



**LACEY CITY COUNCIL  
WORKSESSION  
THURSDAY, JANUARY 26, 2023  
6:00 P.M. – 7:45 P.M.  
REMOTE AND IN PERSON**

The Lacey City Council Worksession will be conducted both remote and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College Street SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live through Zoom: <https://us02web.zoom.us/j/85642005657>

Live or as a recording on YouTube: <https://youtu.be/luAAdoz0VIO>

Listen via telephone: (888) 788-0099 or (877) 853-5247 (Webinar ID 856 4200 5657)

The public may submit written public comments by email to [publiccomment@ci.lacey.wa.us](mailto:publiccomment@ci.lacey.wa.us). Written comments will be provided to the City Council electronically prior to the meeting. Comments will not be addressed during the meeting; however, comments received will be added to the official record. The comment period will close at **4:00 p.m. on January 26, 2023.**

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**AGENDA**

**6:00 ILA- REGIONAL HOUSING COUNCIL**

*RICK WALK, INTERIM CITY MANAGER  
(STAFF REPORT)*

**6:30 COMPOST PROCUREMENT (HB 1799 RESPONSE)**

*MARCUS HOCH, MANAGEMENT ANALYST  
(STAFF REPORT)*

**6:45 UTILITY CAPITAL IMPROVEMENT PROGRAM PRESENTATION**

*TERI O'NEAL, SENIOR UTILITY ENGINEER  
(PRESENTATION)*

**7:45 ADJOURN**



## LACEY CITY COUNCIL WORKSESSION January 26, 2023

**SUBJECT:** Regional Housing Council Interlocal Agreement Amendment Two

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**RECOMMENDATION:** The City Council will review the proposed second amendment to the interlocal agreement for the Regional Housing Council. The agreement will be brought to the City Council at a regular meeting for action. No formal action is necessary at this time.

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**STAFF CONTACT:** Rick Walk, Interim City Manager *RW*  
Grant Beck, Planning and Development Services Manager *GB*  
Ryan Andrews, Planning Manager *RA*

**ORIGINATED BY:** Community and Economic Development Department

**ATTACHMENTS:** 1. [Amendment Two to the Interlocal Agreement for the Regional Housing Council \(Track Changes Version\)](#)

**FISCAL NOTE:** None. The ILA does set forth parameters for housing-related projects in Thurston County.

**PRIOR REVIEW:** None.

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### BACKGROUND:

On January 28, 2021 the original interlocal agreement was executed establishing the Regional Housing Council with the primary purpose of leveraging resources and partnerships through policies and projects related to safe and affordable housing. The original interlocal agreement also dissolved the Health and Human Services Council and the Community Investment Partnership. The first amendment to the agreement was executed April 30, 2021 clarifying how jurisdictions will manage and make decisions concerning SHB 1406 funds.

On January 26, 2022 the Thurston County Board of Commissioners passed ordinance number 16128 as authorized by RCW 82.14.530 for a one-tenth of one percent sales tax to establish a Home Fund to create affordable housing for County residents whose income is 60 percent or below area median income (AMI). The sales tax applies throughout all of

Thurston County, except for in the Cities of Olympia and Tenino which had already passed their own Home Fund legislation. On December 19, 2022, a separate agreement was signed between Thurston County and Olympia to combine home funds.

The primary purpose of this second amendment to the interlocal agreement is to recognize the consolidation of the Thurston County and Olympia Home Funds and to establish administrative procedures to guide the Regional Housing Council on the recommendations for use of the combined funds. The agreement also establishes two advisory boards comprised of subject matter experts to make recommendations to the Regional Housing Council on funding. These are the Affordable Housing Advisory Board and the Homeless Services Advisory Board.

The Affordable Housing Advisory Board makes recommendations on capital funding projects comprised of community members and private sector stakeholders from across Thurston County with at least one-third of the members either residents of Olympia or representing organizations based in Olympia. The Homeless Services Advisory Board makes recommendations on funding designated for homeless services. The agreement also clarifies that the chairs and vice-chairs of the advisory boards will participate in Regional Housing Council in a non-voting ex-officio capacity.

The original interlocal agreement established Thurston County as the fiscal agent and lead agency on administering contracts and providing payments. This amendment allows for the lead agency to provide funds to a partner jurisdiction on specific Regional Housing Council-approved tasks as well as revisit the role of lead agency and fiscal agency every five years throughout the duration of the agreement.

