

# Draft CFP Letter – 10/7/13 Planning Commission Meeting

October 7, 2013

Olympia City Council  
PO Box 1967  
Olympia, WA 98507

Dear Mayor Buxbaum and City Council Members:

The Olympia Planning Commission (OPC) has conducted its review of the City of Olympia's 2014-2019 Preliminary Capital Facilities Plan (Draft CFP) as required by the Growth Management Act. We find that the plan is responsive to the general economic conditions. Given the revenue shortfall the City is experiencing, taking care of our existing resources should be the major emphasis of the plan. Within this context, we are presenting in this letter several ideas for the City Council's consideration.

## **CAPITAL FACILITIES ELEMENT**

In the 2012 Planning Commission letter to the Council, we recommended updating the Long Term Financial Strategy (LTFS) that was published by the Olympia City Council in December 1999. The LTFS financial principles and guidelines are listed on page ix of the Draft CFP following the Message from the City Manager.

Upon further inspection of the LTFS, we determined that this document does not provide adequate direction to City staff and the Council in setting priorities for the CFP. The LTFS is a good general guide for overall budgeting, but is not targeted toward capital budget priorities. In our view, the appropriate guidance for the CFP is the Capital Facilities Element (CFE) of the Comprehensive Plan, which is mandated in the Growth Management Act. This year, as part of the Comprehensive Plan update, the CFE was extracted from the Comprehensive Plan document and included within the Draft CFP (pp. 14 and 15).

The Planning Commission supports this change. We believe that as the guiding goals and principles for capital facilities investment, the CFE should be included in the CFP and serve as the guiding document for Council and staff in establishing each year's CFP. It should establish clear priorities and be the go-to document when Council is considering any capital investment.

**Recommendation:** As the guiding document for the CFP, we recommend that the CFE be included in its own section near the beginning of the CFP; it is currently included in the Introduction Section with the FAQs and background data. This element should be given the weight of other Comprehensive Plan sections, including a public hearing and comment period, input from City staff, and full consideration by the Council.

We also recommend that the Planning Commission be given additional time to work on the CFE goals and principles. There simply was not enough time in our work plan or during the development of this letter to give adequate attention to this GMA-required Comprehensive Plan element. Given our full work plan for this year, it may be most appropriate to work on the CFE in April 2014, when the 2014 work plan begins.

## **MAINTENANCE FUNDING**

As the City Manager's letter states, this plan continues to focus on the need to maintain our capital infrastructure. He identifies building, park, street, and utility maintenance as the focus of this CFP.

As stated in our 2012 letter, the Planning Commission agrees that protection of our assets should be our first priority in establishing the Draft CFP. However, we are concerned that the proposed maintenance funding would still be significantly below the amount necessary just to reach a "managed care" maintenance level for non-utility infrastructure maintenance, which includes building, park, and street maintenance. At that level, it is assumed that buildings or system components will periodically or often fail.

For example, the Parks Department estimates the need for its Condition Assessment and Major Maintenance Program (CAMMP) at \$500,000 per year, but only \$170,000 is provided for 2014. We also understand from staff that more maintenance funding than proposed is needed for building, storm water and drinking water asset management. The Street Repair and Reconstruction Program, traditionally funded at \$2.025 million, would receive \$1.85 million in 2014. Even at the traditional level, many high priority "worst first" streets needing major reconstruction will not be completed in the 2014-19 period. The projected out-year funding of \$2.1 million per year falls far short of the \$5 million annual funding needed to keep our street condition ratings from declining over the next 20 years.

The proposed level of funding will not meet the public's expectations, will potentially increase costs for repairs, and will require continued use of emergency funding to meet our goal of maintaining what we have. Unrealistic goals and funding will simply push our maintenance issues into future budgets. We need to find ways to fully fund our maintenance responsibilities now or the problem will increase in size and impact future projects.

**Recommendation:** The Planning Commission recognizes that, given the current financial conditions, meeting our maintenance funding needs is no easy task. However, we feel the following recommendations from our 2012 letter are worthy of consideration:

- The Council should consider asking the public to approve new revenue sources, such as a 1% utility tax for City building and structures maintenance and/or increased vehicle license fee for street maintenance.
- Funding provided from these maintenance revenue measures should be credited to dedicated maintenance funds which, except in extreme cases, should be used exclusively for specified maintenance purposes.

- The City should commit to performance measures indicating target outcomes, such as reaching and maintaining certain building and park condition ratings, as we currently do with street repair and reconstruction.

