



# Utilities 2025 Rates, Fees & Budget

October 29, 2024

Olympia City Council





# Utilities Budget Drivers

Salaries and Benefits

Uncontrollable Expenses

- Liability Insurance
- Fleet Rates
- City Hall Rent

# Drinking Water Utility

Mission-  
Provide and Protect  
Olympia's Drinking water

Mike Vessey  
Drinking Water Utility  
Director

Water Quality, Cross  
Connection Control & Water  
Conservation

Drinking Water Operations

Pump Station Operations

Engineering & Planning



# 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

# Water Resources

Mission-  
Protect Public and  
Environmental Health

Jesse Barham  
Water Resources Director

Environmental Services

Vegetation & Habitat  
Operations

Stormwater/Wastewater  
Operations

Pump Station Operations

Engineering & Planning



# 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

# Enhancements Storm and Surface Water

<b><u>Street Cleaning</u> Maintenance Worker II (term) to Permanent (MW II)</b>	<b><u>Vegetation Habitat Operations</u> Maintenance Worker I (temp) to Permanent (MWI)</b>
<ul style="list-style-type: none"><li>• Grant funding ending in July 2025<ul style="list-style-type: none"><li>➢ Included sweeper purchase and operator</li></ul></li><li>• Need to operate new sweeper into the future</li><li>• New Municipal Stormwater Permit compliance requirements</li><li>• Rate funded cost in 2025 is \$50,655 (½ year)</li></ul> <p>Ongoing FTE and expenses to be included in operating budget into future years</p>	<ul style="list-style-type: none"><li>• Increase capacity for year-round work</li><li>• Support tree and ditch maintenance needs in stormwater utility</li><li>• Convert two seasonal positions into one FTE</li><li>• Cost neutral – offset by reduction to seasonal labor (\$98,164)</li></ul>



# Water/Sewer Rate Affordability\* (October 2024)

## ***Community Financial Capacity to Support Utilities***

Median Household Income (MHI/AMI\*\*)

Olympia - Lacey - Tumwater \$116,700 (HUD 2024 Family of 4)

Drinking Water <2% = \$155.28/mo | Proposed \$34.79/month (0.4%)

Drinking/Sewer Bill <4% = \$310.57/mo | Proposed \$110.54/month (1.1%)

## ***Low Income Households***

Hours at Minimum Wage - 8 hours at \$16.66/hour\*\*\* = \$133.28

Olympia proposed = 7.8 hours (\$129.71)

HUD 30% of MHI - extremely low income (\$33,800 family of 4)

\$129.71 = 4.6%

HUD 20% of MHI - (\$22,540 family of 4)

\$129.71 = 6.9%

\* Waste ReSources rate not included. \*\* AMI (Area Median Income) is the same as MHI.\*\*\*WA State Minimum Wage beginning 2025

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

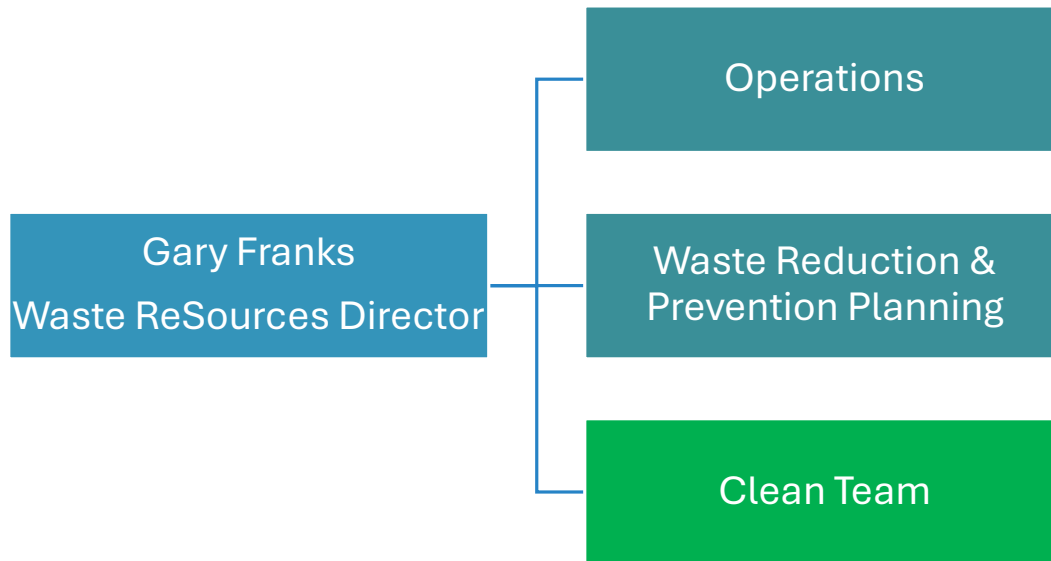
(Sample Based on Single-Family Residence)

