BUDGET & FINANCE COMMITTEE
MEETING AGENDA

Online via Zoom and In Person at Tumwater City Hall, Council Conference Room, 555 Israel Rd. SW, Tumwater, WA 98501

Friday, October 23, 2026
12:00 PM

1. Call to Order
2. Roll Call
3. Approval of Minutes: Budget & Finance Committee, August 28, 2026
4. Fire Impact Fee Overview (Fire Department)
5. Monthly Budget Update (Finance Department)
6. Ordinance No. O2026-019 2025-2026 Budget Amendment No. 2 (Finance Department)
7. Ordinance No. O2026-022 New Fund: Code Enforcement (Finance Department)
8. Ordinance No. O2026-023 New Fund: Habitat Conservation Plan (Finance Department)
9. Additional and Future Items
10. Adjourn

Meeting Information
All committee members will be attending remotely. The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online
https://us02web.zoom.us/j/88014897431?pwd=EVGebUgn3i4QaljHetRwhaXRQt6pmF.1

Listen by Telephone
Call (253) 215-8782, listen for the prompts and enter the Webinar ID 880 1489 7431 and Passcode 017940.

Public Comment
The public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 5:00 p.m. the day before the meeting. Comments are submitted directly to the Committee members and will not be read individually into the record of the meeting.

Post Meeting
Video of this meeting will be recorded and posted on our City Meeting page: https://tumwater-wa.municodemeetings.com.

Accommodations
The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City's ADA Coordinator directly, call (360) 754-4129 or email ADACoordinator@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

MEETING MINUTES

TUMWATER BUDGET & FINANCE COMMITTEE
August 28, 2026

CONVENE: 12:00 p.m.

PRESENT: Mayor/Chair Leatta Dahlhoff and Councilmembers Angela Jefferson, and Eileen Swarthout.

Excused: Councilmember Kelly Von Holtz.

Staff: City Administrator Paul Simmons, Finance Director Troy Niemeyer, Finance Manager Nissa Musselman, City Attorney Karen Kirkpatrick and Accounting Technician Silvia Torres-Torrero.

APPROVAL OF MINUTES: **Councilmember Jefferson moved, seconded by Councilmember Swarthout, to approve the minutes of August 28, 2026, as presented. A voice vote approved the motion unanimously.**

MONTHLY FINANCIAL UPDATE: Director Niemeyer presented a monthly financial update covering sales tax, public safety sales tax, and Business and Occupation (B&O) tax trends. While August general sales tax topped $1 million, the revenue fell short of last year.

FINANCIAL POLICY: Director Niemeyer presented updates to the city's financial policies, primarily removing a self-imposed cap to align city debt limits directly with state law. This change allows the city to safely issue higher levels of debt when needed. Other updates included adding a permit reserve fund to the policy text, adjusting utility tax language, and banning cryptocurrency payments.

MOTION: **Councilmember Swartout moved, seconded by Councilmember Jefferson to place the Financial Policy**

Update on the September 15, 2026, City Council consent calendar with a recommendation to adopt. A voice vote approved the motion unanimously.

ORDINANCE O2026-006, DELEGATION OF AUTHORITY TO ISSUE BONDS:

Director Niemeyer presented Ordinance O2026-006, Delegation of Authority to Issue Bonds that lets staff prepare for debt issuance to fund upcoming city projects. This delegation speeds up the months-long process by removing the need for extra council votes as interest rates and contract costs fluctuate. The city council must still individually approve projects like a potential new City Hall building, a fire station remodel, and conservation properties.

MOTION:

Councilmember Jefferson moved, seconded by Councilmember Swartout to place Ordinance No. 02026-006, Delegation of Authority to Issue Bonds, on the September 15, 2026, City Council considerations calendar with a recommendation to adopt. A voice vote approved the motion unanimously.

ADDITIONAL ITEMS:

There were no additional items.

ADJOURNMENT:

Mayor Dahlhoff adjourned the meeting at 12:31 p.m.

