

2026 Operating Budget
Public Hearing #1
November 3, 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 to be considered on Nov. 10, 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 to be considered on Nov. 10, 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 \$75,000 - \$100,000
- ODA Guide Expansion – Continued Funding \$195,000
- Home Energy Score – Olympia Portion \$60,000
- Flower Baskets Downtown \$20,000

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 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 - 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

Next Steps/Budget Calendar

Nov. 10, 2025: 2026 Budget Update and Balancing Presentation; First Reading Ordinance amending Olympia Municipal Code Title 5 relating to B & O Tax and First Reading Ordinance imposing a Councilmanic Sales Tax authorized by HB 2015 of One-Tenth of One Percent (0.1%).

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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