Introduction: Helping Communities Shape their Future

The Growth Management Act (GMA) provides statutory authority for local governments to plan in Washington State (see RCW 36.70A). The process of identifying current capital facility needs, future needs to serve the growth anticipated in the comprehensive plan, and how to fund them, is an important aspect of planning under the GMA.

The capital facilities plan (CFP) includes a six-year capital improvement plan (CIP) which should align with the jurisdiction’s budget, and a longer-range (20-year) CFP of capital projects, with estimated costs and proposed methods of financing. The CFP provides for the full implementation of the land use plan by showing how public facilities and services will be provided for in the community, at the population and intensities of development envisioned in the plan, and at adopted levels of service.

This chapter of the guidebook provides an overview of the topic and explains:

- What are capital facilities?
- Why planning for capital facilities and public services is important
- Integrating capital facilities plans with land use, transportation and utilities
- Including public participation
- Dealing with existing services and infrastructure
- Planning for services and infrastructure to serve new growth
- Adopting plans prepared by others
- Fiscal considerations of capital facilities planning

What are Capital Facilities?
Most people have a general idea about what capital facilities are. But the GMA does not specifically define them. The GMA defines public facilities as including “streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools.” It defines public services as including “fire protection and suppression, law enforcement, public health, education, recreation, environmental protection, and other governmental services.” The GMA also defines rural governmental services (rural services) and urban governmental services (urban services):

"Rural governmental services" or "rural services" include those public services and public facilities historically and typically delivered at an intensity usually found in rural areas, and may include domestic water systems, fire and police protection services, transportation and public transit services, and other public utilities associated with rural development and normally not associated with urban areas. Rural services do not include storm or sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).
"Urban governmental services" or "urban services" include those public services and public facilities at an intensity historically and typically provided in cities, specifically including storm and sanitary sewer systems, domestic water systems, street cleaning services, fire and police protection services, public transit services, and other public utilities associated with urban areas and normally not associated with rural areas.

While these definitions certainly prove useful, they do not define capital facilities specifically. Over the years, the Growth Management Hearings Board (GMHB) has provided additional guidance.

For purposes of conducting the inventory required by RCW 36.70A.070(3)(a), “public facilities” as defined in RCW 36.70A.030(13) are synonymous with “capital facilities owned by public entities.” West Seattle Defense Fund v. City of Seattle, CPSGMHB Case 94-3-0016, FDO April 4, 1995, as cited in EWGMHB Case 06-1-0009c, FDO March 12, 2007.

The board further defined capital facilities as what is required to fulfill the GMA obligation:

“The Board holds that a Capital Facilities Element (CFE) must include all facilities that meet the definition of public facilities set forth in RCW 36.70A.030(12). All facilities included in the CFE must have a minimum standard [level of service] (LOS) clearly labeled as such (i.e., not “guidelines” or “criteria”), must include an inventory and needs assessment and include or reference the location and capacity of needed, expanded, or new facilities. (RCW 36.70A.070(3)(a), (b) and (c). In addition, a CFE must explicitly state which of the listed public facilities are determined to be “necessary for development” and each of the facilities so designated must have either a “concurrency mechanism” or an “adequacy mechanism” to trigger appropriate reassessment if service falls below the baseline minimum standard. Transportation standards are the only facilities required to have a concurrency mechanism, although a local government may choose to adopt a concurrency mechanism for other facilities.” Jody L. McVittie v. Snohomish County, CPSGMHB Case No. 01-3-0002, FDO, July 25, 2001, as cited in EWGMHB Case 06-1-0009c, FDO March 12, 2007.

And in Wilma et al v. Stevens County, EWGMHB Case 06-1-0009c, FDO March 12, 2007, the Eastern Board included “streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, domestic water systems, storm and sanitary sewer systems, parks and recreational facilities, and schools... fire protections and suppression, law enforcement, public health, education, recreation, environmental protection and other governmental services. (WAC 365-195-200(12) and (13).”

The Washington Administrative Code (WAC) was updated in 2010, after the cases above were determined. WAC 365-196-415 provides guidance as to which capital facilities should be included in the inventory. At a minimum, they should include water systems, sanitary
sewer systems, storm water facilities, reclaimed water facilities, schools, parks and recreational facilities, police and fire protection facilities.

Each jurisdiction should define capital facilities and identify which capital facilities and public services are included. Additionally, each jurisdiction should clearly identify which capital facilities and public services are necessary to support development.

