



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Friday, April 24, 2015

12:00 PM

Room 207

1. **ROLL CALL**

2. **CALL TO ORDER**

3. **APPROVAL OF MINUTES**

3.A [15-0411](#) Approval of April 8, 2015 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

4. **COMMITTEE BUSINESS**

4.A [15-0395](#) Continued Discussion on Funding Options

Attachments: [April 8th Finance Committee Presentation](#)

4.B [15-0407](#) Oral Report - Update on Discussions about Patrolling Budd Inlet and Olympia's Harbor Area

5. **ADJOURNMENT**

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council Committee meeting, please contact the Council's Secretary at 360.753-8244 at least 48 hours in advance of the meeting. For hearing impaired, please contact us by dialing the Washington State Relay Service at 7-1-1 or 1.800.833.6384.



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8447

Finance Committee

Approval of April 8, 2015 Finance Committee Meeting Minutes

Agenda Date: 4/24/2015
Agenda Item Number: 3.A
File Number: 15-0411

Type: minutes **Version:** 1 **Status:** In Committee

Title

Approval of April 8, 2015 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Wednesday, April 8, 2015

6:00 PM

Council Chambers

1. ROLL CALL

Present: 3 - Chair Jim Cooper, Committee Member Nathaniel Jones and Committee Member Cheryl Selby

OTHERS PRESENT

City Manager Steve Hall
CP&D Director Keith Stahley
Public Works Director Rich Hoey
Parks Director Paul Simmons
Program and Planning Supervisor Karen Kenneson
Finance Director Dean Walz
Public Works Transportation Director Mark Russell
Senior Accountant Stacie Tellers
City Attorney Mark Barber
Parks Associate Director David Hanna
CNA Chair Phil Schulte
Olympia Planning Commission Representative Roger Horn
Citizen Karen Messmer
Citizen Jim Lezar
Citizen Cary Retlin Sr.
Citizen Jerry Riley
Citizen Deborah Jaqua
Citizen Bob Jacobs
Citizen Bonnie Jacobs

2. CALL TO ORDER

Chair Cooper called the meeting to order at 6:01 p.m.

3. APPROVAL OF MINUTES

3.A [15-0342](#) Approval of March 27, 2015 Finance Committee Meeting Minutes

The minutes were approved.

4. COMMITTEE BUSINESS

4.A [15-0343](#) Long-Term Funding Options for a Sustainable Budget

Chair Cooper introduced the Finance Committee. If the Committee cannot find a revenue source for the City within the next few years, the City will be looking at significant cutbacks. The goal now is to look at the whole situation and at options that are on the table to create a sustainable budget and balance revenues versus expenses. The focus is on answers for now and tomorrow, instead of dwelling on previous issues.

Mr. Hall presented a financial overview. Budget sustainability means revenues sufficient to maintain current levels of service in the City. This includes consideration of revenues, regionalization, efficiencies, community partnerships, reducing medical benefit costs, pursuing state assistance, and legislative changes. In the General Fund revenue projections, there are cumulative deficits, indicating higher expenses than revenue. Options for additional revenue include LIDs, red light cameras, and new hotels.

Mr. Russell presented on the pavement management system. A pavement condition rating system allows for the assessment of streets, prioritization, and asset management. Some funding goes to preventative maintenance and some goes to reconstruction of severely damaged areas. An average condition rating is assessed and compared to the annual goal score of 75. In recent years, the average condition rating has been near or has surpassed the goal score. There is a backlog of needed repair costs, which cannot be covered with current funding. Ideally, streets could be maintained successfully without needing to exclusively focus on reconstruction. Tumwater is in the process of addressing similar issues and Ocean Shores may be an example to review, due to their success with the complete repavement of their city.

Mr. Hoey presented on facilities. Facilities includes the maintenance and upkeep of the City's buildings. Measured in a similar way to the pavement management system, buildings are assessed and prioritized. The funding today is sufficient to take care of high priority needs through 2019 or very near that. Current funding is improving building condition, but the largest needs continue to be HVAC, electrical, and plumbing. Most projects have a twenty year lifespan, so funds can be directed toward medium and low priority projects starting in 2020. Taxes from cable television were pledged for facility maintenance, but due to the current market for cable, this revenue source is declining. Goals for maintenance are based on industry standards and meeting this goal has been improving.

