



Meeting Agenda

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, July 15, 2020

5:30 PM

Online or via Phone

Link to attend: [https://us02web.zoom.us/j/82687370190?](https://us02web.zoom.us/j/82687370190?pwd=bDFtdHdOc0NFL0d1bmpoek5BUU1wZz09)
[pwd=bDFtdHdOc0NFL0d1bmpoek5BUU1wZz09](https://us02web.zoom.us/j/82687370190?pwd=bDFtdHdOc0NFL0d1bmpoek5BUU1wZz09)

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 [20-0554](#) Approval of June 17, 2020 Finance Committee Meeting Minutes

Attachments: [Minutes](#)

6. COMMITTEE BUSINESS

6.A [20-0548](#) Budget Snapshot - Investments

6.B [20-0447](#) Update on Building Repair and Replacement

Attachments: [Building Condition Assessment Summary](#)
 [Building Condition Assessment Scores](#)

6.C [20-0445](#) Waste ReSources Facility Program Update

7. REPORTS AND UPDATES

8. ADJOURNMENT

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City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Finance Committee

Approval of June 17, 2020 Finance Committee Meeting Minutes

Agenda Date: 7/15/2020
Agenda Item Number: 5.A
File Number:20-0554

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

Title

Approval of June 17, 2020 Finance Committee Meeting Minutes



Meeting Minutes - Draft

Finance Committee

City Hall
601 4th Avenue E
Olympia, WA 98501

Information: 360.753.8244

Wednesday, June 17, 2020

5:30 PM

Online and via phone

Register to attend:

https://us02web.zoom.us/webinar/register/WN_9r_ibG5HTbKspy7Vyn07eQ

1. CALL TO ORDER

Chair Cooper called the meeting to order at 5:30 p.m.

2. ROLL CALL

Present: 3 - Chair Jim Cooper, Committee member Cheryl Selby and Committee member Lisa Parshley

3. APPROVAL OF AGENDA

The agenda was approved.

4. PUBLIC COMMENT

No one spoke.

5. APPROVAL OF MINUTES

5.A [20-0463](#) Approval of May 20, 2020 Finance Committee Meeting Minutes

The minutes were approved.

6. COMMITTEE BUSINESS

6.A [20-0470](#) Budget Snapshot on State Shared Revenue

Fiscal Services Director Nanci Lien presented the briefing. Ms. Lien reported provided information on State Shared Revenues, including criminal justice assistance, liquor profit sharing and excise tax sharing, marijuana excise tax sharing, gas taxes, and a multi-model distribution. She stated that the 2020 City budget will not be impacted by most of these revenues because there are caps to the amounts the State shares with cities and towns or because the 2020 State budget is already set. The City budget will most likely be negatively impacted by the gas tax revenues because people are driving less since the COVID-19 pandemic.

The discussion was completed.

6.B [20-0471](#) Discuss Joint Animal Services Commission Budget

Joint Animal Services Executive Director Sarah Hock presented information on the progress the animal shelter has made in the last year long with their annual budget. Ms. Hock reported that JASCOM will be looking at their assessment structure and revisiting the inter-local Agreement they have with Thurston County, Tumwater, Lacey, and Olympia.

The discussion was completed.

6.C [20-0469](#) Discuss Washington Center for the Performing Arts' First Quarter Budget

Washington Center for the Performing Arts (WCPA) Executive Director Jill Barnes gave the presentation. Ms. Barnes reported that WCPA's first quarter income was \$134,470 and their first quarter expenses were \$291,791. Ms. Barnes asked the Committee to forward a motion to Council that would appropriate \$80,000 of Lodging Tax Reserve to WCPA and to relieve their obligation to replenish the Endowment \$200,000 for funds used for rigging system in 2018.

Committee Member Selby moved, seconded by Committee Member Parshley, to approve and forward to the full City Council an appropriation \$80,000 of the Lodging Tax Reserve to the Washington Center for the Performing Arts to cover 2020 operating expenses and to relieve them of their obligation to replenish the Endowment of \$200,000 for funds used to replace the stage rigging system in 2018. The motion carried by the following vote:

Aye: 3 - Committee member Selby, Committee member Parshley and Chair Cooper

6.D [20-0479](#) Update on COVID-19 Economic Response and Recovery Efforts

Economic Development Director Mike Reid and Thurston County Economic Development Council (EDC) Executive Director Michael Cade reported on the regional COVID-19 Response and Recovery Plan. They reported that with the help of the investment the City made into regional economic development the EDC was able to hand out face masks and hand sanitizer to over 400 local business in the last six days.

