PORT of OLYMPIA

COMMISSION MEETING

2027 BUDGET FOLLOW-UP

Responses to questions and requests from the Oct. 5–6 budget retreat

Oct. 26, 2026 | Alex Smith, Executive Director

WORKING DRAFT

TONIGHT'S AGENDA

1

OVERVIEW

What we heard, budget assumptions and summary, how we measure success, tax levy, bond debt and what changed since the retreat

2

DISCUSSION POINTS

Swantown and Airport rates, customer engagement, the Marine Terminal, and South County and rural economic development

3

DIRECTION

Cost-of-living adjustment (COLA) and tax levy option

WHERE WE ARE IN THE PROCESS

TONIGHT'S NUMBERS

All figures reflect the 2027 draft as of Oct. 12, 2026, plus the changes noted on slide 10. Figures remain a working draft until adoption.

WHAT WE HEARD

Your questions and requests

Overview of the budget

Rates and customers

Marine Terminal

Rural/Small City efforts

Direction

OVERVIEW OF THE BUDGET

2027 budget assumptions: flat or reduced revenues

REVENUES

- **We assume a reduction in operating revenue** because of global market uncertainty.
- **An uncertain global economy,** with tariffs and rising fuel costs, makes businesses cautious about investing.
- **Swantown and the Airport are limited** until marina dock reconfiguration and an Airport Habitat Conservation Plan (HCP) are respectively in place; demand for recreational boating and general aviation should stay stable.

EXPENSES

- **Environmental costs will continue to rise** as regulations become more stringent.
- **Administrative expenses continue to rise:** insurance, health care, utilities and more.

HOW A PUBLIC PORT MEASURES SUCCESS

Profit is one measure; public return is the other

	A private business	The Port of Olympia
Why it exists	Return value to its owners	Economic development and public benefit for Thurston County
Where money comes from	Customers	Customers, plus property tax and grants
How success is measured	Profit	Business units cover their operational costs, plus public outcomes: jobs, cleanup, access

$4.57M

business units' operating surplus before general and administrative (G&A) costs

$43K

net margin after G&A support

Property tax and grants pay for public work the business units are not expected to cover: environmental cleanup, Government Services, debt service and capital.

2027 BUDGET SUMMARY

Port-wide operating and non-operating budget, Oct. 12 draft

OPERATING REVENUES

$16.45M

Down 4.3% from 2026 adopted ($17.19M)

OPERATING EXPENSES

$16.40M

About flat with 2026 adopted ($16.42M); includes general and administrative (G&A) costs

NON-OPERATING REVENUES

$19.56M

Tax levy $8.11M, grants $10.21M (incl. $8.21M for capital), other $1.24M

NON-OPERATING EXPENSES

$12.31M

Includes $4.16M in debt service

CASH BALANCE, 2027

Beginning cash and investments	**$25.08M**
Operations	**+$0.04M**
Non-operations	**+$11.41M**
Debt service	**–$4.16M**
Capital investments	**–$16.21M**
Ending cash and investments	**$16.16M**

Non-operations is non-operating revenue less non-operating expenses other than debt service.

TAX LEVY

The Port’s property tax levy and how it is used

$8.11M

2027 levy revenue in the Oct. 12 draft

A conservative estimate

2026 adopted: $8.33M

2025 levy rate: $0.1262 per $1,000

Legal maximum for ports: $0.45 per $1,000

USES OF THE LEVY UNDER POLICY 1201

Debt service

Principal and interest on the Port’s general obligation bonds

Environmental

Cascade Pole, environmental administration and the Port’s share of Budd Inlet cleanup

Government Services

Commission costs, public amenities, small cities, community events, memberships and special projects

BOND DEBT

What our limited tax general obligation (LTGO) bonds paid for, and when they retire

Bond	What it funded	Paid off
2013B LTGO	Mobile harbor crane, East Bay dredging, taxiway and hangars	**2027**
2015 Refunding	East Bay, berth dredge, marina docks, Cascade Pole capping	**2027**
2016A LTGO and Refunding	East Bay, berth dredge, marina docks, Cascade Pole capping	**2028**
2018A LTGO and Refunding	Marina fuel dock, stormwater facility, Cascade Pole	**2042**
2018B LTGO and Refunding	Marine Terminal equipment	**2042**