Discussion turned to the overall economic development. Although a great deal of work is being put into economic development, it is a long-term project and will not solve the short-term goals. Considerations were made of what the option would be to come up with a large sum of money to replace Percival Landing instead of repair it. It is important to have a road map to sustainability instead of just picking a revenue consolidation option as a single-stage fix. There was discussion about whether the process of addressing the worst issues first is working as efficiently as it could be. There is also a lot of interest in the City buying more property for parks and dedicated funding to purchase them. Property values will rise, options will decrease, and the development of the land will not be as important as the ownership.

Chair Cooper opened the floor to discussion, noting that nothing on the handout listing revenue options will get things all the way to where they need to be. Concerns were expressed that there is not much discussion on the fire department budgets, which have seen large increases. There are gaps in the other budgets, but some of the costs of the fire department could be recovered, especially because of the affordable care act and other cities, even in Washington, who charge for incident response. Though relatively small by comparison, recovering some costs of the fire department would potentially cover what is being asked for through the handout of revenue options. This could include actions to join with Lacey and Tumwater to form a regional fire department. It would reduce costs through changes, such as fewer fire chiefs, but at the same time, could cause changes, such as slower response times. Concerns were expressed that the revenue options handout did not address some viable options and that there is a lack of context that accounts for inflation to tell us where we are compared to where we used to be. It was suggested that staff do a revenue evaluation that includes assessment of the difference between revenue problems and expenditure problems, expenditures per capita today compared to years ago, and whether the City is on track with inflation. An overview of a potential budget was suggested that would have the City meet it's obligations first, maintenance second, discretionary spending third, and then use the rest for public response. This does not account for large items, like the potential reconstruction of Percival Landing.

The discussion was completed.

5. ADJOURNMENT

The meeting was adjourned at 7:52 p.m.



Finance Committee

Continued Discussion on Funding Options

Agenda Date: 4/24/2015
Agenda Item Number: 4.A
File Number: 15-0395

Type: discussion **Version:** 1 **Status:** In Committee

Title:
Continued Discussion on Funding Options

Recommended Action
Committee Recommendation:
N/A

City Manager Recommendation:
N/A

Report
Issue:
Continue discussion on funding option for the next three to five years.

Staff Contact:
Jane Kirkemo, Administrative Services Director, 360.753.8499
Dean Walz, Fiscal Services Director, Administrative Services Department, 360.753.8465

Presenter(s):
Jane Kirkemo, Administrative Services Director

Background and Analysis:
During previous meetings on this topic the Committee discussed funding options. At its April 8, 2015 meeting the Committee continued its discussion and allowed members of the public to provide comments on funding options and a sustainable budget.

The Committee will continue its discussion.

