



# Chapter 6. Capital Facilities

### 6.1 Plan Context

Successfully planning for the development of major capital facilities, such as water, sewer, public safety, roads, and parks systems is extremely challenging and requires a disciplined and comprehensive process. That process traditionally is accommodated through the development and implementation of the City's functional plans. The City of Poulsbo Water Comprehensive Plan and Sewer Comprehensive Plan are examples of such functional plans. Together, these and other functional plans comprise Poulsbo's Capital Facilities Plan (CFP), found in Section 2 of this plan, which assess the capital facility needs of the City and the cost of obtaining them over the long term.

Developing the CFP provides the opportunity for a detailed, professional assessment of background information, current and future needs, and alternative strategies for meeting those needs. This chapter acts as a policy reference to the Capital Facilities Plan and the various functional plans, and capital improvement and investment programs.

Poulsbo owns and manages a number of capital facilities including its roads, parks, water and sewer lines, police facilities, and administrative buildings. In addition to facilities owned and managed by Poulsbo, there are a number of publicly owned capital facilities managed by other entities which provide for some of Poulsbo's public capital facility needs. These include, but are not limited to schools, libraries, fire protection, sewage treatment, public transit and park-and-ride facilities.

Planning decisions made regarding these facilities are made by the responsible governing bodies. These decisions include the construction of new facilities, improvements to existing facilities, the levels of service provided by those facilities, and the sources of revenues and financing for needed facilities. Such decisions also recognize the evolving and adaptive role of technology in the provision of capital facilities.

Despite the fact that Poulsbo doesn't manage all capital facilities in the city, the City does have a significant influence on capital facilities planning and development by its authority to regulate land uses and the requirement to adopt a comprehensive plan. In addition, the Growth Management Act (GMA) requires Poulsbo to demonstrate that all capital facilities serving Poulsbo have been considered and that planning is done in a coordinated and comprehensive fashion.

Poulsbo faces a number of challenges in continuing to achieve the community's desired land use vision, while accommodating the growth that is expected over the next twenty years. These include:

- Accommodating Poulsbo's share of population, employment, and housing growth, which will partially be located in large areas of vacant land where public utilities do not currently exist. The timing and who pays for the infrastructure improvements will most likely be developer and market driven.
- Improving and maintaining existing aging infrastructure with limited funds.
- Ensuring adequate local funding for the various capital facilities' needs – all of which contribute significantly to Poulsbo's quality of life.



## 6.2 Goals and Policies

Poulsbo is a city with a full array of urban services to accommodate the city's existing population, jobs, and visitors and must ensure it has sufficient capacity to accommodate anticipated growth. The City's capital facilities implement the Land Use Map, make more efficient use of urban land and reduce service delivery costs, and implement the Urban Growth Goal of GMA, by encouraging development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner.

### **GOAL CF-1**

**Protect the public health, safety and welfare of residents while enhancing the quality of life in Poulsbo through the planned and proactive provision of public facilities.**

#### **Policy CF-1.1**

*When planning, developing, and administering the City's capital improvement program, the City Council shall give priority consideration as follows:*

- 1. Protect public health and safety;*
- 2. Support the continued provision of existing City services consistent with the expectations of the community, as expressed in the City's adopted Level of Service standards;*
- 3. Provide infrastructure to support the vision of Poulsbo's future as articulated in the Comprehensive Plan;*
- 4. Maintain, rehabilitate, or replace the City's facilities and infrastructure as necessary to extend the useful life of existing facilities and ensure continued efficiency and conservation of energy and resources; and*
- 5. Provide facilities which meet the special needs of the community, such as those supported by voter-approved bonds.*

### **Level of Service Standards**

Level of Service (LOS) is the standard adopted by the City of Poulsbo to measure the adequacy of services being provided. For capital facilities planning, the LOS measure for each facility type provides direction as to what, how much, where and when new capital facilities are, or may be, needed. LOS standards are part of an on-going iterative process that includes such factors as a community's population and its fiscal resources. Population tells who, how many, and where people need services, and the community's fiscal resources determine the amount of funding available to meet those service needs.