DEBT PAYMENTS

$4.16M

in 2027

$0.83M

per year from 2029, once three bonds are retired

2027 bond interest: $700K

WHAT CHANGED SINCE THE RETREAT

Item	At the retreat	Oct. 12 draft	Why it changed
Operating revenue	$16.43M	**$16.45M**	Airport up about $18.5K
Government Services (081)	$2.20M	**$2.18M**	Lower FTE allocation; South County investments added
Environmental	$5.04M or $5.72M	**$5.72M (cash $5.54M)**	Two figures at retreat
Capital, total 2027	$16.32M	**$16.21M**	Some Commission room A/V costs removed
Ending cash	$16.09M	**$16.16M**	Net effect of operating and capital changes
Total net surplus	$7.19M	**$7.00M**	Adjusted for the changes above

PORT of OLYMPIA

DISCUSSION POINTS

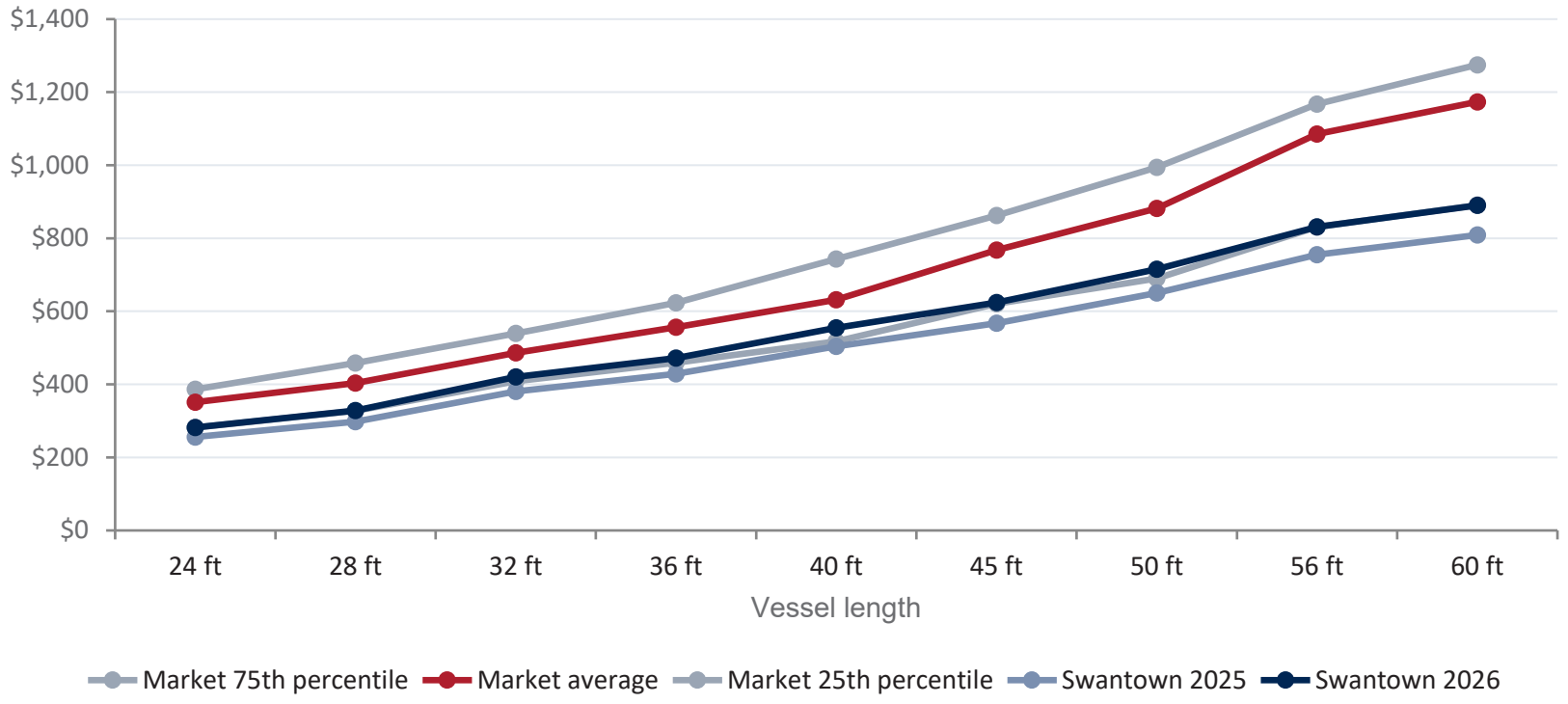
RATES AND CUSTOMER ENGAGEMENT

Full proposed schedules, and how customers learn about rates before adoption

SWANTOWN: PROPOSED 2027 RATES

Marina rate study, Puget Sound: permanent open moorage, monthly rate by vessel length

