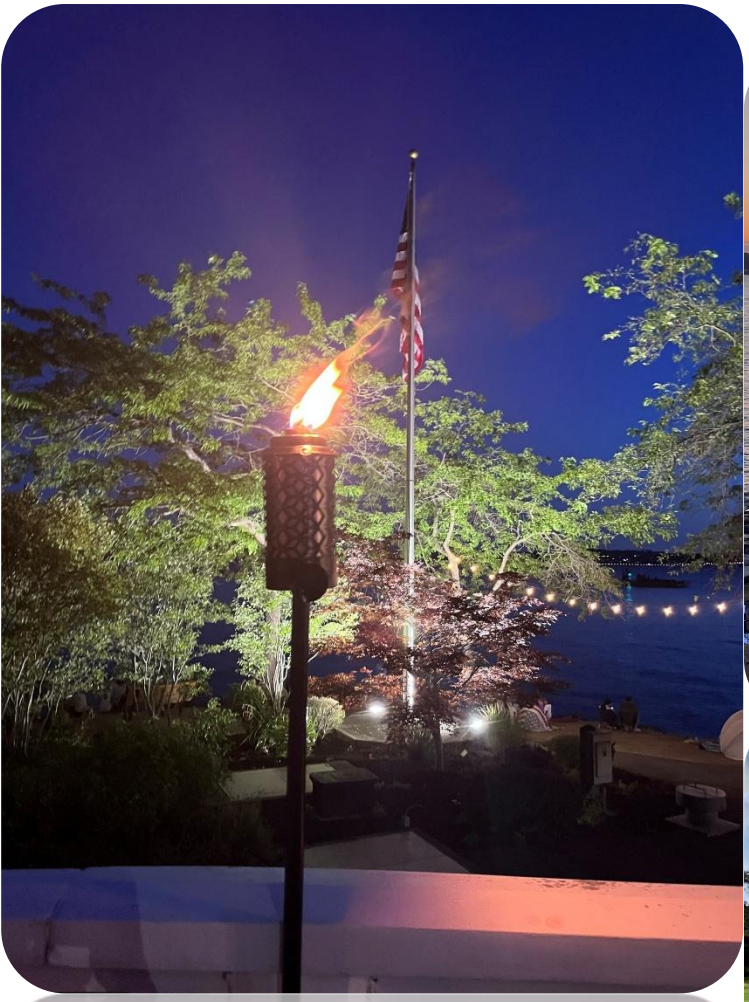
City of Medina, WA

Budget in Brief, 2027



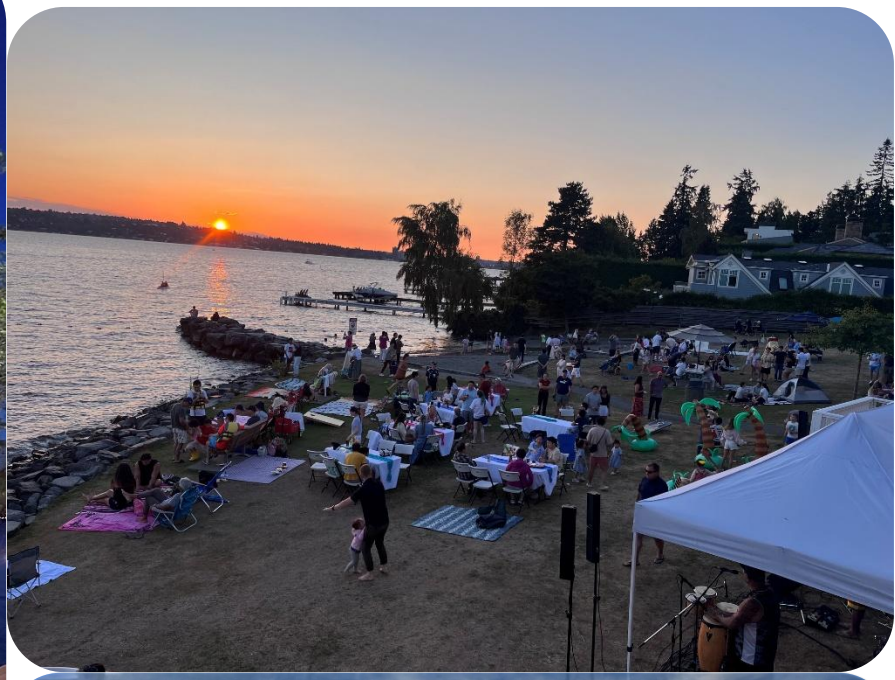




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City of Medina Strategic Goals and Priorities

VISION STATEMENT

Medina is a family-friendly, diverse and inclusive community on the shores of Lake Washington. With parks and open spaces, Medina is a quiet and safe small city, with active and highly-engaged residents. Medina honors its heritage while preserving its natural environment and resources for current and future generations.

MISSION STATEMENT

Ensure efficient delivery of quality public services, act as responsible stewards of Medina's financial and natural resources, celebrate diversity, leverage local talent, and promote the safety, health, and quality of life of those who live, work, and play in Medina.

CITY COUNCIL PRIORITIES

- Financial Sustainability & Accountability
- Quality Infrastructure
- Efficient & Effective City Government
- Public Safety & Health
- Neighborhood Character & Community Building

Message from the City Manager

Dear Medina neighbors and members of the City Council,

I am pleased to present the 2027 Proposed Budget. It builds on our work in 2026 and reflects our shared commitment to fiscal responsibility, transparency, and service to this community.

This budget is balanced, even as we face rising costs from inflation and economic uncertainty, along with the limits of Washington's 1% property tax cap.

Keeping our promises. In 2019, Medina voters approved a levy-lid lift (an increase above the 1% property tax limit) to sustain essential services, maintain prudent reserves, and invest in infrastructure. It was designed to carry us through 2029. Thanks to the Council's leadership and careful financial management – and based on current forecasts – we now expect it to last through 2034. Thank you for your continued trust and support.

What we've accomplished this year. Following the directions set in the 2026 budget, we:

- Years of resident feedback led us to begin a land use planning project in 2026 to address how new development affects Medina's quality of life, including the look, feel, and character of our neighborhoods. We engaged with the community and other stakeholders extensively while we considered options. We completed Phase 1 within the time frame committed by the Council.
- Stepped up sidewalk right-of-way maintenance and code enforcement to keep vegetation from crowding sidewalks and blocking sight lines on our roads
- Worked with State Departments of Ecology and Fish and Wildlife and the US Army Corps of Engineers on planning efforts and project work to rehabilitate the ponds in Medina Park, including removing sediment, improving drainage, installing a device to discourage beavers from building dams to reduce impacts to nearby properties, and planting trees to improve shading around the ponds and keep the ponds viable for wildlife.
- Completed the State-mandated update to our Critical Areas Ordinances
- Completed an inventory of trees on City-owned property
- Worked with WSDOT on improving maintenance levels on the SR520 Evergreen Point lid in the near term and planning for sustainable, longer term solutions
- Organized this year's Medina Days celebration to ensure this beloved tradition continued, building on years of dedicated work by volunteers
- Approved a 0.1% sales tax increase the State Legislature authorized (HB 2015) to fund public safety. That decision helped us win a grant for an additional police officer and patrol vehicle.
- Successfully completed contract negotiations with our Police Department

Looking ahead at 2027

Land use. Building on the lessons learned in Phase I, the 2027 budget funds Phase 2 of our review of land use regulations, as we continue to address how new development affects Medina's quality of life, including the look, feel, and character of our streets and neighborhoods. We will undertake a deeper review of our zoning code and development regulations, which we expect to finish in 2028.

Supporting public safety. In addition to the police officer added in 2026, the 2027 budget also proposes take-home patrol vehicles – a benefit nearby agencies already offer – which will help us recruit and keep outstanding officers. The addition of the police officer brings us to full staffing, and is expected to reduce officer overtime.

Other priorities in the 2027 budget:

- Long-range planning projects required by the State or prioritized by the Council
- Full funding for the Equipment Replacement Fund, so we can plan for the life cycle of police vehicles and public works equipment in our financial forecasts
- Increase engagement with our state and local representatives to help them understand challenges facing small cities
- Continue working with WSDOT and our neighboring communities to resolve maintenance and other concerns with the SR520 Lids
- Upgrades to information technology and public outreach
- Reserves to address potential additional unfunded State mandates such as further Legislative changes to the Growth Management Act
- Additional land use planning efforts to further prior work addressing affordable housing needs
- Finalize discussions regarding regulating noise, including finishing prior work to develop gas-powered leaf blower regulations
- Planned investments to better keep you informed and connected

We welcome your thoughts as we work together on the budget. This is your City, and we hope you will share your input and stay engaged.

