

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 1

CONVENE: 6:00 p.m.

PRESENT: Mayor Debbie Sullivan and Councilmembers Peter Agabi, Michael Althausen, Joan Cathey, Leatta Dahlhoff, Angela Jefferson, Charlie Schneider, and Eileen Swarthout.

Staff: City Administrator John Doan, Community Development Director Michael Matlock, Water Resources and Sustainability Director Dan Smith, Finance Director Troy Niemeyer, and Transportation and Engineering Director Brandon Hicks.

**ENERGY
CONSERVATION
UPDATE:**

Director Smith introduced Puget Sound Energy (PSE) Outreach Coordinator Hunter Haasig to provide an update on PSE's energy conservation programs and efforts to date.

Mr. Haasig provided an overview of PSE's residential and commercial programs, including rebates, incentives, energy product offerings, and utility assistance programs.

Highlights of the review included information on PSE utility goals for the entire customer base. PSE is striving to achieve clean energy goals of net-zero by 2045 in support of the Clean Transformation Act mandating all utilities in the state to be 80% clean and carbon neutral by 2030. PSE offers programs to residential and commercial customers to save money and reduce consumption of energy. Some programs include: rebates to customers, the Efficiency Boost Program to offer higher rebates on all upgrades to income-qualified customers, creation of Marketplace offering energy efficient products for moderate income customers, the Home Energy Lifeline Program providing assistance of up to \$1,000 each year as a credit to assist customers pay down balances, and home weatherization assistance to customers with an income 80% or less of area median income.

Different categories of renewable products offered by PSE include matching programs of green power, solar, and carbon balance allowing customers to achieve energy goals quicker. Customers participating in the program enable PSE to purchase renewable energy or carbon offsets on behalf of customers who pay more for each bill while receiving the benefit of achieving carbon neutral goals.

PSE's Community Solar Program is voluntary and customers can subscribe on a per-share basis at \$20 a share that is automatically added to the customer's monthly bill. The program requires an annual subscription with a penalty assessed if cancelled before the end of a year. Energy

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 2

generated by the shares is credited to the customer bill ranging from \$7 to \$11 a month. To ensure equity, 25% of the shares at each site are reserved for free to customers who have a lower income meeting the threshold of 200% or less of the federal poverty level.

PSE offers a variety of programs for every business type from industrial manufacturing to offices to help save energy and reduce customer bills. It is also possible to incentivize any measures or upgrades of either equipment or insulation exceeding code or saving energy that passes PSE's cost effectiveness criteria. The Clean Buildings Law was passed by House Bill 1257 is mandated by the state. PSE is providing tools to businesses to assist in complying with the new law because it is applicable to existing commercial buildings greater than 50,000 square feet, which will drop to 20,000 square feet. The bill establishes targets for energy usage based on area. The deadline for compliance is 2025 for larger buildings. Non-compliance will result in financial penalties. Industrial, agricultural, and those under economic hardship are excluded from the law.

Mr. Haasig affirmed he would follow-up in response to an inquiry as to whether the new law would be applicable to the former Olympia Brewery, which has been abandoned for a number of years.

To assist building operators in understanding the new law and ways to comply, PSE developed a Clean Building Accelerator Program designed to educate facility staff on how to utilize energy savings programs or energy saving projects. The program is free to PSE customers.

The PSE Customer Outreach program focuses on small and medium businesses as they represent the heart of communities. One PSE program provides a free energy assessment to small and medium-sized businesses and free installation of specific energy saving products. A similar program is available for small farms and lodging facilities with 150 rooms or less.

Mr. Haasig and several other PSE representatives addressed questions from the Council. PSE outreaches to communities to promote and raise awareness of PSE programs and incentives. Much of the outreach includes visits to businesses, email, social media, or attendance at community events. For example, during a recent visit to 50 small businesses in the Lacey area, 23 of the businesses signed up for a program. PSE provides home energy reports, which elicit a strong response from customers. At this time PSE does not have any type of follow-up program to discuss a customer's higher usage compared to neighboring properties as the program is driven by customers to take additional actions to reduce energy consumption. Customers can visit the online PSE Energy Center to answer

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 3

questions about existing equipment and operations to receive information on where usage of energy is higher to receive recommendations on ways to save energy and costs. PSE Customer Insights teams collect customer data from different sources and overlays the data with PSE customer information to identify highly impacted areas within communities that might have higher rates of asthma or are close to freeways/highways or other types of pollution sources. Vulnerable populations often experience higher level of health issues. PSE teams using a dashboard program containing information on specific areas help to assist in identifying areas of high-energy burden or other factors. Many of the teams randomly select five of those identified communities to focus outreach efforts.

Mr. Haasig confirmed a request to have PSE Outreach Coordinator Tommy Winslow for the Thurston region follow-up with the City Administrator and Mayor to increase communication and collaboration on available PSE services and community engagement.

