

Budget Sustainability Update

City Council April 22, 2025

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Agenda

- Background
- 2025 Budget Recap
- 2026 Budget Development – Topics for May Study Session
- Research update and timeline
- Options for achieving long-term financial sustainability



Performance, Priorities and Investment Cycle

January - May

June – August

July – December

Measure Performance

Evaluate to understand how we're doing

- Community survey
- Community indicators data
- Department data and analysis
- City work plans
- City Council retreat

Set Priorities

Engage with the community and City Council to confirm priorities

- Community conversations
- Engage Olympia
- Mid-year City Council retreat

Invest: Develop and Approve Budget

Data and priorities inform the City's budget

- **October** - Develop preliminary budget documents:
 - Operating Budget
 - Capital Facilities Plan
 - Utility rates
 - Impact fees
 - Taxes
- **November** – Hold public hearings and finalize the budget
- **December** – Budget adoption

2025 Budget Recap

- 1. 11.8 Million Budget Gap to Begin 2025 Budget Discussions**
- 2. Total Reductions - \$7.7 million**
 - 27 FTE Reductions Across All Funds
- 3. \$4.1 Million use of Fund Balance to Close the Gap**



Budget Development Update

May Study Session Topics

1. Revenue and Expenditure Update

2. Comparable Cities Research

- Growth in FTE's compared to population growth
- Growth in FTE's and programs in relationship to growth in services needs and/or changes in how to provide services (ex. sidewalk miles, changing technology, etc.)
- Changes in FTEs at the program/service level
- Growth (or not) in citywide support services and organizational development (ex. information services, human resources, etc.)

2. Business & Occupation Tax Revenue

- Options for consideration



Budget Development Update

May Study Session Topics

4. Olympia Metropolitan Park District Interlocal Agreement and Sunset Clauses

- Discussion of options regarding the ½% Non-Voted Utility Tax sunset clause in the OMPD Interlocal Agreement

5. Other Items Impacting the Budget

- Indigent Defense Standards
- State Legislative Impacts
- Transition of Municipal Court

6. Priority Based Budgeting

- Update on Priority Based Budgeting status – Programs and Program Costs
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Next Steps

April 21

Finance Committee

- Discuss Preliminary Estimated 2024 Year-End Funds

May 13

Council Study Session

May 19

Finance Committee

- PBB Program Inventory, Descriptions, and Costs
- Discuss Recommendations

June 13

City Council Retreat

- 2026 Budget Kick-Off

June 24

City Council Study Session

- PBB Program Inventory, Descriptions, and Costs
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2026 Budget Calendar

Date	Meeting	Description
June 2	City Departments	2026 Budget Kick off
Sept. 15	Finance Committee	2026 Budget Update
Oct. 7	City Council	Presentation of 2026 Preliminary Budget
Oct. 14	City Council Study Session	
Oct. 21	City Council	Public Hearings: 2026 Ad Valorem 2026 Operating Budget 2026-2031 CFP Other Business: Fees, Rates, and Special Revenue Funds
Nov. 10	City Council	Public Hearing: 2026 Operating Budget
Nov. 17	Finance Committee	Prepare 2026 Budget Balancing Recommendation for Council
Nov. 18	City Council	2026 Final Budget Balancing
Dec. 9	City Council	Adopt 2025 Operating and CFP Budget