



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Wednesday, May 13, 2015

5:00 PM

Room 207

1. ROLL CALL

2. CALL TO ORDER

3. APPROVAL OF MINUTES

3.A [15-0476](#) Approval of April 24, 2015 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

4. COMMITTEE BUSINESS

4.A [15-0474](#) The Washington Center Financial Outlook

4.B [15-0478](#) Debrief of May 5 Study Session on Developing a Sustainable Budget

4.C [15-0355](#) Review of Proposed Capital Facilities Element (CFE) Prior to Inclusion in the 2016-2020 Capital Facilities Plan (CFP) Process

Attachments: [Draft CFE Goals & Policies](#)

4.D [15-0456](#) Community Planning and Development Request for Additional Staff

Attachments: [Construction Value and Revenue](#)

5. ADJOURNMENT

The City of Olympia is committed to the non-discriminatory treatment of all persons in employment and the delivery of services and resources. If you require accommodation for your attendance at the City Council Committee meeting, please contact the Council's Secretary 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
360-753-8447

Finance Committee

Approval of April 24, 2015 Finance Committee Meeting Minutes

Agenda Date:
Agenda Item Number: 3.A
File Number: 15-0476

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

Title

Approval of April 24, 2015 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8447

Friday, April 24, 2015

12:00 PM

Room 207

1. ROLL CALL

Present: 3 - Chair Jim Cooper, Committee Member Nathaniel Jones and Committee Member Cheryl Selby

2. CALL TO ORDER

Chair Cooper called the meeting to order at 12:02 p.m.

3. APPROVAL OF MINUTES

3.A [15-0411](#) Approval of April 8, 2015 Finance Committee Meeting Minutes

The minutes were approved.

4. COMMITTEE BUSINESS

4.A [15-0395](#) Continued Discussion on Funding Options

Committee member Jones asked for clarification on whether Transportation was exclusively using a least-cost approach to pavement management. Public Works Transportation Director Mark Russell discussed the prioritization of maintenance and affirmed they use a least-cost approach. Administrative Services Director Jane Kirkemo clarified that the department also uses a worst-first approach -- both methods have always been employed in pavement management. There is also a backlog of streets that could have been saved at one point under the least-cost method but due to lack of funding, now need to be repaved.

Following up on a previous Committee meeting, Committee member Jones asked staff for a long-term comparison of revenues and expenditures on a per capita basis. Meeting attendees disagreed on exactly what information to present and how to present it in a meaningful way to help the public understand the funding gap. Assistant City Manager Jay Burney said staff needs time to think about what/how to present information. Committee member Jones wants to be able to have a way to explain to voters why we are in the financial situation we are in and what it will take to improve it.

Chair Cooper listed four options the City Council could take for a sustainable budget:
1) Maintain status quo. This results in major cuts in three to five years, mostly in Parks. (There is no statutory requirement for Parks.)

- 2) Direct all Voted Utility Tax (VUT) funding to land acquisition, development, and operations and maintenance (O&M) of newly acquired land. This results in Parks O&M cuts everywhere except VUT properties
- 3) Direct all VUT funding to Parks for O&M. This results in no land acquisition.
- 4) Implement an Olympia Metropolitan Parks District (MPD) and dedicate VUT funding to land acquisition and the development and O&M of VUT properties. This results in a well-funded Parks department with sufficient funding for acquisition and development.

Committee members Jones and Selby both support option four, but Committee member Jones remarked that many details will need to be sorted out to be able to educate the public. For example, how much money are we talking about? What will we get for this money? What parcels are we talking about? Ms. Kirkemo stated the success of the proposal includes citizen education on what we will use the funds for and how does an Olympia MPD works.

Committee member Jones then inquired what the next steps are to move forward. He believes the Committee is ready to bring the concept (i.e. MPD) forth at the Council meeting on May 5. He acknowledged there are pieces of information missing and asked City staff for help. The Committee agreed they would like to see a measure for funding an Olympia MPD on the November 2015 ballot.

