

October 20, 2025

Olympia City Council - Finance Committee

City of Olympia
601 4th Ave E
Olympia, WA 98501

RE: Request to Postpone Adoption of 2026 Rate and Fee Increases Pending Cost-Based Justification

Dear Chair Gilman, Councilmember Cooper, and Councilmember Green,

On behalf of the Olympia Master Builders (OMB), representing homebuilders, remodelers, and industry professionals throughout Thurston County, I am writing to express our concerns regarding the proposed 2026 increases to the City's utility rates, General Facility Charges (GFCs), and impact fees. OMB fully supports sustainable, transparent funding for public infrastructure, but such increases must be based on current, publicly available cost-of-service and proportional-share analyses. As of today, that legal and procedural standard has not been met.

While the City references foundational planning documents, such as the 2021 Water System Plan, 2013 Wastewater Plan, 2017 Storm & Surface Water Plan, and 2020 Multimodal Transportation Impact Fee Study, none of these meet the requirement for up-to-date cost-of-service or nexus studies to support 2026 rate and fee adoption. Benchmarking to peer jurisdictions, as done through SME Consulting's "Olympia and Comparable Cities Studies," is not a lawful substitute for demonstrating proportionality under RCW 35.92 and RCW 82.02. The Growth Management Act and Washington case law require fees and rates to be based on the City's actual cost of providing service and system capacity, not on comparisons to other municipalities.

For these reasons, OMB respectfully requests that the Finance Committee defer action on the proposed 2026 increases until the City publishes the updated cost-of-service studies, GFC methodologies, and impact-fee nexus analyses required to establish compliance with RCW 35.92, RCW 35A.33, and RCW 82.02. Without those documents, the City cannot reasonably demonstrate that the proposed increases are fair, equitable, and legally defensible.

We appreciate the Committee's leadership and the City's commitment to long-term

infrastructure planning. OMB looks forward to working collaboratively to ensure that Olympia's utility and impact-fee structures are both fiscally sustainable and compliant with state law, while protecting housing affordability for working families in our region.

For further information or questions please contact our Government Affairs Director, Jessie Simmons, at ga@omb.org or (360)754-0912 ext. 102.

Respectfully,



Jessie Simmons
Government Affairs Director
Olympia Master Builders

Attachment A: Policy Analysis and Legal Basis

The following analysis outlines Olympia Master Builders’ findings regarding the City’s 2026 proposed increases to utility rates, General Facility Charges (GFCs), and impact fees. It compares publicly available documentation against Washington’s legal standards for rate-making and impact-fee justification.

I. Legal Requirements

Under Washington law, local governments must demonstrate that all rates and development fees are fair, reasonable, and proportionate to the cost of providing service:

- Utility Rates and GFCs must be “just, equitable, and uniform for the same class of customers” (RCW 35.92.010, RCW 35.92.025) and supported by a cost-of-service analysis.
- Impact Fees must show a “reasonable relationship” and “rough proportionality” between the fee and the impact of new development, based on an adopted Capital Facilities Plan (RCW 82.02.050–090).
- Procedural Requirements under RCW 35A.33.060–.070 mandate that any new rates or fees be adopted by ordinance and supported by referenced documentation available for public review.

II. Public Documentation Review (2024–2025)

OMB’s review confirms that Olympia has several foundational plans, 2021 Water System Plan, 2013 Wastewater Plan, 2017 Storm & Surface Water Plan, 2020 Transportation Impact Fee Study, and 2007 Parks Impact Fee Study, but none of these have been updated or published recently enough to substantiate the 2026 rate and fee increases. Current cost-of-service calculations, GFC methodologies, and impact-fee nexus studies are not publicly released that we have found, and benchmarking to comparable cities is not an acceptable substitute under state law.

III. Compliance Assessment

Based on available documentation, Olympia’s compliance with statutory standards is partial at best:

- Water and Sewer Utilities: Foundational plans exist but are outdated; no new cost-of-service analysis for 2026 rates has been published.
- Stormwater Utility: The last financial analysis was completed in 2017 and exceeds the standard six-year cycle for updates.
- Parks Impact Fee: The last nexus study (2007) is non-compliant due to age and lack of proportional-share recalculation.
- Transportation Impact Fee: The 2020 study remains valid but requires project-cost updates and public confirmation of inflationary adjustments.
- School Impact Fee: Compliant through Olympia School District’s 2025-2030 CFP; the City adopts these by reference.

In summary, the record does not demonstrate full compliance with RCW 35.92 or RCW 82.02 for adopting 2026 fees. The City has not produced or published the necessary cost-based documentation to satisfy the “fair and reasonable” test.

IV. Additional Findings Based on the 2026–2031 Capital Facilities Plan

The 2026–2031 Capital Facilities Plan identifies substantial infrastructure needs, approximately \$63 million in water projects, \$72 million in sewer projects, \$29 million in stormwater

improvements, \$22 million in parks investments, and multimodal transportation projects carried forward from the 2020 Transportation Impact Fee Study. However, none of these cost tables identify the growth-related share of costs or translate them into per-unit impact fees or GFCs. As presented, the CFP documents system needs, but does not establish a quantitative nexus between these costs and the proposed rate and fee increases.

V. Recommendations

To ensure legal compliance and transparency, OMB recommends that the Finance Committee:

- Defer action on 2026 rate and fee increases until updated cost-of-service and nexus studies are published.
- Direct staff to release the technical appendices and calculation models supporting rate and fee adjustments.
- Reopen the public comment period following the publication of these documents.
- Phase in any approved increases only after independent verification that the methodologies meet statutory standards for fairness and proportionality.

V. Conclusion

The City's existing plans and older studies provide an important foundation, but they do not satisfy the current legal and procedural standards required to adopt new 2026 rate and fee increases. OMB urges the City to complete and release updated analyses to ensure compliance, public transparency, and equitable outcomes for Olympia's residents and builders.