TO: Budget and Finance Committee

FROM: Troy Niemeyer, Finance Director

DATE: August 28, 2026

SUBJECT: Financial Policy Update

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1) Recommended Action:

Place the financial policy on the September 15, 2026, City Council consent calendar with a recommendation to adopt.

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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 move the policy to the full Council.
- ❑ 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. Financial Policy – redline version
B. Financial Policy – clean version