



**CITY COUNCIL**

ANDY RYDER

*Mayor*

CYNTHIA PRATT

*Deputy Mayor*

VIRGIL CLARKSON

JEFF GADMAN

LENNY GREENSTEIN

JASON HEARN

MICHAEL STEADMAN

**CITY MANAGER**

SCOTT SPENCE

**LACEY CITY COUNCIL AGENDA**

**MARCH 13, 2014**

**7:00 P.M.**

**420 COLLEGE STREET, LACEY CITY HALL**

**CALL TO ORDER:**

1. PLEDGE OF ALLEGIANCE
2. APPROVAL OF AGENDA & CONSENT AGENDA ITEMS\*
  - A. [Worksession Minutes of February 20, 2014](#)
  - B. [Council Minutes of February 27, 2014](#)
  - C. [City Manager Performance Evaluation](#)

*\* Items listed under the consent agenda are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

3. PUBLIC RECOGNITIONS AND PRESENTATIONS:
  - A. Presentation: Garden Raised Bounty (GRuB) (*Katie Rains*)

4. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA\*

*\*The City Council will allow comments under this section on items **NOT** already on the agenda. Where appropriate, the public will be allowed to comment on agenda items as they are addressed during the meeting.*

5. PUBLIC HEARING:
  - A. [2014 CDBG Proposal Presentation and Public Hearing](#) (*Steve Kirkman*)

6. PROCLAMATION:

7. REFERRAL FROM PLANNING COMMISSION:

8. REFERRAL FROM HEARINGS EXAMINER:

9. RESOLUTIONS:

10. ORDINANCES:

- A. [Consider ordinance amending Gambling Tax](#) (*Scott Spence*)

**11. MAYOR'S REPORT:**

**12. CITY MANAGER'S REPORT:**

- A. [Authorize City Manager to sign WSDOT Fiber Optic Interlocal Agreement](#)  
(Liz Gotelli)

**13. STANDING GENERAL COMMITTEE:**

- A. [General Government & Public Safety Committee](#) (02.21.14)

**14. OTHER BUSINESS:**

**15. BOARDS, COMMISSIONS, AND COMMITTEE REPORTS:**

A. Mayor Andy Ryder:

1. Mayors' Forum
2. Transportation Policy Board (TPB)

B. Deputy Mayor Cynthia Pratt:

1. Energy Advisory Committee
2. LOTT
3. Olympic Region Clean Air Agency (ORCAA)

C. Councilmember Virgil Clarkson:

1. Health & Human Services Council (HHSC)
2. HOME Consortium
3. Thurston Regional Planning Council (TRPC)

D. Councilmember Jeff Gadman

1. Intercity Transit (IT)
2. Joint Animal Services Commission (JASCOM)

E. Councilmember Lenny Greenstein

1. Emergency Medical Services (EMS)
2. TCOMM911

F. Councilmember Jason Hearn:

1. Community Action Council (CAC)
2. Thurston County Law & Justice Council
3. HTPA-Human Trafficking

G. Councilmember Michael Steadman:

1. Economic Development Council (EDC)
2. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
3. Solid Waste Advisory Committee (SWAC)

**16. ADJOURN**

**MINUTES OF A REGULAR MEETING OF THE  
LACEY CITY COUNCIL HELD THURSDAY,  
FEBRUARY 27, 2014, IN LACEY COUNCIL  
CHAMBERS.**

- CALL TO ORDER: Mayor Ryder called the meeting to order at 7:00 p.m.
- PLEDGE OF ALLEGIANCE: Deputy Mayor Pratt led the pledge of allegiance.
- COUNCIL PRESENT: A. Ryder, C. Pratt, V. Clarkson, J. Hearn, J. Gadman, L. Greenstein, M. Steadman
- STAFF PRESENT: S. Spence, D. Schneider, R. Walk, T. Woo, L. Gotelli, D. Pierpoint, L. Flemm, C. Litten, S. Seymour, A. Michelson, O. Talamantes, G. Talamantes, P. Brooks
- APPROVAL OF AGENDA AND CONSENT AGENDA: Consent Agenda Items:  
(a) Worksession Minutes of February 6, 2014  
(b) Council Minutes of February 13, 2014
- Mayor Ryder amended the agenda to remove Item #10-A, Ordinance to adopt Development Guideline and Public Works Standards.
- COUNCILMEMBER GADMAN MOVED TO APPROVE THE CONSENT AGENDA AND AMENDED AGENDA. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**
- PUBLIC RECOGNITION: Scott Egger, Public Works Director, recognized Aric Michelson and Oscar Talamantes for 20 years of outstanding service to the City.
- Scott Egger, Public Works Director, recognized Adopt-a-Roadway volunteers, and expressed the City's grateful appreciation for their time and efforts to the community.

**MINUTES OF LACEY CITY COUNCIL WORKSESSION  
THURSDAY, FEBRUARY 20, 2014  
LACEY CITY HALL  
7:00 P.M.**

**COUNCIL PRESENT:** A. Ryder, C. Pratt, V. Clarkson, J. Hearn, J. Gadman,  
L. Greenstein, M. Steadman

**STAFF PRESENT:** S. Spence, T. Woo, L. Flemm, S. Egger, L. Gotelli, D.  
Pierpoint, D. Schneider, C. Litten

**DEPUTY MAYOR PRATT MOVED TO APPROVE THE AGENDA. COUNCILMEMBER GADMAN  
SECONDED. MOTION CARRIED.**

**TANGLEWILDE EAST UPDATE**

Scott Egger, Public Works Director, and Peter Brooks, Water Resources Manager, provided an update on the status of wastewater management in the Tanglewilde East Sewer Association. The area is served by a community septic system of 198 units with 163.2 ERU's.

At the direction of Council, a special appraiser, Macaulay & Associates, was hired to conduct an Economic Feasibility Study on a few properties within Tanglewilde East Division 3B to determine the benefit provided by the ULID to those properties.

Staff presented to Council the recently completed *Preliminary Economic Feasibility Study Summary for the proposed Tanglewilde East Division 3B Utility Local Improvement District (ULID) Project*.

A special benefit is defined as a specific, measurable increase in value of certain real property in excess of enhancement to the general area (and benefitting the public at large) due to a public improvement project.

Without the ULID constructed or sewer service put in place by other means, the primary factors considered by any market participant are the costs and risk associated with acquiring property subject to the current septic system contamination issues. Under Washington State disclosure laws, the current problems in the area would need to be disclosed to any prospective purchaser. Recognizing this, it is probable that any well informed, knowledgeable buyer would consider these costs and risk in any acquisition/investment decision and discount the purchase price accordingly.

“Fair market value” is the amount in cash which a well-informed buyer willing, but not obligated to buy the property, would pay, and which a well-informed seller

willing, but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted and might in reason be applied.

Benefits Derived by Installing Sewer:

*Feasibility Study Summary Conclusions*

Property Class	No. of Parcels	Special Benefit Range per Parcel	Total Special Benefit Range
Property Class 1: Single Family Residential	38	\$20,000 to \$30,000	\$760,000 to \$1,140,000
Property Class 2: Duplex/Fourplex	22 duplexes 2 fourplexes	\$30,000 to \$40,000 \$40,000 to \$50,000	\$660,000 to \$880,000 \$80,000 to \$100,000
Property Class 3: Multi-family	2 (108 units)	Analyzed as single 108-unit complex	\$1,200,000 to \$1,600,000
Property Class 4: Unimproved Land	2	-0-	-0-
Total	66	--	\$2,700,000 to \$3,720,000

Estimated payments per ERU for Tanglewilde East Division 3B:

- Estimated assessment - \$12,850
- Annual payment (20 yrs at 6%) - \$1,120
- Estimated monthly payment (20 yrs at 6%) - \$94

Staff recommends moving forward with the formation of a ULID for Tanglewilde East Division 3B. A public meeting with the Tanglewilde Community Septic Association would be scheduled to determine if parcel owners representing more than 50% of estimated assessment costs still support the project. If majority support still exists for the ULID, staff will present Council with a resolution of intent to form a ULID and proceed with the formation process. If the support is less than 50%, then the city would withdraw from the project.

Council discussed latecomer fees, and the concerns of a property owner with multiple rentals in Tanglewilde East Division 3B and Skokomish Way. It was noted that one vote is allocated for each ERU.

**DEPUTY MAYOR PRATT MADE A MOTION TO BEGIN THE PROCESS OF FORMING A ULID FOR TANGLEWILDE EAST DIVISION 3B. COUNCILMEMBER GREENSTEIN SECONDED. MOTION CARRIED.**

**HEALTH & HUMAN SERVICES COUNCIL (HHSC) MOU**

Scott Spence, City Manager, presented Council with a request to approve a Memorandum of Understanding (MOU) related to the Community Investment Partnership.

On December 6, 2012, Lacey City Council approved a new Interlocal Agreement to address unmet needs in health and human services. This collaborative effort, which includes Thurston County and the Cities of Lacey, Olympia, and Tumwater, resulted in the formation of the Thurston County Regional Health and Human Services Council or TCRHHSC.