Chair Cooper moved, seconded by Committee Member Parshley, to direct City Manager Jay Burney to use \$500,000 of the City's CARES ACT distribution funds to invest in Economic Recovery and to research the fund balance within the Economic Development Account and forward a recommendation to City Council that includes \$1,000,000 for investment in economic recovery. The motion carried by the following vote:

Aye: 3 - Chair Cooper, Committee member Selby and Committee member Parshley

7. REPORTS AND UPDATES

Administrative Services Director Debbie Sullivan reported that the City received a

signed, executed contract from Department of Commerce for the CARES Act Distribution Funding and can now start seeking reimbursement for up to \$1.583 Million.

Ms. Sullivan also reported the City website was updated to provide more financial transparency. Updates include adding the Olympia Police Department (OPD) budget information prominently on the OPD webpage, updating the Budget/Financials webpage for added clarity and ease of use, and adding a Financial Resilience Strategy to the Budget/Financial webpage.

8. ADJOURNMENT

The adjourned at 8:01 p.m.



Finance Committee

Budget Snapshot - Investments

Agenda Date: 7/15/2020
Agenda Item Number: 6.A
File Number: 20-0548

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

Title

Budget Snapshot - Investments

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a Budget Snapshot and briefing on the City's Investment Policy. No action required.

Report

Issue:

Whether to receive a Budget Snapshot and briefing on the City's Investments

Staff Contact:

Nanci Lien, Fiscal Services Director, 360.756.8465

Presenter(s):

Nanci Lien, Fiscal Services Director, Administrative Services Department
Dave Westcott, Senior Portfolio Advisor, Government Portfolio Advisors

Background and Analysis:

RCW 35A.040.050 authorizes cities in Washington to invest funds that are not needed in the near future. Olympia's Investment Policy provides the direction on how the City will invest those funds. The City's portfolio is managed by Fiscal Services, in partnership with an investment consultant, Government Portfolio Advisors (GPA).

In 2019, the City's investment portfolio averaged about \$70 million. Citywide interest earnings in 2019 for short and long-term investments were approximately \$1.9 million.

Staff will present an overview of City's investment revenues and the City's investment advisor will provide an update on the current financial market associated with the COVID-19 pandemic.

Neighborhood/Community Interests (if known):

N/A

Options:

Information only.

Financial Impact:

N/A

Attachments:

None



Finance Committee

Update on Building Repair and Replacement

Agenda Date: 7/15/2020
Agenda Item Number: 6.B
File Number: 20-0447

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

Title

Update on Building Repair and Replacement

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive an update on building repair and replacement. Information only. No action requested.

Report

Issue:

Whether to receive an update on the building repair and replacement.

Staff Contact:

Meliss Maxfield, General Services Director, Public Works, 360.753.8202

Presenter(s):

Meliss Maxfield, General Services Director, Public Works

Background and Analysis:

The Public Works Department is responsible for major capital repair and replacement of 16 City-owned buildings totaling 405,727 square feet, with a current replacement value over \$200 million. The buildings provide workspace for nearly 600 employees and over 4,500 people visit them every day. The average age of the City's buildings is 35 years.

Funding for capital improvements primarily comes from a six (6) percent tax on cable television. Two other funding sources, Public Facility District reserves and Maintenance Center rental rates, provide significantly less revenue and support specific projects within the Building Repair and Replacement program (i.e. Hands on Children's Museum and Public Works Maintenance Center). In 2016 and 2017, the cable television tax generated over \$1 million, annually. After peaking in 2017, the tax is now trending downward, with a 6 to 7 percent drop each year. In 2020, the tax is projected at \$860,000.

The City uses a 20-year planning horizon to determine long-term major maintenance needs. To help

in this planning, a Building Condition Assessment is conducted on a six-year cycle using an outside consultant. The 2013 assessment estimated repair/replacement costs for all observed deficiencies at almost \$30 million. An updated assessment was conducted in January 2019. The final report indicates the estimated repair/replacement costs of all observed deficiencies for the 2020 - 2025 Capital Facilities Plan (CFP) has grown to \$36.6 million. These observed deficiencies are prioritized by degree of impact/risk (high, medium and low). The focus of Building Repair and Replacement program funding is on the high and medium prioritized observed deficiencies. The final report indicates the high and medium deficiencies are estimated at \$10.1 million and \$17.8 million respectively. Staff will share how limited funding and higher than expected cost for repairs will impact this year's proposed projects.

