

# City of Olympia | Capital of Washington State

601 4th Avenue E. | P.O. Box 1967, Olympia, WA 98507-1967

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October 18, 2011

Olympia City Council  
PO Box 1967  
Olympia, WA. 98507

Dear Mayor Mah and City Councilmembers:

The Olympia Planning Commission (OPC) has conducted its review of the City of Olympia's 2012-2017 Preliminary Capital Facilities Plan (CFP) prepared by the Administrative Services Department. We recognize the difficult choices facing the City Council as it's become clear that not all of the City's priorities, needs and wants can be funded in the current economic climate. We hope our comments are helpful for this and future CFPs.

The following report summarizes our comments and recommendations on this document.

## **MAINTENANCE FUNDING**

We agree with the strategy of placing a high priority on maintaining existing infrastructure but are concerned with the proposal to move maintenance, normally an operating budget expense, into this and future capital budgets. Doing this will require that utility tax dollars used for maintenance will not be available for other planned projects such as sidewalks, bike lanes, LED conversions and other utility tax funded projects. This may not have been the public's expectation when passing the utility tax increases and will cause confusion in understanding both the capital and operating budgets and comparing past years with the future.

We support the strategy of recognizing the future maintenance requirements of new projects and ensuring that maintenance funds will be available. Projects that don't meet this requirement should be carefully considered to determine their impact on maintenance funding for existing infrastructure. If any maintenance expense is moved into the CFP, the CFP should clearly show in a consolidated report what overall transfer is being made, how it will be funded and its impact on other projects providing clarity for the public's review.

Careful planning for existing infrastructure maintenance needs is essential in ensuring that adequate funding is and will be available. Providing inadequate funding on an ongoing basis or emergency funding when it's needed negatively impacts all aspects of the capital and operating budgets. Establishment of a dedicated maintenance account that retains its unspent funding will help offset future under-funding and reduce emergency funding requirements.

We are encouraged with the recent studies regarding ongoing infrastructure maintenance requirements as this is a good first step in solving our maintenance budget issues. However, we are concerned that the proposed building repair and replacement funding is significantly below the required amount necessary just to reach a “managed care” maintenance level. At that level, it is assumed that buildings or system components will periodically or often fail. This level of funding will not meet the public’s expectations, will potentially increase costs for repairs and will require continued use of emergency funding to meet our goal of maintaining what we have. Unrealistic goals and funding will simply push our maintenance issues into future budgets. We need to find ways to fully fund our maintenance responsibilities now or the problem will only increase in size and impact future projects.

Recognizing the impacts of ongoing and increased maintenance expense to both the operating and capital budgets may be an opportunity to revisit the definition of what constitutes operating maintenance expense levels. Presently, operating expense is defined as maintenance costs under \$50,000. If some maintenance responsibility is ultimately moved into the capital budget, perhaps the threshold level of operating maintenance should be increased thereby requiring more operating responsibility for maintenance while meeting some of the future maintenance needs with capital funds.

Commitment to long-term protection of our capital investments also requires planning for possible major disasters affecting our community. The CFP does not discuss the City’s plans for disaster recovery and sources of funding that would be necessary. While there are some funds set aside each year for utility emergencies, these would be inadequate for any major disaster.

## **USE OF DEBT CAPACITY**

Since the City has some available debt capacity and the present economic environment is offering extremely low interest rates and favorable construction costs, it may make sense to consider a new bond issue to fund some of the proposed long-term projects. Now may be an opportune time to use debt for projects that will encourage private investment in our community when the economy begins to recover. Possible debt-funded projects could include Percival Landing Phase II, the West Bay Trail, park land acquisition, downtown and high density corridors site cleanup and other community high-priority projects.

## **PARKS**

The Commission, in past years, has recommended seeking Thurston County Conservation Funds for park acquisition and development. Citizens of Olympia pay into this fund but in the past we have been unsuccessful in our efforts. However, the County has recently supported other local projects including ball fields in Lacey and a pledge of matching funds for an Isthmus park. We recommend that the City again open discussions with the County seeking a revenue sharing agreement for Conservation Funds.

We are concerned that Heritage Fountain Block, West Bay Trail and Percival Landing Phase II, projects that have received very high priority ratings from the public during the Imagine Olympia meetings, are not funded in this CFP.

The Commission encourages the City to seek ways to further leverage the public's willingness to volunteer their time and expertise in helping to develop and maintain our parks and public spaces. Finding ways around liability issues, costs of supervision and union concerns would facilitate neighborhood groups and other citizens to help the City meet its park goals.

