



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Tuesday, July 31, 2018

5:30 PM

Council Chambers

Special Meeting - Potential Quorum of the City Council

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. PUBLIC COMMENT

(Estimated Time: 0-15 Minutes)

During this portion of the meeting, citizens may address the Committee for up to three (3) minutes regarding the Committee's business meeting topics.

5. APPROVAL OF MINUTES

5.A [18-0683](#) Approval of June 20, 2018 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

6. COMMITTEE BUSINESS

6.A [18-0510](#) Budget Snapshot: City-owned Buildings and Operating Lease Agreements

Attachments: [Lease Agreements Matrix](#)

6.B [18-0511](#) Building Repair and Replacement Update

Attachments: [Building Condition Assessment Summary](#)

6.C [18-0673](#) Urban Forestry and Funding Options

Attachments: [City Maintained Street Trees Map](#)
[Funding Options Table](#)

6.D [18-0655](#) Briefing on Costs and Funding for Resolution to Address Homelessness in Olympia

7. REPORTS AND UPDATES

8. ADJOURNMENT

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the delivery of services and resources. If you require accommodation for your attendance at the City Council Committee meeting, please contact the Council's Executive Assistant 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
360-753-8244

Finance Committee

Approval of June 20, 2018 Finance Committee Meeting Minutes

Agenda Date: 7/31/2018
Agenda Item Number: 5.A
File Number: 18-0683

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

Title

Approval of June 20, 2018 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, June 20, 2018

5:30 PM

Room 207

1. CALL TO ORDER

Committee member Bateman called the meeting to order at 5:30 p.m.

2. ROLL CALL

Chair Cooper participated in the meeting via WebEx teleconference. Committee member Jessica Bateman presided.

Present: 3 - Chair Jim Cooper, Committee member Jessica Bateman and Committee member Lisa Parshley

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT - None

5. APPROVAL OF MINUTES

5.A [18-0602](#) Approval of May 16, 2018 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [18-0585](#) Budget Snapshot: Operating Fund Reserves

Fiscal Services Director Dean Walz explained reserve levels for each fund within the operating funds. Reserves are maintained for emergencies. Excess reserves can be used for anything within a given fund. Money transferred to capital funds can't be transferred back once appropriated to a specific capital project. City Manager Steve Hall noted reserves are important to financial advisors and in determining our credit rating. Our credit rating affects our ability and cost to borrow money.

The information was provided.

6.B [18-0555](#) Discussion on Banking Services

Mr. Walz introduced Government Portfolio Advisors consultant Terry McCall who was

hired to assist the City with the banking services RFP process. Mr. McCall informed the Committee that staff recommends continuing to contract with U.S. Bank for banking services. U.S. Bank has proven capacity to handle the City's account and provides a full range of services. U.S. Bank's social responsibility and environmental stewardship best meets the goals of the Finance Committee.

Mr. Walz described the recent Request for Proposal process for banking services. The City received three submittals: U.S. Bank, Washington Federal, and Columbia Bank. Washington Federal is too small and unable to deliver the full suite of services needed. U.S. Bank and Columbia Bank were evaluated side-by-side. Mr. Walz detailed the analysis of the top criteria. He also explained that banking with U.S. Bank saves the City money because they have a lower minimum account balance requirement. He noted since U.S. Bank is the City's current depository approved by City Council, continuation of services does not need Council approval. Staff recommends continuing with U.S. Bank as it meets all of the City's criteria and is lower in cost.

Committee members asked clarifying questions regarding U.S. Bank's involvement with the Dakota Access Pipeline (DAPL) and fossil fuels in general. U.S. Bank does not provide any direct project support (investment) but does provide financing for general corporate purposes. Chair Cooper asked for a Study Session or Other Business with Council to tell the story about why the City is opting to continue banking services with U.S. Bank.

Chair Cooper and Committee member Bateman expressed interest in communicating to the Legislature the City's support to establish a State Bank.

The discussion was completed.

6.C [18-0583](#) Multi-year General Fund Budget Projections Briefing

Mr. Walz discussed General Fund budget projections for the next five years. The projections occur prior to departments submitting budgets. Mr. Walz detailed the assumptions for projections and presented two charts. The first chart showed projected revenues and expenses through 2023. The second chart showed the projected funding shortage of \$2.5 million by the end of 2023. The projection assumes normal economic conditions (no recession) and current levels of service.

