



# Meeting Agenda

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

---

**Wednesday, October 17, 2018**

**5:30 PM**

**Room 207**

---

**1. CALL TO ORDER**

**2. ROLL CALL**

**3. APPROVAL OF AGENDA**

**4. PUBLIC COMMENT**

*(Estimated Time: 0-15 Minutes)*

*During this portion of the meeting, citizens may address the Committee for up to three (3) minutes regarding the Committee's business meeting topics.*

**5. APPROVAL OF MINUTES**

**5.A [18-0980](#) Approval of September 19, 2018 Finance Committee Meeting Minutes**

**Attachments:** [Minutes](#)

**6. COMMITTEE BUSINESS**

**6.A [18-0993](#) Budget Snapshot - General Property Tax 1 Percent Limitation and Uses**

**6.B [18-0991](#) Discussion of Proposal to Revise the Operating Budget Policy to Include a Budget Stabilization Reserve**

**6.C [18-0668](#) Preliminary Review of 2019 Utility Rates and General Facility Charges**

**6.D [18-0973](#) Update on Proposed Parking Fee Increases**

**Attachments:** [Pricing Increase Table](#)  
[Increased Expenses](#)

**6.E [18-0977](#) Consideration of Funding for Additional Homeless Actions**

**7. REPORTS AND UPDATES**

**8. 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 Executive Assistant 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  
360-753-8244

## Finance Committee

### Approval of September 19, 2018 Finance Committee Meeting Minutes

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 5.A  
**File Number:** 18-0980

---

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

---

**Title**

Approval of September 19, 2018 Finance Committee Meeting Minutes



# Meeting Minutes - Draft

## Finance Committee

City Hall  
601 4th Avenue E  
Olympia, WA 98501

Information: 360.753.8244

---

**Wednesday, September 19, 2018**

**5:30 PM**

**Room 207**

---

**1. CALL TO ORDER**

Chair Cooper called the meeting to order at 5:34 p.m.

**2. ROLL CALL**

Committee member Bateman participated by phone.

**Present:** 3 - Chair Jim Cooper, Committee member Jessica Bateman and Committee member Lisa Parshley

**3. APPROVAL OF AGENDA**

The agenda was approved.

**4. PUBLIC COMMENT - None**

**5. APPROVAL OF MINUTES**

**5.A** [18-0888](#) Approval of September 6, 2018 Finance Committee Meeting Minutes

The minutes were approved.

**6. COMMITTEE BUSINESS**

**6.A** [18-0755](#) Lifeline Customer Assistance Program Briefing

Public Works Director of Water Resources Andy Haub briefed the Committee on potential options for an expanded Lifeline program. He reviewed a table describing three options and each option's implementation approach, limitations to participation, expected levels of participation, anticipated new costs to City Utilities and the annual cost to non-subsidized single family accounts. The Utility Advisory Committee and staff recommend employing options 1 and 2 simultaneously:

Option 1 - Increase awareness and participation in the program

Option 2 - Use current program thresholds and work with housing agencies to assist renters

Mr. Haub explained option 3 would maintain income thresholds but eliminate disability

and age restrictions. The assumption is that LOTT will not participate in this option, reducing the discount from its current 50% to approximately 35%. Option 3 also does not reach low-income citizens. It expands the program without reaching the target audience. It is also more complex and costly to administer. Staff will continue to work with LOTT and revisit the issue next summer.

Committee members approved of the recommended approach to employ options 1 and 2.

**The information was provided.**

**6.B**     [18-0865](#)             Fire Department Equipment (Non-Vehicle) Replacement Needs

Olympia Fire Department Chief Greg Wright, Assistant Chief Mike Buchanan, and Finance and Policy Coordinator Toby Levens presented Fire's Capital Fund needs for non-vehicle replacement. The costs presented cover needs for a ten-year life cycle and include:

- \* Personal protective clothing
- \* Radios
- \* Training Center
- \* Fire Hose
- \* Station Equipment
- \* Vehicle Exhaust Removal

The total cost for non-vehicle replacement needs from 2018-2028 is estimated at \$2.186 million. Administrative Services Director Debbie Sullivan suggested an asset management plan to smoothe out the peaks and valleys in expenses.

**The discussion was completed.**

**6.C**     [18-0872](#)             Police Equipment Asset Management Funds

Olympia Police Department Support Administrator Chandra Brady discussed police equipment asset management funds. She stated Police will move away from asking for end of year funds and towards strategic asset management. She reviewed a large list of equipment replacement and maintenance needs and replacement life cycles and associated costs. Total replacement costs from 2019 to 2022 are estimated at \$552,040. Total maintenance and support costs for 2019 and 2020 are estimated at \$34,000.

