

2026 Operating Budget
Public Hearing #2
November 18, 2025



City Council Public Hearing

2026 Budget Assumptions

Included in the budget:

- 2.7% Wage adjustment for Independents, AFSCME, IUOE, Teamsters
- Health Insurance Actual Rate Increases Applied
- Workers Compensation Rates Applied (City and State annual rates)
- Liability Insurance Actual Rate Increases Applied
- \$1.3 Million in Added Support to Development Fee Fund

New Revenue-Public Safety Sales and Use Tax

- Sales and Use Tax Increase:
 - Councilmanic Public Safety Sales and Use Tax authorized by HB-2015
 - Rate of One-Tenth of One Percent (0.1%)
 - Olympia's total sales tax rate would increase to 9.9%
- Contingent upon successful review by the Criminal Justice Training Center and completion of any required administrative steps
- Sales tax can begin only on January 1, April 1, or July 1 with notice of 75 or more days to the Department of Revenue
- Ordinance considered on Nov. 10 and 18, 2025

New Revenue-Public Safety Sales and Use Tax

- Estimated revenue from Sales and Use Tax in 2026 is \$1.5 million
- One-time use of \$1.5 million in REET to offset the revenue estimate in 2026
- It is estimated that a sales tax of 0.1% will generate approximately \$3 million per year in a full fiscal year; Jan.-Dec.

New Revenue-Business & Occupation Tax

- Business & Occupation Tax Increase:
 - All Categories to .002 rate, except Retail
 - Retail Rate at .0015
 - \$500,000 Threshold
- Ordinance considered on Nov. 10 and 18, 2025

2026 Budget Enhancements – General Fund Impact

2026 General Fund Enhancements-ongoing and included in the budget:

• OFD Bunker Gear	\$84,000
• Jail Costs	\$900,000
• Emergency Manager	\$100,000
• ODA Guide Expansion – Continued Funding	\$195,000
• Home Energy Score – Olympia Portion	\$60,000
• Flower Baskets Downtown	\$20,000
• Oly Strong	\$100,000

2026 Budget Neutral Enhancements

Revenue Neutral Enhancements included in the budget:

- Additional Firefighter \$180,000
 - Offset by O/T Savings
- Climate Resilience Coordinator \$152,592
 - Grant/Support from Other Jurisdictions
- Launch Safe Housing & Rental Efficiency Program \$150,000
 - Grant Support
- Climate Energize Fellow \$93,750
 - Grant Support/Support from Other Jurisdictions
 - Support from Other Jurisdictions

2026 Budget Neutral Enhancements

Revenue Neutral Enhancements included in the budget:

- Energize Olympia Marketing & Outreach \$15,000
 - Grant Funded
- Olympia Sea Level Rise Collaborative \$117,000
 - Support from Other Jurisdictions

2026 Budget Enhancement - Sidewalk Maintenance

4-Person Sidewalk Repair Team Ongoing: Funded by TBD Sales Tax

- Assumes approximately 20-25 sites of panel replacement each year

Estimated cost:

- \$830,000 in first year; includes \$149,000 of one-time equipment purchases
- \$681,000 each year following

2026 Budget - Guiding Principles for Reductions

- Maintains Programs/Services funded through past ballot measures or protected revenues – Community Commitments
- Focused on Maintaining Programs
 - Work Plan Impacts/Timing
- Limit Public Safety Impacts
 - Police/Fire/Homeless Response/Alternative Programs
- Avoided reduction options in Public Works Transportation
 - \$1 million in reductions in 2025
- Avoided further significant cuts to support services (HR, IT, Finance)
 - Significant reductions in 2025
 - Comparable Cities Study indicates we are behind

2026 Budget – Reductions to Balance

- Communications \$377,970
- City Manager Support Position \$108,750
- Legal Department \$208,684
- Economic Development Support \$108,896
- Familiar Faces (Vacant) \$136,196
- Climate Program Spec (Vacant) \$127,199

2026 Budget – Reductions to Balance

• Eliminate Federal Lobbyist Contract	\$75,000
• CPED Principal Planner (9 Months)	\$140,898
<u>Total in Reductions</u>	<u>\$1,284,593</u>
Budget Balancing Position	\$0