Neighborhood/Community Interests (if known):
N/A

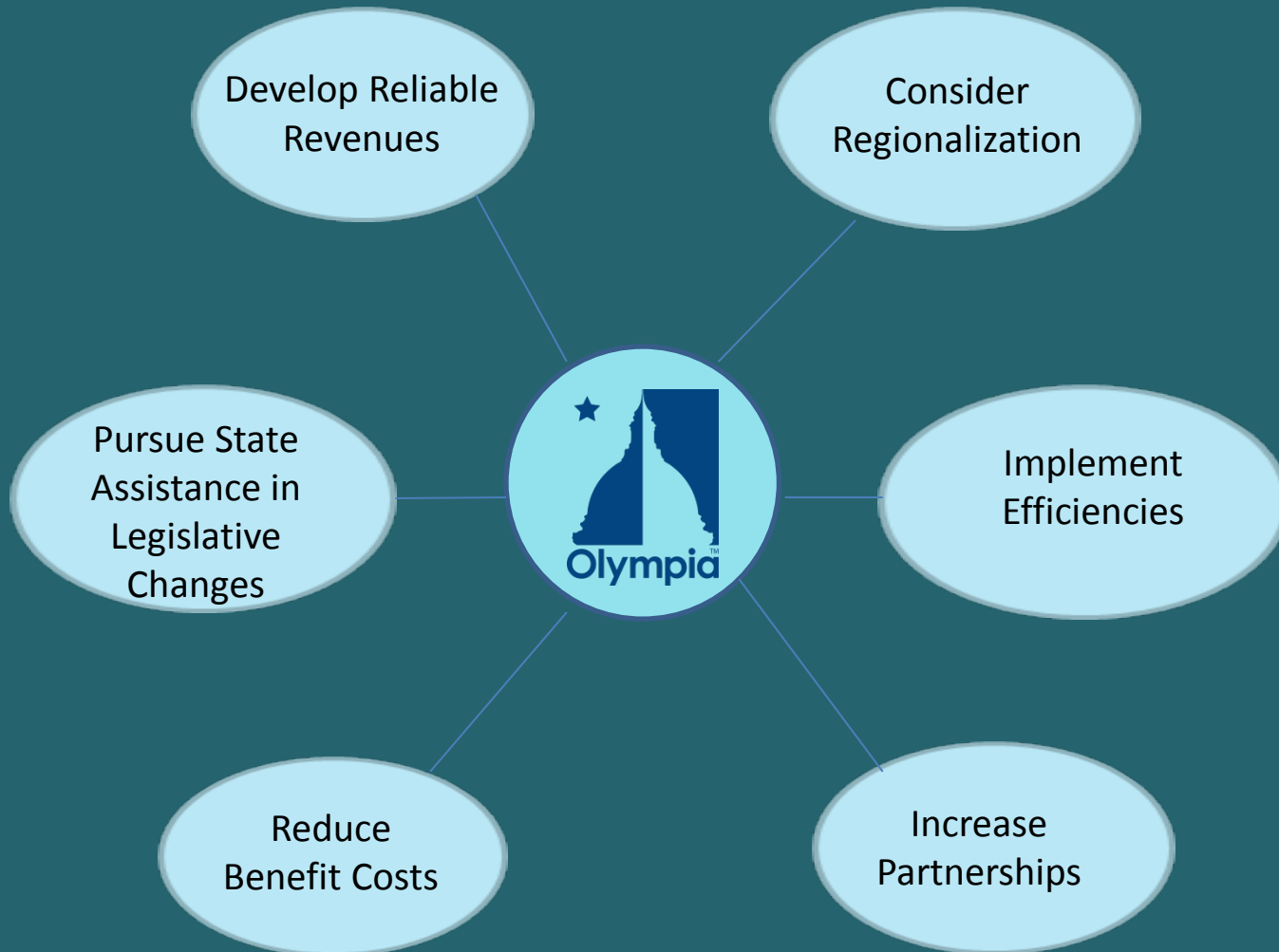
Options:
N/A

Financial Impact:

The financial impact depends on options chosen.

