

**CITY OF OLYMPIA  
FINANCE COMMITTEE MINUTES  
October 20, 2009**

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

The minutes from the September 15, 2009 meeting were approved.

**Transportation Impact Fees**

On July 14th the Council approved the implementation of a Transportation Impact Fee (TIF) of \$2559 for the remainder of 2009 based on the following:

1. Use the current 6 year planning horizon for the remainder of 2009 and then consider using a 20 year horizon starting in 2010.
2. Include the median in the Log Cabin Road Extension project in the calculation of the TIF for 2009.
3. Modify our current TIF rate schedule to reflect the revised project cost estimates for the 6 year project list, and collect at a maximum allowable rate of 65.2%
4. Provide for the option to defer payment of impact fees prior to final building inspection
5. Modify the TIF rate schedule to create a single downtown shopping center fee for the land uses of retail stores, restaurants, convenience markets, supermarkets, video rentals, banks health clubs, daycares and libraries.

Staff was to meet with the Committee to discuss the projects identified in the 20 year planning horizon. The 2020 plan identifies 5 additional transportation system improvements needed to serve new growth. The total cost for these projects is approximately \$40 million.

The 2030 planning horizon identifies 10 additional transportation system improvements needed to serve new growth at a cost of \$47 million.

Staff asked the Committee for a recommendation on whether to include the median on Log Cabin in the impact fee cost. David Riker, Transportation Line of Business Director, argued he could go either way, saying it really isn't a capacity issue, but it is a pedestrian safety and traffic calming issue. There was also discussion about whether to include the cost of the IJR-interchange justification report. The cost is approximately \$1.5 million and the State is saying the total cost is the City's responsibility. The Committee did recommend including the IJR and the median in the impact fee calculation. Committee member Machlis said these issues really need to be discussed with the full Council. City Manager Steve Hall said the issues will be discussed with the Council at the Study Session on the Capital Facilities Plan.

**Declaration of Substantial Need**

Administrative Services Director Jane Kirkemo explained to the Committee that property taxes are limited to 1% or the rate of the Implicit Price Deflator (IPD), whichever is LESS, plus new construction. Taxes are based on the July IPD which was -0.848. The statute also says a City Council may declare a "substantial need" and still receive the 1%. Declaring a substantial need requires a super majority of the Council voting in favor. Given the operating budget has a \$4 million deficit and the capital budget is

approximately \$2 million less than last year, staff believes there is a substantial need. The Committee agreed there is a substantial need and directed staff to bring forward a resolution at the next Council meeting.

#### **Thurston Climate Action Team funding request**

The Council previously referred this item to the Committee. Thurston Climate Action Team had requested \$5,000 to assist in implementing a grant they had received. The Committee agreed to take \$5,000 from the Climate Change project in the Capital Facilities Plan. The Committee directed staff to bring this item to Council on a future Consent Calendar.

#### **2009 and 2010 Revenues**

Dean Walz, Finance Manager gave the Committee an update on both the 2009 and 2010 revenues.

Following the scheduled items, staff notified the Committee they had been given a verbal notice that the County tipping fees for Solid Waste would be increasing by 37.5%. Staff will forward any information as soon as they receive anything from the County in writing.

Staff also discussed the need for a second meeting in November. The Committee will need to forward a budget recommendation to the Council at the budget balancing meeting on November 24.

The meeting ended at 6:50 p.m. The next meeting of the Finance Committee will be November 24 at noon.