Why Plan for Capital Facilities
Capital Facilities Elements are required by state statute for jurisdictions fully planning under the GMA. The specific requirements for the Capital Facility Element are set forth in the GMA. (RCW 36.70A.070)

Even without a specific mandate, planning ahead for capital investments is good management. Capital facilities plans can help your jurisdiction use its limited funding wisely and most efficiently to maximize funding opportunities. By planning ahead to determine what the needs are, jurisdictions can prioritize projects, coordinate related projects, and be ready to apply for loan and grant opportunities. When the comprehensive plans, development regulations, and budgeting policy and decisions are made in a coordinated and consistent manner, the outcome can be better implementation of the adopted community vision.

“One of the best ways to make a future land use plan come true is to use investments in public facilities to reinforce the plan. The community should invest in new roads, sewer and water lines and other facilities where it wants growth to occur. It should refuse to make investments in areas where it does not want growth to occur.” (Association of Washington Cities (AWC), 2011)

Preparing the plan is an investment in the future. A complete and thorough CFP is easier to maintain once you’ve invested the time in creating it. Per statute, the CFP must include five key components (see box below).
Adequacy of urban services is defined as adequacy to meet adopted LOS standards. Providing adequate public facilities is part of the affirmative duty local governments have. For example, each expansion of an Urban Growth Area (UGA) incurs additional costs. Investment in services to these new UGA areas comes at the expense of investments needed to preserve and maintain existing infrastructure. When Counties and Cities consider adding any new land area to a UGA, changes to the county comprehensive plan must be accompanied by an update to the transportation and capital facilities elements to show how the County, Cities, and other service providers will provide the needed facilities. The update must include: the current inventory of urban services, what urban services will be needed to support the expansion of the UGA, what the costs for urban services are projected to be, and a statement of funding sources to underwrite the costs of providing urban services to the entire UGA and any amended areas, consistent with RCW 36.70A.070(3). The County and Cities’ Comprehensive Plans would need to be updated to support changes in land use, housing, transportation, and utilities that would result from expanding the current UGA.

The fiscal analysis must show the generalized costs to meet adopted levels of service, as well as the detail necessary for roads, water, wastewater or storm water service. Without such analysis, there is no record to show how the local government will be able to meet its obligation to provide adequate public facilities consistent with RCW 36.70A.070(3) and RCW 36.70A.110(3).

Key factors of economic recovery – good jobs, significant private investment, effective infrastructure and adequate public funding – have an interdependent relationship. Planning
for them in an integrated fashion is a powerful strategy for local vitality. Infrastructure planning leads to strategic infrastructure investments that help the community achieve its intended future.

**Capital Facilities, Neighborhood Character and Livability**

Neighborhood character and livability can certainly be influenced by capital facilities planning. These are often of great importance in UGAs. For example, including street trees in public rights of way can boost neighborhood character, provide separation between motorized and pedestrian travel ways, and reduce urban heat island impacts. Providing for street and pedestrian connectivity, street lighting, crosswalks at key areas such as to schools and parks, providing safe pedestrian and bicycling routes to schools, adding new sidewalks or filling in sidewalk gaps, identifying needed neighborhood school and park sites, and coordinating transit stop distances and amenities with transit provider(s) can all influence character and livability of a community or neighborhood. The amenities affect quality of life as well as capital facilities planning.

**Integration of Land Use and Capital Facilities, Connection to the Utilities Element**

You may hear the phrase “truth in planning” used when discussing capital facilities. This is because the CFE of the plan is meant to be the reality check in regard to how much it will cost and how it will be paid for in order to implement the vision of the comprehensive plan. The CFE must integrate the land use element with the transportation, utilities, and other plan elements. It is the local jurisdiction’s plan for the provision of public facilities and services needed to serve the community over the life of the planning period. To be a successful, integral part of the plan it must be based on projected needs to serve the anticipated growth at the levels of service adopted by the community.

Counties, cities, and towns can meet the capital facilities planning requirements of the GMA in the manner that best meets their needs. In this guidebook we will strive to include examples from jurisdictions of varying sizes, geography, and circumstance. For example, the City of Ellensburg operates its own natural gas and electric utility, therefore it has a combined Capital Facilities and Utilities Element. Ellensburg is one of only three municipalities in the state that provides natural gas service and one of only four that have an electric utility.

It is essential to integrate the CFP with all elements so that budgeting decisions are made consistent with the CFP and the comprehensive plan as required by RCW 36.70A.120. This includes components of other elements, such as the utilities element and facilities and services provided by others (e.g. school districts). Projects and maintenance needs identified in other elements (e.g. utilities, parks and open space) or more detailed functional plans (e.g. water system plans, sewer plans) should all be included in the CFP.