Chair Cooper said he would like to see dollar amounts attached to his options, along with Non-voted Utility Tax to see what it looks like.

The Committee agreed to forward funding recommendations for consideration at the May 5 Council Study Session.

4.B [15-0407](#) Oral Report - Update on Discussions about Patrolling Budd Inlet and Olympia's Harbor Area

Committee member Selby began discussion by reminding everyone that the State previously funded the Olympia Harbor Patrol. When that funding was lost, interested parties met to brainstorm ideas on how to save the program. Committee member Selby and Olympia Police Chief Ronnie Roberts met with Harbor Patrol volunteers and the Port of Olympia. The Port has agreed to enter into an interlocal agreement with the City whereby they would take over ownership of our vessel and the Harbor Patrol program. The volunteers will staff the program. Since the new program will not have authority to issue citations, it will be rebranded as "Harbor Ambassadors" rather than Harbor Patrol.

The plan includes a three-year transition period where the City splits costs with the Port. The City will fund the program with \$8,000 per year for three years to help cover the cost of rebranding (logo, uniforms, etc.). Chief Roberts indicated the Port and volunteers will work with the Sheriff's office on enforcement issues.

The report was discussed and forwarded to the May 5 City Council meeting.

5. ADJOURNMENT

Chair Cooper adjourned the meeting at 1:44 p.m.



Finance Committee

The Washington Center Financial Outlook

Agenda Date: 5/13/2015
Agenda Item Number: 4.A
File Number: 15-0474

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

Title

The Washington Center Financial Outlook

Recommended Action

City Manager Recommendation:

Recommend allocation of \$125,000 from The Washington Center Endowment to support Center operations for the 2014-2015 program year. Commit to fund a Development Director for two years.

Report

Issue:

Consider use of \$125,000 from the Center's Endowment to support Center operations for the 2014-2015 program year. Also, consider funding a full time Development Director for the Center.

Staff Contact:

Steve Hall, City Manager, 360.753.8447

Jane Kirkemo, Administrative Services Director, 360.753.8499

Presenter(s):

Jill Barnes, Executive Director for The Washington Center for the Performing Arts

Background and Analysis:

The City owns The Washington Center. It is operated by contract through a nonprofit organization directed by a volunteer Board of Directors. The economic recession has created budget challenges for the Center and lead the Board to embark on a revised business model for the Center. The Board has hired an Executive Director who has focused in large part on restoring fiscal balance in Center operations over the past 18 months. While some positive results have been achieved, the Center is not able to meet all its expenses with existing revenues.

The City staff, Councilmember Cooper (Chair of Finance Committee), and Councilmember Roe (The Washington Center Liaison) have had several meetings with Center staff and Board to decide how to proceed. It is clear that the world has changed in terms of support and financing for publicly owned performing arts theaters.

Consequently, the model of City funding must also change to support continuation of this operation; particularly theaters where the main mission is to support local not-for-profit performance groups.

Short Term

- Use \$125,000 from The Washington Center Endowment to cover current expenses from the 2014-2015 fiscal year.
- Provide funding for a full time dedicated Development Director for the Center (two year commitment - \$75,000 per year).
- Support the Center with implementation of its Strategic Business Plan to grow revenues for its operation.

Long Term

- Consider greater use of accommodation tax revenue to support the Center.
- Use resources from sale of the West Olympia commercial property to support the Center.
- Identify other funding options.

Neighborhood/Community Interests (if known):

The Washington Center provides a venue for dozens of local performing arts organizations. Ensuring success of the Center will allow these groups to continue and to thrive.

Options:

1. Recommend use of \$125,000 from the Endowment
2. Amend the request
3. Deny the request

Financial Impact:

The Washington Center Endowment has a current balance of \$1,317,450.



