



**CITY COUNCIL WORKSESSION
MEETING AGENDA**

**Online via Zoom and In Person at
Tumwater City Hall, Sunset Room, 555
Israel Rd. SW, Tumwater, WA 98501**

**Tuesday, October 11, 2022
5:30 PM**

1. Call to Order
2. Roll Call
- [3.](#) Budget Workshop #3 (John Doan & Troy Niemeyer)
- [4.](#) Minutes (Melody Valiant)
- [5.](#) Capitol Lake – Deschutes Estuary Memorandum of Understanding for Governance and Funding of a Restored Estuary (John Doan)
- [6.](#) Legislative Agenda (John Doan & Austin Ramirez)
7. Mayor/City Administrator's Report
8. Adjourn

Meeting Information

All Councilmembers will be attending remotely. The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online

<https://us02web.zoom.us/j/83204912906?pwd=bINEbTNKZDBoVU1BZVJ4Njh6QjZmZz09>

Listen by Telephone

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 832 0491 2906 and Passcode 712811.

Public Comment

The public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 4:00 p.m. the day of the meeting. Comments are submitted directly to the Councilmembers and will not be read individually into the record of the meeting.

Post Meeting

Video recording of this meeting will be available within 24 hours of the meeting.

<https://tcmedia.org/channels.php>

Accommodations

The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City Clerk by calling (360)

252-5488 or email CityClerk@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384. To contact the City's ADA Coordinator directly, call (360) 754-4128 or email ADACoordinator@ci.tumwater.wa.us

TO: City Council
FROM: John Doan, City Administrator
Troy Niemeyer, Finance Director
DATE: October 11, 2022
SUBJECT: Budget Workshop #3

1) Recommended Action:

This is for presentation and discussion only. No action is required at this time.

2) Background:

This is the third of the budget workshops. In the first two, staff presented the Mayor's proposed budget with regard to the General Fund and the 26 other funds, including utilities. This next workshop will be an opportunity to review any information we have covered, ask questions, and discuss any potential amendments before submitting for the public review in November. This isn't the final opportunity to present amendments, but it helps staff be able to have lead time to make sure everything is included. Attached is a list of changes we have heard from the Council or proposed by staff along with staff recommendations.

3) Policy Support:

Be fiscally responsible and develop sustainable financial strategies.

4) Alternatives:

☐ N/A

5) Fiscal Notes:

See background.

6) Attachments:

A. Budget Amendment Summary

2023-24 Budget Changes

General Fund

Change	Origin	Cost	Funding Source	Recommendation
Create Youth Commission	CM Dahlhoff	To be evaluated	To be evaluated.	Add a goal to Executive to <i>“Work with Parks and Recreation to assess the needs and viability for a Youth Commission, including utilization of the existing Youth Advisory Council.”</i>
Board and Commission compensation	CM Dahlhoff	To be evaluated	To be evaluated.	Add a goal to Executive to <i>“Study compensation for board and commission members in order to increase representation.”</i>
Swimming Pool	CM Dahlhoff	To be evaluated	To be evaluated	Add a goal to Parks and Recreation to <i>“Work with community partners to assess expanded aquatic access in the community.”</i>
Fire Department Staffing	Fire Department	Cost of \$264,492 for the biennium and offset by \$244,057 revenue from Medic 1.	Medic One and General Fund	Three additional FF/P were proposed by Fire Department in order to implement the 4 platoon system. With the completion of the Medic One contract, we need to add the one additional FF/P that is provided by Medic One.
Make Volunteer Coordinator Full or ¾ - time	CMs Cathey and Schneider	\$25,000/0.25FTE in 2023	General Fund or MPD	Keep at 0.50 FTE. No indication it is needed and insufficient administrative staff support. Could expand in next biennium.
Parks Dept Assistant I	Chuck Denney	\$185,408 for two years	60% MPD/40% Parks (Reduce operational expenses by \$74,163)*	Approve. This position has been filled temporarily through the year. The position was eliminated at the start of the pandemic and restored recreation demand and other activity needs administrative support. If federal reimbursement is achieved for the OTC lunch program, the operational expenses could be restored.
Space Lease	Staff	\$27,000 in 2023 and \$30,000 in 2024 along with \$5,000 for move in costs in 2023.	Although programmed in Engineering (GF), the costs	Approve. Program funding from Engineering and re-allocate to utilities if applicable later.

			would be distributed to the applicable staff. It may be that Water Resources is the department that occupies leased space, at least until the O&M facility is built.	
Police Tasers	Staff	Spending \$90,000 in 2022 in order to get a better price.	General Fund – Police Special Funds	Will decrease EFB/BFB by \$90,000 and budgeted amount to reflect transfer of expenditure from next biennium. No net impact on City finances.

*001.09.574.200.33.00

Storm Utility

Restore Professional Services Funds	Staff	\$125,000/year X 2	Storm Water Utility	Approve	
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Facility Reserve

Golf Pump Replacement	Staff	\$40,000	Facility Reserve	Approve	
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TO: City Council
FROM: Melody Valiant, City Clerk
DATE: October 11, 2022
SUBJECT: Minutes

1) Recommended Action:

This is for presentation and discussion only. No action is required at this time.

2) Background:

For many years, the City has utilized a form of meeting minutes that are transcribed from recordings and converted to 'almost verbatim minutes' for council meetings, worksessions, boards and commissions. With significant advancements in technology, the City is looking to transition to alternative methods of delivering minutes that would be more efficient, more accessible, and higher accuracy. In this proposal, most advisory boards and commissions would offer action minutes along with an audio recording. Council meetings and worksessions would offer the action minutes and a video and a video search feature similar to this hyperlink from Brisbane, California: <https://www.brisbaneca.org/citycouncil/page/city-council-meeting-92>. Please take note of how the minutes are indexed to the relevant sections of the video.

Brisbane is a small city of about 5,000 on the coast of California. There are other examples of this technology, but this is the type of simple and usable system we are looking at.

3) Policy Support:

Strategic Priorities – Refine and Sustain a Great Organization

- Be fiscally responsible and develop sustainable financial strategies
-

4) Alternatives:

- ☐ Current verbatim minutes system
-

5) Fiscal Notes:

The proposed budget utilizes savings from a private service provider contract to support the proposed Deputy City Clerk who will supervise minutes production and distribution.

6) Attachments:

- A. Sample Action Minutes
- B. September 13, 2022 Worksession Minutes



CITY COUNCIL WORKSESSION MINUTES

September 13, 2022

CALL TO ORDER & ROLL CALL:

Mayor Sullivan called the meeting to order at 5:31 p.m.

City Council:

Debbie Sullivan and Councilmembers Peter Agabi, Michael Althaus, Joan Cathey, Leatta Dahlhoff, Angela Jefferson, Charlie Schneider, and Eileen Swarthout.

City Staff:

City Administrator John Doan.

Others:

Meagan Darrow and Tami Lathrop, TOGETHER!

DISCUSSION ITEMS:

Together! Rental Assistance and Host Homes Pilot Program/Stay Home Program Project Update:

City Administrator Doan gave a brief overview of the Together! Rental Assistance and Host Homes Pilot Program/Stay Home Project. Meagan Darrow and Tami Lathrop provided updates on both programs and answered questions from Council.

Capitol Lake Deschutes Estuary-Long Term Management Project Update:

City Administrator Doan reported on the future of the Capitol Lake and Deschutes Estuary. The next steps will be a memorandum of understanding and that will lead to the development of an interlocal agreement with other jurisdictions.

MAYOR/CITY ADMINISTRATOR'S REPORT:

City Administrator Doan and Mayor Sullivan talked about the Thurston County Commission's scheduled public hearing on October 18, 2022 to suspend the operations at the Hopkins Drainage District. The City is in support of the suspension.

ADJOURNMENT:

Mayor Sullivan adjourned the meeting at 7:03 p.m.

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"B"

CONVENE: 5:31 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.

Others: Meagan Darrow and Tami Lathrop, TOGETHER!

