

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

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

Excused: Councilmember Charlie Schneider.

Staff: City Administrator John Doan, City Attorney Karen Kirkpatrick, and Economic Development Manager Austin Ramirez.

**THURSTON
ECONOMIC
DEVELOPMENT
COUNCIL UPDATE:**

Manager Ramirez reported the City has contracted with the Thurston Economic Development Council (EDC) for economic development services for many years for business retention, recruitment, marketing activities, business support programs for entrepreneurs, new businesses, and established businesses, economic analysis and market research, and support on redevelopment efforts within the Brewery District. The two-year agreement is nearing expiration. He introduced Michael Cade, Michelle Pope, and Shawn Moore with the EDC to provide an update on activities planned for the region in the future.

Michael Cade, Executive Director, EDC, acknowledged the efforts by Manager Ramirez and City Administrator Doan in support of economic development. He acknowledged Councilmember Agabi as a member of the EDC Board of Directors. He introduced Sean Moore, Director, Center for Business and Innovation, and Michelle Pope, Director, Lacey MakerSpace.

Mr. Cade reported economic development in Thurston County is different from other regions in the state and across the nation. Traditional economic development focuses on recruiting, retaining, and expanding market opportunities. Thurston EDC serves as the lead economic development agency for Thurston County. Every two years, the Department of Commerce recertifies EDC as the lead economic development agency. EDC is required to work with cities and communities in support of economic development plans and activities.

Ten years ago, the EDC elected to move in a different direction by seeking a better understanding of the economic ecosystem. EDC explored opportunities that might be missing and subsequently completed a mapping exercise identifying all economic development activities within the region. A matrix identified gaps and all organizations (civic, private, non-profits, academic, and public) promoting economic development throughout the region. At that time, the EDC elected to create an environment where an entrepreneurial ecosystem could be developed with a network of activities and programs supporting entrepreneurs, business startups, and existing businesses. EDC created a partnership with South Puget Sound Community College to create the Business Resource Center – the Center for Business

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Innovation.

The efforts of Mr. Moore and Ms. Pope are specific to creating and supporting an innovative economy with assistance through existing and new platforms. Over the last several years, the EDC has infused the local economy with approximately \$187 million annually in economic activities. For each dollar spent by the organization, EDC returns approximately \$16.52 to the local economy.

Mr. Moore described some of the services provided by EDC's Center for Business and Innovation. Many programs are training, support services, and programs for entrepreneurs. The Washington Procurement Technical Assistance Center is a statewide program comprised of 15 counselors throughout Washington assisting organizations navigate the contractual process with federal, state, and city governments to bid on government contracts/projects. The center also offers a Small Business Administration (SBA) Women's Business Center in coordination with SBA to assist women entrepreneurs start and expand businesses through coaching resources, training resources, and networking. In the City of Tenino, the center sponsors an agricultural park to help connect growers with users of the products. A Small Business Development Center is the primary counseling service of the SBA providing no-cost counseling to businesses.

For start-up businesses or new entrepreneurs, the Center offers the Intro to Business Program, a monthly webinar or online program available in four languages at no cost to assist entrepreneurs in starting a business. The Next Step Business Enterprise Startup Training has provided training for Tumwater residents through scholarships sponsored by the City of Tumwater for candidates opening businesses in Tumwater. Six individuals registered for the program. The program provides access to online courses and one-on-one assistance intended to minimize risk in business starts by assisting individuals prepare business plans, develop accounting systems, branding and marketing, and structuring and licensing the business. Another pathway for businesses is the Small Business Development Center offering one-on-one counseling services. The Quick Startup Program is a women's online incubator service providing scholarships for pathways for selling products and services quickly through either a store in the online marketplace or a Facebook market store. Assistance is also provided for the entrepreneurs to establish a website. Another resource is the Business Resource Hotline open Monday through Friday from 9:30 a.m. to 3:30 p.m. A webinar series is featured on "Let's Talk Business." The Women's Business Center website includes a library of different webinar episodes.

For growing businesses, the Center features ScaleUp Training offered through the Department of Commerce administered by the Center. The program is free and available to any business interested in growing a business. The best fit for participating in the ScaleUp Training are

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businesses open for at least two years generating a six-figure income.

The Investment Network is a Thurston County version of *Shark Tank*. The program offers a forum for entrepreneurs to share business pitches. The program has produced some investments in several businesses.

Growing businesses can also work with the Small Business Development Center counselor. One program for growing business within the Center is CB&I Consulting pairing local contractors with local businesses to assist in achieving the next level. Part of the funding from Tumwater through Thurston Strong is providing two of the projects for Tumwater businesses using Tumwater consultants to complete projects.

Business TuneUp is a new workshop program offering access to an online course with one-on-one assistance for using the accounting program, QuickBooks.

Mr. Moore explained that once a business is established, the next step is ensuring ongoing success by providing connections and support with resources. EDC has a large network of partner organizations throughout the state that assist businesses with the next step. The EDC website includes a calendar of statewide events and training.