By Interlocal Agreement, TCRHHSC is authorized to perform the following:

- Establish health and human service priorities and goals
- Initiate Requests for Proposals to address health and human service priorities
- Make final funding decisions
- Execute contracts within the limits of provided funding
- Administer contracts and establish reporting requirements
- Leverage other funding sources
- Future potential to oversee other funding sources

Each participating jurisdiction will contribute 0.5 percent of general sales and use taxes, excluding criminal justice and treatment sales tax collections, the full year prior to a granting cycle. It is projected that total contributions will be approximately \$220,000. As per the agreement, Thurston County will provide administrative support for TCRHHSC and will be reimbursed 10 percent of the amount of funds contributed by the jurisdictions.

No additional funds from the City of Lacey will be required with this MOU. Funds were previously authorized by an Interlocal Agreement that created the Thurston County Regional Health and Human Services Council. In the 2014 Budget, Lacey will contribute approximately \$41,000 for programs specifically authorized by Thurston County Regional Health and Human Services Council.

#### **COMMUNITY INVESTMENT PARTNERSHIP:**

Over the past several months, representatives of the newly formed TCRHHSC discussed options with United Way of Thurston County (UWTC) on more efficient means to coordinate the granting of funds and delivery of health and human services programs within the Thurston County region. These discussions ultimately led to a Memorandum of Understanding (MOU), which is in compliance with the interlocal agreement.

The MOU outlines a partnership effort between UWTC and TCRHHSC that would make funding recommendations for specific social service program proposals. This initiative is referred to as the Community Investment Partnership (CIP). With this partnership, UWTC has agreed, at a minimum, to match funds at the same level contributed by the jurisdictions. As a result, funds available to address health and human service priorities are estimated to exceed well over \$400,000. UWTC has also communicated a willingness to double its contribution depending on private donations received.

To make recommendations, a steering committee of the CIP will be created comprised of four members from the TCRHHSC and four members of the UWTC. The committee is empowered to develop a set of protocols, based on best practices, for letting out both RFPs and recommending contracts. It is agreed that at least five members of the CIP must agree upon each proposal in order to move it forward. Additionally, two of the five CIP steering committee members must represent jurisdictions. It is important to note, however, that the steering committee of the CIP can only make recommendations. Final authority remains with a majority vote of the jurisdictions representing the TCRHHSC on all final funding decisions using public dollars. Similarly, UWTC will have final funding discretion with their matching funds generated by private donations.

However, the collaborative approach provides a mechanism for coordination and communication between TCRHHSC and UWTC in making informed decisions related to health and human services programs funded by both entities.

Council and staff discussed the following changes in the process:

- The process provides an opportunity to more effectively measure the outcome of each program funded.
- There will be greater transparency by streamlining the administrative process for the allocation of public funds.
- Separate contracts will be executed for the Council and United Way. Administrative support will be provided individually for each entity.
- The County's administrative services fee only applies to the public portion of funding (\$225,000).
- This is the first public/private partnership in the state related to the allocation of social services funding.
- Clarification of the parties identified in the MOU.
- Faith-based communities contribute to the social services process through volunteers, donations, and programs. Funding is encouraged by these organizations.
- Maintaining funding for local programs, such as the Senior Center STARS program, as a priority. There was discussion about a potential conflict of interest if a CIP representative serves on the board of an organization seeking funding. The MOU includes language that requires elected representatives to recuse themselves from a vote and from committee discussions if there is a conflict of interest.
- In response to large requests for funding, representatives of the CIP will determine how the allocation would be apportioned.

**DEPUTY MAYOR PRATT MADE A MOTION TO MOVE FORWARD WITH SIGNING A MEMORANDUM OF UNDERSTANDING (MOU) TO APPROVE THE COMMUNITY INVESTMENT PARTNERSHIP. COUNCILMEMBER CLARKSON SECONDED. MOTION CARRIED.**

## **CITY MANAGER PERFORMANCE EVALUATION**

Mayor Ryder adjourned to an Executive Session at 8:05 p.m. to evaluate the City Manager's annual performance. Council will reconvene at 8:50 p.m. to take action. Mayor Ryder came out of Executive Session at 8:50 p.m. to announce that the session would be extended an additional five minutes until 8:55 p.m.

Council reconvened at 8:55 p.m. to discuss the City Manager's performance evaluation. Mayor Ryder suggested that the City Manager's salary will be increased by 2%. Lacey City Council agreed. Council also agreed to the number specified for vacation within the City Manager's contract. This item will be added to the consent agenda for the March 13, 2014, Council meeting.

Mayor Ryder adjourned the meeting at 9:00 p.m.

PUBLIC COMMENTS:

Employees of Behavioral Health Resources (BHR), as representatives of SEIU, addressed Council regarding concerns about the management of the organization and potential impacts to employees and clients. They requested Council send a letter to BHR in support of the employees, urging management to resume negotiations to settle a contract.

Ron Lawson, 4425 22nd Avenue SE, expressed appreciation for Council's support of a ban on plastic bags. He also encouraged Council to address the issue of accidents on Ruddell Road, referencing a recent incident at 45<sup>th</sup> Avenue and Ruddell Road.

REFERRAL FROM  
HEARINGS EXAMINER:

Samra Seymour, Associate Planner, presented Council with a request to approve Verizon Wireless Martin Way Monopole CUP Project #13-193. The supporting base of the 120 foot monopole would be located within an existing storage unit adjacent to the monopole.

The Hearings Examiner conducted a public hearing on January 24, 2014. Staff and the applicant provided testimony regarding the project. No members of the public attended the hearing. Discussion centered on visibility, site screening, landscaping and fencing.

The Hearings Examiner has recommended approval of the conditional use permit application, including adoption of findings, conclusions and conditions outlined in the Hearings Examiner report of February 4, 2014.

**COUNCILMEMBER GREENSTEIN MOVED TO APPROVE VERIZON WIRELESS MARTIN WAY MONOPOLE CUP PROJECT #13-193. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.**

RESOLUTION:

Resolution No. 1007 accepts the Thurston Regional Sustainable Development Plan: "Creating Places – Preserving Spaces."

Rick Walk, Community Development Director, stated on December 6, 2013, the Thurston Regional Planning Council adopted the document titled “Creating Places Preserving Spaces: A Sustainable Development Plan for the Thurston Region (2013).”

Councilmember Gadman served as Lacey’s representative on the Task Force. Other Council and staff also participated in the plan development as members on the expert panels, committees, task force and TRPC as well as participating in the public meetings.

By accepting the document titled “Creating Places Preserving Spaces: A Sustainable Development Plan for the Thurston Region (2013)”, the City is officially recognizing the efforts by the Regional Sustainability Task Force and the value of using the document as a resource in framing the City’s local planning efforts.

At its February 3, 2014 meeting, the Land Use Committee reviewed and recommended full Council approval of the proposed resolution to accept the Thurston Regional Sustainable Development Plan: “Creating Places – Preserving Spaces.”

**COUNCILMEMBER GADMAN MOVED TO APPROVE RESOLUTION NO. 1007 TO ACCEPT THE THURSTON REGIONAL SUSTAINABLE DEVELOPMENT PLAN: “CREATING PLACES – PRESERVING SPACES.” DEPUTY MAYOR PRATT SECONDED.**

Councilmember Hearn expressed concern about the vagueness of the resolution and recommended adding a statement to clarify the definition of sustainability. Mr. Walk noted that the definition is included in the Executive Summary of the document as balancing the social, environmental and economic needs of the community.

Councilmember Clarkson stated that he supports the document under the condition that the Thurston Regional Sustainable Development Plan: “Creating Places – Preserving Spaces” is a guideline, not a mandate for local jurisdictions. City Attorney Dave

Schneider reaffirmed that the language in the plan does not include a mandate. Rather, the document provides a resource for background information, policy framework, and a template for a consistent and coordinated approach to sustainable development for all jurisdictions within Thurston County.

**MOTION CARRIED.**

**MAYORS REPORT:**

Mayor Ryder acknowledged Mike Beehler, Planning Commission member, in attendance.

Mayor Ryder asked for a moment of silence in honor of Gordy Schultz, the first chair of the Board of Parks Commissioners and editor of the Lacey Leader, who recently passed away.

**CITY MANAGER'S REPORT:**

Peter Brooks, Water Resources Manager, presented Council with a request to authorize the City Manager to sign an Interlocal Cooperative Agreement to allow continuation of the Regional Water Conservation Coordination Program 2014-2018.

The Water Conservation Coordination Program (WCCP) is a cooperative effort of the LOTT Clean Water Alliance and the water utilities of its three partner Cities – Lacey, Olympia, and Tumwater – to plan and offer indoor water conservation programs that reduce wastewater flows to LOTT treatment facilities. The original flow reduction program began in 1996. As of August 2012, over 1,000,000 gallons per day had been conserved as a result of this regional conservation program.

