

MINUTES OF THE LACEY CITY COUNCIL WORKSESSION

JUNE 10, 2021

4:00 P.M. – 6:39 P.M.

REMOTE ONLY

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

STAFF PRESENT: S. SPENCE, J. BURBIDGE, S. KELLEY-FONG, D. SCHNEIDER, R.
WALK, T. WOO, R. ANDREWS, E. FONTAINE

Mayor Ryder amended the agenda to include the following two items; *Tractor-Trailer Trucks Expansion Opposition* and *Final INVEST Act Support Letters*

ACTION: APPROVE AMENDED WORKSESSION AGENDA

MOTION: MOTION MADE, SECONDED AND CARRIED BY COUNCILMEMBERS COX AND
GREENSTEIN

2021 COMPREHENSIVE PLAN AMENDMENTS – HOUSING ACTION PLAN

STAFF: RICK WALK, COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
RYAN ANDREWS, PLANNING MANAGER

ACTION: INFORMATION ONLY

In November 2019, the City of Lacey, in partnership with the cities of Olympia and Tumwater, received a Grant Award from the Department of Commerce to develop a Housing Action Plan to meet the goals of HB 1923. The intent of HB 1923 is to encourage the construction of additional affordable and market-rate housing in a greater variety of housing types, and at prices that are accessible to a greater variety of incomes. Lacey Community and Economic Development staff have coordinated with staff from Olympia and Tumwater to develop a draft Housing Action Plan, that is now being reviewed through our local processes.

To support the effort, the Cities of Lacey, Olympia, and Tumwater contracted with the Thurston Regional Planning Council to develop:

- A Housing Needs Assessment, including a 25-year projection of housing affordability at different income levels;
- A Rental Survey to better understand what residents are paying for rent and how rents are changing; and
- A preliminary draft Housing Action Plan that can be tailored for use by each city that contains specific actions that can increase the stock of affordable housing.

The draft Housing Action Plan recommends actions the City could consider and also identifies whether or not the City has previously considered implementing the action. The Plan categorizes each action into the following:

1. Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.
2. Actions that reduce barriers for households to access housing and stay housed.
3. Actions that encourage expansion of the overall housing supply by reducing barriers to build all types of housing projects.
4. Actions that increase the variety of housing choices.
5. Actions that improve implementation of housing strategies through collaboration, public understanding, and continually building on resources.
6. Actions that would establish a permanent source of funding for low-income housing.

Public outreach was conducted including placing the draft Plan on the City's website and social media, and was reviewed by the Government Affairs Committee of Olympia Master Builders, and the Thurston Thrives Affordable Housing Team. It has also been broadly distributed to affordable housing providers and stakeholders for their review.

The Planning Commission conducted a public hearing on the draft Housing Action Plan on May 18. Comments on homeownership support programs included partner with low-income housing developers to expand homeownership opportunities and establish a regional down payment assistance program.

The draft Plan will be formally considered by the City Council at a future regular meeting as part of the 2021 Comprehensive Plan Update.

Council discussed the ADU program and current restrictions within the City of Lacey. Council would like to see more specific strategies and goals, and asked staff for a clearer picture on what funding options are available.

LACEY MIDTOWN DISTRICT ASSESSMENT AND HOUSING STRATEGY

PRESENTERS: RYAN ANDREWS, PLANNING MANAGER

MARK GOODMAN, SENIOR PROJECT MANAGER, HEARTLAND, LLC

EVAN SCHNEIDER, ASSOCIATE PROJECT MANAGER, HEARTLAND, LLC

ACTION: INFORMATION ONLY

The City of Lacey is developing a district-level strategy to attract urban infill multi-family housing development to the Lacey Midtown District. The goal of the focused study is to produce a report based on a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for Midtown.

The report provided key baseline data and information to attract multi-family housing to the Lacey Midtown District consistent with the City's Comprehensive Plan and concurrent with the development of the City's Housing Action Plan. The City has contracted with Heartland, LLC, a Seattle-based real estate advisory and investment firm, to prepare the strategy.

