

**City of Olympia Report to the
Olympia Metropolitan Park District Advisory Committee
Regarding Section 4.1.1, (i) through (iv)
For Fiscal Year 2024
Presented May 7, 2025**

Section 4.1.3 of the 2016 Interlocal Agreement between the City of Olympia (City) and the Olympia Metropolitan Parks District (OMPD) requires the OMPD Advisory Committee (Committee) to provide an annual report to the City Council (Olympia) and the OMPD Board regarding the City's compliance with the funding levels in (i) and (iv) of Section 4.1.1 of the Interlocal Agreement. In 2018, Amendment No. 1 to the Interlocal Agreement expanded the scope of the report to include funding levels in (i) through (iv) of Section 4.1.1.

This document is a report to the Committee by the City regarding Section 4.1.1, (i) through (iv) of the Interlocal Agreement. These items are included under the COMPLIANCE FINDINGS section of this report.

COMPLIANCE FINDINGS

SECTION 4.1.1 (i):

Interlocal Agreement Language

"The City shall include in its annual General Fund Operating Budget revenues to support the Olympia Parks, Arts and Recreation Department (hereafter "OPARD") projects, programs and services in amounts necessary to meet or exceed the minimum funding described in this paragraph. The 2015 adopted net budget for OPARD is \$4.4 million which is 11% of the General Fund revenues calculated using the methodology in Addendum 1. This percentage so calculated will be the baseline for allocating General Fund revenues to OPARD in subsequent years, unless the City Council by resolution with a majority plus one ("super majority") vote of its members after public hearing, determines that an exigent financial circumstance or natural disaster prevents the Council from maintaining this level of General Fund support. The Council will approve OPARD's budget and provide oversight in accordance with the City's normal budget processes. In accordance with state guidelines, the City shall account for the OMPD and treat it as a Blended Component Unit and shall keep the necessary records to ensure the proper expenditure of all funds received by it for parks and recreation purposes, in accordance with this Agreement, state law and City ordinances."

Discussion

This section requires the City to allocate 11% of certain budgeted General Fund tax revenues to support the Olympia Parks, Arts and Recreation Department (OPARD). These revenues are the general use portion of: Property Tax, Sales Tax, Business & Occupation Tax, Admission Tax, Private Utility Tax, and Public Utility Tax. For the 2024 Budget, the City allocated \$6,894,018 to OPARD General Fund activities as part of the adopted budget, which represents 11% of the taxes referenced above. Please see detail in Addendum 1 at the end of this report.

Compliance Status

For 2024, the City met the 11% allocation and was in compliance with this section.

SECTION 4.1.1 (ii):

Interlocal Agreement Language

“The City commits to use the 2% Voted Utility Tax (VUT) revenues to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable.”

Discussion

The City imposes a voter-approved utility tax (VUT) of 2% on private utilities (electric, gas and telephone) for park purposes. All VUT tax revenue is recorded in a Special Revenue Fund (Park & Recreation Sidewalk Utility Tax Fund) and is restricted for the parks’ uses identified above.

The City received \$2,131,241 in 2% VUT revenue for parks use in 2024.

Compliance Status

For 2024, the City met the 2% VUT allocation and was in compliance with this section.

SECTION 4.1.1 (iii):

Interlocal Agreement Language

“The City commits to use one-half of the 1% Non-Voted Utility Tax (NVUT) revenues to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable.”

Discussion

The City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). This section requires the City to commit 1/2 of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties. These NVUT revenues are recorded in a Capital Projects Fund and restricted for the parks’ uses identified above.

The City received \$532,810 for 1/2 of the 1% NVUT revenue which remains in the Capital Projects Fund for future parks use as stated above.

Compliance Status

For 2024, the City was in compliance with this section.

SECTION 4.1.1 (iv):

Interlocal Agreement Language

“The City intends to allocate in its budget the remaining one-half of the Non-Voted Utility Tax (NVUT) to acquire new park land and to maintain and develop those acquired park properties, with a priority on acquisition to the extent practicable. If such budget allocation does not occur, to the extent a year end fund balance exists, then the City intends, absent an exigent financial circumstance, to allocate the first \$500,000 of that balance to such purposes.”

Discussion

As noted above, the City imposes a non-voted utility tax of 6%. 1/6th of that tax is referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). Section 4.1.1. (iii) requires the City to

commit 1/2 of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties and this section requires the City to commit the *remaining* 1/2 of the 1% NVUT for the same purposes. These NVUT revenues are recorded in a Capital Projects Fund and restricted for the parks' uses identified above.

The City received \$532,810 for 1/2 of the 1% NVUT revenue which remains in the Capital Projects Fund for future parks use as stated above.

Compliance Status

For 2024, the City was in compliance with this section.

SECTION 4.1.1 (v):

Interlocal Agreement Language

"The City intends to maintain the funding levels in (i.) and (ii.) without a time limit, and the funding levels in (iii.) until January 1, 2030, and the funding levels in (iv.) until January 1, 2026."

Addendum 1

Parks Allocation per agreement with OMPD for 2024

	Adopted Budget	Amended Budget
Property Tax (Gen Only)		
Property Tax (General)	13,952,377	13,952,377
Sales Tax (Gen Only)		
Sales Tax (General)	28,000,000	28,000,000
B&O Tax		
B&O Tax	8,055,000	8,055,000
Admission Tax	219,000	219,000
<i>Subtotal B&O Tax</i>	8,274,000	8,274,000
Private Utility Tax		
Private Utility Tax - Electric (4.5% of the 9%, NVUT)	2,913,000	2,913,000
Private Utility Tax - Electric (0.5% Parks/Bike of the 9%, NVUT)	323,667	323,667
Non-City, Water - Tumwater	5,000	5,000
Non-City, Sewer - Tumwater	3,500	3,500
Private Utility Tax - Gas (4.5% of the 9%, NVUT)	871,000	871,000
Private Utility Tax - Gas(0.5% Parks/Bike of the 9%, NVUT)	96,778	96,778
Non-City, Garbage Private	2,900	2,900
Private Utility Tax - Telephone (4.5% of the 9%, NVUT)	996,000	996,000
Private Utility Tax - Telephone (0.5% Parks/Bike of the 9%, NVUT)	110,667	110,667
<i>Subtotal Private Utility Tax</i>	5,322,512	5,322,512
Public Utility Tax (City's Utilities)		
City-Owned Garbage (10% of the 10.5%)	1,725,000	1,725,000
City-Owned Sewer (10% of the 10.5%)	2,750,000	2,750,000
City-Owned Storm (10% of the 10.5%)	819,000	819,000
City-Owned, Water (10% of the 10.5%)	1,830,000	1,830,000
<i>Subtotal Public Utility Tax</i>	7,124,000	7,124,000
<i>Subtotal of Total Utility Tax</i>	12,446,512	12,446,512
Total Taxes to be considered	62,672,889	62,672,889
11% of the designated taxes to be contributed to Parks:	6,894,018	6,894,018

	Adopted Budget	Amended Budget
General Fund Contribution	6,894,018	6,894,018
Program Revenue	2,416,070	2,496,758
Lodging Tax Award	0	46,000
Park & Recreation Sidewalk Utility Tax Transfer	300,000	470,000
OMPD Transfer	3,576,208	3,669,499
Total Revenues	13,186,296	13,576,275
Total Expenses	13,321,269	14,043,697
Revenues - Expenses	(134,973)	(467,422)