



2027 PRELIMINARY BUDGET - EXPENDITURES

Presented by City Manager Jeff Swanson and Finance Director Ryan Wagner



AGENDA

1. **Budget Introduction – Jeff Swanson**
2. 2027 Expenditures Overview
3. General Fund Baseline
4. General Fund Adds
5. 2027 Capital Fund
6. 2027 Development Services Fund
7. Estimated Year End Cash Balances
8. Questions?

2027 BUDGET INTRODUCTION

Medina uses a baseline budgeting approach:

- Take the 2026 baseline and use known and forecasted assumptions for revenues and expenditures to create the 2027 baseline
- Consider the balance of forecasted 2027 revenues and expenditures (ongoing versus one-time)
- Consider 2027 budget additions (one-time and ongoing) and effects on balance
- When the budget doesn't balance:
 - Consider priority of ongoing and one-time expenditures (possible evaluation rubric: emergency, essential, compliance, risk management, discretionary)
 - Consider one-time uses of fund balance
 - Consider revenue increases (use of banked capacity, councilmanic revenue increases, etc.)

Future Finance Dept/Finance Committee Initiative: zero-based budgeting by department/fund with community subject matter experts

2027 BUDGET INTRODUCTION

City Council Priorities (2026)

- E-bikes/bicycle safety
- Strategic planning and budgeting: adopting GFOA budgeting rubric; HB 2015 public safety sales tax/CJTC grant; Development Services Fund changes; Stormwater Services Fund establishment; Updated forecast models
- Reorganization, performance management, public information/outreach: work plan development with City Council, Park Board, Planning Commission; succession and organizational planning
- ROW management: traffic mitigation, sidewalk maintenance, increased code enforcement
- Technology use: IT services provider change
- Resource sharing with regional partners: City of Bellevue utilities and public safety; public works with Beaux Arts Village and Hunts Point
- Other: general donations/park donations policy; GPLB; WSDOT
- Planning Commission work plan: outdoor lighting; phase 1 development impacts project

City Council Priorities (2027)

- Strategic planning and budgeting: continuation of budget process improvements; Stormwater Services Fund full implementation; implementation of fully-funded ER&R Fund
- Reorganization, performance management, public information/outreach: succession and organizational planning/implementation; increasing public information/outreach
- ROW management: EPR sidewalk/ROW planning
- Technology use: ERP system update
- Resource sharing with regional partners: City of Bellevue utilities and public safety; public works with Yarrow Point
- Planning Commission work plan: five compliance projects and three discretionary priorities (tree code; phase 2 development impacts; affordable housing)