The discussion was completed.

6.D [18-0551](#) Discuss the 2019 Budget and Critical Needs Impacting the General Fund

Administrative Services Director Debbie Sullivan discussed the 2019 budget and critical needs impacting the General Fund. She reviewed the list of needs, associated expected costs, and relevant long-term financial principles. She reported the budgeted total General Fund need by year including baseline expenses as well as one-time expenses.

Mr. Hall will bring ideas to the next meeting to help stabilize the budget and fill gaps in unfunded needs. Chair Cooper wants to examine a public-private partnership to hazard trees on Legion Way. Mr. Hall and Ms. Sullivan will research the subject.

The discussion was completed.

6.E [18-0554](#) Briefing on Funding for Resolution to Address Homelessness in Olympia

Ms. Sullivan presented a list of funding options and Mr. Hall suggested the Committee identify which, if any, of the options should be eliminated before trying to tackle the issue. After examining the presented options, Committee members agreed to re-evaluate previous priorities since the situation has changed. They also asked staff to look for matching grants to help fund the homelessness resolution.

Chair Cooper wants to keep all options on the table for now but is least interested in any utility tax increases. He believes a focus on the Business and Occupation tax may be the best place to start. He is also interested in borrowing from reserves and utilizing some of the non-voted utility tax (if that tax is extended an additional three years). He suggested using \$500,000 to \$1,000,000 per year of General Fund reserves for no more than five years.

Committee member Bateman expressed interest in using capital funds as long as there is a clear plan that includes transitioning a shelter to long-term supportive housing. She stated she doesn't want to touch General Fund reserves because those are for emergencies - but the homelessness crisis is an emergency. So use of those funds in that capacity seems appropriate. She also wants the City to fully participate with other community leaders to address the problem.

Committee member Parshley wants to see a defined repayment plan. She wants to know what the expenses are and to see priorities clearly stated. She said we need a clear story about what we're doing and why and what the repayment plan is. She expressed the importance of demonstrating the positive impact in relation to the expense.

Expenses will be available at the July 18, 2018 committee meeting and the discussion will continue.

The information was received.

7. REPORTS AND UPDATES

Ms. Sullivan introduced Administrative Services Accounting Supervisor Bill Sampson as our interim Fiscal Services Director while recruitment begins for that position.

A training on *Using Data to Learn and Improve* is being offered on July 26. Finance Committee members were invited to attend. Committee members asked to receive details by email.

8. ADJOURNMENT

Committee member Bateman adjourned the meeting at 7:14 p.m.



Finance Committee

Budget Snapshot: City-owned Buildings and Operating Lease Agreements

Agenda Date: 7/31/2018
Agenda Item Number: 6.A
File Number: 18-0510

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

Title

Budget Snapshot: City-owned Buildings and Operating Lease Agreements

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a briefing on City-owned buildings and operating lease agreements. No action requested.

Report

Issue:

Whether to receive a briefing on City-owned buildings and operating lease agreements.

Staff Contact:

Meliss Maxfield, General Services Director, Public Works, 360.753.8202

Presenter(s):

Meliss Maxfield, General Services Director, Public Works

Background and Analysis:

An operating lease agreement is an agreement allowing lessees the use of property for a specific period, but the ownership of the property remains with the City.

The City currently has four operating lease agreements: (1) Family Support Center, (2) Hands on Children's Museum, (3) Olympia Timberland Library and (4) The Washington Center for the Performing Arts. The terms associated with these agreements are long-term (20 to 25 years), providing stability for both the City and the tenants. Rent is not collected, with the exception of one location, and it is very nominal.

Roles and responsibilities with each of the tenants vary somewhat because of the nature of the operations of the tenant. Typically the City is responsible for the exterior of the building and footprint. The City is also generally responsible for maintaining and repairing major mechanical and electrical systems. The tenant generally maintains the interior, takes care of the day-to-day operational needs,

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

does general maintenance, and pays utility costs.

Staff will present information on the existing operating lease agreements, including lease terms and conditions, as they relate to each agreement.

Neighborhood/Community Interests (if known):

N/A

Options:

Informational only.