Finance Committee

Debrief of May 5 Study Session on Developing a Sustainable Budget

Agenda Date: 5/13/2015
Agenda Item Number: 4.B
File Number: 15-0478

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

Title

Debrief of May 5 Study Session on Developing a Sustainable Budget

Recommended Action

City Manager Recommendation:

Discuss what actions the finance committee needs to take after the May 5 study session proposing a metropolitan parks district.

Report

Issue:

How does the Committee address the questions raised in the study session?

Staff Contact:

Steve Hall, City Manager, 360.753.8447

Jane Kirkemo, Administrative Services Director, 360.753.8499

Paul Simmons, Parks, Arts and Recreation Director, 360.754.8462

Presenter(s):

Steve Hall, City Manager

Jane Kirkemo, Administrative Services Director

Paul Simmons, Parks, Arts and Recreation Director

Background and Analysis:

The Finance Committee held a study on May 5 to discuss potentially placing a ballot measure to establish an Olympia Metropolitan Parks District (OMPD) on the 2015 general election. The Council asked how an OMPD fit into the bigger financial strategy and how the proceeds (approximately \$3 million) from the OMPD would be spent. At the meeting staff will work with the Committee to define a proposal for the full Council to review.

Neighborhood/Community Interests (if known):

The Committee held a meeting with stakeholders to discuss some of the options to developing a sustainable budget.

Options:

Staff will be prepared to discuss a proposed budget for the OMPD.

Financial Impact:

As proposed, the OMPD would increase property taxes 0.54/\$1000 of Assessed Value (AV) and cost the owner of a \$250,000 home approximately \$135/year representing a 22% increase in City property taxes.



Finance Committee

Review of Proposed Capital Facilities Element (CFE) Prior to Inclusion in the 2016-2020 Capital Facilities Plan (CFP) Process

Agenda Date: 5/13/2015
Agenda Item Number: 4.C
File Number: 15-0355

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

Title

Review of Proposed Capital Facilities Element (CFE) Prior to Inclusion in the 2016-2020 Capital Facilities Plan (CFP) Process

Recommended Action

City Manager Recommendation:

Review the proposed CFE and incorporate the proposed CFE (with any revisions) into the 2016-2020 CFP process.

Report

Issue:

Review the proposed CFE and incorporate the proposed CFE (with any revisions) into the 2016-2020 CFP process.

Staff Contact:

Jane Kirkemo, Administrative Services Director, 360-753-8499

Presenter(s):

Jane Kirkemo, Administrative Services Director

Background and Analysis:

Last year staff and the Planning Commission reviewed and revised the CFE of the Comprehensive Plan. As a part of setting the Finance Committee's 2015 Work Plan, you agreed to include the proposed CFE in the 2016-2020 CFP process. This will provide three opportunities for public input: a Planning Commission public hearing in August, a Council public hearing in October, and a Council budget hearing in November.

Today's meeting provides an opportunity to make any changes or clarifications prior to public comment. The Council will still have an opportunity to revise/amend the CFE as a part of the budget process.

Neighborhood/Community Interests (if known):

The neighborhoods, Coalition of Neighborhoods Association, and other community groups will have

several opportunities to comment on the CFE.

Options:

N/A

Financial Impact:

N/A

Draft Capital Facilities Element of the Comprehensive Plan

Goal 1: The Capital Facilities Plan provides the public facilities needed to promote orderly compact urban growth, protect investments, maximize use of existing facilities, encourage economic development and redevelopment, promote private investment, increase public wellbeing and safety, and implement the Comprehensive Plan.