	2022	2023	2024*	2025*	Total Increase	2025 % Increase	Financial Study Recommended
<b>Drinking Water</b>	\$4,433	\$4,683	\$5,032	\$5,287	\$255	5.1%	\$5,639 (2022)
<b>Wastewater</b>	\$3,754	\$4,003	\$4,338	\$4,425	\$87	2.0%	\$4,999 (2019)
<b>Storm and Surface Water</b>	\$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)
<b>LOTT CDC</b>	\$6,610	\$6,841	\$7,081	\$7,435	\$354	5.0%	
<b>TOTAL:</b>	\$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



*Mission: Inspiring our community towards a waste free future*

# 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



# Waste ReSources Expenditures and Revenue

- **Waste Utility Operating Budget:**
  - Expenditures are up 4.6%, for a total of \$15,907,154
  - Revenue up 7%, for a total of \$15,859,845
  - Revenue to Expense out of balance -0.3% or -\$47,310
- **Waste Utility + Clean Team Budget:**
  - Addition of Clean Team produces a negative balance of approximately \$900,000
    - ❖ Assumes Revenue from Stormwater Utility only \$22,500
    - ❖ Assumes Budget Reduction of \$453,000 to CFP for Carpenter Road
    - ❖ Includes a reclass of existing position and adds one FTE
- **Rate Recommendation = 7.6%**

# Recommended Rate Summary (October 2024)

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

# 2025 Budget Update

Olympia City Council  
October 29, 2024

## Permit Fees and Impact Fees

Tim Smith, Interim Director, Community Planning  
& Development



- Overall Cost Recovery Goal of 85%
- 2021 Permit Cost Recovery Study
- Found overall cost recovery rate of 76%
- Recommended annual increases based on labor costs
- CPD operates out of Development Fee Fund
- Defined General Fund contribution (\$2.84 million for 2025)



- 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

- State law authorizes cities to collect impact fees to ensure adequate facilities are available to serve new growth
- Olympia collects impacts fees for:
  - Transportation
  - Parks
  - Schools

# Proposed 2025 Transportation Impact Fees

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 Fees

- 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

	Year 1	Year 2	Year 3
Land Use Category	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

# Proposed 2025 North Thurston Public Schools Impact Fees

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

# Proposed 2025 Olympia School District Impact Fees

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



Marygrace Goddu  
Program Manager



**Inspire Olympia** provides a reliable source of public funding that sustains a healthy, visible, welcoming, and inclusive nonprofit cultural and science sector, making creative cultural experiences accessible for everyone in Olympia.





## **Cultural Access Fund**

2025 projected  
revenue =  
\$3,100,000

- Approved by voters in 2022
- One-tenth of 1% of Olympia's sales tax revenues deposited into the Cultural Access Fund
- Funds are re-invested in the work of local nonprofit cultural and science organizations serving Olympia residents.
- Places special focus on increasing access by lowering barriers to cultural experiences for everyone, with emphasis on minorities and youth.