The proposed amended agreement also revises language in the ILA regarding the use of SHB 1406 funds. The initial ILA specifies that the 1406 funds would be submitted to the lead agency on a quarterly basis. The RHC would make decisions regarding the distribution of funds for projects subject to the approval of the elective body of each RHC partner. The proposed amendments to the ILA are an effort to streamline the approval process to commit 1406 funds to viable projects. Many times, key housing projects consistent with regional priorities and needing local match dollars are subject to deadlines for requesting State or Federal funds. Allowing the RHC to be the final decision regarding use of 1406 funds would allow the ability to review projects and make decisions to commit dollars in a timely and efficient manner.

Also related to 1406 funds, the existing ILA also contains a provision that after one year each jurisdiction could ask the RHC for approval to return their portion of uncommitted 1406 funds accrued in the pooled account. An amendment is proposed to replace this provision to establish an annual competitive process where the partners in the RHC may request funding for local projects that are consistent with adopted funding priorities and approved by the RHC.

**ADVANTAGES:**

1. Approving the amendment to the interlocal agreement establishes administrative procedures to guide the Regional Housing Council on use of the combined Thurston County and Olympia Home Funds.

**DISADVANTAGES:**

1. None identified.

**Amendment ~~One~~Two**  
**INTERLOCAL AGREEMENT FOR**  
**DISSOLVING THE HEALTH AND HUMAN SERVICES COUNCIL, THE COMMUNITY INVESTMENT**  
**PARTNERSHIP, AND CREATING THE REGIONAL HOUSING COUNCIL**

**WHEREAS**, This Interlocal Agreement ("Agreement") ~~is~~was entered into pursuant to the authority of Chapter 39.34 RCW in duplicate originals between the City of Olympia, Washington, a Washington municipal corporation; the City of Lacey, Washington, a Washington municipal corporation; the City of Tumwater, Washington, a Washington municipal corporation; the City of Yelm, Washington, a Washington municipal corporation; and Thurston County, Washington, a Washington municipal corporation; collectively referred to as "Jurisdictions" and individually as "Jurisdiction"; and

~~In consideration of the terms, conditions, covenants, and performances contained herein, it is mutually agreed by the Jurisdictions as follows:~~

**WHEREAS**, Amendment One to this agreement adopted on April 30, 2021, adds clarification and requirements to how the signatories of this agreement will manage and make decisions concerning RCW 82.14.540 ("SHB 1406") funds; and

**WHEREAS**, in the 2021 Regular Session, the Washington State Legislature approved, and the Governor signed, House Bill 1070 (Chapter 222, Laws of 2020), modifying allowed uses of local tax revenue for affordable housing and related services to include the acquisition and construction of affordable housing and facilities; amending RCW 82.14.530 and 67.28.180; and declaring an emergency; and

**WHEREAS**, the City of Olympia Council passed Ordinance No. 7127 on March 6, 2018, as authorized under RCW 82.14.530 to be used for the Olympia Home Fund to construct affordable and supportive housing and housing-related services, including mental and behavioral health-related facilities, and providing for other matters relating thereto and properly permitted by state law; and

**WHEREAS**, the Thurston County Board of Commissioners passed Ordinance No. 16128, on January 26, 2022, as authorized under RCW 82.14.530 to be used for the Thurston County Home Fund to construct affordable and supportive housing and housing-related services, and providing for other matters relating thereto and properly permitted by state law; and

**WHEREAS**, the Thurston County Board of Commissioners in Ordinance No. 16128, directed the county manager to a) develop an Interlocal Agreement with the City of Olympia outlining roles, responsibilities, administration, and other requirements related to combining the Sales and Use Tax funds For Housing and Related Services; and (b) work with participating jurisdictions to amend the Regional Housing Council Interlocal Agreement to create an administrative/executive arm to effectively guide the Regional Housing Council on the use of the Sales and Use Tax For Housing and Related Services; and

**WHEREAS**, the City of Olympia Council approved a Resolution of Intent on January 12, 2022, to bring their HOME fund dollars to the Regional Housing Council in coordination with the County's HOME fund to achieve a regional decision making process on these combined funds; and

**WHEREAS**, the City of Tenino approved an additional of one-tenth of one percent on the Sales

and Use Tax per RCW 82.14.530, via a Councilmanic action under Ordinance No. 919 on January 11, 2022; and

WHEREAS, the Regional Housing Council was created in January 2021 with the primary purpose to leverage resources and partnerships through policies and projects that promote equitable access to safe and affordable housing; and

WHEREAS, the Regional Housing Council has developed a strategic framework to create an initial stock of 150-200 Permanent Supportive Housing units which requires additional funding to fully implement; and

WHEREAS, a second amendment is needed to create an administrative/executive arm to effectively guide the Regional Housing Council on its recommendations for the use of the Sales and Use tax for Housing and Related services adopted by Thurston County and the City of Olympia; and

**WHEREAS**, the Jurisdictions agree that it is mutually beneficial to share decision making responsibilities related to homelessness and affordable housing in Thurston County; and

**WHEREAS**, the Jurisdictions agree that it is mutually beneficial to collaborate to expand affordable housing options and share the planning for, identification of, and resource allocation to activities and programs intended to support individuals experiencing homelessness in Thurston County; and

**WHEREAS**, the Jurisdictions agree that by collaborating, these activities and programs will be delivered more efficiently and effectively and the costs and impacts of managing them will be shared equitably by the Jurisdictions.