Jeff Swanson

City Manager

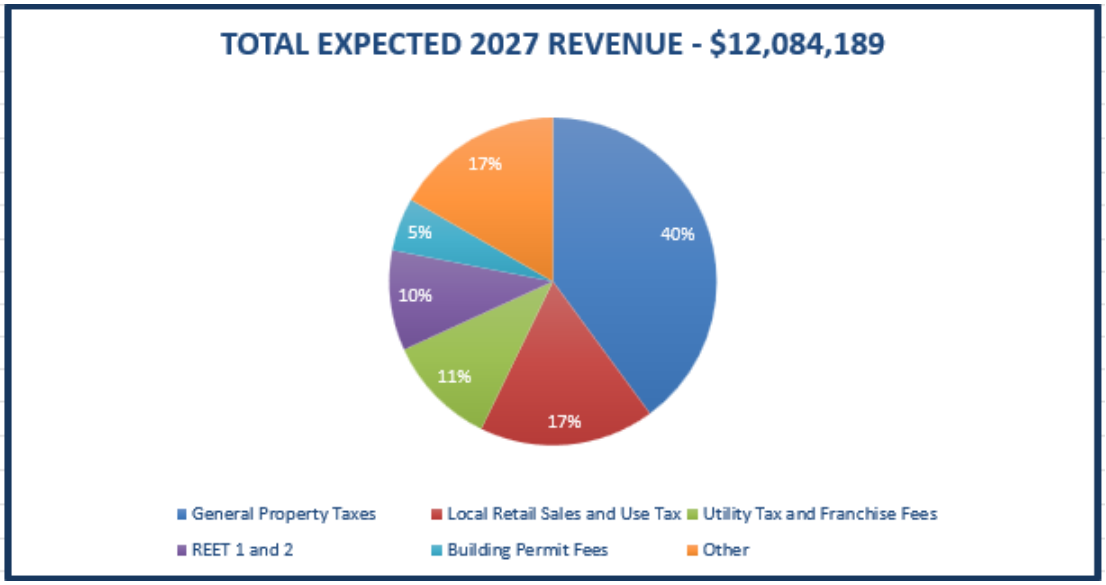
Budget, At a Glance

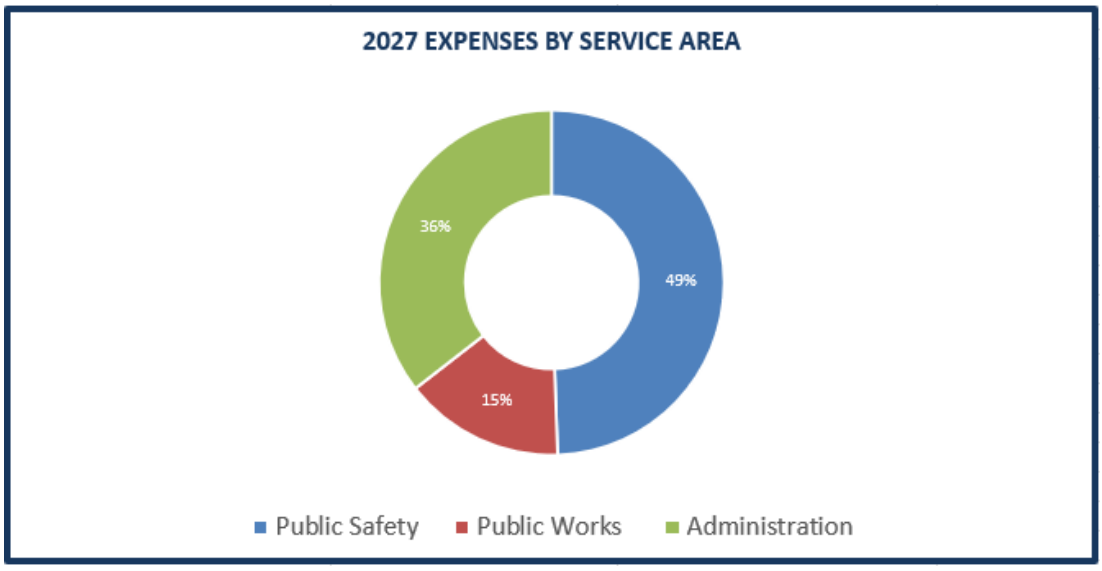
Total Budget:	$12.12 Million
General & Street Fund:	$9.18M (76%)
Development Services Fund:	$928K (7%)
Capital & Tree Funds:	$1.70M (14%)
Equipment Replacement Fund:	$307K (3%)

Highlights for 2027

- **Balanced budget** presented even as costs increase.
- **Police Department: Added additional Officer, offset by increase in Sales Tax and Grant Funding. Includes a ___% increase in salaries and benefits resulting from the renegotiated contract.**
- **Contracted Fire and Emergency Services: A 13.22% increase over 2026, driven by a growing budget from Bellevue Fire, an increase in service calls, and increased total assessed values of Medina real estate.**
- **Capital Projects: $1.57M for road, sidewalk, stormwater, and park improvements.**
- **Development Services: Revenues projected to remain neutral relative to 2026; long-term sustainability planning underway with an increased transfer from the General fund to maintain service levels for 2027.**

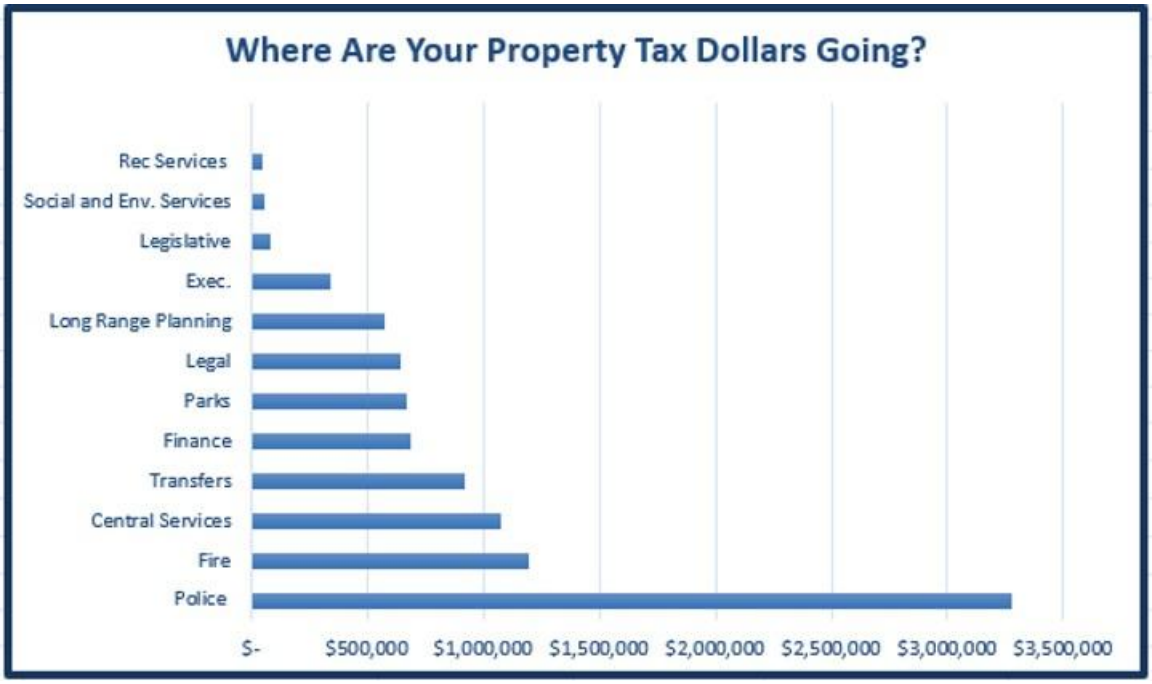
Where the Money Comes From (Revenues), and Goes (Expenditures)





What This Means for You

- Property taxes fund 40% of city services, and levy limits constrain revenue growth.
- City continues to prioritize public safety, financial health, and essential services.
- Long-term planning remains central to maintaining Medina's service levels.



About Fund Transfers...

In fund accounting, transferring money between funds is an internal reallocation of resources — it does not create new revenue or expenses, but ensures each fund has the cash or assets it needs to fulfill its designated purpose.

Fund accounting is necessary for City staff to correctly allocate restricted revenue sources and comply with SAO (State Auditor's Office) regulations governing municipal finance.