In addition to the 16 Public Works managed buildings, two additional facilities were assessed last year: Priest Point Park Maintenance Facility and the Farmers Market. The observed deficiencies associated at these two locations are \$1.1 million and \$0.5 million respectively.

Neighborhood/Community Interests (if known):

Maintaining safe and efficient City-owned buildings for employees and the public.

Options:

Update only. No action requested at this time.

Financial Impact:

The 2020 annual funding for the Building Repair and Replacement Fund 029 is approximately \$1 million. With an estimate of \$27.8 million in high and medium observed deficiencies, along with \$1.4 million in debt service, Fund 029 would need an additional \$3.6 million annually to address these costs. With the anticipated decline in cable television tax funds and uncertainty in year-end General Fund savings, this will further stretch Facilities Operations in maintaining the City's portfolio of buildings.

Attachments:

Building Condition Assessment Summary

Building Condition Assessment Scores

Building Condition Assessment Summary

Location	Year Built	All Observed Deficiencies (2020 - 2025) ⁽¹⁾	Current Replacement Value (2019)
108 State Avenue	1912	\$1,413,542	\$6,229,548
City Hall	2011	\$107,549	\$38,470,500
Court Services (Community Court)	1975	\$666,360	\$593,015
Hands on Children's Museum	2012	\$758,282	\$12,201,000
Lee Creighton Justice Center	1965	\$8,760,637	\$21,242,592
Public Works Maintenance Center Campus	1976	\$9,679,537	\$21,203,000
Mark Noble Regional Fire Training Center	2011	\$340,701	\$7,038,720
Old Fire Command Training Center	1962	Not evaluated	Not evaluated
Olympia Fire Station 1 (Headquarters)	1992	\$1,234,162	\$12,938,625
Olympia Fire Station 2 (Westside)	1991	\$418,195	\$6,026,400
Olympia Fire - 3 (Eastside)	1992	\$297,888	\$3,193,155
Olympia Fire - 4 (Stoll Road)	2012	\$62,121	\$6,026,400
Police Firing Range	1985	Not evaluated	Not evaluated
Timberland Library	1976	\$2,412,352	\$10,276,875
The Olympia Center	1986	\$3,222,091	\$24,000,035
The Washington Center for the Performing Arts	1985	\$7,240,666	\$32,228,280
Total		\$36,614,083	\$201,668,145
(1) Top Five Deficiency by Building System:			
Interior Finishes	\$6,185,530		
Interior Construction	\$4,662,965		
Plumbing	\$3,950,804		
Roofing	\$4,075,108		
HVAC	\$3,115,603		
Total	\$21,990,010		



Building Condition Assessment Scores

JULY 2020

BUILDING	2013 SCORE	2019 SCORE	DIFFERENCE IN SCORES	FUND 029 INVESTMENTS SINCE 2013
108 State Avenue	2.7	2.7	--	\$667,353
City Hall	1.4	2.1	↓	\$485,558
Court Services (Community Court)	3.3	3.4	↓	
Hands on Children's Museum	1.4	2.0	↓	\$41,770
Lee Creighton Justice Center	3.1	3.2	↓	\$418,346
PW Maintenance Center Main Building	3.1	3.2	↓	\$1,000,892
Mark Noble Regional Fire Training Center	1.0	2.1	↓	
Old Fire Command Training Center	1.0	Not evaluated	--	
Olympia Fire Station 1 (Headquarters)	2.8	2.5	↑	\$678,920
Olympia Fire Station 2 (Westside)	2.8	2.9	↓	\$99,565
Olympia Fire Station 3 (Eastside)	2.6	2.7	↓	
Olympia Fire Station 4 (Stoll Road)	1.1	2.1	↓	
Police Firing Range	2.8	Not evaluated	--	
Timberland Library	2.6	2.5	↑	\$394,472
The Olympia Center	2.8	2.5	↑	\$1,064,871
The Washington Center for the Performing Arts	2.6	2.5	↑	\$6,587,410
Total				\$11,439,157

SCORE:		
1	Excellent	New. Preventative inspection.
2	Good	Fully operational, of adequate capacity. Minor preventative maintenance.
3	Fair	Showing signs of wear and tear but serviceable. Minor repairs or modifications needed.
4	Poor	Needs restorative repairs.
5	Unacceptable	Seriously deficient, extensive repairs, hazardous conditions.
TARGET:		
<ul style="list-style-type: none"> A score of 2.5 or lower. 		