**THEREFORE**, the Interlocal Agreement creating the Regional Housing Council including Amendment One- is hereby amended as follows:

**1. Regional Housing Council to Replace Health and Human Services Council.**

The signatories of this agreement hereby agree to dissolve the [Health and Human Services Council \("HHSC"\)](#) and create the [Regional Housing Council \("RHC"\)](#). All records related to the HHSC shall be preserved by Thurston County. Dissolving the HHSC does not change any prior commitments made by that Council. Any assets remaining with the HHSC are hereby transferred to the RHC.

**2. Purpose of the RHC.**

- A. The primary purpose of the RHC is to leverage resources and partnerships through policies and projects that promote equitable access to safe and affordable housing. The RHC will consider issues specifically related to funding a regional response to homelessness and affordable housing and how to better coordinate existing funding programs, which may include, RCW 36.22.179 (ESSHB 2163) and RCW 36.22.178 (SHB 2060) funds, [RCW 36.22.176 \(ESSHB 1277\)](#) HOME Investment Partnership Program ("HOME"), Consolidated Homeless Grant ("CHG"), Housing and Essential Needs ("HEN"), RCW 82.14.540 (SHB 1406), Community Development Block Grant

("CDBG"), Olympia Home Fund and Thurston County Home Fund, and other related funding sources ~~such as a regional home fund~~ to help implement the five-year Homeless Crisis Response Plan (HCRP) and increase affordable housing options.

- B. To achieve this purpose, the RHC may assist in monitoring the implementation of the County's five-year HCRP by setting priorities and making funding decisions on projects and programs that implement the HCRP. Additionally, the RHC may provide a forum for consideration of policy options related to homelessness and to encourage development of regional approaches to planning for, responding to, and funding homeless services and facilities and expanding affordable housing options.

### 3. Term.

The term of this Agreement shall be effective upon the approval of the last Jurisdiction's governing body, and shall be effective for five years, unless amended pursuant to Section 12 of this Agreement. Prior to commencement, this Agreement shall be filed or posted in accordance with RCW 39.34.040. This Agreement may be extended upon the mutual written approval of the Jurisdictions on an annual basis thereafter.

### 4. Governance.

- A. The RHC shall consist of one voting member and one alternate member from each of the Jurisdictions which comprise more than 5% of the county population.
- B. Individual Jurisdictions which comprise less than 5% of the county population may participate on the RHC in a non-voting capacity.
- C. One voting member and one alternate member shall be selected by and from the group of Jurisdictions whose population is 5% or less of the county population.
- D. Each Jurisdiction shall send a decision-making member of its staff to support and participate on the RHC in a non-voting capacity.
- E. The chairs of ~~the Technical and Communications Working Teams~~Advisory Boards, as established in Section 9 of this Agreement, and the program manager of the Lead Agency, as established in Section 8 of this Agreement, shall serve in an ex officio capacity and will also participate in the RHC in a non-voting capacity.

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i. The Vice Chairs of the Advisory Boards created in Section 9.C of this Agreement shall serve as the alternate ex officio members.

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ii. The Chair and Vice Chair of the Advisory Boards ~~may not be staff employed by an RHC member jurisdiction.~~

- F. All meetings of the RHC shall be open and public as provided for in Title 42.30 RCW.

- G. A quorum, defined as a minimum of three (3) voting members, is required to hold a meeting.
- H. It is the intent of the RHC to operate based on consensus. If a consensus cannot be achieved, action by the RHC shall be by vote of those members present. A minimum of three (3) affirmative votes are required to approve an action. Absent voting members cannot delegate their voting authority; however, alternate members shall have full voting rights when the regular member is not present. Non-voting members, decision-making staff (as specified in Paragraph D of this Section), Working Team Chairs, and ex officio members shall not have a vote; however, they are encouraged to participate in committee discussions and deliberations.
- I. If necessary, actions taken by the RHC shall be taken for final consideration and approval to the respective legislative Councils and Commissions.
- J. Officers shall be elected annually by vote of the members. The RHC shall annually elect a chair and vice-chair. Either the chair or vice-chair shall be from the Lead Agency, as described in Section 8 of this Agreement. The duties of the chairs shall be to preside over the RHC meetings and provide a direct link to the RHC with administrative staff of the Lead Agency. ~~The vice-chair will preside over the RHC meeting if the chair is not present and will support the chair in their duties.~~
- K. Membership of the RHC may only be increased or changed following an affirmative vote of the members of the RHC and by amending this Agreement as provided in Section 12 below.
- L. The RHC may adopt a set of bylaws setting forth the manner in which it will perform its functions.