Ms. Pope reported Lacey MakerSpace opened prior to the pandemic. Located on the St. Martin's University Campus in Zaverl Hall, the space serves as a catalyst for economic growth offering workshops for builders and inventors. The program provides access and instruction on an array of equipment and resources, such as design computers, woodworking and welding equipment, and 3D printing equipment. The Lacey MakerSpace benefits the community by providing access to advanced design and fabrication tools, business and education resources, and skill development.

Ms. Moore cited an example of a successful entrepreneur who launched a successful business. Several of the company's employees participate in the program to prototype some of the company's new products. Some of the new products will be used in the MakerSpace. MakerSpace has approximately 170 active members. Approximately 10% are Tumwater residents. Members live in the greater South Puget Sound area.

Shortly after launching the program, MakerSpace received \$1 million in CARES funding for equipment and instruction. The center offers four levels of welding instruction. The remaining grant dollars will enable the center to offer an increased level of offerings focusing on advance level of instruction, mentorship, and prototyping.

At the end of 2022, with the assistance of Senators Murray and Cantwell and Congresswoman Strickland, the center received \$1 million in federal

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funding to expand program space. The center is expanding into the entire space within Zaverl Hall. The space will afford 10,000 square feet to enable the expansion of welding services, industrial metals, engineering, digital lab, office space, and classroom space. Construction for the expansion will begin in May.

The funding will enable the expansion of workforce training opportunities. A recent successful meeting with an advanced manufacturing apprenticeship program based in Seattle and Spokane is seeking to expand to South Puget Sound and is interested in working with MakerSpace. In the fall, a small cohort training opportunity will be offered at MakerSpace.

Lacey MakerSpace offers:

- Monthly memberships to the public ages 12 years and older with student and military memberships
- Prototyping services for clients that want to have a product prototype made for them
- Mentorship
- Classes and training
- Team building activities for organization members to make something together

A wide variety of tools include:

- Multi-Material
- Metal
- Plastic
- Wood
- Fabric
- Electronics

The program serves:

- Entrepreneurs who want to invent and prototype their own product
- Individuals interested in learning how to use different types of tools
- Individuals interested in making a product(s) to sell as business
- Individuals and businesses seeking training
- Businesses seeking a team building activity based around making something
- Individuals and businesses that have an idea for a product or fabrication and want someone to create it for them

Councilmember Dahlhoff encouraged collaboration with other agencies, such as LOTT Clean Water Alliance.

Mr. Cade reported on the region's lack of a federal designation as an Economic Development District. Typically, most counties in the state are a part of the federal Economic Development District. The county does not

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have direct access to a variety of federal funding through the program for infrastructure, workforce, and economic development projects. Two years ago, EDC moved forward to establish Thurston County as an Economic Development District by joining an existing Economic Development District adjacent to the county. Several federal districts near Thurston County include Lewis County, Cowlitz County, Grays Harbor, Pacific County, and Mason County, Pierce County and King County. The EDC received a federal grant from the Economic Development Administration for planning and completion of a study to establish an Economic Development District with the partners of Mason, Grays Harbor, and Pacific County by reestablishing the district. Following re-establishment of the original three-county district, EDC will submit the Community Economic Development Strategy with an application to create a separate district. If successful, the county would receive designation and become eligible for grants.

Manager Ramirez shared that he was surprised to learn Thurston County was not a designated Economic Development District as his previous employment with other states and regions included an Economic Development District. The designation provides a source of funding. An Economic Development District is best suited for transformational regional projects and funding sources otherwise not available through other Economic Development Administration grant programs. The MakerSpace program is a good example of how a one-time funding exception benefitted the region.

Mr. Cade offered to schedule a tour of MakerSpace for the Council.

Councilmember Jefferson shared how a veteran was able to take advantage of the tools provided by MakerSpace to complete some woodworking projects.

Councilmember Cathey said some Tumwater residents identify the space as a Lacey site. She questioned the naming process specific to one city rather than a name reflective of the entire region. She questioned the reason the region has encountered difficulty in receiving designation as an Economic Development District. Mr. Cade responded that EDC's Center of Business Innovation was one of the three partners to contribute resources and capital. St. Martin's University provided the building and the City of Lacey provided funds for operational capital for the first year of operation. The official name of the space is named Roy Heynderickx Platform of Innovation at the Lacey MakerSpace. Mr. Heynderickx recently retired as the President of St. Martin's University.

Mr. Cade spoke to the delay in the designation for the county. When he first joined the EDC many local agencies and economic developers did not consider the need as the region was the seat of state government. In the late

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1960s, the region did not perceive the need to receive the designation. Original federal legislation for economic development districts speak to building environmentally sustainable communities. After realizing the region was missing grant opportunities, the EDC pursued efforts for certification. Grays Harbor County's certification as an Economic Development District was no longer active. Gray Harbor County approached EDC to assume the fiduciary responsibilities for managing the district's bank accounts. For many years, EDC has managed a \$10,000 bank account. Today, with the three counties supporting the formation of a district, the EDC is pursuing the process.

Ms. Hope added that Lacey MakerSpace is not boundary specific and is available to anyone who wants to take advantage of the program.

