

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
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CONVENE: 5:30 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 and City Attorney Karen Kirkpatrick.

HOW PROPERTY TAXES WORK: City Administrator Doan introduced Thurston County Treasurer Jeff Gadman, who provided an overview of property taxes and how property taxes are calculated and distributed.

The briefing provided information on the following:

- The amount of property tax levied each year in Thurston County is determined by the budget needs of each taxing district.
- The legislative authority of each tax district determines the budget of the district for the following year based on public expectations, desired service levels, and operational needs. The legislative authority must authorize the levy of property taxes each budget cycle.
- In Washington State, the levy rate calculation is expressed as a rate of \$1,000 of assessed value.
- Public agencies owning property in the City of Tumwater are exempt from paying property tax.
- As assessed values increase, levy rates reduce because the assessed value of a property does not determine a property's tax rate.
- Taxing districts are restricted in raising its tax levy to no more than 1%. However, new construction is in addition to the levy amount collected by the taxing district.
- Adjustments to assessed values from senior citizen exemptions, destroyed buildings, and other reasons affect the collection of the levy amount by the taxing district. The legislature passed legislation to enable the taxing district to capture the property tax not collected for those reasons in the following year.
- Levy rates tend to rise and fall in opposite correlation with assessed values. As assessed values fall, levy rates tend to rise.
- Total levy rates in Thurston County have ranged from a low of \$10.50 per \$1,000 of assessed value to \$18 dependent upon the economy. In 2022, the total Thurston County levy rate was \$11.35 per \$1,000 of assessed value.
- Taxing districts in Thurston County can elect to increase its property levy rate up to 1%. If taxing districts choose not to increase its levy rate in any year, levy capacity for that year is

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banked for future years. However, by electing not to assess an increase, a taxing district loses all investment the district would have received from the additional revenue for all banked years. The Port of Olympia elected not to pursue an increase for six continuous years and as a result lost hundreds of thousands of dollars in investment revenue.

- The Council was encouraged to attend the state's annual seminar on the economic forecast to help guide Council decisions.
- Increasing the tax levy by more 1% is possible but requires voter approval.

Mr. Gadman addressed questions from the Council:

- The senior disabled exemption is applicable for a property the owner occupies for at least six months of the year. Only one exemption can apply to a property.
- The income threshold for a property tax exemption is approximately \$48,000 in Thurston County which was adjusted for inflation three years ago and is revisited every four years and indexed to each county's median income.
- The McCleary Supreme Court decision requiring the state to provide for the education of all Washington children as the state's first and highest priority lead to the Legislature passing legislation for calculating the assessment of property tax, which negatively affected larger school districts causing the Legislature to authorize another \$1 on levy limits, leading to a substantial increase in property tax, especially in urban areas. Approximately 60% of property tax collected is allocated for schools.

Mayor Sullivan thanked Mr. Gadman for the presentation.

**LOTT: PLANNING
FOR THE FUTURE:**

City Administrator Doan introduced Matt Kennelly, Executive Director, LOTT Clean Water Alliance. Councilmember Dahlhoff serves as the City's representative on the governing board of LOTT.

Mr. Kennelly reported he assumed the position of Executive Director last month after serving at the agency for the last eight years. Mike Strub, former Executive Director, retired from the agency.

LOTT (Lacey, Olympia, Tumwater, & Thurston County) Clean Water Alliance was formed to provide regional wastewater treatment and to consolidate resources within the region. One elected official from each partner agency is appointed and serve on the LOTT Board of Directors. The mission of LOTT is to protect public health and the environment by

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cleaning and restoring water resources. LOTT's service area serves approximately 175,000 people with 68% connected to sewer representing 60,000 accounts. Treatment is handled at the Budd Inlet Treatment Plant located in downtown Olympia. The City of Olympia originally constructed the plant in the 1950s, which has been expanded over time. The plant treats approximately 13 million gallons of wastewater each day equivalent to a football field filled with water forty feet tall. Wastewater is treated and restored for either reuse or discharged to Puget Sound. LOTT is subject to discharge limitations.