TOGETHER!
RENTAL
ASSISTANCE AND
HOST HOMES
PILOT PROGRAM/
STAY HOME
PROGRAM
PROJECT UPDATE:

City Administrator Doan reported TOGETHER! has partnered with the City to assist young people and families in the community for a number of years. Throughout the pandemic, two programs were offered through TOGETHER! The first was the rental assistance program for families and students through the Tumwater School District by identifying families at risk of losing their homes. The second program is the Host Homes Program. The City provided some start-up funding to reduce the frequency or occurrence of homeless youth. He introduced TOGETHER Executive Director Meagan Darrow.

Ms. Darrow reported TOGETHER, a non-profit organization, has been in existence for 33 years. The Host Homes Program has been in development over the last year and is ready to launch. Additionally, the Tumwater Community Schools Program in partnership with TOGETHER, Tumwater School District, and the City of Tumwater offers rental assistance to families to prevent eviction.

Tami Lathrop, Host Homes Program Director, provided an update on the program. The program provides safe, short-term housing for unaccompanied high school students experiencing housing instability. The program accepts students enrolled in high schools in the Tumwater School District or North Thurston Public Schools. The program matches students with families in Thurston County.

The program vets and trains hosts to provide youth with safe, affirming housing where they are supported. The program supports kinship reconciliation and works with students and their families at the student's discretion. Students are required to participate in their education to complete high school or obtain a GED. Youth case managers provide support to strengthen life skills, budgeting and financial education, job search and resume building, navigating the transit system, conflict resolution, and strengthening their voice and input when planning for their future. The program supports students to help them graduate from the program into independent housing after the student reaches 18 years of age.

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and has completed high school education or obtained a GED.

Funding received from the City afforded the program to leverage additional grants through the state enabling full staffing for the program. Ms. Lathrop reported she joined the program at the end of May as the program director. The program includes a program manager and two case managers. The program has also contracted for services to assist in the preparation of marketing materials, host and staff training, support from a licensed mental health counselor, and training on affirming LGBT+, gender, and racial identity.

The program launched in January 2022 and currently has enrolled two students. Both youths are Tumwater School District students and have been placed in housing. The program is working with a third student who is completing the intake and assessment process. The Community Schools Program has been instrumental in teaming with the program and supporting the goals of the program.

The program is seeking more host families. Currently, the program has one active family providing housing to two Tumwater students. Another family is working through training and documentation and should be in a position to house a student by the end of October. The host family houses a student and provides them with a room and meals. The program supports financial needs of the student, such as extracurricular activities, music lessons, and school dances, etc. The program works with host families to supplement transportation needs of the student and host families can submit bills to help offset some increased costs associated with hosting a student.

Ms. Darrow noted that students participating in the program fall under the McKinney-Vento Homeless Assistance Act. Within the state, students living in a host home continue to be eligible for support from the McKinney-Vento services from their home school district, which includes support to and from school for students.

Ms. Lathrop commented on the importance of the Community Schools Program working in support of the Host Homes Program because it is part of the integral success of the program. With support from Community Schools, the program is able to secure referrals through established relationships within the Tumwater School District.

Ms. Lathrop addressed questions from the Council. The program's current budget is able to support 30 host homes within the next 12 months. With full staffing, marketing of the program has been increased to include

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hosting informational sessions. Current host families have volunteered to participate in the training of new host families and provide information on the program.

Ms. Darrow said the funding level for the program this year is approximately \$500,000. A three-year grant was received for the program. The Department of Commerce funding was a one-year commitment with options for renewal next year. Because of the focus by the state on youth homelessness, the program is included in the cohort of other similar providers in the state to offer innovative solutions to reduce youth homelessness.

Ms. Darrow responded to questions about the sustainability of the program and how TOGETHER plans to adjust the program or the budget if programs goals are not achieved. Following the establishment of the program, staffing was limited to the director position, which focused on developing the program. The program requires a substantial amount of policy, procedures, and risk management. The program represents the organization's first 24-hour/365-day program requiring additional efforts by the Board and staff of TOGETHER. The pandemic contributed to slowing some progress of the program with some initial host families withdrawing from the program.

Ms. Lathrop added that addressing and abolishing the biases of homeless youth contributes to successfully attracting host homes. Most of the youths have attended the same schools their entire life and want to attend school and have a stable situation so they can succeed and have some sense of permanency. Homeless youths entering the program are often a member of the LGBT+ community, have some gender identity issues that have created family issues, or have the support of a guardian or parent to enroll in the program. Many youths and their parents/guardians enter the program in lieu of participating in the foster care program to avoid losing dependency or parental rights.

Ms. Lathrop shared information on upcoming community outreach events to promote the program and inform the community of its existence.

Suggestions offered by the Council included connecting with active seniors who may be interested in becoming a host family.

Ms. Lathrop explained that youths who are minors must have a guardian or parent's permission to participate in the program. An initial meeting is held with the parent/guardian to discuss the program and its benefits to house their child without losing their parental rights. She has experience

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working within the foster care system and answers questions from parents about the program, which serves as a supplemental resource for stabilizing a youth. Ms. Darrow added that the youths have experienced homelessness and are not from a stable home situation. Both of the youths were living in a shelter situation. Youths participating are not leaving their families for a different option. The program promotes stable housing for youth to help prevent homelessness when they become adults.

Ms. Darrow thanked the Council for the funding commitment to Host Homes to assist in building the program to provide a solution to homeless youth in the community.

Ms. Darrow updated the Council on the Tumwater Community Schools Program through TOGETHER and the home rental assistance program. This year, the program eliminated one staff position because of a smaller contract with the school district. The program is valuable and is viewed as a priority as funding and budgetary changes occur within the school district.

Tumwater Community Schools is an initiative based on the National Community Schools Model. The program places site coordinators or community schools managers in schools to leverage community support. Community school managers identify families who may be experiencing barriers that are impeding a student from participating in school, attending school, or succeeding in school. This year, the program is supported by four staff members comprised of a program director and three community schools managers serving six schools in the Tumwater School District. Schools not directly supported are provided with rental assistance and other district-wide support. This year, the budget totaled \$426,000. Staff members in schools were able to connect with 50 to 60 students or their families to provide rental assistance, snacks, referral to other providers, school supplies, food assistance, and car repair services.

Accomplishments during 2021 and 2022 included:

- Distribution of 137 turkey baskets to all 13 district schools through partnership with 4 the Love Foundation
- Kicks for Kids Program distributed 119 shoes to 9 district schools through partnership with Big 5 Sporting Goods and Thurston County staff
- Served 96 families at Back to Basics Immunization Event in partnership with Thurston County Public Health
- Summer Resource Centers at two schools supported 236 visits for basic needs supplies

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- Fourth annual TOGETHER! Fore Kids Golf Tournament attracted 130 golfers and over 20 sponsors.
- From January through September 2022, the rental assistance program distributed \$34,122 to 25 families with the average payment of \$1,421

Councilmember Dahlhoff asked whether TOGETHER has decided to no longer accept Thurston County funds and how the organization plans to supplement those lost funds. Ms. Darrow explained that Thurston County extended a contract without a competitive process. The organization does not foresee applying to Thurston County for funds despite the county's automatic extension of contracts. The organization will utilize less restrictive funding sources to help fund the organization's foundation and a donor-designated fund, the Swift Fund named after TOGETHER's founder, Earlyse Swift. TOGETHER also receives funds from the Building Changes Foundation to help support the Host Homes Program.

Ms. Darrow thanked the Council and Mayor for the many years of partnership and collaboration. The City of Tumwater has been a key partner in the Community Schools Program and in the development of the Host Homes Program. Host Homes would not be possible without the conversations with the City to vet different options for the program to house unaccompanied youth. Throughout the pandemic, the City of Tumwater was the primary funding source in Tumwater to help families stay housed and address challenges over the course of the pandemic. TOGETHER is seeking continued funding of approximately \$100,000 to help support the Tumwater Community Schools Program. The contract with the school district includes provisions for the school district providing half of the funds with TOGETHER committed to raising the other half. However, this year because of financial difficulties encountered by the Tumwater School District, the contract has been reduced substantially. Additional funds are necessary to fill the gap to retain the existing staffing model through 2022 and 2023. The Host Homes Program is fully funded for the next three years.

