

## **Utilities**

**August 3, 2023 UAC Review Draft –  
revisions reviewed in August in red**

**AUGUST 3, 2023 UAC DISCUSSION  
NOTES ADDED IN ALL CAPS**

**Requested edits by UAC members  
added in highlight**

**November 2, 2023 Staff proposed  
revisions to general financial  
policies – revisions in blue outline**

**Proposed new introductory text:**

**Olympia's utilities are responsible for  
funding all of their related costs through  
user fees; they do not depend on tax  
revenues, or General Fund resources.  
Additionally, Olympia's utilities are subject  
to a municipal utility tax which serves as a  
source of operating revenue for the City.**

**NOVEMBER 2, 2023 UAC DISCUSSION IN RED SHADOW – THE PROPOSED INTRODUCTORY TEXT SHOULD BE REVISED TO REFLECT THAT THE MUNICIPAL UTILITY TAX IS PASSED ON TO THE RATE PAYERS “PASSED THROUGH TO THE RATE PAYERS”**

## **Goals and Policies**

**GU1 Utility and land use plans are coordinated so that utility services can be provided and maintained for proposed future land uses.**

**PU1.1** Require annexation of all properties for which new City wastewater or drinking water services are requested if the property is outside the City, but inside the Urban Growth Area. Or, require property owners to sign a Binding Agreement to Annex when requested by the City.

**PU1.2** Require new developments to construct drinking water, wastewater and stormwater utilities and provide space for solid waste collection in ways that meet the community development, environmental protection, and resource protection goals of this Plan, and that are consistent with adopted utility plans and extension policies.

**PU1.3** Evaluate land use plans and utility goals periodically to ensure growth is guided by our knowledge of current environmental constraints. This includes, including risks from climate change, and the latest available utility technology and up-to-date growth and development projections, including those that which incorporate climate migration considerations.

**PU1.4** 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.

**PU1.5** Ensure that public utility and transportation-related facilities constructed in Olympia and its Urban Growth Area meet City standards for safety, constructability, durability and maintainability. (See City of Olympia Engineering Design and Development Standards.)

**PU1.6** Annually update the utility portions of the Capital Facilities Plan to

reevaluate infrastructure priorities.

**GU2 Reliable utility service is provided at the lowest reasonable cost, consistent with the City's aims of environmental stewardship, social equity, economic development and the protection of public health.**

**PU2.1** Ensure that new development projects pay for their own utility infrastructure based on their expected needs for the next 20 years. This while also includes balancing the City's social equity and affordable housing goals; and Also requires development projects ~~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.

AUGUST 3, 2023 UAC DISCUSSION: THE UAC EXPRESSED CONCERN WITH THE INCREASE IN THE UTILITY TAX WHICH IS APPLIED TO UTILITY RATES, PAID BY UTILITY CUSTOMERS AND USED TO FINANCE THE CITY'S GENERAL FUND. THROUGH THE CHAPTER UPDATE PROCESS, STAFF AND THE UAC WILL WORK ON POTENTIAL LANGUAGE TO ADDRESS THE CONCERN THAT INCREASING UTILITY TAXES IMPACTS THE AFFORDABILITY OF RATES AND THE UTILITIES' ABILITY TO RAISE THE REVENUE REQUIRED TO ACCOMPLISH UTILITY GOALS.

**PU2.2** Ensure that utility fees, such as rates and general facility charges, are structured to reasonably reflect the actual cost of providing services to each customer rate-service class. Fees must also encourage customers to conserve water and reduce their demand on our wastewater treatment system.

**PU2.3** Provide special rates for low-income senior and low-income, disabled utility customers and consider expanding the Helping Neighbors Charitable Fund Program to further the City's social equity goals.

AUGUST 3, 2023 UAC DISCUSSION: BY CALLING OUT A PARTICULAR PROGRAM, IT MAY LIMIT THE UTILITIES' ABILITY TO ACCOMPLISH AN EXPANSION OF THE UTILITIES' FINANCIAL ASSISTANCE PROGRAMS. THROUGH THE CHAPTER UPDATE PROCESS, STAFF AND THE UAC WILL REVISE THIS POLICY LANGUAGE.

November 2, 2023 Proposed Change:  
Provide special rates for low-income senior and low-income disabled utility customers and consider expanding established or

creating new special rate programs overtime to further the City's social equity goals.

**NOVEMBER 2, 2023 UAC DISCUSSION:  
REVISED LANGUAGE LOOKS GOOD AS  
PROPOSED.**

**PU2.4** Ensure that adequate funds are generated by the City's utilities to maintain utility services and capital improvement programs.