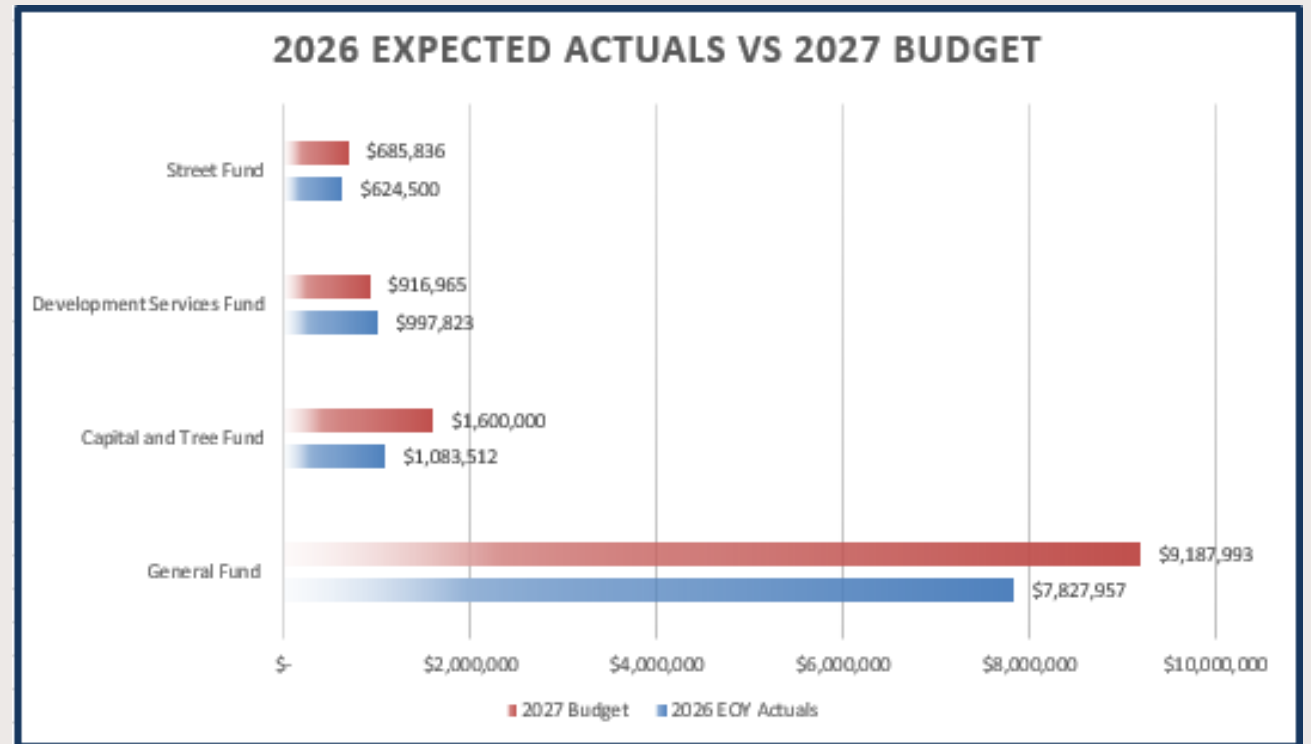
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2027 EXPENDITURE OVERVIEW

Across All Funds, the City
Expects to Spend:

- \$10,484,947 in 2026
- \$12,390,794 in 2027



2027 EXPENDITURE OVERVIEW

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





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2027 GENERAL FUND BASELINE (\$8,618,884)

The 2027 General Fund expenditures baseline includes all ongoing costs for operations and services from the 2026 budget plus adjustments for rate increases and inflation.

Public Safety Services

- Law Enforcement - \$3,268,441
- Fire and EMS Through Bellevue Fire - \$1,198,836
- Seasonal Lifeguard Program - \$46,350

Key 2027 Budget Assumptions (all departments)

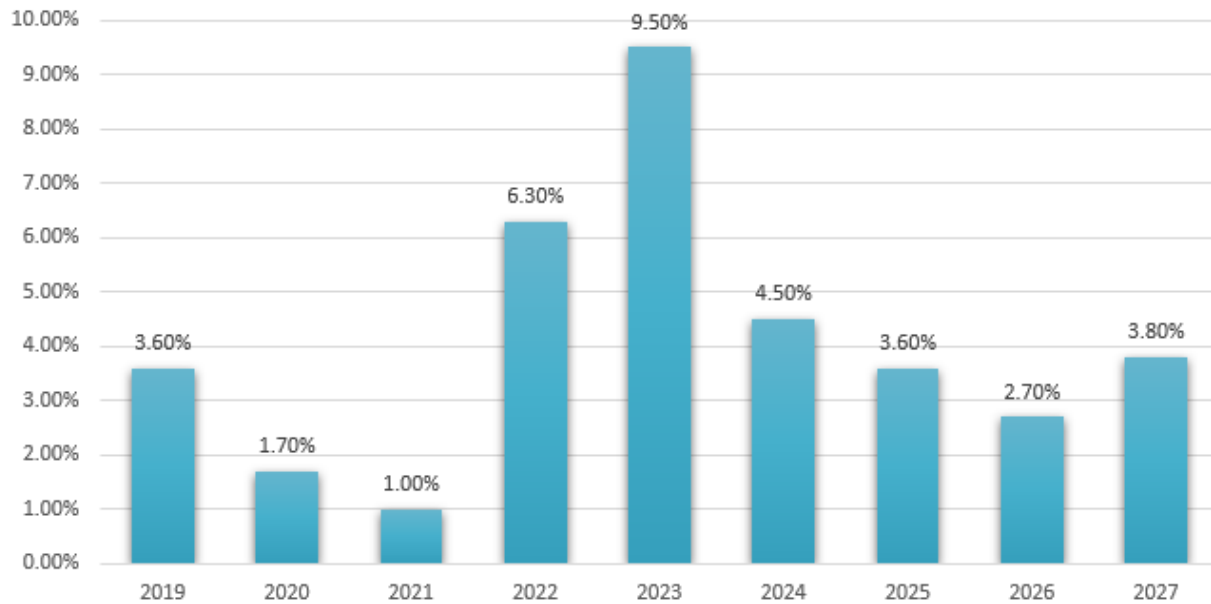
- 3.8% COLA Adj (CPI-W)
- 11.4% Increase for Medical, 1.9% Increase for Dental