**The discussion was completed.**

**6.D**     [18-0874](#)             Discussion of the Preliminary 2019 Operating and Capital Budgets

City Manager Steve Hall began the operating budget discussion by talking about the banked capacity of the public safety levy lid lift. He stated there are an additional \$204,000 of public safety needs that were not considered in the original package. Increasing the levy to generate \$204,000 would equate to an increase in annual property tax of \$7.40 on a \$250,000 home. The additional funds would cover inflationary costs

related to the base program, a part-time prosecutor for Community Court and the Mental Health/Homeless Calendar, and three Police vehicles.

Mr. Hall and Parks, Arts and Recreation Director Paul Simmons provided a brief overview of the budget for the Metropolitan Parks District. Preliminary information from Thurston County indicates assessed values are rising which means the district may have more revenue than previously expected for 2019.

Fire Chief Wright offered reasons to find funding and maintain the Downtown Aid Unit. Reducing staff in the Downtown Aid Unit will:

1. Stress the overall system of available staff and vehicles and their response time because call volume will increase but there will be fewer staff to respond and a larger response area for engines.
2. Result in a loss of \$17,000 per person plus staff time in testing, training and equipment.
3. Loss of diversity in staff.

Committee members voiced their desire to find a way to finance the Downtown Aid Unit and maintain services.

Community Planning and Development Director Keith Stahley discussed funding needs for additional staffing in his department. Needs include Homeless Response Support, ArCH staffing, and a senior planner. The ArCH staffing will allow the Historic Preservation Officer role to expand to full time and address cultural and tribal needs. Chair Cooper suggested talking to the tribes about grant funding to help support the ArCH staffing.

Administrative Services Director Debbie Sullivan described the difference between a general fund reserve and a budget stabilization reserve. The general fund reserve is for the one-time items that arise unexpectedly. The budget stabilization reserve is to weather economic swings. She provided a brief overview of future policy discussions based on the budget stabilization reserve.

Ms. Sullivan reviewed considerations for end of year funds. She noted firefighter retention, case management software, and Legion Way tree maintenance were all one-time funding items.

For the capital budget, Ms. Sullivan and Mr. Hall discussed the funding request and options for hazard trees. Mr. Hall noted this would get hazard trees back into the capital budget for the first time since 2010. They briefly summarized the plan to redirect funds from the Non-Voted Utility Tax to the operating budget for three years (2019-2021) and reinstate to the capital budget in 2022 for an additional four years beyond January 1, 2026.

## **7. REPORTS AND UPDATES**

Committee member Parshley announced she is unable to attend the October 17, 2018

Finance Committee meeting.

**8. ADJOURNMENT**

Chair Cooper adjourned the meeting at 7:17 p.m.



## Finance Committee

### Budget Snapshot - General Property Tax 1 Percent Limitation and Uses

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 6.A  
**File Number:** 18-0993

---

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

---

#### **Title**

Budget Snapshot - General Property Tax 1 Percent Limitation and Uses

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive a briefing on the general property tax 1 percent limitation, new construction and how property tax revenue is used. Briefing only; No action required.

#### **Report**

##### **Issue:**

Whether to receive a briefing on property tax 1 percent limitation and uses.

##### **Staff Contact:**

Nanci Lien, Fiscal Services Director, Administrative Services Department, 360.756.8465

##### **Presenter(s):**

Nanci Lien, Fiscal Services Director

##### **Background and Analysis:**

The City is limited to an annual levy increase of 1 percent for general property taxes, plus any new construction.

Staff will present information on how the 1 percent limitation applies, how new construction is calculated and how these tax resources are used in the City of Olympia's operating and capital budgets.

##### **Neighborhood/Community Interests (if known):**

N/A

##### **Options:**



---

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

---

Information only.

**Financial Impact:**

N/A

**Attachments:**

None



## Finance Committee

### Discussion of Proposal to Revise the Operating Budget Policy to Include a Budget Stabilization Reserve

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 6.B  
**File Number:** 18-0991

---

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

---

#### **Title**

Discussion of Proposal to Revise the Operating Budget Policy to Include a Budget Stabilization Reserve

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to revise the Operating Budget Policy to Include a Budget Stabilization Reserve and forward to full Council for consideration as part of the budget process

#### **Report**

##### **Issue:**

Whether to revise the Operating Budget Policy to include a Budget Stabilization Reserve and forward to full Council for consideration as part of the budget process

##### **Staff Contact:**

Debbie Sullivan, Administrative Services Director, 360.753.8499

##### **Presenter(s):**

Debbie Sullivan, Administrative Services Director, 360.753.8499

#### **Background and Analysis:**

During the Great Recession, the City experienced severe cuts in service to the community. Overall the recession cost \$6 million; 60 employees were laid off; and it took more than nine years to recover.