Once an LOS has been established, the performance of a capital facility can be measured. A capital facility operating at or above the established LOS indicates no need for improvements or new facilities. A facility operating below the established LOS is an indication that there may be a need for improvements, or new facilities, or evaluation of the LOS. However, if funding is not available to bring the service back to the established level, then the LOS is reexamined to determine if it is adequate.



## **GOAL CF-2**

**Establish capital facility level-of-service (LOS) standards in order to determine long-term capital facility and funding requirements.**

### **Policy CF-2.1**

Level of service standards are established for the following types of facilities:

- *Water system: A flow volume that meets instantaneous peak demand together with projected fire flows, and sufficient storage volumes to comply with Washington State Department of Health regulatory requirements.*
- *Sewer system: A conveyance system which allows collection of peak wastewater discharge plus infiltration and inflow.*
- *Parks and recreational facilities per Parks, Recreation, and Open Space (PROS) Plan, as amended.*
- *Transportation: The transportation LOS is established to identify the need for growth-related transportation programs and projects, as well as those that serve people already living and working in Poulsbo. The transportation concurrency requirement ensures that these programs and projects are implemented proportionally with the level of growth and serve to implement the City's Land Use Plan. Transportation LOS standards are contained in the Transportation Chapter, Policies TR-2.1 through TR-2.11.*
- *Solid Waste: Weekly curbside collection of refuse for residents; and daily to every-other week collection of commercial and multi-family dumpsters. Provide opportunities for recycling to be collected from single-family and multi-family residences.*

## **Ensuring Adequate Capital Facilities**

One of the more challenging aspects in managing growth is ensuring that needed public facilities are available when growth occurs. The ultimate full development of the Land Use Plan is contingent on the development of needed infrastructure in a timely and orderly fashion. The GMA requires that public facilities and services be adequate to serve new development upon occupancy and use, without decreasing current service levels to the rest of the community below locally established standards. This concept is generally known as concurrency (also called adequate public facilities). In Poulsbo, concurrency requires: (1) facilities to serve the development to be in place at the time of development (or for some types of facilities, that a financial commitment is made to provide the facilities within a specified period of time); and (2) such facilities have sufficient capacity to serve development without decreasing levels of service below minimum standards adopted in the CFP.

The GMA requires concurrency for transportation facilities. GMA also requires all other public facilities to be "adequate" (see RCW 19.27.097, 36.70A.020, 36.70A.030, and 58.17.110). The Capital Facilities Plan and the City's functional plans evaluate the needs of the city's capital facilities in their ability to provide adequate capacity for existing and anticipated population growth. The list of projects identified in the CFP and six-year CIP – when implemented – ensure that the City's capital facilities remain adequate for the adopted levels of service.

## **GOAL CF-3**

**Provide adequate public facilities by constructing needed capital improvements that: 1) repair or replace obsolete or degraded facilities; 2) eliminate existing deficiencies; and 3) meet needs of future development, in a time frame that is consistent with the requirements of the Growth Management Act and is in concert with the City's biennial budget cycle.**

### **Policy CF-3.1**

*The City shall ensure that there is adequate long-term capacity for its water, sanitary sewer, solid waste utility, and storm water utility:*

- *Water. The City shall ensure there is sufficient instantaneous water demand and fire flow to support the 20-year utility needs for the water utility. This realistically results in the need to increase water utility rates periodically to ensure the utility is able to finance its necessary capital improvements. Additionally, the City shall evaluate its water rights to determine sufficient water supply as part of the six-year functional plan update cycle. If, as part of this evaluation, additional water supply is deemed necessary, the City will coordinate with Kitsap Public Utility District for potential water supply consistent with the Interlocal Agreement between the City and KPUD and included as Appendix B-1 of the City's Comprehensive Plan.*