Ms. Darrow addressed questions on how TOGETHER has utilized funding from Thurston County in the past. All county funds have been used for direct client services. The request to the City is for funding to maintain staffing levels. All funding for client services is deployed through Community Schools staff. Client services funding for this fiscal year (22-23) include the continued funding from Thurston County and private foundation funding. No new funds have been designated by Tumwater as all 1406 funds have been expended as well as the American Rescue Plan Act (ARPA) funds the City received.

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City Administrator Doan advised that the next round of Community Development Block Grant (CDBG) funding for the City is not until 2024 (September). The budget includes an annual allocation of \$150,000 for housing and human services programs beyond what is contributed to the county and through small local human services grants.

Councilmember Althausen added that the \$150,000 allocation is the only amount available that the City could tap for any contributions to Regional Housing Council projects.

Mayor Sullivan asked for clarification as to Thurston County funds not allowing for administrative fees as most grants include a percentage for administrative costs to cover staffing requirements. Ms. Darrow replied that TOGETHER receives only \$15,000 from the county and that amount is not sufficient to fund staff costs.

City Administrator Doan said the City has an established long-standing relationship with TOGETHER in supporting Tumwater Community Schools, which was built around a Tumwater philosophy of addressing homelessness as it occurs. The last Community Summit also served as the genesis of Host Homes as an idea for combating youth homelessness.

Mayor Sullivan acknowledged and thanked Ms. Darrow and Ms. Lathrop for attending and presenting the updates.

City Administrator Doan encouraged the Council to provide some preliminary guidance in support of staff exploring funding options and any remaining ARPA funds. A majority of the Council supported pursuing another conversation on the funding request with staff providing additional information on funding sources and availability.

**CAPITOL LAKE –
DESCHUTES
ESTUARY LONG-
TERM
MANAGEMENT
PROJECT UPDATE:**

City Administrator Doan reported the fate and future of Capitol Lake and the Deschutes Estuary has been a long process with the most recent efforts initiated in 2016 with a commitment by the Department of Enterprise Services (DES) and the State Legislature to proceed with identifying a shared governance model. In 2016, the Legislature authorized a budget proviso to fund the planning process. As part of the proviso, the process directed shared participation in future governance and funding for the Capitol Lake system.

The planning process included a series of work groups tasked to complete an Environmental Impact Statement (EIS) on a set of alternatives with the goal to select the preferred alternative and a model for long-term

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governance and funding.

The Funding and Governance Work Group developed a draft memorandum of understanding between the affected parties of Thurston County, City of Tumwater, City of Olympia, Port of Olympia, Squaxin Island Tribe, local marinas, and the LOTT Clean Water Alliance.

Additionally, the Port of Olympia is working with the U.S. Army Corps of Engineers and the Department of Ecology to address contaminated sediments in West Bay. A follow-on action requires dredging of Capitol Lake to remove sediments that have accumulated and are contaminated with toxins and invasive species (New Zealand Mud Snails) complicating the method of sediment disposal. Following completion of the first two processes, the next step is removal of the Fifth Avenue Dam to allow the river to flow unabated into West Bay with sediment depositing into West Bay. Construction of some recreational amenities would follow surrounding the estuary to include boardwalks in the City of Tumwater and City of Olympia, as well as establishment of a maintenance-dredging schedule to dredge West Bay every six years to maintain shipping capabilities. The state has acknowledged that the construction costs associated with the first dredge of the lake, removal of the dam, rebuilding the Fourth Avenue Bridge, and construction of the recreational amenities would be funded by the state of an estimated \$250 million. A formula was developed for the parties to pay a portion of the ongoing maintenance dredging. For the City of Tumwater, that amount in 2022 dollars would be approximately \$2.7 million for a maintenance dredging until 2050.

Staff has explored options for the City to pay its share recognizing that the amount is not due at one time but would entail a payment schedule to pay the \$2.7 million or \$5 million (based on escalation) over a 35-year period. Staff drafted a plan proposing the use of the Stormwater Utility to generate those funds. The proposal includes a 0.5% increase, increasing to 1% in the fourth year followed by a reduction to .5% with the amount alternating between .5% to zero during the timeline to generate sufficient revenue to make payments. City Administrator Doan invited questions on whether the strategy would be effective to fund the amount.

Councilmember Swarthout asked how the costs for the boardwalk would be covered. City Administrator Doan explained that the City would be responsible for the maintenance of the boardwalk. The boardwalk would likely not be constructed until five to ten years. The boardwalk would be included as another facility maintenance obligation by the City. Provisions in the agreement stipulate that the boardwalk design will be approved and accepted by the City.

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Councilmember Schneider asked whether the Olympia Yacht Club and the other parties would be contributing funds. City Administrator Doan said the U.S. Army Corps of Engineers is considered a 35% participant (\$10 million) and LOTT and Thurston County would pay \$2.7 million with City of Olympia paying a higher share. The yacht clubs would be responsible for funding based on a different calculation.

Councilmember Schneider commented that over that period the City's stormwater bill would increase 15% not including annual increases in stormwater bills. City Administrator Doan noted that inflation would occur during the same period increasing the stormwater bill even higher. The annual increase attributed to funding maintenance dredging is a cumulative increase.

Councilmember Althausen noted that one entity that does not have a fiscal obligation is the Squaxin Island Tribe. The Funding and Governance Work Group considered the tribe's equity component as the historical stewards of the land.

City Administrator Doan said the next step for the memorandum of understanding will lead to the development of an interlocal agreement between the jurisdictions establishing the amount each jurisdiction will be assessed. Additionally, the proposed Mayor's budget includes the .5% increase in the Stormwater Utility Fund budget.

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

City Administrator Doan reported the Thurston County Commission scheduled an October 18, 2022 public hearing on a proposal to suspend operations of the Hopkins Drainage District. The County Commission is not able to dissolve the district but is allowed to suspend the district indefinitely. Mayor Sullivan testified in support of the scheduling the public hearing, as well as the proposal to suspend the drainage district. The City plans to testify on October 18, 2002 in support of the suspension.

ADJOURNMENT: **With there being no further business, Mayor Sullivan adjourned the meeting at 7:03 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
 Puget Sound Meeting Services, psmsoly@earthlink.net

TO: City Council
FROM: John Doan, City Administrator
DATE: October 11, 2022
SUBJECT: Capitol Lake – Deschutes Estuary Memorandum of Understanding for Governance and Funding of a Restored Estuary

1) Recommended Action:

Briefing only on the proposed Interlocal Agreement establishing the mutual commitments to the project, including funding through 2050.

2) Background:

Long-term management strategies and actions are needed to address issues in the Capitol Lake – Deschutes Estuary project area. In June 2021, the Department of Enterprise Services released a Draft Environmental Impact Statement addressing the options for long-term management. They have identified the likely preferred alternative to be the restoration of estuary. The direction from the Legislature in approving this project was to develop a system for local entities to share in the costs of the project. The Funding and Governance Work Group has been developing a proposal to achieve that requirement.

In a July worksession, staff from the State and the consultants provided an update on the project including the conceptual approach to how the State and local entities (Tumwater, Olympia, Port, LOTT, Tribe, and County) could be involved in paying for it. Additional information about the project is available at <https://capitollakedeschutesestuaryeis.org>. A subsequent worksession on September 13th presented a conceptual formula for the City's contribution utilizing utility tax. The attached MOU is in the final form. Its completion is vital to demonstrating the local participation in the project to the State Legislature and leveraging the State funds for construction. This MOU would eventually be followed by a binding interlocal agreement.