Mr. Haasig reported in response to moving towards a clean energy transition, PSE's multi-faceted efforts will examine ways to produce more electricity to power electric vehicles and to account for an increased demand in electricity based on discontinuance of natural gas. PSE cannot compromise safety and reliability as it pursues that pathway. PSE also conducts an extensive long-term planning process forecasting energy needs for 2, 5, 10, and 20 years with plans to ensure the provision of energy is available as needed by customers.

Mayor Sullivan thanked the presenters for providing information on PSE energy programs.

**PROPOSED
PERMANENT
SUPPORTIVE
HOUSING PROJECT
FOR SENIORS:**

City Administrator Doan reported at the December 13, 2022 City Council Worksession, Council discussed allocation of the City's \$550,000 of ARPA housing funds. The Council assigned \$275,000 to the Franz Anderson Permanent Supportive Housing project and agreed to reserve another \$275,000 for a potential hotel conversion in Tumwater. The Housing Authority of Thurston County has an agreement to purchase a hotel building on Capitol Boulevard to convert to permanent supportive housing for seniors. The Housing Authority is required to provide a 5% match for a state grant and has requested the City allocate the remaining \$275,000 in ARPA funds for the project. He introduced Craig Chance, Executive Director, of the Housing Authority of Thurston County, to brief the Council on the proposed project.

Mr. Chance introduced Tom Rawson, Director of Administration and Development for the Housing Authority. He thanked Tumwater staff for

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 4

assistance in supporting the preparation of the grant application to the Department of Commerce by the deadline.

Mr. Chance described the purpose of the Housing Authority, a public entity operating rental assistance programs of approximately \$17 million annually serving approximately 1,900 households in Thurston County. The Housing Authority owns 553 below-market rental units with 28 units under construction in the City of Olympia off Lilly Road.

The Department of Commerce's Rapid Capital Housing Acquisition Program supports the purchase of properties through rapid acquisition to renovate into permanent housing. Utilizing the assistance of a local commercial realtor, the agency identified the Tumwater Inn, as the units resemble apartments affording an easier renovation project. The Housing Authority was able to contract for the property with assistance by the Department of Commerce.

Mr. Chance shared information on senior citizen demographics in the county and the number of senior households currently on the waitlist for housing assistance. Senior citizens represent one of the fastest growing segments of the homeless.

Mr. Chance described the extent of the renovations required to convert the property to rental units. Approximately 10 existing households living at the hotel long-term will need relocation assistance to ensure the households are able to find suitable housing.

The grant application was accepted by the Department of Commerce on January 12, 2023. The Department intends to post applications that continue through the review process with final funding decisions by February 28, 2023.

Mr. Rawson reported the property contains 24 units with one unit classified as a studio lacking kitchen facilities. The property was constructed in 1967 originally as an apartment complex and later converted to an extended stay hotel. The property is in poor condition requiring extensive renovation. A change in use will require the installation of sprinklers. Baseboard heat will be replaced with ductless heat pumps. The units will house seniors who meet the 30% of area median income requirement. Rental rates include \$479 for a one-bedroom, \$558 for a two-bedroom with the remaining 50% of units serving seniors meeting the 50% of area median income with rental rates of \$600 for a one-bedroom, \$900 for a two-bedroom and larger triplex units at \$950. The intent is to provide affordable housing to a population that does not have a voucher but live on

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 5

a fixed income. The Department of Commerce's Rapid Capital Housing Acquisition Program includes a 40-year condition requiring the property to serve the application's targeted population. The Housing Authority has never changed the use of any of its properties. Most of the funding sources include a requirement to maintain the initial use.

Mr. Chance reported the two-story property will serve seniors who lack income to live in housing in Thurston County. The property will offer light support in the form of professional property managers to address operational issues of the property and a housing stability team to assist residents with any issues. The only drawback of the property is the lack of accessibility to the second story via wheelchair access. The Housing Authority assigns housing to those with mobility issues to first floor units. Stairwells within the property are straight with no landings, which might lend itself to some type of commercial accessibility lift option.

Mr. Chance addressed questions on the Authority's process for selection of eligible individuals or households. All applicants must meet income requirements. The Authority also advertises through the Area Council for Aging and Senior Services. The most equitable process for selection is through a first-come, first serve basis of qualified seniors. The Housing Authority does not provide shelter space but focuses on providing permanent affordable housing for individuals and families. Apartment rent includes garbage, sewer, and water services with power billed to the tenant.

City Administrator Doan addressed any need to change zoning of the property to accommodate the development. Current zoning allows the proposed use other than the change in use would be subject to building code and energy code requirements.

Mr. Chance advised that the request to the Council is to authorize a conditional commitment letter from the City of Tumwater to allocate the \$275,000.

