

City Council
November 12, 2024



Public Hearing
2025 Preliminary Operating Budget

Public Safety

Ensure that all Olympians feel safe and have access to reliable, compassionate care.

Environmental Stewardship

Preserve and enhance Olympia's natural resources.

Organizational Excellence

Deliver exceptional services and programs that are responsive to the needs of our community.

Community Livability

Enrich quality of life and foster belonging for all who live, work, or spend time in Olympia.

Economy

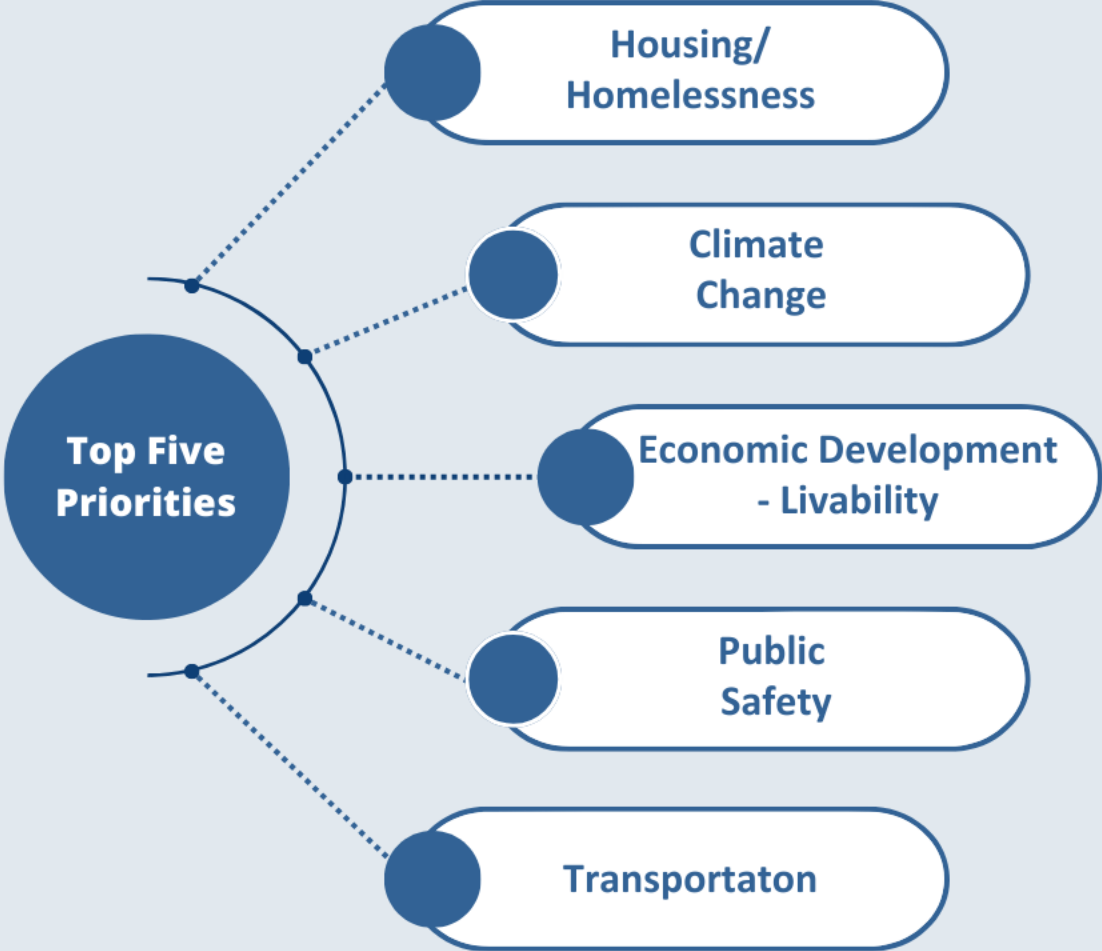
Promote a diverse and growing economy with pathways to prosperity for everyone.