Since the September draft, the City's estimated contribution in 2022\$ has increased from \$2,768,000 to \$2,865,000 to help account for maintenance dredging at Percival Landing and the Port Plaza.

3) Policy Support:

2021-2026 Strategic Priority: Be a Leader in Environmental Sustainability

4) Alternatives:

This is a briefing only. It would be on the October 18, 2022 agenda for approval.

5) Fiscal Notes:

Based on this preliminary agreement and the projected costs, the City's projected total contribution in 2022 dollars is \$2,768,000 through 2050. With estimated cost escalation, it

is approximately \$5,000,000. To fund this, the staff is proposing a projected increase to the City's Stormwater Utility of 0.5%/year in years 2023-2026, 1.0%/year in 2027-2030, 0.5%/year in 2031-2036, and 0.5%/year in each even numbered year in each year thereafter until 2050, the final year under this MOU. On a standard stormwater bill of \$13.02 in 2022, this would be an increase of \$0.65. The City will need to monitor the cost obligations, revenue, and the effectiveness of this approach and adjust the numbers up or down over time to ensure sufficient resources. The only other funding source is the General Fund which does not have the resources to make this contribution.

6) Attachments:

A. Memorandum of Understanding

CAPITOL LAKE – DESCHUTES ESTUARY

MEMORANDUM OF UNDERSTANDING FOR GOVERNANCE AND FUNDING OF A RESTORED ESTUARY

Introduction

In 2018, the Washington State Department of Enterprise Services (DES) began a process to prepare an Environmental Impact Statement (EIS) to evaluate the potential impacts and benefits of long-term management alternatives for the Capitol Lake – Deschutes Estuary. This process included an effort to evaluate conceptual options for shared funding and governance of a future management plan, in accordance with Engrossed Substitute House Bill 2380. In 2022, DES identified the Estuary Alternative as the long-term management plan that would best meet project goals. This decision was made following careful consideration of a broad range of technical analyses conducted for the EIS, by soliciting feedback from key stakeholders, and after reviewing public comments.

Estuary restoration will complement other efforts among state, tribal, and local governments, public entities, and private organizations to restore the Deschutes River watershed and improve the health of Budd Inlet.

To explore and develop long-term management options for the Capitol Lake – Deschutes Estuary, a Funding and Governance Work Group (FGWG) was created with the following members (FGWG Members), each of which appointed a representative:

- State of Washington, Department of Enterprise Services
- State of Washington, Department of Natural Resources
- Squaxin Island Tribe
- Thurston County
- City of Olympia
- City of Tumwater
- LOTT Clean Water Alliance
- Port of Olympia

The FGWG Members have reached preliminary consensus on a range of topics as outlined in this Memorandum of Understanding (MOU). This MOU is not a binding agreement among the FGWG Members. Instead, it is a description of the progress made to date toward a potential binding agreement, documenting areas of broad conceptual agreement, describing remaining issues, and indicating the shared commitment to good faith discussion to reach agreement on the remaining issues.

The FGWG Members intend to work to develop an Interlocal Agreement (ILA) that will govern long-term management of the restored estuary. Any ILA will require the approval of each FGWG Member's governing body or administrative head and no ILA will be binding on a FGWG Member until approval is obtained and the ILA is duly executed. Any reference in this MOU to an ILA, an "agreement," or similar words or phrases refers only to a conceptual, tentative agreement regarding a potential ILA by the FGWG Member representatives, who are not authorized to bind their respective entities. Similarly, any reference in this MOU to specific terms or provisions in a future ILA refers only to terms or provisions that will be discussed for possible inclusion in a potential ILA, and does not

indicate any FGWG Member's agreement to the specific provisions or agreement to an overall ILA.

Background¹

What is now known as Capitol Lake was originally the southern portion of the Deschutes Estuary, where freshwater from the Deschutes River mixed with saltwater from Budd Inlet over extensive tidal flats. Between 1949 and 1951, the State of Washington constructed a dam at 5th Avenue in Olympia. The 5th Avenue Dam blocked saltwater from Budd Inlet and transformed the area upstream of the dam into Capitol Lake, a 260-acre freshwater lake fed by the Deschutes River. Capitol campus planners intended Capitol Lake to be part of the Washington State Capitol Campus, and it was designated a resource of the Capitol Campus under RCW 43.34.090 and RCW 79.24.710. The waterbody, together with the parks and trails that surround it, remains an important visual and recreational resource for the community. Enterprise Services (to include predecessor agencies) has had the responsibility to manage Capitol Lake throughout the lake's existence.

The Deschutes River and Percival Creek deposit an estimated 35,000 cubic yards of sediment into the Capitol Lake basin each year. Before construction of the 5th Avenue Dam, much of this sediment was deposited in Budd Inlet; after construction of the dam, the vast majority of this sediment settled out in Capitol Lake. Over time, the sediment captured upstream of the 5th Avenue Dam has accumulated up to 13 feet deep in some places – shallowing the lake, visibly altering conditions, and impacting ecological functions.

Capitol Lake historically has violated water quality standards and is a focus of state and federal water quality improvement planning. Water quality monitoring began in the 1970s, and by 1985, the Thurston County Health Department permanently closed the historic swimming beach in Capitol Lake due to water quality impairments.

The presence and persistence of invasive species in Capitol Lake has also complicated its management. Since the 1980s, the State of Washington (State) has employed a variety of strategies to address invasive species, but today more than a dozen different plant and animal invasive species are present. In response to finding the New Zealand mudsnail in Capitol Lake in 2009, the State officially closed Capitol Lake to all active public use.

For more than 50 years, public and private entities have attempted to address environmental concerns regarding the Capitol Lake – Deschutes Estuary. For a wide variety of reasons, these efforts have been unsuccessful or stalled. All FGWG Members agree that action must be taken to better manage this resource.

DES released the Draft EIS in mid-2021 and identified the Estuary Alternative as the likely preferred alternative in early 2022. Shortly afterwards, FGWG Members began exploring

¹ This background is only intended to be a summary. A more complete discussion of project background, project elements, and the technical analyses that describe impacts and benefits of a long-term management plan can be found in the Final EIS and supporting materials, which can be accessed through the following links: [Capitol Lake – Deschutes Estuary EIS - Home \(capitollakedeschutesestuaryeis.org\)](https://capitollakedeschutesestuaryeis.org); <https://des.wa.gov/about/projects-initiatives/capitol-lake/long-term-planning-capitol-lake-deschutes-estuary>

ways to fund and govern the likely preferred alternative consistent with guiding principles established by the FGWG Members.

The areas of agreement outlined within this MOU are based on the guiding principles the FGWG Members identified in 2016 to support this process, which are as follows:

1. Dedicated and secure funding sources
2. Those who contribute to the problem should participate in funding or paying for the solution
3. Those who benefit from the solution should participate in funding or paying for the solution
4. Shared distribution of costs
5. State participation
6. Watershed-wide in scale
7. Manageable governance
8. Commitment to a long-term collaborative process
9. Adequately resourced administration
10. Support the goals and objectives of the long-term management plan and the future of the overall watershed

From these guiding principles, the FGWG Members tentatively agreed upon a two-part structure for implementing and funding the preferred alternative:²

- The State should be primarily responsible for funding the capital costs of design, permitting, and construction of a preferred alternative. This responsibility reflects the State's role in creating the current conditions.
- After construction is complete, FGWG Members will share in administering, funding, and maintaining the Estuary Alternative for the term of the potential ILA. This shared responsibility reflects FGWG Members' desire for a long-term solution and recognition that the preferred alternative appears to provide significant benefits to FGWG Members and the broader community.

FGWG Members recognize that after construction of the Estuary Alternative, continued governance of the project and funding of sediment management in West Bay, will contribute to the health of Budd Inlet and the Deschutes River watershed and will help maintain a working waterfront and recreational boating. Maintaining a working waterfront and supporting infrastructure of recreational boating contributes to a dynamic, vibrant community and will produce and sustain public revenue, support employment opportunities, and create public amenities that benefit all community members.