A Water Conservation Coordination Plan has been developed to guide the program for the planning period 2013-2018. This Interlocal Agreement allows for the continued collaboration of the LOTT partners to implement the regional Water Conservation Coordination Program.

LOTT provides the funding, facilitates implementation, and produces promotional material. The cities provide technical and promotional assistance.

At its February 7, 2014, meeting, the Utilities Committee reviewed and recommended full City Council approval to authorize the City Manager to sign the LOTT Interlocal Cooperation Agreement relating to the Water Conservation Program.

**DEPUTY MAYOR PRATT MOVED TO AUTHORIZE THE CITY MANAGER TO SIGN THE LOTT INTERLOCAL COOPERATIVE AGREEMENT FOR CONTINUATION OF THE REGIONAL WATER CONSERVATION COORDINATION PROGRAM 2014-2018. COUNCILMEMBER GADMAN SECONDED. MOTION CARRIED.**

STANDING GENERAL  
COMMITTEES:

Community Relations & Public Affairs Committee  
Councilmember Clarkson reported the Committee met on February 3, 2014, to discuss the Utilities Assistance Program, and the economic feasibility and viability of continuing the Lacey Community Market.

Land Use Committee  
Councilmember Greenstein reported the Committee met on February 3, 2014, to discuss the Thurston Regional Sustainable Development Plan: "Creating Places – Preserving Spaces," and to review the agenda of the upcoming Joint Worksession of the Lacey City Council and Planning Commission.

Utilities Committee  
Councilmember Gadman reported the Committee met on February 7, 2014, to discuss the IGA for the Water Conservation Coordination Program, utility revisions to the Development Guidelines & Public Works Standards, and the Utilities Assistance Program.

Transportation Committee  
Councilmember Hearn reported the Committee met on February 11, 2014, to discuss the Chambers Lake Stormwater Treatment Facility and Road Connection Project, and transportation revisions to the Development Guidelines and Public Works Standards.

BOARDS & COMMISSIONS:

CAC

Councilmember Hearn reported the Board expressed appreciation for CDBG grant funding, which will be allocated towards the needs of the Lacey community.

EDC

Councilmember Steadman reported the Board reviewed last year's budget, and approved the 2014 budget.

VCB

Councilmember Steadman reported the Board met and committees are being formed to assist with operations.

ADJOURNMENT:

Mayor Ryder adjourned the meeting at 8:21 p.m.

MAYOR: \_\_\_\_\_

ATTESTED BY CITY CLERK: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_



**Lacey City Council**  
**March 13, 2014**

**SUBJECT:** City Manager's Annual Performance Evaluation

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**RECOMMENDATION:** Approve revisions to the Lacey City Manager's contract; approve Mayor's letter to the City Manager, based on the conclusion of the City Manager's Annual Performance Evaluation

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**TO:** Lacey City Council

**STAFF CONTACT:** Liz Gotelli, Director of Public Affairs and Human Resources *LG*

**ORIGINATED BY:** Public Affairs and Human Resources Department

**ATTACHMENTS:**

1. City Manager Contract
2. Letter to City Manager

**BUDGET IMPACT/  
SOURCE OF FUNDS:** There are adequate funds in the 2014 budget for the adjusted compensation.

**PRIOR COUNCIL/  
COMMISSION/  
COMMITTEE REVIEW:** February 20, 2014, Worksession

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**BACKGROUND:**

An annual performance evaluation for the City Manager was conducted on February 20, 2014, by the City Council as per the employment agreement between the City of Lacey and the Lacey City Manager. In open session and at the end of the Worksession, the City Council requested an amended City Manager's employment agreement. Amendments to be considered for final action at a regular scheduled City Council meeting will include a 2% adjustment to compensation for 2014, as well as specification regarding the number of vacation days granted.

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**ADVANTAGES:**

1. Proposed action documents that the Lacey City Council reviewed the City Manager's performance in accordance with the provisions of the City Manager's employment agreement with the City.

**DISADVANTAGES:**

1. None.

CITY MANAGER EMPLOYMENT AGREEMENT

THIS AGREEMENT made this 9<sup>TH</sup> day of August, 2011, by and between the CITY OF LACEY, a municipal corporation in the State of Washington, and SCOTT H. SPENCE, WITNESSETH:

WHEREAS, the City of Lacey desires to appoint a person to serve as its City Manager and Scott H. Spence has the training and experience necessary to serve in such position; now, therefore, the parties mutually agree as follows:

1. Scott H. Spence (also referred to herein as Manager or City Manager) agrees and makes the following commitments to the City of Lacey:

a. Upon being duly appointed by the City Council of the City of Lacey to the position of City Manager, he will exercise his best efforts in fulfilling the position of City Manager for the City of Lacey.

b. He will commence serving in such capacity on August 10, 2011, and will not voluntarily terminate his employment without first providing thirty (30) days notice to the City Council.

2. In consideration of the commitments made and the services to be performed by Scott H. Spence as City Manager for the City of Lacey, the City of Lacey shall:

a. Pay a beginning salary at the rate of ONE HUNDRED FORTY THOUSAND (\$140,000.00) DOLLARS per annum.

b. Provide for twenty (20) days of vacation leave and five (5) days of personal leave per year. Vacation leave will be earned monthly and accumulate to a maximum of 240 hours. Personal leave will not

accumulate and shall expire at the end of each year. Earned vacation leave shall increase based upon years of service with the City in accordance with the Director vacation schedule up to a maximum of 25 days per year. All accrued vacation leave shall be paid upon termination.

c. In addition to those benefits set forth in subsection b., provide for legal holidays in the same number and manner as provided for all other employees of the City.

d. Pay the full premiums per month for medical and dental insurance coverage for the Manager and 90% of such premiums for his family. Pay the full premiums for long term disability insurance and for term life insurance on the life of the Manager, in the amount of one times his annual salary.

e. Provide for twelve days annual sick leave accumulated at the rate of one day per month. The maximum accrual of sick leave shall be 960 hours with no payout or buy back at separation.

f. Provide for worker's compensation coverage for the Manager and the employer's portion of social security premiums.

g. Pay the City's share of the monthly contributions to the Public Employees' Retirement System or, in lieu of said contributions, make an equal contribution to the International City Managers' Association Retirement Plan or a comparable retirement plan chosen by the Manager and approved by the City.

h. Pay from City funds an amount equal to the sum contributed monthly by the Manager into a City offered deferred

compensation plan to a maximum amount of 5% of the Manager's gross salary.

i. Pay the Manager's dues to the Washington City/County Managers Association and the International City/County Managers Association and provide for the reasonable expense of the Manager's attendance at the Washington conferences and, as budgeted funds will allow, the National conference.

j. Abide by the terms of RCW 35A.13.130 and 35A.13.140 in any decision to terminate the City Manager. If the City provides less than six (6) months notice prior to the effective date of termination, for any reason other than for malfeasance, misfeasance or violation of the oath of office as described in RCW 29A.56.110, the Manager shall be relieved of all duties and shall be terminated on the date specified in the notice, but the City shall continue to pay the Manager at his then salary level through the date the notice would have been effective if the full six months notice had been given. The City shall withhold from such payments those amounts required to be withheld pursuant to applicable federal or state laws. In addition, the City shall continue the payments called for in subsections g. and h. of this section and continue the Manager and the Manager's family, under the City's then existing medical insurance program for the period during which salary payment continues under this subsection. If the Manager obtains other employment and receives medical coverage under such employment before the expiration of the aforesaid period, the Manager shall notify the City when such new medical coverage is effective and after the effective

date of such medical coverage, the City shall no longer be obligated to maintain the Manager under the City medical coverage.

3. This Employment Agreement shall continue until terminated in the manner specified herein. The City Council and the Manager shall participate in an evaluation of the Manager's performance six (6) months after employment, twelve (12) months after employment and annually thereafter. The City Council shall contract with a facilitator for at least the first evaluation. As part of each evaluation, the compensation package and the provisions of Section j. shall be reviewed.

DATED this 9<sup>TH</sup> day of August, 2011.

CITY OF LACEY

By: Tom Nelson  
Mayor

Scott H. Spence  
Scott H. Spence

Approved as to form:

[Signature]  
Lacey City Attorney

AMENDMENT 1  
CITY MANAGER EMPLOYMENT AGREEMENT  
DATED AUGUST 12, 2011

**Paragraph 2(a)**

“Pay a beginning salary at the rate of ONE HUNDRED FORTY THOUSAND (\$140,000) DOLLARS per annum” shall be amended to read as follows:

“Pay a salary at the rate of ONE HUNDRED FORTY TWO THOUSAND, EIGHT HUNDRED (\$142,800) DOLLARS per annum.”