**Public Participation**

It is important to involve the public in the review and update of the capital facilities plan. Each community may want to include a definition of capital facilities in its plan, provide an
overview of the requirements under the GMA for the CFE, and detail the differences between the 6 year capital improvement plan (CIP) and the longer term planning involved as well (funding years 7-20 of the plan). Typically, the six-year capital improvement plan is project specific, while funding of the remaining years seven to twenty of the plan is more area defined.

Educating the public on the role and importance of the CFE will result in a better comprehensive plan overall. Graphics that show the revenue sources and amounts, as well as expenditures, can help inform citizens about the financial specifics of their community. It may serve to influence growth and infrastructure patterns of the community. For example, financial information could be used to compare the cost of providing facilities and services to different densities and intensities of development. Using a decision matrix can make a big difference and help the public see the rationale for decisions that have been made or are being considered.

Jurisdictions can use visual aids to help make funding requirements and decisions more understandable to the public. In the example below, a city shows how property taxes were allocated. Local governments may wish to visually depict how taxes, fees, and other resources are obtained and expended to help the public have a better sense of the obligations and any shortfalls.

The City of Olympia uses two graphics in its CFP introduction, designed to help people understand where the money comes from and how it is used.

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**Graphic 1:** Visual aids used in the City of Olympia’s Preliminary 2014-2019 Capital Facilities Plan.
Existing Services & Infrastructure
Local governments fully planning under the GMA must include an inventory of existing capital facilities owned by public entities (including those owned by special purpose districts), showing the location and capacities of them.

Some jurisdictions may choose to separate the inventory by category. For example, in its 2012 CFP update\(^1\), Kitsap County inventoried its capital facilities by type (i.e., Public Buildings, Law Enforcement, Fire Protection, Parks and Recreation, Sanitary Sewer, Schools, etc.).

The City of Shoreline\(^2\) is an example of a local government that provides some facilities and services, and contracts with special purpose districts for others. They group facilities and services into those owned or managed by the city and those that are non-city managed facilities and services.

The inventory should include the extent to which facilities have capacity available for future growth. This will also help identify future need if there are gaps between available capacity and the capacity that will be needed to implement the growth anticipated in the comprehensive plan. It is also important to plan for the financial obligations of long term operation and maintenance of existing infrastructure.

Services & Infrastructure to Serve New Growth
One of the requirements is to include a forecast of future need. Using the assumptions and growth targets in the land use plan, what are the anticipated changes in capital facilities and public services that will be needed? Which existing facilities and services will need to be replaced or enhanced? What new facilities or services will be needed? At the end of the planning period, based on the assumptions and growth targets, all capital facilities and public services should be provided at the adopted levels of service (LOS). For many jurisdictions this will require working closely with special purpose districts to ensure the facilities and services they provide can be expanded or enhanced as needed to implement the comprehensive plan. If the special purpose district cannot meet the new demand, the local government must work to determine how those needs will be met and how they will be financed.

Options to consider may include upsizing infrastructure to serve infill growth versus expansion of development into currently un-served areas. Even with new growth paying for the infrastructure to serve an undeveloped area, in the long term the operation and maintenance costs of the infrastructure may cost more than upsizing the existing infrastructure to serve infill. Local governments must carefully consider the costs, both initially and over the life of the investment, to make sound financial decisions.

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The CFE should include the proposed location and capacities of expanded or new capital facilities. Local governments need to have a good idea about the land needed for future investments (e.g., water reservoirs, sewer lift stations, stormwater facilities, parks). Some uses are dependent upon certain geographic features, such as a higher or lower elevation than the surrounding area or in an area that serves as a critical junction between pressure zones. Knowing these needs and making appropriate investments and land use decisions years in advance is often necessary to ensure the facility or service can be provided. Making appropriate decisions in advance may provide a greater degree of property selection options or avoid costly and lengthy purchase or condemnation actions in later years.