The Park's budgeted maintenance funds are projected to be significantly below the amount needed to fully fund ongoing maintenance requirements. We are concerned that our parks will become unsafe or unusable over time if we don't find the funds to maintain them. Lowering the discount for park impact fees, additional voter or Council approved taxes and rebalancing of the use of park funds between acquisitions, development and maintenance should all be considered.

## **TRANSPORTATION**

The CFP funding for various alternative modes of transportation is moving the City towards realization of those priorities communicated by the citizens of Olympia. We encourage continuation of development of sidewalks, bike paths and pathways that will help us reach the goal of walkable neighborhoods and community interconnection.

Sidewalks are an important component of our transportation strategy, but the funding projected for the high priority projects in the CFP is not sufficient to allow the projects to be completed. It will be critical that the City seek grant funding from all possible sources to ensure these projects can be accomplished.

We support the Streetlight Conversion to LED project and encourage the City to fund this project aggressively as its completion is projected to significantly reduce our operating and maintenance expenses and will help leverage revenue resources for other projects.

A study by staff shows a continuing increase in the Least Cost Strategy (LCS) system rating over the last few years for the street repair and reconstruction program. However the rating has begun to decline since 2008 and based on staff's study, if funding is continued at the current \$3,000,000 annual level the rating will decline from its present level of 74 to a level of 64 by 2029. This is a disturbing trend and requires close monitoring in this and future CFP budgets.

## **GENERAL CAPITAL FACILITIES**

The Commission is concerned that the NeighborWoods program is being scaled back in the CFP. This program favorably leverages the City's revenues by utilizing volunteer support for tree planting assistance in residential neighborhoods, hazardous tree removal in City right-of-ways and a large community tree planting effort in the downtown core. Finding ways to continue to fund this project will help bring the community together through volunteer efforts of its citizens,

contribute to the sustainability of Olympia and make our downtown core more desirable for development to meet our future growth projections.

We recommend that the City establish priorities and funds that would be used to help clean up pollution on downtown and high-density corridor sites to make them more developer ready. This is critical to encourage downtown development and meet the Comprehensive Plan's goals to develop for growth in the high-density urban areas. The City may wish to seek any available funding to support advanced identification and mitigation of polluted sites. With the sites cleaned we will reduce the risks developers now face for any downtown projects. Methods of future cost recovery could be through City/developer partnerships or latecomer agreements with developers.

## **UTILITIES**

The Commission supports the City's continuing effort to increase the use of reclaimed water. We encourage a high priority for this project as it conserves potable water, the City's resources, and will help protect and improve the environment through less wastewater treatment and discharge into Puget Sound.

The Commission recommends the City consider a more aggressive approach and new incentive options to facilitate faster conversions of septic to sewer systems. It is imperative in order to protect and improve the health of Puget Sound and will facilitate infill growth to accommodate the expected future population increase in Olympia.

The Commission is presently working on a Shoreline Management Plan update for the City. It will be important for the City to coordinate its aquatic habitat improvement projects with the new SMP.

## **OLYMPIA SCHOOL DISTRICT**

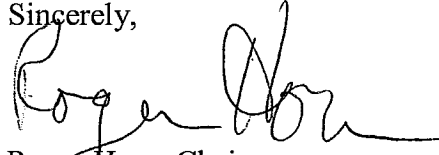
See separate OSD CFP letter.

The Olympia Planning Commission and its Finance Committee appreciate the opportunity to provide these comments and recommendations regarding the 2012- 2017 Capital Facilities Plan. We hope the Council finds them helpful in their budget deliberations. We are available to answer any questions that might arise from this letter.

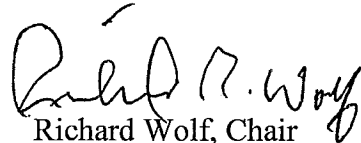
We would like to express our appreciation for the work of all those who helped develop the CFP including the Olympia School District and for those who patiently answered our many questions including Jane Kirkemo, Randy Wesselman, Debbie Sullivan, David Hanna, Sophie Stimson, Dave Okerlund, Rich Hoey, David Riker, Jay Burney, Jennifer Priddy and Amy Buckler. We would also like to thank the Utility Advisory and the Parks and Recreation Advisory Committees, as well as the citizens who provided comments and letters, for their input.

Thank you.

Sincerely,



Roger Horn, Chair  
Olympia Planning Commission



Richard Wolf, Chair  
OPC Finance Committee

RH:RW:nl

Attached: OSD CFP letter to be delivered at 10/18 Council meeting