Prepared by Silvia Torres-Torrero, Accounting Technician

TO: Budget & Finance Committee

FROM: Brian Hurley, Fire Chief

DATE: October 23, 2026

SUBJECT: Fire Impact Fee Overview

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1) Recommended Action:

Place Ordinance No. O2026-024, Fire Protection Facilities Impact Fees, consistent with recommendations from the fire impact fee study, on the December 1, 2026, City Council consideration calendar with a recommendation to adopt.

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2) Background:

Fire impact fees are one-time assessments on new development to help pay for the capital facilities to serve that growth. In 2003, the city adopted a “Fire Protection Facility Impact Fee Schedule” by ordinance. The fire impact fees were designated to “accelerate payment of the General Obligation bonds issued to build the Headquarters Fire Station”. That debt was subsequently retired, and fire impact fees have not been collected for many years.

To address growing service demands, the Fire Department has proposed several projects in the Capital Facilities Plan. Since these initiatives address facility needs to serve growth, the city has contracted with FCS to conduct an updated “Fire Impact Fee Rate Study”. The purpose of this briefing is to give an overview of the statutory requirements and review the methodology used in calculating the proposed fees. Elements of the ordinance re-establishing fire impact fees and proposed fee structure will also be presented.

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3) Policy Support:

Health and Safey
Action Item: Develop initiatives to address growing emergency service demands.

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4) Alternatives:

- ❑ N/A

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5) Fiscal Notes:

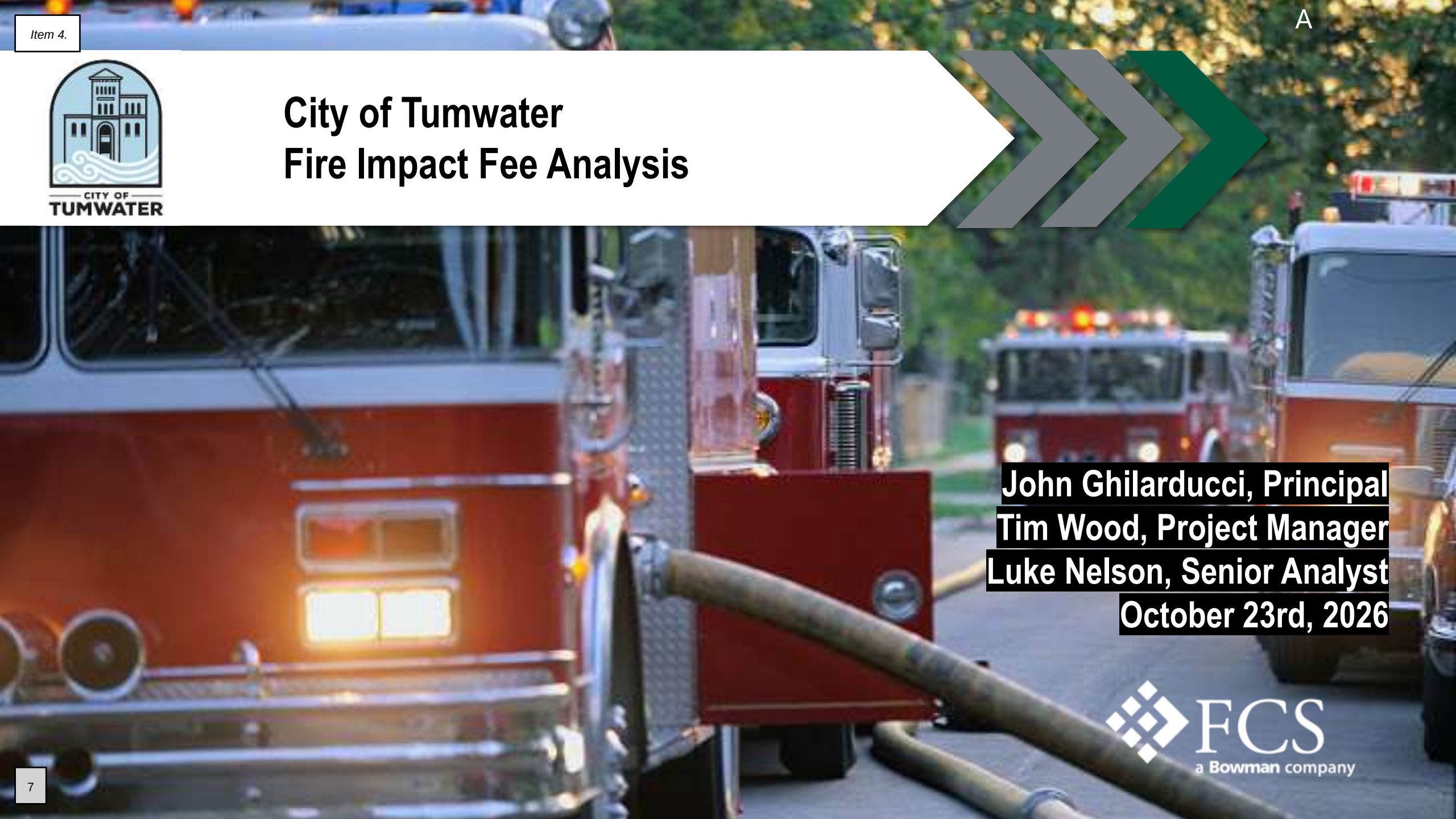
In order to meet the needs of the growing community, staffing levels in the Tumwater Fire Department have increased substantially over the last few years. The City Council is considering the sale of General Obligation Bonds in order to fund a much-needed remodel of the T-2 Fire Station to accommodate that growth. The estimated annual costs of the debt for the T-2 Fire Station remodel project is $428,000. Re-instituting Fire Impacts fees is being considered as a strategy to offset the cost of debt while also preparing for other capital needs in the future. This is being considered as a component of the proposed 2027-2028 biannual budget.