## 5. Scope of Work.

- A. The responsibilities of the RHC SHALL include, but are not limited to:
  - i. Making recommendations to regional elected and appointed leaders on funding decisions related to implementing the five year HCRP and expanding shelter and affordable housing, including but not limited to ESSHB 2163, ~~and~~ SHB 2060, ESSHB 1277 funds, HOME, CHG, HEN, SHB 1406, County Home Fund and Olympia Home Fund dollars and other funding sources as may be created or identified in the future.
  - ii. Recommending an annual RHC budget, which shall detail the authorized expenditures for the coming fiscal year, for approval by the governing body of each Jurisdiction. The fiscal year for the RHC shall be July 1 to June 30.
  - iii. Establishing an annual RHC work plan, specifying the activities planned for the coming fiscal year, to accompany the recommended annual budget.
  - iv. Submitting an annual report to the governing body of each Jurisdiction, apprising that Jurisdiction of the tasks undertaken and accomplishments of the

RHC in the previous fiscal year.

B. The responsibilities of the RHC MAY include, but are not limited to:

- i. Monitoring the five-year HCRP and support actions necessary to implement the plan.
- ii. Identifying and supporting projects, programs, and policies that increase shelter and affordable housing throughout the region.
- iii. Identifying and supporting projects, programs, and policies that further the objectives of the HCRP and will reduce the number of unsheltered individuals living in the Jurisdictions.
- iv. Identifying and supporting the construction and operation of supportive housing options and units in the Jurisdictions.

Serving as a regional forum for development and implementation [of policies, programs, and projects related to homelessness and affordable housing](#).

- v. Developing communication protocols to assist local elected officials and the community in understanding the extent and nature of the homeless and housing crisis in the Jurisdictions.
- vi. Considering changes to the organization structure necessary to create organizational capacity to effectively carry out these responsibilities over the long term. This may include a review of role and relationship between the RHC and the HHH, HAT, and other groups playing a role in the housing and homeless policy development and funding decisions.
- vii. Taking other appropriate and necessary action to carry out the purposes of this Agreement, provided that any commitment of resources outside the scope of the annual budget or policies not within the annual work plan shall be subject to the ultimate approval of the governing bodies.

## 6. Funding.

- A. Members agree to pool funding including, but not limited to, ESHB 2163, SHB 2060, [ESSHB 1277](#), HOME, CHG, SHB 1406, Human Services Fund (HSF), [County Home Fund](#), [Olympia Home Fund](#), and other related funding sources as may be identified or created in the future to the extent allowed by federal and state law.
- B. The Jurisdictions comprising 5% or more of the County population shall allocate a minimum annual amount equal to not less than one half of one percent of the last full year of general sales and use taxes pursuant to RCW 82.14.030(1) as of the time the jurisdiction is adopting its budget to HSF for projects, programs, and activities providing direct support to our Jurisdictions' most vulnerable residents. For example, the 2020 funding contribution for a jurisdiction adopting its budget in the fall of 2019 would be based upon the 2018 full year of collections. In addition, any jurisdiction

may choose to contribute additional funding subject to the approval of its Council and the requirements of the applicable fund source. The funds will be incorporated as part of the RHC's purview. Funds remaining at the end of the calendar year shall be available for expenditure in the following year. The Lead Agency shall earmark such funds for future expenditures, and, if necessary, budget the same in the adoptive budget for the ensuing year.

- i. The Lead Agency will utilize 10% of the annual required funding contribution by the participating Jurisdictions, pursuant to Section 6.B, above, for administrative costs, such as contract and fiscal management.
  - ii. Jurisdictions that individually comprise less than 5% of the county population shall be exempt from the HSF allocation.
- C. All funds contributed by members of the RHC and any other funds devoted to the purposes set forth in this Agreement, shall be deposited in the treasury of the Lead Agency, as described in Section 8, for the period in which the funds are to be expended.
- D. The SHB 2060 surcharge funds will be used as the twenty-five percent (25%) match requirement for HOME entitlement funds.
- E. Unspent funds may be carried over and used in subsequent years to the extent allowed by federal and state law for projects, programs, and activities consistent with this Agreement.
- F. The RHC will make funding recommendations and will serve in an advisory capacity to the BoCC, which have final approval of awards and distribution of grant funding. The BoCC shall give substantial weight and consideration to the recommendations of the RHC. With respect to the HSF and SHB 1406, the BoCC will authorize funding for these grants but will not deviate from the funding recommendations provided by the RHC.
- G. In the event the BoCC deviates from the funding recommendations provided by the RHC, the BoCC will provide revised recommendations to the RHC for consideration. After the RHC reviews the BoCC revised recommendations, the RHC will submit a final recommendation to the BoCC. The BoCC will assess the recommendations by the RHC and make a final decision.