In 2013, the Woodland District Strategic Plan was developed as an action-based plan to guide revitalization, development of private investment, public places, and transportation infrastructure. The Plan validated the vision of the Downtown 2000 plan and identified residential as a key land use in the Woodland District Strategic Plan. The market analysis supporting the strategic plan projected a future market capacity of over 1,000 new residential units within the District.

In addition, the Woodland District Strategic Plan identified 25 key actions designed to provide the necessary framework and incentives to catalyze investment and development. Several strategic actions have been implemented, including development of a form-based development code for the area and the development of a district brand identity program to attract new investments and produce a cohesive district characterized by great places. This brand identity program was completed in 2019, giving Woodland District a new name of Lacey Midtown. Implementation of the branding program is currently delayed because of the COVID-19 pandemic.

The City of Lacey Comprehensive Plan has identified the Midtown District as an area to accommodate additional residential growth, regional planning initiatives have identified the District as an Urban Center, the Woodland District Strategy Plan identified potential residential capacity and the City's 2019 Affordable Housing Strategy focused on housing issues and strategies citywide. The study includes an initial assessment and evaluation of the Midtown District and submarket, focusing on real estate, demographic and economic trends affecting multifamily development in the area. The assessment also includes an evaluation of existing land use patterns, infrastructure and identification of opportunity sites for housing. The findings from the analysis informed development of a series of strategies and action steps for the City to leverage to support the growth and development of the Midtown District.

REGIONAL ATHLETIC COMPLEX FINANCIAL PLAN UPDATE

STAFF: JEN BURBIDGE, PARKS, CULTURE & RECREATION DIRECTOR
TROY WOO, FINANCE DIRECTOR
ACTION: INFORMATION ONLY

Staff presented an update on the Regional Athletic Complex (RAC) Financial Plan. The 68-acre site, which would become the RAC, was purchased in 1998. Thurston County and the City of Lacey planned the athletic complex cooperatively and with considerable public input to provide for the athletic needs in the region as well as a community park with picnic shelters, play equipment and facilities needed to hold special events. On March 12, 2002, voters in the City of Lacey approved a bond issue for development of the RAC as well as several other parks. On June 26, 2002, an Interlocal Agreement (ILA) was entered into by the cities of Lacey, Olympia,

Tumwater and Thurston County to form the Capital Area Regional Public Facilities District for the purpose of developing the RAC and the Hands on Children's Museum (HOCM).

On March 19, 1998, Thurston County and the City of Lacey entered into a partnership via an MOU (Memorandum of Understanding) to jointly acquire, plan, fund, develop and maintain an athletic complex. This MOU provided joint ownership for a minimum of 15 years, at least through March 2014.

It would have been beyond the financial ability of either party at that time to complete a project of this size and scope alone. By working together, the community benefited from a state-of-the-art athletic complex, a well-maintained community park and special events. Local businesses benefit from the visitors who come to play in tournaments and enjoy special events on weekends.

In June 2010, the Lacey City Council authorized an agreement for the transfer of Thurston County's share of the ownership of the RAC to the City. The settlement amount was \$1,825,000, which provided operation and maintenance funding for the years 2009 through 2014. The settlement also funded a capital replacement fund of future operation and maintenance of approximately \$715,000, as well as the balance of the 50% share of Phase 2 development costs. The previous financial plan recommended the full amount of the Thurston County settlement be deposited into the Park and Open Space fund and recommended funds will be transferred from the Park and Open Space Fund to fund maintenance and operations (M&O) and capital improvements on an annual basis. The modelling at the time projected the funds would be fully disbursed by mid-2021.

Although successful, the RAC is not a self-supporting facility. The 2020 Budget included \$198,922 from the Thurston County settlement funds, which represented the remaining balance of the funds, and \$186,919 from the City's General Fund for operation and maintenance

A five-year strategy has been developed, followed by a long-term plan to ensure the RAC can provide the same level of service in the near future. Staff have updated the long-term financial plan, which was reviewed by City administration and the Board of Park Commissioners. The Park Commissioners have recommended actions to be considered by the City Council. There are limited options to consider and implement: increase revenue, cut expenditures, attract more outside revenue sources, or a combination of those three.