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6) Attachments:

A – Fire Impact Fee Analysis

City of Tumwater
Fire Impact Fee Analysis



John Ghilarducci, Principal
Tim Wood, Project Manager
Luke Nelson, Senior Analyst

October 23rd, 2026

FCS a Bowman company

Agenda

- What is an Impact Fee?
- Statutory Basis
- Calculation Framework

Key Characteristics of Impact Fees

- Impact fees are one-time charges, not ongoing rates. They are paid at the time of development (or re-development)
- Impact fees are available for public streets, public parks, school facilities, and fire protection facilities.
- Impact fees are for capital only, in both their calculation and in their use.
- Impact fees include both existing and future (planned) infrastructure cost components.
- Impact fees are for “system” facilities, not “local” facilities.

What is an Impact Fee?

An Impact Fee:

- Is authorized by the Growth Management Act
- Must be used for system improvements that benefit new development
- Cannot exceed development's proportionate share of improvement costs
- May only be expended on facilities in the Comprehensive Facilities Plan
- Does not include a reasonable permit or application fee

New Statutory Requirements

RCW 82.02.060(1)

- The schedule shall reflect the proportionate impact of new housing units… based on the square footage, number of bedrooms, or trips generated
- …in order to produce a proportionally lower impact fee for smaller housing units

New Statutory Requirements

RCW 36.70A.681

- (a) The city or county may not assess impact fees on the construction of accessory dwelling units that are greater than 50 percent of the impact fees that would be imposed on the principal unit;

Calculation Framework - Fire

$$\text{Impact Fee} = \frac{\text{Existing System Cost}}{\text{Existing Customer Base} + \text{Future Growth Served (Incidents)}} + \frac{\text{Future Project Costs: Capacity Expanding}}{\text{Future Growth Served (Incidents)}}$$

Next Steps

- Complete draft analysis
- Review draft analysis with staff & make needed edits
- Review finalized analysis with stakeholders and City council
- Implement Fire Impact Fee

Thank you!
Questions?