Departmental Baseline Expenditures

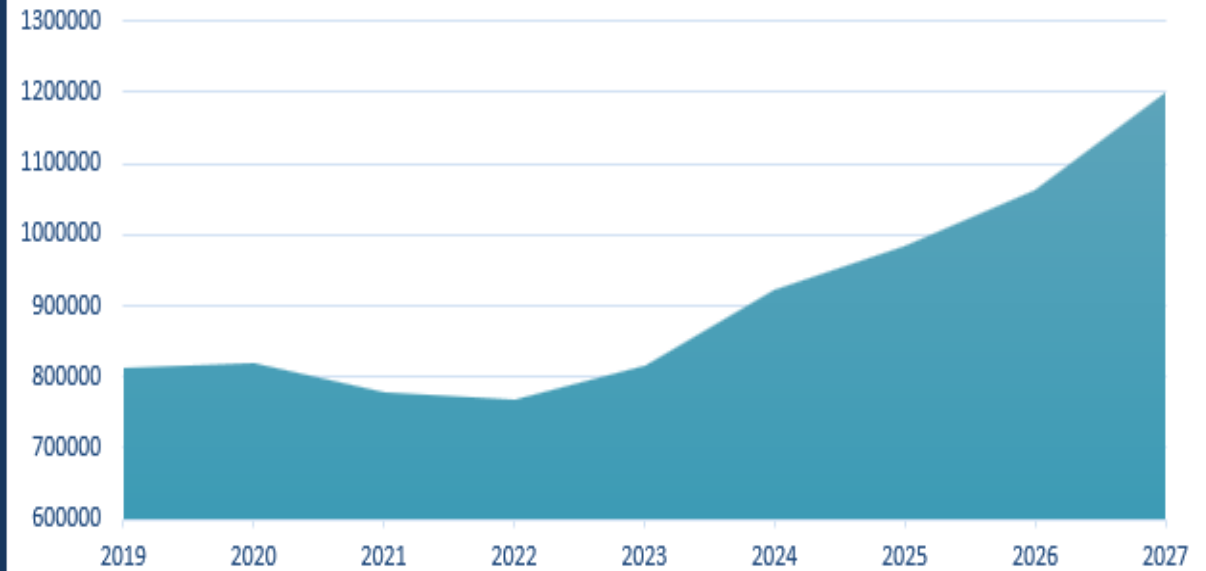
- *Central Services/Contracted IT* - \$982,730
- *Parks* - \$671,731
- *Finance (Includes Liability Insurance)* - \$632,923
- *General Legal* - \$495,000
- *Executive* - \$344,903