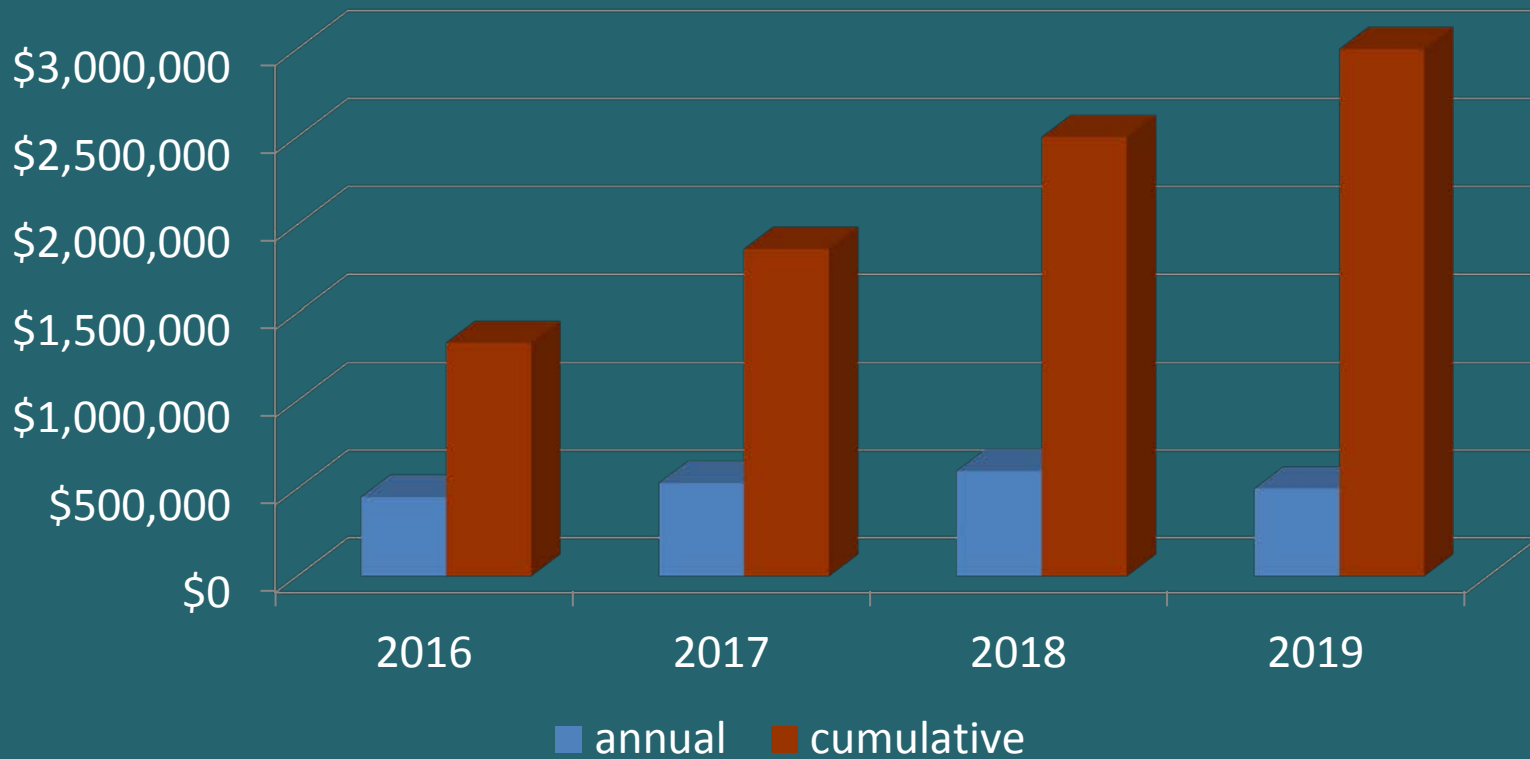
FINANCIAL OVERVIEW

BUDGET SUSTAINABILITY



General Fund Revenue Projections

Made mid year 2014



Makes no assumptions regarding ACA Cadillac tax

FUNDING GAPS – Operating Budget

- ACA- Cadillac tax
 - 2018 -\$3 million
- General Fund Gap
 - 5 year – (\$500k-\$3 million)
- Parks Operating Gap
 - 2016 - \$500k
- Pension Costs (more?)
- Declining Phone & Cable TV utility tax
- Jail?
- Technology
- Body Cams & Correspond Records issue

FUNDING GAPS – Capital Budget

- Percival Repairs
 - Immediate - \$350,000
 - \$2.7 Million Bulkheads
 - \$20 Million Replacement
- CAMMP
 - 5 years - \$3 Million
- Pavement Management
 - 2-3 Million per year
- Fire Equipment Replacement
- Building Repair/Replacement sufficient only for high priority projects
- Sidewalks – Repair/New/Replacement
- ADA
- Parks – Acquisition/Development
 - Isthmus
 - Habitat
 - Urban Forestry

REVENUE OPTIONS

- B & O
- Metropolitan Parks District
- Tax Audit on B&O and admission returns
- Uncollected Debt (parking and utilities)
- Utility tax
 - Voted (private utilities)
 - Municipal Utility Tax (MUT) on public utilities
- Indirect cost allocation??
- Bonds
 - Voted
 - Councilmanic
- Sale of City owned Assets
- Grants
- TBD Increases

REVENUES (continued)

- Marijuana Tax revenue for Local jurisdictions
- LIDs
- Annexations
- Levy LID Lift
- Economic development growth in the base
- Tax Capacity
 - B & O
 - Gambling
- Efficiencies
- New Hotels
- Construction and furnishing of state office building
- Return Liquor Tax absorbed by state
- Red Light Cameras

Pavement Condition Rating

- *Current Practice*
 - Average rating for entire street system
0 to 100 scale
 - ✓ 70 – 100 (good)
 - ✓ 50 – 69 (fair)
 - ✓ 0 – 49 (poor)
 - Funding - \$3 million per year (approx.)
 - ✓ \$1 million in grants on average
 - ✓ \$2 million - Street Repair and Reconstruction Program

Pavement Rating – Good (79)



Photo taken 4-2-15

4th Avenue between Adams and Jefferson

Pavement Rating – Fair (55)