Well-Planned City

Plan for, construct, and maintain a built environment that ensures the wellbeing of current and future generations



Community Survey Priorities



Source: 2023 Community Engagement & Public Opinion Survey

Funding City Programs & Services

Dedicated vs. General Fund Revenue

Total Preliminary Operating Revenue \$212,706,582

Dedicated Fund Revenue
\$102,751,251

Utility Rates

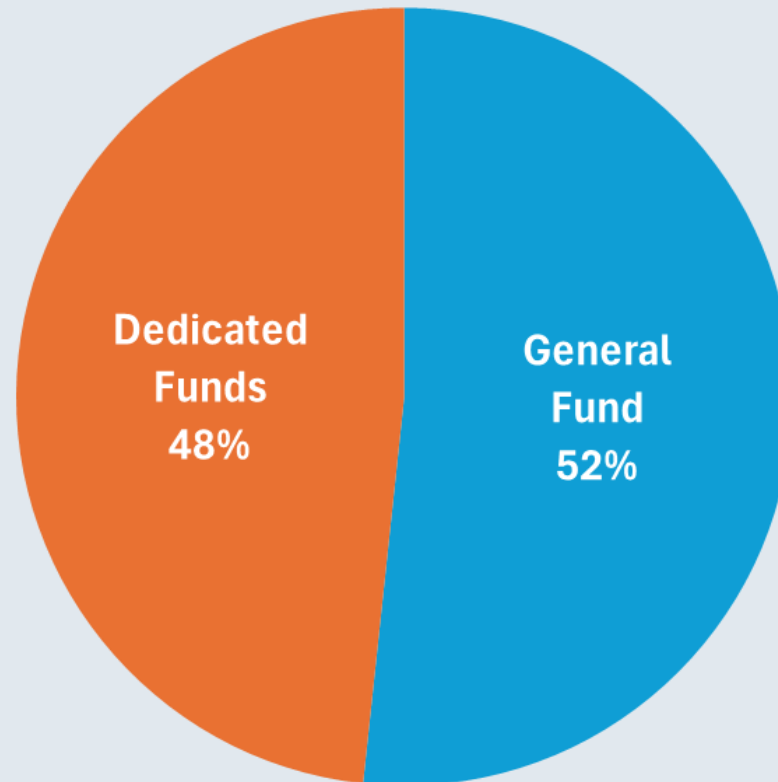
Fees for Service

Metropolitan Park District

Cultural Access Sales Tax

Home Fund Sales Tax

Grants (excluding General Fund)



General Fund Revenue
\$109,955,331

Sales Tax

Property Tax

Business & Occupation (B&O) Tax

2025 Budget Assumptions

Salaries & Wages

- Wage Adjustment - 3.8% Independent Employees
- Additional Police Positions from Public Safety Sales Tax (Prop 1)
 - 8 Police Officers
 - 1 Police Sergeant

Benefits

- Regence – 7.3%
- Kaiser – 8.2%
- Delta Dental – 0%
- Vision – 0%
- NW Firefighters Medical – 5.9%
- NW Firefighters Dental – 3%

Full Implementation of the Class & Pay Equity Study – effective January 1 (Independent Employees)

Enhancements – General Fund

Public Defense \$ 500,000

- Public Defense Contractors

Community Planning & Development \$ 150,000

- SE Annexation

COLE/Youth Council \$ 205,000

- Staff position, stipends, supplies

TOTAL \$ 855,000

Enhancements – Revenue Neutral

Fire	\$ 761,828
▪ Master Mechanic, parts, tools, & lease space	
Public Works	
▪ Master Mechanic	\$ 157,816
▪ Senior Program Specialist – Waste ReSources	\$ 142,337
▪ Maintenance Worker II - Stormwater	\$ 101,310 (50% grant funded)
▪ Maintenance Worker I - Stormwater	\$ 98,164 (Reduction of Seasonal staffing)
Strategic Communications	
▪ AV/Video Production Specialist	\$ 128,679
TOTAL	\$1,390,134

GF Expense Reductions - Personnel

Permanent Reductions (18)	\$2,214,559
Other Staffing Changes	\$ 419,091
Delayed Hires (8)	\$ 590,084
<ul style="list-style-type: none">• Community Service Officers (2)• Crime Analyst• Outreach Specialist – OPD• Finance Director• IT – GIS Program Manager• Information Specialist• Sr. HR Analyst	
TOTAL	\$3,223,734

Personnel Reductions – All Funds

General Fund	18.00
CPD	4.75
Parks	1.00
Seasonal Emp.	<u>3.00</u>
Total	26.75

Total Budget Reduction All Funds \$ 3,601,862

Baseline Adjustments

Non-Personnel Expenses

Expense Adjustments	
Increased Wage Adjustments to 100% CPI	233,163
Net Change in Benefits	487,623
Self-Insured Works Comp Rate	(140,000)
Class & Comp Study Estimate	(400,000)
Remove Facilities Capital Transfer	(865,000)
Decrease Facilities Maintenance Transfer	(640,000)
Decrease Development Fee Fund Transfer	(310,000)
JASCOM Rate Adjustment	(50,000)
PC Replacement Delay 1 Year	(160,000)
Net Effect of all Other Budget Corrections	(537,013)
Total Baseline Expense Adjustments	-\$2,381,227