Tim Wood, Project Manager
TimW@fcsgroup.com

www.fcsgroup.com

FCS
a Bowman company

TO: Budget and Finance Committee

FROM: Troy Niemeyer, Finance Director

DATE: October 23, 2026

SUBJECT: Monthly Budget Update

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1) Recommended Action:

This item is informational only.

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2) Background:

Staff will provide regular budget-to-actual reports.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ n/a

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5) Fiscal Notes:

n/a

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6) Attachments:

A. none

TO: Budget and Finance Committee

FROM: Troy Niemeyer, Finance Director

DATE: October 23, 2026

SUBJECT: Ordinance No. O2026-019 2025-2026 Budget Amendment No. 2

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1) Recommended Action:

Place Ordinance No. O2026-019 Budget Amendment No. 2 on the November 17, 2026, City Council agenda to hold a public hearing. In addition, place this item on the December 1, 2026, City Council consent calendar with a recommendation to adopt.

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2) Background:

This amendment authorizes expenditures for the purchase of the 310 Israel building, the Puget Western property, and the Tickner Farms property. It also cleans up some end of the biennium items. This amendment authorizes the expenditures for these large purchases. However, each major purchase needs final approval from the City Council before moving forward.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not approve the budget amendment.

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5) Fiscal Notes:

This amendment adds $60.6 million in revenue, which includes estimated bond proceeds and CERB grant funding (all funds combined). It also adds $42.3 million in expenditures, which includes 310 Israel, two HCP properties, the annual LOTT payment for the property purchase made in 2025, and CERB grant expenditures. The General Fund portion is $100,000 for revenue and $125,000 in expenditures for the CERB grant.

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6) Attachments:

A. Attachment A – Ordinance O2026-019
B. Budget Amendment Tracking Spreadsheet

Attachment A

ORDINANCE NO. O2026-019

AN ORDINANCE of the City Council of the City of Tumwater, Washington amending the 2025-2026 City of Tumwater Biennial Budget for the 2025-2026 calendar years, amending Ordinance O2024-007, as more particularly described herein.

WHEREAS, the City of Tumwater adopted Ordinance O2010-011 on May 18, 2010 electing to have a two-year fiscal biennium budget in lieu of the annual budget; and

WHEREAS, the City Council approved O2024-007, adopting the biennial budget for the fiscal period 2025-2026, on December 3, 2024; and

WHEREAS, Budget Amendments were presented and discussed at the City Council meeting on July 21, 2026; and

WHEREAS, numerous adjustments to the biennial budget are necessary to recognize updated revenue projections and adjust appropriations for various City funds;

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF TUMWATER, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Amendment. Section 2 of Ordinance No. O2024-007, adopted December 3, 2024, is hereby further amended as follows:

The fund levels restated include the estimated resources, fund balances, or working capital for each separate fund of the City of Tumwater, and aggregate totals for all such funds combined for the 2025-2026 biennium are set forth in Exhibit "A" and are hereby appropriated for expenditure at the fund level during the 2025-2026 biennium.

Section 2. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 3. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph,

subdivision, section, or portion of this ordinance or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall take effect five days after passage, approval and publication.

ADOPTED this 1st Day of December 2026.

CITY OF TUMWATER

_____
Leatta Dahlhoff, Mayor

ATTEST:

_____
Melody Valiant, City Clerk

APPROVED AS TO FORM:

_____
Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____

City Of Tumwater - Budget Amendment Cover Sheet

2025-2026 Biennium (2026)

