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City Council

Discussion of Budget Special Topics - Utility Rates, General Facility Charges, Impact Fees, Parking Business Improvement Area, Lodging Tax, and Council Appointed Committee Stipends

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Title

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Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Review and discuss the 2021 Operating Budget topics and recommendations.

Report

Issue:

Whether to discuss the following operating budget special topics and recommendations: including the Utility Advisory Committee (UAC) 2021 recommended Utility Rates and General Facility Charges; Parks, Transportation, and Olympia School District (OSD) Impact Fees; Parking & Business Improvement Area Board (PBIA) budget; Lodging Tax; and Stipends for Council Appointed Boards, Committees, and Commissions.

Staff Contact:

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Presenter(s):

Nanci Lien, Finance Director

Eric Christensen, Director of Water Resources, Public Works

Tammy LeDoux, Finance & Policy Coordinator, Parks, Arts & Recreation

Mark Russell, Deputy Director, Public Works

Jennifer Priddy, Assistant Superintendent, Olympia School District

Max DeJarnatt, Parking Program Analyst, Community Planning & Development

Mike Reid, Economic Development Director

Debbie Sullivan, Assistant City Manager

Background and Analysis:

The 2021 Preliminary Operating and Capital Budgets assume revenue and expenses from Utility Rates; General Facility Charges (GFCs); Parks and Transportation Impact Fees; PBIA; and Lodging Tax 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, 2020, 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, 2020.

Park Impact Fees

This year's inflationary adjustment calculation for Park Impact Fees would result in an increase of 1.71% or \$95 for a single-family residence. However, for 2021, staff proposes to freeze Park Impact Fees at the 2018 level, which has been done for the last 2 years. The "frozen" rate provides a 7-12% discount from what the rate would have been had the annual inflationary adjustments been implemented each year (see attached worksheet). In mid-2021, staff will be contracting with FCS Group to update the park impact fee calculation, based on the updated Parks, Arts & Recreation Plan which will be adopted in 2022. As recommended by the Parks and Recreation Advisory Committee, the consultant will also calculate what the fee would be if the City chose to implement non-residential Park Impact Fees.

Transportation Impact Fees

The Transportation Master Plan is nearly complete and includes proposed changes to the City's Transportation Concurrency and Impact Fee Programs. Updated ordinances regarding these proposed changes will be brought to the City Council for consideration in December 2020. These programs are now multi-modal, adding capacity to our street system by making bike, pedestrian, and transit improvements, in addition to improvements for vehicles. The cost per new "person" trip is proposed to be \$2,551 in 2021. Even though this is less than the 2020 "vehicle" trip rate of \$2,787, impact fees calculated for most land use types will increase slightly. This is because the proposed impact fees reflect new, updated national research and local data about trip lengths and the types of trips generated by each land use. For example, the single-family home rate will increase from \$3,219 to \$3,662. Staff will present an overview of the proposed Transportation Impact Fee Program.

Olympia School District Impact Fees

Based on its updated Capital Facilities Plan, the OSD is requesting an increase for 2021 impact fees for single-family homes from \$5,177 to \$5,448; an increase in multi-family residential impact fee from \$2,033 to \$2,133; and an increase in the downtown residence impact fee from \$1,627 to \$1,756. An excerpt from OSD's final CFP is attached.

Parking Business Improvement Area

The PBIA is projecting \$99,450 revenue in 2021, with budget split among three core focus areas: Clean & Safe; Streetscape Beautification; and Marketing. Staff will share the recommended 2021 budget, including updates related to impacts from the COVID-19 assessment deferral program.

Lodging Tax

The City levies lodging tax in two, 2% increments. The tax is used for tourism promotion and the acquisition or operation of tourism-related facilities. The City allocates the first 2% of the tax to support the Washington Center for the Performing Arts. The second 2% is allocated to tourism-related projects or events recommended by the Lodging Tax Advisory Committee (LTAC). The lodging industry has been significantly impacted by COVID-19 and the associated lodging tax revenue has been one of the sources most difficult to project during this pandemic. The LTAC's funding application process has been delayed due to the pandemic, and the Committee's recommendation will be not be available to present to Council in time to be included in the 2021 Budget ordinance. Staff will present information on 2021 revenue projections and a recommended budget approach for the two tax increments.

Stipend for Council Appointed Boards, Committees, and Commissions

The City of Olympia City Council uses Advisory Boards, Committees and Commissions to share their opinions and perspectives, study issues, and develop recommendations. Their primary purpose is to provide judicious advice, from a citizen perspective, to the City Council. The City has 14 volunteer advisory committees/commissions. Depending on their workplan, they meet anywhere between 6 and 24 times per year. To increase participation and reduce barriers, staff will present a recommendation to provide a stipend of \$25/meeting attended with an option to waive. Those who certify they are low income will receive a stipend of \$50/meeting attended.

Neighborhood/Community Interests (if known):

A public hearing is scheduled for November 17, 2020 on the Operating and Capital Budgets. Council can hear testimony on the proposed changes at that time.

Options:

1. Receive the presentation.
2. Do not receive the presentation.
3. Receive the presentation at another time.

Financial Impact:

N/A

Attachments:

2021 Proposed Utility Rates
2021 Proposed Park Impact Fees
2021 Olympia School District Impact Fees
2021 PBIA Budget Recommendations