



## REPORT FOR FISCAL YEAR 2019

### City's compliance with funding levels set forth in the Interlocal Agreement between the OMPD Board and Olympia City Council

October 14, 2020

Olympia Metropolitan Park District (OMPD) Board  
PO Box 1967  
Olympia, WA 98507

Dear OMPD Board Members:

At our July 8, 2020 meeting, the OMPD Advisory Committee received an oral presentation and written report titled "City of Olympia Report to the Olympia Metropolitan Park District Advisory Committee Regarding Section 4.1.1, (i) through (iv) for Fiscal Year 2019" (attached). The report was prepared and presented by Nanci Lien, Fiscal Services Director for the City.

Based on the report, the presentation, and follow-up questions with Ms. Lien, the City was compliant with sections Section 4.1.1, (i) through (iv) for Fiscal Year 2019.

At the conclusion of the City's 2019 Audit conducted by the Washington State Auditor's Office, the City will report any changes to the Advisory Committee. The City expects this audit to be complete by the end of August. The Committee reserves the right to amend this report as necessary should additional information become available.

Thank you for taking the time to consider our report. Please feel free to contact me at [rhorn@ci.olympia.wa.us](mailto:rhorn@ci.olympia.wa.us) if you have questions or comments.

Sincerely,

*Roger Horn*

Roger Horn, Chair  
OMPD Advisory Committee

Enclosure: City of Olympia Fiscal Year 2019 Compliance Findings Report  
CC: Olympia City Council

City of Olympia Report to the  
Olympia Metropolitan Park District Advisory Committee  
Regarding Section 4.1.1, (i) through (iv)  
For Fiscal Year 2019  
Presented July 8, 2020 – Revised July 17, 2020

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

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

**COMPLIANCE FINDINGS**

**SECTION 4.1.1 (i):**

Interlocal Agreement Language

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

Discussion

This section requires the City to allocate 11% of certain budgeted General Fund tax revenues to support the Olympia Parks, Arts and Recreation Department (OPARD). These revenues are the general use portion of: Sales Tax, B&O Tax, Property Tax, Private Utility Tax, and Public Utility Tax. For the 2019 budget, the City allocated \$5,413,497 to OPARD, which represents 11% of the taxes referenced above and detailed in Addendum 1 at the end of the report.

Compliance Status

For 2019, the City was in compliance with this section.

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

##### Interlocal Agreement Language

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

##### Discussion

The City imposes a voter-approved utility tax (VUT) of 2% for park purposes. The City’s 2019 capital budget allocated the full 2% VUT revenue, in the amount of \$1,955,000, for park land acquisition projects. The capital budget included:

- \$1,185,000 for park land acquisition
- \$770,000 for debt service on the 2018 park bond anticipation note (BAN) which was issued for acquiring park land.

##### Compliance Status

For 2019, the City was in compliance with this section.

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

##### Interlocal Agreement Language

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

##### Discussion

The City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). This section requires the City to commit one-half of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties. The City’s 2019 capital budget allocated the full 1% of NVUT to park land acquisition. One-half of the 1% NVUT represents \$495,000.

##### Compliance Status

For 2019, the City was in compliance with this section.

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

##### Interlocal Agreement Language

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

##### Discussion

As noted above, the City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). Section 4.1.1. (iii) requires the City to commit one-half of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties and this section requires the City to commit the *remaining* one-half of the 1% NVUT for the same purposes. If the City does not allocate this one-half of the NVUT in the capital budget then the City would allocate up to \$500,000 of year end fund balance, to the extent it exists for such purposes. The City's 2019 capital budget allocated the full 1% of NVUT for the purposes described above. One-half of the 1% NVUT represents \$495,000.

#### Compliance Status

For 2019, the City was in compliance with this section.

#### **ADDENDUM 1**

Olympia General Fund Appropriation for OPARD Revenues Relevant for Parks 11% of Revenues

<b>Original Budget of Eligible Taxes</b>	
Sales Tax	\$ 20,173,000
B&O and Admission Taxes	6,975,900
Property Tax	11,572,346
Private Utility Tax	4,346,300
Public Utility Tax	6,146,066
<i>Total</i>	<i>\$ 49,213,612</i>
11% of total to support OPARD Recreation	\$ 5,413,497
Amount Originally Budgeted	\$ 5,413,497
Variance Amount Budget to OPARD Support	\$ 0