² The Managed Lake and Hybrid Alternatives identified in the Draft EIS lacked sufficient support among FGWG Members to warrant further development of governance and funding models. As a result, if either of these alternatives were selected, long-term administration, funding, and maintenance would be expected to remain State responsibilities.

Conceptual Agreement

The FGWG Members conceptually agree on the following issues:

1. Conceptual Overview

Construction and management of the Estuary Alternative will include the following elements and assumptions, which are described in more detail in sections that follow:

- The FGWG Members intend to execute an ILA (or ILAs) governing implementation and long-term funding and governance of the Estuary Alternative.
- DES intends to submit a capital request to fund design and permitting of the Estuary Alternative to the State Legislature for the 2023 legislative session.
- The State will administer and fund initial estuary restoration. DES intends to pursue funding from the State Legislature and other sources and intends to construct the Estuary Alternative.
- DES will transfer specific physical assets and/or long-term management responsibilities of those assets to individual FGWG Members after construction.
- As a separate project, known sediment contamination in lower Budd Inlet will be remediated. The Port of Olympia is expected to lead this remediation, which is expected to occur prior to removal of the 5th Avenue Dam.

2. Project Elements

a) Pre-Project Conditions

Prior to and separate from construction of the Estuary Alternative, known sediment contamination in lower Budd Inlet will be remediated to conditions satisfactory to the Washington State Department of Ecology and the US Army Corps of Engineers. The Port of Olympia is expected to lead and manage this effort, with the State of Washington providing funding, in part. The Port of Olympia is currently targeting the late 2020s for remedial action throughout lower Budd Inlet. The 5th Avenue Dam will not be removed until this work is complete to help ensure that the Port of Olympia-led remediation and DES-led estuary construction do not interfere with each other and, to the extent feasible, complement each other.

b) Appropriations for Design, Permitting, and Construction

DES intends to submit a capital request to the State Legislature to fund the design and permitting of the Estuary Alternative in the 2023 biennial budget. If funding is secured, the estimated 3- to 5-year design and permitting process could begin in mid-2023. The State, acting through DES or a designee, will manage and have authority over design and permitting. During the design and permitting process, DES (or designee) will coordinate with the City of Olympia and City of Tumwater on design of the 5th Avenue Bridge and South Basin boardwalks, respectively, to ensure that these physical assets comply with applicable design standards and are acceptable to the receiving FGWG Member, and that the process used to approve design of the asset is acceptable to the receiving FGWG Member.

DES is currently developing a strategy for construction funding, which is likely to rely on funds from a variety of sources, including federal, state, and potentially philanthropic. If funding is secured without delay, construction of the Estuary Alternative could begin in the late 2020s. The State, acting through DES, the Washington State Department of Natural Resources (DNR), or a designee, will manage and have authority over construction, which is estimated to occur over a 7- to 8-year period.

c) Transfer of Assets

DES will convey or transfer certain physical assets to individual FGWG Members after construction is complete. Each transfer will be governed by a separate agreement between DES (or designee) and the receiving Member. Upon transfer of a physical asset, the receiving FGWG Member will have full ownership in perpetuity, to include all maintenance responsibility and risk of loss.

d) Governance Responsibility

A state agency will act as Project Manager to convene and facilitate the FGWG as set forth in a future ILA. DES may transfer governance responsibilities to other state agencies for services required in the course of long-term management for the Estuary Alternative. No other FGWG Members are assuming governance responsibilities.

Table 1. Transfer of Physical Assets and Governance Responsibilities

Receiving Entity	Asset/Governance Responsibility	Time of Transfer
State of Washington	Maintenance of constructed infrastructure to support boating, fishing, recreation in estuary, as needed. Staffing of decontamination stations. Maintenance of Middle Basin boardwalks. Bathymetric surveys, design, permitting, contract management for maintenance dredging outside of federal navigation channel and turning basin and port vessel berths.	Upon construction completion
Squaxin Island Tribe	Participate in implementation of Habitat Enhancement Plan for constructed habitat in the 260-acre basin, formerly Capitol Lake	Upon construction completion
Thurston County	None identified	N/A
City of Olympia	New 5 th Avenue Bridge	Upon construction completion

Receiving Entity	Asset/Governance Responsibility	Time of Transfer
City of Tumwater	South Basin boardwalks	Upon construction completion
LOTT	None identified	N/A
Port of Olympia	Bathymetric surveys, design, permitting, contract management for maintenance dredging in port vessel berths. Lead coordination with USACE on maintenance dredging in federal navigation channel and turning basin.	Upon construction completion

e) Sediment Management

After the State constructs the estuary and transfers physical assets and specific management responsibilities to individual FGWG members, shared long-term responsibilities will focus on sediment management in the West Bay of Budd Inlet. Sediment management is part of the overall project for the benefit of all, as described above.

Sediment management is intended to remove additional sediment that deposits in West Bay under the Estuary Alternative at rates greater than the No Action Alternative (also referred to as “baseline”). Sediment management includes annual bathymetric surveys (at a minimum) in the marinas and marina access areas to evaluate sediment accumulation, contract management (which includes design and permitting), and maintenance dredging (which includes disposal of dredged material). The FGWG Members will collectively fund maintenance dredging. Numerical modeling conducted for the EIS suggests that maintenance dredging to avoid significant impacts³ to navigation from sediment accumulation could be needed in areas of West Bay on an average and approximated frequency of 6 years. The actual rate of sediment accumulation is highly dependent on river flow conditions.

3. ILA Term/Withdrawal

FGWG Members intend to include the following provisions related to the term of a potential ILA and conditions warranting withdrawal:

- The ILA will become effective on the date of the last FGWG Member’s signature.
- The ILA will expire on December 31, 2050, unless some or all FGWG Members agree to renew for an additional term.

³ Significant adverse impacts are defined as: Large vessels accessing the Federal Navigation Channel and Port of Olympia having to wait more than four (4) hours for channel access due to water depth and low tide conditions caused by sediment deposition on more than one consecutive occasion, or more than 10% of anticipated small craft vessels at any single marina unable to access leased moorage due to shallowed water depth caused by sediment deposition.

- Prior to the end of 2045, the Project Manager will convene FGWG Members to determine whether to extend the ILA, and if so, on what terms and with which FGWG Members.
- An FGWG Member may withdraw from the ILA at any time, provided that before withdrawing, (1) the withdrawing FGWG Member provides funds sufficient to satisfy all financial obligations of the withdrawing FGWG Member for the current term of the ILA, and (2) the withdrawing FGWG Member has satisfied all specific performance obligations under the ILA.

4. ILA Renegotiation

If one or more of the following specific events occur, each FGWG Member will have the right to withdraw from or require renegotiation of the terms of the future ILA:

- Washington State Legislature fails to appropriate full funding for construction of the Estuary Alternative.
- Remediation of contaminated sediment in lower Budd Inlet is postponed indefinitely or cannot occur before the removal of the 5th Avenue Dam.
- Projected sediment management costs during the term of the ILA increase above agreed-upon allocation amounts. If sediment management costs increase to a degree that funds will be exhausted prior to the expiration of the initial term of the ILA (expected to be 2050), the Project Manager will reconvene the FGWG to determine an approach that will avoid impacts to navigation through the initial term of the ILA.
 - Note: total planning-level cost estimates and the resulting individual allocations provided in Attachment 1 are stated in 2022 dollars and will be adjusted to include an annual inflationary rate).
- The private marinas fail to provide funding sufficient to meet their obligations under a formal dredging program under the No Action Alternative (i.e., funding sufficient to accomplish baseline dredging).