Over the past several years, the City has benefitted from a strong local and regional economy that has provided sufficient revenues to support key programs and services. Several local revenue indicators suggest that the local economy is beginning to weaken. Sales tax is below projections for 2018, private utility taxes have flattened out and cable TV tax is rapidly declining. Certain expenses such as medical insurance continue to outpace revenues. The City will likely have a budget deficit in the next two to three years.

Staff will present and discuss with Finance Committee a recommendation to revise our existing Operating Budget Policy which was originally written in 1985.

As a best practice, the Governmental Finance Officers Association (GFOA) now recommends establishing a stabilization policy to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls. Referenced as a budget stabilization policy, the objective of the policy is to address temporary cash flow shortages resulting from unanticipated economic downturns.

GFOA recommends setting a minimum target of approximately two months of operating revenues or expenditures; for Olympia that translates to between \$10 and \$11 million.

The City of Olympia's Financial Management Policies approved in 1985, include a General Fund fund balance policy equal to 10 percent of revenues for the current year. For 2018, the 10 percent equates to \$7.8 million.

Staff will discuss the following, along with the financial impacts with Finance Committee:

1. Clarify the use for the original 10 percent fund balance reserve to address non-economic emergencies. This component would be identified as the Emergency Fund Balance Reserve; and
2. Establish a second component of the reserve policy specifically dedicated to sustaining service levels during an economic downturn. This would be identified as the Budget Stabilization Reserve and would have a goal of reserving an additional 5 - 10 percent of General Fund revenues. This new reserve component could be funded with 10 percent, 15 percent, or 20 percent of unanticipated revenue and unspent budget at the end of each year.
3. At no time, would the combined totals of the two fund reserve components exceed 20 percent or two months of budgeted General Fund revenues, whichever is greater. Use of the reserves would require an action by Council and draws from the reserve would be accompanied by cost-savings measures.

**Neighborhood/Community Interests (if known):**

N/A

**Options:**

1. Approve staff recommendation based on feedback and forward to full Council for consideration as part of the budget process. This increases the reserve to be consistent with Financial Management Best Practices and clarifies how the reserve can be used.
2. Modify staff recommendation based on feedback and forward to full Council for consideration as part of the budget process.
3. Modify staff recommendation based on feedback and return to Finance Committee for further discussion.
4. Do not recommend a revision to the existing Operating Budget Policy.

---

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

---

**Financial Impact:**

Will be calculated based on Finance Committees recommendation

**Attachments:**

None



## Finance Committee

### Preliminary Review of 2019 Utility Rates and General Facility Charges

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 6.C  
**File Number:** 18-0668

---

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

---

#### **Title**

Preliminary Review of 2019 Utility Rates and General Facility Charges

#### **Recommended Action:**

##### **Committee Recommendation:**

The Utility Advisory Committee (UAC) recommends the proposed the proposed 2019 utility rates and general facility charges.

##### **City Manager Recommendation:**

Move to recommend the proposed 2019 utility rates and general facility charges and forward to Council for further consideration.

##### **Issue:**

Whether to recommend the proposed 2019 utility rates and general facility charges and forward to Council for further consideration, as recommended by staff and the Utility Advisory Committee (UAC).

##### **Staff Contact:**

Gary Franks, Waste ReSources Director, Public Works Department, 360.753.8780  
Andy Haub, Water Resources Director, Public Works Department, 360.753.8475

##### **Presenters:**

Andy Haub, Water Resources Director  
Gary Franks, Waste ReSources Director  
Dever Haffner-Ratliffe, UAC Chair

##### **Background and Analysis:**

City Utilities are expected to provide uninterrupted public health services for our community. Our responsibilities include ensuring drinking water is healthy, sewer infrastructure safely conveys waste to the LOTT treatment facility, solid waste is managed for reuse or disposal, flooding is minimized, and our urban natural resources are protected.

Given these core public health mandates, Utilities are structured as municipal enterprise funds. Enterprise funds are financially self-supporting, rather than supported by general tax funds. The Utilities pay a fair share of various City overhead costs (e.g., building mortgage, insurance,

administrative overhead).