**Paragraph 2(b)**

“Provide for twenty (20) days of vacation leave and five (5) days of personal leave per year. Vacation leave will be earned monthly and accumulate to a maximum of 240 hours. Personal leave will not accumulate and shall expire at the end of each year. Earned vacation leave shall increase based upon years of service with the City in accordance with the Director vacation schedule up to a maximum of 25 days per year. All accrued vacation leave shall be paid upon termination” shall be amended to read as follows:

“Provide for twenty four (24) days of vacation leave and five (5) days of personal leave per year. Vacation leave will be earned monthly at two days per month and will accumulate to a maximum of 240 hours. Personal leave will not accumulate and shall expire at the end of each year. All accrued vacation leave shall be paid upon termination. City Council requires that the City Manager take a minimum of five (5) consecutive days off, to ensure a proper work/life balance.”

DATED this \_\_\_\_\_ day of March, 2014

CITY OF LACEY

By: \_\_\_\_\_  
Mayor

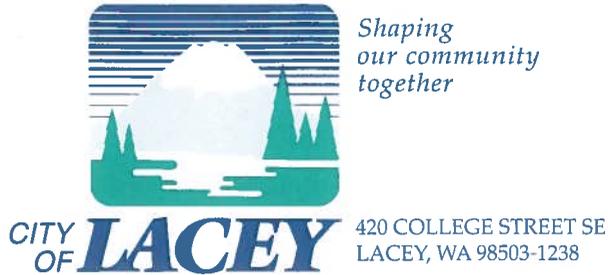
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Scott H. Spence

Approved as to form:

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Lacey City Attorney



**CITY COUNCIL**

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MICHAEL STEADMAN

**CITY MANAGER**  
SCOTT H. SPENCE

March 13, 2014

Scott Spence, City Manager  
City of Lacey  
420 College Street SE  
Lacey, WA 98503

Dear Scott:

On February 20, 2014, the City Council concluded its annual performance evaluation of your position as City Manager. This was a requirement of the provisions of your employment agreement with the City dated August 9, 2011.

The evaluation process consisted of a verbal conversation and summary review form. Congratulations on another successful year as the Lacey City Manager.

The conclusion of your evaluation resulted in an amendment to your employment agreement that includes a compensation adjustment, as well as specification regarding vacation leave.

Your next performance evaluation will be held in the beginning of 2015. The Council and I look forward to a successful year for our community.

Sincerely,

Andy Ryder, Mayor  
City of Lacey



TDD Relay  
1-800-833-6388

City Council  
(360) 491-3214

City Manager  
(360) 491-3214

City Attorney  
(360) 491-1802

Community Development  
(360) 491-5642

Finance  
(360) 491-3212

Parks & Recreation  
(360) 491-0857

Police  
(360) 459-4333

Public Works  
(360) 491-5600

Fax #  
(360) 438-2669





**LACEY CITY COUNCIL MEETING**  
**March 13, 2014**

**SUBJECT:** Community Development Block Grant Public Hearing

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**RECOMMENDATION:** Conduct a public hearing to consider proposals from local housing, community development, and social service agencies for Urban County Community Development Block Grant (CDBG) Funding

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**STAFF CONTACT:** Scott Spence, City Manager *SS*  
Liz Gotelli, Public Affairs and Human Resources Director *LGH*  
Steve Kirkman, Public Affairs Manager *SK*

**ORIGINATED BY:** Public Affairs and Human Resources Department

**ATTACHMENTS:** No attachments

**FISCAL NOTE:** Approximately \$825,000 in Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funding is available for CDBG-eligible Lacey-area projects.

**PRIOR REVIEW:** General Government Committee – February 21, 2014

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**BACKGROUND:**

The purpose of the public hearing is to consider project proposals from local housing, community development, and social service agencies that have applied for funding from the Thurston Urban County Community Development Block Grant (CDBG) program, and receive comments from Lacey residents, specifically low- and moderate-income residents, on how the proposals would address local community development and housing needs.

Eligible CDBG projects include affordable housing, community facilities, and capital improvements that benefit low- and moderate-income (LMI) residents. LMI residents are defined as households with maximum incomes ranging from \$41,550 for one-person to \$78,350 for eight people.

Approximately \$825,000 in Community Development Block Grant (CDBG) Entitlement Funding is available through the Thurston County CDBG Urban County Partnership, established by Thurston County and the cities of Lacey, Tumwater, Yelm, Tenino, Rainier, and Bucoda in 2012. The partnership's funding rotates every 3 years among Thurston County (including south county communities), Lacey, and Tumwater. CDBG is a federally-funded program overseen by the Department of Housing and Urban Development (HUD), and is administered locally by Washington State Department of Commerce.

Prior to 2012, Lacey participated in the CDBG Small Cities Program, which required submitting competitive grant applications for each project. The city financed construction of the Lacey Child Care Center, construction of both phases of the Lacey Senior Center, and establishment of several affordable housing and rehabilitation programs under the small cities program.

The city published a request for project proposals on February 3, 2014. Additionally, the request for proposals was mailed to approximately 65 community development and social service organizations in the greater-Lacey area. The proposal deadline was February 28. Eight proposals were received.

Council can select a project or projects at the close of the hearing, or refer further discussion to the March 21 meeting of the General Government Committee. Council would then be asked to approve a project or projects at their March 27 meeting.

Lacey's project(s) will be submitted for HUD approval by July 15, 2014. Letters of award will be sent to successful applicants on or around September 1, 2014.

All funded projects must be completed by August 31, 2015.

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**ADVANTAGES:**

1. The CDBG program is an outstanding way to leverage local dollars to provide critical community facilities and services that benefit low- and moderate-income residents.

**DISADVANTAGES:**

1. No significant disadvantages have been identified with this program.



**LACEY CITY COUNCIL MEETING**  
**March 13, 2014**

**SUBJECT:** Gambling Tax Rate related to Social Card Gaming

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**RECOMMENDATION:** Approve Ordinance Amending Lacey's Current Gambling Tax Rate for Social Card Games

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**STAFF CONTACT:** Scott Spence, City Manager 

**ORIGINATED BY:** City Manager's Office

**ATTACHMENTS:** 1. Ordinance – Amending Gambling Tax Rate

**FISCAL NOTE:** The City of Lacey's current tax rate on social card games is 10% on gross revenues received from the operation of social card games. Approximately \$450,000 of revenue is projected to be generated for the 2014 budget from social card games.

**PRIOR REVIEW:** The subject of taxes on social card game activity has been before the Lacey City Council various times in the past two years. The most recent discussion on this topic occurred at the General Government Committee level. The Committee reviewed this issue at its December 20, 2013, meeting and at its February 21, 2014, meeting.

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**BACKGROUND:**

Owners from the Hawks Prairie Casino and Jim Kerzie, Hawks Prairie Casino's landlord, met with the General Government Committee on December 20, 2013, and asked that the City's current gambling tax rate on social card games be reduced to 7.50%.

According to representatives of the Hawks Prairie Casino, economic and regulatory challenges remain and continue to evolve. Consideration for some form of permanent social card game tax relief is necessary in order for its business model to work. Without reductions in the gambling tax rate or lease payments, owners of the Hawks Prairie Casino stated they would explore other options, potentially even relocating to another community.

Mr. Kerzie stated his willingness to reduce lease payments on the building occupied by Hawks Prairie Casino. With a reduction in the social card game gambling tax and lease rates, representatives of the Hawks Prairie Casino indicated that they would renew their multi-year lease.

At the same meeting, General Government Committee members directed staff to meet with representatives from the Hawks Prairie Casino and Jim Kerzie, and asked for a proposal to be brought back for consideration at a future meeting of the General Government Committee.

**PROPOSAL:**

To reduce the overall financial impact to the City’s budget, it is recommended that the implementation of 7.50% gambling tax occur over a period of time with the effective dates for the reductions on April 1, 2014, January 1, 2015, and January 1, 2016. For 2014, the City of Lacey projects gambling tax revenues from social card games to total approximately \$450,000. This total is based on the City’s current 10 percent gambling tax.

The following table illustrates the effects of lowering the gambling tax rate over time:

<b>Over A Three-Year Period</b>	<b>Gambling Tax Revenue</b>	<b>Effective Rate</b>	<b>Revenue Reduction</b>
<b>April 1, 2014</b>	\$421,875	9.17%	\$ 28,125
<b>January 1, 2015</b>	\$375,000	8.33%	\$ 75,000
<b>January 1, 2016</b>	\$337,500	7.50%	\$112,500

At its February 21, 2014, meeting, the General Government & Public Safety Committee reviewed and recommended to the full City Council approval of an amendment to reduce Lacey’s current gambling tax rate for social card games. The amendment would reduce the current gambling tax rate for social card games from 10% to 9.17% on April 1, 2014. An 8.33% rate would go in to effect January 1, 2015, with a final rate reduction of 7.50% to become effective January 1, 2016.

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**ADVANTAGES:**

1. A rate reduction in Lacey’s gambling tax recognizes the changing nature of the social card game industry, which faces increased competition from tribal gaming and other cost pressures on operations.

**DISADVANTAGES:**

1. A rate reduction will result in a loss of revenue to the City of Lacey that is used to pay for essential services. If the Hawks Prairie Casino were to close or relocate, however, the decrease in revenue would be greater including the loss of jobs.

