

**CITY OF OLYMPIA  
FINANCE COMMITTEE  
MINUTES  
April 14, 2009**

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

Chair Hyer convened the meeting at 5:00 p.m.

**Review of Stormwater Budget**

Rich Hoey, Director of Water Resources indicated that the answers to the Finance Committee's questions were in Attachment 1 of the staff report. There were no further questions from the Committee on the answers to the questions.

Rich Hoey described the various options and recommendations relating to stormwater mitigation cost allocations for transportation projects. Staff recommendation is that for sidewalk projects, that add curb and gutter, where the stormwater mitigation costs exceed 25% of the total project costs, staff from transportation and stormwater will evaluate alternative design options and the stormwater utility would pay for the costs exceeding the 25% threshold. Councilmember Hyer indicated that the new policy would be reflected in the 2010-2015 Capital Facilities Plan. Rich Hoey indicated that the policy will be evaluated in the Stormwater Utility Master Plan update.

Rich Hoey described the recommendations for projects with porous pavements. Transportation would pay for the installation of porous pavements, while Stormwater would pay for on-going maintenance. There would be cost sharing on long-term rehab and replacement. An insurance fund would be created at \$25,000 from each program annually to deal with unexpected failures.

Councilmember Machlis asked if there were some redesign options for alternatives to our street design standards. Staff responded that potential design options could include alternative stormwater treatment in planter strips, using porous pavement in bike lanes, etc.

*The committee unanimously recommended that the stormwater cost allocation options for transportation projects and the recommendations for projects with porous pavements be brought to the City Council for approval on consent calendar.*

**Transportation Funding Issues**

David Riker, Director of Transportation outlined a funding strategy for three high priority transportation projects; Boulevard/Log Cabin, Harrison Avenue Phase II (including the 500 ft. gap), and 18<sup>th</sup> Avenue between Hoffman and Fones. He indicated that the overall project cost estimates are down by \$5.8 million because of fine tuned costing enabled by the substantial amount of design work that has been accomplished. In addition there is cost savings of \$273,000 due to suggested changes in project approach by a value engineering team review of the Harrison Avenue project, bringing the total savings to \$6.1 million.

The proposed funding strategy is as follows:

Total Project costs = \$24.3M, Available Funds = \$11.9M, Remaining Needed funds = 12.4M.

Using existing funding sources, \$3.8M of the needed funds can be funded, leaving a gap of \$8.6M. Funding for the \$8.6M gap is proposed through debt financing for a 20 year term. The annual cost for the debt is estimated at \$700,000 of which \$446,000 (63.7 %) will come from impact fees and 254,000 (36.3%) from TBD revenues.

The Boulevard/Log Cabin Roundabout is substantially design complete, and could be bid as early as July of this year. 18<sup>th</sup> Avenue between Fones Road and Hoffman Road will be ready to be bid by the end of this year, contingent on our ability to acquire additional Right-of-Way. Harrison Avenue is scheduled for construction in 2010.

Councilmember Machlis indicated that we should consider a little more debt and saving a little more cash. Councilmember Hyer indicated that we wouldn't need to sell debt until 2010, and that we could break ground within 12 months creating a local economic stimulus.

There was discussion of the potential of the Public Works Trust Fund program not being funded by the State. We would still apply for the PWTF loans if the State were to take applications.

*The Committee unanimously recommended that this funding strategy be brought to Council for approval on consent calendar. They also asked that a letter be sent from the City Council to the TBD Board to get its concurrence on the TBD funding proposal.*

#### **Multi-Family Tax Exemption Areas**

Steve Friddle, Community Services Manager discussed the State statues relating to this exemption. Discussion centered on whether to amend the existing city ordinance to include property in the port peninsula that is owned by the Port of Olympia, and whether to add additional areas on the Westside.

On the Westside, there are currently four multi-family residential projects in various stages of permitting. The current vacancy rate for multi-family residential is around 1%. There was a need to carefully look at the short and long term financial impacts. Councilmember Ottavelli suggested that this could be done in conjunction with the development of a sub-area plan for the area. Councilmember Machlis indicated that that this should be looked as part of the comp plan amendment process.

On the port, the area is included within the tax exemption area, but currently the exemption only applies to properties that are not owned by the Port. Mike Reed, Port of Olympia staff indicated that responses to the RFP for the East Bay Development are expected by April 24<sup>th</sup>. He expects that the proposals to include housing along the State Avenue frontage. The land for condominium projects would have to sold to the private developer, while apartment projects could be constructed on land leased from the Port. Councilmember Hyer indicated that deleting the ownership restriction from the city's ordinance would allow for a mix of rental and owner occupied units.

*The Committee recommended that the amended to the existing ordinance to remove the "ownership" restriction on the port properties be brought to the City Council for action. The committee also asked staff to develop a scope of work and resources needed to look at the Westside area including the financial impacts. The issue of whether or not to include the Westside area could then be referred to the Land Use and Environment Committee.*

#### **Recommendation for Use of Asset Forfeiture Funds**

The committee approved the expenditure of \$6,400 from the Asset Forfeiture Fund for specialized training.

#### **Minutes of the March 10<sup>th</sup> Committee Meeting**

The committee deferred action on the minutes until their next meeting.

The meeting adjourned at 5:45 p.m.