Policy 1.1: Annually review, update and amend a six-year Capital Facilities Plan that:

- a. Is subject to annual review and adoption, respectively, by the Planning Commission and City Council.
- b. Is consistent with the Comprehensive Plan, master plans and adopted investment strategies.
- c. Defines the scope and location of capital projects or equipment;
- d. States why each project is needed and its relationship to established levels of service.
- e. Includes project construction costs, timing, funding sources, and projected operations and maintenance impacts.
- f. Serves as the City's plan for capital project development.
- g. Includes an inventory of existing capital facilities and a forecast of capital facility needs;
- h. Monitors the progress of capital facilities planning with respect to rates of growth, development trends, changing priorities, and budget and financial considerations.
- i. Considers needs and priorities beyond the 6-year time horizon.
- j. Is coordinated with Thurston County and the Olympia School District if school impact fees are being charged.

Policy 1.2: Encourage active citizen participation throughout the process of developing and adopting the Capital Facilities Plan. Provide the public with adequate time to review and respond to the Plan and related proposals.

Policy 1.3: Support joint development and use of facilities such as parks and museums, and protection of shared resources such as critical areas and open space.

Policy 1.4: Coordinate with other capital facilities service providers to keep each other current, maximize cost savings, and schedule and upgrade facilities efficiently.

Policy 1.5: Evaluate and prioritize proposed capital improvement projects using the following long-term financial strategy principles and guidelines:

- a. Do projects well or not at all.
- b. Focus programs on Olympia residents and businesses.
- c. Preserve and maintain physical infrastructure.
- d. Use an asset management approach to the City's real estate holdings.
- e. Use unexpected one-time revenues for one-time costs or reserves.
- f. Pursue innovative approaches.
- g. Maintain capacity to respond to emerging community needs.
- h. Address unfunded mandates.
- i. Selectively recover costs.
- j. Recognize the connection between the operating and capital budgets.

- k. Utilize partnerships wherever possible.
- l. Stay faithful to City goals over the long run.
- m. Think long-term.

Policy 1.6: Ensure that capital improvement projects are:

- a. Financially feasible.
- b. Consistent with planned growth patterns provided in the Comprehensive Plan.
- c. Consistent with State and Federal law.
- d. Compatible with plans of state agencies.
- e. Sustainable within the operating budget.

Policy 1.7: Give priority consideration to projects that:

- a. Are required to meet State or Federal law.
- b. Implement the Comprehensive Plan.
- c. Are needed to meet concurrency requirements for growth management.
- d. Are already initiated and to be completed in subsequent phases.
- e. Renovate existing facilities to remove deficiencies or allow their full use, preserve the community's prior investment or reduce maintenance and operating costs.
- f. Replace worn-out or obsolete facilities.
- g. Promote social, economic, and environmental revitalization of commercial, industrial, and residential areas in Olympia and its Growth Area.
- h. Are substantially funded through grants or other outside funding.
- i. Address public hazards.

Policy 1.8: Adopt each update of this Capital Facilities Plan as part of the Comprehensive Plan.

Policy 1.9: Adopt by reference updates of the Olympia School District Capital Facilities Plan as part of this Capital Facilities element. Identify and recommend to the District that it revise any elements of the School District's plan that are inconsistent with the Comprehensive Plan.

Policy 1.10: Monitor the progress of the Capital Facilities Plan on an ongoing basis.

Policy 1.11: Recognize the year in which a project is carried out, or the exact amounts of expenditures by year for individual facilities, may vary from that stated in the Capital Facilities Plan due to:

- a. Unanticipated revenues or revenues that become available to the City with conditions about when they may be used,
- b. Change in the timing of a facility to serve new development that occurs in an earlier or later year than had been anticipated in the Capital Facilities Plan,
- c. The nature of the Capital Facilities Plan as a multi-year planning document. The first year or years of the Plan are consistent with the budget adopted for that financial period. Projections for remaining years in the Plan may be changed before being adopted into a future budget.

Goal 2: As urbanization occurs, the capital facilities needed to direct and serve future development and redevelopment are provided for Olympia and its Urban Growth Area.

Policy 2.1: Provide the capital facilities needed to adequately serve the future growth anticipated by the Comprehensive Plan, within projected funding capabilities.