5. Financing for Sediment Management in West Bay

The FGWG Members have reached conceptual agreement regarding several aspects of funding and finance management for sediment management, as described below:

a) Finance Management

The FGWG Members recognize the need for financial management of funds used for sediment management, including an entity acting to manage such funds and an investment plan that will both protect deposited funds from use by other entities or for other purposes, and provide for a favorable return on investment (to the extent permissible). The FGWG Members will develop a financial plan at the time of ILA formation and seek any necessary authorization from the State Legislature as may be needed.

b) Total Estimated Sediment Management Costs and Payment Allocation

FGWG Members agree that costs for sediment management above those costs associated with dredging of the No Action Alternative (baseline) will be allocated among FGWG Members on a percentage basis, as estimated and set forth in Attachment 1. Acceptance of the allocations set forth in Attachment 1 shall be subject to each Member's approval of a final ILA through its respective legislative and budgetary processes as may be legally required.

c) FGWG Member Deposits and Annual Payments

The Project Manager will notify the FGWG Members when the State has formally appropriated construction funding for estuary construction, and within 90 of each entity receiving such notice, but no earlier than January 1, 2025, each FGWG Member will make an initial deposit with State of Washington. Each FGWG Member's initial deposit will be equal to the FGWG Member's annual payment, which is determined by dividing the FGWG Member's total allocated sediment management costs for the initial term of the ILA by the number of years (partial years count as a full year) remaining in the initial agreement term of the ILA at the time of the deposit. Following the initial deposit, each FGWG Member agrees to make annual payments (determined as above) on or before December 31 of each year, through the end of the agreement term.

d) Annual Payment Adjustments

Calculations of total estimated sediment management costs conservatively assume that removal of the 5th Avenue Dam begins in 2033, which is the earliest that this could occur given the design and permitting process, and other construction activities that are required before dam removal; and this assumes that all funding is secured without delay. The total estimated sediment management costs also assume three dredging events, given the 18-year duration between 2033 and 2050 and the estimated 6-year frequency of maintenance dredging that is based on hydrodynamic and sediment transport numerical modeling conducted for the EIS. If removal of the 5th Avenue Dam is delayed such that there is certainty that fewer than three dredging events are anticipated to occur within the term of the ILA, FGWG Members may adjust total estimated sediment management costs and annual payments.

After each maintenance dredging event, the Project Manager will convene the FGWG to provide FGWG Members with final costs and summary report for the dredging event and for the FGWG Members to consider alterations to the sediment management program and/or to implement other adaptive management practices. Adjustments to total sediment management costs and/or annual payments will trigger the renegotiation rights described in Section 4 only if adjustments cause projected costs to increase above agreed-upon allocations.

If excess funds remain upon the expiration or termination of the ILA and unless otherwise agreed to, each FGWG Member will be entitled to receive a refund of such excess funds based on a pro-rata calculation of the amounts paid.

e) Planning-Level Cost Estimates

FGWG Members have negotiated this MOU using planning-level cost estimates. Civil, environmental, and coastal engineers developed planning-level cost estimates using

costs for similar work on recent projects, hydrodynamic and sediment transport numerical modeling in the EIS that predicts sediment accumulation under the Estuary Alternative, and triggers to initiate dredging events (see footnote 3). Planning-level cost estimates also assume in-water disposal of the dredged sediment, based on current sediment data and a projection that invasive species will not persist in the material to be dredged.

Planning-level cost estimates are in 2022 dollars, are based on conceptual design, and have an accuracy variation of minus 25% to plus 35%, consistent with Class 4 estimates prepared using standards established by the Association for the Advancement of Cost Engineering. The cost estimates are to support planning efforts and include a 15-percent contingency. The higher end of the range (+ 35%) has been used.

The accuracy of planning-level cost estimates will increase as design is further developed. If updated cost estimates are available before FGWG Members begin annual payments, FGWG Members may agree to update the total sediment management costs set forth in Attachment 1.

6. Enforcement

The FGWG Members agree and recognize that this multi-party MOU and the multi-party ILA intended to follow are the result of complex negotiations among individual entities each with individual interests and constituencies, and that the provisions of the MOU and ILA are interdependent and represent a balancing of those individual interests and constituencies. The FGWG Members further agree that the restoration of the Deschutes Estuary and maintenance of a working waterfront and recreational boating will provide each entity with public benefits, but to secure those public benefits, each obligation the FGWG Members will make to each other must be fulfilled. Accordingly, the FGWG Members intend that each FGWG Member will have authority to enforce the obligations under a future ILA of each other FGWG Member, to include requiring specific enforcement of such obligations.

7. Additional Issues Under Discussion

The FGWG Members continue to discuss the following issues:

- FGWG Members have preliminarily agreed to apply an annual inflation increase to each FGWG Member's allocated payment (options are 3% or CPI), subject to further adjustments. Attachment 1 reflects 2022 dollars and does not include this assumption.
- Allocation, documentation, and parties involved in addressing maintenance dredging costs equivalent to the No Action Alternative (baseline dredging).
- The specific FGWG Member or entity to serve as financial manager.

8. Administrative Issues and Commitment

This MOU may be executed in counterpart and/or by electronically-transmitted signature (pdf or similar).

This MOU, and the ILA proposed to follow, shall be amended or modified only by written agreement of all FGWG Members.

By signing below, the FGWG Members are not entering into a binding agreement, but are indicating areas of general or conceptual agreement.

The FGWG Members execute this MOU in good faith and commit themselves to continuing discussions for timely execution of the ILA.

Signatures

Tara Smith, Director
Department of Enterprise Services

Date

Hilary Franz, Commissioner of Public Lands
Department of Natural Resources

Date

Kris Peters, Chairman
Squaxin Island Tribe

Date

Jay Burney, City Manager
City of Olympia

Date

Mark Barber, City Attorney
City of Olympia

Date

Debbie Sullivan, Mayor
City of Tumwater

Date

Karen Kirkpatrick, City Attorney
City of Tumwater

Date

Mike Strub, Executive Director
LOTT

Date

Lisa Parshley, Board President
LOTT

Date

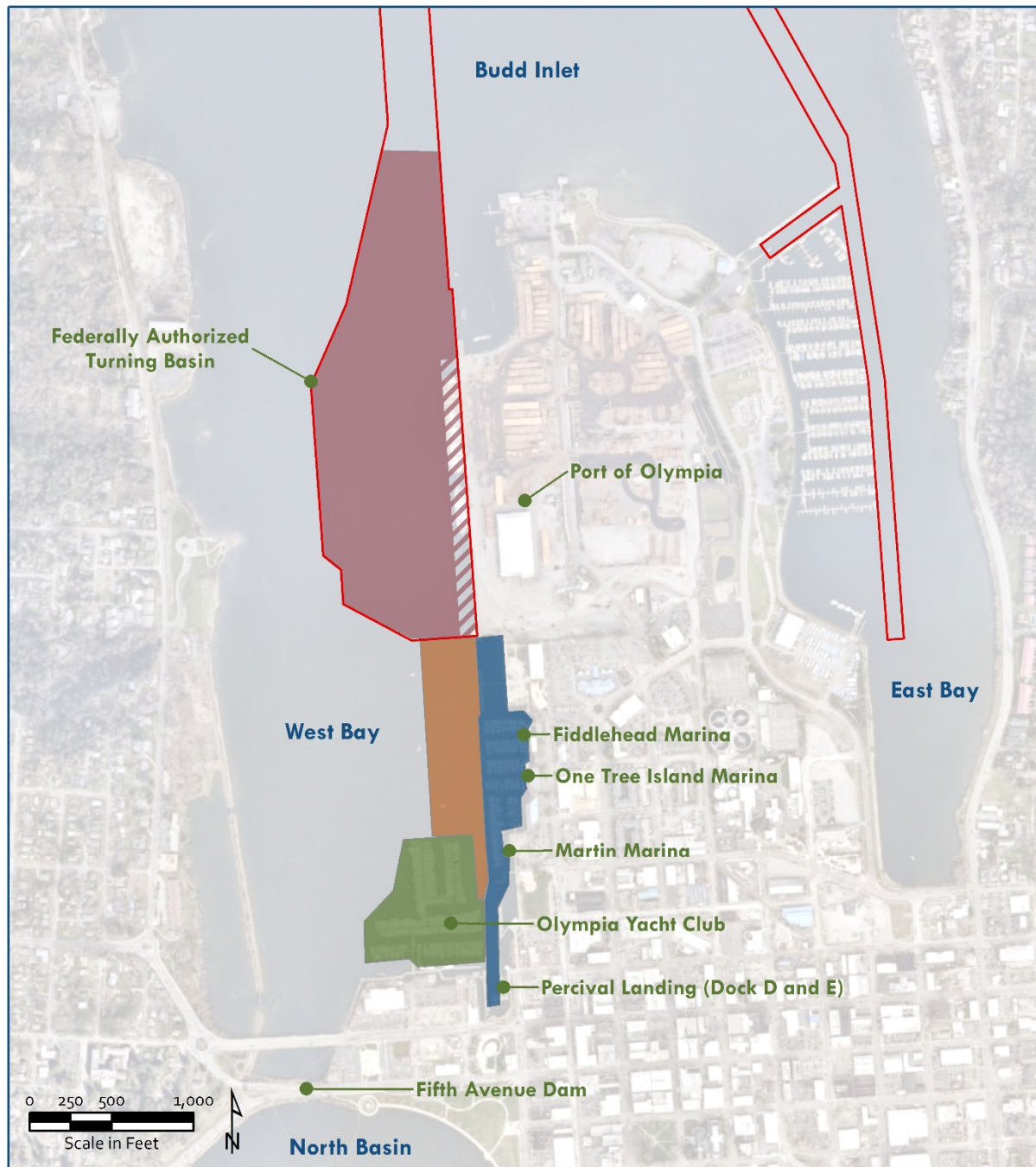
Sam Gibboney, Executive Director
Port of Olympia

