

Wet Utilities Financial and Rate Study Briefing

Olympia

**Utility Advisory Committee
April 2, 2026**



East Bay Marina Sewer Lift Station

Tonight's Agenda

Briefing on Project Scope and Timeline

- Financial and Rate Study Goals
- Overview of Key Project Tasks & Timeline
- Key Decision Points and Policy Topics
- Utility Advisory Committee Role
- Discussion and Questions

Reminder: Utility Missions

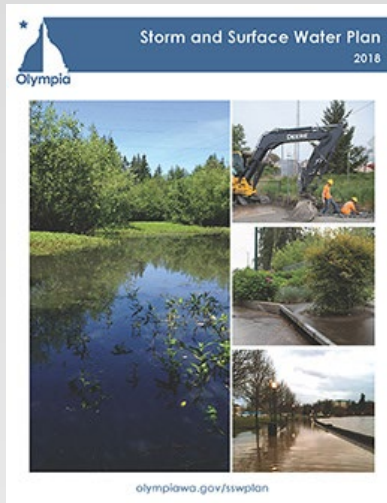
The **Drinking Water Utility's** mission is to provide and protect Olympia's drinking water.

The **Wastewater Utility's** mission is to collect and convey wastewater, also known as sewage, to treatment facilities in a manner that protects the health of both the public and the environment.

The **Storm and Surface Water Utility's** mission is to reduce flooding, improve water quality and protect and enhance aquatic habitat in Olympia.

Reminder: Utility Planning

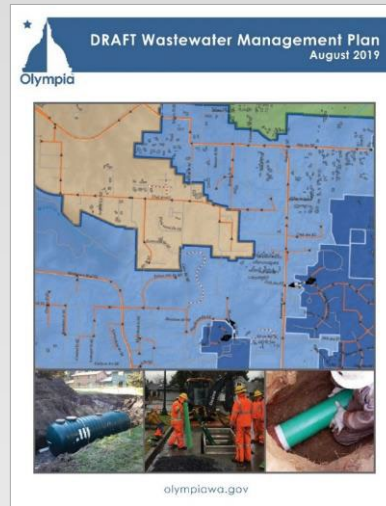
Storm and Surface Water Plan



No planning requirement, completed in 2018.

First Year: 2017

Wastewater Management Plan



Required only at wastewater utility establishment, completed in 2020.

First Year: 2019

Water System Plan



Required to be updated every 6 years, approved in 2024.

First Year: 2022

Our Goals for the Financial and Rate Study

- Build support for long-term financial planning
- Ensure long-term financial sustainability of the Utilities
- Align rates with operating and capital needs
- Consolidate financial policies in one place (& develop more)
- Update General Facility Charges (GFC's)
- Improve transparency and defensibility of rates
- Provide tools for ongoing financial planning

Financial and Rate Study Overview of Tasks

What the Study Includes:

- Revenue Requirement: How much \$ do we need?
- Cost-of-Service: What do different customers pay & why?
- Rate Design: How should our rates be structured?
- General Facility Charges: What does growth pay for?
- Financial Policies: How do we make consistent decisions?
- Affordability Strategies: How do we assist customers?

Our Approach to the Study

Multi-Year Phased Approach (2025-2028):

- Gives us the time to do the work correctly!
- Builds knowledge year over year
- Builds support year over year
- Aligns with City budget cycles
- Allows policy input and decision points
- Provides multiple opportunities for Utility Advisory Committee and Council input

Project Delivery and Timeline

Foundational Analysis (2025/2026):

- Scope establishment & data collection
- Financial Policy review
- Baseline 10-year financial forecast
- Initial GFC review
- Technical Memo Findings
 - Affordability and metrics
 - Customer Assistance Programs
 - Sea Level Rise Funding

Project Delivery and Timeline

2026 Alternative and Drafts:

- Revenue requirement scenarios – 2027 budget?
- Updates to GFC's – 2027 budget?
- Cost-of-Service Analysis
- Draft rate structure options
- Presentations
 - Utility Advisory Committee
 - Finance Committee
 - City Council

Project Delivery and Timeline

2027 Final Recommendations:

- Final revenue requirements – 2028 budget, yes!
- Final GFC's – 2028 budget, yes!
- Final Cost-of-Service Analysis
- Final rate design alternatives/recommendation
- Adoption presentation to UAC, Finance Committee and Council
- Final reports, technical memos and documentation

Key Policy Topics

Important Decisions Along the Way:

- Financial Policies (e.g. reserves, debt coverage)
- Rate affordability and equity considerations
- Customer assistance approaches
- Funding sea level rise
- Growth vs existing customer cost allocations
- Rate structure approaches

Key Outcomes

What we will get out of the Study:

- Sustainable and adaptable financial plan
- Defensible, cost-based rates
- Updates to GFC's aligned with growth
- Rate and fee models for ongoing use, including during budget updates
- Staff training and long-term tools

Role of the UAC in the Project

How will the UAC Assist?

- Review and provide input at key milestones
- Discuss policy direction and tradeoffs
- Provide feedback on rate options
- Support and provide recommendations to the Council
- Help us to tell our story!

Scheduled Briefings: June 2026 and March 2027



Questions and Discussion