Typical single family residences pay a bi-monthly utility bill totaling \$250 for the four City Utilities and LOTT Clean Water Alliance. Multifamily, commercial, and institutional customers are charged on a similar rate structure that incorporates their variable use of utility services. Annual rate increases are expressed to the Utility Advisory Committee (UAC) and Council as changes to single family accounts, acknowledging that non-single family accounts see similar percentage changes in their bills.

Consistent with national trends, City utility rates often increase in excess of inflation. Many State and Federal mandates feed into these increases. Fortunately, our programs and infrastructure are in overall good shape compared to many cities. Still, we need to keep up with new needs while maintaining and upgrading our increasingly aging infrastructure.

In recent surveys, our community confirms that they understand both the importance of our services and the competence that we bring to our responsibilities. They apparently understand that our services come at a cost.

General facility charges (GFCs) are also reviewed during the annual budget process. GFCs are a one-time charge collected from new development. The charges reflect the financial value of the existing utility infrastructure and the benefits the system provides to new development. Each of the water-related Utilities collects a unique GFC.

GFCs are determined by a State-guided set of calculations that define the value of the existing and planned infrastructure and the distribution of costs among current and future users. Every few years, City staff hires independent financial consultants to evaluate the GFCs.

LOTT Clean Water Alliance charges monthly rates for operating the wastewater treatment facility as well as a capacity development charge (CDC). The LOTT CDC is similar to the City's GFC. The rates are approved by the LOTT Board, collected by the City, and passed on to LOTT. The LOTT Board of Directors has already provided 2019 rate and CDC increases to the cities.

### **Summary of Proposed 2019 Rates**

With few exceptions, costs associated with providing our core services are relatively flat for 2019. Economic growth in Olympia is generating additional revenue that helps offset these annual cost increases (e.g., salary, benefits, energy, insurance). Our revenue projections for 2019 include a one percent growth-related increase for Waste ReSources and a 1.5 percent increase for the three water Utilities.

Even with additional revenue, we are bringing forward rate increases in two of the four City Utilities for 2019. LOTT is also proposing a rate increase of three percent. Overall key drivers to potential rate increases include:

- A two to three percent salary cost of living allowance (COLA) for City employees.
- Deterioration of commodity markets for recyclables.
- A new operations and maintenance staff position.
- Raising the municipal tax on utilities by 0.5 percent.
- The need for continued sea level rise response funding.

The specific potential cost increases for each utility are discussed in subsequent sections.

## **2019 Budget and Rate Analysis**

### **Storm & Surface Water Utility: 5.1 percent rate increase proposed.**

The Storm and Surface Water Utility responds to flood mitigation, water quality improvement, and aquatic habitat enhancement needs. The Utility also leads City-wide implementation of the regulatory requirements of the State's National Pollution Discharge Elimination System (NPDES) Phase II permit.

The current balancing position for 2019 (projected revenue less expenditures) for stormwater is approximately -\$37,000. Total expenditures for 2019 are projected to be \$5,511,000, a \$104,000 increase. The expenditure increase is partially offset by increasing revenue.

Major new expenditures include:

- Salary COLA at three percent: \$46,000 or a 1.0 percent rate increase.
- Sea level rise response: \$125,000 annually or a 2.7 percent rate increase.
- New operations vehicle: \$3,800 annually or a 0.06 percent increase. Cost is split with the Wastewater Utility.
- 0.5 percent increase in municipal taxes: \$30,000 or a 0.6% increase.

### **Storm and Surface Water GFCs: 10 percent increase proposed.**

Based on an independent financial analysis, Storm and Surface Water GFCs could justifiably be increased from the current base charge of \$1,190/new single family residence to \$2,383. Also, the vehicle trip component of the GFC could be increased from \$4.50/vehicle trip to \$19.04/vehicle trip. The GFC was not increased in 2018.

Staff propose phasing in increases - a 10 percent base charge increase (\$119) and a \$1.50/trip increase (totaling \$12) for new single family residences. GFCs for non-residential developments would see proportional increases.

### **Wastewater Utility: No rate increase proposed.**

The proposed operating budget for City wastewater services reflects the goals and policies of the City's 2013 - 2018 Wastewater Management Plan.

The 2019 proposed budget for the City's Wastewater Utility is anticipated to increase by approximately \$74,000 to \$7,062,477. The total Wastewater Utility expenditures also include payments to LOTT (\$12,295,940 in 2018).