2027 GENERAL FUND BASELINE CONT'D...

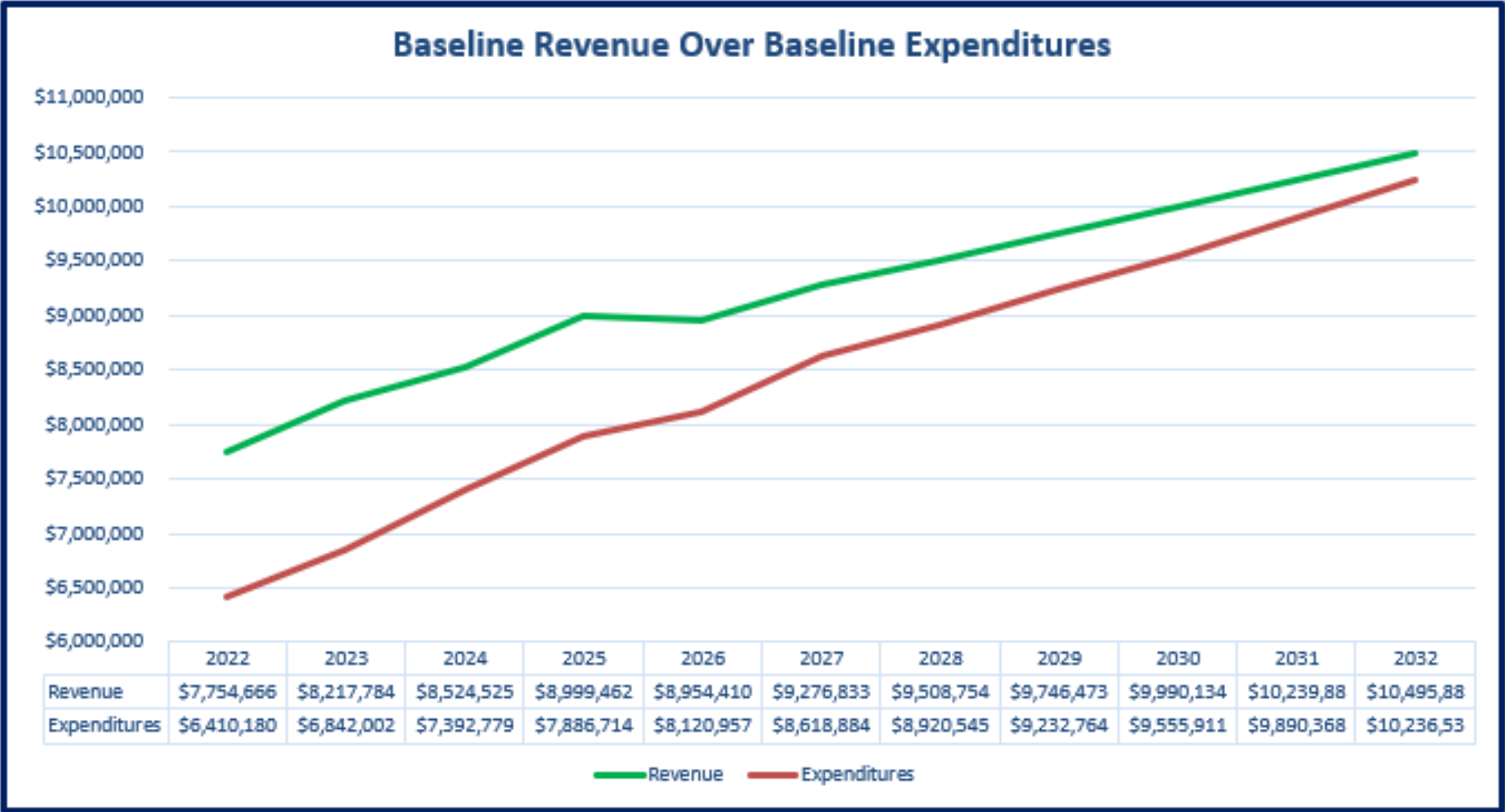
Consumer Price Index Over the Years



Bellevue Fire Cost Year Over Year



2027 GENERAL FUND BASELINE



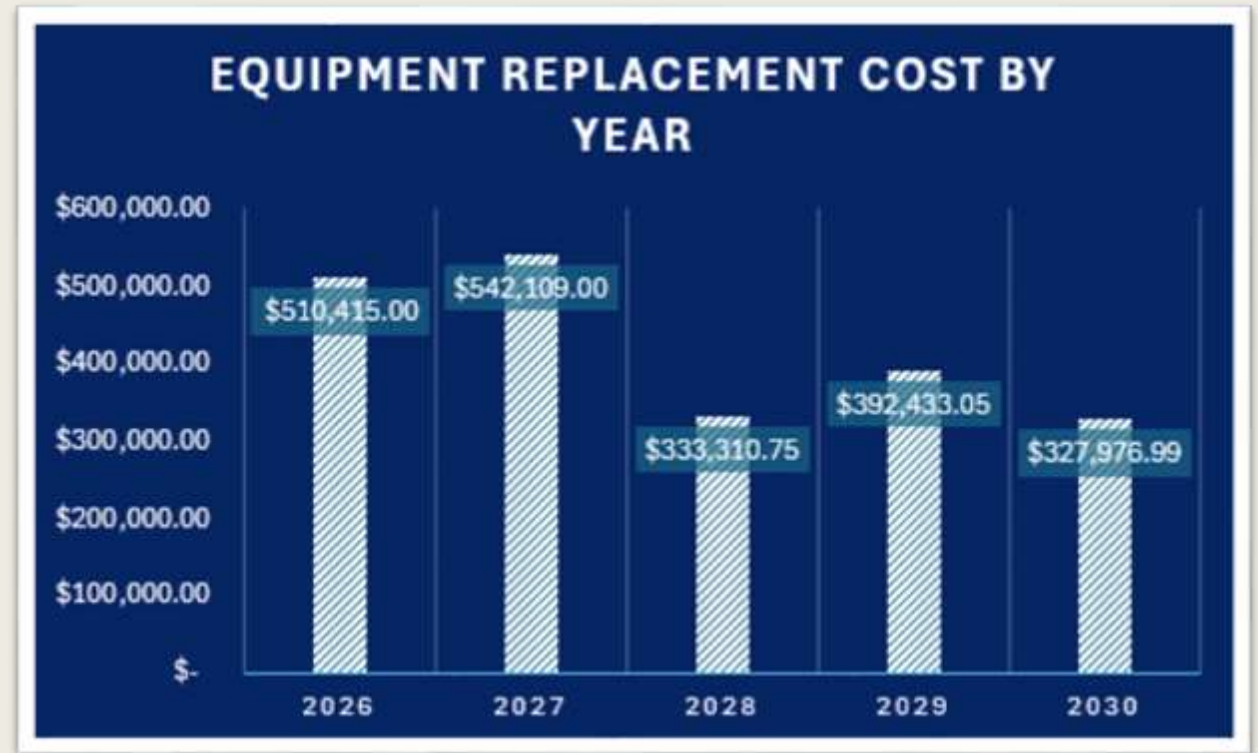


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EQUIPMENT REPLACEMENT FUND

- Ongoing “Add”
- Police Department
 - Purchase of Two Sergeant Vehicles - \$160,000
 - Purchase of Captain Vehicle - \$75,000
 - Purchase of One Patrol Vehicle - \$85,000
 - Vehicle Covered by HB2015 Grant
- Public Works
 - Replacement Ford Ranger - \$46,000
 - Replacement Ride on Mower - \$35,000
 - Electric Street Notifications Sign - \$14,150



2027 GENERAL FUND ADDITIONS (\$622,000)

This section describes one-time projects proposed for the 2027 budget cycle. These are budget “placeholders” to plan for the expected expenses. More certainty around the actual cost will materialize as individual project scopes are developed by City staff and City Council, and some budget adjustments and amendments may be necessary.