Policy 2.2: Plan and coordinate the location of public facilities and utilities to accommodate growth in advance of need, and in accordance with the following standards:

- Coordinate urban services, planning, and standards by identifying, in advance of development, sites for schools, parks, fire and police stations, major stormwater facilities, greenbelts, and open space consistent with goals and policies promoting compact growth in the Comprehensive Plan. Acquire sites for these facilities in a timely manner and as early as possible in the overall development of the area.
- Assure adequate capacity in all modes of transportation, public and private utilities, municipal services, parks, and schools.
- Protect groundwater from contamination and maintain groundwater in adequate supply by identifying and reserving future supplies well in advance of need.

Policy 2.3: Use the type, location, and phasing of public facilities and utilities to direct urban development and redevelopment consistent with the Comprehensive Plan. Consider the level of key facilities that can be provided when planning for various densities and types of urban land use.

Policy 2.4: Ensure adequate levels of public facilities and services are provided prior to or concurrent with land development within the Olympia Urban Growth Area.

Policy 2.6: When planning for public facilities, consider expected future economic activity.

Policy 2.7: Maintain a process for identifying and siting essential public facilities consistent with state law and County-wide Planning Policies.

Goal 3: The City prudently manages its fiscal resources to provide needed capital facilities.

Policy 3.1: Ensure a balanced approach to allocating financial resources among: (1) maintaining existing facilities, (2) eliminating existing capital facility deficiencies, and (3) providing new or expanding facilities to serve development and encourage redevelopment.

Policy 3.2: Use the Capital Facilities Plan to integrate all of the community's capital project resources (grants, bonds, city funds, donations, impact fees, and any other available funding).

Policy 3.3: Allow developers who install infrastructure with excess capacity to use latecomers agreements wherever reasonable.

Policy 3.4: Pursue funding strategies that derive revenues from growth that can be used to provide capital facilities to serve that growth. These strategies include, but are not limited to:

- Collecting impact fees for transportation, parks and open space, and schools.
- Allocating sewer and water connection fees primarily to capital improvements related to urban expansion.
- Developing and implementing other appropriate funding mechanisms to ensure new development's fair share contribution to public facilities.

Policy 3.5: Assess the additional operations and maintenance costs associated with acquisition or development of new capital facilities. If accommodating these costs places a financial burden on the operating budget, consider adjusting the capital plans.

Policy 3.6: Achieve more efficient use of capital funds through joint use of facilities and services by utilizing measures such as inter-local agreements, regional authorities, and negotiated use of privately and publicly owned land.

Policy 3.7: Consider potential new revenue sources for funding capital facilities, such as:

- a. Growth-induced tax revenues.
- b. Additional voter-approved revenue.
- c. Regional tax base sharing.
- d. Regional cost sharing for urban infrastructure.
- e. County-wide bonds.
- f. Local Improvement Districts.

Policy 3.8: Choose among the following available contingency strategies should the City be faced with capital facility funding shortfalls:

- Increase general revenues, rates, or user fees; change funding source(s).
- Decrease level of service standards in the Comprehensive Plan and reprioritize projects to focus on those related to concurrency.
- Change project scope to decrease the cost of selected facilities or delay construction.
- Decrease the demand for the public services or facilities by placing a moratorium on development, developing only in served areas until funding is available, or changing project timing and/or phasing.
- Encourage private funding of needed capital project; develop partnerships with Lacey, Tumwater and Thurston County (the metropolitan service area approach to services, facilities or funding); coordinate regional funding efforts; privatize services; mitigate under the State Environmental Protection Act (SEPA); issue long-term debt (bonds); use Local Improvement Districts (LID's); or sell unneeded City-owned assets.

Policy 3.9: Secure grants or private funds, when available, to finance capital facility projects when consistent with the Comprehensive Plan.

Policy 3.10: Reassess the Land Use Element of the Comprehensive Plan if probable funding for capital facilities falls short of needs.

