UTILITY RESPONSE TO OLYMPIA PLANNING COMMISSION COMMENTS UAC RECOMMENDED DRAFT UTILITIES CHAPTER, FEBRUARY 1, 2024

August 9, 2024

Planning Commission (Verbal) Comment 1

Planning Commission Comment: During the June 17, 2024 briefing, Planning Commission member(s) questioned what "disposal costs" were in reference to in PU13.2. Does it mean, tip fees or total costs etc.? Suggested rewriting for clarity.

- Utility Response: The Planning Commission DRAFT Utilities Chapter, August 9, 2024 includes the following revision to address this comment. PU13.2 Manage waste as locally as possible ~~to reduce transfer and disposal costs~~. The policy is intended to stress the importance of managing waste as locally as possible, therefore the added verbiage is not necessary. Managing waste locally has many benefits. It lowers the overall cost by not paying for long-haul transport. It is more supportive of a local economy. It has environmental benefits such as fewer Greenhouse gas emissions due to less fossil fuels being used to transport materials.

Planning Commission (Written) Comment 2

Planning Commission Comment: Page 5. "Higher densities can make providing the space required for solid waste collection problematic." Suggest replacing "problematic" with a less pejorative word and something that is more descriptive of the challenges involved.

- Utility Response: The Planning Commission Public Hearing DRAFT Utilities Chapter, August 9, 2024 has been revised as follows to address this comment: (Challenge: Adapting to growth and density) City-owned utilities will need to be prepared to provide utility services to greater densities. Fast or slow, the rate of growth will determine how, for example, new water sources are developed and when they come on-line. Higher densities result in less available space for solid waste containers and collection truck access, thereby reducing collection efficiency and safety. ~~can make providing the space required for solid waste collection problematic~~.

Planning Commission (Written) Comment 3

Planning Commission Comment: PU1.4, suggest adding "support affordable infill growth".

- Utility Response: A revision of PU1.4 is currently proposed in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 as follows: Make necessary improvements to utility facilities that do not currently meet minimum standards. Prioritize capital

improvements to existing systems based on age, condition, risk of failure and capacity, while also balancing the fair distribution of services and benefits to the entire community. Although not specifically stated, inherent in the policy as currently proposed is that, by prioritizing improvements to our existing infrastructure where age, condition or capacity is a concern, City Utilities are supporting affordable infill development.

Although not specifically stated, inherent in the policy as proposed in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 is that by prioritizing improvements to our existing infrastructure where age, condition or capacity is a concern, City utilities are supporting affordable infill development.

To be more transparent, Utility staff has included the following change in the Planning Commission Public Hearing DRAFT Utilities Chapter, August 9, 2024 to address this comment: PU1.4. Prioritize capital improvements to existing systems based on age, condition, risk of failure and capacity to support affordable infill development, while also balancing the fair distribution of services and benefits to the entire community.

Planning Commission (Written) Comment 4

Planning Commission Comment: PU2.1, consider tailoring this for "infill" vs. "sprawl". I do not agree that "growth should pay for growth", but rather that the rate system is designed to grow incrementally and that adding new rate payers in the most efficient areas to service them will make the whole system stronger and more sustainable. (and to some extent PU2.9)

- Utility Response: A revision of PU2.1 is currently proposed in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 as follows: Ensure that new development projects pay for their own utility infrastructure based on their expected needs for the next 20 years. This also includes balancing the City's social equity and affordable housing goals and requires development projects ~~Also require them~~ to contribute to their portion of existing infrastructure. Routinely review new development charges (such as general facility charges) when updating utility master plans or do so more frequently as needed.

  Currently, there is a difference in how infill development contributes to drinking water and sewer (wastewater) infrastructure versus development in areas without existing infrastructure. In cases where existing drinking water and sewer (wastewater) infrastructure is already in place, infill development may not be required to pay for off-site utility improvements since the required off-site infrastructure to serve the development is already in place. Presumably, this offers an incentive to develop where existing infrastructure is already in place. Additional programs associated with infill development include the Drinking Water Utility's "system oversizing" capital program which is used to fund distribution system capacity "oversizing" improvements associated with development-related projects to increase capacity for expected growth

and the Wastewater Utility's "development related rehabilitation" capital program which is available to fund opportunities to cost-effectively repair wastewater infrastructure in conjunction with development projects.

Infill development is, under the current rate system, still responsible to pay General Facilities Charges (GCFs). GFCs are structured to address new development's responsibility to pay its share of the drinking water/ sewer system already in place as has been paid for by current rate payers. On the other hand, development in places without infrastructure pay to extend service and contribute its share of the existing system through GFCs. Presumably, this may offer a disincentive to develop where infrastructure is not yet present. (Note: City utilities have instituted a 50 percent GFC discount for development projects that meet criteria for affordability housing and for which a 30-year covenant on the property is recorded with Thurston County. This discount applies regardless of whether or not the development is considered infill or requires an extension of infrastructure.)

With this said, the proposed additional new policy language in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 (underlined above) stresses that City utilities must balance how development is charged for the infrastructure required for utility service against the City's social equity and affordable housing goals. How to do so while considering City utilities need to maintain current infrastructure, address new regulations and keep rates affordable, amongst other responsibilities, is expected to be an area of focus for City utilities, in concert with other City Departments and its rate payers, as this policy is implemented. Utility staff will consider this comment as implementation of this policy occurs. Additionally, this comment will be considered as work to update the goals and policies contained in the Capital Facilities Plan Chapter of the Comprehensive Plan begins sometime later in 2024.