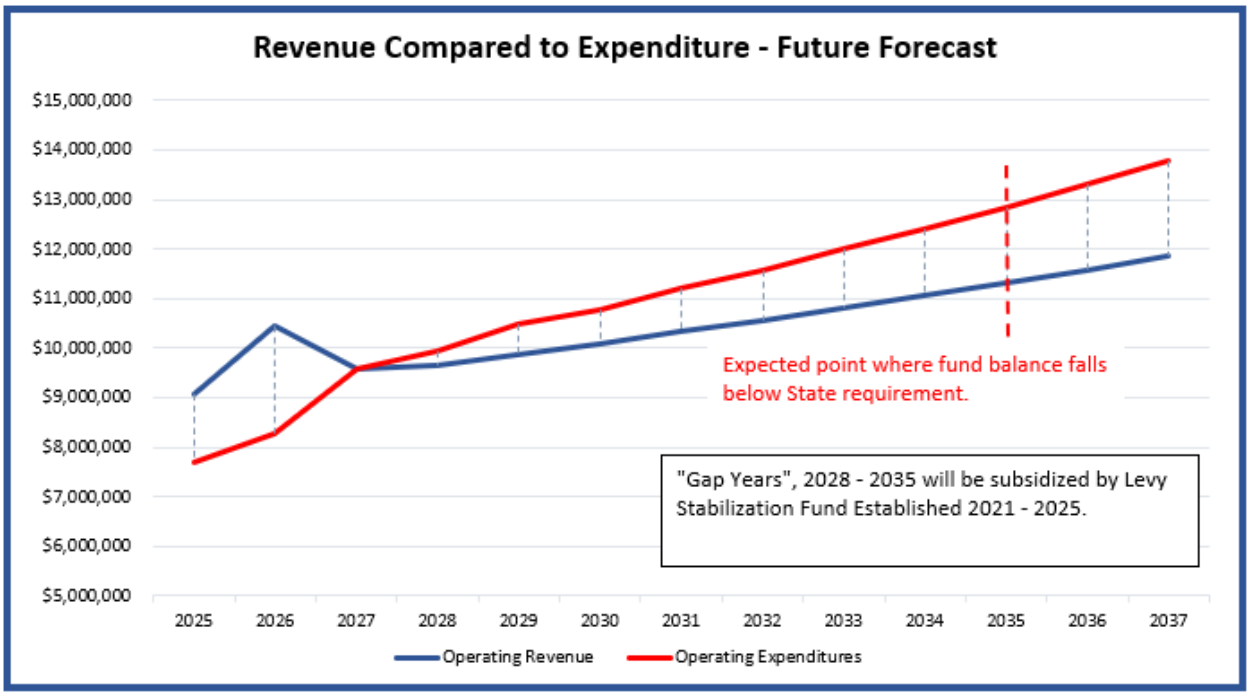
Fund accounting provides the City Council and community greater transparency into cost of services and helps inform policy decisions.

List of Transfers:

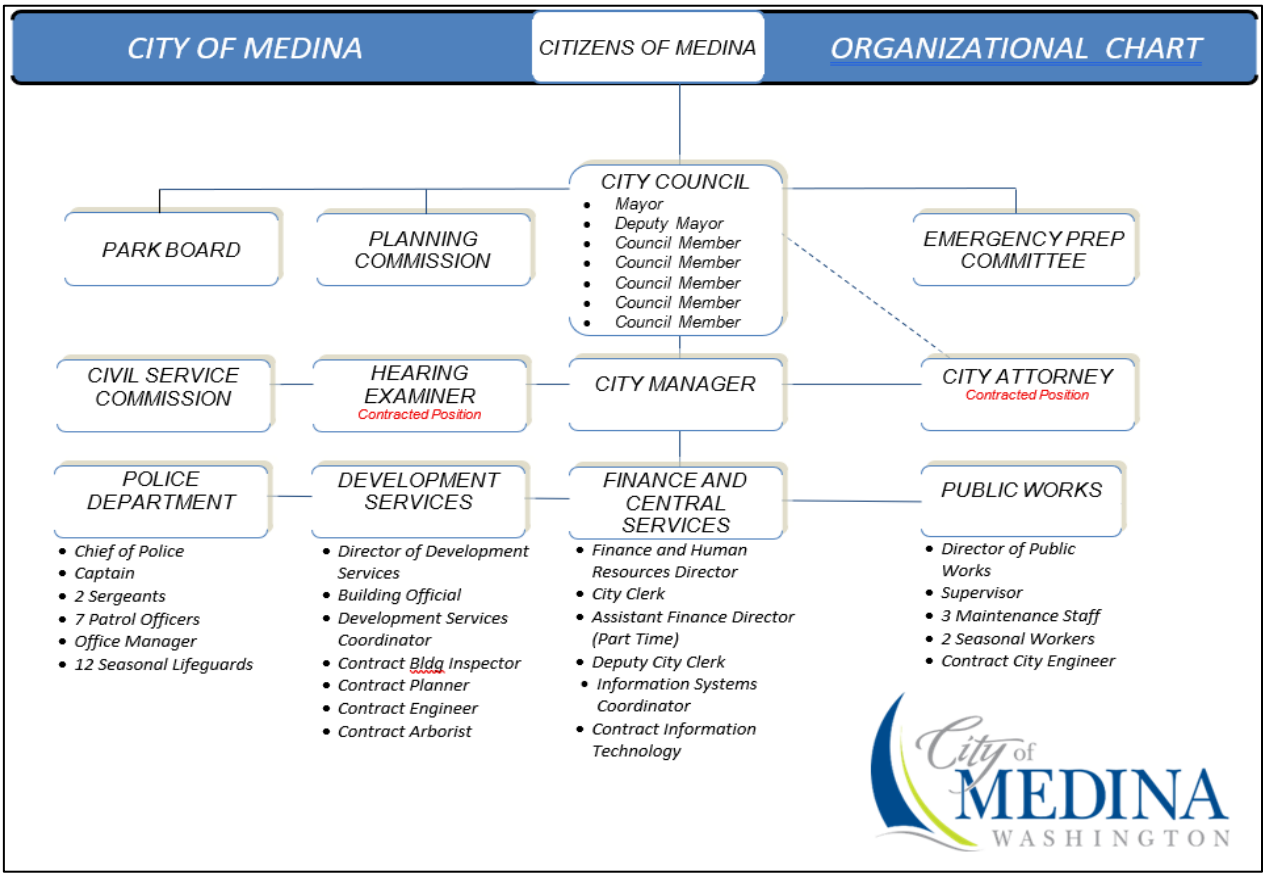
General Fund to Street Fund	$470,000
General Fund to Equipment Replacement Fund	$542,109
General Fund to DS Fund	$40,000
Capital Fund to Street Fund	$100,000

Looking Ahead

- **Levy Lid Lift (2019):** Continues to sustain services, with stabilization fund projected to last until 2034.
- **Revenue Constraints: Washington's 1% property tax levy cap limits future revenue growth.**
- **Forecast: Expenditures projected to surpass revenues beginning in 2028, requiring use of stabilization funds.**

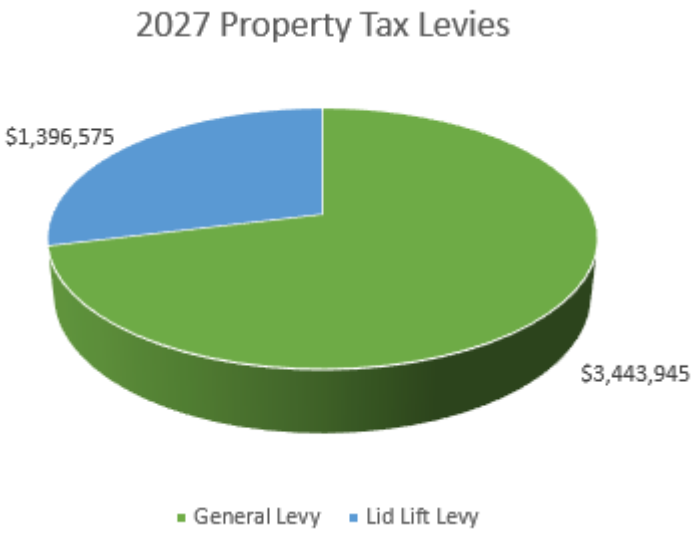


Organization Chart

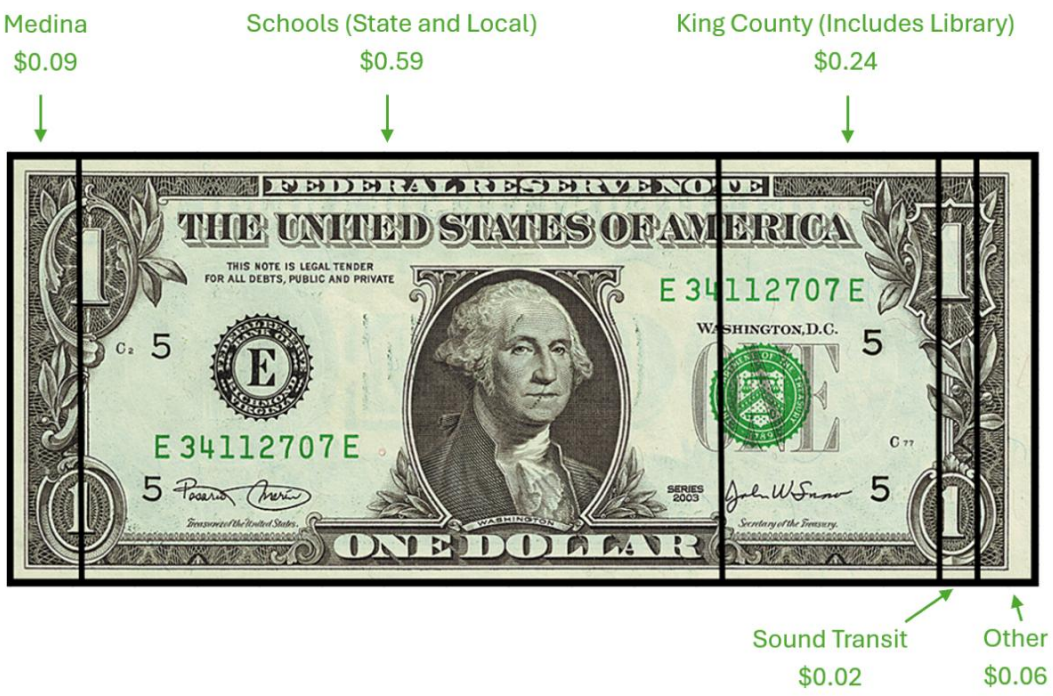


Principal Revenue Assumptions

The City's **Property Tax** Levy for 2027 is proposed at $4,840,520, which includes the allowable statutory increase of 1.0% plus an adjustment for the value of new construction and refunds. 2026 Assessed values for 2027 taxes are $7.85 Billion. The City has authority from the 2019 voter-approved Levy Lift to increase properties taxes by an additional $785,000. The City Council has not authorized the use of this "banked tax capacity" for 2027. The City may evaluate using this banked capacity for 2028. To learn more about property taxes in Washington State, please follow this link: [MRSC - WA State Property Tax]