Attachment B

Budget Amendment #2 - For BFC 10-23-26

REV $60,672,193

EXP $42,297,193

Budg Yr	Amend #	Adj. #	Fund	(Rev / Exp)	Account	Description	Amount Incr (Decr)
2026	2	pending	200 - Debt Service	Rev	200.00.0000.00.3970000.397303.	LOTT/Deschutes Valley Properties loan - xfr in from 303	474,594
2026	2	pending	303 - GG CFP	Exp	303.35.0597.71.5970000.597200.	LOTT/Deschutes Valley Properties (303 GG CFP) - xfer out to 200	474,594
2026	2	pending	200 - Debt Service	Rev	200.00.0000.00.3970000.397411.	LOTT/Deschutes Valley Properties loan - xfr in from 411	97,599
2026	2	pending	411 - Stormwater Fund	Exp	411.30.0597.10.5970000.597200.	LOTT/Deschutes Valley Properties (411 Storm) - xfer out to 200	97,599
2026	2	pending		Exp	303	Purchase of 310 Israel Rd & remodel	15,800,000
2026	2	pending	001 - General Fund	Rev	GF	CERB funding - Brewery District Redevelopment Roadmap Project	100,000
2026	2	pending	001 - General Fund	Exp	GF	Service Provider for Brewery District Redevelopment Roadmap Project	125,000
2026	2		303 - GG CFP	Rev	303	Bond Proceeds	60,000,000
2026	2		303 - GG CFP	Exp	303	Puget Western purchase	12,000,000
2026	2		303 - GG CFP	Exp	303	Tickner Farms purchase	13,800,000
						All Funds	
						Revenue Increase/(decrease)	60,672,193
						Expense Increase/(decrease)	42,297,193

S:\ACCOUNTING\Budgets\BUDG 2025-2026\!2025-2026 Budget Amendments\2025-2026 - Amendment 2\2025-26 Budget Amendment Log No 2 for BFC 10-23-26

City Of Tumwater - Budget Amendment Cover Sheet

2025-2026 Biennium (2026)

Attachment B

Budget Amendment #2 - For BFC 10-23-26

REV $60,672,193

EXP $42,297,193

Budg Yr	Amend #	Adj. #	Fund	(Rev / Exp)	Account	Description	Amount Incr (Decr)
						General Fund	
						Revenue	100,000
						Expense	125,000

TO: Budget and Finance Committee

FROM: Troy Niemeyer, Finance Director

DATE: October 23, 2026

SUBJECT: Ordinance No. O2026-022 New Fund: Code Enforcement

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1) Recommended Action:

Place Ordinance No. O2026-022 New Fund: Code Enforcement Fund on the November 1, 2026 City Council consent calendar with a recommendation to adopt.

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2) Background:

As we move forward with a more robust code enforcement program, a new fund will help track revenues and expenditures related to abatement and legal fees, and keep those funds separate from the General Fund to improve transparency.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not approve the new fund.

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5) Fiscal Notes:

The only cost associated with the new fund is the staff time it takes to set it up.

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6) Attachments:

A. Ordinance No. O2026-022 New Fund: Code Enforcement

ORDINANCE NO. O2026-022

AN ORDINANCE of the City Council of the City of Tumwater, Washington, amending Chapter 3.36 of the Tumwater Municipal Code by adding a new section, 3.36.075, to establish a new Abatement fund.

WHEREAS, the City Council desires to be proactive in code enforcement and abatement of nuisance properties; and

WHEREAS, General Fund revenues do not keep pace with inflation and the rising cost of legal fees, cleanup, and other expenses required for abatement; and

WHEREAS, reimbursements of abatement costs currently go back into the General Fund and need to be specifically reallocated for abatement during the budget process; and

WHEREAS, separating abatement funding is advantageous to ensure funds are available in future budget cycles; and

WHEREAS, one of the City's strategic goals is to refine and sustain a great organization; and

WHEREAS, the City's strategic objectives are to be fiscally responsible and develop sustainable financial strategies; and

WHEREAS, adding a new fund to separately account for the revenue and expenses will help to ensure funding for future abatement will be available;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. A new section 3.36.075, Abatement Fund, is hereby added to the Tumwater Municipal Code as follows:

3.36.075 Abatement Fund

A. There is established a fund to be known as the "Abatement Fund," into which shall be deposited all monies paid or reimbursed to the City following the abatement of a nuisance property.
B. The Fund is to be used for the expenditures of abatement activities. For the purpose of this fund, abatement activities are defined as processes,

procedures, or steps necessary for the purpose of cleaning up nuisance properties. They may include legal fees, court costs, and clean-up activities such as the costs of providing dumpsters, tipping fees, towing, and demolition of structures.