WE HEARD Bring the full proposed rate schedule for the Marina and Boatworks to the Oct. 26 meeting.



WHAT WE KNOW

- Moorage +6%: Consumer Price Index (CPI) 4.5% plus 1.5%; occupancy held steady
- Market position: 2026 rates track the 25th percentile of Puget Sound marinas
- New structure: off-season rate replaces winter storage
- Revenue: $5.21M in 2027 vs. $5.02M projected for 2026
- Rates will continue to adjust upward over the next three years until they match the market average

SWANTOWN MOORAGE RATE INCREASE

Permanent open moorage, monthly rate by vessel length, 2026 vs. 2027

Vessel length	2026	2027	Increase
24 feet	$282	**$299**	**+$17**
28 feet	$328	**$348**	**+$20**
32 feet	$420	**$445**	**+$25**
36 feet	$472	**$500**	**+$28**
40 feet	$555	**$588**	**+$33**
45 feet	$624	**$661**	**+$37**
50 feet	$715	**$758**	**+$43**
56 feet	$831	**$881**	**+$50**
60 feet	$890	**$943**	**+$53**

+6%

on every slip size in 2027

$17–$53

more per month, depending on vessel length

40-foot slip: $555 to $588 a month

AIRPORT: PROPOSED 2027 RATES

Hangar, land lease and user fee schedule

WE HEARD Bring the full proposed rate schedule for the Airport.

WHAT WE KNOW

- Assumptions: 100% occupancy of buildings and hangars
- How revenue is projected: hangar occupancy times the user fee schedule; land leases follow each lease
- Revenue: $3.78M in 2027 vs. $3.51M projected for 2026
- Grant funding: Federal Aviation Administration (FAA) and state airport grants come from aviation user fees and fuel taxes, not the Port's property tax levy

CUSTOMER ENGAGEMENT ON RATES

How customers learn about proposed rates before the budget is adopted

WE HEARD How are tenants and users notified of proposed rates? Do they have a chance to learn about them before adoption?

1. **Draft rates**
2. **Inform customers**
3. **Hear feedback**
4. **Commission adopts**

