

MINUTES OF THE LACEY CITY COUNCIL WORKSESSION

THURSDAY, JULY 8, 2021

4:00 P.M. – 6:32 P.M.

REMOTE ONLY

COUNCIL PRESENT: MAYOR RYDER, DEPUTY MAYOR PRATT, COUNCILMEMBERS
GREENSTEIN, STEADMAN, COX, KUNKEL, MILLER

STAFF PRESENT: S. SPENCE, S. EGGER, S. KELLEY-FONG, D. SCHNEIDER, R. WALK, J.
BRANDT, E. FONTAINE

Mayor Ryder amended the agenda to include the following; *Water Response Strategy*.

ACTION: APPROVE AMENDED WORKSESSION AGENDA

MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBER GREENSTEIN AND
DEPUTY MAYOR PRATT.

LOTT ANNUAL REPORT

PRESENTERS: MIKE STRUB, EXECUTIVE DIRECTOR
MATT KENNELLY, ASSISTANT EXECUTIVE DIRECTOR

ACTION: INFORMATION ONLY

Mike Strub, LOTT Executive Director, and Matt Kennelly, LOTT Assistant Executive Director, presented Council with LOTT Clean Water Alliance's Annual Report.

LOTT provides wastewater management services for the urban area of north Thurston County. LOTT is a non-profit corporation, formed by four government partners – Lacey, Olympia, Tumwater and Thurston County.

LOTT currently services the following:

- 175,000 total population
- 116,000 total sewers
- 55,000 total septic

Budd Inlet Treatment Plant is LOTT's main plant, located in Olympia, and consists of the following:

- 12 million gallons per day (avg)
- Peak flows can exceed 50 million gallons per day
- Treats to strict advanced secondary standards

- Discharges through diffuser pipe into Budd Inlet
- Reclaimed water production

Upcoming Major Projects:

- Biological Process Improvements
- Digester Refurbishment
- Collection System Piping Rehabilitation
- Martin Way Reclaimed Water Plant Upgrades

City of Lacey Collaboration Includes:

- Capital Projects
- Reclaimed Water
- Septic conversion incentives
- Inflow and infiltration
- Water conservation

2020 Performance Objectives Met:

- 0 instances of pollutant exceedances to Budd Inlet
- 608 million gallons of reclaimed water produced
- 7563 wet tons of biosolids generated
- 1.4 m kilowatts of energy generated

LOTT highlighted the following upcoming and ongoing challenges:

- Reclaimed Water Infiltration Study
 - o Pharmaceuticals and personal care products
- Regulatory Changes
 - o Total maximum daily load study for Budd Inlet
 - o Capitol Lake – Deschutes Estuary EIS
 - o Puget Sound Nutrient General Permit
- COVID Revenue Impacts
 - o 7.5M revenue shortfall projected over 5 years

LOTT's treatment process, as well as 2019-2024 Financial Plan and 2021-2022 Budget were also reviewed.

2021 COMPREHENSIVE AMENDMENTS

STAFF: JESSICA BRANDT, ASSOCIATE PLANNER

ACTION: INFORMATION ONLY

Jessica Brandt, Associate Planner, briefed Council on the 2021 Comprehensive amendments for the Thurston Climate Mitigation and Urban Forest Plans.

Thurston Climate Mitigation Plan (TCMP)

As outlined in the Public Participation Plan, the community was invited to a virtual open house April 1 – 30, 2021. An online survey was also available from April 1 – May 15.

The City used a variety of notification methods throughout the project, to get word out to the public, including:

- Social media
- Coordinated with Lacey Cares campaign
- Elected and appointed officials shared links with their networks
- Community presentations to Olympia Master Builders, Panorama, and Thurston Climate Action Team
- Notice included in the Spring 2021 Stream Team Newsletter
- Story in Lacey Utility insert “Lacey Life” for April 2021 – 25,500 households’ distribution
- Planning Commissioners handed out postcards at locations throughout the City of Lacey Notice included in the NTPS “Peach Jar” announcements

Out of participation received, the vast majority of the community was supportive of climate actions by the City, and noted they were willing to take their own actions as well.

The Planning Commission conducted a public hearing on the Thurston Climate Mitigation Plan on May 18th. At the conclusion of the public hearing, the Planning Commission unanimously recommended adoption of the Plan. The Planning Commission recommended implementation of the TCMP is a high priority, however, they did not prioritize local actions within the plan.

With the dozens of local actions identified within the TCMP, staff is recommending a more detailed strategy of implementation be developed that will provide more specific information on how each action meets the objectives of the Plan. Staff will draft a framework of action items for the Planning Commission consideration. This will assist City Council in making decisions that can meet Lacey’s overall carbon reduction

strategy goals. Once the Planning Commission recommends a strategy document, the City Council will review and consider for final adoption at a future meeting.

Council directed staff to also include data on cost and return of investments.

Urban Forest Management Plan

At the Planning Commission's June 15th meeting the Commission made the following unanimous recommendations for Council consideration:

- Urban Forest Management Plan Recommended Amendments:
 - Introductory information about this update.
 - Added language about the importance of enforcement of regulations.
 - Set a tree canopy goal of maintaining the existing 28% coverage identified in the tree canopy analysis; evaluate the canopy analysis on a regular basis; and reevaluate the Plan and regulations if canopy coverage drops below 28%.
 - Appendix 4 – planting details to match Development Guidelines and Public Works Standards, with the exception of tree grates.
 - Updated tree list as provided by the City's contract foresters.
- LMC 14.32 Recommended Amendments:
 - Housekeeping items in definitions.
 - Exemptions (14.32.050)
 - o Maintain tree density minimums using the tree density minimum table and remove language in exemptions on individual lots regarding "5 trees in 36 months" to address equity issues on larger lots, provided that removal of five trees requires tree protection professional review.
 - o City owned property.
 - Remove a substantial portion of the "Revegetation Options" section. City tree protection professionals determined it is no longer necessary to include the entirety of this language in the regulations (14.32.069).