C. The fund shall be administered by the Finance Director in accordance with applicable laws and regulations.
D. If, at any time hereafter, the City Council shall abolish the Abatement Fund, then all monies on deposit therein shall revert to the General Fund.

Section 2. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall become effective five (5) days after passage, approval, and publication as provided by law.

ADOPTED this 17th day of November, 2026.

CITY OF TUMWATER

_____
Leatta Dahlhoff, Mayor

ATTEST:

_____
Melody Valiant, City Clerk

APPROVED AS TO FORM:

_____

Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____

TO: Budget and Finance Committee

FROM: Troy Niemeyer, Finance Director

DATE: October 23, 2026

SUBJECT: Ordinance No. O2026-023 New Fund: Habitat Conservation Plan

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1) Recommended Action:

Place Ordinance No. O2026-023 New Fund: Habitat Conservation Plan on the November 1, 2026 City Council consent calendar with a recommendation to adopt.

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2) Background:

As we move forward with a Habitat Conservation Plan (HCP), a new fund will help track revenues and expenditure related to HCP credits and keep those funds separate from the General Fund to improve transparency.

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3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

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4) Alternatives:

- ❑ Do not approve the new fund.

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5) Fiscal Notes:

The only cost associated with the new fund is the staff time it takes to set it up.

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6) Attachments:

A. Ordinance No. O2026-023 New Fund: Habitat Conservation Plan

ORDINANCE NO. O2026-023

AN ORDINANCE of the City Council of the City of Tumwater, Washington, amending Chapter 3.36 of the Tumwater Municipal Code by adding a new section, 3.36.075, to establish a new Habitat Conservation Plan (HCP) fund.

WHEREAS, the City Council desires to complete the city's Habitat Conservation Plan (HCP); and

WHEREAS, the City will sell mitigation credits to developers to allow new development on land containing protected species; and

WHEREAS, the City will need to purchase additional land to mitigate and to protect endangered species; and

WHEREAS, separating HCP funding is advantageous to ensure monies are available in future budget cycles to purchase and mitigate land; and

WHEREAS, one of the City's strategic goals is to refine and sustain a great organization; and

WHEREAS, the City's strategic objectives are to be fiscally responsible and develop sustainable financial strategies; and

WHEREAS, adding a new fund to separately account for the revenue and expenses will help to ensure funding for future mitigation will be available.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUMWATER, STATE OF WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. A new section 3.36.080, Habitat Conservation Plan Fund, is hereby added to the Tumwater Municipal Code as follows:

3.36.080 Habitat Conservation Plan Fund

A. There is established a fund to be known as the "Habitat Conservation Plan Fund," into which shall be deposited all monies collected by the City following the sale of habitat mitigation credits including charges for habitat mitigation fees related to the Habitat Conservation Plan.

B. The fund is to be used for purchasing of mitigation properties, paying the debt service on existing and future properties, and paying for mitigation activities. For the purpose of this fund, mitigation activities include making improvements to properties for the benefit of the environment or the protected species, monitoring or protection of the properties or species, planting, pruning, controlled burns, and any other activities deemed necessary for the improvement or protection of the properties for habitat conservation purposes.
C. The fund shall be administered by the Finance Director in accordance with applicable laws and regulations.
D. If, at any time hereafter, the City Council shall abolish the Habitat Conservation Plan Fund, then all monies on deposit therein shall revert to the General Fund.

Section 2. Corrections. The City Clerk and codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers, and any references thereto.

Section 3. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 4. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

Section 5. Effective Date. This ordinance shall become effective five (5) days after passage, approval, and publication as provided by law.

ADOPTED this 17th day of November, 2026.

CITY OF TUMWATER

_____
Leatta Dahlhoff, Mayor

ATTEST:

_____
Melody Valiant, City Clerk

APPROVED AS TO FORM:

_____
Karen Kirkpatrick, City Attorney

Published:_____

Effective Date:_____