General Fund Revenue Adjustments

Tax Projection Increases:

Sales Tax	1,000,000
Criminal Justice Sales Tax	50,000
Public Safety Sales Tax	200,000
Business & Occupation Taxes	527,777
Total	1,777,777

Other Revenue Increases:

BLS Transport Revenue	200,000
Street Services from Drinking Water	50,000
Street Main. from REET	136,355
Total	386,355

Transfer Increases:

Insurance Trust Fund	300,000
Total Revenue Adjustments	2,464,132

Budget Balancing Position

Balancing Position - August 26 **-\$11,873,150**

Expense Adjustments:

Baseline Adjustments \$2,381,227

Staff Reductions \$2,214,559

Other Staffing Changes \$1,009,175

Other Expenditure Reductions \$673,961

Enhancement Expenses **-\$855,000**

Revenue Adjustments:

Tax Projections \$1,777,777

Other Revenue Increases \$386,355

Fund Transfers **\$300,000**

New Balancing Position - October 22 **-\$3,985,096**

Use of Fund Balance

General Fund Reserves (10% of Budgeted Expenses)	\$11,394,043	10%
Projected Fund Balance Above Reserves 2025	\$7,237,359	
Use of Fund Balance in 2025	\$3,985,096	
Remaining General Fund Balance	\$14,646,306	12.9%

2025 Utility Rates, Fees & Budget

Drinking Water Utility Budget

Proposed Rate 3.9%

City Expenses forecast to be \$17,600,606; Revenue forecast \$17,154,389

Small increase to revenue due to new cellular contracts

Transfers from Operating Budget into Capital Budget on track for 2025

0.5 FTE moved into Drinking Water from the Storm & Surface Water Utility

Additional Transfer for Utility Related Street Repairs

Funding for Affordable Housing Infrastructure Improvements (0.5%)

Rate increase of 3.9% is needed to cover Expenditures vs. Revenue difference

Wastewater Budget

Proposed Rate 5.3%

City Expenses forecast to be \$10,081,787; Revenue forecast \$9,657,261

LOTT Revenue/Transfers forecast to be \$17,146,430

Utility pays in-lieu taxes for all revenue (City and LOTT)

Reallocated existing staffing to better support Wastewater Engineering (0.5 FTE from Stormwater to Wastewater)

Funding for Affordable Housing Infrastructure (1.0% rate increase)

Rate increase of 5.3% is needed to cover Expenditures vs. Revenue difference

Storm & Surface Water Budget

Proposed Rate 5.2%

Transfers in for vegetation services/Fees fund portion of plan review

Expense forecast \$8,355,644; Revenue forecast \$7,963,115

Re-allocate existing positions (1.0 FTE from Streets to Vegetation Operations, 1.0 FTE to other workgroups - DW/WW)

Increased fleet expenses (new sweeper + mowing/ditch equipment)

100% cost of street sweeping program

Rate increase of 5.2% is needed to cover Expenditures vs. Revenue difference

PROPOSED 2025 Projected General Facility Charges (GFC) and LOTT Capacity Development Charges (CDC)

(Sample Based on Single-Family Residence)

	2022	2023	2024*	2025*	Total Increase	2025 % Increase	Financial Study Recommended
Drinking Water	\$4,433	\$4,683	\$5,032	\$5,287	\$255	5.1%	\$5,639 (2022)
Wastewater	\$3,754	\$4,003	\$4,338	\$4,425	\$87	2.0%	\$4,999 (2019)
Storm and Surface Water	\$1,439 plus \$9.09 trip charge	\$1,619 plus \$11.08 trip charge	\$1,915 plus \$13.56 trip charge	\$1,953 plus \$13.83 trip charge	\$41	2.0%	\$2,383 plus \$19.04 per trip (2017)
LOTT CDC	\$6,610	\$6,841	\$7,081	\$7,435	\$354	5.0%	
TOTAL:	\$16,316	\$17,257	\$18,479	\$19,429	\$737	4.3%	

* 50% low-income housing discount on City/LOTT charges.

