

**Utility Advisory Committee
City of Olympia**

Follow-up to Capital Facility Plan comments

UAC minutes from June 2, 2016

08-24-16 A. Haub

1. Which CFP projects have an impact on the operating budget?

The Water Resources capital program is dominated by projects that repair or replace existing infrastructure. Repair and replacement projects typically reduce maintenance needs and emergency repairs. The construction of system expansions is typically the responsibility of new development. Therefore, increased operating costs are usually linked to the public acceptance of privately-funded, development-related projects rather than the Water Resources CFP. In most cases, CFP projects result in infrastructure with relatively low maintenance requirements.

Environmental and drinking water quality projects are the exceptions. Maintenance of natural systems in an urban setting is costly. The operation of new Drinking Water facilities requires energy and regular maintenance. The initial post-construction maintenance of some of these projects is often funded by the CFP until costs moderate.

Specific environmental projects in the proposed CFP that require new maintenance costs include:

- All water quality retrofits (Storm and Surface Water)
- Miscellaneous aquatic habitat enhancements (Storm and Surface Water)
- Log Cabin reservoir (Drinking Water)
- McAllister Wellfield mitigation as required by our water rights (Drinking Water)
- Meridian corrosion control (Drinking Water)

2. Which CFP project will require loans/debt financing?

- Log Cabin reservoir, Fones Road Booster Pump and McAllister Wellfield Corrosion Control will be constructed in 2017/2018 using low-interest State loans. (\$18 M total)
- We will consider loan funding for three additional Drinking Water projects: Kaiser Road watermain extension, Fir Street and Elliot reservoir seismic retrofits (\$3.1 M total)
- No debt funding for Wastewater and Storm and Surface Water projects is foreseen.

3. Cost analysis for CFP projects vs. continuing to fund them with emergency repairs?

We continually evaluate the need and priorities for repairs and upgrades. We search for simple solutions that can get us by rather than traditional, highly engineered solutions. Flooding problems in particular can often be resolved by improving the efficiency of water flow through the existing system.

However, the public health and safety implications of potential failures in the drinking water and wastewater systems prompt CFP projects rather than accepting ongoing emergency repairs and potential system failures. These systems need to operate 24/7 and often require multi-year construction timeframes. Failures can be very costly with appreciable public health and safety implications.