## **OUT-YEAR FUNDING**

The Draft CFP clearly identifies the CFP as a public vision, “constrained by fiscal realities.” It notes that the Capital Facilities Plan “does not represent a financial commitment” (page vii). “Projects beyond the current year Capital Budget should not be viewed as a commitment to fund the project, but instead as an indication that given the information available at the time, the City plans to move forward with the project in the future” (p. 6).

The Draft CFP appears to focus more on vision than on fiscal realities which, despite the written qualification that the Plan is not a commitment for funding, raises public expectations and consequent disappointment when funding for projects listed in the CFP are continuously projected into the out-years for which there is no funding commitment by the City .

This is evident in the Bicycle Program, as was clearly noted in the previous letter from the OPC to the Council and is noted in this letter under the discussion of transportation. The rather modest projections of City expenditures on the Bicycle Program for the out-years have been funded in only one of the last four years

The same pattern can be observed throughout the CFP. A few examples rather than a thorough listing suffice to validate the general concern. In the Park Department’s maintenance program, \$170,000 is projected for expenditure in 2014 but \$500,000 is projected for each of the subsequent five years. Similar patterns are evident for the Hazard Elimination Safety Program (p. 51), Pedestrian Crossing Program (p. 56), and the Sidewalk Construction Program (p. 58).

**Recommendation:** The Planning Commission recommends each program in the annual CFP include text describing the basis for the proposed funding for the five “out-years” and probability that such funding will be available to the City, with detailed analysis for the second “out-year.”

## **PARKS**

### Community Parks

The City of Olympia Parks, Arts, and Recreation Department’s 2010 Parks Plan identifies a need for two large community parks, as does the Parks chapter of the Draft CFP (p. 39). With land values in decline, this would be an excellent time to begin negotiating with possible sellers of large land parcels that would meet the criteria for community parks. The 2004 increase in the utility tax was designated for purchase of future community parks. We realize some of the utility tax funds had to be used in the rebuilding of Percival Landing; however, there was a commitment to the citizens of Olympia that the utility tax funds would be used to secure additional park land. The time is right to pursue purchasing these large community park sites before all the large parcels of land in the City of Olympia are committed to other types of development.

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Current utility tax bonds will be paid off in 2016. Because the cost of land is relatively low and land appropriate for park sites will become less available as the city becomes denser, it should be the city's priority to achieve the 2010 targeted outcome ratio for park land before using the voted utility tax funds for parks improvement or other purposes.

**Recommendation:** After the initial utility bonds are retired in 2016, the first priority for new bonds should be purchase of additional community parks. We support the Parks Department's efforts to identify potential sites now, and if necessary, buying an option to purchase when funds become available in 2017. Also, given the shortage of community park facilities, we recommend the City work with the Olympia School District now to explore expansion of our Joint Use Agreement to provide additional recreational opportunities for the community.

### Park Maintenance

The Condition Assessment and Major Maintenance Program (CAMMP) is a systematic assessment process designed to monitor the condition of park assets, identify and prioritize needed major repairs or replacement, and budget and schedule these projects. The CFP recognizes that it is critical to fund maintenance requirements and new construction concurrently to meet recommended levels of service for a growing population.

An appropriation in 2008 created a program to repair or replace aging infrastructure. The 2010 Parks Plan identifies many more maintenance projects than can be funded with current funds. The department has requested a total of \$170,000 for three 2014 projects and \$500,000 for each of the five years between 2015 and 2019. Existing funding sources appear to be inadequate to fund all needed maintenance.

**Recommendation:** We understand the funding limitations that exist across City government, but urge the City Council to fund parks and recreation maintenance at the requested level in future years. Without adequate funding, the deterioration of current parks seems inevitable.

### Percival Landing

The Percival Landing Boardwalk was built in three phases in the 1970s and 1980s. The Draft CFP states the structure was inspected for wear and tear in 2004 and again in 2009 and is scheduled for further inspection in 2014. The first inspection showed that the wooden creosote pilings and other wood framing and planks were succumbing to rot and marine organisms. As a result, the City Council agreed it was necessary to replace the entire Percival Landing structure at an estimated cost of \$50 million. The first phase of the replacement (Section A, Phase 1) has been completed at a cost of \$14.5 million

The Draft CFP states that "The plan provides direction for a systematic replacement program, cost estimates, and phasing approach in order to pursue funding sources to continue engineering, design, and construction." The sole funding for the Landing replacement is \$1 million over the 2015-2019 timeframe for Phase II Design and Engineering.