Financial Impact:

N/A

Attachments:

Lease Agreements Matrix

City-owned Buildings and Operating Lease Agreements

Location	Lease Status	Lease Term	City Responsibilities	Tenant Responsibilities	Comments
<i>Family Support Center</i>	Active	Through October 2019	Janitorial services, perform major mechanical, electrical, and structural repairs and maintenance.	Pay utilities and is financially responsible for any damage or destruction to the property.	Tenant moving out in 2018
<i>Hands on Children's Museum</i>	Active	Through June 2028	Maintain exterior and non-routine maintenance and repair.	Maintains interior, pay utilities and all operating expenses, janitorial services, routine maintenance and repair.	
<i>Olympia Timberland Library</i>	Active	This lease will remain in force in perpetuity	Pay utilities; maintain interior, exterior, and janitorial services.	Occupy, manage and operate the library.	
<i>The Washington Center for the Performing Arts</i>	Active	Through December 2034	Maintain Fire Insurance policy and Maintenance Account. Perform general maintenance and repair such as heating/cooling equipment, exterior surface and all roof surfaces.	Occupy, manage and operate the Center according to the terms of the lease agreement which include: administration and daily operations, general maintenance, "performance-related" maintenance and repairs, major repair and replacement, quarterly financial reports, annual independent audit financial report, and pay utilities.	



Finance Committee

Building Repair and Replacement Update

Agenda Date: 7/31/2018
Agenda Item Number: 6.B
File Number: 18-0511

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

Title

Building Repair and Replacement Update

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Receive an update on building repair and replacement. Briefing only; no action requested.

Report

Issue:

Whether to receive an update on building repair and replacement needs and a funding assessment.

Staff Contact:

Meliss Maxfield, General Services Director, Public Works, 360.753.8202

Presenter(s):

Meliss Maxfield, General Services Director, Public Works

Background and Analysis:

The Public Works Department is responsible for major capital repair and replacement of 16 City-owned buildings (see attached summary) totaling more than 320,000 square feet, with a replacement value of \$240,198,000. The buildings provide workspace for nearly 600 employees and more than 2,000 people visit them every day. The average age of the City's buildings is 31 years.

Funding for improvements comes from 6 percent of the cable television tax, which generates approximately \$1.3 million each year.

The City's building portfolio continues to age. Despite an aggressive preventative maintenance schedule, building systems (i.e. HVAC, electrical, plumbing, etc.) continue to deteriorate and will need substantial investment in the coming years to keep them operational. Repairs are reactionary and often maintenance needs to be deferred, due to lack of adequate funding. The functional use and operation of many building systems at these City-owned locations have been extended beyond typical useful life, by dedicated maintenance staff.

The City uses a 20-year planning horizon to determine long-term major maintenance needs. The 2013 estimated repair/replacement costs for the observed deficiencies is almost \$30 million (see summary), with the Public Works Maintenance Center (\$8.1 million), the Washington Center for Performing Arts (\$7.3 million), and the Lee Creighton Justice Center (\$5.4 million) representing 70 percent of the observed deficiency costs.

We are in the process of updating our Building Condition Assessment, which provides comprehensive building deficiency information and forecasts possible future maintenance or repair requirements. We are also in the process of assessing ADA accessibility and updating ADA transition plans. The updated assessment will identify additional repairs and replacement costs, which will further stretch the Capital Facilities Plan Fund 029 used for building repair and replacement. Given the annual average estimate for 2013 to 2018 is \$5 million for deficiency repair costs, the Fund is incredibly underfunded and stretched.

Neighborhood/Community Interests (if known):

Maintaining safe and efficient City-owned buildings for employees and the public.

Options:

Information only.

Financial Impact:

Six percent of the cable television tax funds building repair and replacement activities, generating approximately \$1.3 million annually. However, Fund 029 would need an additional \$3.7 million annually to address known deficiencies.