~~With respect to SHB 1406, the Jurisdictions commit to a regional project using this funding. Further, the BoCC will not approve any project until and unless each legislative body has taken action to endorse the RHC recommendation.~~

- H. Jurisdictional allocations of the CDBG fund shall take into consideration the goals, objectives, programs, and projects developed and approved by the RHC.
  - I. The Jurisdictions agree to pool SHB 1406 funds received after January 1, 2021, under the following conditions and processes:

- i. The RHC will determine whether to bond SHB 1406 tax revenue.

~~The RHC will implement a process to identify and select projects and actions using SHB 1406 tax revenue. The RHC will prepare, and update, as needed, both Year One annual funding plans and Year Two and Three funding plans for using SHB 1406 tax revenue.~~

~~Year One annual funding plans will identify specific projects or actions for using SHB 1406 tax revenue.~~

~~Year Two and Three funding plans will outline the RHC's general funding priorities for using SHB 1406 tax revenue during that period.~~

- ii. The Jurisdictions will submit SHB 1406 tax revenue on a quarterly basis to the RHC Lead Agency, which will serve as the contracting agency for pooled SHB 1406 tax revenue.
- iii. The RHC Lead Agency will abide by SHB 1406 requirements regarding an administrative fee for managing SHB 1406 tax revenue. As of January 2021, the SHB 1406 legislation does not provide for administrative costs.
- iv. The RHC Lead Agency will coordinate with the Jurisdictions in preparing the required local and state reporting materials.
- v. The Jurisdictions may not utilize its own SHB 1406 tax revenue prior to adding the funds to the pooled account.

~~v.vi. SHB 1406 tax revenue and HSF funds collected by the RHC may be returned to local jurisdictions with the approval of the RHC for eligible projects consistent with adopted funding priorities through an annual application process.~~

~~If more than one year of SHB 1406 tax revenue is collected without a project or action being identified and the funds have not been bonded, the Jurisdictions may request to have a portion of their contribution returned for use by the Jurisdiction. The RHC must vote to approve returning funds to a Jurisdiction.~~

~~J. With respect to the County Home Fund and Olympia Home Fund revenue, the Interlocal Agreement (ILA) between Thurston County and City of Olympia executed on December 19, 2022, shall be incorporated by reference into this Agreement.~~

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## 7. Contribution.

- A. Each Jurisdiction that is a member under Section 4.A of this Agreement, shall strive to make an in-kind contribution of up to 0.25 FTE staff to support the work of the RHC. Staff support may include, but is not limited to, participation on Working Teams as defined under Section 9 of this Agreement, tasks identified in the annual work plan required under Section 5.A.c, or tasks to support the operation of the RHC. As needed, Jurisdictions shall discuss dedicating additional staff resources beyond a 0.25 FTE to achieve the annual work plan or to implement special projects.

- B. Costs associated with the operations of the RHC, in excess of the revenues available from program funded administrative allocations, shall be distributed among the Jurisdictions on a pro rata basis using the most recent population figures provided by the State of Washington.
- C. These operational costs may include but are not limited to: staff, office space, furnishing, equipment and supplies, and administrative overhead necessary for the Lead Agency to support the RHC. Where administrative dollars are provided for in the funding source, these funds shall be used to offset operational costs of the RHC to the extent allowed by the funding source. These administrative costs shall be allocated to the Fiscal Agent of the RHC, as described in Section 8 of this Agreement.

**8. Lead Agency.**

~~A.~~ Thurston County will act as the Fiscal Agent and Lead Agency on behalf of the Jurisdictions in administering all contracts and processing all invoices and receipts. Thurston County shall name a program manager who shall be responsible for the operations of the RHC. ~~The~~ task of the program manager will include, but are not limited to: meeting coordination and agenda preparation in consultation with the chair and vice-chair, preparation of meeting minutes, support to develop and implement the annual work plan, and coordination of the annual request for proposal and award process. The Lead Agency will submit invoices to each Jurisdiction for their share of the costs as identified in Section 6.B.a. ~~The~~ Jurisdiction will remit payment to the Lead Agency no later than 30 days from the date of the invoice.

