreat scheduled on Saturday, January 27, 2024.

ADJOURNMENT:

With there being no further business, Mayor Sullivan adjourned the meeting at 6:51 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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