The Council supported the request to prepare a conditional commitment letter from the City of Tumwater for allocation of the \$275,000 to the Housing Authority for the project.

Mr. Chance and Mr. Rawson and thanked the Council for its ongoing support of the Housing Authority over the many years.

ORDINANCE NO.
O2022-014 –
RENTAL HOUSING

Director Matlock presented the proposal to create a rental registration program in Title 5 Business Taxes, Licenses and Regulations of the Tumwater Municipal Code to communicate with tenants and landlords on

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 6

REGISTRATION: the City's rental regulations and to consider using the program in the future for regular inspections of rental units.

As part of Resolution No. R2018-016 adopted in the summer of 2018 addressing homelessness, increasing affordable housing, and continuing to work with other jurisdictions and agencies to explore regional solutions to those issues, staff reviewed tenant protections to identify ways to make it easier for people in the City who rent to access housing and to remain housed.

In September 2021, the Council adopted the Tumwater Housing Action Plan, to include establishing a rental housing registration program. Subsequently, the Council prioritized three actions:

1. Prepare an ordinance to establish a rental registration program.
2. Develop a scope for a contract with the Dispute Resolution Center for tenant and landlord conflict resolution services for consideration in early 2023.
3. Draft two ordinances to address tenant protections in Title 5 Business Taxes, Licenses and Regulations. The Council adopted Ordinance Nos. O2022-010 Unfair Housing Practices and O2022-012 Rental Housing Code on December 6, 2022.

Staff reviewed a number of housing registration programs from across the region to include City of Aberdeen, City of Auburn, City of Tukwila, City of Tacoma, and the City of Lacey. Housing Action Plan Action 5-D establishes a rental registration program to include access to data and sharing of information with landlords. The purpose of the program, although limited in scope, is intended to provide information to the City on rental properties in the City and contact information to communicate the legislative priorities adopted by the City Council and the state. The proposed ordinance establishes a rental registration program for rental properties of over five units or more. The program would be a companion to the City's existing business license application process, as all businesses in the City must have a City business license. Staff would utilize the same program and the same charges of \$50 for a new business license and \$20 for annual renewal of the license. The City's business and occupation tax would not be applicable to the proposed registration program.

Currently, 76 multifamily developments exist in the City with five or more units. If the Council elects to expand the program to all rental properties later, staff could expand the program with some consideration on methods to identify single-family rental properties. The program could also be expanded to include a regular inspection program of rental properties.

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
January 24, 2023 Page 7

Staff requests the Council's approval to move the proposed ordinance to the City Council meeting on February 7, 2023. No public hearing is required for the ordinance. The General Government Committee reviewed the proposal and recommended approval.

Councilmember Althausen described the proposal as a next step in the Council's due diligence to ensure the City properly informs landlords of City rules. He inquired about the difficulty to complete the registration forms. Director Matlock advised that the forms are relatively easy to complete and do not require any legal assistance. The proposal establishes a new program with follow-on discussions necessary to address how to adequately staff the new function.

Councilmember Agabi questioned the City's process of transferring a business registration from a former owner to a new owner if the registration has not expired. Director Matlock said it is likely the new owner would need to apply for a new business license. Councilmember Agabi recommended including language that speaks to the issue. Director Niemeyer affirmed a new owner would need to apply for a new business license because business licenses are not transferrable.

Councilmember Swarthout questioned the reason for imposing the requirement on landlords with five or more rental units on one property and whether the research and review included any outreach to local apartment owners or landlords of smaller properties. Councilmember Althausen advised that development of the proposal included outreach to some property owners, as well as to other cities to help inform the process. Registration requirements applicable to five units or more was recommended as they represent a commercial orientation in terms of multiple rental properties or apartment complexes. The intent of the registration program is to enable conversations with landlords in the City to ensure they are aware of the goals of City with respect to rental properties, as well as ensuring landlords have adequate information that could be shared with tenants. Rather than a regulatory focus, the registration program is an avenue to afford a clear line of communication between the City and landlords in the City.

The Council supported moving the ordinance to the Council's consent calendar on February 7, 2023.

MAYOR/CITY
ADMINISTRATOR'S
REPORT:

There were no reports.

TUMWATER CITY COUNCIL WORKSESSION

MINUTES OF VIRTUAL MEETING

January 24, 2023 Page 8

**RECESS TO
EXECUTIVE
SESSION:**

Mayor Sullivan recessed the meeting at 7:44 p.m. to an executive session to discuss real estate acquisition pursuant to RCW 42.30.110(1)(b) for approximately 15 minutes. No action will follow the executive session.

**RECONVENE &
ADJOURNMENT:**

Mayor Sullivan reconvened and adjourned the meeting at 8:01 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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