**PU2.5** Use fiscally responsible management practices in order to maintain favorable bond ratings for the City's utilities.

**PU2.6** Provide service to existing and new customers consistent with the legal obligation of City utilities to provide service.

**PU2.7** Use pricing and incentives to encourage utility customers to reduce waste, recycle, conserve water, and help protect our surface water quality.

**PU2.8** Use debt financing responsibly to support needed capital facility investments and "smooth" rate impacts.

**PU2.9** Use Developer Reimbursement Agreements that include "latecomer fees" and similar tools to enable property owners to recover some of the initial costs of extending infrastructure to serve their developments, when others connect to such extensions at a later date.

**PU2.10** Consider the social, economic and environmental impacts of utility repairs, replacements and upgrades while balancing the fair distribution of services and benefits to the entire community.

**PU2.11.** Pursue grant funding (e.g. state, federal) opportunities to enhance utility services.

**November 2, 2023 Staff proposed new financial policies:**

PU2.12. Changes to the municipal utility tax will be evaluated against City-owned utilities' ability to deliver service, the City's operating budget needs, and social and equity goals.

**NOVEMBER 2, 2023 UAC DISCUSSION: INCREASES TO THE MUNICIPAL UTILITY TAX CAN ALSO RESULT IN DEFERRED CAPITAL BUDGETS – BALANCING THE SHORT TERM NEEDS WITH LONG TERM NEEDS (IE THE NEED TO ADDRESS AGING INFRASTRUCTURE) SHOULD BE ADDED – IT IS A CHOICE THAT NEEDS TO BE MADE EVERY YEAR – RECOGNIZING CLIMATE CHANGE IN THE POLICY STATEMENT WAS ALSO SUGGESTED “IN THE FACE OF EVER CHANGING EFFECTS OF CLIMATE CHANGE”. IT WAS ALSO SUGGESTED THAT THE UAC PROVIDE SPECIFIC COMMENT ON THE MUT IN THEIR UTILITIES CHAPTER COMP PLAN LETTER OF RECOMMENDATION.**

PU2.13. City-owned utilities will use long-range financial planning, policies and transparent processes to guide rate, capital project and operational decisions.

**GU3 Utilities are developed and managed efficiently and**

**effectively.**

**PU3.1** Coordinate public utility functions (such as operations and maintenance, public education and outreach, and Capital Facilities planning) for drinking water, wastewater, storm and surface water, and waste resources.

**PU3.2** Regularly **review and where needed** revise the [Olympia Municipal Code](#) and Engineering Development and Design Standards to give detailed guidance on how utility services should be delivered and paid for in accordance with the principles established in this Comprehensive Plan.

**PU3.3** Update all utility master plans regularly and in accordance with state law. When updating utility master plans ensure the City's climate and social equity goals are considered.

**PU3.4** Coordinate long-term planning and scheduling of utility capital improvements with neighboring jurisdictions and other local agencies, such as LOTT.

**PU3.5** Work with neighboring jurisdictions to provide regionally coordinated utility systems for urban services that benefit from a regional approach.

**PU3.6** Locate public and private utilities in public rights-of-way and/or easements on private property in a manner to facilitate safe and efficient operation, maintenance and repair, and to minimize conflicts. Provide guidance within the Engineering Design and Development Standards that shows how and where public and private utilities should be located, including opportunities for co-location.

**PU3.7** Evaluate programs for effectiveness and efficiency on a regular basis.

**PU3.8** Contribute a portion of utility revenue each year to provide outreach and engagement programs that are inclusive, accessible and representative of the entire community and result in the fair distribution of services and benefits ~~educational programs for schools, neighborhoods and community organizations~~ to help meet utility goals.

**PU3.9** Ensure consistent maintenance, asset management, and emergency management practices for all utilities.


**GU4 Use Olympia's water resources efficiently to meet the needs of the community, reduce demand on facilities, and protect the natural environment.**

**PU4.1** Encourage and allow re-use techniques, including: rainwater collection, greywater systems, and the use of Class A reclaimed water as alternatives to use of potable water, in order to This can enhance stream flows or recharge aquifers, while also protecting water quality and be consistent with local and State regulations.

**PU4.2** Develop specific targets for reducing potable water use.

**PU4.3** Raise community awareness about why and how to conserve water.

**PU4.4** Reduce water system leakage as much as possible, at a minimum below the Washington State limit of 10 percent of total water production on a three-year rolling average.

**PU4.5** Model best practices in our City operations and the [Olympia Municipal Code](#) .

**PU4.6** Advance the use of reclaimed water as defined in Council-adopted policies and as outlined in the Drinking Water Utility's Water System Plan.