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City Council

Discussion of Budget Special Topics - Utility Rates, Impact Fees, Development Fees, PBIA, and Lodging Tax

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Title

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Recommended Action

Committee Recommendation:

The Lodging Tax Advisory Committee (LTAC) is recommending tourism service contracts in the amount of \$405,923 and the Utility Advisory Committee (UAC) is making recommendations on utility rates and general facility charges (GFC).

City Manager Recommendation:

Review and discuss the following operating budget topics: Lodging Tax tourism service contracts in the amount of \$405,923, the proposed Parking & Business Improvement Area Board (PBIA) Budget, the UAC 2020 recommended utility rate and general facility charges, Parks and Transportation impact fees, Olympia School District Impact Fees, and Development Fees.

Report

Issue:

Whether to discuss the following operating budget special topics: Utility Rates and General Facility Charges; Parks, Transportation and Olympia School District impact fees; LTAC tourism service contracts; and the Parking & Business Improvement Area Board Budget.

Staff Contact:

Debbie Sullivan, Administrative Services Director, Administrative Services, 360.753.8499

Presenter(s):

Debbie Sullivan, Administrative Services Director

Eric Christensen, Director of Water Resources, Public Works

Laura Keehan, Parks Planning & Design Manager, Parks, Arts & Recreation

Mark Russell, Deputy Director, Public Works

Jennifer Priddy, Assistant Superintendent, Olympia School District

Max DeJarnatt, Parking Program Analyst, Community Planning & Development

Jessica Bateman, Olympia City Council, Lodging Tax Advisory Committee Chair

Background and Analysis:

The 2020 Preliminary Operating and Capital Budget assumes revenue and expenses from utility rates; General Facility Charges (GFCs); Lodging Tax; Parks and Transportation impact fees; Development Fees; and Parking & Business Improvement Area revenue. Staff will present information on these topics and take questions from Council for future budget discussion meetings. Action will be taken in mid-December as part of the budget approval process.

Utility Rates and GFC Increases

On October 3, the UAC discussed proposed changes to the 2020 utility rates and GFCs for the four utilities - Drinking Water, Wastewater, Storm and Surface Water, and Waste ReSources. This recommendation was presented to Finance Committee on October 28. Staff will share the recommendation with the full Council.

Park Impact Fees

For 2020, staff proposes freezing park impact fees at the 2018 and 2019 level, as shown on the attached rate sheet. The “frozen” rate provides a 6-11 percent discount from what the rate would have been had the annual inflationary adjustments been implemented. Staff will be contacting a consultant to explore other potential methodologies for park impact fee calculation, including using residential square footage as the basis for the calculation.

Transportation Impact Fees

The last update to the Transportation Impact Fee Rate Study was in 2016. With the anticipated adoption of the Transportation Master Plan in 2020, staff will modify and update the Transportation Impact Fee Program at that time. For this reason, staff is only adjusting the Transportation Impact Fee this year for increases in the cost of labor, construction materials, and real property. The Transportation Impact Fee will increase by \$5 from \$2,782 to \$2,787 per new trip.

Olympia School District Impact Fees

Based on its updated Capital Facilities Plan, the Olympia School District is requesting a slight increase for 2020 in impact fees for single-family homes from \$4,972 to \$5,177; a decrease in multi-family residential impact fee outside of downtown from \$2,575 to \$2,033; and an increase in the downtown multi-family residential impact fee from \$0 to \$1,627 beginning July 1, 2020.

Development Review & Inspection Fees

City Council's adopted policy for the Development Services Fund includes a target of 85 percent of the City's cost for review and inspection of development permit applications is to be recovered through application fees. Staff recommends several adjustments to land use, engineering and building review/inspection fees to achieve closer alignment with this adopted cost recovery target and other City policy goals, as well as comparison with neighboring jurisdictions' fees.

PBIA Draft Budget

PBIA is projecting \$100,000 revenue in 2020 to be split among three core focus areas: Clean and

Safe, Streetscape Beautification, and Marketing. Staff will share the recommended 2020 budget.

Lodging Tax

The Lodging Tax Advisory Committee (LTAC) met and developed funding recommendations. Councilmember Jessica Bateman chairs the LTAC and will present the funding proposal. RCW 67.28.1816 defines City Council's role regarding LTAC recommendations as follows:

(ii) The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by local lodging tax advisory committee.

Neighborhood/Community Interests (if known):

A public hearing is scheduled for November 19 on the operating and capital budget. Council can hear testimony on the proposed changes at that time.

Options:

1. After hearing the presentation, request additional information from City staff.

Financial Impact:

Briefing only.

Attachments:

UAC 2020 Utility Rates, GFCs and 2020-2025 CFP Recommendations

2020 Park Impact Fees

2020 PBIA Draft Budget Recommendations

2020 Lodging Tax Recommendations

2020 Development Review and Inspection Fees