2026 Utility Rate Proposal Summary

<i>Utility</i>	<i>2023 Rate</i>	<i>2024 Rate</i>	<i>2025 Rate</i>	<i>2026 % Rate Increase</i>	<i>2026 Amount</i>
Waste ReSources	\$56.22	\$58.18	\$62.60	4%	\$65.10
Drinking Water	\$65.64	\$66.96	\$69.58	3%	\$71.68
Wastewater	\$51.58	\$53.62	\$56.46	3%	\$58.16
LOTT	\$89.60	\$92.28	\$95.04	3%	\$97.90
Storm & Surface Water	\$34.24	\$36.46	\$38.36	7.5%	\$41.24
TOTAL	\$297.28	\$307.50	\$322.04		\$334.08
Total % Increase	5.89%	3.45%	4.73%		3.74%
Total \$ Increase	\$16.54	\$10.22	\$14.54		\$12.04

Based on single-family bi-monthly bill.
Assumes 65 gal/bi-weekly garbage service with recycling.
Based on 160 gallons of water use per day.

PROPOSED 2026 Projected General Facility Charges (GFC) and LOTT Capacity Development Charges (CDC)

(Sample Based on Single-Family Residence)

Utility	2022	2023	2024	2025	% Increase	Total Increase	2026 Rate	Consultant Recommendation
Drinking Water	\$4,433	\$4,683	\$5,032	\$5,287	5%	\$264	\$5,551	\$5,639
Wastewater	\$3,754	\$4,003	\$4,338	\$4,425	5%	\$221	\$4,646	\$4,999
Storm & Surface Water	\$1,439 plus \$9.09 trip charge	\$1,619 plus \$11.08 trip charge	\$1,915 plus \$13.57 trip charge	\$1,953 plus \$13.83 trip charge	5%	\$98	\$2,051 plus \$14.52 trip charge	\$2,383 plus \$19.04 trip charge
LOTT CDC	\$6,610	\$6,841	\$7,081	\$7,435	5%	\$372	\$7,807	\$8,041.21
TOTAL	\$16,236	\$17,146	\$18,402	\$19,100	5%	\$955	\$20,055	\$21,062

Proposed 2026 Transportation Impact Fees

10% increase due to increased costs of labor, construction materials and real property

Impact Fee Rate Per Trip	
Current 2025	Proposed 2026
\$3,338	\$3,672

Proposed 2026 Parks Impact Fees

- Fees on new residential construction to support park growth
- Parks Impact Fee Rate Study completed in 2022
- Proposed 2.9% inflationary increase based on Seattle Construction Cost Index (CCI)

Land Use Category	2025 Fee	Proposed 2026 Fee	Increase
Single Family Dwelling Unit	\$6,798	\$6,995	\$197
Multi-Family	\$5,822	\$5,991	\$169
Units in Senior Housing Developments	\$5,822	\$5,991	\$169
Mobile Home in Mobile Home Parks	\$5,083	\$5,230	\$147
Downtown Multi-Family	\$4,576	\$4,709	\$133
Single-Room Occupancy, ADU	\$2,907	\$2,991	\$84

Proposed 2026 North Thurston Public Schools Impact Fees

Land Use	Current 2025 Fee	Proposed 2026 Fee
Single Family (Per Unit)	\$5,588.59	\$1,847
Multifamily (Per Unit)	\$2,356.67	\$566

Proposed 2026 Olympia School District Impact Fees

Land Use	Current 2025 Fee	Proposed 2026 Fee
Single Family (Per Unit)	\$0	\$0
Multifamily and Townhouses (Per Unit)	\$0	\$0
Downtown Multifamily and Townhouses (Per Unit)	\$0	\$0

OSD suspended their impact fee program for calendar year 2025, as no additional capacity was needed based on enrollment forecasts. OSD has determined that the suspension of the program will continue through 2026.



Proposed Citation Fees

Citation	Current Fee	Proposed Fee
Unpaid space, overtime, overtime space, back-in parking only, out of stall markings	\$20	\$28
Expired Tab, No Tab	\$30	\$38
Leased lot: chain, overtime and unpaid parking, No senior permit, residential chain, chain and chain space	\$40	\$50
Restricted Parking, RV Parking Violation	\$75	\$95
Tow	\$100	\$125
Boot and Tow	\$175	\$220

Next Steps/Budget Calendar

Nov. 18, 2025: Second Public Hearing Operating Budget; Second Reading Ordinance amending Olympia Municipal Code Title 5 relating to B & O Tax and Second Reading Ordinance imposing a Councilmanic Sales Tax authorized by HB 2015 of One-Tenth of One Percent (0.1%).

Nov. 24, 2025: Final Budget Balancing Presentation (Meeting on Zoom)

Dec. 9, 2025: First Readings: Ordinances adopting the 2026 budget and utility rates, fees and charges

Dec. 16, 2025: Second Readings: Ordinances from Dec. 9, 2025



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