Councilmember Swarthout inquired about the status of the county's economic health following the height of the pandemic. Mr. Cade explained that although there are no specific data identifying the current economy, the region is faring well as reflected by EDC's Economic Vitality Index published at the end of 2022. The region's unemployment rate has reduced to pre-pandemic levels and economic development activities and retail sales have increased throughout the region. Many positive indicators are reflecting an upward trend recognizing there are still some difficulties, such as wages and individual health within the region. Mortality rates for infants have increased, which speaks to the need to consider other factors to increase the capacity of individuals. The next year will likely be more difficult because of other factors not controlled by economic development efforts.

Mr. Moore said the idea of opening a business has been more attractive to individuals as the pandemic winds down because many believe there are more opportunities. Many people are interested in starting a business. As a result, those efforts create an entrepreneurial environment that tends to build on itself. With hubs, such as MakerSpace, Craft Brewing and Distilling Center, and the armory more activity is created. The different hubs will become places where more activity occurs enabling more businesses to open and grow.

Councilmember Agabi referred to previous meeting with Mr. Cade to discuss the health of the Tumwater economy. He asked for a refresher on the outcome of that discussion. Mr. Cade said the discussion was on changes in the local economy as people began moving out of the pandemic. Data shared at that time reflected strong retail sales in Thurston County through the pandemic; however the region suffered a loss of businesses by 28%. Current EDC programs are to ensure those businesses do not end and owners consider different ways to restart their business. Another topic of the discussion was the high cost of housing with respect to family wage jobs. The nation and the region are facing a crisis in terms of housing costs

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versus wages. Many people can no longer become a first-time homebuyer. It is important to consider the consequences of the delta between housing costs and wages as it could result in the region becoming a commuter community where jobs providing family wages are in other regions. The difference between wages and affordable housing is substantial today.

Manager Ramirez reported staff will continue working with EDC on a new two-year service provider agreement budgeted at \$25,000 annually for the Council's approval.

Councilmember Cathey suggested scheduling a discussion at a worksession on the status of the City's economy and past and future successes.

In response to a suggestion to combine the discussion during the update of the City's Economic Development Plan, City Administrator Doan offered the possibility of staff reviewing the EDP to identify any changes that might be required because of the consequences of the pandemic.

City Administrator Doan shared how it has been a pleasure working with Mr. Cade and his team over the last 13 years. Mr. Cade was responsive, hardworking, and committed to the success of the City. He noted that prior to arriving to Tumwater, he served in the same capacity at a much larger county that did not have the same degree of access to the resources the EDC has provided to both Tumwater and the region.

Mr. Cade wished City Administrator Doan success on his pending retirement and thanked him for the acknowledgment.

**MEMORANDUM OF
UNDERSTANDING
WITH SQUAXIN
ISLAND TRIBE:**

City Administrator Doan reported the City of Tumwater is located on the ancestral lands of the Squaxin Island Tribe. With a history over the years of interaction with tribal leadership and multiple meetings between the councils, those interactions have led to the development of a relationship with the tribe. With advent of the pandemic nearing the end, staff renewed efforts to develop a framework for a broader government-to-government relationship. The proposed memorandum of understanding (MOU) creates the structure and formation of a group meeting on a regular basis to address issues from economic development, habitat, art and culture, and other issues or opportunities for both entities to consider.

The Tribal Council recently approved the proposed MOU. Staff is requesting approval to move the MOU forward for the Council's consideration at its April 4, 2023 meeting with a signing ceremony with the Mayor and Tribal Chair scheduled later.

A second document is a letter of understanding specific to tribal trust land the tribe acquired located adjacent to Port property at the airport. The tribe is opening a marijuana dispensary and seeks public services from Tumwater

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for police, fire, and emergency medical. The letter creates an initial three-year framework with a contribution from the tribe for services. Some issues are inherent involving law enforcement on tribal trust land concerning jurisdictional authorities and under what conditions. Because of the many nuances, Tumwater Police Chief Weiks and the Tribal Police Chief will work through those issues over the next 120 days. Those efforts will serve as the first project for the intergovernmental group.

Councilmember Jefferson asked how the reimbursement amount was determined for public services to the tribe. City Administrator Doan commented on the sensitivity of tribes and municipal taxes or other fees resembling the equivalent of taxes; however, the tribe understands the creation of additional demands from the City and consequently staff calculated an approximate rate on the number of calls and associated costs to arrive at a proposed amount.

The Council supported moving the requests forward to the April 4, 2023 Council meeting under Council Considerations.

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

City Administrator Doan reported the Department of Commerce awarded Rapid Capital Housing Acquisition funds to the Thurston County Housing Authority for \$6.9 million for the Tumwater Suites project creating 24 housing units of low-income senior housing with some units dedicated for seniors leaving homelessness.

Mayor Sullivan reported on attending with Councilmembers Jefferson and Dahlhoff the recent groundbreaking of the Habitat for Humanity townhomes project.

ADJOURNMENT:

With there being no further business, Mayor Sullivan adjourned the meeting at 7:20 p.m.