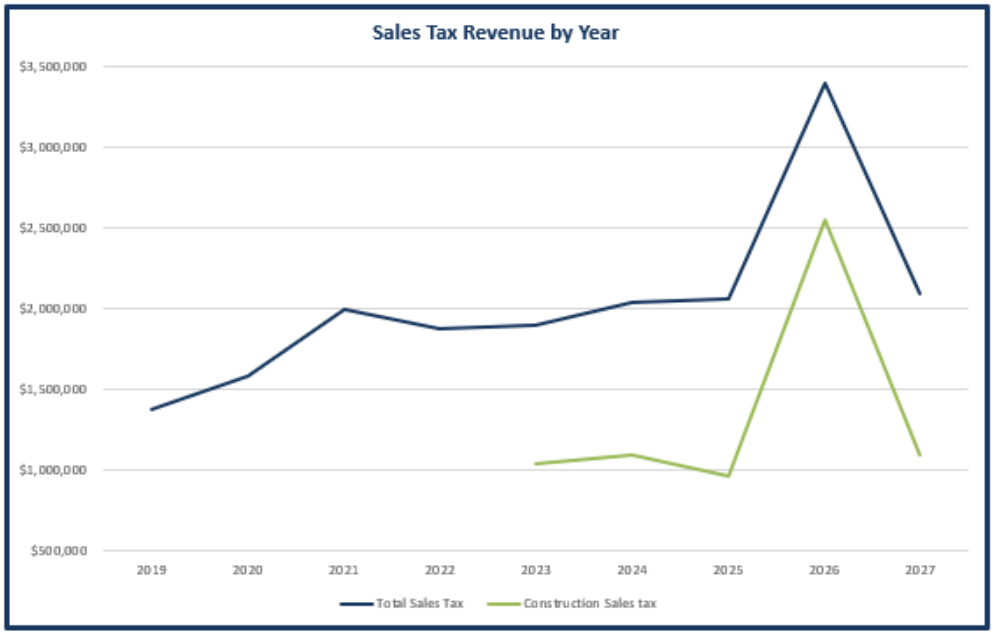


For every $1 of property tax collected from a Medina taxpayer the City receives $0.09.



With conservative revenue projections in 2026, the following two revenue sources see a large increase to more accurately reflect expectations:

- **Sales tax** increase of 3.81% (expected increase due to HB2015 sales tax increase passed in 2026). A year-over-year comparison of the annual sales tax data indicates that all revenue is gradually increasing year after year. The chart below illustrates the year-over-year trend for sales tax in Medina. 2026 is noted as an outlier, due to a one-time payment from work that was done on the 520-construction project in the mid-2010s. Construction, Retail Trade and Landscaping are the main sources of sales tax. To learn more about sales and use tax in Washington State, please follow the link: [MRSC - WA State Sales Tax]



- **Utilities Excise Tax** revenues in the proposed 2027 budget are based on all City water, sewer, gas/electricity, garbage, Cable, and Telephone Services. The city imposes a 6% tax on the revenues of all the services above, with an additional 4% Franchise Fee on Water, Sewer, and Cable. The 2027 budget is forecasted based on the continuation of the tax. Total public utility tax forecasted for 2027 is $1,329,510 which is a 9.16% increase from 2026. This tax revenue is intended to support all the general services of the city. To learn more about utility tax in Washington State, please follow the link: MRSC - WA State Utility Tax
- **Interest Earnings** projected 79.31% growth. Investment balance with an annual growth rate of 3% in 2027.

Expenditure Drivers

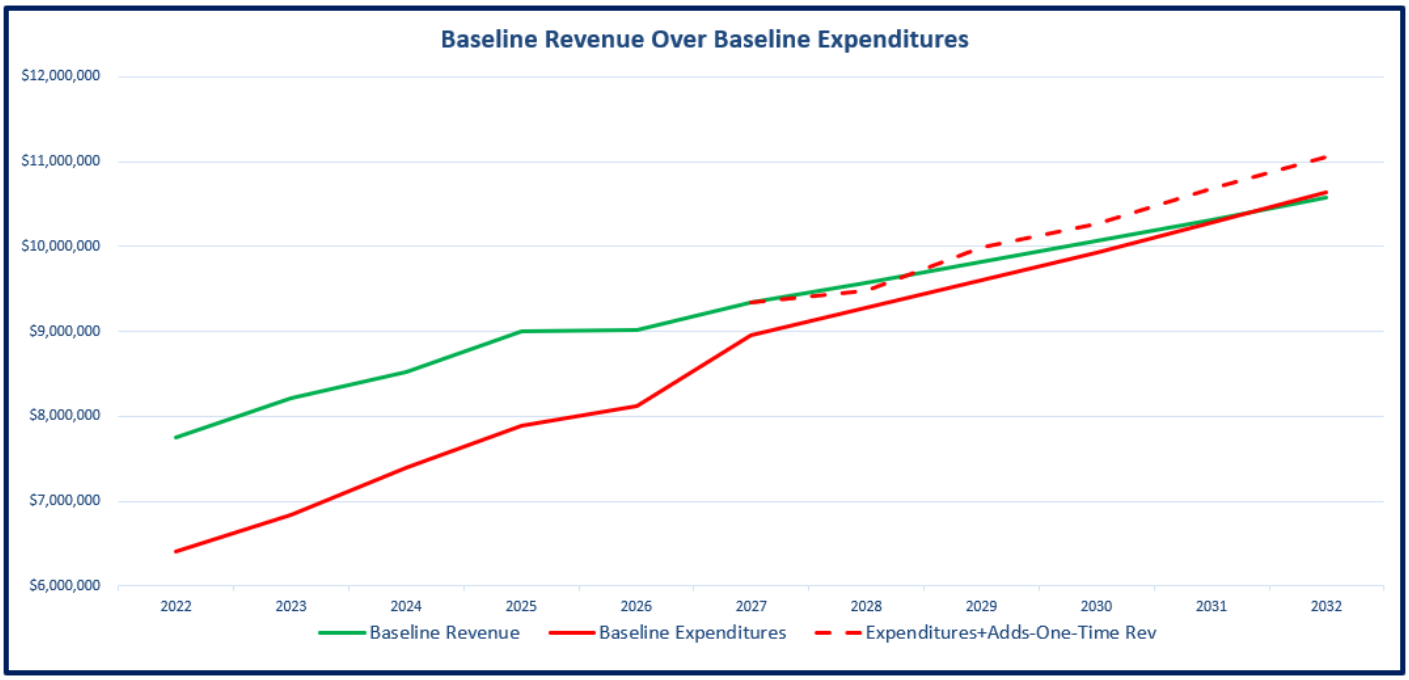
- COLA increase of 3.8% for Clerical Staff, Exempt Employees the Police Department and Public Works.
- Health benefits through AWC increase of 11.4%.
- Fire/EMS contract increase of 13.22%.
- Planning Department increase of 103%, due to increased staff allocation (moved from the Development Services Fund), and one-time increases for compliance related projects and Development Impacts Phase 2.
- City Attorney budget increase of 9.59%.

Long-Term Financial Forecast

The levy stabilization fund is projected to sustain balance through 2034, with expenditures exceeding revenues beginning in 2028.

Long Term Projected Revenue and Expenditures

	2026	2027	2028	2029	2030	2031	2032	2033
Operating Revenue	$ 10,458,694	$ 9,585,582	$ 9,658,722	$ 9,854,565	$ 10,076,304	$ 10,304,086	$ 10,528,063	$ 10,773,390
Operating Expenditures	$ 9,276,891	$ 9,584,923	$ 9,935,848	$ 10,331,059	$ 10,614,454	$ 11,046,505	$ 11,433,133	$ 11,833,292



Debt and Reserves

Debt Policy

The City will maintain adequate debt capacity for priority projects.

The City's Debt Management Policy objectives are to minimize the need for debt through maintaining strong revenues which reasonably meet or exceed expenditures.

Debt may be utilized to address short-term cash flow needs and/or to finance significant capital or other obligations. Debt will not be used to fund long-term revenue shortages. City Council approval is required to approve the issuance of debt.

