

**City of Olympia Report to the
Olympia Metropolitan Park District Advisory Committee
Regarding Section 4.1.1, (i) through (iv)
For Fiscal Year 2025
Presented May 6, 2026**

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 2025 Budget, the City allocated \$7,426,907 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 2025, 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 \$2,329,538 in 2% VUT revenue for parks use in 2025.

Compliance Status

For 2025, 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 \$582,384 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 2025, 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 \$582,384 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 2025, 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

Olympia General Fund Appropriation for Parks Revenues Relevant For Parks 11% of Revenues

<u>Original Budget of Eligible Taxes</u>	
Sales Tax	\$ 28,000,000
B&O Tax	9,110,000
Property Tax	17,053,824
Private Utility Tax	5,336,332
Public Utility Tax	7,859,000
	\$ 67,359,156
11% of total to support Parks, Arts & Recreation	\$ 7,409,507
<u>Amount Originally Budgeted</u>	7,426,907
Variance Amount	\$ 17,400

Addendum 1

Parks Allocation per agreement with OMPD for 2025

	Adopted Budget	Amended Budget	Change
Property Tax (Gen Only)			
Property Tax (General)	17,053,824	17,053,824	—
Sales Tax (Gen Only)			
Sales Tax (General)	28,000,000	28,000,000	—
B&O Tax			
B&O Tax	8,850,000	8,850,000	—
Admission Tax	260,000	260,000	—
<i>Subtotal B&O Tax</i>	9,110,000	9,110,000	—
Private Utility Tax			
Private Utility Tax - Electric	3,100,000	3,100,000	—
Private Utility Tax - Electric (0.5% Parks/Bike of the 9%, NVUT)	344,444	344,444	—
Private Utility Tax - Gas	760,000	760,000	—
Private Utility Tax - Gas(0.5% Parks/Bike of the 9%, NVUT)	84,444	84,444	—
Non-City, Garbage Private	3,000	3,000	—
Private Utility Tax - Telephone	940,000	940,000	—
Private Utility Tax - Telephone (0.5% Parks/Bike of the 9%, NVUT)	104,444	104,444	—
<i>Subtotal Private Utility Tax</i>	5,336,332	5,336,332	—
Public Utility Tax (City's Utilities)			
Other Government B&O Taxes on Water	5,500	5,500	—
Other Government B&O Taxes on Sewer	3,500	3,500	—
Public or Interfund B&O Taxes on Garbage	1,850,000	1,850,000	—
Interfund B&O Taxes on Sewer	3,000,000	3,000,000	—
Public or Interfund B&O Taxes on Storm Drainage	950,000	950,000	—
Interfund B&O Taxes on Water	2,050,000	2,050,000	—
<i>Subtotal Public Utility Tax</i>	7,859,000	7,859,000	—
Total Taxes to be considered	67,359,156	67,359,156	—
11% of the designated taxes to be contributed to Parks:	7,409,507	7,409,507	—

	Adopted Budget	Amended Budget	Change
General Fund Contribution	7,409,507	7,409,507	—
Program Revenue	2,558,373	2,575,113	16,740
Lodging Tax Award	0	65,225	65,225
Park & Recreation Sidewalk Utility Tax Transfer*	470,000	470,000	—
OMP Transfer	3,898,906	3,898,906	—
Total Revenues	14,336,786	14,418,751	81,965
Total Expenses	14,354,186	14,593,644	239,458
Revenues - Expenses	(17,400)	(174,893)	(157,493)

*These funds are transferred to the Parks, Arts and Recreation Operating Budget for operations and maintenance of park land purchased with 2% Voted Utility Tax (VUT) funds.