**Recommendation:** Out of 53 parks and recreation amenities, Olympia's citizens have consistently identified waterfront parks and trails as most important (Park Facility Rating Sheet, 2010 Parks and Recreation Plan, Chapter 3, p. 56). Our waterfront is the crown jewel of Olympia and provides

an extraordinary setting for our state's capitol. We recommend that the City spend the time necessary over the next year to develop a comprehensive funding plan for Percival Landing replacement.

## **TRANSPORTATION (pp. 45-63)**

### Introduction

The introduction to the Transportation Section should reference the basic objective of the Comprehensive Plan and the update to the Comprehensive Plan, i.e., to make the City more compact and to increase density as a means to increase walkability, reduce the need for car trips, increase the feasibility of improved transit service, and provide a wider range of housing opportunities. The relationship between both current and projected land use goals and transportation facilities needs to be articulated in the Introduction. The discussion in the CFP of the "ways" a transportation project becomes part of the CFP needs to link to land use objectives and the consequence of land use decisions.

**Recommendation:** The text in the transportation sections of the CFP should include explicit acknowledgement that the objective of a more compact city stated in the current Comprehensive Plan and in the recommended update to that plan should be the basis for investment in transportation capital facilities. This might be done by referencing the goals and policies listed in the Capital Facilities Element (pp. 14-15).

### Bicycle Facilities Program

There is no expenditure proposed in 2014 (p. 49). In three of the previous four CFPs, funding proposed in the preceding CFP for the first out-year was eliminated. The 2012 letter from the Planning Commission to the Council noted that a failure to fund projected bicycle expenditures in future years has been a pattern. (See comment above in Out-Year Funding section).

The reliance on the Street Repair and Reconstruction program for future improvements in the bicycle infrastructure, as implied by the project list (p. 48) in the Draft CFP, does not reflect the emphasis on alternative transportation in both the current Comprehensive Plan, the recommended Update to the Comprehensive Plan, and the 2009 Bicycle Master Plan. Specifically, the proposed project list does NOT reflect the need to create a connected and coherent network of bicycle facilities.

The description of the proposed bicycle facilities, based on the Street Repair and Reconstruction Program, suggests that the very high cost of these proposed facilities is due, in part, to stormwater mitigation. The text should clarify the portion of the projected stormwater costs allocated to the Street Repair and Reconstruction Program and to the Bicycle Facilities Program.

The costs in the project list assigned to the proposed bicycle infrastructure appear to reflect standard "curb and gutter" designs. Alternative designs that consider swales or other stormwater infrastructure that might reduce costs, improve stormwater, and provide greater amenity should be considered.

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The CFP indicates that only 9% of the facilities in the 2009 Bicycle Master Plan have been completed. Given this very low level of implementation and the increase in bicycle use in the City, the CFP should recognize the need to update the 2009 Master Plan.

**Recommendation:** The CFP should acknowledge the continued postponement in the funding of the Bicycle Program. It should identify the need to update to 2009 Bicycle Master Plan, reconsider the project list (p. 48) to better reflect the needs for a connected bicycle infrastructure, and, where joint projects with the Street Repair and Reconstruction Program remain priorities, consider alternative designs to reduce costs.

### Sidewalk Construction Program

This program is distinct from the two “Parks and Pathways” programs (pp. 52-54). No sidewalk projects on “identified walking routes” (p. 57) are planned for 2014. The funding for the remaining five years is just over \$20,000 per year with the funds coming from the CIP Fund (p.58). This is far below the cost estimate for the three projects identified for the remaining five years, over \$7 million (p. 57).

**Recommendation:** The difference in intent and function between the two Parks and Pathways programs and the Sidewalk Construction Program is not clear and should be explained, as should the obvious disparity between the proposed funding for the two Parks and Pathway programs and the Sidewalk Construction Program.

### Pedestrian Crossing Improvements

The text states that timing or project completion is dependent on “available funds” (p. 55). Pedestrian safety would seem to be the highest priority of the City for at least three reasons: the value of human life, the need to encourage walking, and the potential cost to the City from liability claims.

**Recommendation:** Funding for Pedestrian Crossing Improvements, including lighted crosswalks, needs to be reconsidered in relation to both the goals and policies of the Comprehensive Plan and the recommended Update, and the liability of the City.

### Street Repair and Reconstruction

As noted in the maintenance section of this letter with respect to funding for street repair and reconstruction, "The assumed out-year funding of \$2.1 million falls far short of the \$5 million annual funding needed to keep street condition ratings from declining over the next 20 years" (Staff fact sheet, September 2013). The same fact sheet indicates that, in current dollars, the backlog of rehabilitation requires \$42 million dollars. Six million dollars per year is needed to reduce the backlog to \$2 million in 20 years. The currently proposed funding of \$1.85 million for 2014 and \$2.1 million for each of following five years will result in a significant drop in the street rating conditions and a significant increase in the backlog of required rehabilitation.