Attachments:

Building Condition Assessment Summary

Building Condition Assessment Summary

Location	Year Built	Observed Deficiencies (2013 - 2018)(1)	Replacement Value (2013)
City Hall	2011	\$419,327	\$60,162,000
Court Services	1975	\$427,395	\$841,000
Family Support Center	1912	\$804,528	\$8,833,000
Hands on Children's Museum	2012	\$143,940	\$19,081,000
Lee Creighton Justice Center	1965	\$5,440,108	\$17,137,000
Public Works Maintenance Center Main Building	1976	\$8,250,000	\$20,912,000
Mark Noble Regional Fire Training Center	2011	\$0	\$5,968,000
Olympia Fire - Command Training Center	2011	\$0	\$1,022,000
Olympia Fire Station 1 (Headquarters)	1992	\$1,877,762	\$12,633,000
Olympia Fire Station 2 (Westside)	1991	\$949,466	\$5,884,000
Olympia Fire - 3 (Eastside)	1992	\$81,876	\$3,118,000
Olympia Fire - 4 (Stoll Road)	2012	\$49,684	\$5,884,000
Olympia Police - Firing Range	1985	\$363,359	\$7,306,000
Olympia Timberland Library	1976	\$1,255,239	\$8,907,000
The Olympia Center	1986	\$1,868,214	\$37,533,000
Washington Center for the Performing Arts	1985	\$7,315,997	\$24,977,000
Total		\$29,246,895	\$240,198,000

(1) Top Five Deficiency by Building System:

HVAC	\$4,981,413
Interior Finishes	\$4,377,115
Electrical	\$4,367,614
Interior Construction	\$4,354,030
Plumbing	\$3,330,330
	\$21,410,502



Finance Committee

Urban Forestry and Funding Options

Agenda Date: 7/31/2018
Agenda Item Number: 6.C
File Number: 18-0673

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

Title

Urban Forestry and Funding Options

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive the information on urban forestry funding options. Briefing only; No action requested.

Report

Issue:

Whether to receive a briefing on funding needs for three areas within the Urban Forestry Program.

Staff Contact:

Shelly Bentley, Urban Forest Program Manager, Community Planning and Development,
360.753.8301

Presenter(s):

Shelly Bentley, Urban Forest Program Manager, Community Planning and Development
Leonard Bauer, Deputy Director, Community Planning and Development
Jonathon Turlove, Associate Director, Parks, Arts and Recreation
Andy Haub, Director Water Resources, Public Works.
Kate Hartman, Water Resources Habitat Biologist, Public Works

Background and Analysis:

Urban Forest Program Funding Gaps

1. Street Tree Maintenance

The 2017 Street Tree Maintenance Manual (STMM) addressed the required maintenance of our 2500 street trees downtown and along ten major arterial streets (See attached Map of Street Trees). These are the only street trees the City takes responsibility for maintaining; all others are the responsibility of the adjacent property owner.

Current funding levels only allow maintaining street trees on average once every 15-17 years, well below the industry standard of once every 5-7 years.

The STMM identified a \$120,000 funding gap to raise our current level of maintenance to the industry standard.

Staff have identified an incremental approach to increasing funding to this level.

An industry standard level of service would provide a dedicated, permanent crew and:

- Improve crew safety and efficiency.
- Prune more frequently to keep trees clear of signs, signals, and buildings.
- Improve citizen safety and reducing complaints.

2. City of Olympia Hazard Tree Emergency Fund

The City of Olympia current Hazard Tree abatement efforts are reactive and respond to citizen requests when the condition of a tree could affect the health, and safety of persons and property including storm response. Multiple City departments use a single contractor for hazard tree removal. Costs are charged to the appropriate funding source. The Community Planning and Development (CPD) Urban Forestry Program addresses hazard trees in rights-of-way and City-owned properties except those maintained by Parks or Water Resources. In recent years, the primary funding source for this work has been the previous year's unspent funds allocated by City Council. The CPD Urban Forestry General Fund currently has \$60,000, and, thus far, \$30,000 has been spent on Hazard Tree Abatement.

Staff estimates a funding gap for Hazard Tree Abatement of \$100,000 per year. There is no dedicated funding for Hazard Trees Abatement. When urban forestry funds are made available, they are spent nearly exclusively on hazard tree abatement and other urban forestry needs are not funded.

3. Legion Way Street Tree Maintenance

The Legion Way trees historically created the greatest threat and damage to property until systematic annual maintenance was established. In 2010, the City Council approved implementation of a *Long Term Management Plan for Legion Way* to prolong the life of the trees and manage the streetscape for safety. Systematic annual assessments and either removals or pruning have continued since 2010.

