2026 Adopted Budget for the City of Sequim

Budget Overview



The budget, reflecting the City's priorities, is the financial plan for the upcoming calendar year and is focused on balancing the increasing demands of a growing community, that extends beyond city limits, while maintaining and improving service levels within the constraints of City resources. The approved budget includes balanced revenue and expenses in all the operational funds and complies with reserve level policies

Operational Priorities:

- **Enhanced Customer-Centric Experience: (expand and refine)** Enhance "customer-centric experience" for employees, residents, and businesses by evaluating and re-engineering all touchpoints to increase efficient, exceptional exchanges.
- **Digital Transformation: (leverage data analytics, dashboards, and artificial intelligence)** Continued strategic commitment to "digital transformation" and smart city innovation advancements through state-of-the-art hardware, software, artificial intelligence, and analytical opportunities.
- **Continual Process Improvement: (re-evaluating every aspect of operations)** Commitment to "continued process improvement" across all city operations to ensure efficiencies via data-driven decisions and return-on-investment.
- **Community and Economic Development: (stabilize and sophisticate)** Complete the Comprehensive Plan with a focus on managing growth and development across the city, while strategically implementing a multi-tier economic development plan to support and enhance business activity.
- **Fiscal Ownership: (controlling expenses, leveraging efficiencies)** Managing finances to be in the top percentage of industry standards and ratios. Scrutinize every cost by line-item, justifying returns while eliminating any waste identified.

City staff and Council recognize that maintaining high quality City services and facilities is more important than ever. Staff is prioritizing work so that Sequim continues to be welcoming and well maintained. To that end, retaining staff is critical to ensure that public safety is maintained, streets and parks are beautiful, water and sewer services are delivered, and general city services are efficiently provided.

2026 Budget Process

City Manager Matthew Huish, in accordance with Washington State guidelines, presented the Sequim City Council with an overview of the ***Proposed 2026 Budget*** at their meeting on Monday, September 22, allowing the month of October for questions. Public Hearings were held in November to give residents the opportunity to provide input.

- **November 10**—Public Hearings on 2026 *Proposed* Budget, Property Tax Levy, Fees and Utility Rates were held.
- **November 24**—The final Public Hearing on the *Proposed* Budget was held, followed by Council Adoption.

Utility Rates



In 2025, City Staff completed an analysis of utility revenues and expenditure projections over a 20-year period.

Review of the model revealed that utilities rates have not kept up with inflation and adjustments were needed, starting in 2026, to enable the two utilities to construct/maintain/repair infrastructure, build capacity for future growth and remain in compliance with the City Fund Balance Policy.

Staff recommended, and City Council approved, a five-year schedule (2026—2030) that will increase sewer rates 4.5% and water rates by 5.5% each year. For a single-family residence using 500 Cubic Feet of water per month, the increase will result in $2.92 in the monthly sewer bill and $1.96 in the monthly water bill in 2026. By adjusting actual rates incrementally over time, residents avoid major periodic cost increases.

The 2026 budget includes the continuation of the low-income discount policy which reduces utility bills for those who qualify. (Please see the other side for more information on the low-income discount.)

Property Tax



The budget also includes the 1% property tax increase allowed by law. Property tax is an important component of the City's general fund and supports the provision of municipal services. The 1% increase in revenue is based on the City's total assessed value, which is estimated to be higher this year because of the growth in new construction. The final property tax levy is certified by the County Assessor's office in January after all taxing districts have submitted their requests.