New expenditures include:

- Salary COLA at three percent: \$34,000.
- 0.5 percent increase in municipal taxes: \$101,000. The City Wastewater Utility pays the tax on LOTT pass-through revenue. Since the combined City Utility and LOTT revenues total \$20 M, a 0.5 percent tax increase is substantial.
- Additionally, the Utility will pay taxes on potential new LOTT revenues associated with their

three percent rate increase: \$43,000.

- New Maintenance Work I staff position: \$35,000. Pump Stations Section has increased the number of critical facilities it operates from 38 to 87 in 20 years - without a staff increase. The cost of the position would be split with the Drinking Water Utility.
- Additional operations vehicle: \$3,800 annually. Cost would be split with the Storm and Surface Water Utility.

With increasing revenues helping offset costs, staff and the UAC do not recommend a rate increase in Wastewater for 2019. Revenues and expenditures will be monitored in 2019 and a rate increase considered for 2020.

Wastewater GFCs: No proposed increase.

Wastewater GFCs increased three percent in 2016 to \$3,442/single-family residence. A recent financial analysis justifies a minor increase. Staff recommends deferring the increase to a future year.

**LOTT Clean Water Alliance: 3 percent rate increase and a 4 percent increase in the CDC.**

The LOTT Clean Water Alliance (Lacey, Olympia, Tumwater, and Thurston County) collects revenue for its operations and capital projects through the utility bills of the local jurisdictions. LOTT charges are approved by the LOTT Board of Directors, which is comprised of one elected official from each of the four partner jurisdictions.

LOTT's budgeting and revenue decisions are largely driven by infrastructure costs, including major upgrades to LOTT's Budd Inlet Treatment Plant. Infrastructure investments including debt service over the 2013-2018 planning period represent 70 percent of LOTT's total projected expenses. Operating costs, including staffing, represent 30 percent of the total. LOTT staff briefed the UAC on their finances in June.

On August 8, the LOTT Board preliminarily approved a 3 percent (\$1.40/month) rate increase. With this rate increase, LOTT charges for Olympia customers would increase approximately \$400,000 in 2019. CDC will increase by 4 percent. The 2019 CDC will increase \$239 to \$6,049.21.

**Drinking Water Utility: No rate increase proposed.**

Drinking water rates have increased appreciably in recent years. Last year's increase was 4.4 percent.

The proposed Utility expenditures for 2019 are \$14,411,962 a \$327,000 increase over 2018. The projected 1.5 percent growth in account revenue generates a current balancing position (revenue less expenditures) of -\$226,000.

New expenditures for the Drinking Water Utility include:

- Salary COLA at three percent: \$72,000.
- Benefits correction: \$134,000. Annual benefit calculations in 2017 for 2018 came in too low. Unfortunately, the combined correction for 2018 and 2019 is substantial.
- New Maintenance Work I staff position: \$35,000. The cost of the position would be split with the Wastewater Utility.
- 0.5 percent increase in municipal taxes: \$30,000.



The Utility is becoming more financially stable and meets its mandates. Our community's water quality is excellent and our water rights are adequate for at least 50 years.

Similar to Wastewater, strong revenues are helping offset new costs. We expect this trend to continue in 2019 and can therefore defer a rate increase.

Drinking Water GFCs: No proposed increase.

The current GFC of \$4,433/ single family residence reflects recent capital investments. Drinking Water GFCs were increased 6.7 percent in both 2015 and 2016.

**Waste ReSources Utility: Varying rate increases proposed (see table below).**

The Waste ReSources Utility provides a wide range of waste reduction, recycling and disposal services. It implements programs for residential, commercial, drop box, and organics customers. Policy direction is set by the Towards Zero Waste: Olympia's Waste ReSources Plan 2015-2020.

The proposed Waste ReSources 2019 budget is \$12,814,200, a \$337,629 (or 2.7% increase) over 2018. While organics and commercial garbage expenditures remain relatively flat, we project a historic loss of revenue in residential accounts due to the recycle commodity values dropping to unprecedented levels since January. The loss of recycling revenue creates a budget impact of more than \$400,000. Uncertainty about commodity values is expected to continue for the near future, possibly 18-36 months.

Drop box accounts have seen an expense increase due to an increase in salaries, benefits, fuel, and replacements of drop boxes.

Other key drivers in the proposed 2019 expenditures remain the same with tipping/tonnage fees, salaries, benefits, equipment, fuel, and taxes making up over 86 percent of the total budget. As with the water-related utilities, proposed expenditures include salary COLA increases and a municipal tax increase of 0.5%.

On the revenue side, with a surge in the economy, commercial garbage is bringing in more revenue, which will help balance the overall fund.