Date







Ramiro Chavez, Thurston County Manager
Thurston County

Date

Exhibit 1: Maintenance Dredging Areas



Legend

 Olympia Yacht Club	 Marina Access Area	 Port Vessel Berths (within FNC)
 Other Nearby Marinas (and Percival Landing and Port Plaza)	 Turning Basin (within FNC)	 Federal Navigation Channel (FNC)

Note:

Percival Landing and the Port Plaza have been included in the planning-level cost estimates for maintenance dredging included in Attachment 1. It is assumed that these facilities would be dredged at the same frequency as the "other marinas" shown in blue, and the need would be confirmed by the FGWG. There is no other dredging trigger defined for dredging at the Percival Landing and Port Plaza, and they are not included in the EIS analysis or EIS cost-estimates. They were added to this MOU at the request of the FGWG.

Attachment 1

The values in this table are based on planning-level cost estimates and are provided in 2022 dollars. The allocations and associated cost estimates are provided for the term of the FGWG agreement only – through 2050.

This table of recommended allocations provides and equalizes the recommended allocations for sediment management across the FGWG. It recognizes that: (1) all parties benefit from estuary restoration and/or implementation of the Dredging Program; and (2) that differences in the magnitude of benefits cannot be mathematically derived but that the project would be beneficial to each entity. Importantly, the City of Olympia is shown in an increased capacity from the remaining FGWG members given that the working waterfront and recreational boating infrastructure exists within the city limits and is adjacent to downtown Olympia; and arguably, the City of Olympia may derive the most direct benefits.

Recommended Sediment Management Allocations

Entity ^(i, ii)	Allocation % for Maintenance Dredging of Increased Sediment from Estuary Alternative <i>(above No Action Alternative)</i>	Cost Estimate for Maintenance Dredging Equivalent to No Action Alternative ⁽ⁱⁱⁱ⁾	Cost Estimate for Maintenance Dredging of Increased Sediment from Estuary Alternative <i>(above No Action Alternative)</i> ^(iv)	Total Cost Estimate for Sediment Management <i>(No Action Alternative + Increased Maintenance Dredging from Estuary Alternative)</i>	Estuary Construction + Total Sediment Management	Allocation % Total <i>(Estuary Construction + Sediment Management)</i>
Olympia	~23.1%	\$0	\$4,297,000	\$4,297,000	\$4,297,000	2%
LOTT	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
Port	~15.4%	\$362,000	\$2,865,000	\$3,227,000	\$3,227,000	1%
Tumwater	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
Marinas	0.0%	\$5,800,000	\$0	\$5,800,000	\$5,800,000	2%
Thurston County	~15.4%	\$0	\$2,865,000	\$2,865,000	\$2,865,000	1%
State	~15.4%	\$0	\$2,865,000	\$2,865,000	\$249,545,000	92%
Squaxin Island Tribe	0.0%	\$0	\$0	\$0	\$0	0%
	~100.0%	\$6,162,000	\$18,622,000	\$24,784,000	\$271,464,000	100%

Notes:

- i All values included in this table are represented in 2022 dollars and may exhibit rounded values. In the future, an annual inflationary rate (3% or Consumer Price Index equivalent) is to be included by the FGWG in each entities’ annual payment of allocated maintenance dredging funding; those inflation costs are not reflected in this table. All values reflect planning-level cost estimates based on conceptual design (see Section 5.e).
- ii The total cost to manage sediment represented in this table assumes removal of the 5th Avenue Dam occurs in 2033, which is the soonest that phased dam removal could begin – through 2050, which is the end date of the existing agreement. Based on hydrodynamic and sediment transport numerical modeling conducted for the EIS, maintenance dredging is assumed to occur at an approximately 6 year frequency, resulting in an estimated three dredge events in the 18-year duration between 2033 and 2050. These planning level costs reflect these assumed dredging events.

Delays in 5th Avenue Dam removal would reduce the duration within this agreement where sediment conditions in West Bay have changed from existing conditions. If removal of the 5th Avenue Dam is delayed (particularly if the delay is long enough to eliminate an assumed dredge event), the total cost estimates for sediment management provided herein could be adjusted. Potential future adjustments in the total cost of sediment management will be reflected in the total costs allocated to each FGWG member, but not the percentage allocation of each FGWG.

Each FGWG member's annual payment is determined by dividing the member's total allocated sediment management costs for the initial term of the ILA by the number of years (partial years count as a full year) remaining in the initial agreement term of the ILA at the time of the payment's deposit. The number of years used to determine the annual payment is dependent upon the State's formal appropriation of construction funding for the Estuary Alternative construction. Each FGWG member is responsible for its annual allocated costs; however, they may divide over the initial term of the ILA, as is described in Section 5.b, Total Estimated Costs and Payment Allocation, of the ILA. These costs assume that the Port of Olympia has already dredged existing contaminated sediment and has reestablished authorized depths in West Bay. That dredging of contaminated accumulated sediment is not associated with this project, and those costs are not included in the costs represented here. The planned Port of Olympia dredging of contaminated sediments is also expected to allow the future dredged material under the No Action Alternative (and Estuary Alternative) to be disposed of in-water.

The planning-level costs presented herein assume in-water disposal of dredged material. The maintenance dredging costs would significantly increase if dredged material was determined not suitable for in-water disposal.

Bathymetric surveys would be conducted to adjust dredging events to actual environmental conditions (surveys would occur annually, at a minimum). These tables do not include costs for the annual bathymetric surveys. Costs associated with design and permitting (and associated efforts) are not included in these tables either, and they are currently assumed to be an in-kind contribution from the FGWG as outlined in Section 2.d.

2050 is the last year of existing leases with private marinas in West Bay; these estimates align with that timeline and do not speculate about continued maintenance dredging past that time, potential new funding sources or different shared agreements, or potential marina decisions to relocate.

- iii This represents the estimated non-project costs associated with dredging impacted areas of West Bay based on sedimentation rates and patterns modeled for the No Action Alternative, assuming a formal dredging program with the same dredging triggers as defined for the Estuary Alternative. Numerical modeling shows that approximately 65% of the sediment would be dredged from the Federal Navigation Channel and turning basin; funding for that dredging is the responsibility of the U.S. Army Corps of Engineers (USACE). USACE-provided funding (for dredging equivalent to the No Action Alternative, or for increased sediment management under the Estuary Alternative, as described below) has not been included in this table at the request of the FGWG. USACE funding for dredging is a critical component of maintaining navigation in West Bay.

