TO: City Council

FROM: Troy Niemeyer, Finance Director

DATE: September 15, 2026

SUBJECT: Resolution No. R2026-013, Financial Policy Updates

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1) Recommended Action:

Adopt Resolution No. R2026-013, updating the City's financial policy.

This Resolution was recommended for adoption by the Budget & Finance Committee at their August 28, 2026, meeting.

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2) Background:

The Washington State constitution, as well as state law, set the maximum amount of debt that a local government can have. The City's current financial policy is more restrictive, limiting the City to one half (1/2) of the debt limit allowed by state law. This policy update removes the additional restrictions and aligns the debt limits with state law requirements. In addition, there are other minor updates.

The City Council is still required to approve bond issues and to approve individual projects.

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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 adopt the Resolution.
- ❑ Provide different directions to staff.

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5) Fiscal Notes:

The change to this policy allows the City Council to authorize debt up to, but not in excess of, state law requirements.

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6) Attachments:

A. Resolution R2026-013 – Financial Policy
B. Financial Policy – redline version