ORDINANCE NO. \_\_\_\_\_

CITY OF LACEY

AN ORDINANCE PROVIDING FOR THE GRADUAL REDUCTION OF THE RATE OF TAXATION ON THE OPERATION OF SOCIAL CARD GAMES WITHIN THE CITY, AMENDING SECTION 3.06.010 OF THE LACEY MUNICIPAL CODE, AND ADOPTING A SUMMARY FOR PUBLICATION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. Section 3.06.010 of the Lacey Municipal Code is hereby amended to read as follows:

**3.06.010 Imposition.** There is levied upon all persons, associations and organizations who have been duly licensed by the Washington State Gambling Commission in accordance with Chapter 9.46:

A. To conduct or operate bingo games, raffles and amusement games, a tax on raffles at the rate of five percent of the gross receipts from a raffle less the amount awarded as cash or merchandise prizes, a tax on bingo games computed at the rate of four percent of the gross receipts from a bingo game, less the amount awarded as cash or merchandise prizes and a tax on amusement games at the rate of two percent of the gross receipts from the amusement game less the amount awarded as prizes; provided, that no tax shall be imposed by this subsection on bingo games, or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in RCW 9.46.0209, which organization has no paid operating or management personnel and has gross receipts from bingo games, raffles or amusement games, or any combination thereof, not exceeding \$5,000.00 per year less the amount awarded as cash or merchandise prizes; provided further, no tax shall be imposed on the first \$10,000.00 of gross receipts less the amount awarded as cash or merchandise prizes from raffles conducted by any such bona fide charitable or nonprofit organization;

B. To utilize punchboard or pull-tabs as a commercial stimulant operator, a tax computed at the rate of four percent of the gross receipts received in the conduct of such activity;

C. To utilize punchboard or pull-tabs as a bona fide charitable or nonprofit organization, a tax computed at the rate of eight percent of the gross receipts from the operation of the games less the amount awarded as cash or merchandise prizes;

D. To conduct or operate any social card game, a tax of ~~ten~~9.17 percent of the gross revenue received from the conduct or operation of said game or games. Said tax shall be reduced to 8.33 percent effective January 1, 2015. Said tax shall again be reduced to 7.50 percent effective January 1, 2016.

Section 2. This Ordinance shall take effect April 1, 2014.

Section 3. The Summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY,  
WASHINGTON, at a regularly-called meeting thereof, held this \_\_\_\_\_ day of  
\_\_\_\_\_, 2014.

CITY COUNCIL

By: \_\_\_\_\_  
Mayor

Approved as to form:

\_\_\_\_\_  
City Attorney

Attest:

\_\_\_\_\_  
City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE \_\_\_\_\_

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on \_\_\_\_\_, 2013, Ordinance No. \_\_\_\_\_, entitled "AN ORDINANCE PROVIDING FOR THE GRADUAL REDUCTION OF THE RATE OF TAXATION ON THE OPERATION OF SOCIAL CARD GAMES WITHIN THE CITY, AMENDING SECTION 3.06.010 OF THE LACEY MUNICIPAL CODE, AND ADOPTING A SUMMARY FOR PUBLICATION."

The main points of the Ordinance are described as follows:

1. The Ordinance gradually reduces the rate of taxation on social card games to 7.50 percent by January 1, 2016.
2. The Ordinance approves this Summary for publication.

A copy of the full text of this Ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: \_\_\_\_\_, 2014.



## LACEY CITY COUNCIL MEETING

March 13, 2014

**SUBJECT:** Inter-local Agreement between the City of Lacey and the State of Washington Department of Transportation for Installation and Maintenance of Fiber Optic Cable

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**RECOMMENDATION:** Authorize the City Manager to sign inter-local agreement that allows WSDOT to install and maintain its own fiber optic cable within conduit owned by the City, in exchange for providing and installing additional fiber optic cable for the City to use and maintain for its own purposes.

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**STAFF CONTACT:** Scott Spence, City Manager *SS*  
Liz Gotelli, Public Affairs and Human Resources Director *LG*  
Troy Woo, Finance Director *TW*  
Cindy Zielinski, Information Services Manager *CZ*

**ORIGINATED BY:** Information Services and Public Affairs

**ATTACHMENTS:**

1. Inter-local agreement between the City of Lacey and the State of Washington Department of Transportation (WSDOT) for Installation and Maintenance of Fiber Optic Cable (including Exhibit A).
2. City of Lacey Fiber Optic Locations map.

**FISCAL NOTE:** There is no anticipated budget impact of this inter-local agreement. If the City chooses to enter into site-specific agreements for the expansion of fiber optic cable to City facilities or sites of interest, the City may incur installation costs that would be subject to prior review and approval by the City. Additionally, the City may be responsible for the maintenance and repair of City-owned fiber optic cable in the event it becomes damaged due to fault of the City.

**PRIOR REVIEW:** General Government & Public Safety Committee February 21, 2014

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## **BACKGROUND:**

Fiber connection to the City's network is currently available at City Hall, Timberland Library, and the Public Works Maintenance Operations Shop. Historically, the cost for expanding fiber to additional locations at the City's own expense has been prohibitive.

The inter-local agreement would allow the City, at no cost, to extend fiber to additional sites through an agreement that allows WSDOT to install fiber within the City's existing conduit, located in Lacey right-of-way. This agreement would allow the City to secure 48 strands of fiber along any pathway WSDOT builds within Lacey's city limits.

The City has identified 11 "primary" sites and five "secondary" sites (refer to attached map) in which fiber connection is desired to connect outlying City facilities and other locations of interest. These connections would improve communication performance and in some instances eliminate other communication costs. As an example, the City was recently able to eliminate a leased communication line and realized an annual savings of \$2,700 as a result of installing a fiber connection to the Thurston County 911 facility.

The inter-local agreement is a broad agreement that would allow for both parties to enter into specific agreements for each location where fiber is desired by both parties. The site-specific agreements would provide scope, cost, and location diagrams for each location, and would be administratively approved by both parties.

WSDOT already has similar agreements with other public agencies, universities, and K-12 schools, including the cities of Olympia and Tumwater.

### **Installation**

WSDOT will be responsible for obtaining and funding all necessary permits for construction. All construction will be in accordance with federal, state, and local requirements.

### **Maintenance**

WSDOT will be solely and entirely responsible for all maintenance and repair of fiber optic cable installed, except for the portion that is specific to the City. The City will be responsible for the maintenance and repair of its own strands of fiber. Before either party performs any work within the conduit, it will give notice to the other party.

WSDOT must comply with all City rules and regulations for maintenance and repair of the cable. The City will be notified in advance of the work. For after-hours emergency repair, WSDOT crews are on a 24/7 call-out schedule. The City will be notified of such repairs as soon as possible, but no later than 24 hours from the time of the emergency.

### **Funding**

WSDOT will be solely and entirely responsible for all maintenance and repair of all fiber optic cable installed pursuant to this agreement. The City will pay its proportional amount of repair based on a percentage of fiber within the particular run as described in the site-specific agreements.

At its February 21, 2014, meeting, the General Government & Public Safety Committee reviewed and recommended full City Council approval of the Inter-local Agreement between the City of Lacey and the State of Washington Department of Transportation for Installation and Maintenance of Fiber Optic Cable.

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### **ADVANTAGES:**

1. Allows the City to expand fiber optic cable to other City facilities and locations of interest, thereby improving communications capacity, stabilizing communications for critical infrastructure, and enhancing citizen access.
2. Minimizes expansion and maintenance costs through use of shared funding arrangement with WSDOT.

### **DISADVANTAGES:**

1. Additional budget expense for expansion and maintenance of additional fiber, if and when site-specific agreements are entered in to with WSDOT.

**INTERLOCAL AGREEMENT  
BETWEEN  
THE CITY OF LACEY  
AND  
THE STATE OF WASHINGTON  
DEPARTMENT OF TRANSPORTATION**

This Interlocal Agreement is made and entered into by and between the City of Lacey, hereinafter referred to as “City” and the Washington State Department of Transportation, hereinafter referred to as “WSDOT.”

**Whereas**, RCW 39.34.010 permits local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities; and

**Whereas**, the City owns underground conduit within the right-of-way of its urban core; and

**Whereas**, WSDOT has identified a need to use the Conduit for the purpose of installing, operating, and maintaining fiber optic cable to be used by WSDOT for government purposes and WSDOT has the fiber optic cable, personnel, and expertise to install, operate, and maintain fiber optic cable in the Conduit; and

**Whereas**, the Conduit contains capacity for the WSDOT fiber optic cable and the City is allowing WSDOT to install, operate, and maintain a certain amount of fiber optic cable in the Conduit in exchange for WSDOT providing and installing a certain amount of additional fiber optic cable for City use; and

**Whereas**, it is in the interest of the City and WSDOT to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City and WSDOT agree as follows:

**I. Purpose/Objective**

The purpose of this Agreement is to allow WSDOT to install and maintain its own fiber optic cable within conduit owned by the City in exchange for providing and installing a certain amount of additional fiber optic cable for the City to thereafter use and maintain, subject to the limitations and requirements set forth in this Agreement and Site Agreement attached hereto and by this reference made a part hereof.