Photo taken 4-2-15

Legion Way between Jefferson and Cherry

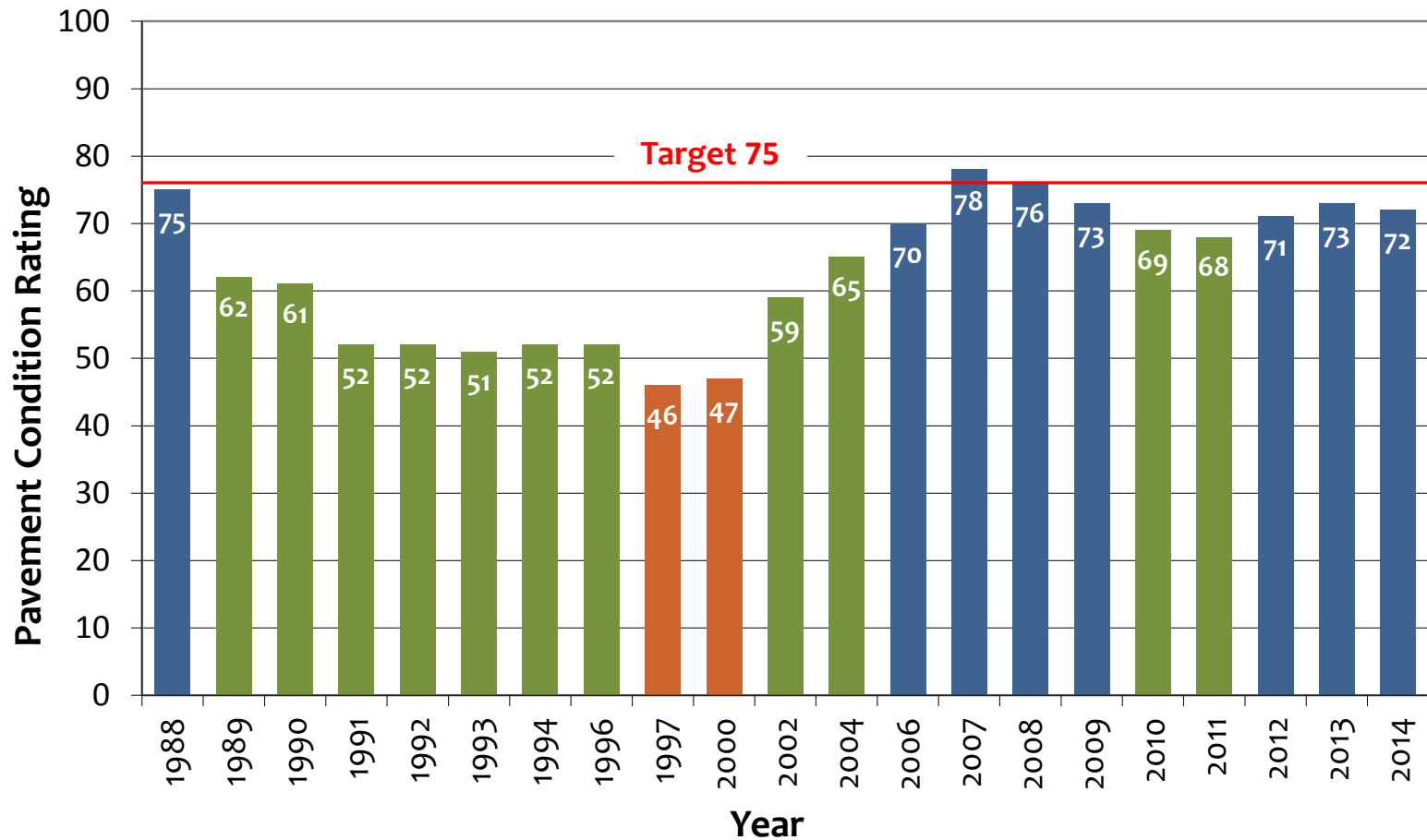
Pavement Rating – Poor (35)



Photo taken 4-2-15

Legion Way between Washington and Franklin

Average Condition Rating



Good = 70 to 100

Fair = 50 to 69

Poor = 0 to 49

Pavement Conditions and Expenditures

CURRENT AND FUTURE RATINGS	CURRENT FUNDING <i>\$3 million per year</i>		ADDITIONAL \$1 MILLION <i>\$4 million per year</i>		ADDITIONAL \$4 MILLION <i>\$7 million per year</i>	
	Rating	Backlog*	Rating	Backlog*	Rating	Backlog*
Current	72	\$48 M	72	\$48 M	72	\$48 M
20 years	59	\$85 M	63	\$56 M	74	\$0.2 M

* Backlog—total cost of needed repairs, not covered under current funding.

