



November 19, 2013

Olympia City Council
PO Box 1967
Olympia, WA 98507

Dear Mayor Buxbaum and City Councilmembers:

On October 8, 2013, the Olympia Planning Commission submitted to you our review and comments on the draft 2014-2019 Capital Facilities Plan of the City of Olympia. At the time we submitted our review of the City's CFP, the Olympia School District (District) had not submitted its CFP. The District had, however, presented a "Preliminary Capital Facilities Plan" at the August 5th meeting of the Planning Commission. The comments in our October 8th letter were based on that presentation.

This letter provides the Planning Commission's comments and recommendations on the District's final Capital Facilities Plan, approved by the Olympia School District Board (Board) on November 12, 2013.

In our letter of October 8th, we wrote:

"Under provisions of the Growth Management Act, the City collects school impact fees which are then transferred to the Olympia School District (OSD). Because of the role of the City in collecting school impact fees and the extremely important role of schools in achieving the goals of the Comprehensive Plan, the City routinely reviews the Capital Facilities Plan (CFP) of the Olympia School District."

Given the City's role described above, the Planning Commission has focused its review on the clarity and transparency of the methodology used to calculate the impact fees and to matters where the District's CFP might more clearly reference the City's Comprehensive Plan. The Planning Commission believes specific capital facility expenditures of the District and the specific methodology used by the District to calculate impact fees are not appropriate matters for City review.

Impact Fees

The District's final proposed impact fees are \$5,895 for single-family residences and \$1,749 for multi-family residences. The basis for these estimates is unclear. This, rather than the estimates per se, remains a concern for the Planning Commission and, we believe, the City. The recommended Comprehensive Plan includes a goal that "City decision processes are transparent and enable effective participation of the public" (GP 3). In our judgment, the School District CFP does not achieve this goal.

Following are the Planning Commission's areas of concern with respect to the impact fee calculation:

1. The CFP does not identify the portion of costs for specific projects that are attributable to growth. Neither the list of capital facilities required between 2014 and 2019 (p. 20) nor the specific capital facilities the District attributes to new residential construction (p. 40) include the portion of costs of these facilities upon which impact fees are to be based or the total of these costs.
2. The list of capital facilities to be built by the District includes replacement of portables (p. 20). A specific project to replace portables at Olympia High School is identified (p. 28). The CFP should make clear at this point whether this proposed construction is proposed for funding with impact fees. If the new structure is not funded by impact fees, it appears that a major cost of growth will not be paid by the residential construction generating the need for this capacity but, instead, will be borne by the general public in the District. The District should consider policies and procedures to incorporate into the calculation of school impact fees the future cost of permanent structures required to replace portables that are required to accommodate increases in the student population resulting from growth.
3. The table showing projected revenue sources of \$221,338,104 fails to establish any relation to the funds required to meet the capital facility elements identified in the CFP (p. 38). Again, for the calculation of impact fees, it is necessary to estimate the cost of all capital facilities that are required to accommodate increases due to residential construction.
4. The CFP states "For the purposes of the impact fee calculation included in this Capital Facilities Plan, the District has chosen to use only the construction related costs of the above projects (rather than the total project costs)" (p.40). It seems appropriate that all capital costs related to the project (land acquisition, engineering, furnishings, etc.) should be included as part of the impact fee calculation.
5. As was noted in the comments submitted to the Council on October 8 in response to the District's Preliminary Capital Facility Plan presented to the Commission on August 8, the significant fluctuation in school impact fees is a matter of concern to the Planning Commission:

"The wide annual variation in impact fees over the most recent years and the significant difference between the fees for single-family residences and multi-family residences requires a detailed explanation.For example, the single family home fee was \$2,735 in 2010, \$659 in 2011, \$2,969 in 2012, and \$5,179 in 2013.....These very large swings undercut public confidence in the impact fee process and may seem unfair to homeowners and developers who pay the higher amounts."

The fee adopted in the District's CFP for 2014 of \$1,749 for multi-family residences varies significantly from the comparable fees in 2013 of \$0. Without a methodology and an

explanation of the factors contributing to this variation, individuals required to pay the school impact fee will have compelling questions of both the City and the District.

6. The impact fees adopted by the District show a discount of 15% from the calculated fee (p. 44). There is no explanation for this discount and the amount of the discount. An explanation would increase the credibility of the impact fee setting process.

Consistency with Comprehensive Plan

The District's capital facility investments should be consistent with the objectives in the City's Comprehensive Plan and the City's recommended Comprehensive Plan Update to reduce use of cars. While the comment on the location of the iConnect Academy does note the poor bus service at the current site and implies the need for a more central location (p. 26), consideration of new school sites should include the accessibility of proposed sites to public transit.

Other Issues

The CFP notes that on-line learning will affect the need for future facilities (p. 29). The future use of on-line learning needs to be addressed in greater detail. All currently planned facilities should be reviewed in relation to the possible use of such on-line learning

Unfortunately, the Board's adoption of their Capital Facilities Plan on November 12th and the City's schedule for adoption of its CFP do not allow further revision to the District's CFP for 2014-2019. The lack of time for the District to adequately address concerns raised by the Planning Commission indicates a need to revise the timing of the District's CFP approval. We recommend that the District review their process and make adjustments so there is enough time for the District to amend its CFP if significant issues are identified by the City.

In the course of the Planning Commission's review, we provided several comments to the District. The District informed the Planning Commission that it had not had time to incorporate into their final CFP responses to our comments. However, in separate documents, it provided written response to the points raised in our review. These documents, as well as our response to them, provide a basis for an improved CFP and CFP process in future years.

Conclusion

The Planning Commission would like to thank Jennifer Priddy of the District for providing responses to our many questions. We look forward to working with the District on future CFPs.

Sincerely,

JERRY PARKER, CHAIR
Olympia Planning Commission

ROGER HORN, CHAIR
OPC Finance Subcommittee