



## City Council

### Public Hearing on 2014 - 2019 Capital Facilities Plan (CFP)

**Agenda Date:** 10/8/2013  
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**Agenda Item:**

Public Hearing on 2014 - 2019 Capital Facilities Plan (CFP)

**Committee Recommendation:**

The Finance Committee is reviewing parts of the CFP and has scheduled a public hearing for October 7 on their draft letter and recommendations (attached).

**City Manager Recommendation:**

Open the public hearing to receive testimony on the proposed plan.

**Issue:**

Hold a public hearing to take testimony on the 2014 - 2019 CFP.

**Staff Contact(s):**

Jane Kirkemo, Administrative Services Director, 360.753.8499  
Rich Hoey, Public Works Director, 360.753.8495  
Shawn Ward, Interim Parks Director, 360.753.8069

**Presenter(s):**

Jane Kirkemo, Administrative Services Director  
Roger Horn, Planning Commission  
Jerry Parker, Planning Commission  
Barb Day, Utility Advisory Committee  
Jim Nieland - Parks and Recreation Advisory Committee  
Other chairs of Advisory Committees have been invited to speak.

**Background and Analysis:**

The City Manager is required to present a six-year Capital Facilities Plan (CFP) to the City Council for adoption. The CFP must be balanced (revenues received realistically pay for proposed projects). Such planning involves determining not only where the facilities will be needed, but also when; and not only how much they will cost, but also how they will be paid for and maintained. The CFP is forwarded to the Planning Commission and other advisory committees for their input and comment.

The Planning Commission held a public hearing on the CFP on August 5<sup>th</sup>, with a second hearing scheduled for October 7<sup>th</sup>.

The six-year plan is slightly less than the current plan. The increase is predominantly from the completion of the Washington Center renovations and the LED streetlight conversion project.

### **Changes Since the Preliminary CFP Was Presented**

#### **Isthmus Parcels:**

At the time the Isthmus parcels were acquired, the City was still awaiting word on whether it would receive any grant funding from the State for the Isthmus parcels. On April 23, 2013, City staff provided the City Council with another potential way to fund the Isthmus acquisition by identifying an additional \$1,060,000 in projects that could be deferred. Based on the availability of at least one alternative funding strategy to receiving a complete grant, the City Council authorized the City Manager to enter into a purchase and sale agreement with the owner. The City has since been notified by the Recreation Conservation Office that it has been awarded a grant of at least \$200,000. The amount of that grant may increase should other applications drop off the granting agency's list. In addition, Council set aside \$50,000 in Community Development Block Grant Funding to be used for building demolition, and the Olympia Capitol Park Foundation has committed to presenting the City with \$100,000 towards this effort in late 2013.

On August 27, 2013, a memorandum to the City Council stated that the final funding decision for the Isthmus parcels would be made concurrent with the City Council's adoption of the 2014-2019 CFP. Accordingly, the City Council may choose to use the funds in the manner previously proposed by staff and reflected in the attached "Community Park Expansion" sheet, or the City Council may elect to use different funds for final funding of the Isthmus acquisition and the commencement of demolition. Staff proposes that the Isthmus parcels be funded as was previously proposed and that the grant funds be used for demolition or acquisition purposes. Ultimately, additional funds will be needed for complete demolition or additional acquisitions.

To make up the \$1,060,000 shortfall, staff continues to support using unspent funds from three capital projects in prior year CFP's. The three projects are Priest Point Park Shelter, West Bay Master Plan, and West Bay Park Cleanup. These funds were not depicted in the 2013-2018 CFP since they were previously approved. The projects remain on the books but with less budget.

#### **Ward Lake:**

Due to the special water quality sensitivity of Ward Lake and unique environmental constraints including steep slopes to and into the water, City staff proposes to further examine next steps for the Ward Lake parcel prior to engaging in an extensive master planning process. Accordingly, no capital budget funds are proposed or requested at this time for the Ward Lake parcel. After staff conducts additional review, appropriate next steps can be determined. Staff proposes that the Council accept and consider the public comment as to the funding of the Isthmus and the related sections of the CFP, including the "Community Park Expansion" section. The 2014-2019 CFP contains \$350,000 to begin the demolition process of the existing structures.

#### **School District Impact Fees:**

Because the City of Olympia collects impact fees for the Olympia School District, their CFP must be incorporated into our CFP document. Their final document will be approved next week. Their draft CFP is attached.

#### **Neighborhood/Community Interests (if known):**

Neighborhoods are interested in all of the projects in their area. Staff has made presentations to the Coalition of Neighborhood Associations and advisory groups on the preliminary document.

*Note: The preliminary CFP document is posted on the City's website for public access.*

**Options:**

Hold the public hearing. The Council may close the public hearing tonight but continue to take written testimony until a later date.

**Financial Impact:**

The 2014 - 2019 CFP is \$122.1 million. The 2014 budget is \$12.2 million. There are sufficient revenues from approximately 16 different sources to cover this plan. One financial area for discussion is the REET. The legislature made a change in 2012 allowing the use of 35% of the annual proceeds for operations and maintenance. This change will sunset in 2016. The current plan assumes all of the REET money will remain in the CFP. Over the last few years we have depleted the CFP Contingency. This plan adds \$100,000 to the Contingency.

Since presenting the CFP, staff and advisory committees have been reviewing utility rates and impact fees. Utility rate increases will be discussed as a part of the operating budget. There is a transportation and park impact fee increase being recommended. (See attachment.)