- iv These costs reflect the increased maintenance dredging costs beyond those that would be incurred by others under the No Action Alternative to avoid significant impacts to navigation in West Bay. Dredging in the FNC and turning basin, including additional dredging requirements resulting from the project, is the responsibility of the USACE and those costs are not included herein. Maintenance dredging needs equivalent to the No Action Alternative in impacted areas of West Bay would continue to be the responsibility of the Port of Olympia, private marinas, and the USACE; additional dredging requirements shown in this estimate, resulting from the project, would be the shared responsibility of members of the FGWG.

TO: City Council

FROM: John Doan, City Administrator
Austin Ramirez, Economic Development Program Manager

DATE: October 11, 2022

SUBJECT: Legislative Agenda

1) Recommended Action:

Discuss and provide input on the City's draft 2023 Legislative Agenda.

2) Background:

The City annual adopts a Legislative Agenda to guide the City's policy and funding requests for the State Legislature. The Agenda is developed by reviewing the City's adopted plans, trending issues at the Legislature, emergent policy issues, Association of Washington Cities (AWC) legislative issues, and regional legislative initiatives. The Agenda both guides City requests for Legislative action but also assists staff in knowing how to respond to requests of the City's position on policy issues. The AWC Legislative info is available at: <https://wacities.org/advocacy/City-Legislative-Priorities> Several key items have been included under the Shared Legislative Agenda; however, that Agenda will not be completed until later in the year.

3) Policy Support:

Strategic Priority: "Pursue Targeted Community Development Opportunities" –

- Facilitate Brewery Redevelopment
- Rejuvenate the Brewery Neighborhood
- Continue to work with SPSCC and others to build Tumwater's brand in support of the craft beverage industry

Strategic Priority: "Build a Community Recognized for Quality, Compassion and Humanity"-

- Work with government, non-profit, and private partners to develop and implement a performance-based plan for affordable housing and to address homelessness.

Strategic Priority: "Create and Maintain a Transportation system Safe for All Modes of Travel"

- Design and build the E Street Connection

Strategic Priority: "Be a Leader in Environmental Sustainability"

4) Alternatives:

- ☐ Do not adopt a Legislative Agenda
 - ☐ Make changes to the proposal
-

5) Fiscal Notes:

There is no specific cost to the Legislative Agenda, although specific projects may have costs that are reflected in various City plans and budgets.

6) Attachments:

Initial proposed Legislative Agenda

2022 City of Tumwater Legislative Agenda

Capital and Transportation Proposals

E Street Extension Engineering and Permitting - \$6,600,000

Build a connection from Capitol Boulevard to Cleveland Avenue (Yelm Highway) at E Street to alleviate congestion near the brewery and provide access over the railroad tracks to the brewery warehouse. Conceptual design is complete and pending public input. The relocation of Tumwater Valley Drive from the E Street intersection is under construction in conjunction with the Craft District development. This is an ideal project for major funding from a State or Federal program. Engineering and the initial permitting cost is \$3.4 million, right-of-way is estimated at \$3.2 million, and the total project cost is estimated at \$54.2 million. The City is seeking funding for design, engineering, initial permitting and right-of-way acquisition at this time. Additional Information at: www.ci.tumwater.wa.us/estreet

WSDOT Regional Offices Redevelopment - \$2,800,000

The State Department of Transportation vacated the Olympic Region offices in 2020. The 10-acre site was identified as the keystone to the Capitol Blvd. Corridor Plan. It provides opportunities to provide affordable and market-rate housing, retail, public, and even potentially historic preservation. The City is asking the Legislature to make the State Department of Transportation whole in order for them to transfer the property to the City. The City would make one-third of the property available for affordable housing. The other third would be market-rate housing and the remainder would be commercial and public. Although the City would initially hold the property, the City would seek one or more private sector partners to develop it. The City has particular interest in ensuring this property develops and does not sit vacant and blighted. The cost estimate will be updated when WSDOT completes an updated appraisal. The City is also seeking \$300,000 to assist with site planning costs.

Tumwater Blvd./I5 Interchange - \$5,000,000

The Tumwater Blvd./I5 Interchange serves the Port of Olympia's Airport, the New Market Industrial Campus (NMIC), numerous State agencies, and a growing retail base. This request is to support the City and new development (public, private - retail, private - industrial, and residential) in adding roundabouts to each end of the freeway crossing. The improvements are needed to reduce congestion, facilitate movement of freight, and avoid back-ups onto I-5 at peak hours. The entire project is \$15M with the other funds coming from development and the City.

Gopher Mitigation/Economic Development Funding - \$4.0 million*

Following the Mazama Pocket Gopher listing as threatened under the Endangered Species Act, the City has been partnering with the Port of Olympia on a Habitat Conservation Plan (HCP) that identifies the type and amount of mitigation land to be set-aside for gopher mitigation banking. The bank allows private and public development to occur in areas within the Tumwater City limits where development has been halted because of gopher habitat impacts. The amount of land needed for Tumwater is estimated at 1,015 acres at a cost of \$55 million over 30 years including the cost to establish and maintain the appropriate prairie land. The City of Yelm is also impacted by the listing of the pocket gopher and other prairie species. They are beginning to develop a Habit Conservation Plan that will require them to acquire land for a mitigation bank before development can happen in impacted areas. We are requesting \$2.5 million in funding for Tumwater and \$1.5 million for Yelm to initiate the mitigation bank. As the property is developed, credits will be sold and the proceeds reinvested in more property to be converted into mitigation.

Shared Legislative Agenda

These are initially proposed items. The list will be finalized later in the year as participating agencies bring forward their agency proposals. Local items above marked with * are also candidates for the Shared Agenda.

I-5 Improvements – \$1.5M for planning of shoulder running option. This is in addition to the funding that has already been approved for I5/Nisqually design.

Homeless Response Funding – Following significant investment in facilities, need to ensure operation funding is provided for these facilities beyond the current biennium budget.

Maker Space Expansion – \$1.0M to expand the Lacey Makers Space. It is one part of a four-pronged innovation approach that also includes the craft brewing and distilling center, the art center in Olympia and the Ag Center in Tenino.

Climate Change Response – Need to fund specific improvements in our communities in order to advance climate change initiatives. Olympia is working to develop a specific list of fundable activities.

Policy & Statewide Issues

1% Property Tax Cap

The growth of City property tax revenue is capped at 1% under a voter-approved initiative. The only exceptions are new construction, annexations, and levy lid lifts. Recent record inflation is significantly impacting City services, now and in the future. The City supports indexing the cap to an inflation index.

Extension of Transportation Benefit Districts

Current law allows a Transportation Benefit District (TBD) to be renewed once after its initial 10-year term. The City's TBD has been vital in stabilizing the overall City budget and dramatically improving road quality and safety. The first term will expire in 2025 and making allowances for long-term planning and funding of transportation infrastructure is important. We suggest that there not be a limit to the number of renewals of a TBD.

Association of Washington Cities Priorities

The Association of Washington Cities is bringing forward 5 priorities. Detailed information and fact sheets are available at: <https://wacities.org/advocacy/City-Legislative-Priorities>

- Respond to the Blake decision with funding and investment in alternatives to prosecution (response teams, treatment facilities, in-jail treatment, social workers and treatment providers, and system navigators).
- Address vehicle pursuits for public safety by clarifying the ability of law enforcement to conduct vehicle pursuits using a reasonable suspicion standard in specific circumstances.
- Ensure basic infrastructure funding by fully funding the Public Works Assistance Account, allowing current revenue diversions to sunset, and refrain from other diversions. Also, expand state funding opportunities for infrastructure.
- Increase housing availability and affordability with additional tools, incentives, and revenues.

- Provide behavioral health resources with great access to services at the community level including substance use disorder treatment, dual diagnosis treatment facilities, and co-responder programs to aid law enforcement.

Adopted _____

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