Facilities

- *Annual Appropriation*
 - \$1.2 Million
- *Decision-Making Criteria*
 - **High**
Life safety, permanent structural damage or eliminates use of the building
 - **Medium**
Potential to affect the structure or compromise operational continuity
 - **Low**
Interior or exterior aesthetics

Facilities– Cash Flow

FACILITY CAPITAL PROJECTS HIGH PRIORITY						
PRIORITY	2015	2016	2017	2018	2019	TOTAL
City Buildings (21)	\$ 147,022	\$ 673,582	\$1,551,979	\$ 234,775	\$3,201,404	\$ 5,808,762
EOY Balance	\$595,118	\$1,178,136	\$882,757	\$1,904,582	(\$40,222)	

FACILITY CAPITAL PROJECTS HIGH, MEDIUM, & LOW						
PRIORITY	2015	2016	2017	2018	2019	TOTAL
City Buildings (21)	\$ 556,756	\$811,857	\$5,563,477	\$234,775	\$2,968,129	\$10,134,994
EOY Balance	\$185,384	\$630,127	(\$3,676,750)	(\$2,654,925)	(\$18,465,839)	

* Includes WCPA Debt of \$235K/year

* Assumes \$1.25M annual revenue

Facilities

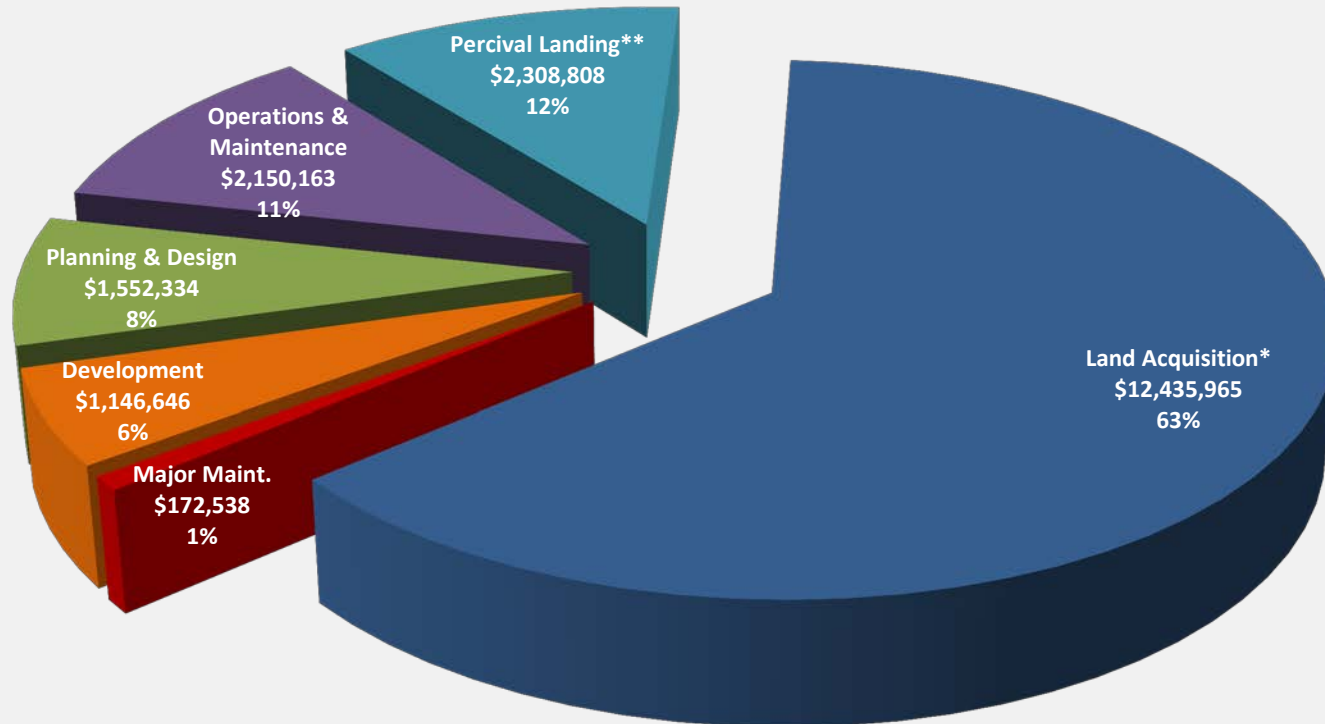
1. Current funding is improving building condition.
2. High priority projects can be funded through 2019.
3. Largest need continues to be HVAC, electrical and plumbing.
4. Most projects have a 20-year lifespan, so funds can be directed toward the Medium/Low priority projects starting in 2020.