## **II. Definitions**

In this Agreement, the following definition will be used:

Site Agreement: Functions as “Exhibit B” to this interlocal agreement. A site agreement is a site-specific agreement which defines the scope, price, diagrams and maps of each project site. An Exhibit B will be created, submitted and approved by the City for each project. As each Exhibit B is approved, WSDOT will create an amendment to this interlocal agreement that will be approved and signed administratively by both parties.

## **III. Scope of Agreement/Work**

A. The City and WSDOT mutually agree to work cooperatively and to resolve problems or issues arising under this Agreement in a timely manner.

B. The City agrees to:

1. Provide the Conduit that contains the capacity for the WSDOT fiber optic cable.
2. Allow WSDOT to install, operate, and maintain its fiber optic cable in the Conduit at locations and in the manner as identified in this Agreement and in the Site Agreement.

C. WSDOT agrees to:

1. Provide the City with a certain amount of additional fiber optic cables identified in the Site Agreement. Said additional fiber optic cable shall hereinafter be referred to as “City’s cable.”
2. Install City’s fiber optic cable at locations and in the manner as identified in this Agreement and in the Site Agreement.

## **IV. Installation, Maintenance and Repair**

A. WSDOT shall be solely and entirely responsible for all maintenance and repair of all fiber optic cable installed pursuant to this Agreement. City will pay its proportional amount of repair based on percentage of fiber optic cable within that run as described in the Site Agreement.

B. WSDOT will, upon notification of needed repair, make every attempt to respond as soon as possible on a 24/7 basis at all times to repair the fiber optic cable using its own fiber optic cable splicing equipment and trained personnel. If the repair requires specialized tools or third party vendors to repair, WSDOT will use its established agreements and contacts with local vendors to repair fiber optic cable immediately (typical initial response times by vendors for past fiber optic cable repairs after hours have been within two hours on site. Repairs are generally made within 4 hours of first notification of a fiber optic cable outage or needed repair). There is no guaranteed time frame for repair, although safety and customer service will always

take precedence. Fiber optic cable that is active will be repaired first and the City will receive priority over WSDOT and other users of fiber optic cable running throughout the City of Lacey.

- C. WSDOT shall obtain all permits for construction within City right-of-way through City of Lacey and the City shall provide these permits at no cost and also no delay in providing permits.
- D. WSDOT must provide drawings per City specifications showing the position and location of all fiber optic cable, along with depth and type of conduit and any equipment, if any, that it proposes to place within the City right-of-way as shown in the Site Agreement. Vendor performing work will provide this drawing as part of any fiber optic cable installation project and it will be part of the cost of any fiber optic cable build project with the City.
- E. If the City wishes to install alternate runs off of the fiber optic cable, the City shall pay for these alternate runs at no cost to WSDOT.
- F. Copper Location Wire shall be installed alongside all fiber optic cable pulled into City conduit by WSDOT as part of the cost of each fiber optic cable project undertaken by the City and WSDOT.
- G. WSDOT must install all fiber optic cable in accordance with federal, state, and local requirements. WSDOT must also comply with applicable City ordinances and Development Guidelines, and the current version of the WSDOT Standard Specifications for Road, Bridge and Municipal Construction before commencing any construction in the City's right-of-way. WSDOT may not locate or maintain its fiber optic cable so as to interfere with the use of the City right-of-way by the general public, or other persons authorized to use or be present in or upon the City right-of-way. All WSDOT equipment causing such interference must be moved by WSDOT at its sole expense to a location approved by the City Engineer. Both parties shall comply with [RCW 19.122](#) when digging in either parties right-of-way.
- H. WSDOT shall maintain or repair fiber optic cable covered by this Agreement, but must comply with all City rules and regulations, and obtain the required City permits prior to any work within City right-of-way, which approval of such permits by the City shall not be unreasonably withheld or denied. For emergency after hours repairs, permits will not be required; however, WSDOT shall inform the City as soon as possible of any emergency work performed, and shall provide all relevant information such as, but not limited to, the nature of the emergency, the locations where repairs were performed, and whether continuing work is required.

- I. WSDOT will at all times employ reasonable care and install and maintain and use commonly accepted methods and devices for preventing failures and accidents that are likely to cause damage, injury, or nuisance to the public or workers. All structures and all lines, equipment and connections in, over, under, and upon City right-of-way will at all times be kept and maintained in a safe, suitable condition, and in good order and repair. The City reserves the right to inspect WSDOT equipment to determine whether WSDOT equipment is constructed and maintained in a safe condition. If a violation of the National Electrical Safety Code or other regulation is discovered by the City, the City will discuss the matter with WSDOT and establish a reasonable time for WSDOT to make necessary repairs. If the repairs are not made within the established time, the City may make the repairs itself or have them made and collect all actual costs for such repair from WSDOT. WSDOT shall remit payment for City repairs made under this Section within forty five (45) days of the City's issuance of an invoice itemizing repair costs.
- J. WSDOT will notify the City and obtain approval prior to accessing City owned conduit. Either party doing work on the fiber optic cable installed under this Agreement will notify the other party as defined under Section XIX – Contract Management. Either party doing work on or within the Conduit will do so with due care in accordance with established practices and only use trained personnel. Hours of operation for normal construction and maintenance will comply with City code, or specified on the City permit. The City may have a representative observe WSDOT work at no cost to WSDOT.
- K. WSDOT must cooperate with the City and all permittees, grantees, and users of the City right of way to coordinate construction in the City right of way.

**V. Relocation Requirements**

- A. WSDOT shall be responsible for relocation costs of shared WSDOT and City fiber optic cable installed under this agreement within the conduit and for aerial run fiber optic cable being moved from poles to underground conduit to accommodate for future changes in street grade, street standards, and improvements within the right-of-way, utility construction or maintenance by the City.
- B. The City shall be responsible for all relocation costs associated with the replacement of the conduit, if initiated by the City.
- C. For aerial fiber optic cable being moved from one pole to another or for replacement of poles, WSDOT and the City shall share responsibility for relocation costs of WSDOT and City fiber optic cable installed under this agreement to accommodate future changes in street grade, street standards, and improvements within the right-of-way, utility construction or maintenance by the City. City will pay its proportional

amount of repair based on percentage of fiber optic cable within that aerial run as described in the Site Agreement.

- D. WSDOT may not permanently occupy or use the City right-of-way. This Agreement conveys to WSDOT no title or interest in the City right-of-way. Upon expiration or termination of this Agreement by the City, WSDOT must, at the sole discretion of the City, either: (1) remove its fiber optic cable from the City right-of-way at its own expense; or (2) disconnect (i.e., unlight) its fiber optic cable and deed the same to the City at no expense to the City. The City's exercise of discretion will be made in writing, by notice to WSDOT, provided pursuant to [Exhibit A](#) herein.

## **VI. Limitations of Use**

- A. This agreement does not grant WSDOT any right to exclude others from the City right-of-way. The City has the exclusive right to grant permits, licenses, leases, or franchises to other persons or entities to use the City right-of-way for similar or different purposes.
- B. The uses of all City strands of the fiber optic cable provided by WSDOT will be determined by the City. WSDOT is not authorized to use the Conduit beyond the use provided by this Agreement. This Agreement does not authorize WSDOT to use the Conduit or fiber optic cable therein to provide telecommunications or cable service to third parties, except that WSDOT may provide dark fiber optic cable to other government agencies for their sole use.

## **VII. Optional Work**

If requested by the City, WSDOT may install the fiber optic cable spurs from WSDOT's direct fiber optic cable path shown by the Site Agreement into the facilities identified in the Site Agreement, provided, that the actual direct and related indirect costs of installation of the fiber optic cable spurs shall be at the City's expense.

## **VII. Indemnification**

The parties each agree to defend, indemnify and hold the other, their officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including reasonable attorney fees, arising out of or in connection with each entity's respective performance of its responsibilities under the Agreement, except to the extent such injuries and damages are caused by the negligence of the other.

## **VIII. Records Maintenance**

The parties to this Agreement shall each maintain books, records, documents and other evidence which sufficiently and properly reflect all direct and indirect costs expended by

either party in the performance of the work described herein. These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration of this agreement and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this Agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

**IX. Independent Capacity**

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

**X. Alterations and Amendments**

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and dually signed by personnel authorized to bind each of the parties.

**XI. Dispute Resolution**

In the event of any dispute, the parties shall first attempt to resolve the issues through mediation prior to filing any action in court.

**XII. Joint Board**

This Agreement creates no Joint Board and no separate legal entity.

**XIII. Duration of Agreement**

This Agreement shall be effective for twenty (20) years from the commencement date unless otherwise terminated in the manner described under the termination section of this Agreement. At the end of this term, the parties may extend this Agreement under terms and conditions then agreed. If this Agreement is not extended, WSDOT must, at the sole discretion of the City, either: (1) remove its fiber optic cable from the City right-of-way at its own expense; or (2) disconnect (unlight) its fiber optic cable and deed the same to

the City at no expense to the City. WSDOT will be responsible for all costs associated with restoring the right-of-way to its original condition.