The following financial changes warrant an update to the RAC's existing 20-Year Financial Plan:

- The remaining Thurston County settlement funds were depleted in 2020.
- The 2020 Budget includes \$198,922 from the Thurston County settlement fund, first allocated in 2010 with an anticipated drawdown in 10 years.
- The Public Facilities District (PFD) will sunset at the end of 2027.

Staff also highlighted the following recommendations from the previous 20-Year Plan that were implemented:

- The plan should be reviewed periodically or following significant financial environment changes to ensure the RAC remains financially secure.
- PFD revenues should be monitored annually.
- LTAC revenues should be monitored annually.

With the adoption of Ordinance No. 1575, the City Council committed \$800,000 (\$200,000 per year for four years) of General Fund reserves to help support RAC operations while a long-term funding strategy is developed.

Staff emphasized that this plan was developed during the COVID-19 public health crisis and the assumption when it was developed was that a vaccine would be available in 2021 and services would start to return to normal; however, if progress isn't made as projected, the RAC financial plan will need to be readjusted accordingly.

Council expressed acceptance of the plan as presented. The RAC Financial Plan will be scheduled for a future council meeting for review and approval.

UTILITY RATE DISCUSSION

STAFF: TROY WOO, FINANCE DIRECTOR

ACTION: INFORMATION ONLY

During the 2021 Budget development process, staff developed one-year inflationary rate recommendations for water and sewer rates and implementation of the recently adopted stormwater annual rate comprehensive plan recommendation. Due to the uncertain COVID19 public health emergency economic environment, Council delayed the consideration of rate increases to mid-year 2021. At the May 27, 2021,

Worksession, Council was presented three long-term rate scenarios for both the Water and Sewer utilities:

1. A construction improvement plan including septic-to-sewer projects with no rate increases on July 1, 2021.
2. A construction improvement plan including septic-to-sewer projects with a 3.0 percent rate increases on July 1, 2021.
3. A construction improvement plan without septic-to-sewer projects with a 3.0 percent rate increases on July 1, 2021.

At the conclusion of the utility rate discussion, the City Council supported the funding of the long-term (2030-2039) septic abatement projects and mid-year rate adjustments to maintain the City's historical approach to keep rates more consistent and future rate increases lower. Council requested additional scenarios for water and sewer rates, to include 5.0 percent mid-year 2021 adjustments for comparison purposes.

The following scenarios were presented by staff, summarizing the three mid-year rate adjustment scenarios for the water and sewer utilities:

- Scenario 1: No July 1 rate increase,
- Scenario 2: 3.0 percent July rate increase, or
- Scenario 3: 5.0 percent July 1 rate increase

Also, each scenario includes the full construction improvement program, including septic abatement projects.

Council expressed support of scenario three, detailing a 5.0 percent increase on July 1. Staff will prepare an ordinance relating to the mid-year rate increase for the next full Council meeting on June 17.

TRACTOR-TRAILER TRUCKS EXPANSION OPPOSITION

STAFF: SCOTT SPENCE, CITY MANAGER

SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER

ACTION: INFORMATION ONLY

Scott Spence, City Manager, briefed Council on federal legislative efforts that would seek to increase the maximum weight and/or lengths of tractor-trailer trucks and the concerns for public safety and the conditions of city roads and bridges.

Staff will forward letters to Senators Cantwell and Murray detailing the concerns and opposition.

FINAL INVEST ACT SUPPORT LETTER

STAFF: SCOTT SPENCE, CITY MANAGER

SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER

ACTION: INFORMATION ONLY

Scott Spence, City Manager, briefed Council on the letter to Congress, signed by multiple mayors of small and medium sized cities, in support for transportation and infrastructure funding. The letter encourages changes to the INVEST Act, by creating a set-aside for medium-sized cities in the federal transportation grants akin to the rural set-aside that currently exists.