~~B.~~ The Lead Agency may transfer program or administrative funds to a partner jurisdiction to implement specific RHC-approved tasks or programs on an as-needed basis.

~~A.~~ The Lead Agency and Fiscal Agent roles shall be revisited every five (5) years throughout the duration of this Agreement.

~~B.C.~~

**9. Working Teams and Advisory Boards.**

A. The RHC may use the following staff Working Teams to inform and support the RHC:

- i. Technical Working Team to provide objective technical feedback regarding project and policy proposals.
- ii. Communications Working Team to develop clear and coordinated communications around project and policy proposals and funding recommendations.

~~B.~~ Each voting member Jurisdiction that is a member under Section 4.A of this Agreement will assign at least one staff member to participate on each Working Team. The RHC

may create additional Working Teams or dissolve Working Teams in accordance with Section 4.I of this Agreement.

C. The RHC shall establish two Advisory Boards comprised of subject matter experts to make recommendations to the RHC on funding priorities, funding awards, and policies for RHC consideration, as appropriate. The RHC shall approve a Charter that guides the membership, operation, and responsibilities of the Boards.

i. Affordable Housing Advisory Board. This Board shall have responsibility for federal HOME Investment Partnership, SHB 2060, SHB 1406, County Home Fund, and Olympia Home Fund and other related capital funding sources as may be identified or created in the future. The RHC shall ensure that this Advisory Board is composed of community members, including private sector stakeholders representing all areas of Thurston County and that at least one-third (1/3) of members of this Advisory Board are comprised of residents of Olympia, or represent organizations based or located in Olympia.

i-ii. Homeless Services Advisory Board. This Board shall have responsibility for ESHB 2163, ESSHB 1277, CHG, HEN, and HSF and other related services funding sources as may be identified or created in the future. The Homeless Services Advisory Board will make recommendations on any funding designated for homeless services by the RHC from the Thurston County Home Fund. -The RHC recognizes the role of the Homeless Housing Hub (“HHH”) as the local Continuum of Care. -

## **10. Relationship of the Jurisdictions.**

This Agreement is for the benefit of the Jurisdictions. No separate legal entity is created by this Agreement. No administrator or joint board is created by this Agreement, although a Fiscal Agent and Lead Agency are established by Section 8 herein. No personal or real property is to be jointly acquired or held. Each Jurisdiction is responsible for directing the work of its staff. RHC members may not direct or supervise the work of staff from another Jurisdiction. An RHC chair or vice-chair may coordinate and work with staff from another Jurisdiction to fulfill the responsibilities of the RHC.

## **11. Indemnification and Hold Harmless.**

A. To the extent permitted by law, each Jurisdiction agrees to indemnify, defend, and hold harmless the other Jurisdiction, their officers, officials, employees, agents, and volunteers from and against any and all claims, demands, damages, losses, actions, liabilities, expenses, and judgments of any nature whatsoever, including without limitation, court and appeal costs and attorneys' fees, to or by any and all persons or entities, including without limitation, their respective agents, licensees, or representatives, caused by or arising out of any negligent act, errors, or omissions, of that Jurisdiction, its employees, agents, or volunteers or arising out of, in connection with, or incident to that Jurisdiction's performance or failure to perform any aspect of this Agreement.

B. The Jurisdictions waive their immunity under the Washington State Industrial

Insurance Act, Title 51 RCW, to the extent required by this indemnification and hold harmless provision. Provided, however, the foregoing waiver shall not in any way preclude a Jurisdiction from raising such immunity as a defense against any claim brought against a Jurisdiction by any of the Jurisdiction's respective employees. This waiver has been mutually negotiated by the Jurisdictions.

- C. The provisions of this section shall survive the completion or expiration of this Agreement or termination whether termination is by all Jurisdictions, or by one or more Jurisdictions.
- D. The Jurisdictions agree to support each other in pursuing these purposes and responsibilities and operate in good faith and partnership in carrying them out. Risk and accountability shall be shared to the extent possible by the Jurisdictions.

**12. Amendments.**

This Agreement may be amended as needed by mutual written agreement of all Jurisdictions as executed by each Jurisdiction's authorized governing authority as provided in Chapter 39.34 RCW.

**13. Termination.**

This Agreement may be terminated as to any single Jurisdiction when the terminating Jurisdiction provides written notice to all other Jurisdictions, as set out in Section 14, at least 60 days prior to its intended withdrawal from this Agreement. The withdrawing Jurisdiction agrees to be responsible for its share of any costs incurred or encumbered pursuant to this Agreement through the remainder of the year of such withdrawal.