Long-Range Planning Projects (compliance):

- 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



2027 GENERAL FUND ADDITIONS CONT'D...



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

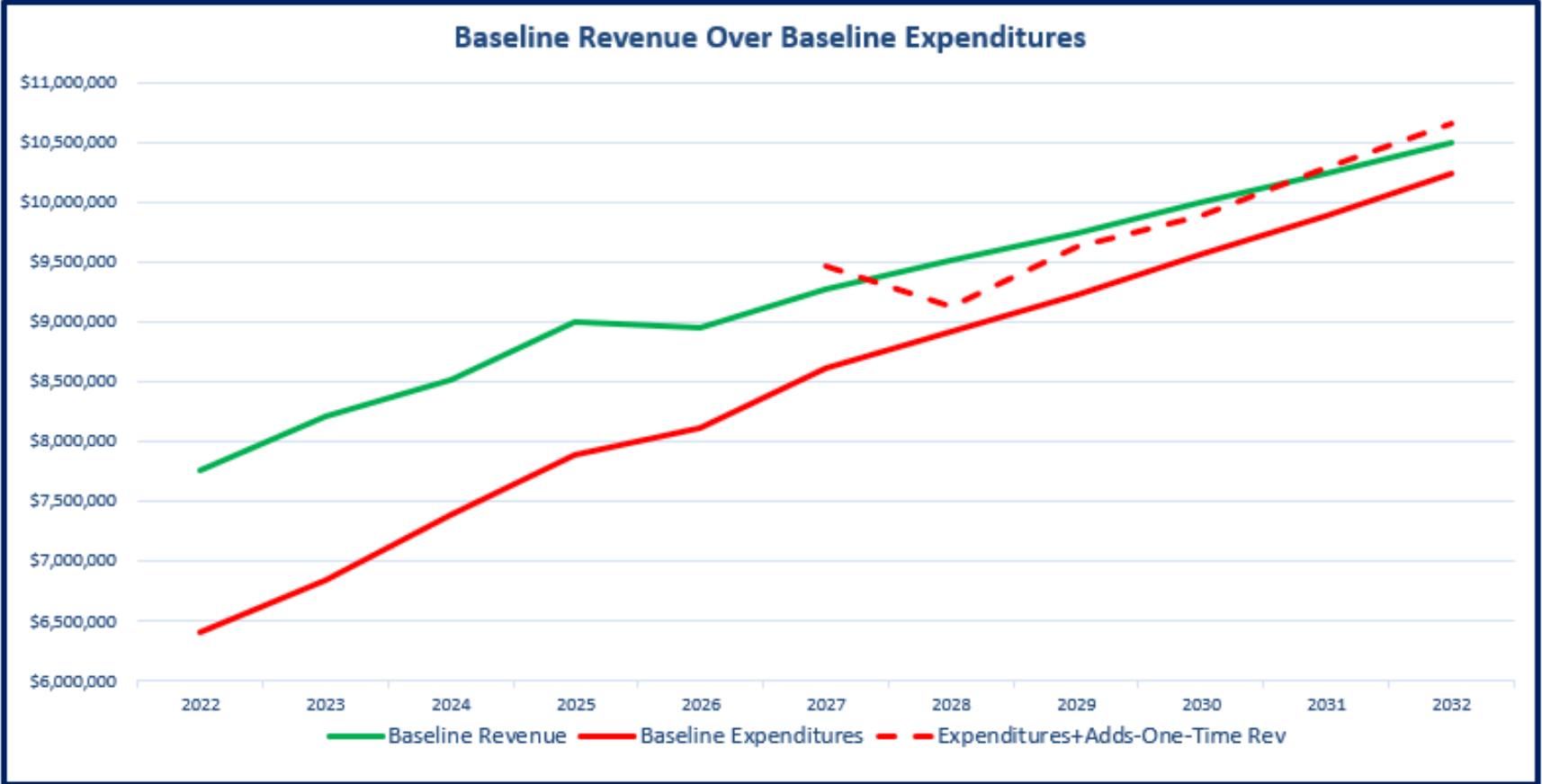
- Legal: \$25,000
- Planning: \$178,000

2027 GENERAL FUND ADDITIONS CONT'D...



- Unfunded Mandate
 - \$75K *Legal*
 - \$75K *Long Range Planning*
- Communications Plan
 - \$40K *Under Central Services*
- ERP System
 - \$50K *Implementation Cost Under Finance*

GENERAL FUND BASELINE BUDGET -YEAR TO YEAR



Delta Between Baseline Revenue and Baseline Expenditures										
2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
\$ 1,344,486	\$ 1,375,782	\$ 1,131,746	\$ 1,112,748	\$ 833,453	\$ 657,949	\$ 588,209	\$ 513,709	\$ 434,224	\$ 349,520	\$ 259,355

The proposed 2027 preliminary budget – including all of the proposed ongoing and one-time expenditures – results in a deficit of \$182,660.