## Commitment to Voters:

- a) Invest a minimum of eighty percent (80%) of revenues in cultural programs in Olympia,
- b) Dedicate up to ten percent (10%) of revenues to providing transportation to Inspire Olympia programs for children enrolled in Olympia Public Schools; and
- c) ten percent (10%) shall be used for administrative costs.

# 2025 Budget Projection

## Projected Revenue

Unobligated carry forward from 2024	\$	1,180,000
CAF projected income 2025	\$	3,100,000
	\$	<b>4,280,000</b>

## Planned Expenditures

2-year Contracts	\$	1,220,899	} 82%
1-year Contracts	\$	1,025,950	
Capacity building	\$	50,000	
CAPS Coordinator	\$	110,000	
Field Trips	\$	120,000	} 6%
Transportation	\$	200,000	
Administration	\$	310,000	10%
	\$	<b>3,036,849</b>	

**Reserve** \$ 1,243,151



# Lodging Tax

Amelia Layton  
Program Specialist

# Lodging Tax

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Restricted resource to be used for tourism related activities. Collected in two components:

- First 2% - credit against sales tax  
City allocates to Washington Center for the Performing Arts
- Second 2% - not credit against sales tax  
Competitive application reviewed and recommended by Lodging Tax Advisory Committee

# Washington Center

First 2% -  
credit  
against  
sales tax

- Estimated budget = \$676,240
- Historically distributed 1/12 of budget per month to Washington Center for the Performing Arts
- 2025 recommendations:
  - Distribute 90% to actuals to WCPA each month
  - Reserve 10% to rebuild fund balance
  - Adjust mid-year if necessary

Second 2%  
- not credit  
against  
sales tax

# Competitive Applications

The Lodging Tax Committee is reviewing applications and will have recommendations for 2025 funding later this year.

Total Applications: **30**

Total Funding Request: \$1,259,244

Estimated 2025 revenue: \$675,000

Estimated reserve on January 1, 2025: \$676,240



Parking and Business Improvement Area  
Mike Reid  
Economic Development Director

# Parking & Business Improvement Area

- Business improvement district in downtown
- Purpose: create a vibrant, dynamic business environment
- Approximately 480 ratepayers
- Rates vary between \$250-750
  - Depends on size and type of business
- Typically collect around \$100,000 annually

# Parking & Business Improvement Area

- PBIA Advisory Board has not yet finalized a budget recommendation for 2025
- There is interest from the board in focusing next year's effort on re-evaluating the program role, responsibilities, and function.
- Reduction in staff support levels will have an impact on maintaining program as previously operated.
- PBIA Advisory committee will discuss 2025 budget and planning in November and December meetings.