The current 2018 Assessment does not require any removals but instead recommends prescriptive pruning to retain the structural stability. The majority of the trees are rated as either Moderate or Moderate-High Risk. (Rating scale range is Low, Moderate, Moderate-High, High, Extreme). The Moderate-High rated trees are likely to somewhat likely to fail with significant to severe impact consequences. Moderate rated trees have a likely impact to fail with minor consequences.

There is a funding gap of \$130,000 - \$155,000 for prescriptive pruning hazard trees along Legion Way.

Neighborhood/Community Interests (if known):

Staff convened a meeting of community stakeholders to develop the STMM. Several overarching themes emerged from the group's discussions:

- The acknowledgement that trees contribute greatly to the streetscape;
- The importance of maintenance, and particularly protecting sidewalks
- Urban forest planning is but one element of urban design along a streetscape

Options:

See attached Urban Forestry Funding Options.

Financial Impact:

See attached Map of Street Trees.

Other Potential Funding Sources

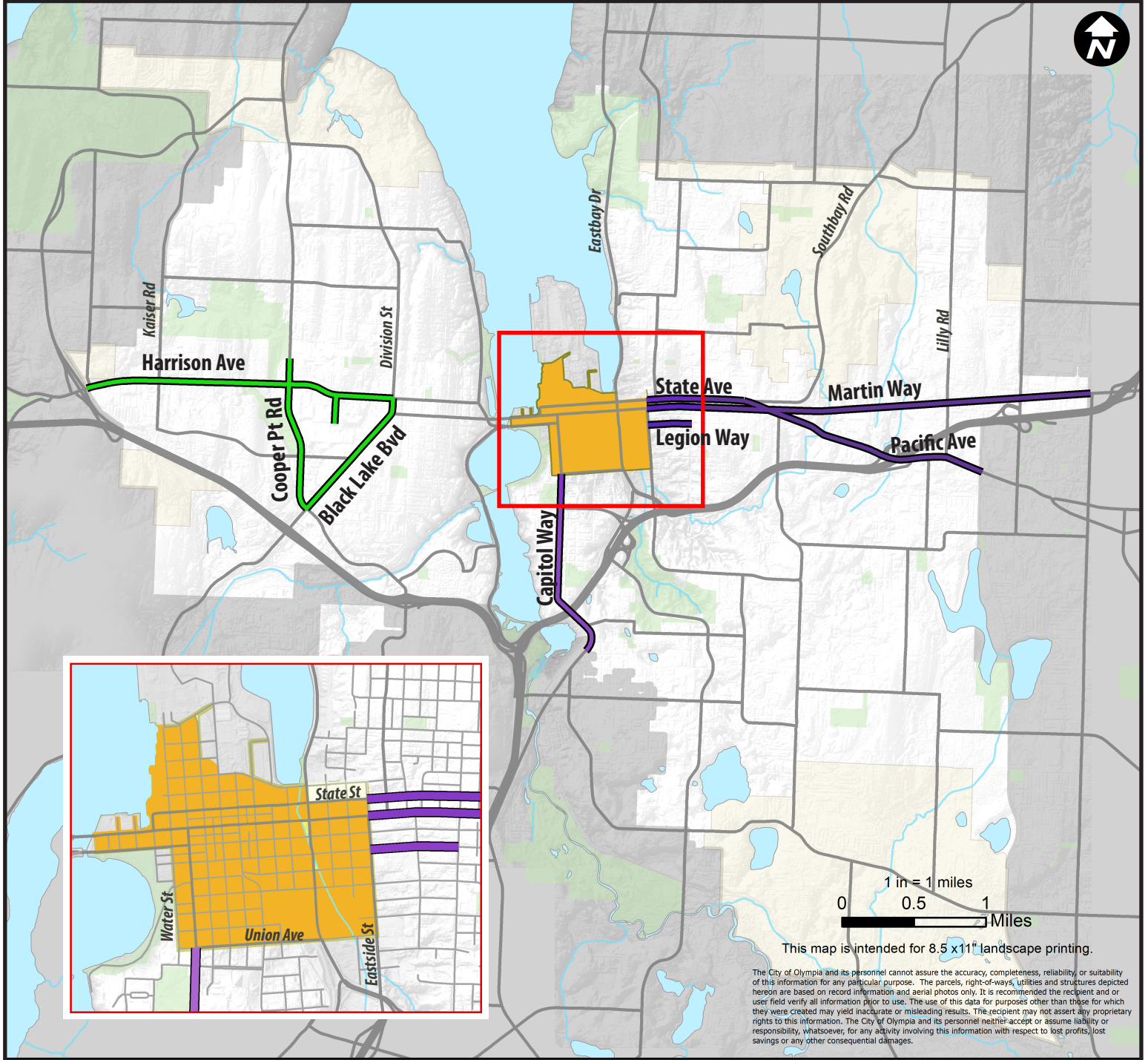
In addition to the above, staff are also researching the following options for filling urban forestry funding gaps.