Goal 4: Public facilities constructed in Olympia and its Growth Area meet appropriate safety, construction, durability and sustainability standards.

Policy 4.1: Adhere to Olympia's Engineering Development and Design Standards when constructing utility and transportation related facilities.

Policy 4.2: Regularly update the Engineering Development and Design Standards.

Policy 4.3: Ensure that the Engineering and Development and Design Standards are consistent with the Comprehensive Plan.

Policy 4.4: Apply value engineering approaches on major projects in order to efficiently use resources and meet community needs.



Finance Committee

Community Planning and Development Request for Additional Staff

Agenda Date: 5/13/2015
Agenda Item Number: 4.D
File Number: 15-0456

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

Title

Community Planning and Development Request for Additional Staff

Recommended Action

City Manager Recommendation:

Approve the staffing increases and place the ordinance on first reading for council.

Report

Issue:

Should the Council increase staffing for Community Planning and Development (CPD) and appropriate some of the budget excess revenue?

Staff Contact:

Steve Hall, City Manager, 360.753.8447

Jane Kirkemo, Administrative Services Director, 360.753.8499

Keith Stahley, Community Planning and Development, 360.753.8227

Presenter(s):

Jane Kirkemo, Administrative Services Director

Steve Hall, City Manager

Keith Stahley, Community Planning and Development Director

Background and Analysis:

During the recession, there was a significant decline in new construction and the corresponding revenue. Therefore, we cut the number of plans examiners and inspectors. Compared to 2008, we have cut four plans examiners and five inspectors. When we have building surges we have tried to use temporary employees or contract out the work. See Table I in the attachment.

In addition, code enforcement requests continue to increase in volume and complexity.

The increase in activity translates to an increase in revenue. See Table II in the attachment.

Staff is requesting to add one code enforcement officer/building inspector and one commercial plans examiner. As you can see from the numbers, we are on track to more than cover the additional

costs.

It takes full Council approval to add staff mid-year and it takes Council authority to appropriate the revenue. Staff is requesting to appropriate \$110,000 to cover the costs for 2015 (\$96,000 for salary and benefits for six months, plus a vehicle and other necessary equipment). The additional costs will be reflected in the 2016 budget.

Neighborhood/Community Interests (if known):

We are in a crisis mode with a number of our bigger clients/projects and as activity has picked up from our neighboring cities we cannot rely on them to fill in when needed.

Options:

1. Appropriate the funds and approve the additional FTEs.
2. Do not appropriate the funds and slow down the construction activity.

Financial Impact:

The difference between taxes and fees is fees may only be charged to “reasonably” cover the costs of expenses. In recent years we have had a significant surplus in building related fees. The options are to increase expenses (add staff) or reduce the fees. Staff is proposing to add two additional staff. Salary, benefits, and equipment for the two employees is \$110,000.

Table I

CONSTRUCTION VALUATION BY YEAR						
Type	2010	2011	2012	2013	2014	2015 Estimate*
New Commercial	\$39,787,897	\$47,977,000	\$30,318,219	\$19,020,276	\$36,491,631	\$96,284,925
New Multi-Family	\$2,556,484	\$2,850,000	\$12,253,369	\$31,751,347	\$18,410,779	\$4,312,953
New Single Family Residential	\$33,139,219	\$22,695,208	\$25,261,951	\$37,088,571	\$38,906,486	\$23,576,676
Total	\$75,483,600	\$73,522,208	\$67,833,539	\$87,860,194	\$93,808,896	\$124,174,554

Table II

2015 REVENUE				
Program	Budget	YTD Revenue (through 3/31/15)	Revenue Over/Under Goal	% Budget to Actual
Administration	\$500	\$4,117	(\$3,617)	823.3%
Community Planning	\$235,390	\$37,455	\$197,935	15.9%
Development Permit Services	\$2,334,450	\$811,079	\$1,523,371	34.7%
Total	\$2,570,340	\$852,650	\$1,717,690	33.2%