**14. Jurisdiction Representative.**

The following are designated as representatives of the respective Jurisdictions. Notice provided for in this Agreement shall be sent to the designated representatives by certified mail to the addresses set forth below. Notice will be deemed received three business days following posting by the U.S. Postmaster.

**City of Lacey**, c/o City Manager, 420 College Street SE, Lacey, WA 98503

**City of Olympia**, c/o City Manager, P.O. Box 1967, Olympia, WA 98507

**City of Tumwater**, c/o City Administrator, 555 Israel Road SW, Tumwater, WA 98501

**City of Yelm**, c/o Mayor, 106 Second St. SE Yelm, WA 98597

**Thurston County**, c/o County Manager, 2000 Lakeridge Drive SW, Olympia, WA 98502

**15. Governing Law and Venue.**

This Agreement has been and shall be construed as having been made and delivered within the State of Washington, and it is agreed by each Jurisdiction hereto that this Agreement shall

be governed by the laws of the State of Washington both as to its interpretation and performance. Any action of lawsuit in equity, or judicial proceeding arising out of this Agreement shall be instituted and maintained only in a court of competent jurisdiction in Thurston County, Washington.

**16. Severability.**

If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal, or invalid in whole or in part, the validity of the remaining provisions shall not be affected, and the Jurisdictions' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid. If any provision of this Agreement is in direct conflict with any statutory provision of the state of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict and shall be deemed modified to conform to such statutory provision.

**17. Entire Agreement.**

The Jurisdictions agree that this Agreement, is the complete expression of its terms and conditions. Any oral or written representations or understandings not incorporated in this Agreement are specifically excluded.

**18. Non-Waiver of Rights.**

The Jurisdictions agree that the forgiveness of the nonperformance of any provision of this Agreement does not constitute a waiver of the provisions of this Agreement.

**19. Equal Opportunity to Draft.**

The Jurisdictions have participated and had an equal opportunity to participate in the drafting of this Agreement. No ambiguity shall be construed against any Jurisdiction upon a claim that that Jurisdiction drafted the ambiguous language.

IN WITNESS WHEREOF, the Parties hereto have caused this Interlocal Agreement to be executed by the dates and signature herein under affixed. The persons signing this Interlocal Agreement on behalf of the Parties represent that each has authority to execute this Interlocal Agreement on behalf of the Party entering into this Interlocal Agreement.

**Thurston County**

**City of Lacey**

~~Tye Menser~~ Carolina Mejia, Chair of the Board of County \_\_\_\_\_ Rick Walk, Acting City  
Manager  
Commissioners \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:  
JON TUNHEIM  
PROSECUTING ATTORNEY

Approved as to form:

By: \_\_\_\_\_  
Deputy Prosecuting Attorney

By: \_\_\_\_\_  
City Attorney

**City of Olympia**

**City of Tumwater**

\_\_\_\_\_  
Steven J. Burney, City Manager

\_\_\_\_\_  
Debbie Sullivan, Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
City Attorney

**City of Yelm** \_\_\_\_\_

\_\_\_\_\_  
Joe DePinto, Mayor

\_\_\_\_\_  
Date

Approved as to form:

By: \_\_\_\_\_  
City Attorney

RHC Interlocal Agreement Version Tracking:

- Original ILA: Executed January 28, 2021
- Amendment #1: Executed April 30, 2021



**LACEY CITY COUNCIL WORKSESSION**  
January 26, 2023

**SUBJECT:** HB 1799 – Organics Management Law

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**RECOMMENDATION:** Upon review and concurrence, recommend forwarding to full City Council for adoption of the compost ordinance.

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**STAFF CONTACT:** Rick Walk, Interim City Manager *RW*  
Shannon Kelley-Fong, Assistant City Manager *SKF*  
Scott Egger, Public Works Director *SE*  
Aubrey Collier, City Engineer *AC*  
Marcus Hoch, Public Works Management Analyst *MH*

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

**ATTACHMENTS:** 1. [Draft Ordinance No. 1635 Compost Procurement Policy for Public Capital Projects](#)

**FISCAL NOTE:** Likely future cost impacts to City capital projects

**WORK PLAN GOAL AND STRATEGY:** N/A – New State Mandate

**PRIOR REVIEW:** None.

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**BACKGROUND:**

In 2022, Washington's Legislature passed House Bill 1799 (HB 1799) requiring diversion of organic materials away from landfill disposal and towards food rescue programs and organics management facilities. These actions are intended to help Washington achieve its 2030 goal to cut landfill-disposed organic material by 75%, compared to 2015 which in turn will reduce methane emissions associated with organic materials.