Based on projected 2019 revenues minus expenditures, the Waste ReSources budget is out of balance by approximately \$425,781. Staff and the UAC recommend implementing rate increases for two service classes (residential & drop box). Continuing to smooth rates by subsidizing the organics program, and offsetting the revenue shortfall in residential with commercial revenue.

Based on the above, the proposed 2019 Waste ReSources rate increases are as follows:

<b><u>Customer Class</u></b>	<b><u>Rate Increase</u></b>
Drop Box	5.5%
Residential	5.5%
Commercial	0%

Organics 0%

Waste ReSources GFCs: N/A. Waste ReSources does not collect a GFC.

**Implications of Potential Rate Increases**

The combined expenditures for the four utilities and LOTT in 2019 is projected to be \$54,196,000. With the recommended rate increases, typical residences and businesses would see a 2.6 percent increase in their bills. For residences, this increase would be approximately \$6.40 every two months.

Optional yard waste service is not included in these estimates. The service costs \$20.50 bi-monthly for a residence.

Overall GFCs would increase from \$14,911 for a single family home to \$15,254.

**Neighborhood/Community Interests (if known):**

City Utilities provide essential public health services to Olympia residents.

**Options:**

1. Move to recommend the proposed 2019 utility rates and general facility charges and forward to Council for further consideration. These rate and GFC increases will allow the Utilities to continue to provide necessary services to our community and are supported by both staff and the UAC.
2. Propose alternative rate recommendations.

**Financial Impact:**

Under Option 1, the typical single-family residential customers will experience a 2.6 percent increase in their 2019 utility bill.

**Attachments:**

None



## Finance Committee

### Update on Proposed Parking Fee Increases

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 6.D  
**File Number:** 18-0973

---

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

---

#### **Title**

Update on Proposed Parking Fee Increases

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive a briefing on proposed parking fee increases. Briefing only - No action requested

#### **Report**

##### **Issue:**

Whether to receive a briefing on proposed increased parking rates for meters and on-street permits in 2019.

##### **Staff Contact:**

Max DeJarnatt, Parking Program Analyst, Community Planning & Development, 360.570.3723

##### **Presenter(s):**

Amy Buckler, Downtown Programs Manager

#### **Background and Analysis:**

The recent growth of Downtown has strained the parking supply by adding demand while removing supply. The current parking assessment indicates that on-street parking frequently drops below 15 percent availability in the core, creating congestion and frustration for Downtown visitors. Demand-based pricing is the most effective way to balance supply and demand by increasing turnover; however, the City has not updated pricing in years.

In addition, because parking is an Enterprise Fund, fines and fees must be adequate to cover the cost of Parking Operations. As the City implements the beginning phase of the draft Parking Strategy to improve the user experience, expenses to the Parking Enterprise Fund have increased. Additional technology upgrades, support for multimodality, lighting improvements and a shared parking program will continue to impact the fund's bottom line.

City staff will review proposed parking fee increases at the meeting. Most of these fee increases are

the purview of the City Manager, and the proposal is for the new fees to be in place on January 1, 2019. The exception is the residential parking program fees as these are embedded in the municipal code. On August 16, 2018, staff briefed the Land Use and Environment Committee on recommended parking code updates, which includes the proposed residential parking program fee increase among other things. Recommended parking code updates will come forward to Council in a few months.

### Meter rates

Olympia's on-street meter rates should be priced high enough to ensure 85 percent occupancy. The last increase to the Downtown core was in 2010. A 25¢ per hour increase for the 2-, 3-, and 9-hour meters is meant as the first step of an incremental process to facilitate turnover at all meters and recoup expenses. Staff will monitor occupancy rates and recommend adjustments (up or down) annually.

The 15 minute meters provide 15 minutes of parking for as low as 1¢. Staff recommends increasing the per hour rate to \$1, or 25¢ per quarter hour.

### 9 hour permits

On-street permits are currently sold at 66 percent of their market value, meaning the customer pays \$30 less to pay for parking monthly than they would at a meter. This program was intended as a convenience for Downtown employees, as the 9-hour meters accept only coins and meter debit cards. With Pay-By-Phone, parking services has added another convenient payment method to these meters.

Monthly parking payments reduce the incentive to find other modes of transportation, and are generally discouraged from a Transportation Demand Management standpoint. The last increase to this permit was in 2004. Staff recommends increasing the 9 hour permits by \$10 as an incremental step to eventually align the permit cost with on-street meter fees.