- **Sanitary Sewer.** The City shall ensure there is sufficient financial capacity to support the 20-year utility needs for the sewer utility. This realistically results in the need to increase sewer utility rates periodically to ensure the utility is able to finance its necessary capital improvements.
- **Downstream Sewer Capacity.** The City shall ensure there is sufficient financial capacity to support the 20-year utility needs for the sewer utility by cooperating and coordinating with Kitsap County to ensure there remains adequate capacity at the Central Kitsap Wastewater Treatment Plant (CKWTP). The City shall designate a portion of the sewer utility rate collected for future improvements to the CKWTP that the City will be required to contribute toward. The agreement with Kitsap County is included in the Sanitary Sewer Comprehensive Plan, Appendix B-2.
- **Storm Water System.** The City shall ensure there is sufficient financial capacity to support the 20-year utility and capital improvement needs for the storm water utility. This may realistically result in the need to evaluate the current storm water general facility charge and increase storm water utility rates periodically . The City shall implement a storm water utility rate increase when the projected revenue for the storm water utility cannot fully fund its operations and anticipated capital improvement needs.
- **Solid Waste.** The City shall ensure there are sufficient capital assets and reserve funds (including operating and capital reserves) to sustain the Solid Waste Utility through 20 years of continued population and business growth. This includes providing new refuse collection and hauling equipment on a regular replacement schedule. The City shall regularly evaluate refuse collection and disposal costs and adjust solid waste collection rates appropriately to ensure adequate financial resources to sustain the Utility.

### **Policy CF-3.2**

The City shall provide, or require others to provide, the capital improvements listed in the schedule of capital improvements in the Capital Facilities Plan. The capital improvements identified on the 6-year CIP may be modified as follows:

- The identified capital improvements are updated in conjunction with the budget process;
- Pursuant to GMA, the identified capital improvements may be amended during any calendar year with annual comprehensive plan amendments or the budget process;
- The schedule of the capital improvement may be adjusted by ordinance not deemed to be an amendment to the Plan for corrections, updates, and modifications concerning costs or revenue sources; acceptance facilities pursuant to dedications that are consistent with the plan; or the date of construction (so long as it is completed within the 6-year period) of any facility identified as a capital improvement.

### **Policy CF-3.3**

The City Public Works Department, at the time of preliminary development review, shall make an evaluation of public facility capacity based upon the submitted development permit and make one of the following findings:

- There is sufficient public facility capacity to support the proposed development and maintain the adopted level of service.
- There is not sufficient public facility capacity to support the proposed development, and improvements to the facility system will be required as a condition of approval, consistent with the City's CFP and Six-Year CIP.
- There is not sufficient public facility capacity to support the proposed development, and improvements to the facility system will be required to be made by the City, consistent with the City's CFP and Six-Year CIP.



### **Policy CF-3.4**

Impacts of development on public utilities occur at the same time as occupancy of development authorized by a final development permit. Verification of adequate public utilities will be required at the time a building permit is applied for and a certificate of public utility availability is issued.



## Capital Facilities Plan

The City's Capital Facilities Plan (CFP) is the City's long-term financing and implementing plan, in which needed capital improvements to the City's public facilities and infrastructure are identified. It, in concert with the Comprehensive Plan and the annual budget, are the primary decision-making tools for the city leaders. The objective of the CFP is to identify capital facility needs and funding mechanisms to finance the construction, reconstruction, and acquisition of needed assets because of growth, aging facilities, changing needs, and Poulso's desire to improve the city's capital investments.

The city will ensure that the Comprehensive Plan's Capital Facility Plan list of capital improvements is implemented. The identified capital improvement projects are listed as a 20-year list of projects, with a 6-year Capital Improvement Program (CIP) serving as short-term budgetary focus for implementing the CFP.

It is the intent of the City to continually manage the Comprehensive Plan's Capital Facilities Plan's 2044 project list and 6-year CIP to ensure its relevancy and update as necessary during the City's annual comprehensive plan amendment process. As the City completes projects on its 6-year CIP, projects from the 2044 project list will then move onto the 6-year CIP.

There are numerous revenue sources to fund the capital improvement projects identified. Revenues can come from various sources including local taxes, utility rates, state revenues, bond issues, and state and federal grants. Another source of potential revenue is impact fees and other specific revenues allowed under the GMA. Similar to city-managed capital facilities, non-city-managed capital facility improvements are funded through bond issues and special assessments.

