



July 11, 2012

Amy Tousley, Chair
Olympia Planning Commission
c/o Amy Buckler, Associate Planner
City of Olympia
PO Box 1967
Olympia, WA 98507-1967

Dear Chair Tousley:

SUBJECT: Utility Advisory Committee (UAC) Review of 2013-2018 Draft Capital Facilities Plan

At our June 7, 2012 meeting, the UAC reviewed the draft Drinking Water, Wastewater and Stormwater sections of the preliminary *2013-2018 Capital Facilities Plan* (CFP). Andy Haub, P.E. (Planning and Engineering Manager, Public Works) and Liz Hoenig (Senior Planner, Water Resources) facilitated the review, answered questions, and took note of the committee's suggestions and comments. The UAC has not discussed yet the rate implications of this CFP; this is scheduled for our October meeting, but staff does not expect them to be dramatic.

The UAC is aware that the Olympia Planning Commission will hold a public hearing on the preliminary CFP on Monday, August 6, and will then deliberate before sending final recommendations to the City Council. The UAC's comments on the preliminary CFP are as follows:

General

Committee members expressed their appreciation of the clarity with which this year's CFP responds to a UAC discussion and request last year by explicitly noting which projects (or portions of those) are growth-related, and which are not. This clearly helps the UAC's work, as members were able to point out a number of smaller projects whose descriptions in the draft we saw indicated that they were partially growth-related, but which did not yet note that.

Drinking Water Utility

The UAC expresses support for the proposed CFP with the following supporting comments:

- The Drinking Water chapter of the preliminary CFP is consistent with the 2009-2014 Water System Plan.
- The CFP includes approximately \$23 million in capital projects, a very slight increase from last year's plan, including \$9.6 million for a new reservoir to improve storage capacity in Southeast Olympia and seismic retrofits to the Elliott and Fir Street reservoirs, \$7.2 million for improving transmission and distribution facilities, and \$2.4 million for corrosion control treatment at the new McAllister Wellfield. The UAC has previously expressed its support for these projects, which have been included in earlier CFPs.
- Due to a reduction in water demand and an increase in source capacity as a result of the

McAllister Wellfield project, staff recommends continuing to postpone development of the Briggs Well project, and postponing new expenditures on reclaimed water infrastructure in order to fund other necessary capital improvements. The UAC supports these changes.

Wastewater Utility

The UAC expresses support for a modified CFP, as proposed by staff, with the following supporting comments:

- The Wastewater chapter of the preliminary CFP is consistent with the 2007-2012 Wastewater Management Plan approved by the Washington State Department of Ecology and adopted by City Council.
- The CFP includes approximately \$10.2 million in capital projects over the next six years, almost a 20 percent reduction from last year's plan, reflecting the completion of most of the capital projects from the current Wastewater Plan. Work on the 2013-2018 Wastewater Management Plan is underway. It includes analysis of the feasibility of extending sewer service to outlying areas of the city and the UGA, including the extension of service to the South Bay area, and continuing analysis of the costs for converting onsite sewage systems to municipal service. Either of these could involve very significant capital commitments in future plans.
- The UAC continues to strongly support the completion of a 20-year analysis of General Facility Charges (GFCs) as part of the Wastewater Management Plan update in 2013.

Storm and Surface Water Utility

The UAC expresses support for the proposed CFP, with the following comments and concerns:

- This section of the CFP includes approximately \$10.9 million in projects, significantly more than the \$6.9 million in last year's plan; however, almost \$3 million of that increase reflects possible water quality projects which are completely contingent on uncertain grant funding.
- Roughly 10 percent of the money is intended for projects implementing low-impact development techniques; \$183K in the contingency fund for pervious paving projects and roughly \$750K of the money for rain gardens in the neighborhood water quality retrofits section. The rest of the planned flooding and water quality projects for the next six years would repair, upgrade and expand our traditional stormwater infrastructure. The predictably high performance of media filtration for water quality treatment, and the limited available land for low impact development methods in the high traffic and high priority areas the stormwater plan prioritizes, explain the staff's reliance on them for some of these upcoming projects.
- The UAC continues to support an update of the Storm and Surface Water GFCs as a part of the development of the 2014-2019 CFP.

The Storm and Surface Water Utility chapter of the preliminary CFP translates the recent utility review conducted by the UAC, and the utility's updated goals and objectives, into an actual budget proposal. The UAC continues to support the general focus of the program goals, but also thinks that the details of how these translate into capital project priorities should receive some more careful consideration over the next few years.

At their March 13, 2012 meeting, the City Council confirmed by consensus the utility's presentation of its goals, objectives and priorities, updating those in the Storm and Surface Water Plan adopted in 2003. The refined goals Council approved were:

- *Reduce the frequency and severity of flooding so hazards are eliminated, except during major storm events.*

- *Improve water quality city-wide, while focusing infrastructure upgrades to reduce stormwater contamination loads from untreated areas of the City.*
- *Improve aquatic habitat functions City-wide, while focusing on protecting intact habitat, improving Budd Inlet, and managing riparian area vegetation.*

These three goals appear to be of roughly equal importance in the utility's policy documents, and there wasn't any discussion of their relative importance in the utility's work at the Council meeting. However, they are funded in dramatically different ways in the \$10.9 million capital budget that the draft CFP proposes for the next six years:

- \$5.7 million (roughly 52 percent of the money) would be spent on the utility's first goal, for projects to mitigate flooding.
- \$4.9 million of the money (roughly 45 percent) would be spent on the utility's second goal, for projects to improve water quality by reducing the amounts of pollutants reaching streams, lakes and the Sound.
- \$204,000 of the money (roughly 1.9 percent) would be spent on the utility's third goal, for projects to protect and enhance aquatic habitat in Olympia's creeks, wetlands, lakes and marine environments.

Although at least some members of the committee thought this was an inadequate funding level for this third goal, the more important point we'd like to make is that there's currently little or no basis in the language of the utility's guiding policies for us (or the staff) to use in deciding whether or not any particular allocations among its three goals are in line with the utility's master plan and its goals and strategies documents. In fact, we think that all the current policy language still consistently discusses these three goals as equally important.

We think that the Storm and Surface Water Plan ought to have more explicit and consistent policies about the relative importance of these different goals for the utility and how those are applied to the CFP.

If you have any questions, I can be reached at 360.352.2209 (home) or via e-mail at curtzt@nuprometheus.com

Sincerely,



THAD CURTZ

Chair

Utility Advisory Committee

TC/lmm

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cc: Utility Advisory Committee
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