**Recommendation:** In response to the deteriorating rating for existing streets and the increasing backlog of streets in need of rehabilitation, the City should consider a public process to describe in clear and concise terms the existing street conditions and trends and the current street rating

target. It should then invite public comment on a desired street rating target and the possible means to fund the desired level of street repair and reconstruction.

## **TRANSPORTATION WITH IMPACT FEES** (pp. 65-75)

### Land Use Policy

The introduction (pp. 65-66) provides a useful overview of how transportation impact fees are determined. It notes that impact fee funded transportation projects need to account for the growth projections of the City. However, it lacks a discussion of how assumptions regarding the location of growth affect the calculation of impact fees.

**Recommendation:** The CFP should describe how the location of proposed projects affects the calculation of impact fees. Concurrently, the CFP should describe the land use trends and policies that determine the list of impact fee funded transportation projects. Most importantly, the CFP should describe how the projects proposed for funding with impact fees contribute to the goals in the Comprehensive Plan of a more compact and walkable city.

### Grants

The City cannot collect impact fees in the Urban Growth Area (UGA). The proposed projects in the UGA (p. 67) would be funded by grants, not impact fees.

**Recommendation:** Given the clearly stated objective in the Comprehensive Plan for a more compact city, the City's policy regarding application for grants supporting expansion of the City into the UGA needs to be examined. The City should not apply for state or federal funding of transportation projects in the Urban Growth Area until the City Council determines that such projects reflect land use goals of the Comprehensive Plan.

### Boulevard Road, Cain Road, Fones Road, Henderson Boulevard, Log Cabin Road and Wiggins Road Programs

The Boulevard Road Intersection Improvements Program identifies three "project sites" for roundabouts in response to the Boulevard Road Corridor Study. Three additional roundabouts are proposed in separate programs: one for Fones Road at Home Depot Driveway; one at the intersection of Henderson and Eskridge; and one at Wiggins Road and 37th Avenue. A signalization improvement is proposed at Cain Road and North Street and an extension is proposed on Log Cabin Road.

The projected funding of these projects from transportation impact fees is \$22.3 million (p. 19) of the total projected impact fee receipts over the next six years of \$27.3 million (pp. 66-67).

The investments appear designed to accommodate major development in the southeastern area of the City.

The "links" in each project description are cursory and provide little specific information on whether or how the projects will contribute to a more compact, walkable city. The rationale for the projects in the CFP is complex and reflects the inertia of a complex transportation planning

process. Consequently, a detailed critique of transportation impact fee funded projects is beyond the scope or expectations for this review by the Planning Commission.

**Recommendation:** For each of the projects proposed for funding in the transportation impact fee portion of the CFP, the project description should describe how the project will promote a more compact and walkable city. Specific attention should be directed to the land use assumptions used in generating the demand for the specific project.

## **GENERAL CAPITAL FACILITIES**

### Urban Forestry

The proposed update to the comprehensive plan contains numerous references to trees, including an urban forestry goal (GN3) with six policies, four of them new. Trees provide a number of vital functions, such as decreasing storm water runoff, reducing the effects of heat, and providing carbon sequestration. They also enhance the visual landscape, reduce stress, and promote mental health, as well as augment property value. However, the City does not have an urban forestry management plan or targeted goals for tree canopy. At present, the City only employs a half-time FTE urban forester. It seems prudent to include funding in the CFP to carry out the urban forestry goals, especially those associated with measuring and increasing tree canopy. The City of Seattle has developed an Urban Forestry Management Plan which can serve as a guide.

**OPC Recommendation:** The City should add funding in the CFP to develop an urban forestry management plan and support an urban forestry program within the six-year CFP time frame. Trees are an asset with numerous benefits to the community and require responsible management. The City could also develop partnerships with community groups to work on tree programs previously administered by Urban Forestry staff, such as the NeighborWoods Program.

## **UTILITIES**

### Wastewater Rates

Presently the Utility's wastewater rates are volume-based (according to the volume of drinking water a customer uses) for commercial customers, but one flat rate for residential customers. This means that a one-person household is charged the same rate for wastewater as a large family household. As recommended by the Utility Advisory Committee, the Utility in its draft Wastewater Management Plan intends to implement volume-based rates for residential customers. Under the plan, households that use less drinking water, which also produce less wastewater, would be charged lower rates than households that use more drinking water.

