



City Council

Public Hearing on the 2014 City of Olympia Operating Budget and 2014-2019 Capital Facilities Plan (CFP)

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Title

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Recommended Action

Committee Recommendation:

The Finance Committee will present recommendations on the Budget and CFP at a later date. Various City advisory committees forwarded written recommendations to the Council at an earlier date. The Planning Commission will submit additional written recommendations for the Council to consider at the Council's November 19th meeting following the Planning Commission's public hearing on November 18th.

City Manager Recommendation:

Move to open the public hearing and take comments on the 2014 City of Olympia Preliminary Operating Budget and CFP. The Council should close the public hearing for oral presentations at the end of the oral comments and should accept written comments until November 19, 2013 at 5:00pm.

Report

Issue:

The hearing is an opportunity for the public to comment on the 2014 Operating Budget and Capital Facilities Plan.

Staff Contact:

Steve Hall, City Manager, 360.753.8370
Jane Kirkemo, Administrative Services Director, 360.753.8499

Presenter(s):

Jane Kirkemo, Administrative Services Director
Jennifer Priddy, Olympia School District

Background and Analysis:

The 2014 Preliminary Operating budget was presented on October 22, 2013 followed by a neighborhood forum on October 29th. The Preliminary CFP was presented in July and the Council

held a separate public hearing on the CFP on Oct 8, 2013. This hearing provides additional opportunity for the council to hear from the public on the Capital and Operating Budgets of the City. The Operating Budget includes utility rate increases and recommendations for the Lodging Tax. The City of Olympia CFP includes the Olympia School District CFP along with inflationary increases in parks, transportation, and school impact fees.

Operating Budget

The 2014 City of Olympia Preliminary Operating Expenditure Budget is \$119 million representing a 4.2% increase over the 2013 budget. The General Fund, comprising the basic municipal services, is \$65 million or a 3.5% increase in expenditures.

The utilities comprise about 45% of the total expenditures. The Utility budgets include the following increases in residential rates:

- Drinking Water - 7% revenue increase
- Wastewater - 4% rate increase
- Storm water - 2% rate increase
- LOTT - 3% rate increase
- Waste Resources:
 - Residential - 8% rate increase
 - Commercial - 5% rate increase
 - Organics - 6% rate increase

In addition to the rate increases, the general facility charges (GFC) and the capital development charges (CDC) for LOTT will increase. (See attachment.)

- Drinking Water - 7.7% rate increase
- Waste water - 4.5% rate increase
- Storm and Surface water - 7.7% rate increase
- LOTT - 4.3% rate increase

Lodging Tax Advisory Committee (LTAC) - Also included in the Operating Budget is the recommendation from the LTAC. Councilmember Hankins is the Council Representative on the committee. The committee recommends \$230,000 in tourism service contracts for 2014. (See attachment.)

Capital Facilities Plan (CFP)

The 2014-2019 City of Olympia Preliminary Capital Facilities Plan is \$122 million. The Utilities represent approximately one third of the Preliminary CFP. The Olympia School District CFP was presented separately but will be included in the final CFP document.

Changes to Preliminary CFP:

The Staff recommendation is to replace the current Volume 3 (Capital Facilities Plan) of the Comprehensive Plan in its entirety with the revised goals, policies, and background information found in the preliminary CFP.

Isthmus Parcels: At the time the Isthmus parcels were acquired, the City was awaiting word on whether it would receive any grant funding from the State for the parcels. On April 23, 2013, City staff provided the City Council with another potential way to fund the Isthmus acquisition by identifying \$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 could increase if 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. Staff proposes the Isthmus parcels be funded as was previously proposed and 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 previously funded capital projects. The three projects are Priest Point Park Shelter, West Bay Master Plan, and West Bay Park Cleanup. The projects will remain a part of the CFP but with less funding.

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 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" project description.* (See *attachment #3.*) The 2014-2019 CFP contains \$350,000 to begin the demolition process of the existing structures.

Impact Fees

Impact fees are a significant source of funding for the Olympia School District and the City of Olympia CFP. The attachment outlines the changes in impact fees. After the Olympia School Board adopted their 2014-2019 CFP including impact fees, staff found an error in the impact fee calculation. The correct fee is noted on Attachment #7 and the School Board will adopt the revised rates at their meeting on November 12.

Neighborhood/Community Interests (if known):

The 2014 Operating Budget includes \$23,000 for neighborhood matching grants.

Options:

Hold the public hearing. In addition staff recommends Council allow written comment until 5:00 p.m. on Tuesday November 19, 2013. This will allow sufficient time for the Planning commission to hold another public hearing on the Olympia School District CFP and submit comments to the Council prior to final budget balancing

Financial Impact:

The 2014 Operating Expenditure Budget is \$119 million and the 2014-2019 Capital Facilities Plan is \$122 million. Both the Preliminary Operating Budget (including LTAC recommendations and utility rate increases) as well as the Preliminary Capital Facilities Plan are available on the City's website for public review.