Eastside 9-hour permits were created in 2014 with the acknowledgement that demand for on-street parking east of Plum street was much lower than parking elsewhere. These permits have been available at half the cost of general 9-hour permits. Unfortunately, this disincentivizes bus travel or carpooling for office workers in the area. Staff recommends increasing this permit by \$20 per month as an incremental step to aligning the cost with on-street metered parking.

### Residential Parking Permits

By charging residents \$10 per vehicle per year, the City encourages an undue strain on the downtown retail core's parking system. In addition, neighborhoods affected by the legislature demand increased enforcement. The draft parking strategy recommends increasing residential parking zone permits progressively, based on ground floor priorities. The last increase to this permit was in 2007. As an incremental step, staff recommend increasing all residential permits from \$10 to \$60 per year. This equates to \$5 per month, well under market value for Downtown parking.

### Overtime Meter Permits

Overtime Meter Permits allow private businesses and organizations the ability to reserve metered

stalls downtown or work in residential timed areas. The meter reservations require staff time to approve, coordinate, install, and remove meter hoods. The last increase to this permit was 2007. Staff recommends increasing the fee from \$10 per day to \$15.

**Neighborhood/Community Interests (if known):**

Downtown and South Capital Neighborhood Associations will be effected by residential zone price increases. Downtown employees will be effected by 9-hour permit fee increases. Downtown businesses should expect an increase in available on-street parking for their customers.

**Options:**

Discussion only - No action requested.

**Financial Impact:**

See attached tables

**Attachments:**

Pricing Increase Table

Parking Enterprise Fund Increased Expenses

# Proposed 2019 Parking Fee Increases

Item	Type	Phase	2017			2019				2019 Net	% of Total
			Price	2017 Qty	2017 Net	Rate	Increase	Elacity	% elasticity		
15 Minute Meters	Meter	Hourly	0.04	37,500	\$ 1,500	1	2400%	-3%	1680%	\$ 26,700.00	2%
2 Hour IPS Meters in Downtown Core	Meter	Hourly	1	309,129	\$ 309,129	1.25	25%	-3%	18%	\$ 363,226.58	26%
3 Hour IPS Meters in Downtown Core	Meter	Hourly	0.6	220,505	\$ 132,303	0.85	42%	-3%	29%	\$ 170,891.63	12%
3 Hour MacKay Meters in Downtown Core	Meter	Hourly	0.6	298,981	\$ 179,388	0.85	42%	-3%	29%	\$ 231,710.06	17%
9 Hour MacKay Meters in Downtown Core	Meter	Hourly	0.5	434,095	\$ 217,048	0.75	50%	-3%	35%	\$ 293,014.26	21%
9 Hr Permit	9hr Permit	Monthly	\$ 60	441	\$ 142,577	\$ 70	17%	-3%	12%	\$ 159,210.98	11%
9 hr East Permit	9hr Permit	Monthly	\$ 30	698	\$ 20,940	\$ 50	67%	-3%	47%	\$ 30,712.00	2%
Zone 1 Residential	Residential Permit	Monthly	\$ 0.83	231	\$ 3,570.00	\$ 5	500%	-1%	450%	\$ 19,635.00	1%
Zone 2 Residential	Residential Permit	Monthly	\$ 0.83	90	\$ 1,240.00	\$ 5	500%	-1%	450%	\$ 6,820.00	0%
Zone 3 Residential	Residential Permit	Monthly	\$ 0.83	70	\$ 1,170.00	\$ 5	500%	-1%	450%	\$ 6,435.00	0%
Zone 4 Residential	Residential Permit	Monthly	\$ 0.83	101	\$ 1,160.00	\$ 5	500%	-1%	450%	\$ 6,380.00	0%
Zone 5 Residential	Residential Permit	Monthly	\$ 0.83	143	\$ 1,540.00	\$ 5	500%	-1%	450%	\$ 8,470.00	1%
Zone 6 Residential	Residential Permit	Monthly	\$ 0.83	22	\$ 290.00	\$ 5	500%	-1%	450%	\$ 1,595.00	0%
Zone 7 Residential	Residential Permit	Monthly	\$ 0.83	379	\$ 3,950.00	\$ 5	500%	-1%	450%	\$ 21,725.00	2%
Zone 8 Residential	Residential Permit	Monthly	\$ 0.83	17	\$ 250.00	\$ 5	500%	-1%	450%	\$ 1,375.00	0%
Overtime Permit	Commercial	Daily	\$ 10.00	4,241	\$ 42,410.00	\$ 10	0%	-3%	0%	\$ 42,410.00	3%
<b>Total</b>					<b>\$ 1,058,465.23</b>		<b>31%</b>			<b>\$ 1,390,310.51</b>	
									Additional Revenue	<b>\$ 331,845.28</b>	

