

**City of Olympia Report to the  
Olympia Metropolitan Park District Advisory Committee  
Regarding Section 4.1.1, (i) through (iv)  
For Fiscal Year 2020  
Presented May 5, 2021**

Section 4.1.3 of the 2016 Interlocal Agreement between the City of Olympia (City) and the Olympia Metropolitan Parks District (OMPD) requires the OMPD Advisory Committee (Committee) to provide an annual report to the City Council (Olympia) and the OMPD Board regarding the City's compliance with the funding levels in (i) and (iv) of Section 4.1.1 of the Interlocal Agreement. In 2018, Amendment No. 1 to the Interlocal Agreement expanded the scope of the report to include funding levels in (i) through (iv) of Section 4.1.1.

This document is a report to the Committee by the City regarding Section 4.1.1, (i) through (iv) of the Interlocal Agreement. These items are included under the COMPLIANCE FINDINGS section of this report.

**COMPLIANCE FINDINGS**

**SECTION 4.1.1 (i):**

Interlocal Agreement Language

"The City shall include in its annual General Fund Operating Budget revenues to support the Olympia Parks, Arts and Recreation Department (hereafter "OPARD") projects, programs and services in amounts necessary to meet or exceed the minimum funding described in this paragraph. The 2015 adopted net budget for OPARD is \$4.4 million which is 11% of the General Fund revenues calculated using the methodology in Addendum 1. This percentage so calculated will be the baseline for allocating General Fund revenues to OPARD in subsequent years, unless the City Council by resolution with a majority plus one ("super majority") vote of its members after public hearing, determines that an exigent financial circumstance or natural disaster prevents the Council from maintaining this level of General Fund support. The Council will approve OPARD's budget and provide oversight in accordance with the City's normal budget processes. In accordance with state guidelines, the City shall account for the OMPD and treat it as a Blended Component Unit and shall keep the necessary records to ensure the proper expenditure of all funds received by it for parks and recreation purposes, in accordance with this Agreement, state law and City ordinances."

Discussion

This section requires the City to allocate 11% of certain budgeted General Fund tax revenues to support the Olympia Parks, Arts and Recreation Department (OPARD). These revenues are the general use portion of: Property Tax, Sales Tax, Business & Occupation Tax, Admission Tax, Private Utility Tax, and Public Utility Tax. For the 2020 Budget, the City initially allocated \$5,413,497 to OPARD General Fund activities as part of the adopted budget, which represents 11% of the taxes referenced above.

Due to impacts related to the COVID-19 pandemic, in the later part of the year, the City revised the 2020 budgeted revenue projections resulting in a downward adjustment to the 11% allocated to OPARD. The

revised the allocation of \$5,372,814 was a reduction of \$40,683 from the original allocation. Please see detail in Addendum 1 at the end of the report.

#### Compliance Status

For 2020, the City met and exceeded the 11% allocation and was in compliance with this section.

#### **SECTION 4.1.1 (ii):**

##### Interlocal Agreement Language

"The City commits to use the 2% Voted Utility Tax (VUT) revenues to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable."

##### Discussion

The City imposes a voter-approved utility tax (VUT) of 2% on private utilities (electric, gas and telephone) for park purposes. All VUT tax revenue is recorded in a Special Revenue Fund and restricted for the parks' uses identified above.

The City's 2020 budget included \$1,778,846 for the 2% VUT revenue. The 2020 budget allocated the following uses of this budgeted revenue:

- |                     |   |
|---------------------|---|
| • \$1,014,000       | Parks' Land Acquisition                               |
| • \$ 673,000        | Parks' Debt Service of previously purchased park land |
| • <u>\$ 300,000</u> | Parks' Maintenance                                    |
| \$1,986,000         | Total   |

#### Compliance Status

For 2020, the City met and exceeded the 2% VUT allocation and was in compliance with this section.

#### **SECTION 4.1.1 (iii):**

##### Interlocal Agreement Language

"The City commits to use one-half of the 1% Non-Voted Utility Tax (NVUT) revenues to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable."

##### Discussion

The City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). This section requires the City to commit 1/2 of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties. These NVUT revenues are recorded in a Capital Projects Fund and restricted for the parks' uses identified above.

The City's 2020 budget included \$444,756 for 1/2 of the 1% NVUT revenue. The budget allocated \$423,190 for Parks' Land Acquisition use of this budgeted revenue. The variance of \$21,566 remained in the Capital Projects Fund for future parks use as stated above.

#### Compliance Status

For 2020, the City was in compliance with this section.

#### **SECTION 4.1.1 (iv):**

##### Interlocal Agreement Language

"The City intends to allocate in its budget the remaining one-half of the Non-Voted Utility Tax (NVUT) to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable. If such budget allocation does not occur, to the extent a year end fund balance exists, then the City intends, absent an exigent financial circumstance, to allocate the first \$500,000 of that balance to such purposes."

##### Discussion

As noted above, the City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). Section 4.1.1. (iii) requires the City to commit 1/2 of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties and this section requires the City to commit the *remaining* 1/2 of the 1% NVUT for the same purposes. These NVUT revenues are recorded in a Capital Projects Fund and restricted for the parks' uses identified above.

The City's 2020 budget included \$444,756 for 1/2 of the 1% VUT revenue. The budget allocated \$423,190 for Parks' Land Acquisition use of this budgeted revenue. The variance of \$21,566 remained in the Capital Improvement Fund for future parks use as identified above.

In addition, due to COVID-19 related impacts, the City used an exigent financial circumstances declaration and allocated \$423,000 for Parks operating purposes.

##### Compliance Status

Due to economic impacts related to the COVID-19 pandemic, the City Council passed Resolution M-2116 declaring exigent financial circumstances that prevented the City from complying with this section of the Interlocal Agreement. With the declaration in place for 2020, the City was in compliance with this section.

**ADDENDUM 1**

Olympia General Fund Revenue Budget relevant for OPARD 11% allocation.

<b>2020 Revised Budget -OPARD 11% Allocation</b>	
<b>Revenue Type</b>	<b>Budgeted Projection</b>
Sales Tax	\$19,623,352
B&O & Admission Tax	\$6,262,064
Property Tax	\$12,487,866
Private Utility Tax	\$4,442,871
Public Utility Tax	\$6,027,614
Grand Total	\$48,843,767
<b>Total 11% Allocation</b>	<b>\$5,372,814</b>