LOTT is guided by its Wastewater Resource Management Plan developed in the late 1990s by community and consultant assistance to determine ways to manage wastewater treatment as the community expands. A series of public values were identified to meet future wastewater needs, treat wastewater as a resource, maximize benefits to the environment, and consider ways to provide multiple community benefits over time. The Highly Managed Plan was developed with strategies implemented in 2000 to reduce flows to the plant, reduce flows to Budd Inlet, and produce reclaimed water. At that time, LOTT purchased properties for future satellite plants and groundwater infiltration sites. The plan also implemented a continuous highly managed planning approach by investing in new facilities as needed saving money over time and taking advantage of new technology. Efforts on flow reduction saved approximately 1.3 million gallons of flow each day. Water conservation efforts included public messaging, low flow devices in homes and businesses, and promoting water conservation at the LOTT Wet Science Center and in local school programs.

LOTT's treatment process is the highest level of treatment within Puget Sound employing advanced secondary treatment or treating for nutrients (nitrogen). Treatment plants located to the north primarily aerate wastewater removing oxygen demand. The Budd Inlet Plant employs a complex biological process to remove nitrogen. The nutrient removal process was recently upgraded.

As originally forecasted, LOTT constructed two reclaimed water treatment plants located off Martin Way in Lacey treating approximately 1.5 million gallons per day and the Budd Inlet Reclaimed Water Plant treating approximately 1.5 million gallons per day. The City of Tumwater uses reclaimed water at the golf course produced by the Budd Inlet Reclaimed Water Plant. The Martin Way Reclaimed Water Plant transfers reclaimed water to the Hawks Prairie Ponds Recharge Basins for groundwater infiltration following wetland treatment. The site serves as a community park.

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Current master planning efforts forecasts to 2050 as the original Water Resource Management Plan's forecast ended in 2020. The conversion rate of septic tanks to sewers as forecasted was much higher in 2000 than actual conditions today. The new plan benefits from lessons learned as satellite facilities require extra resources for operations not originally envisioned. Changes in the regulatory environment include Department of Ecology placing limits on the total maximum daily load of nitrogen and oxygen demand discharge into Budd Inlet affecting how the plant treats wastewater. With climate change and more intense storms, LOTT needs to move up the timeline for upgrading pumps and collaborating with the City of Olympia and the Port of Olympia on sea level rise.

The 2050 master planning process was organized into three phases. The first phase focused on the Budd Inlet Treatment Plant followed by the second phase of examining capacity strategies (reclaimed water) to construct more reclaimed water infrastructure to eliminate discharge to Budd Inlet. Phase 3 is currently in process and involves sharing results and receiving feedback from partner jurisdictions.

Mr. Kennelly described details of the first phase of evaluating Budd Inlet Treatment Plant infrastructure and processes. The outcome was a 2050 site plan maximizing flexibility. Recent upgrades enabled the consolidation of treatment processes to enable more efficiency in both power consumption and space for other processes. The evaluation identified property needs to accommodate future growth. LOTT representatives are in discussions with Port of Olympia representatives about the possibility of purchasing property for future options to expand the plant.

Phase 2 explored capacity and the original vision of constructing more satellite facilities and reclaimed water plants for groundwater infiltration and irrigation. Another option was identified of enhancing treatment at the Budd Inlet Treatment Plant as increased effectiveness in treatment affords more capacity at the plant. The original plan identified a treatment plant in Tumwater Valley, some infiltration sites to the south, and an extensive purple pipe network. Satellite plants require additional staffing, security, chemicals, and additional pumping and pipe infrastructure. Undeveloped sites purchased by LOTT to install facilities or infiltrate groundwater have been identified as providing a lower range of capacity than originally envisioned. Additionally, purple pipe networks are limited to the area of the force main system. The first option in the original plan of producing reclaimed water has resulted in identifying a site with the most capacity, which is a site located furthest to the south requiring an eight-mile pipeline at a cost of over \$115 million. Although, the option is available, the

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investment would be substantial. A new option would enhance treatment because it is more cost effective. The option focuses on the Budd Inlet Treatment Plant by increasing the reduction of nitrogen and bio-chemical oxygen. Additional treatment steps could be included in the process to increase benefits.

LOTT is regulated on the total amount of nutrients in cleaned wastewater. The pounds of nitrogen discharged to Puget Sound are limited each day. As the community continues to grow, LOTT is limited to the same threshold each day. To meet the needs of growth, the enhanced treatment reduces the amount of nutrients.