Parks Condition Assessment & Major Maintenance Program (CAMMP)

The total asset value of the Olympia Park system (not including land or Percival Landing) is \$28 Million. Currently we have identified \$4M in deficiencies. Three approaches to address these deficiencies over a 6-year time-frame are outlined below, based upon available resources:

6-Year Annual Funding Levels	Severity Rating
\$250,000/ Year	Only High Severity Deficiencies <i>Major safety impacts, failure renders facility useless</i>
\$500,000/ Year	Medium and High Severity Deficiencies <i>Major safety impacts, affects usability and function</i>
\$750,000/ Year	All Deficiencies <i>All above, plus deficiencies having a limited effect on function and affecting aesthetics and appearance</i>

Use of Parks Voted Utility Tax 2005-2014



Numbers include bond payments through 2014:

*2006 Bond - Acquisition: \$1,196,000/Year - last payment 11/2016

**2013 Bond - Percival Landing: \$243,000/Year - last payment 12/2021

Funding Gaps

2016 Utility Tax Funding Gap Options

Option 1	Without \$300,000 Acquisition Fund (Reduced revenue collections and increased personnel costs)	(\$200,000)
Option 2	With \$300,000 Acquisition Fund	(\$502,544)
Option 3	All Maintenance & Operation removed from Utility Tax	(\$720,944)

Percival Landing Repairs

FUNDED

\$350,000 Immediate Repairs

- *Replace split decking*
- *Railing replacement*
- *Bench & planter repairs*
- *Pile caps*
- *Stringers*
- *Cross-bracing*
- *Float & bulkhead repairs*

NOT FUNDED

\$700,000 (3-5 Year Repairs)

- *Replace additional piling & pile caps*
- *Replace additional stringers & x-bracing*
- *Footing & major float repairs*

NOT FUNDED

\$90,000 (Monitoring & Assessment)

- *4 Annual condition inspections*
- *1 Structural assessment*

\$158,000 Annual Funding Required

Saving for repair project & assessments
(700K + 90K = 790K / 5 yrs. = \$158K/yr.)

Percival Landing Replacement

1. Section A, Ph. 2 – Concept Vision (2015 Estimate - \$18M)

- Sheet-pile wall \$2.5M
- Dredge & replace floats \$3.5M
- Completion of Phase 2 :
 - Upland boardwalk
 - Pavilion #3
 - Fly-over bridge
 - View platform
 - Upland boardwalk
 - Playground
 - Olympia Center parking lot
 - Expanded dredge
 - Expanded floats

2. Next Step: Confirm Design and Cost Implications

- Update design vision
- Sea level rise
- Shoreline Master Program
- CRA
- Utility infrastructure
 - Private
 - Public
- Street infrastructure

Future Replacement Phases:

Section B - \$24M

Section C - \$24M

PERCIVAL LANDING

SECTION A SITE PLAN



- NOTES:
1. HORIZONTAL DATUM IS CITY OF OLYMPIA.
 2. VERTICAL DATUM IS MEAN LOWER LOW WATER (MLLW).

SECTION A SITE PLAN



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8447

Finance Committee

Oral Report - Update on Discussions about Patrolling Budd Inlet and Olympia's Harbor Area

Agenda Date: 4/24/2015
Agenda Item Number: 4.B
File Number:15-0407

Type: report **Version:** 1 **Status:** In Committee

Title

Oral Report - Update on Discussions about Patrolling Budd Inlet and Olympia's Harbor Area

Recommended Action

City Manager Recommendation:

Receive and discuss information.

Report

Staff Contact:

Lt. Paul Lower, Olympia Police Department, 360.753.8410

Presenter(s):

Councilmember Cheryl Selby

Lt. Paul Lower