**Recommendation:** The Planning Commission recommends implementation of volume-based wastewater rates for residential customers to create a more equitable fee structure and encourage water conservation.



### Generator Replacement

The Utility intends to apply for state and federal clean diesel fuel retrofit program grants to assist in funding the replacement of two of its oldest diesel generators. Use of newer cleaner burning diesel technology will reduce diesel emissions and improve outdoor air quality. Diesel exhaust is a harmful air pollutant that has been linked to development of lung cancer and lung and heart disease.

**Recommendation:** The OPC supports pursuing grants to lower exposure to harmful pollutants such as diesel exhaust.

### Aquatic Habitat Protection

The Stormwater Utility has three stated goals for the storm and surface water utility: reduce flooding, improve water quality, and improve aquatic habitat functions. These goals have similar priority in the utility's policy documents. In 2013, only 2%, or about \$30,000 of funding, was proposed in the 2013-2018 CFP for habitat functions. Last year, the Planning Commission recommended that the Stormwater Utility consider increasing funding for land acquisition and other priority habitat improvements by shifting up to \$1,233,500 from noncritical flooding projects and using \$725,000 appropriation authority for land acquisition. The Utility Advisory Committee (UAC) also recommended greater emphasis and funding to fulfill aquatic habitat goals. Comprehensive Plan Goal GN6 and eight associated policies speak to the protection and restoration of aquatic habitat.

In March 2013, after further consultation with the UAC, the Utility decided to shift funding to aquatic habitat protection. The Draft CFP includes \$297,000 in 2014 and \$642,000 in 2015-2019 for aquatic land acquisition and stewardship (p. 105). Past spending authority for land acquisition resulted in limited purchases due to difficulty in finding appropriate affordable properties. Some of this spending authority was shifted to other projects.

**Recommendation:** The Planning Commission is strongly in favor of the Utility and the UAC's efforts to prioritize acquisition and stewardship of aquatic habitat lands. The Utility should make every effort to use all of the approximately \$1 million allocated in the six-year CFP for aquatic habitat land acquisition and stewardship since past funding authority was largely unused or diverted to other projects.

## **OLYMPIA SCHOOL DISTRICT**

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.

At this time, the Capital Facilities Plan of the School District for 2014-2019 is not available; it will be made available to the City in early October. The following comments are based on a

background summary of selected aspects of the School District's Draft Capital Facilities Plan presented to the Planning Commission in August.

1. 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. More importantly, a methodology employing a multi-year average of new home and apartment construction needs to be considered to reduce these swings and the seemingly random fee schedule.

For example, the single family home fee was \$2,735 in 2010, \$659 in 2011, \$2,969 in 2012, and \$5,179 in 2013. The multi-family home impact fee was \$1,152 in 2011, \$235 in 2012, and \$1,645 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. A clear explanation of the current methodology for the calculation of impact fees is important to public understanding of the School District's CFP (OSD Background Document, Slide 10).

2. The CFP for the OSD should describe expenditures by the OSD on the safe routes to school program and the coordination between such investments by the OSD and expenditures by the City for sidewalks and pathways.
3. The OSD owns playfields and open space that are used by residents of the City when not in use by students. The CFP for the OSD should discuss how maintenance of these facilities is paid by the OSD and whether the cost-sharing program between the OSD and the City of Olympia for proper maintenance of these facilities should be expanded.
4. The siting of schools has major implications for the health and learning environment of students and the transportation and land use goals of the City, as identified in the Comprehensive Plan. These implications include but are not limited to the effect of adjacent transportation facilities on pollution and noise levels, the feasibility of non-motorized access to schools by students, and the influence of school location on residential development. For these reasons, the City suggests the School District fund the development of specific siting criteria for school facilities.

## **CONCLUSION**

The Olympia Planning Commission and its Finance Subcommittee appreciate the opportunity to provide these comments and recommendations regarding the 2014-2019 Capital Facilities Plan. We hope the Council finds them helpful in their budget deliberations. We will gladly answer any questions that might arise from this letter.

We would like to express our appreciation for the work of all those who helped develop the Draft CFP and OSD CFP, and for those who patiently answered our many questions including Jane Kirkemo, Randy Wesselman, Mark Russell, David Hanna, Dave Okerlund, and Clark Halvorson of City staff and Jennifer Priddy of OSD. We would also like to thank the Utility Advisory

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Committee, Bicycle and Pedestrian Advisory Committee, and members of the public who provided comments and letters.

Thank you.

Sincerely,

**JERRY PARKER, CHAIR**  
Olympia Planning Commission

**ROGER HORN, CHAIR**  
OPC Finance Subcommittee