At the June 1st Planning Commission worksession, the Commission provided direction to staff to incorporate a no net loss tree canopy goal, more staffing resources, and establishment of a tree board. A previously proposed amendment was not supported by the Planning Commission that would have allowed HOA's an exemption to remove healthy trees in open spaces (LMC 14.32.050)

Council expressed a need for a modified version of the UFMP to better address the concerns brought up by the HOA's. Staff recommended having it go before the Tree Board to find reasonable solutions before presenting back to Council.

SEPTIC TO SEWER OVERALL STRATEGY

STAFF: SCOTT EGGER, PUBLIC WORKS DIRECTOR

ACTION: INFORMATION ONLY

Scott Egger, Public Works Director, presented the overall septic to sewer strategy and highlighted septic conversion history, and provided priority considerations.

Taking a look at 2030 and beyond, the following was identified and reviewed:

- Septic conversions in Basin-1, LOTT Martin Way Reclaimed Water Plant Basin.
- Septic conversions in Basin-2, LOTT Downtown Olympia Plant.
- Septic neighborhoods inside the City limits before outside the City limits.
- Septic neighborhoods or community systems that negatively impact drinking water wells.
- Septic neighborhoods or community systems that negatively impact surface water quality.
- Failing community septic systems.
- Neighborhood with the oldest and largest number of failing septic systems.
- Septic neighborhoods or community systems that negatively impact groundwater outside of the influence of drinking water wells.
- Covert gravity sewer basins before step sewer basins.
- Coordinate with other infrastructure projects (i.e. waterline replacement projects and road projects).
- Consider lot size/neighborhood density, soil type, etc.

Project priorities are evaluated case by case, with multiple factors that are to be considered.

All septic parcels in UGA

- Inside City limits: 1,981
- Outside City limits: 7,852
- Basin 1 – Olympia: 417
- Basin 2 – Martin Way: 9,416

Septic Parcels Fronting Sewer

- Inside City limits: 493
- Outside City limits: 574
- Basin 1 – Olympia: 64
- Basin 2 – Martin Way: 1,003

Currently the approach to projects for 2030-2038 is that the City pays full cost to connect parcels that are fronting sewer. This will take advantage of the existing infrastructure. The cost per parcel, including connection fees, will be approximately \$20,000 per parcel.

Regarding the approach to projects beyond 2038, staff advised it would be beneficial to receive guidance on the preferred financing model for the future.

Staff presented the following two financial models:

- City pays all costs (Capital City Model)
- City pays for infrastructure in the Right of Way (ROW)

The cost of paying for infrastructure in the ROW is approximately 2/3 of all project costs.

Council expressed support for the City paying all costs, but highlighted concern that this model may move projects along too slowly. Council supports staff researching all applicable grants to offset City costs.

Staff also presented the following information on the Tolmie Park Estates HOA:

- Tolmie is an unplanned project
- The community septic system is failing
- The system negatively impacts surface water
- The system is located at the headwaters of Eagle Creek, which feeds directly into Woodland Creek and Puget Sound
- The engineer for the system doesn't believe that it will last another 2-years.
- ULID is the best tool for financing
- ULID requires approval from the parcel owners

Staff asked for Council direction on the following project participation:

- Option A: ULID with no outside funding
- Option B: ULID with Lacey paying for cost of work in ROW
- Option C: ULID with Lacey paying all costs, Capital City Model

Regarding Tolmie Park Estates HOA, Council supports a modified option of the ULID, with the City paying \$2M towards the conversion. Council noted that Tolmie Park Estates should have priority in 2030 for the City to pay off the remaining balance. This approach puts an estimated \$100-\$110 a month cost to homeowners.

COMMUNITY DEVELOPMENT BLOCK GRANT UPDATE

STAFF: SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER

ACTION: INFORMATION ONLY

Shannon Kelley-Fong, Assistant City Manager, presented an update on the Community Development Block Grant (CDBG).

Thurston County has proposed to renew the Thurston County Urban CDBG program for years 2022-2024.

The City received correspondence from Thurston County asking the City to confirm our continued participation in the Thurston County Urban County CDBG program for an additional three-year period (2022-2024). The County also provided an updated MOU with no change to the allocation method of past agreements.

The following three options were previously considered by Council:

1. No change - Continue as a member in the Thurston County CDBG Urban County Program
2. Become an Entitlement Community - Leave the Thurston County CDBG Urban County Program
3. Renegotiate the terms of the Thurston County Urban County CDBG Program MOU for 2022-2024

Council supported waiting until HUD provides the City more details on the City's entitlement status and potential annual CDBG allocation, as well as the impact on the Thurston County Urban Community Program prior to determine the City's participation in any CDBG program.

Staff confirmed the City received a response from HUD confirming the City's standalone entitlement status, but did not receive comprehensive information on how the City's annual estimate would be calculated, or if Thurston County UGA members would remain eligible as a CDBG Urban Program.

The City has followed up with HUD seeking the additional information. Staff recommends continuing to explore urban county agreement options in the meantime.

An update will be provided to Council at a future meeting, once the additional information is received.