



2027-2028 BIENNIAL BUDGET

Phillip Hill, City Administrator
September 24, 2026

Mayor's Budget

- Revenues are ~\$3.0M less than expenditures
- Savings from 2023-2024 ~\$1.0M
- Proposed budget is balanced with ~\$2.0M from unallocated fund balance

2025-2026 Review

Category	Biennial Value
GF Deficit	\$ (3,100,000.00)
Proposed Reductions	\$ 455,612.00
New 10% solid waste utility tax	\$ 513,800.00
Increase Surface Water utility tax to 10%	\$ 136,330.00
Increase Sewer utility tax to 10%	\$ 320,075.00
Salaries to Proposed 002 Fund	\$ 785,121.00
GF Deficit	\$ (889,062.00)

June 2026 Budget Amendment

			<u>Original Adopted 2025-2026 Budget</u>		<u>Proposed 2025-2026 Amended Budget</u>		
		<u>January 2025 Actual Beginning Fund Balance</u>					<u>Projected 2026 Ending Fund Balance</u>
<u>Fund No.</u>	<u>Fund Name</u>	<u>Fund Balance</u>	<u>Adopted Revenue</u>	<u>Expenditure</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Balance</u>
001	General Fund	\$ 10,316,028.28	\$ 26,110,786.57	\$26,992,986.49	\$26,797,143.71	\$29,591,589.75	\$ 5,921,582.24
002	Traffic Safety Fund	\$ 42,682.46	\$ 8,000,000.00	\$ 3,360,500.00	\$ 8,000,000.00	\$ 3,952,386.00	\$ 4,090,296.46
101	Street Fund	\$ 908,991.97	\$ 1,409,893.03	\$ 2,048,751.26	\$ 1,409,893.03	\$ 2,179,751.26	\$ 139,133.74
102	Council Contingency Fund	\$ 811,257.21	\$ 44,000.00	\$ -	\$ 44,000.00	\$ -	\$ 855,257.21
104	Transportation Benefit District	\$ 1,514,458.06	\$ 1,515,327.93	\$ 804,809.07	\$ 1,515,327.93	\$ 804,809.07	\$ 2,224,976.92
105	Budget Stabilization Fund	\$ 354,761.40	\$ 18,500.00	\$ -	\$ 18,500.00	\$ -	\$ 373,261.40
106	Strategic Opportunity Fund	\$ 786,353.55	\$ 554,500.00	\$ 530,000.00	\$ 1,054,500.00	\$ 1,030,000.00	\$ 2,410,853.55
301	Capital Improvement Fund	\$ 817,024.53	\$ 1,368,000.00	\$ 951,431.00	\$ 2,677,551.00	\$ 1,871,431.00	\$ 1,623,144.53
302	Transportation Capital Fund	\$ 2,912,476.83	\$ 7,562,392.62	\$ 8,720,311.00	\$ 7,562,392.62	\$ 9,167,311.00	\$ 1,307,558.45
303	Facilities Maintenance Fund	\$ 1,246,253.10	\$ 309,000.00	\$ 945,000.00	\$ 309,000.00	\$ 945,000.00	\$ 610,253.10
401	Sewer Utility Fund	\$ 1,231,461.57	\$ 8,948,058.38	\$ 8,901,291.00	\$ 9,053,058.38	\$ 9,503,366.00	\$ 781,153.95
402	Sewer Capital Fund	\$ 4,186,507.32	\$ 451,000.00	\$ 3,074,000.00	\$ 451,000.00	\$ 3,074,000.00	\$ 1,563,507.32
403	Surface Water Utility Fund	\$ 1,548,379.82	\$ 3,813,070.60	\$ 3,838,615.00	\$ 3,940,906.60	\$ 4,154,639.00	\$ 1,334,647.42
404	Surface Water Capital Fund	\$ 1,316,374.31	\$ 3,640,000.00	\$ 3,160,000.00	\$ 3,773,506.00	\$ 3,464,600.00	\$ 1,625,280.31
406	Sewer Bond Reserve	\$ 118,244.33	\$ 6,000.00	\$ -	\$ 6,000.00	\$ -	\$ 124,244.33
407	PW Trust Fund Repayment Fund	\$ 564,171.88	\$ 308,500.00	\$ 242,805.00	\$ 308,500.00	\$ 242,805.00	\$ 629,866.88
501	Replacement Fund	\$ 1,386,227.82	\$ 972,562.00	\$ 356,105.00	\$ 1,192,448.00	\$ 1,299,023.00	\$ 1,279,652.82
502	Information Technology Fund	\$ 241,337.23	\$ 450,198.00	\$ 393,500.00	\$ 450,198.00	\$ 508,500.00	\$ 183,035.23

2025-2026 General Fund Cost Increases

- 911 Dispatch Services Increase \$284,000/yr
- Jail Services Increase \$281,787/yr
- Public Defender Increase \$ 50,000/yr
- Prosecutor Increase \$106,488/yr
- Insurance Cost Increase \$193,000/yr
- Bargaining completed in early 2025
- Inflation over prior 4-years 24%

	25-26 Adopted	25-26 Amended	25-26 YE Est.	27-28 Proposed
Revenues	\$ 26,110,787	\$ 26,797,144	\$ 27,558,320	\$ 28,069,810
Expenditures	\$ 26,992,986	\$ 29,591,590	\$ 30,275,437	\$ 32,611,473
	\$ (882,199)	\$ (2,794,446)	\$ (2,717,117)	\$ (4,541,663)
				\$ (1,824,546)

2027-2028 General Fund Cost Increases

• Police Department Operations	\$	1,400,000
• Streets Operations*	\$	800,000
• MPE Health Insurance	\$	45,980

*Including pothole repair, crack sealing, roadway shoulder maintenance, guardrail repair, snow removal, sanding, de-icing, street sweeping, traffic sign and pavement marking maintenance. In addition to routine maintenance, the Street Fund supports engineering, traffic operations, and long-range transportation planning.

2027-2028 General Fund

- Revenue are ~\$4.5M less than expenditures
- Anticipated unspent funds in 2026 minimal
- Proposed budget is balanced with ~\$4.5M from unallocated fund balance (savings)
- General Fund ending fund balance falls below the 16% target by the end of 2028.

2027-2028 Proposed Rate Increase

- LFP Surface Water Operations – 10% in 2027 & 2028
- LFP Sewer Operations – 5% in 2025 & 2026
- King County Sewer – 12.75% in 2027
- King County Sewer – 10% in 2028

Requests included

- Court interpreter scheduling software – fully reimbursed by state
- Public Works Administrative Assistant increase to 1.0 FTE – no General Fund impact

Requests not included

- Facilities Maintenance Position
- Increasing Public Records Specialist to 1.0 FTE
- City Council Strategic Plan

QUESTIONS

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