



July 10, 2015

Carole Richmond, Chair  
Olympia Planning Commission  
c/o Todd Stamm, Principal Planner  
City of Olympia  
PO Box 1967  
Olympia, WA 98507-1967

Dear Chair Richmond:

**SUBJECT: Utility Advisory Committee (UAC) Review of Draft 2016-2021 Capital Facilities Plan**

At our June 4, 2015 meeting, the UAC reviewed the draft Drinking Water, Wastewater and Stormwater sections of the draft *2015-2020 Capital Facilities Plan (CFP)*. Andy Haub, Water Resources Director, facilitated the review. The UAC has not yet discussed the utility rate implications of this CFP, but thinks that they will be in line with those in recent years, given staff's preliminary estimates.

The UAC's comments on the draft CFP are as follows:

**Drinking Water Utility**

The UAC expresses support for the proposed Drinking Water CFP.

As presented, the draft Drinking Water CFP for 2016-2021 includes \$25 million in capital projects over the next six years, down from \$37 million for the past six years' CFP. Proposed CFP funding for Drinking Water in 2016 is \$8.4 million.

A large portion of the past Drinking Water CFP was funded by a low interest State loan, and State loans remain an important source of funding for the Utility. The City anticipates submitting a \$3 million dollar loan application this year for a State-mandated water quality improvement project.

While financial challenging, the draft CFP remains consistent with the 2009-2014 Water System Plan and begins to incorporate findings from the evolving 2015-2020 Plan anticipated for completion by the end of this year.

**Wastewater Utility**

The UAC supports the proposed Wastewater CFP.

Proposed funding for wastewater CFP funding is up in 2016. The CFP includes approximately \$10.5 million capital projects over the next six years, up from \$8.7 million in the past CFP. Proposed funding in 2016 is approximately \$2.8 million compared to a six-year average of \$1.7 million.

The Wastewater CFP is consistent with the 2013-2018 Management Plan adopted by City Council in fall 2014. The Plan provides a 20-year CFP and associated financial analysis. Based on the staff's analysis, the long-term CFP can be supported by the existing rate structure. Municipal bonding for future projects is not anticipated.

The current draft Wastewater CFP proposes funding for small-scale sewer extensions to support onsite septic system conversions to public sewer. Increased funding for conversions is proposed for 2017 (\$680,000). Converting onsite septic systems to municipal sewer is a regional water quality priority. Since the cost per conversion is not trivial, the UAC hopes this program will be able to effectively locate septic systems that are actually causing water quality problems, and will focus these extensions on connecting those sites to sewer.

### **Storm and Surface Water Utility**

The UAC also supports the proposed Storm and Surface Water CFP, with the understanding that staff will commence an update in 2016 of the 2003-2010 Storm and Surface Water Management Plan. Updates to the Plan could result in new priorities and capital needs in future years. This year's proposed CFP implements the intent of the 2003 Storm and Surface Water Management Plan and is adapting to new management dynamics.

The proposed six-year CFP includes approximately \$13.1 million in projects, up from \$12.6 million in the past CFP. Funding for stormwater projects in 2016 is proposed to be \$1.7 million. City staff has been successful in acquiring grant funds over the past few years although stormwater grant funding remains uncertain from year-to-year.

Consistent with discussion and recommendations over the past several years, the Utility continues to support funding for land acquisition, stewardship and enhancement (\$1.2 million). With UAC and OPC support in 2013, a habitat restoration and stewardship program was established within the stormwater utility.

### **Conclusion**

The UAC continues to support the CFP and the ongoing water-related planning work of the Public Works Department. To review a detailed account of the draft 2016 2012 CFP, see file number 15-0549 on the UAC's June 4, 2015 agenda.

If you have any questions, I can be reached via e-mail at [curtzt@nuprometheus.com](mailto:curtzt@nuprometheus.com)

Sincerely,



**THAD CURTZ**

Chair

Utility Advisory Committee

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ec: Olympia City Council  
Utility Advisory Committee  
Rich Hoey, P.E., Public Works Director  
Andy Haub, Water Resources Director