* Lost revenue offset by 2% increase in GFCs began in 2024. To be re-evaluated for 2026

Waste ReSources Budget

Proposed Rate 7.6%

Clean Team Transition = \$900,000

Capital Funding Reduction \$453,000

Operating Budget Expenses

- Salaries and Benefits up \$318,000 or 8.55%
- Fleet Rates up \$160,000 or 13%
- Garbage Tipping up \$194,000 or 5.3%
- Indirect costs up \$69,000 or 8.3%
- Recycle and Transload cost up \$30,000 while revenue trends down

Recommended Rate Summary - Oct. 2024

Program Utility Rate	2023 Rate	2024 Rate	2025 Rate	2025 % Increase
Waste ReSources	\$56.22	\$58.18	\$62.60	7.6%
Drinking Water	\$65.64	\$66.96	\$69.58	3.9%
Wastewater	\$51.56	\$53.62	\$56.46	5.3%
LOTT*	\$89.60	\$92.30	\$95.04	3.0%
Storm & Surface Water	\$34.24	\$36.46	\$38.36	5.2%
Total:	\$297.26	\$307.52	\$322.04	
Total % Increase	5.89%	3.45%	4.72%	
Total \$ Increase	\$14.04	\$10.26	\$14.52	

June 2023 – June 2024 Seattle CPI was 3.8%; August 2023 – August 2024 was 3.1%

*LOTT Rates set by LOTT board

Assumes 65 gal/bi-weekly garbage service with recycling.

Based on 160 gallons of water use per day.

Permit & Impact Fees

Development Permit Fees

- 4% increase for all fees to account for labor costs
- 0.2% increase in technology fee (4.0% to 4.2%)
- 15% increase to Stormwater Utility Plan Review Fees
- Addition of a Land Use Waiver Fee
- Addition of a Planning Review Fee for Civil Engineering Permits receiving a Land Use Waiver

Transportation Impact Fee Proposal

**3% increase due to inflation
in construction materials
and labor costs**

Impact Fee Rate Per Trip	
Current 2024	Proposed 2025
\$3,241	\$3,338

Selected Land Uses: Transportation Impact Fee Comparison

Land Use	Current 2024 Fee	Proposed 2025 Fee
Single Family (Per Unit)	\$ 4,652	\$ 4,792
Multifamily (Per Unit)	\$ 2,632	\$ 2,711
Multifamily – Downtown and HDC (Per Unit)	\$ 1,505	\$ 1,550
Restaurant (Per square foot of gross floor area)	\$ 17.70	\$ 18.23
Retail mid-sized (Per square foot of gross floor area)	\$ 11.89	\$ 12.24
Office mid-sized (Per square foot of gross floor area)	\$ 3.97	\$ 4.09

Parks Impact Fee Proposal

- Parks Impact Fee Rate Study completed in 2022
- Rate increase phased in over 3 years
- No inflationary increase added since 2022
- Fees on new residential construction to support park growth

Land Use Category	Year 1	Year 2	Year 3
	2023 Fee	Current 2024 Fee	Proposed 2025 Fee
Single Family Dwelling Unit	\$5,987	\$6,392	\$6,798
Multi-Family	\$4,471	\$5,147	\$5,822
Units in Senior Housing Developments	\$4,471	\$5,147	\$5,822
Mobile Home in Mobile Home Parks	\$4,225	\$4,654	\$5,083
Single-Room Occupancy, ADU	\$2,458	\$2,682	\$2,907
Downtown Multi-Family	\$3,460	\$4,018	\$4,576

Impact Fees: Proposed 2025 Olympia School District

Land Use	Current 2024 Fee	Proposed 2025 Fee
Single Family (Per Unit)	\$6,812	\$0
Multifamily and Townhouses (Per Unit)	\$2,606	\$0
Downtown Multifamily and Townhouses (Per Unit)	\$2,146	\$0

Note:

OSD plans to suspend the impact fee program for calendar year 2025. Fees can only be collected if OSD predicts to have:

- Enrollment growth at particular grade level;
- Construction expenditures to address growth; and
- OSD does not have excess capacity at that grade level

Impact Fees: Proposed 2025 North Thurston Public Schools

Land Use	Current 2024 Fee	Proposed 2025 Fee
Single Family (Per Unit)	\$ 5,421.79	\$ 5,588.59
Multifamily (Per Unit)	\$ 3,291.17	\$ 2,356.67

2025 Budget Calculator

DATE	MEETING	TOPIC
Nov. 18	Finance Committee	Prepare 2025 Budget Balancing Recommendation for Council
Nov. 19	City Council	Final Budget Balancing
Dec. 10	City Council	Adopt 2025 Operating and CFP Budget