- Special Assessment /district for street tree and sidewalk maintenance downtown
- Utility bill donation option
- Promotion of other donations, particularly for Legion Way trees
- Requirement of frontage improvements, including sidewalk repair and street tree maintenance, at time of sale

Attachments:

Map of Street Trees Maintained by the City
Urban Forestry Funding Options

City Maintained Street Trees



City Maintained Street Trees

The City of Olympia only maintains street trees in the areas noted on the above map. All other street trees are the adjacent property owners responsibility.

Eastside Streets

- 4th Ave
- Capitol Way
- Legion Way
- Martin Way
- Pacific Ave
- State Ave

Westside Streets

- Black Lake Blvd
- Cooper Pt
- Harrison Ave
- Kenyon St

Downtown Streets

- Downtown Olympia, see inset map

Thurston County

UGA

Olympia

This map is intended for 8.5 x 11" landscape printing.

The City of Olympia and its personnel cannot assure the accuracy, completeness, reliability, or suitability of this information for any particular purpose. The parcels, right-of-ways, utilities and structures depicted herein are based on record information and aerial photos only. It is recommended the recipient and/or user field verify all information prior to use. The use of this data for purposes other than those for which they were created may yield inaccurate or misleading results. The recipient may not assert any proprietary rights to this information. The City of Olympia and its personnel neither accept or assume liability or responsibility, whatsoever, for any activity involving this information with respect to lost profits, lost savings or any other consequential damages.

Attachment 2: Urban Forestry Funding Options

Need	Funding Options
Street Tree Maintenance	<ul style="list-style-type: none"> • Current staffing level: 1 permanent FTE + 1 temp. ¾ FTE • Increase funding incrementally to reach industry standard <ul style="list-style-type: none"> • \$13,000: 1.75 permanent FTE • \$48,000: 2 permanent FTE • \$120,000: 2 permanent FTE + 1 temp. ¾ FTE • No funding source identified.
Hazard Tree Program	Shift \$50,000 of Accessibility Transition Plan funding as hazard tree CFP.
Legion Way Maintenance	<ul style="list-style-type: none"> • \$130,000 <ul style="list-style-type: none"> • Prune all of the Moderate to Moderate-High risk trees (23 trees) in a three block section of Legion Way. This section has the majority of trees identified for risk maintenance. • \$155,000 <ul style="list-style-type: none"> • Prune all Moderate-High risk trees (49 trees) along the entire historic section of Legion Way. • \$30,000 needed for ongoing base maintenance in 2021 and 2022 • No funding source identified, continued deferred maintenance will increase risk and costs over time



Finance Committee

Briefing on Costs and Funding for Resolution to Address Homelessness in Olympia

Agenda Date: 7/31/2018
Agenda Item Number: 6.D
File Number: 18-0655

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

Title

Briefing on Costs and Funding for Resolution to Address Homelessness in Olympia

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive the information on anticipated costs and potential funding sources to address homelessness in Olympia. Briefing only; no action requested

Report

Issue:

Whether to receive a briefing on costs and funding sources to address homelessness in Olympia.

Staff Contact:

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

Amy Buckler, Downtown Programs Manager, Community Planning & Development, 360.570.5847

Background and Analysis:

Staff will present Finance Committee with information on the anticipated costs and potential sources to fund and/or finance the immediate action items detailed in Resolution M-1942 to address homelessness in Olympia.

Staff provided the Committee with an overview of potential funding sources for these actions at the June meeting. The Committee asked staff to return with more information about the specific actions and costs, as well as information about potential matching funds that could be used.

Neighborhood/Community Interests (if known):

The community is strongly interested in addressing homelessness in the community.

Options:

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

Briefing only.

Financial Impact:

Anticipated costs will be provided in the oral report.

Attachments:

None