The new plan's strategies focus on enhanced treatment at the Budd Inlet Treatment Plant because it is more cost-effective and takes advantage of new technologies to enable the plant to significantly increase discharge capacity. Expanding reclaimed water is important as it is a community value and because of LOTT's capacity to expand existing facilities at Martin Way and at the main plant it is possible to expand production of reclaimed water as demand dictates and as more capacity at the plant is required.

The 2050 Plan is cost effective. It focuses on expanding existing infrastructure requiring less staff resources, eliminates the need for construction of extensive pipelines, and it enables LOTT to surplus some of the properties purchased as part of the original plan. The plan continues to support public values, treats wastewater as a resource, and provides multiple community benefits and flexibility by adapting to changing regulations and to changing needs of the partners.

LOTT has scheduled Forum 2 on February 27, 2023 to receive feedback on the 2050 Plan. LOTT will complete a SEPA review. Following completion of those efforts, the LOTT Board will be asked to approve the plan.

Mr. Kennelly addressed questions on protecting the main plant from future sea level rise. LOTT is collaborating with the City of Olympia and Port of Olympia. In terms of flooding occurring at the plant, LOTT has identified several areas within the plant that would be susceptible to flooding from sea level rise. LOTT is currently completing some improvements such as adding stem walls to protect areas of the plant. A major threat to the plant is flooding of downtown streets that lead to increased flows to LOTT as saltwater affects the plant's biology treatment processes. During the recent high tide event, LOTT installed magnetic mats on combined sewers in downtown Olympia to reduce flows into catch basins.

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Mr. Kennelly was asked to share information about the Department of Health's (DOH) program on testing of wastewater to detect the presence of COVID. LOTT is collaborating with DOH to test samples and share information with DOH. Wastewater epidemiology addresses the incidence, distribution, and possible control of diseases and other factors relating to health.

Mr. Kennelly addressed environmental concerns surrounding a new bottling company locating on Port-owned property in Tumwater. The City of Tumwater's development regulations oversee the operational limits allowed under the law, which also determines anticipated sewer flows. The owner pays a connection fee to LOTT, which funds future capacity to treat water. The agency's planning process includes a buffer to account for major users of large volumes of water. LOTT staff is coordinating with City staff to obtain more information on the volume of usage. LOTT is also responsible for providing a pre-treatment program in terms of industrial waste. Many industrial users have a pre-treatment requirement whereby the use is regulated and the company pays an additional charge for excess nutrient loads discharged by the company. Users have an option of employing a pre-treatment process prior to discharging to the LOTT system.

Mr. Kennelly explained how the wastewater treatment plant not only produces reclaimed water, the process produces bio-solids used to fertilize agricultural fields in Eastern Washington and bio-gas used to generate electricity.

Mayor Sullivan thanked Mr. Kennelly for providing the presentation.

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

**FUTURE OF
HYBRID &
VIRTUAL
MEETINGS**

City Administrator Doan described current meeting formats for City meetings. New state law requires the City to provide an in-person site for all meetings so the public can attend. The requirement requires additional staff resources and a meeting location. The Association of Washington Cities is working on legislation to change the requirement because not only is the requirement time-consuming, there are concerns about staff safety for employees staffing a meeting location when City Hall is empty. The City of Tumwater is one of the test jurisdictions and is tracking the number of people attending meetings.

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Councilmember Swarthout inquired about the possibility of changing the worksession to start at 6 p.m. rather than 5:30 p.m. Councilmembers Dahlhoff, Schneider, Jefferson, and Agabi supported the suggestion.

Councilmember Cathey supported continuing the City's virtual option for all City meetings through the winter months and revisiting the meeting format in the spring. Councilmember Althaus agreed with the suggestion.

The Council agreed to continue the virtual/hybrid meeting format for all City meetings and revisit the issue in the spring, as well as supporting a change in the worksession meeting time to 6 p.m.

City Attorney Kirkpatrick noted that the meeting time change requires an amendment to the Council Rules.

Mayor Sullivan queried the Council on interest for participating in this year's Odd Fellows Memorial Day observance at 11:30 a.m. on May 29, 2023 for approximately one hour. Councilmember Swarthout volunteered to attend and speak at the event if she is available in May. Councilmember Dahlhoff offered to serve as the alternate if Councilmember Swarthout is unable to attend.

ADJOURNMENT: With there being no further business, Mayor Sullivan adjourned the meeting at 6:52 p.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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