Local governments must identify which capital facilities and public services are necessary to support new development. There are likely to be others that will be provided but are not necessary to support new growth. At least those that are necessary to support development need to have an adopted LOS standard, as well as a concurrency or adequacy mechanism. The concurrency or adequacy mechanism is what will be used to ensure the facilities and services necessary for new development are adequate to serve that development. If these facilities or services cannot be provided at the adopted level of service, the local government must reassess its land use element. This reassessment might result in amendments to the land use element, reducing the adopted level of service standards, or securing additional funding. Other options include – but are not limited to:

- reducing demand through demand management strategies,
- reallocating or redirecting planned growth within the jurisdiction or among jurisdictions within the urban growth area to make better use of existing capital facilities,
- phasing growth or adopting other measures to adjust the timing of development until the full range of capital facilities needed for new development are available, or
- revising county-wide population forecasts within the allowable range or revising the county-wide employment forecast.

A jurisdiction cannot determine what it will need in the future for public facilities and services without knowing what levels of service it is to meet.

**Adopting other Plans by Reference**

All capital and public facilities needed for future growth must be included in the comprehensive plan. These needed facilities may be identified in other comprehensive plan elements, in the jurisdiction’s functional plans, or in the plans of other entities that provide services or facilities.

**Functional Plans**

Often a city or county has a water system plan, sanitary sewer plan, or transportation plan that contains more detail than is needed in the comprehensive plan. However, the detail is necessary to show adequate provisions can be made to provide facilities and plan for long term expenses. Such functional plans are often adopted by reference. Jurisdictions should
use care to ensure plans adopted by reference are – and remain – consistent with the comprehensive plan over time. Some functional plans must be updated more frequently than comprehensive plans, so plans should be reviewed regularly for consistency.

Special Purpose Districts or Other Service Providers
Jurisdictions should not rely solely on the assurances of availability from other service providers, whether they are public or private entities. Many jurisdictions have special purpose districts that provide at least some of the capital facilities or public services within their boundaries. When adopting system plans or master plans of special purpose districts, the local government should provide a summary of the information in the capital facilities plan, synthesize the information from each of the various providers, and verify/demonstrate that the actions included in the plans, when taken together, will provide adequate public facilities within the planning horizon. The local government should conclude that the capital facilities element shows that the area will be provided with adequate public facilities. In completing this, it is important to look at any assumptions used in the special purpose district’s plan. For example, are their planning timeframes and anticipated population growth and demand consistent with what the city or county is planning for? If there are any gaps, how will they be addressed? Ultimately, it is the local government’s responsibility to show that adequate capital facilities and public facilities will be provided.

Fiscal considerations
The statute requires at least a 6-year plan that will finance capital facilities within projected funding capacities and that clearly identifies sources of public money. However, in reality, each jurisdiction must consider funding issues over the entire life of the plan. While the funding capacities and identification of public funding sources may not be as clear as those required for the six-year plan, a general idea of how capital facilities needed to serve the community - at adopted levels of service and for the anticipated degree of growth - is warranted. This longer term thinking will help communities take steps necessary to fund needed infrastructure. Sometimes the planning or steps needed to secure infrastructure must begin or take place years before development can occur. Knowing what is needed and identifying estimated costs will allow the city or county to appropriately set fees, address rate setting, allow for partnering with special purpose districts, and provide time to research funding options for various projects. It may allow additional time to work with property owners and other stakeholders on the formation of special taxing districts or provide opportunities to collect impact or mitigation fees to pay for a portion of the project.

The GMA requires coordination and consistency within the comprehensive plan. The Capital Facilities Element must be consistent with the land use, transportation, utilities, and other elements of the comprehensive plan. This includes the financing plan to implement the plan.

Potential for annexation should be factored into financial planning. Areas to be annexed may require significant investment for maintenance of roads, infrastructure, or both. Cities and towns should assess the condition of all existing or needed facilities, the timing and
need of any upgrades or major maintenance investments, and make provisions to fund them.

There is a direct connection between the expansion of UGAs and capital facilities planning. Whenever a UGA expansion is being considered, the jurisdiction must analyze the area and the ability to serve it with urban services and how that provision of services will be financed. Please see Commerce’s, “Urban Growth Area Guidebook: Reviewing, Updating, and Implementing Your Urban Growth Area.”

**A Tour of the Guidebook**

This guidebook is intended to help local government planners complete the review and update of a capital facilities plan prepared under the Washington State GMA. The guidebook will cover requirements under the GMA and provide general information about conducting and updating the inventory, forecasting future needs, meeting current and future needs, developing a meaningful and realistic financing plan, provide tips for smaller jurisdictions, and identify additional considerations for county governments. The guide will also provide information to help implement the CFP by addressing consistency and coordination issues, implementation through decision-making, and reviewing and updating the Capital Facilities Element. The guidebook will include examples from local governments, resources, and summaries of key hearings board cases.