### **GOAL CF-4**

**Develop a funding strategy and financing plan to meet the City's capital facility programmatic needs identified in the City's Capital Facilities Plan.**

#### ***Policy CF-4.1***

*The City shall develop a multi-year financing plan based on the city's capital facility needs identified in the City's Comprehensive Plan Capital Facilities Plan.*

#### ***Policy CF-4.2***

*Adopt the City's Six-Year Capital Improvement Program (CIP) as the short-term budgetary process for implementing the long-term Capital Facilities Plan (CFP). Ensure that project priorities, funding allocations, and financing strategies incorporated in the CIP are consistent with the long-term CFP. The capital facility improvements included in the City's annual budget shall be consistent with the Six-Year CIP.*

#### ***Policy CF-4.3***

*Utilize every possible funding source to finance capital improvements. Funding sources available to the City include: local taxes, monthly user fees, state revenues, county revenues, general obligation and revenue bonds, state loan programs, sale or lease of City-owned property, state and federal grants, impact and connection fees, local improvement districts or other special assessments, and donations.*

#### ***Policy CF-4.4***

*If a funding shortfall occurs as a result of change in revenue assumptions used to identify funding for programmed capital improvements, the City will:*

- o Identify alternative sources of funding for needed improvements;*
- o Revise its LOS standards to match available revenues; and*
- o Reassess the Comprehensive Plan and revise it as appropriate to achieve a balance between land use, revenues, and level of service.*

### **GOAL CF-5**

**Provide needed public facilities that are within the ability of the City to fund, or within the City's authority to require others to fund the facilities.**



**Policy CF-5.1**

Existing development shall pay for the capital improvements that reduce or eliminate existing deficiencies, some or all of the replacement of obsolete or degraded facilities and may pay a portion of the cost of capital improvements needed by future development. The payment for these improvements may take the form of monthly user fees, charges for services, special assessments and/or taxes.

**Policy CF-5.2**

Future development pays its fair share of the capital improvements needed to address the impact of its development. Future development's payment of its fair share of capital improvements may take the form of, but are not limited to, voluntary contributions, impact and connection fees, dedication of land, provision of public facilities, future payment of user fees, charges for services, special assessments and taxes. Upon completion of payment of its fair share of capital improvements, "future" development becomes "existing" development, and contributes to paying the costs of the replacement of obsolete or degraded facilities as described in Policy CF-5.1 above.

**Policy CF-5.3**

All development permits issued by the City that require capital improvements by sources of revenue that have not been approved or implemented (such as future debt requiring referendum) shall be conditioned on the approval or implementation of the indicated revenue sources, the payment of necessary funds by private parties, or the substitution of a comparable amount of revenue from existing sources.

**Policy CF-5.4**

Follow the principle that growth shall pay for the growth-related portion of capital facilities. The City will administer an impact fee system under the authority of GMA that will:

- Impose fees only for system improvements that are reasonably related to growth;
- Structure the impact fee system so that impact fees do not exceed the proportionate share of the costs of system improvements attributable to growth, and are reasonably related to the new development;
- Balance impact fee revenues with other public revenue sources in order to finance system improvements that serve new development;
- Use fee proceeds for system improvements that will reasonably benefit the new development;
- Prohibit the use of fee proceeds for correcting existing capital facility deficiencies; and
- Pool fees as appropriate to more efficiently fund capital facilities resulting from new growth.

**Policy CF-5.5**

Require non city entities (such as the North Kitsap School District and Poulsbo Fire Department) that propose to have the City of Poulsbo impose impact fees for them to prepare Capital Facility Plans that include:

- Plans for capital improvements and construction over a 20-year horizon;
- A demonstration of how facility and service needs are determined;
- An annually updated six-year (or longer) finance plan that demonstrates how capital needs are anticipated to be funded; and
- Population and demographic projections consistent with those used in developing the City's Comprehensive Plan.

**Functional Plans**

Successfully planning for the development of major capital facilities, such as water, sewer, storm water, roads, and parks systems, requires a disciplined and comprehensive process. That process is accommodated through the development of functional plans. The City of Poulsbo Water and Sewer Comprehensive Plans, and the Transportation Plan are examples of such functional plans.