**XIV. Termination of Agreement**

**A. Termination for Convenience**

Either party may terminate this Agreement upon ninety (90) days' prior written notification to the other party using the method of notice provided for in this Agreement. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

**B. Termination for Cause**

If for any cause, either party does not fulfill in a timely and proper manner its obligations under this Agreement, or if either party violates any of these terms and conditions, the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given the opportunity to initiate a correction of the violation or failure within 30 (thirty) calendar days. If failure or violation is not corrected within the mutually agreed upon time period, this Agreement may be terminated immediately by written notice of the aggrieved party to the other.

**C.** If this Agreement is terminated for any reason, WSDOT must, at the sole discretion of the City, either: (1) remove its fiber optic cable from the City right-of-way at its own expense; or (2) disconnect (unlight) its fiber optic cable and deed the same to the City at no expense to the City. WSDOT will be responsible for all costs associated with restoring the right-of-way to its original condition.

**XV. Assignment**

The work to be provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

**XVI. Entire Agreement**

This Agreement sets forth all terms and conditions agreed upon by the City and WSDOT and supersedes any and all prior agreements, oral or otherwise, with respect to the subject matter addressed herein.

**XVII. Waiver**

A failure by either party to exercise its right under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any

other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

**XVIII. Severability**

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this Agreement are declared to be severable.

**XIX. Contract Management**

**A. Contact Information**

All contact information for the management of this Agreement shall be identified in Exhibit A, attached hereto and by this reference made a part hereof. Exhibit A may be updated by either party for its agency only and shall be submitted in writing or electronic mail to the other party by the Contract Administrators. Any update to Exhibit A shall state the effective date of said update.

**B. Contract Managers**

The Contract Managers for both WSDOT and City identified in Exhibit A shall be the primary contact for ALL communications and billings for the performance of this Agreement. The Contract Managers shall be responsible for the daily performance and technical oversight of this Agreement on behalf of WSDOT and City.

**C. Technical Contacts**

The WSDOT Technical Contact identified in Exhibit A shall be lead for WSDOT on all technical and troubleshooting issues regarding the performance of this Agreement. The WSDOT Technical contact shall be responsible for facilitating with the WSDOT Technical Contact any interagency technical communications and/or coordination necessary regarding the business associated with this Agreement.

The City Technical Contact identified in Exhibit A shall be lead for City on all technical and troubleshooting issues regarding the performance of this Agreement. City Technical Contact shall be responsible for facilitating with the WSDOT Technical Contact any interagency technical communications and/or coordination necessary regarding the business associated with this Agreement.

**XX. Recording**

Prior to its entry into force, this Agreement shall be filed with the Thurston County Auditor's Office or posted upon the websites or other electronically retrievable public source as required by RCW 39.34.040.

**XXI. Notice**

Any notice required under this Agreement shall be to the party at the address listed below and shall become effective three days following the date of deposit in the United States Postal Service.

CITY OF LACEY  
Attn: Information Services Manager  
420 College Street SE  
Lacey, WA 98503

WSDOT  
Attn: Network Services Manager  
7345 Linderson Way SW  
Tumwater, WA 98504

**XVI. Interpretation and Venue**

This Agreement shall be governed by the laws of the State of Washington as to interpretation and performance. The parties hereby agree that venue for enforcement of this agreement shall be the Superior Court of Thurston County.

**XVII. Commencement Date**

This Agreement shall take effect on the date of the last authorizing signature affixed hereto.

**CITY OF LACEY**

**WSDOT**

\_\_\_\_\_  
Scott Spence  
City Manager

\_\_\_\_\_  
Grant Rodeheaver  
Director of Information Technology Division

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to form: \_\_\_\_\_

Approved as to form: \_\_\_\_\_

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Attorney General State of Washington

**EXHIBIT A**

**Interagency Agreement Contact Information**

**WSDOT Contract Number: K573**

Effective Date: **10/28/2013**

Washington State Department of Transportation

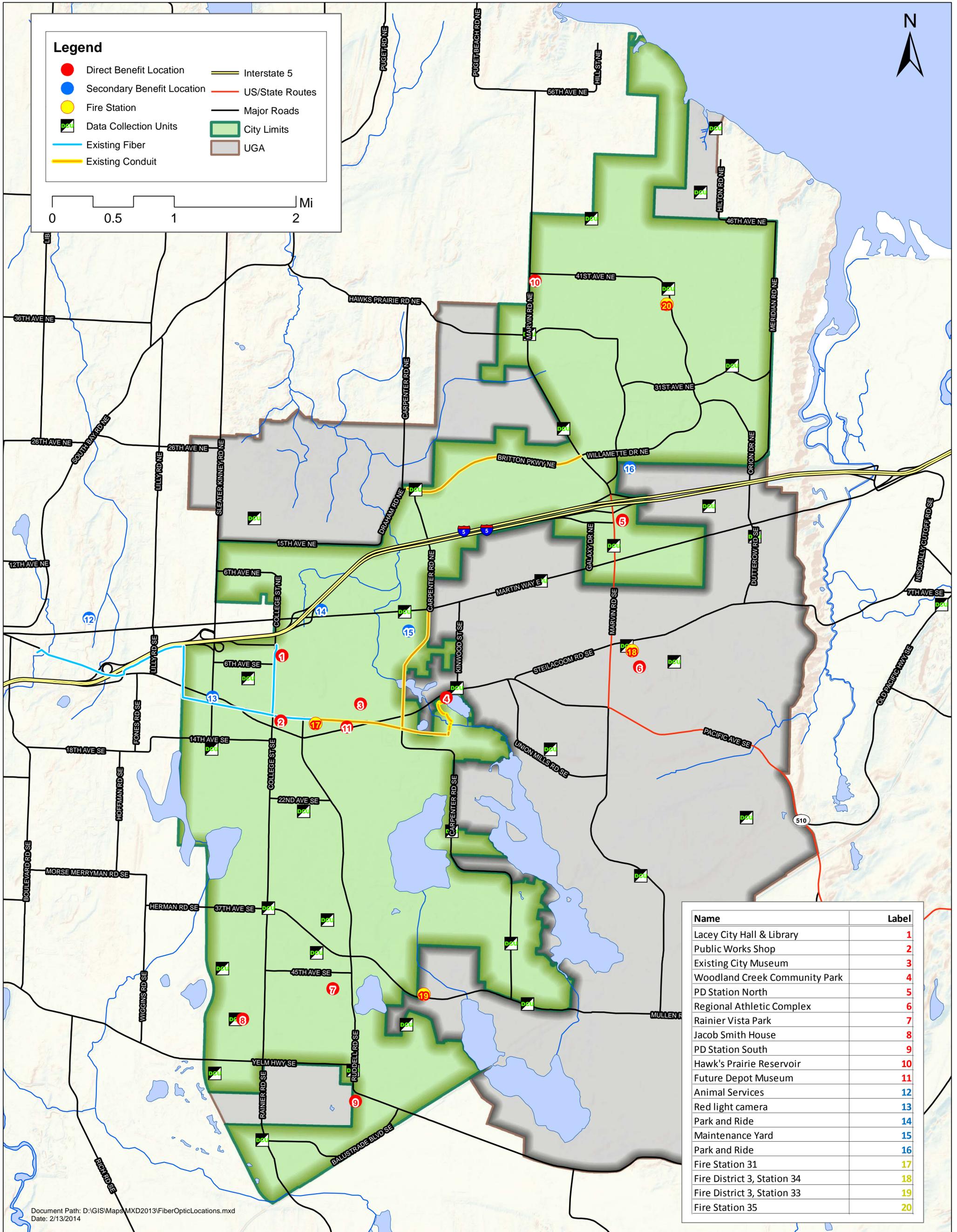
*Only the Contract Signature Authority 1 and 2 identified below are authorized to bind WSDOT.*

Contract Signature Authority 1: (unlimited)	Grant Rodeheaver, Director Office of Information Technology P.O. Box 47430 Tumwater, WA 98504-7430 (360) 705-7601 <a href="mailto:grant.rodeheaver@wsdot.wa.gov">grant.rodeheaver@wsdot.wa.gov</a>
Contract / Project Manager:	Randy Baker, Network Services Manager Office of Information Technology P.O. Box 47430 Tumwater, WA 98504-7430 (360) 705-7787 <a href="mailto:randy.baker@wsdot.wa.gov">randy.baker@wsdot.wa.gov</a>
Technical Contact:	Todd Turner, Network Operations Supervisor Office of Information Technology P.O. Box 47430 Tumwater, WA 98504-7430 (360) 705-7694 <a href="mailto:todd.turner@wsdot.wa.gov">todd.turner@wsdot.wa.gov</a>
Contract Administrator:	Carol Kirsch Administrative Services Contracts Office P.O. Box 47408 Olympia, WA 98504-7408 (360) 705-7547 <a href="mailto:carol.kirsch@wsdot.wa.gov">carol.kirsch@wsdot.wa.gov</a>
Invoicing	Office of Information Technology Attn: Invoice Processing Business Unit 7345 Linderson Way S.W. P.O. Box 47430 Tumwater, WA 98504-7430 (360) 705-7716  <a href="mailto:WSDOTOITVendorPayments@wsdot.wa.gov">WSDOTOITVendorPayments@wsdot.wa.gov</a> The preferred method of submittal shall be electronic to the email address above.