Current Operations will not be financed with long-term debt. In the event a need for long term debt arises, the term of the debt will not exceed the life of the projects financed.

When evaluating the use of non-voted Councilmanic Debt and the associated debt service obligations, an analysis shall be performed to determine the City's ability to make debt service payments, considering revenue fluctuations associated with periodic economic cycles. Debt may be considered where the Director of Finance can demonstrate that there is sufficient projected discretionary revenue to service the debt without disrupting the City's existing service delivery or programs.

Voted and non-voted Councilmanic Debt will be used prudently in a manner to avoid an adverse impact on the City's credit rating and ability to issue subsequent or additional debt.

Upon the issuance of any debt, the Director of Finance will establish the appropriate procedures to ensure compliance with bond/debt covenants and applicable federal, state and local laws, policies, and regulations.

In the event the use of debt is required, the city will raise capital at the lowest cost, consistent with the need to borrow. This will be accomplished by keeping a high credit rating and maintaining a good reputation in the credit markets by managing the annual budget responsibly.

Reserve Account Policies

The City maintains Reserve Accounts for a Levy Stabilization Fund Account, a Contingency Fund Account, a Capital Projects Fund Account, and an Equipment Replacement Account. The priority or sequence for allocating reserves to these accounts is:

1. The Levy Stabilization Fund account, up to the annual targeted amount identified in the Levy.
2. The Contingency Fund account, up to 25% of the annual general fund budgeted expenditures. (Currently at 20% of 2027 Budget)
3. Any remaining reserves allocated to the Capital Projects Fund, the Equipment Replacement Account and/or the Levy Stabilization Fund as recommended by the City Manager and/or Finance Director.

Levy Stabilization Fund. On the November 2019 ballot, Medina voters approved a 6-year increase to their City property tax levy, starting in 2020, in order to maintain then-existing levels of service for the following 10 years. A promise was made to the voters that these additional funds would be managed in such a way as to keep those service levels in place for at least 10 years. The purpose of the Levy Stabilization Fund is to hold excess amounts resulting from the levy increase during 2020-2025 and to draw from the Levy Stabilization Fund to cover General Fund and Street Operations funding gaps during 2026 to 2029 (or longer, if feasible).

End of Year 2026 Balance: $2,685,000

Contingency Fund. The Contingency Fund may be used for the following:

- To sustain City services in the event of a catastrophic event such as a natural/manmade disaster (e.g. earthquake, windstorm, flood, terrorist attack) or a significant downturn in the economy.

- To address temporary, short-term (less than one year) economic downturns and temporary gaps in cash flow. Conditions, such as expense reductions and/or restrictions may be imposed.
- Amounts held in the Contingency Fund in excess of its limit (25% of the annual general fund budgeted expenditures) may be used to fund the Capital Improvement Plan.
- To pay down debts expeditiously when financially advisable, consistent with expert recommendations and with consideration of the City's overall financial status.

End of Year 2026 Balance: $1,750,000

All expenditures transferred into and out of the Continency Fund, must be authorized by the City Council.

Property Tax Levy Lid Lift

In 2019, the City of Medina faced challenging financial circumstances. The accumulated effects of Washington Initiative 747 limiting the Councilmanic annual property tax levy increase to 1% and years of costs increasing at a much higher rate than revenues effectively imposed a structural deficit on the City. Prior to 2019 maintaining levels of service in the city were made possible through cost-saving measures, identifying and implementing additional revenue sources available through statute, and use of reserves. However, the limits of these strategies had been reached, and more significant changes were necessary to sustainably balance the City's budget, which meant reducing levels of service.

In the 2019 November general election, the Medina City Council asked the voters to support a six-year levy lid lift calibrated to sustain the City's then current service levels for a period of at least ten years. This would be accomplished by accumulating reserves during the lift period and spending the reserves down to balance the budget between 2026 and 2030. The city promised voters:

- The same level of services as existed in 2019 would be maintained
- Restored measures of financial health
    - Begin each budget cycle with the full General Fund balance to cover first quarter expenses
    - Engage a City Finance Committee comprised of Councilmembers to provide increased oversight
    - Forecast and financial plan on a ten-year basis
    - Rebuild Contingency Fund
    - Develop community-friendly financial statements

- Make the six-year levy lid lift (from 2020-2025) last until at least 2030

The first year of the levy (2020) sustained services at prior levels. During the following five years of the six-year lid lift (2021-25) the City transferred amounts to a *Levy Stabilization Fund* to build a *minimum* operating reserve of $2M. The stabilization fund is forecasted to sustain service levels for at least an additional four years (2026-2030).

Specifics About the Levy

The levy's structure was designed to have an initial increase of no more than $0.20 per $1000 assessed value (example $2M AV home = additional $400/year). In 2020 this gave the City an additional 12% revenue towards General Fund and Street Operations, $941,572. For the following five years (2021-2025) the City was able to increase this amount by 5% (see table of projections below). From 2026 onwards, the previous year's levy total becomes the City's new baseline for property taxes, which is limited to annual Councilmanic increases of no more than 1%.

How Much Extra Funds is the Levy Lid Lift Creating Each Year?
Projected Revenues, 2020-2029

	Amount of Increase	Total	
2020	$ 941,572	$ 941,572	Initial "bump"
2021	$ 47,079	$ 988,651	
2022	$ 49,433	$ 1,038,083	
2023	$ 51,904	$ 1,089,987	+5% each year
2024	$ 54,499	$ 1,144,487	
2025	$ 57,224	$ 1,201,711	
2026	$ 12,017	$ 1,213,728	
2027	$ 12,137	$ 1,225,865	+1% each year
2028	$ 12,259	$ 1,238,124	
2029	$ 12,381	$ 1,250,505	
		$ 11,332,713	10-year total

More information on the City of Medina's Financial Reporting

Medina is a **cash basis** entity. Expenses and revenues are recorded as they are paid or deposited. There is no balance sheet, meaning no reporting of assets and liabilities. The City owns buildings, land, and equipment; however, those do not appear in City financial reports as one would find in private sector financial reporting. Financial reporting functions similar to a checkbook register: starting balance, money in, money out, and remaining balance.

Medina uses **fund accounting**. Fund accounting is like running a separate entity for each activity or program of the City. A Fund is a set of accounts used to manage resources segregated for specific purposes due to regulations, restrictions, or limitations. The number and type of funds depend upon the number and types of activities of the City.

Budget By Fund - Government Fund Types

Code 001 General Fund

This fund is used to account for all financial resources except those required to be accounted for in another fund. The City identifies the General Fund as 001. Most of this fund's revenue is made up of general property, sales, and utility taxes. These revenues are used to support several key services for the City such as: City Administration, City Council, General Legal Services, Financial Services, City Building Maintenance, Parks, Police Services, Code Enforcement, and Medina's seasonal lifeguards.

Code 100 General Capital Project Funds

These funds are supported by the general fund and are supplemented by other revenues, such as grants and impact fees. They are used to account for capital projects the city undergoes in these service areas. The Street and Tree Funds fall under this category.

Code 300 Capital Projects Funds

Used to account for the acquisition or construction of major capital assets.

Code 400 Enterprise Funds

These funds are used to account for proprietary type activities for which the City charges a fee to operate the service. It may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: Debt backed solely by a pledge of the net revenues from fees and charges. Legal requirement to recover costs. Policy decision to recover costs. It is necessary to use an enterprise fund if the government's policy is to establish activity fees or charges designed to recover the cost, including capital costs (such as depreciation or debt service). For Medina, the Development Services Department falls under this fund type.