Finance Committee

Waste ReSources Facility Program Update

Agenda Date: 7/15/2020
Agenda Item Number: 6.C
File Number:20-0445

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

Title

Waste ReSources Facility Program Update

Recommended Action

Committee Recommendation:

Information Only. No Action Requested.

City Manager Recommendation:

Information only. No action requested.

Report

Issue:

Whether to brief the Finance Committee on preliminary design of a new maintenance facility on the City's Carpenter Road property.

Staff Contact:

Gary Franks, Waste ReSources Director, Public Works Department, 360.753.8780

Presenters:

Gary Franks, Waste ReSources Director, Public Works Department

Background and Analysis:

The City's Public Works Maintenance Center, located at 1401 Eastside Street, was originally built in 1976 as a Public Works/Intercity Transit Facility. Since that time Public Works operations and maintenance programs have continued to occupy the facility. It is accessed 24 hours a day, seven days a week and serves as a critical facility during small and large-scale emergencies. The facility houses approximately 107 full-time and seasonal employees. Currently the building and major systems are near the end of their useful lives.

As part of the 2019 Building Condition Assessment (BCA), \$14 million of deficiencies were identified to repair the building and major systems at the Maintenance Center. It's important to note that these repairs do not address capacity, functionality, or seismic upgrades. The BCA consultant recommended the City plan for "full replacement of the facility." This is due to the cost and extent of deficiencies noted, the many systems failing or no longer serving the facility and needing replacement, and the age of the building.

The Parks maintenance headquarters at Priest Point Park is similarly inadequate to meet the department's needs. It is comprised of wooden structures built in the 1940's and 1950's that never originally intended to be a maintenance facility. The facility is significantly undersized, well beyond its useful life, and does not meet the operational needs of the park's maintenance staff.

In response, as part of the 2016 budget, City Council included funding for a feasibility study to explore renovating/rebuilding a new facility on the existing Public Works Maintenance Center site or on a different site and expressed interest in exploring the viability of co-locating Parks and Public Works maintenance functions.

On September 14, 2016, staff briefed the Finance Committee on the preliminary findings of the Maintenance Center Feasibility Study. The study calculated that 18.5 acres would be needed to co-locate Parks and Public Works functions on a site. After an extensive property search, staff concluded that one location of this size was unavailable within City Limits. Staff then moved forward exploring the use of three City-owned properties in combination. These properties include the existing Maintenance Center on Eastside Street, the former Fire Training Pad off Eastside Street (part of the Lee Creighton Justice Center property), and the Police Firing Range site located on Carpenter Road in Thurston County. Staff identified the City-owned property on Carpenter Road as an ideal location for Waste ReSources given the proximity to the Thurston County Waste and Recovery Center. Moving Waste ReSources in the nearer term would also free up needed space for Public Works and Parks at the Maintenance Center.

On June 22, 2017 staff shared preliminary cost estimates to develop the Carpenter Road site for Waste ReSources, along with potential financing and phasing options. As part of the 2018 budget process, City Council approved a rate increase of 4% to begin raising money for design of the new facility and refine cost estimates.

In October of 2019 Council authorized the City Manager to sign a professional service agreement with KPFF Consulting Engineers. The Professional Services Agreement is to refine and supplement the work completed in the 2017 feasibility study to ensure feasibility of developing a new Waste ReSources facility at the Carpenter Road site. The scope of work includes refining the site plan and floor plans, developing a list of equipment needs for the facility, geotechnical engineering, schematic designs, and cost estimations.

KPFF's work is nearly complete and staff will share preliminary findings at the July 15th Finance Committee meeting.

Neighborhood/Community Interests (if known):

None identified at this early phase related to the Carpenter Road Site. However, due to the location of the Carpenter Road Property in the Lacey Urban Growth Area, staff plans to brief City of Lacey on the City's plans at the appropriate time.

Options:

1. Receive the presentation.
2. Do not receive the presentation.
3. Reschedule the presentation.

Financial Impact:

Waste Resources utility is using existing capital funds to cover the cost of design work. This design work will inform the development of a funding strategy and rate implications over the coming year.

Attachments:

None.