City of Lacey

Contract Signature Authority 1:	Scott Spence, City Manager City of Lacey 420 College Street SE Lacey, WA 98503 <a href="mailto:citymanager@ci.lacey.wa.us">citymanager@ci.lacey.wa.us</a> (360) 491-3214
Contract Manager: Signature Authority 2	Troy Woo, Finance Director City of Lacey 420 College Street SE Lacey, WA 98503 <a href="mailto:twoo@ci.lacey.wa.us">twoo@ci.lacey.wa.us</a> (360) 491-3212
Technical Lead:	Cindy Zielinski, Information Services Manager City of Lacey 420 College Street SE Lacey, WA 98503 <a href="mailto:czielins@ci.lacey.wa.us">czielins@ci.lacey.wa.us</a> 360-438-2627
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# City of Lacey Fiber Optic Locations



Name	Label
Lacey City Hall & Library	1
Public Works Shop	2
Existing City Museum	3
Woodland Creek Community Park	4
PD Station North	5
Regional Athletic Complex	6
Rainier Vista Park	7
Jacob Smith House	8
PD Station South	9
Hawk's Prairie Reservoir	10
Future Depot Museum	11
Animal Services	12
Red light camera	13
Park and Ride	14
Maintenance Yard	15
Park and Ride	16
Fire Station 31	17
Fire District 3, Station 34	18
Fire District 3, Station 33	19
Fire Station 35	20

**GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE**  
**FEBRUARY 21, 2014**  
**8:00 - 8:54 A.M.**

**COUNCIL PRESENT:** Chair, Michael Steadman, Cynthia Pratt, Jeff Gadman

**STAFF PRESENT:** Scott Spence, Liz Gotelli, Troy Woo, Steve Kirkman, Cindy Zielinski, Carol Litten

Cynthia requested an amendment to the agenda to add time & date

**COUNCILMEMBER GADMAN MOVED TO NOMINATE COUNCILMEMBER PRATT AS CHAIR OF THE GENERAL GOVERNMENT & PUBLIC SAFETY COMMITTEE. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.**

**COUNCILMEMBER GADMAN MOVED TO APPROVE THE AMENDED AGENDA TO SELECT A DATE AND TIME FOR THE COMMITTEE MEETING. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.**

**WSDOT FIBER OPTIC INTERLOCAL AGREEMENT**

Liz Gotelli, Public Affairs & Human Resources Director, presented the Committee with a request to recommend approval of an inter-local agreement to full Council that allows WSDOT to install and maintain its own fiber optic cable within conduit owned by the City, in exchange for providing and installing additional fiber optic cable for the City to use and maintain for its own purposes.

Fiber connection to the City's network is currently available at City Hall, Timberland Library, and the Public Works Maintenance Operations Shop. Historically, the cost for expanding fiber to additional locations at the City's own expense has been prohibitive.

The City has identified 11 "primary" sites and five "secondary" sites in which fiber connection is desired to connect outlying City facilities and other locations of interest.

The inter-local agreement is a broad agreement that would allow for both parties to enter into specific agreements for each location where fiber is desired by both parties. The site-specific agreements would provide scope, cost, and location diagrams for each location, and would be administratively approved by both parties.

WSDOT already has similar agreements with other public agencies, universities, and K-12 schools, including the cities of Olympia and Tumwater.

WSDOT will be responsible for obtaining and funding all necessary permits for construction. All construction will be in accordance with federal, state, and local requirements.

WSDOT will be solely and entirely responsible for all maintenance and repair of fiber optic cable installed, except for the portion that is specific to the City. The City will be responsible for the maintenance and repair of its own strands of fiber. Before either party performs any work within the conduit, it will give notice to the other party.

**COUNCILMEMBER GADMAN MOVED TO RECOMMEND FULL COUNCIL APPROVAL OF AN INTER-LOCAL AGREEMENT THAT ALLOWS WSDOT TO INSTALL AND MAINTAIN ITS OWN FIBER OPTIC CABLE WITHIN CONDUIT OWNED BY THE CITY, IN EXCHANGE FOR PROVIDING AND INSTALLING ADDITIONAL FIBER OPTIC CABLE FOR THE CITY TO USE AND MAINTAIN FOR ITS OWN PURPOSES. COUNCILMEMBER STEADMAN. MOTION CARRIED.**

### **CDBG GRANT PROCESS**

Steve Kirkman, Public Affairs Sr. Management Analyst, provided an update on the CDBG grant process. As a result of the newly formed Thurston County CDBG Urban County Partnership (Lacey, Tumwater, Thurston County, Yelm, Tenino, Rainier and Bucoda), \$825,000 in CDBG Entitlement Funding is available. The funding rotates every three years among Thurston County, Lacey and Tumwater.

Previously, Lacey participated in the CDBG Small Cities Program, which required submitting competitive grant applications for each project. The city financed both phases of the Lacey Senior Center, construction of the Lacey Child Care Center, and several affordable housing and rehabilitation programs under the small cities program.

Eligible CDBG projects include affordable housing, capital improvements, and community facilities that benefit low and moderate income residents.

The city published an RFP for CDBG project proposals on February 3, 2014. In addition, the RFP announcement was mailed to approximately 65 community development and social service organizations in the greater Lacey area.

A workshop was conducted at City Hall for prospective project applicants on February 10. Applications are due Friday, February 28, 2014.

Proposals will be reviewed for minimum eligibility requirements during the first week of March. Successful project sponsors will be invited to present proposals at a public hearing during the March 13, 2014, City Council meeting. Council can select a project at the close of the hearing, or refer selection to the March 21<sup>st</sup> General Government Committee meeting. Council would then be asked to approve a project or projects at the March 27 Council meeting.

Thurston County will submit Lacey's project or projects to HUD no later than July 15, 2013. Award notification letters should be sent to successful applicants by September 1, 2014. Projects must be completed by August 31, 2015.

It was noted that Thurston County is the lead agency who will administer the grant, and as such, will receive 20% for administrative fees. Scott Spence, City Manager, noted that Lacey, Thurston County and Tumwater are operating under a three-year memorandum of understanding. Once this contract expires, the jurisdictions will decide whether to renew.

A question was raised about selecting projects that support the efforts of the Urban Corridor Task Force Plan. It was noted that during the selection process, Council could take this into consideration.

### **GAMBLING TAX REDUCTION**

Scott Spence, City Manager, provided a briefing on the City's gambling tax rates.

The City of Lacey's current tax rate on social card games is 10% on gross revenues received from the operation of social card games. Approximately \$450,000 of revenue is projected to be generated for the 2014 budget from social card games.

The subject of taxes on social card game activity has been before the Lacey City Council various times in the past two years. Owners from the Hawks Prairie Casino and Jim Kerzie, Hawks Prairie Casino's landlord, met with the General Government Committee on December 20, 2013, and asked that the City's current gambling tax rate on social card games be reduced to 7.5 percent.

According to representatives of the Hawks Prairie Casino, economic and regulatory challenges remain and continue to evolve. Consideration for some form of permanent social card game tax relief is necessary in order for its business model to work. Without reductions in the gambling tax rate or lease payments, owners of the Hawks Prairie Casino stated they would explore other options, potentially even relocating to another community. With a reduction in the social card game gambling tax, representatives of the Hawks Prairie Casino indicated that they would renew their multi-year lease. Additionally, Mr. Kerzie indicated he would be willing to reduce lease payments on the building occupied by Hawks Prairie Casino.

To reduce the overall financial impact to the City's budget, staff recommended that the implementation of a reduction to 7.5 percent gambling tax occur over a period of two or three years. The reduction would be permanent and would not sunset like the previous gambling tax reduction.

A rate reduction will result in a loss of revenue to the City of Lacey that is used to pay for essential services. However, if the Hawks Prairie Casino were to close or relocate, the decrease in revenue would be greater including the loss of jobs.

**COUNCILMEMBER GADMAN MOVED TO FORWARD A RECOMMENDATION FOR FULL COUNCIL APPROVAL TO GRADUALLY REDUCE THE 10% GAMBLING TAX RATE TO 7.5% OVER A THREE YEAR PERIOD. COUNCILMEMBER STEADMAN SECONDED. MOTION CARRIED.**

**COMMITTEE MEETING SCHEDULE CHANGE**

Committee members agreed to meet March 21 at 8 a.m. to review CDBG grant applications. On April 14, the committee meeting date and time will change to the 2<sup>nd</sup> Monday of the month at 5:30 p.m.