Revenue and Expense Overview

The 2026 overall budget is $52 million, and is comprised of different funds with different purposes. The largest funds are:

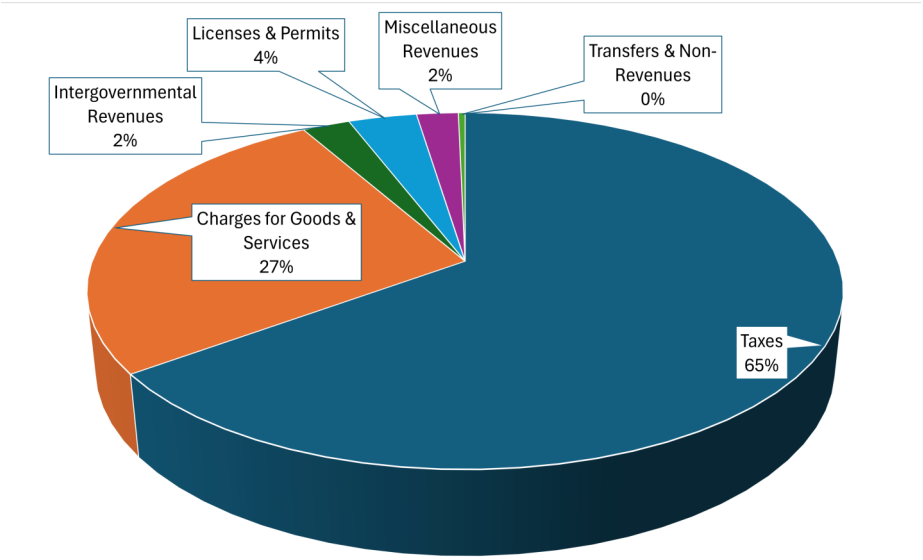
General Fund is the most flexible and covers wide-ranging government operations including staff salaries and benefits. It also supports Street Operations, Equipment Reserve, Debt Service, and the Arts Funds. The General Fund comprises 26.7% of the overall budget. (See charts below.)

Enterprise Funds are the revenues and expenses associated with the Water and Sewer utilities and include unrestricted uses and capital and debt uses.

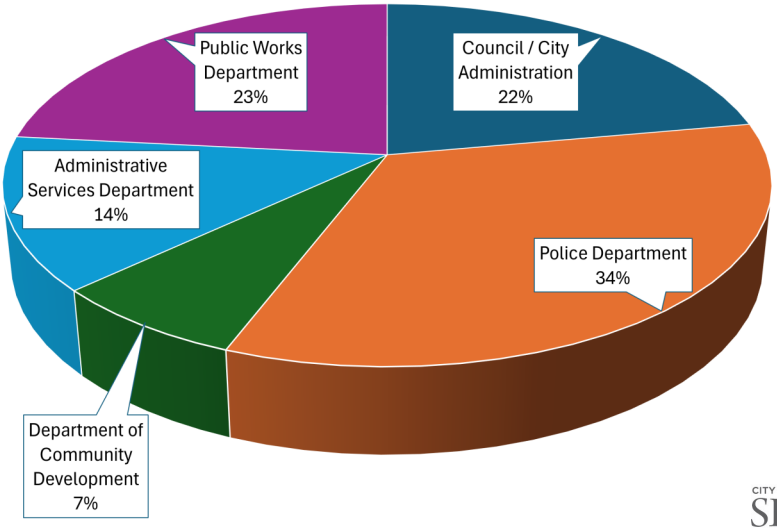
Capital Project Funds exist throughout the budget and are financial resources which are committed to the acquisition or construction of capital facilities or other capital assets. Capital Project Funds account for 42.6% of the budget.

Special Revenue Funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes.

General Fund Revenue by Source—$13,812,662



General Fund Expense by Department—$13,798,386



Utility Discounts Available for Low Income Residents

Utility rate reductions are available for qualifying low income residents. You may qualify if your income does not exceed 150% of the federal poverty guidelines, and if you qualify for the Clallam County PUD discount, you qualify for the City's discount. The exact amount of your discount is determined upon receipt of all of the applications for the 2026 program. Qualifying applicants will see the discounted rates on their February 1 utility bill.

Applications for the 2026 discount are due **January 16, 2026** and are available at the Sequim Civic Center, DSHS, Sequim Community Aid, St. Vincent de Paul, Serenity House, United Way, and the Shipley Center. Applications can also be downloaded from the City website sequimwa.gov. Please feel welcome to call the Finance office at the Civic Center at (360) 683-4139 with any questions.

Find a complete copy of the approved budget at sequimwa.gov.