PORT of OLYMPIA

DISCUSSION POINTS

MARINE TERMINAL

What changed, and where the terminal is headed

MARINE TERMINAL: WHAT CHANGED

Fewer vessel calls expected; revenue budgeted conservatively

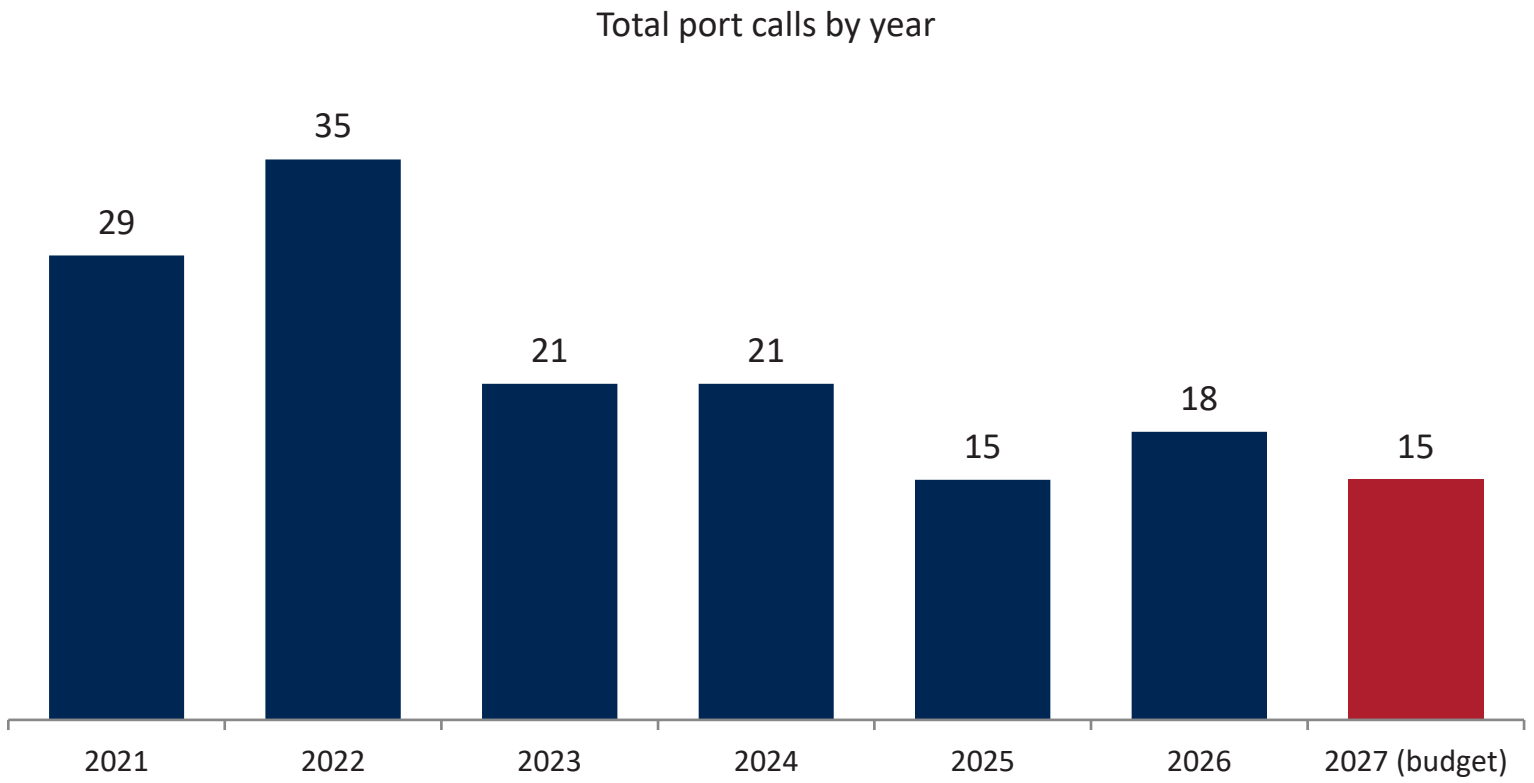
WE HEARD Give us a short explanation of the changed conditions and the proposed solutions, particularly with Suzano.

$6.41M

2027 revenue

$7.94M

2026 projected



MARINE TERMINAL: STRATEGIC INITIATIVES

Where the terminal is headed in 2027

WE HEARD Add a Strategic Initiatives slide for the Marine Terminal, as the other business units have.

1. **Add revenue-generating facilities**
   Second storage warehouse, now in permitting; dewatering facility, pending a business case
2. **Use grants to upgrade the terminal**
   Berth 1 repairs, maintenance facility and paving funded by the Maritime Administration (MARAD), now in design; Phase 1 berth dredging
3. **Move toward a clean-energy terminal**
   Solar and storage microgrid on the terminal warehouse, LED high-mast lighting and a foundation for future shore power
4. **Strengthen ties with Joint Base Lewis-McChord (JBLM)**
   Continued relationship building with JBLM
5. **Grow Washington's maritime industrial base**
   Washington Public Ports Association (WPPA) Maritime Industrial Base Coalition: improving state competitiveness in ship repair, shipbuilding and maritime manufacturing

DISCUSSION POINTS

RURAL THURSTON COUNTY AND SMALL CITY EFFORTS

South County and rural economic development

SOUTH COUNTY AND RURAL ECONOMIC DEVELOPMENT

One $140K master contract with the Thurston Economic Development Council (EDC) to administer three areas of work

$45K

RURAL ECONOMIC DEVELOPMENT STRATEGY

- Joins Thurston County's rural economic development strategy work
- Shapes future Port investment in rural and small-town projects, including the Yelm/rural industrial priority
- One-time funding