DESCRIPTION	2022 Year-end Actuals	2023 Year-end Actuals	2024 Year-end Actuals	2025 Year-end Actuals	2026 Year-end Estimates	2027 Prelim. Budget	General Fund Year End Carrgover Balances
GENERAL FUND							2027
BEGINNING FUND BALANCE	$ 4,251,680	$ 3,909,675	$ 4,299,448	$ 3,641,979	$ 4,546,117	$ 6,288,119	Fund Balance
REVENUES	7,890,020	8,352,385	8,787,239	9,199,205	10,458,694	9,585,582	Excess/(Shortfall)
OPERATING TRANSFERS-IN							$3,892,547
EXPENDITURES	6,019,717	6,484,612	7,084,708	7,563,562	8,161,692	8,661,814	
OPERATING TRANSFERS-OUT	1,916,463	1,478,000	2,360,000	731,504	555,000	923,109	25% Policy Minimum
Year end carryover balance	$ 4,205,519	$ 4,299,448	$ 3,641,979	$ 4,546,117	$ 6,288,119	$ 6,288,777	$2,396,231
STREET FUND							65.6%
BEGINNING FUND BALANCE	$ 81,376	$ 44,423	$ 92,592	$ 106,103	$ 271,425	$ 356,272	
REVENUES	62,793	157,028	94,585	189,689	121,347	118,607	
OPERATING TRANSFERS-IN	405,628	553,000	535,000	544,856	555,000	570,000	
EXPENDITURES	494,824	661,859	616,073	569,224	591,500	686,888	
OPERATING TRANSFERS-OUT							
Year end carryover balance	$ 54,973	$ 92,592	$ 106,103	$ 271,425	$ 356,272	$ 357,990	
DEV. SERVICES FUND							
BEGINNING FUND BALANCE	$ -	$ 835,726	$ 950,691	$ 716,489	$ 513,882	$ 484,059	*Note: $360,666+ of DS Balance is*
REVENUES	974,237	1,402,320	1,045,491	1,070,525	868,000	885,000	*Held within Advanced Deposits*
OPERATING TRANSFERS-IN	1,010,835			1,648	100,000	40,000	*Is Not Considered Usable Funds*
EXPENDITURES	1,149,347	1,287,355	1,279,693	1,274,780	997,823	928,413	
OPERATING TRANSFERS-OUT	-						
Year end carryover balance	$ 835,725	$ 950,691	$ 716,489	$ 513,882	$ 484,059	$ 480,645	
EQUIP. REPLACEMENT FUND							
BEGINNING FUND BALANCE						$ -	
REVENUES						-	
OPERATING TRANSFERS-IN						307,109	
EXPENDITURES						307,109	
OPERATING TRANSFERS-OUT	-						
Year end carryover balance	$ -	$ -	$ -	$ -	$ -	$ -	
TREE FUND							
BEGINNING FUND BALANCE	$ 86,032	$ 72,938	$ 48,457	$ 23,492	$ 40,546	$ 27,046	
REVENUES	2,310	950	888	21,000	1,500	3,075	
OPERATING TRANSFERS-IN	-						
EXPENDITURES	13,696	25,431	25,853	3,946	15,000	30,000	
OPERATING TRANSFERS-OUT	-						
Year end carryover balance	$ 74,646	$ 48,457	$ 23,492	$ 40,546	$ 27,046	$ 121	
LEVY STABILIZTION FUND							
BEGINNING FUND BALANCE	$ 500,000	$ 1,000,000	$ 2,000,000	$ 2,400,000	$ 2,685,000	$ 2,685,000	
OPERATING TRANSFERS-IN	500,000	1,000,000	400,000	285,000		-	
OPERATING TRANSFERS-OUT							
Year end carryover balance	$ 1,000,000	$ 2,000,000	$ 2,400,000	$ 2,685,000	$ 2,685,000	$ 2,685,000	**Must have min. of $2M by 12/31/2025**
CAPITAL PROJECTS FUND							
BEGINNING FUND BALANCE	$ 5,073,214	$ 5,930,906	$ 7,000,336	$ 7,045,916	$ 8,627,230	$ 9,150,766	
REVENUES	2,151,364	1,847,997	2,593,966	2,374,528	1,488,536	1,495,000	
OPERATING TRANSFERS-IN	-						
EXPENDITURES	1,238,272	703,567	2,473,386	693,214	865,000	1,570,000	*Note: CPF balances do not include*
OPERATING TRANSFERS-OUT	-	75,000	75,000	100,000	100,000	100,000	*contractor retainage activity amounts*
Year end carryover balance	$ 5,986,306	$ 7,000,336	$ 7,045,916	$ 8,627,230	$ 9,150,766	$ 8,975,766	
CONTINGENCY FUND							
BEGINNING FUND BALANCE	$ 250,000	$ 250,000	$ 250,000	$ 1,750,000	$ 1,750,000	$ 1,750,000	
REVENUES	$ -	$ -				$ -	
OPERATING TRANSFERS-IN	$ -	$ -	$ 1,500,000			$ -	
OPERATING TRANSFERS-OUT		$ -				$ -	
Year end carryover balance	$ 250,000	$ 250,000	$ 1,750,000	$ 1,750,000	$ 1,750,000	$ 1,750,000	
TOTAL ALL FUNDS BUDGET							
BEGINNING FUND BALANCE	$ 9,742,302	$ 11,907,170	$ 14,505,026	$ 15,547,482	$ 18,434,200	$ 20,741,262	
REVENUES	11,080,724	11,760,680	12,522,169	12,854,947	12,938,077	12,087,264	
OPERATING TRANSFERS-IN	1,916,463	1,553,000	2,435,000	831,504	655,000	610,000	
EXPENDITURES	8,915,856	9,162,825	11,479,713	10,104,726	10,631,015	11,877,116	
OPERATING TRANSFERS-OUT	1,916,463	1,553,000	2,435,000	831,504	655,000	610,000	
Year end carryover balance	$ 11,907,170	$ 14,505,026	$ 15,547,482	$ 18,434,200	$ 20,741,262	$ 20,951,409	

General Fund Departments

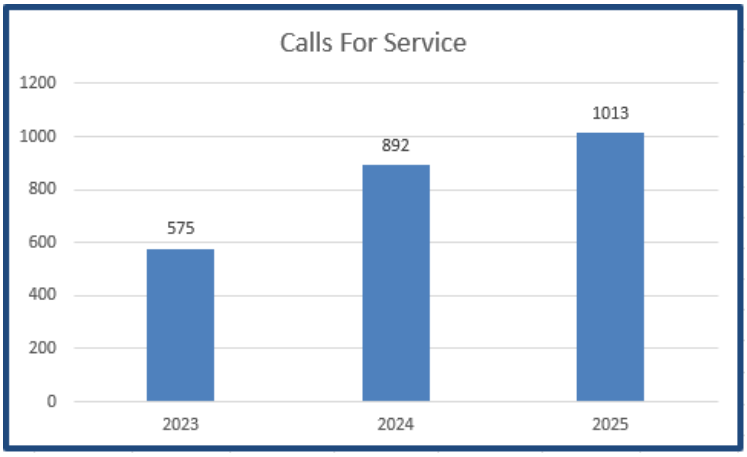
Public Safety - Police Department

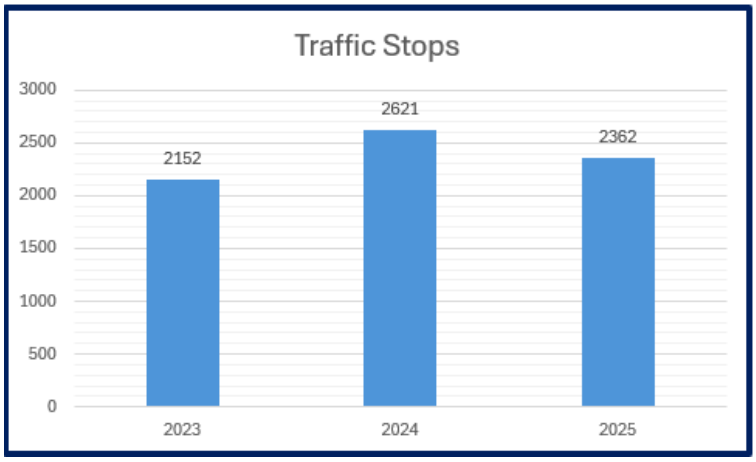
The Medina Police Department has 12 full-time employees (FTEs) which includes an Office Manager, seven Patrol Officers, two Sergeants, one Captain and the Chief.

Highlights from Leadership:

- 64.8% reduction in overall crime. Following a 21.8% increase in traffic enforcement between 2023 – 2024, a significant portion of the decrease in crime can be attributed to a substantial reprioritization of the agency's focus toward traffic law enforcement and overall presence within our communities.
- A sustained increase year-over-year from 2022 – 2025 of community policing and proactivity.
- Following the 56.3% increase in community assistance and proactive policing, the community became significantly more willing to report suspicious activity and become engaged in the collective goal of safety and security.
- License plate reader events decreased drastically from 2024 to 2025. Deterrence is immeasurable, but a reasonable inference from the data is that a combination of word-of-mouth advertising of the usage of license plate reader cameras in our community, a willingness of our officers to apprehend criminal activity identified by the license plate reader cameras, and a significant increase in traffic enforcement and visibility makes our communities increasingly less enticing for would-be criminals to come to Medina and Hunts Point.

Principal Operational Metrics





With the Police Department adding one more FTE for 2027, the expected increase in salaries and benefits is 13.37%. The new FTE will be partially offset in cost by an increase in sales tax revenue through HB 2015 and through a related grant administered by the Washington State Criminal Justice Training Center (CJTC) that will provide funds for 2027 and 2028.

The Police Union collective bargaining agreement (CBA) was signed in October of 2026. With a take home patrol vehicle program starting in 2027, the city will purchase four vehicles at the end of 2026 using surplus funds.

The supplies section of the budget is also impacted by the above, as vehicle expenses, office supplies and firearms are all expected to increase next year.