No change to the policy as proposed in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 to address this comment is recommended.

Planning Commission (Written) Comment 5

Planning Commission Comment: PU8.3, does money spent on this goal come into conflict with funding sewer improvements in already served areas, particularly extending service to all city block faces?

- Utility Response: No changes to PU8.3 were recommended in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 and is proposed in the February 1, 2024 draft as follows: Encourage septic system owners to connect to the City wastewater system by offering incentives, cost-recovery mechanisms, pipe extensions and other tools.

  As reflected in this long-standing policy, through its "septic to sewer program", the Wastewater Utility extends sewers into areas of existing high density septic

development, with a particular focus on areas with known water quality concerns. Under the current rate structure, when balancing other needs, the Wastewater Utility funds approximately one sewer extension project to serve an area of existing high density septic development in its capital budget every third year. The Wastewater Utility does receive reimbursement of the some of the sewer extension costs when properties connect to sewer. How much reimbursement occurs is unique to each project and is dependent upon decisions made by property owners, including timing of connection. For example, for properties abandoning a septic tank and connecting to sewer within 2 years, such properties pay 20 percent of their calculated share of the capital costs of the project. (This capital charge is calculated as: total costs / the number of equivalent residential units that can be served by the line.) After two years of sewer being available, the capital charge increases to 50 percent (unless a financial hardship exists).

Additionally, the Wastewater Utility offers a 100 percent rebate of the General Facility Charge (GFC) for properties connecting to sewer within two years of sewer availability. Based on the Wastewater Utility's goal of connecting 20 septic tanks a year, and year-2024 GFC's, the rebate program costs the Wastewater Utility approximately $80,000 a year in lost GFC revenue.

Funding this goal doesn't necessarily conflict with other improvements, but rather is balanced every year with other priorities as the annual capital facilities plan is developed. Certainly, if the septic to sewer program was discontinued and/or modified, the resources spent to implement the program could be shifted to other priorities.

No change to the policy as proposed in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 to address this comment is recommended.

Planning Commission (Written) Comment 6

Planning Commission Comment: PU9.1, expressly making the capture of stormwater in public right of way bioswales and rain gardens would be a great system integration between stormwater and transportation. [PU10.4 - use something stronger than consider, bioswales should be part of every street rebuild and a consideration in how we use our public right of way and design systems in it]

- Utility Response: No changes to PU9.1 were recommended in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 and is proposed in the February 1, 2024 draft as follows: Improve stormwater systems in areas that are vulnerable to flooding.

  PU10.4 is a new policy in the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 and is proposed in the February 1, 2024 draft as follows: Consider a program of retrofitting existing streetscapes with water quality and quantity stormwater system

improvements to minimize pollution from roadway runoff to natural drainage systems and the waters of Puget Sound.

To address this comment, the following change to Policy PU9.1 has been made in the Planning Commission DRAFT Utilities Chapter, August 9, 2024: PU9.1. Encourage the use of retrofits to ~~i~~improve stormwater systems in areas that are vulnerable to flooding.

To address this comment, PU 10.4 has been replaced in the Planning Commission DRAFT Utilities Chapter, August 9, 2024 with the following language: PU 10.4 Where feasible, retrofit existing streetscape with water quality and quantity stormwater system improvements to minimize pollution from roadway runoff to natural drainage systems and the waters of Puget Sound.

Additionally, the draft Natural Environment Chapter, which will be presented to the Planning Commission at a September 16, 2024 public hearing, contains the following two recommended new or revised policies related to this comment: PN5.1 Communicate and collaborate across departments regularly to promote multi-benefit parks, transportation, housing and economic development projects that include green stormwater infrastructure and other nature-based solutions to managing stormwater. PN 5.3 Establish a roadway stormwater infrastructure retrofit prioritization for water quality treatment in environmentally sensitive watersheds to support the recovery of salon and other aquatic species. ~~Retrofit existing infrastructure for stormwater treatment in areas with little or no treatment.~~

Planning Commission (Written) Comment 7

Planning Commission Comment: Additional goal/policy around collaborating with parks to design water retention facilities as multi-use parks.

- Utility Response: The draft Natural Environment Chapter, which will be presented to the Planning Commission at a September 16, 2024 public hearing, contains the following new recommended policy related to this comment: PN5.1 Communicate and collaborate across departments regularly to promote multi-benefit parks, transportation, housing and economic development projects that include green stormwater infrastructure and other nature-based solutions to managing stormwater.

  When updating the storm and surface water policies contained in the Utilities Chapter, Utility staff made a distinction between activities (or programs) that are the responsibility of the City's Storm and Surface Water Utility and those activities (or programs) with shared responsibilities beyond the Storm and Surface Water Utility. In cases where shared responsibilities exist, such shared responsibilities were included in the Natural Environment Chapter. Since the Natural Environment Chapter contains a policy which addresses this comment, no revisions to the UAC Recommended DRAFT Utilities Chapter, February 1, 2024 are recommended to address this comment.