$55K

SMALL CITIES PROGRAM

- $10K per city, plus a $5K administration fee for the South Thurston Economic Development Initiative (STEDI)
- STEDI helps cities draft proposals and runs the grant
- Three hours per city with the Beckett Group for grant strategy (paid from the existing Beckett contract)

$40K

EDC ANNUAL CONTRACT

- Amount unchanged for several years
- Commission seat on the EDC board
- EDC event sponsorship and support for regional projects

PORT of OLYMPIA

DIRECTION

DECISIONS TONIGHT

COLA for non-represented staff and the 2027 tax levy option

COLA FOR NON-REPRESENTED STAFF AND EXECUTIVE DIRECTOR

Direction requested tonight: 3.8% recommended

WE HEARD Weigh in on the 3.8% recommendation ahead of the Oct. 26 decision.

3.8%

recommended for 33 non-represented staff (2026: 2.7%)

$157,632 non-represented staff

$80,484 International Longshore and Warehouse Union (ILWU), set by contract

$238,116 total 2027 COLA cost

HOW THE RATE IS SET

Set by policy using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), Seattle-Tacoma-Bellevue; takes effect Jan. 1.

Source: comparables reported by staff; unable to verify until budgets are presented.

2027 TAX LEVY

Direction requested on the option for the Nov. 9 resolution

WE HEARD Which levy option should the 2027 budget carry?

OPTION 1
1% plus new construction
$8.301M
$0.1250 per $1,000

OPTION 2
1% only
$8.211M
$0.1237 per $1,000

OPTION 4
No increase
$8.130M
$0.1224 per $1,000

2026 adopted levy: $8.33M | 2025 rate: $0.1262 per $1,000 | legal maximum: $0.45

WHAT NEIGHBORS ARE DOING

- Olympia: full 1%; reviewing a levy lid lift
- Lacey: 2027 model built on the full 1%
- Timberland Regional Library: full 1% and a levy lid lift
- Thurston County: full 1%; weighing a lid lift for November 2027
- Tumwater: likely full 1% (not confirmed)

DIRECTION REQUESTED TONIGHT

What staff need to prepare the Nov. 9 resolutions

1

COLA

Approve 3.8% for non-represented staff and the Executive Director, or set another rate

2

Tax levy

Choose the option for the Nov. 9 resolution

3

Rates

Feedback on Swantown and Airport schedules

4

South County

Confirm the $140K master contract with the Thurston Economic Development Council

5

Framing

Does this reflect how you want success measured?

6

Anything else

Remaining sticking points before Nov. 9

NEXT STEPS

From tonight to adoption

Oct. 27–Nov. 5

Update the budget

Carry tonight's direction into the draft

Nov. 1

Second notice

Published in The Olympian

Nov. 9

Public hearing

Budget and levy resolutions introduced

Nov. 16

Work session

Any changes requested Nov. 9

Nov. 23

Adoption

2027 budget and tax levy resolutions

ITEMS COMING BACK LATER

Requests with a follow-up outside tonight's meeting

Request	When	Lead
Peninsula Master Plan and Thurston Regional Planning Council (TRPC) scope	**Done: Oct. 19 work session**	Mike Reid
How G&A cost allocation works	One-on-ones	Brent Barnes
Memberships vs. funding; sponsorships and events	One-on-ones	Mike Reid
Cascade Pole: deeper debrief	Within six months	Jon Wolf
Boatworks expansion	Monthly updates	Damien Egan
Derelict vessels: Derelict Vessel Removal Program (DVRP) funding; stewardship goal	Future meeting	Damien Egan, Jon Wolf
Training with New Market Skills Center	Future meeting	Damien Egan
Swantown: fee set-aside for facility replacement	Future meeting	Damien Egan, Brent Barnes
Swantown rates vs. median incomes	Future meeting	Damien Egan
If the Port Infrastructure Development Program (PIDP) grant is not awarded	Future meeting	James Sommer, Afsin Yilmaz
Commission room: TCMedia vs. self-recording	Future meeting	Mike Reid, James Sommer
Grant-writing help for South County	Future meeting	Mike Reid
Farmers Market partner spotlight	Future meeting	Mike Reid
Electric vs. gas machinery: cost and effectiveness	Future meeting	To be assigned