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City Council

Approval of an Ordinance Adopting the 2021 Operating, Special Funds and Capital Budgets, and the Capital Facilities Plan; 2021-2026 Financial Plan; Setting Forth the Estimated Revenues and Appropriations

Agenda Date: 12/15/2020
Agenda Item Number: 4.F
File Number: 20-1020

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of an Ordinance Adopting the 2021 Operating, Special Funds and Capital Budgets, and the Capital Facilities Plan; 2021-2026 Financial Plan; Setting Forth the Estimated Revenues and Appropriations

Recommended Action

Committee Recommendation:

The Finance Committee considered public testimony received at Public Hearings held on October 13, November 10, and November 17 as well as the Council Budget balancing discussion on December 1.

City Manager Recommendation:

Move to approve the ordinance adopting the 2021 Operating, Special Funds and Capital Budgets, and the Capital Facilities Plan; 2021-2026 Financial Plan on second reading.

Report

Issue:

Whether to approve the ordinance adopting the 2021 Operating, Special Funds and Capital Budgets, and the Capital Facilities Plan; 2021-2026 Financial Plan on first reading and forward to second reading.

Staff Contact:

Nanci Lien, Finance Director, 360.753.8465

Presenter(s):

None - Consent Calendar item

Background and Analysis:

Background and analysis has not changed from first to second reading.

State law requires the City Manager to present a balanced Preliminary Operating Budget and Capital

Budget to Council each year. By State law the budget must be adopted no later than December 31. The City Council's Finance Committee met throughout the year to review, discuss, and provide direction to the City Manager on the 2021 Preliminary Operating Budget, Capital Budget, and the Capital Facilities Plan (CFP) and 2021-2026 Financial Plan.

The 2021 Preliminary Operating, Special Funds, and Capital Budgets include resources to provide services such as police and fire protection; developing and maintaining parks, open space and recreational centers; and building and maintaining City streets and utility infrastructure.

Operating Budget

The Operating Budget was presented to Council on October 20. A Public Hearing on Ad Valorem was held on November 10, and another Public Hearing on the Operating Budget on November 17.

Finance Committee met on November 18 to prepare a final recommendation which was presented to the full Council on December 1. Since the Preliminary Operating Budget was presented on October 20, adjustments in revenue and expenditures were made. Major changes to the Operating Budget were discussed with Council on December 1 and include changes to Olympia Police Department training budgets, Outreach Services Programs, and services to assist with re-imaging public safety and tenant protection services. These changes are included in the Ordinance.

Capital Budget and Capital Facilities Plan: 2021-2026 Financial Plan

The Capital Facilities Plan (CFP) is a Chapter in the City's 20-year Comprehensive Plan adopted by Council in 2014. The CFP portion of the Plan is updated annually. The first year of the six-year financial plan serves as the City's annual Capital Budget.

The Planning Commission received a briefing on the CFP on August 17. On September 21, the Planning Commission held a Public Hearing. The City's Preliminary CFP and 2021-2026 Financial Plan also went to the Bicycle Pedestrian and Advisory Committee (BPAC); Parks and Recreation Committee (PRAC); and the Utility Advisory Committee (UAC) for review and comment. The Planning Commission, BPAC, PRAC, and UAC submitted comments for Council's consideration.

City Council received a briefing on utility rates, general facility charges and impact fees, including the Olympia School District's impacts fees, on November 10. On October 13 and November 17, City Council held Public Hearings to hear testimony on both the 2021 Preliminary Capital Budget and the CFP: 2021-2026 Financial Plan and received an update on the City's outstanding debt, including internal fund loans.

Since the Preliminary Capital budget and CFP: 2021-2026 Financial Plan was presented on August 11, the following major changes to the Capital Budget were discussed with Council on December 1 and made to the final document:

1. Removal of the Fire Station construction related to annexation.

2. Inclusion of Transportation Benefit District revenue - \$1.5 million

Special Funds

The Budget also includes Special Funds such as Home Fund, Lodging Tax, Parking & Business Improvement Area, Farmers Market Repair & Replacement, and Hands on Children's Museum. Since the Preliminary budget was presented on October 20, changes in revenue and expenditures were adjusted and are included in the Ordinance.

Neighborhood/Community Interests (if known):

City Council held public hearings on October 13 and November 17 to hear testimony on the CFP: 2021-2026 Financial Plan. Council also held a Public Hearing on November 17 to hear testimony on the Preliminary Operating Budget.

The Planning Commission received a briefing on the Preliminary 2021-2026 CFP on August 17. On September 21, the Planning Commission held a Public Hearing to hear public testimony. The Preliminary CFP and 2021-2026 Financial Plan also went to the BPAC; PRAC; and the UAC for review and comment. The Planning Commission, BPAC, PRAC, and UAC prepared comments for Council's consideration.

Options:

1. Approve the Ordinance Adopting the 2021 Operating, Special Funds and Capital Budgets and the Capital Facilities Plan: 2021-2026 Financial Plan on second reading.
2. Direct staff to make changes to the Ordinances and/or the Capital Facilities Plan: 2021-2026 Financial Plan on second reading.

Financial Impact:

- General Fund - \$87,935,784
- Operating Funds - \$167,680,492 (includes General Fund)
- Special Funds - \$8,999,388
- Capital Funds - \$29,128,979

Attachments:

Ordinance