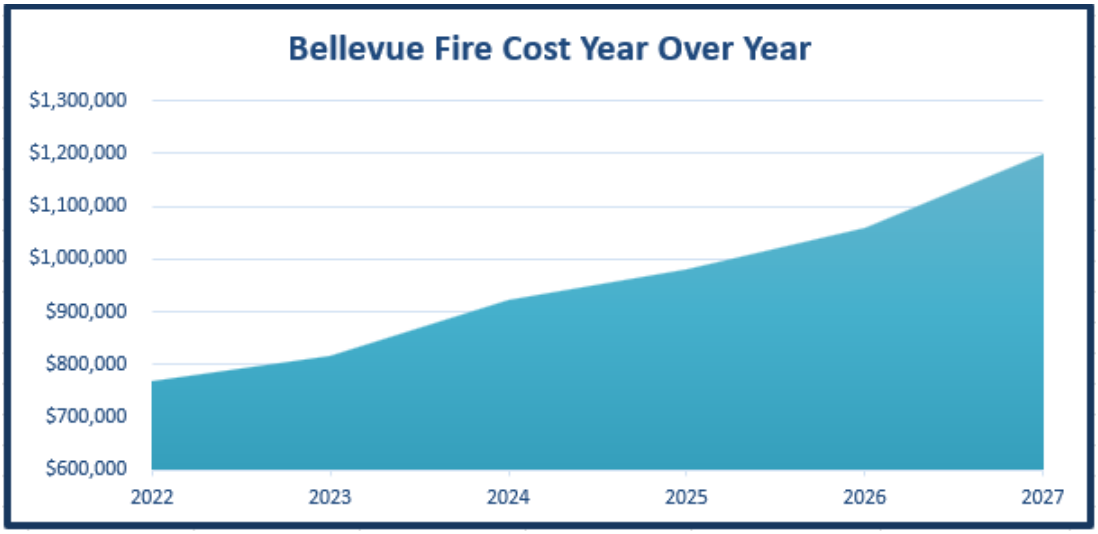
Below is a year over year summary of the Police Department by Category:

POLICE DEPARTMENT	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES	1,527,258	1,529,617	1,597,590	1,817,332	1,883,708	2,100,018	▲11.48%
TOTAL PERSONNEL BENEFITS	446,789	467,637	472,460	518,451	559,900	689,838	▲23.21%
TOTAL SUPPLIES	76,675	89,247	104,885	393,859	73,050	120,000	▲64.27%
TOTAL OTHER SERVICES & CHARGES	88,424	72,862	87,000	69,129	89,128	100,500	▲12.76%
TOTAL INTERGOVERNMENTAL SERVICES	169,097	197,160	205,533	235,685	248,411	264,778	▲6.59%
TOTAL PD BUDGET	2,308,242	2,356,523	2,467,468	3,034,456	2,854,197	3,275,134	▲14.75%

*7th Officer position added from 2027

Public Safety - Fire and Emergency Services

The City of Medina contracts with the City of Bellevue for Fire and Emergency services. In 2027, the city's portion of the cost increased by 13.22%, with Medina's assessed value and calls for service impacting the City of Medina's contractual cost allocation. This is an essential service that must be provided to the Medina community. The annual cost increases are shown below:



Equipment Replacement Fund

Created in 2026 this fund's purpose is to allocate resources to replace large city assets at the end of their useful life. Examples include the police department's patrol vehicle fleet and equipment used for public works operations.

In 2027, the cost to fund our vehicle and equipment leases, and the purchases of new assets will be 28.99% lower than in 2026.

Highlighted Items Budgeted for Purchase:

- One replacement patrol vehicle
- Replacement public works vehicle (Ford Ranger; the older vehicle will be repurposed for use by the Public Works Director to conduct field inspections of City infrastructure and capital projects)
- Replacement gasoline-powered ride-on mower
- Electronic street notification sign

Below is a year over year summary of the Equipment Replacement Fund by Category:

EQUIPMENT REPLACEMENT FUND	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL PD CAPITAL OUTLAY	215,908	146,576	209,133	180,267	542,680	198,060	▼63.50%
TOTAL EQUIPMENT REPLACEMENT BUDGET	215,908	146,576	209,133	180,267	542,680	198,060	▼63.50%

*Purchase of four new Police cars due to new CBA in 2026

EQUIPMENT REPLACEMENT FUND	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL PARKS OUTLAY	10,099	75,050	608	11,600	192,116	89,899	▼53.21%
TOTAL STREETS OUTLAY	8,529	65,336	38,928	5,000	53,845	19,150	▼64.43%
TOTAL EQUIPMENT REPLACEMENT BUDGET	18,629	140,386	39,536	16,600	245,961	109,049	▼55.66%

If you are interested in the new Equipment Replacement Fund, you can find more information about the City of Medina's major assets (Buildings, Vehicles, Equipment) at the following link: Medina Equipment/Vehicle Inventory

Public Works - Parks Department

Despite its small size, Medina hosts six sperate parks for use and benefit by the community. The City's parks feature public amenities such as public access to Lake Washington, an off-leash dog area, and a nature preserve. The primary goal of this fund is to ensure the city's parks are well maintained to the community's ongoing benefit.

Due to inflationary costs, a 5.02% increase in budget from 2026 to 2027 is proposed.

PARKS DEPARTMENT	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES	340,748	352,218	360,248	388,783	400,040	419,646	▲4.90%
TOTAL PERSONNEL BENEFITS	107,181	113,677	116,748	115,477	126,200	130,122	▲3.11%
TOTAL SUPPLIES	43,886	32,111	39,825	35,788	43,500	42,000	▼3.45%
TOTAL OTHER SERVICES & CHARGES	65,459	72,856	72,613	99,600	60,041	81,550	▲35.82%
TOTAL PARKS BUDGET	557,274	570,862	589,434	639,648	629,781	673,318	▲6.91%

Public Works - Streets Fund

This fund's purpose is to provide resources for services and maintenance of Medina's streets, rights-of-way, sidewalks, and storm drainage systems. Through annual repair work, street sweeping, snow removal, and other activities the City is able to maintain street assets in a state of good repair and provide safe, accessible infrastructure for the community.

Funded primarily through a transfer from the General and Capital Funds, 40% of our Public Works staff is allocated to Street Maintenance. Because of inflationary impacts on costs, a 5.34% increase in budget from 2026 to 2027 is proposed.

STREETS DEPARTMENT	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES	215,908	297,268	304,277	258,844	265,900	280,640	▲5.54%
TOTAL PERSONNEL BENEFITS	71,204	93,586	93,053	76,589	78,200	87,748	▲12.21%
TOTAL ROAD & ST MAINTENANCE	228,000	181,401	175,322	223,032	280,400	318,500	▲13.59%
TOTAL STREETS BUDGET	515,112	572,255	572,651	558,465	624,500	686,888	▲9.99%

Administration - Finance and Human Resources

The goal of this department is to steward public funds and resources, while providing accurate and timely financial reporting to the community and the state auditors.

A significant addition to the 2027 budget includes implementation costs for a new enterprise resource planning (ERP) system. An ERP system is an information system where the City's financial and accounting data resides. ERP systems are the backbone of a city's finance, budget, and accounting functional areas. The City's current system is over 30 years old. Modern systems are cloud-based, reducing costs related to hosting on site and the related

hardware and maintenance. With this addition for 2027, the proposed budget for Finance/HR shows an increase of 8.77%.

FINANCE AND HUMAN RESOURCES	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES	224,608	200,749	213,146	225,831	227,000	250,910	▲10.53%
TOTAL PERSONNEL BENEFITS	61,650	62,786	70,115	65,594	60,000	66,351	▲10.59%
TOTAL OTHER SERVICES & CHARGES	230,080	296,595	393,050	275,187	308,255	370,280	▲20.12%
TOTAL FINANCE/HR BUDGET	516,338	560,130	676,311	566,612	595,255	687,541	▲15.50%

*Budget increade due to placeholder for Implementation costs for new ERP system.

Administration - Central Services

Central Services provides a multitude of essential functions for a city government including public records, passports, licensing, and community noticing. It is the department where the City Clerk and Information Technology functions reside. The City has been without a director in this department since August of 2025. The proposed 2027 budget is expected to decrease by 0.19%.

CENTRAL SERVICES	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES	312,894	324,563	341,915	347,869	259,500	331,870	▲27.89%
TOTAL PERSONNEL BENEFITS	109,936	112,691	122,641	107,459	83,000	111,143	▲33.91%
TOTAL OTHER SERVICES & CHARGES	228,338	181,855	331,436	117,770	124,300	166,450	▲33.91%
TOTAL BUILDING MAINTENANCE	90,750	104,082	86,330	82,903	66,000	66,000	▲0.00%
TOTAL INFORMATION TECHNOLOGY	244,398	333,706	321,626	333,650	318,500	348,500	▲9.42%
TOTAL CAPITAL EXPENDITURES				56,000	57,185	57,000	▼0.32%
TOTAL CENTRAL SERVICES BUDGET	986,316	1,056,897	1,203,948	1,045,651	908,485	1,080,963	▲18.99%

*Please note, there was no City Clerk on Staff in 2026. Therefore the increase for 2027 is a placeholder for that position.

Long Range Planning

This department works with the Planning Commission and the City Council to implement the Comprehensive Plan and to bring beneficial development regulations to the community. This department also provides code enforcement related to compliance with city, federal and state statutes.

In 2027, a portion of the Director and Development Services Coordinator roles have been moved from the Development Services Enterprise Fund to offer increased transparency in Medina's allocation of funds.

The overall budgeted increase of 103% is partially due to this change, and the list of one-time compliance related, and discretionary projects is listed below.