# Parking & Business Improvement Area

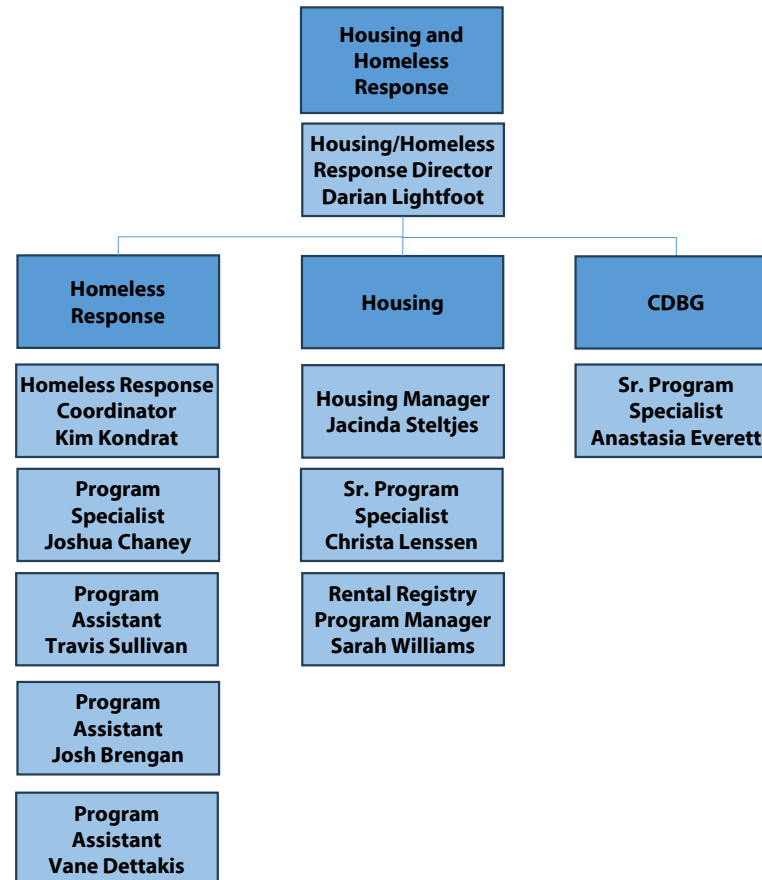
- Current anticipated year end fund balance: \$85,000
- Annual average collected fees: \$90,000
- Examples of typical expenses
  - Flower Baskets:
    - Purchase amount: \$23,000
    - Maintenance and daily watering for 6 months: \$30,000
  - Mural development and maintenance: \$10,000 - \$15,000
  - Program sponsorships: \$5,000 - \$10,000
  - Alley flushing: \$1,200

# Housing and Homeless Response

Darian Lightfoot  
Director of Housing and Homeless Response



# Housing and Homeless Response





# Housing and Homeless Response

## Program Responsibilities

- Addressing Urgent Need
- Encampment and Tiny Home Village Management
- Housing Policy
- Housing Development



# Funding Sources

## **General fund**

- Approximately \$540,000
- Pays for 4 FTE (Darian, Kim, Joshua, and Christa partially funded by ROW grant admin cap)

## **Home Fund Capital-318**

- Approximately \$4.06 million
- Serves as a pass through for Home Fund awards, THV development, state grants, etc

## **Home Fund Operations-142**

- Approximately \$4.8 million
- Supports all THV operations, homeless response efforts, and 3.4 FTE (Jacinda, Travis, Sven, Vane (.5) and Admin (.5))
- Rental Registry support 1.5 FTE (Sarah and Jody)

## **CDBG-107**

- Approximately \$400,000
- Funds 5+ community contracts, revolving loan fund, and a majority of Ana's position





# Home Fund Revenue

- Commerce contract now covers Franz-Anderson, Plum Street, and partially Quince Street

Source	Amount	
Home Fund Operating	\$ 1,100,000.00	
Utility Tax	\$ 327,082	
Commerce Contract	\$ 3,047,500	\$ 1,773,750
<b>Total</b>	\$ 4,474,582	\$ 3,200,832



# Home Fund Expenditures

- **Salaries include outreach which is now covered by the ROW contract for the next three years**
- **Dump Fees and Porta Potties are hard to project, cleans are uncertain**
- **GPS goes up a percentage mid-way through the year**

Expense	Amount
Salaries (4.9 FTE)	\$ 678,335
Benefits	\$ 218,873
General Professional Services	\$ 3,677,313
Dump Fees and Porta Potties	\$ 97,000
Other 30's and 40's	\$ 30,141
Other Interfund Charges	\$ 59,762
<b>Total</b>	<b>\$ 4,761,424</b>



# Home Fund GPS

- THV operations are going to keep increasing to better match cost of living
- Recommend ending \$100k CYS contract as proposed last year

Service	2025 Expense
Quince Street Village	\$ 1,446,762
Plum Street Village	\$ 1,000,000
Franz Anderson THV	\$ 1,096,951
Hope Village	\$ 99,280
Union Gospel Storage	\$ 34,320
<b>Total</b>	<b>\$ 3,677,313</b>