## Additional Parking Enterprise Expenses

<b><i>Added/New Parking Expenses 2017-2018 and beyond</i></b>	<b><i>Estimate</i></b>
Additional position - Parking Program Analyst	92,328.02
New software annual hosting	60,000.00
Increased credit card fees from increased online traffic	20,000.00
Additional IPS meters = more hosting cost	6,000.00
Inflation/increased labor/benefits cost 4% annually	25,663.68
Parking lot security (if continued, annually)	67,200.00
Free bus pass program (100 bus passes, annually)	43,200.00
Fleet capital rate (buy 3 new vehicles in '18)	10,000.00
Change 60 9 hour meters to 3 hour in the core (estimate is for meter mechs & poles)	45,100.00 <i>will be higher depending on how many domes we need</i>
Implement shared parking (contracting, incentives, signage, branding, advertising)	Not yet known

---

**Total New Expenses** **369,491.70**

### **Future Expenses**

potential mixed use/parking structure property acquisition	950,000.00
parking structure prework/study estimate?	100,000.00 <i>at least this much, maybe more</i>
parking structure operation & maintenance parking structure	Not yet known
design, construction parking lot maintenance & upgrades	Not yet known
lighting for lots and pathways to lots additional LPR units (for	Not yet known
2 vehicles)	Not yet known
	60,000.00



## Finance Committee

### Consideration of Funding for Additional Homeless Actions

**Agenda Date:** 10/17/2018  
**Agenda Item Number:** 6.E  
**File Number:** 18-0977

---

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

---

#### **Title**

Consideration of Funding for Additional Homeless Actions

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Move to approve the recommendation to fund additional homeless actions and forward to City Council for consideration.

#### **Report**

##### **Issue:**

Whether to approve funding for additional actions to address homelessness, including 1) a pilot program to support three faith community/non-profit emergency housing sites, and 2) mitigation steps to address public health and safety concerns in relation to encampments.

##### **Staff Contact:**

Amy Buckler, Downtown Programs Manager, Community Planning & Development, 360.753.5847

##### **Presenter(s):**

Amy Buckler, Downtown Programs Manager, Community Planning & Development

##### **Background and Analysis:**

On September 18, the City Council approved a funding plan and moving forward with implementation of four immediate actions to address homelessness (Establishing Plum Street Village, Secure Storage Partnerships, and Supporting both the Salvation Army Day Center Renovation and Community Youth Services Shelter 24/7 Expansion.)

Councilmembers expressed interest in further exploring funding needs to support faith-based or non-profit emergency housing facilities and a "street strategy," or more plainly steps to mitigate public health and safety concerns surrounding encampments. Staff is facing some urgency to address both of these issues.



### Faith Community/Non-Profit Partnership Pilot

In an effort to enhance opportunities for faith-based, non-profit and other government entities to host temporary housing facilities subject to a permit, the City adopted interim changes to its Emergency (Homeless) Housing Ordinance last June. Providing some level of support to these sites was also discussed.

The United Churches of Olympia (TUCO) is hosting a tiny house workshop on October 27. The workshop is designed to be the next step in the process of identifying what faith communities in Olympia can do to overcome homelessness through the use of tiny houses. In preparation for the workshop, TUCO met with the Mayor and staff to encourage a commitment for a pilot project whereby the City would support three faith community/non-profit sites with services such as water, sewer, garbage and portable toilets. They are also requesting assistance from social service providers to provide residents connection to services. TUCO believes the City's commitment will encourage the faith community to step forward. Staff will present the framework for this potential pilot and an estimated budget at the meeting.

### Street Strategy

Growing encampments throughout the City raise important public health and safety concerns. Staff will discuss the estimated costs of site mitigation, such as providing basic services like porta-potties and garbage pick-up, fencing or other security features. The full scope of a street strategy has yet to be defined, but this is a start.

### **Neighborhood/Community Interests (if known):**

The issue of homelessness is of significant public concern.

### **Options:**

1. Approve recommended funding for additional actions to address homelessness, including 1) a pilot program to support three faith community/non-profit emergency housing sites, and 2) mitigation steps to address public health and safety concerns in relation to encampments.
2. Do not recommend the City fund additional actions to address homelessness at this time.

### **Financial Impact:**

Estimated costs will be presented at the meeting.

### **Attachments:**

None