

Final Budget Balancing  
November 25, 2025



# City Council Final Budget Balancing

# New Revenue-2026

- **Sales and Use Tax Increase:** Approved by Council on Nov. 18, 2025
  - Councilmanic Public Safety Sales and Use Tax authorized by HB-2015 contingent upon successful review by the Criminal Justice Training Center
  - Olympia's total sales tax rate increases to 9.9%; Estimated annual revenue \$3 million
  - Estimated revenue in 2026 is \$1.5 million
  - One-time use of \$1.5 million REET to offset the revenue estimate for 2026
- **Business & Occupation Tax:** Approved by Council on Nov. 18, 2025
  - All Categories to .002 rate, except Retail
  - Retail Rate at .0015
  - \$500,000 Threshold

# 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 \$75,000 - \$100,000
- ODA Guide Expansion – Continued Funding \$195,000
- Home Energy Score – Olympia Portion \$60,000
- Flower Baskets Downtown \$20,000
- Rental Registry Support \$191,070

# 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 Strong Implementation \$200,000
  - Funded by Combination of General Fund/Economic Dev Reserves
- 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 – 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
<b><u>Total in Reductions</u></b>	<b><u>\$1,284,593</u></b>
<b>Budget Balancing Position</b>	<b>\$0</b>

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

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)

<i>Utility</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>% Increase</i>	<i>Total Increase</i>	<i>2026 Rate</i>	<i>Consultant Recommendation</i>
<b>Drinking Water</b>	\$4,433	\$4,683	\$5,032	\$5,287	5%	\$264	\$5,551	\$5,639
<b>Wastewater</b>	\$3,754	\$4,003	\$4,338	\$4,425	5%	\$221	\$4,646	\$4,999
<b>Storm &amp; Surface Water</b>	\$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
<b>LOTT CDC</b>	\$6,610	\$6,841	\$7,081	\$7,435	5%	\$372	\$7,807	\$8,041.21
<b>TOTAL</b>	\$16,236	\$17,146	\$18,402	\$19,100	5%	\$955	\$20,055	\$21,062

# Proposed 2026 Development Permit Fee Adjustments

- 2.7% increase for all permit fees to account for labor costs
- New planning fee for staff level (minor) variance applications = \$1,000
- Move fire inspection fees from Chapter 16.32 (Fire Code) to Title 4 (Fees and Fines)
- Increase fire inspection fee from \$39 to \$85 and then adjust annually per labor costs

# 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

# Selected Land Uses: Transportation Impact Fee Comparison

Land Use	Current 2025 Fee	Proposed 2026 Fee
Single Family (Per Unit)	\$4,792	\$5,271
Multifamily (Per Unit)	\$2,711	\$2,982
Multifamily – Downtown and HDC (Per Unit)	\$1,550	\$1,705
Restaurant (Per square foot of gross floor area)	\$18.23	\$20.05
Retail mid-sized (Per square foot of gross floor area)	\$12.24	\$13.47
Office mid-sized (Per square foot of gross floor area)	\$4.09	\$4.50

# 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 Public Schools 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

# 2026 LTAC Funding Recommendations

Hands on Children's Museum	Marketing and operations	\$ 88,027.00
Arbutus Folk School	The Olympia Old Time Festival	\$ 20,000.00
Artesian Soccer (FC Olympia)	FC Olympia season	\$ 50,000.00
Capital City Pride	Olympia Pride Festival	\$ 35,000.00
Capital Lakefair	Capital Lakefair (Festival)	\$ 20,000.00
City Of Lacey	Regional Athletic Complex	\$ 45,000.00
City of Olympia Parks, Arts, and Rec	Oly on Ice	\$ 12,000.00
City of Olympia Parks, Arts, and Rec	Arts Walk	\$ 37,500.00
Greys Harbor Historical Seaport	Lady Washington Olympia Visits	\$ 4,000.00
Harlequin Productions	Marketing and operations	\$ 50,000.00
Lake Run Organization	Olympia Lakefair Races	\$ 4,000.00
Le Voyeur Punk Museum	Year round music events	\$ 24,000.00
Miss Washington Scholarship Organization	Miss Washington Events	\$ 72,000.00
Nisqually Reach Nature Center	Marketing and visitor engagement	\$ 10,075.00
Olympia Arts and Heritage Alliance	Oly AHA! Museum and Visitor Center	\$ 37,500.00
Olympia Community Sailing	Oly Community Sailing Race Events	\$ 6,000.00
Olympia Downtown Alliance	LoveOly Winterfest	\$ 5,000.00
Olympia Downtown Alliance	LoveOly Summerfest	\$ 30,000.00
Olympia Dragon Boat Club	The Olympia Dragon Boat Festival	\$ 23,200.00
Olympia Farmers Market	Event/marketing/and operation	\$ 99,864.00
Olympia Film Society	2026 season of events/programs	\$ 45,000.00
Olympia Symphony Orchestra	2026 Season- concerts, masterclasses, community events	\$ 15,000.00

Olympic Flight Museum	Olympic Air Show	\$ 25,000.00
Pacific Cost Shellfish Growers Association	SLURP! Food and cultural festival	\$ 28,400.00
PARC Foundation: Ecstatic Sound Collective	2026 Olympia Funk Festival	\$ 75,000.00
Rock Candy Running	Saturnalia:Holiday Trail Race	\$ 1,000.00
South Sound Estuary Association	Puget Sound Estuarium Operations/Marketing	\$ 22,500.00
South Sound Maritime Heritage Association	Harbor Days	\$ 55,000.00
SWAE Night Market	marketing and operations	\$ 5,000.00
Team Tomorrow	South Sound Block Party	\$ 75,000.00
Washington State Senior Games	WA State Senior Games	\$ 20,000.00
Bizzy Bee Events	marketing and operations	\$ -
Golden Hour Tea	Marketing promotion	\$ -
Lacey South Sound Chamber	South Sound BBQ Festival	\$ -
Mongolian Cultural Center	The Mongolian Day	\$ -
Olympia All Ages Project	Northern Sky Music Festival	\$ -
Olympia Sailing Company	Charter season - OSC	\$ -
PARC foundation: Tenino Stone Carvers Guild	Stone Carving Festival	\$ -
Rock Candy Running	Little Backyard Adventure-trail race	\$ -

2026 funding recommendation total: \$1,040,066  
 Previously approved multi-year contracts: \$234,300  
 Total 2026 Funding : **\$1,274,366**

# Fund 135 – PBIA Fund

---

## FY 2026 Budget

---

Budgeted Revenues

\$0

Budgeted Expenses

\$2,805

---

Impact to Fund Balance

-\$2,805

# Next Steps/Budget Calendar

Dec. 9, 2025: First Readings: Ordinances adopting the 2026 Operating Budget, Utility Rates and Fees, Special (Dedicated) Funds and Capital Budget.

Dec. 16, 2025: Second Readings: Ordinances adopting the 2026 Operating Budget, Utility Rates and Fees, Special (Dedicated) Funds and Capital Budget.

# Council Motion

Move to approve the Final 2026 Preliminary Operating Budget, Utility Rates and Fees, Special (Dedicated) Funds, and Capital Budget and direct staff to prepare Ordinances for Council's consideration on December 9, with the second reading on December 16.



**Jay Burney**

City of Olympia

City Manager

(360)753-8740

[jburney@ci.olympia.wa.us](mailto:jburney@ci.olympia.wa.us)

**Michael Githens**

City of Olympia

Finance Director

(360)753-8465

[mgithens@ci.olympia.wa.us](mailto:mgithens@ci.olympia.wa.us)