

**CITY OF OLYMPIA
COMMITTEE
FINANCE COMMITTEE MINUTES
September 15, 2009**

Members Present: Joan Machlis, Craig Ottavelli and Joe Hyer, Chair

The minutes of the August 11, 2009 meeting were amended. Committee member Machlis amended the section on utility rates to read: Committee Chair Hyer asked why the replacement carts were not in the calculation for rates. The minutes were approved as amended.

Parks Plan Capital Investment Strategy

David Hanna and Linda Oestreich, with Parks, Arts and Recreation, facilitated a lengthy discussion with the Finance Committee on the Parks Capital Investment Strategy. Committee Chair Hyer asked why we were pursuing an Arts Center if there clearly were not funds for operation. Staff reminded the Committee this is park strategy—not a budget. The Committee asked when they would have better numbers on Percival. Staff replied they hoped to bring the numbers to Council in November.

Assumptions the Committee agreed to move forward include:

- Don't make a decision to go to the voters for an excess levy for Parks at this time. In 2010, weigh options- a levy lid lift for basic operations may be more critical than an excess levy for Parks.
- Get a 'significant' portion of Percival Landing in construction in 2010. This preserves the millions in grant funds available, as well as provides a stimulus to the local economy.
- Use the \$978,000 grant replacement on Ward Lake to support Percival Landing funding.
- After recommendation on Percival Landing, decide which projects in Tier 1 need to move to allow Percival landing to proceed.
- Proceed to sell \$2.5 million in debt in the short term to fund either Percival Landing or other projects in Tier 1.

Staff will move forward with the Parks Plan draft. As the picture becomes clearer in the coming weeks, staff will bring to Council a recommended strategy based on the actual numbers.

Wastewater Financial Update

Rich Hoey, Water Resources Line of Business Director, reviewed some major increases in cost for Yelm Highway and potential increases in the Wastewater General Facilities Charges. The Yelm Highway project is \$2.4 million more than originally estimated. Staff is still supporting the project as essential for effective regional sewer service in Southeast Olympia. Pushing the project out would eliminate the cost savings generated from combining this project with the County's Yelm Highway reconstruction project. There are funds available to cover the cost in 2010, however, it will increase the amount of debt financing needed for near term projects.

Wastewater General Facility Charges (GFC) revenues directly fund wastewater capital improvements. An increase in GFCs will facilitate reimbursement of utility funded regional sewer extensions as development occurs. GFC increases will add costs for new development. Staff recently updated the calculation of

GFCs. This work concluded a substantial increase in the GFC is appropriate to support the updated capital improvement program. Another significant factor in the calculation of the GFCs is the projected growth rate. The growth rate affects the number of new connections among which capital costs are shared. Staff is currently coordinating with the LOTT Alliance to ensure we are using the most up to date growth projections. Currently, staff is projecting about a 41% (\$1,024) increase in the GFC rate, making the GFC \$3,522 per ERU. Staff is evaluating the possibility of phasing in the increase. A significant portion of the increase is due to sewer extensions on South Bay and Yelm Highway.

The Committee agreed to move ahead with the Yelm Highway project but wanted more discussion on the increase in GFCs. Committee member Ottavelli asked what outreach to our stakeholders staff has done or is planning to do. "Before we can move ahead we need to involve stakeholders."

Review of 2010 revenue projections

There was not enough time for a discussion on this item. It will move forward to the October meeting.

The meeting ended at 6:55 p.m.