

**CITY OF OLYMPIA
FINANCE COMMITTEE
COMMITTEE MINUTES
November 10, 2009**

Members Present: Craig Ottavelli and Joe Hyer, Chair. Committee member Machlis was excused.

Amendment to OMC 5.84 regarding utility service tax

Bill Sampson, Senior Accountant recommended the committee revise the Olympia Municipal Code to eliminate the double deduction for certain gross income and implement penalties and interest for late payment. Bill told the committee as a practice the City eliminated the double deduction a few years ago. Staff believes the companies are currently reporting as the city intended. Currently there is no penalty or interest imposed on late payments of utility taxes and staff is recommending we implement both. The committee said it was "a good thing to do" and told staff to place on the next consent calendar and begin implementing January 1, 2010.

Excess Reserve in Waste Resources

Earlier in the year, Public Works met with the Finance Committee to discuss the Solid Waste Utility. Staff told the committee there was a \$982,000 balance in the reserve ABOVE the required 10% minimum. The committee asked staff to come back with a proposal on what to do with the excess reserve. The committee suggested considering using the funds to delay a rate increase or possibly a rate decrease.

Public Works Director, Michael Mucha told the committee in October Thurston County proposed increasing their Solid Waste disposal rates by 37.5% effective January 2010. This increase pertains directly to the disposal of Municipal Solid Waste and Yard Debris at the Thurston County Waste and Recovery Center. In addition to this expense, the utility has a significant lingering liability. The City moved to a cart system approximately 10 years ago. The city has 36000 carts and approximately 800 containers representing a \$2.5 million replacement cost. The carts are beginning to show wear and are approaching the end of their useful life.

Staff proposed buying down 50% of the tipping fee increase and saving the remainder of the excess reserve for implementing a cart/container replacement program in 2010. Buying down half of the tipping fee increase would cost \$233,000 and would necessitate a rate increase of approximately 4%. The solid waste advisory committee agreed with the staff recommendation.

The committee agreed with the recommendation and told staff the decision will be considered as part of the budget balancing.

Parks, Arts and Recreation Plan - Review of the Capital Investment Strategy

David Hanna and Jonathon Turlove with the Parks, Art and Recreation Department reviewed the proposed Capital Investment Strategy with the committee. The proposal utilizes 2% utility tax revenues, Park Impact Fees and SEPA Mitigation Fees for proposed capital projects. A \$2.5 million bond is proposed for 2010/2011 and approximately \$1 million in general fund revenue is projected for Percival Landing rehabilitation and major maintenance projects beginning in 2011. Staff described "Percival Lite" and

reviewed the projects in each of the 3 tiers. The Percival Lite funding package includes \$930,800 from the Ward Lake Acquisition reimbursement. Staff is proposing to use \$48,000 of the Ward Lake reimbursement for a restroom at Sunrise Park.

Committee Chair Hyer said the council's highest priorities are still Percival Landing, West Bay and Ward Lake. Committee member Ottavelli asked why the isthmus was not on the list. Chairman Hyer said it was a State Park and should be in the Capital Campus Master Plan. "I agree but want to make sure it is discussed" said Ottavelli. There was a lot of discussion around Percival Landing- all phases. Chairman Hyer pointed out if we show all 3 phases of Percival Landing there won't be any other projects. He asked about showing the projects without a funding source. Staff pointed out the Growth Management Act requires Capital Facilities Plans to show funding sources the City reasonable expects to receive. City Manager Steve Hall said this is a 10 year plan and we should show all of our hopes and dreams. Chairman Hyer said, "We have to show the remaining part of Phase 1 and all of Phase 2." By 2011, we need solid cost estimates for all of Phase 1 and 2 of Percival Landing.

The finance committee made comments on the strategy not the timing. The recommendation to the Capital Investment Strategy was as follows:

1. Change the debt service for the \$2.5 million bond in 2010 to half a year's worth, not a full year. This will free up approximately \$150,000.
2. Use \$50,000 of this towards the Sunrise Park Restroom project, and apply \$100,000 towards the \$900,000 that was allocated for Grass Lake Phase II.
3. Move the Grass Lake Phase II project to Tier 2 which frees up \$1 million in Tier 1. Use this towards a Percival Landing Phase I design project.
4. Show the costs of the remainder of Percival Landing Phase I construction and Percival Landing Phase II construction in Tiers 2 & 3 even though this will result in negative balances in these tiers.
5. West Bay Phase II should be moved to Tier 2.
6. A new category called "Urban Waterfront" should be added to the tiers and Percival Landing and West Bay projects should go in this category.

This item will go to the full Council on December 8.

The meeting ended at 6:40 p.m. The next meeting is scheduled for November 24 at noon.