## **GOAL CF-6**

**Develop and regularly update functional plans and comprehensively assess capital facility needs and strategies for addressing such needs.**

### **Policy CF-6.1**

Use functional plans to guide the development of the City's capital priorities and investment decisions in the following functional areas:

- Water utility system;
- Sanitary Sewer utility system;
- Storm water and surface water management;
- Parks, recreation, and open space;
- Transportation; and
- Other functional areas as identified.

### **Policy CF-6.2**

Include in the functional plans, the following features necessary for maintaining an accurate account of long-term capital facility needs and associated costs to the City, and consistency with the Comprehensive Plan.

- A description of the current capital facility infrastructure and the cost of its operation and maintenance;
- A description of current capital facility deficiencies and appropriate funding strategies to remedy these deficiencies;
- An analysis of capital facilities needed through the appropriate planning period;
- An analysis specifying how capital facilities will be financed and maintained;
- Description of the functional plan's public review process if independent from a comprehensive plan update process;
- An analysis and recommendations to prioritize projects in the City's Six-Year Capital Improvement Program; and
- An analysis indicating that the functional plan, including any subsequent revisions to or modifications of the functional plan, are consistent with the policies of the Comprehensive Plan, if independent from a comprehensive plan update process.

### **Policy CF-6.3**

Functional plans shall identify conceptual alignments for necessary new capital facilities, such as roadways and utility corridors, and shall be based upon best available technical analysis at the time. Actual construction of the capital facility alignments will be based upon topography, technical final engineering design and property owner willingness.

### **Policy CF-6.4**

Functional plans shall be updated at least every six years to ensure:

- Response to changing infrastructure needs in both developed and developing areas of Poulsbo;
- Ensure that the functional plans are consistent with the Comprehensive Plan, including compliance with the Land Use Chapter; and
- Comply with state law.

### **Policy CF-6.5**

Require that new functional plans and updates to existing functional plans conform to the following review process:

- Administratively review updates that are consistent with and do not impede the implementation of the Comprehensive Plan; and
- Use the Comprehensive Plan amendment review process to consider new functional plans or updates for:
  - A functional plan section that responds to Growth Management Act requirements;
  - Facilities that are insufficient and therefore identify improvements necessary to serve planned growth identified in the Comprehensive Plan; or
  - New or revised policies that are to be inserted into the Comprehensive Plan.





## Siting of Essential Public Facilities

The GMA requires the Comprehensive Plans include a process for identifying and siting Essential Public Facilities (EPF). According to the GMA, no local comprehensive plan may preclude the siting of essential public facilities.

The GMA defines essential public facilities as those “that are typically difficult to site, such as airports, state education facilities and state or regional transportation facilities as defined in RCW 47.06.140, state and local correctional facilities, solid waste handling facilities, and in-patient facilities including substance abuse facilities, mental health facilities, group homes, and secure community transition facilities as defined in RCW 71.09.020.”

The process for review and criteria for siting Essential Public Facilities to be located within Kitsap County, as defined in RCW 36.70A.200, is conducted by the Kitsap Regional Coordinating Council. The Kitsap Countywide Planning Policy Element G establishes the process, which is for the KRCC to appoint a Facility Analysis and Site Evaluation Advisory Committee when an essential public facility is proposed to be located in Kitsap County. The Advisory Committee is to be composed of citizen members selected by member jurisdictions to represent a broad range of interest groups to evaluate proposed public facility siting.

### **GOAL CF-7**

**Siting essential public facilities of a state, regional or local nature shall be consistent with applicable land use policies and regulations.**

#### ***Policy CF-7.1***

*The comprehensive plan and development regulations shall not preclude the siting of Essential Public Facilities.*

#### ***Policy CF-7.2***

*Site, coordinate, and permit Essential Public Facilities consistent with applicable policies in the Kitsap Countywide Planning Policies Element G.*

#### ***Policy CF-7.3***

*The City’s zoning ordinance shall identify the process for permitting Essential Public Facilities.*