Washington's new organics management law requires state and local governments, businesses, and other organizations to reduce the amount of organic materials disposed in landfills and increase the demand for processed organic materials like compost. The

legislation also calls for an increase in edible food recovery and amends many laws affecting organics management.

Pursuant to Part 7 of the bill, all cities with curbside organics collection services as well as cities with a population greater than 25,000 must comply with the following:

- Adopt a compost procurement ordinance to implement RCW 43.19A.120 for government-funded projects (public City capital projects), to include:
  - Landscape;
  - Construction and postconstruction; and
  - Erosion prevention, stormwater runoff filtration, plant growth, or to improve the stability and longevity of roads.
- Develop a strategy to inform residents about the value and city use of compost.
- Develop reporting metrics every even-numbered year, starting December 2024, to the Department of Ecology stating:
  - Tons of organic material diverted (only applies to those collecting organics)
  - Volume and cost of compost purchased

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**ADVANTAGES:**

1. Adopting a compost procurement ordinance is in alignment with state law. A compost procurement ordinance could be amended as necessary, or repealed and replaced, as needed at a later date.

**DISADVANTAGES:**

1. None identified at this time.

ORDINANCE NO. 1635

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY RELATED TO ESTABLISHING A COMPOST PROCUREMENT POLICY IN THE CITY OF LACEY, ADDING CHAPTER 14.39 TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION.

**WHEREAS**, 70A.205.007 RCW establishes goals for the state of Washington to cut landfill-disposed organic material by 75% compared to 2015; and

**WHEREAS**, landfills are a significant source of methane emissions; and

**WHEREAS**, estimates suggest that eight to ten percent (8 to 10%) of global greenhouse gas emissions are associated with food waste that is not consumed; and

**WHEREAS**, in March 2022, ESSHB 1799 was signed into Washington law with the primary goal of increasing the diversion of organic materials going to landfills in order to reduce methane emissions; and

**WHEREAS**, as more organic materials are diverted and recycled, it is critical the compost manufactured be procured by local jurisdictions and others to support the economic viability of these processes and programs; and

**WHEREAS**, it is well established compost production and use provide significant environmental benefits to our soil and food; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, AS FOLLOWS:

**Section 1.** There is hereby added to the Lacey Municipal Code a new Chapter, 14.39, to read as follows:

**14.39 Use of Compost Materials in Public Capital Projects.**

14.39.010 Use of Compost Materials in Public Capital Projects.

The City shall plan for the use of composted material as follows.

- A. When planning government-funded projects or soliciting and reviewing bids for such projects, the City shall consider whether compost products can be utilized in the project.

- B. If compost products can be utilized in a public capital project, the City, or its contractor(s), shall use compost products, except that the City, or its contractor(s), is not required to use compost products if:
1. Compost products are not available within a reasonable period of time;
  2. Compost products that are available do not comply with existing purchasing standards;
  3. Compost products that are available do not comply with federal or state health, quality, and safety standards; or
  4. Compost purchase prices are not reasonable or competitive.
- C. Compost products used under this section shall be purchased from a facility that meets the requirements of RCW 43.19A.150(6) as exists or is hereafter amended.
- D. Use of compost products must be considered, and if possible, compost products must be used, for the following public capital projects:
1. Landscaping projects;
  2. Construction and postconstruction soil amendments;
  3. Applications to prevent erosion, filter stormwater runoff, promote vegetation growth, or improve the stability and longevity of roadways; and
  4. Low-impact development and green infrastructure to filter pollutants or keep water on-site, or both.
- E. Projects requiring application of this ordinance shall conform to the City's Stormwater Design Manual, Lacey Municipal Code, or other relevant permit requirements and guideline(s). Requests for variance to this ordinance shall be submitted for review and approval to the Public Works Director, or designee, describing the need for deviation and mitigation, as appropriate.

Section 2. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance should be held to be invalid by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. CORRECTIONS. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the

correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. 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 \_\_\_\_\_, 2023.

CITY COUNCIL

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

Approved as to form:

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

Attest:

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

SUMMARY FOR PUBLICATION  
ORDINANCE NO 1635  
CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on \_\_\_\_\_, Ordinance No. 1635, entitled “AN ORDINANCE OF THE CITY OF LACEY RELATED TO ESTABLISHING A COMPOST PROCUREMENT POLICY IN THE CITY OF LACEY, ADDING CHAPTER 14.39 TO THE LACEY MUNICIPAL CODE AND APPROVING A SUMMARY FOR PUBLICATION. “

The main points of the Ordinance are described as follows:

1. The Ordinance adds a new chapter to the Lacey Municipal Code, 14.39, pertaining to compost procurement.
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: \_\_\_\_\_, 2023.