Long-Range Planning Projects (compliance-related):

- Conversion of nonresidential construction to residential
- Unit Lot Subdivisions
- Residential Lot Splitting
- Siting of Childcare Centers
- 2024 State Building Code Update

Estimated Total Cost:

- Legal - $52,125
- Planning Consultants - $25,020

Long Range Planning Projects (discretionary) and Estimated Costs:

Tree Management Code Update $66,000

- Legal: $18,750
- Planning: $11,032
- Arborist $36,000

Phase 2 Development Impacts and Affordable Housing - $210,000

- Legal: $25,000
- Planning: $178,000

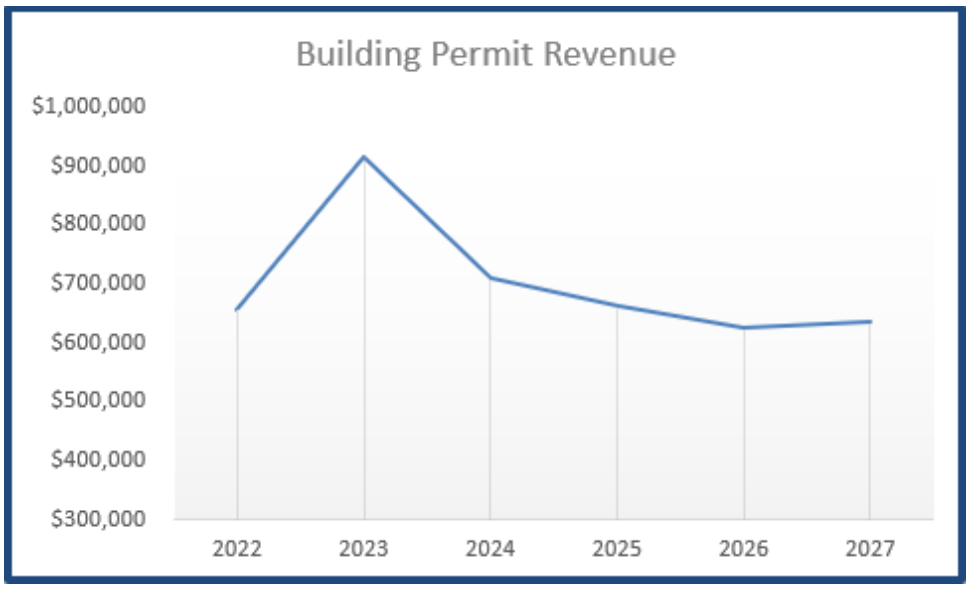
LONG RANGE PLANNING	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Actuals	2027 Budget	2026/2027 Change
TOTAL SALARIES & WAGES				64,222	69,468	189,349	▲172.57%
TOTAL PERSONNEL BENEFITS				36,000	13,250	46,505	▲250.98%
TOTAL OTHER SERVICES & CHARGES				215,000	136,000	337,000	▲147.79%
TOTAL PLANNING BUDGET				379,443	288,186	572,854	▲98.78%

*Staff costs transferred from DS Fund, and heavy project list for 2027

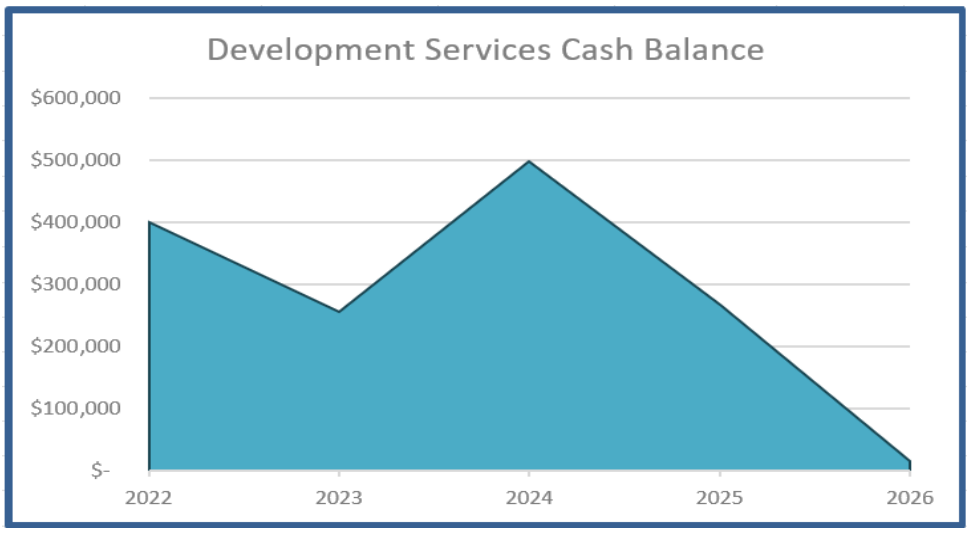
Development Services Fund

Created in 2022, the Development Services Fund is a type of enterprise fund. This fund is used to account for proprietary activities for which the City charges a fee for services. Under the principle of development fully paying for its cost of services through fees, Medina residents' taxes are not to subsidize private development projects in the City. Likewise fees related to private development activities do not subsidize general government activities and operations.

Development Services activity and related revenue over the five years the fund has been active has not been sufficient to cover rising department costs.



Staff have made changes in recent years to align development related services to the Development Services Fund and have moved general government activities such as non-development related code enforcement, long range planning activities, and inspections of the City's storm water infrastructure into the General Fund. Even with these reallocations, balancing the Development Services Fund in 2027 requires a $46,000 transfer from the General Fund. Without the transfer, the projected deficit for 2027 would be $43,413.



The Development Services Fund operates through a system of advanced deposits paid by development applicants to cover project-specific costs such as plan review and inspections. There are some staff, legal, and consulting expenses related to development review that fall outside this system. As a project achieves completion these expenses are reconciled and

either result in a balance due by the applicant to the City, or a refund of advanced deposit funds by the City to the applicant. Because development projects occur over periods of time that exceed budget cycles, forecasting is utilized to determine if a General Fund transfer is required to cover expenses during the period relative to the forecasted level of development activity.

In 2027 staff will work with a consultant to conduct a development services fee study with the goal of 100% cost recovery through development fees. This will include a reserve study to ensure development fees fund an appropriate reserve balance within the Development Services Fund to account for variability in development activity and the need to maintain this functional area of the City during periods of low activity. This will mitigate the need going forward for General Fund transfers to sustain development service resources.

Learn More About the City of Medina's Budget

Full budget documents and supporting materials are available at:

Adopted Budgets | Medina Washington



2027 Budget Calendar

City of Medina, Washington

Statutory Dates	***Planned/Actual Dates***	***2027 Budget Process***
July 1,2026	June 22, 2026	Council holds Public Hearing on 6 year Capital Improvement Plan (CIP/TIB/Non-TIB)
July 31, 2026	July 13, 2026	Council approves 6 year Capital Improvement Plan, file w/ Sec of Transp. by 7/31
No legal requirement	August 24, 2026	Staff and Council will participate in a budget retreat to make sure community needs are heard prior to the preliminary budget being put together.
Sept 11, 2026	July 27, 2026	Department Directors begin preparing 2027 Budget Requests.
Sept 24, 2026	August 27, 2026	Department Directors 2027 Budget requests submitted to Finance Director. RCW 35.33.031 and RCW 35A.33.030.
Oct 2, 2026	August 27, 2026	2027 Preliminary Budget estimates are presented to the City Manager by Finance Director for modification, revision or addition. RCW 35.33.031 and RCW 35A.33.030.
No legal requirement	September 14, 2026	Council holds a Public Hearing to gather input on 2027 Preliminary Budget.
Oct 2, 2026	September 14, 2026	City Manager provides City Council with 2026 Revenue projections for the current year. City Manager provides a 2027 Preliminary Budget showing 2027 Revenue and Expenditures by Department.

No legal requirement	Sept 28, 2026	City Council holds a study session on 2027 Preliminary Budget. *Balancing decisions made if necessary.*
Nov 2, 2026	October 12, 2026	City Manager files 2027 Updated Preliminary Budget & Budget Message with the City Clerk and the City Council.
Prior to November 25, 2026	October 12, 2026	City Council holds Preliminary Public Hearing on 2027 Budget & Revenue Sources (Property Tax Levy)
No legal requirement	October 14, 2026	Council holds an Open House to engage the public on the 2027 budget process and preliminary numbers.
No later than Nov 2, through Nov 20, 2026	Dates as needed prior to Nov 9th meeting	City Clerk publishes notice of filing of 2027 Budget and publishes notice of public hearing on final budget once a week for two consecutive weeks.
Nov 21, 2026	Nov 9, 2026	Copies of 2027 proposed final budget are made available to the public at the Regular City Council meeting.
Nov 30, 2026 (KC due date) (Hearing due date 12/4/26)	Nov 9, 2026	Council holds Final Public Hearing and sets the 2027 Property Tax Levy to certify property tax levy to King County Assessor's Office
Dec. 31, 2026	Nov 9, 2026	Council adopts Final 2027 Budget at the Regular Monthly City Council meeting.
After Adoption	After Adoption	Copies of 2027 Final Budget Ordinance are filed with the Washington State Auditor's Office, MRSC and AWC.