Staff recommend funding the deficit amount with a one-time fund balance transfer from General Fund reserves.

The expected 2026 end-of-year General Fund balance is \$6,621,854. The City’s minimum fund balance policy is \$2,424,498.



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2027 CAPITAL FUND (\$1,670,000)

Stormwater Projects

- Medina North Pond Stormwater Improvements - 600,000
- NE 28th Water Quality Filter and Outfall Vault - \$470,000

Streets and Sidewalks Projects

- Pedestrian Improvements Draft Construction Plans - \$200,000
- Lake WA Blvd Overlay - \$110,000
- 81st Ave Overlay - \$70,000

City Hall Project

- Lobby and Workspace Planning and Design - \$20,000



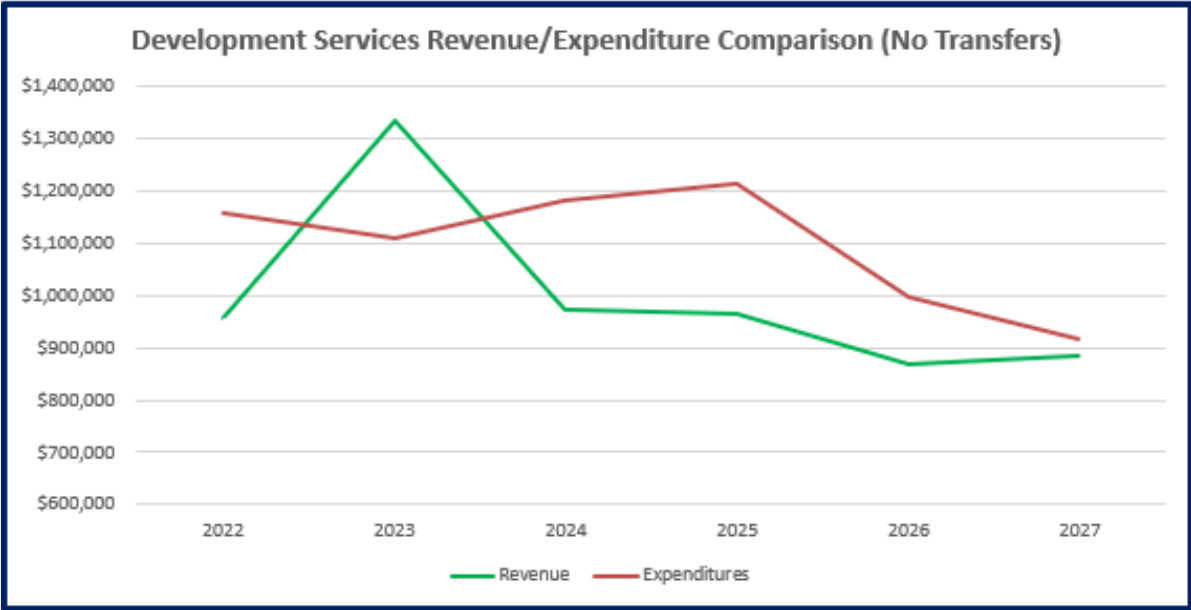


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2027 DEVELOPMENT SERVICES FUND

Fund includes only current planning and development activities, including prorations of 50% of the personnel cost associated with the Director position, and 20% of the personnel cost of the Coordinator position. The remaining personnel cost proportions for these positions are within the Long-Range Planning section of the General Fund budget.



- Overall budget is down 10.64%
- Development related consultants remain at an expected level of inflationary growth
- Development Services fee study to begin in Q4 2026 to align with goal of 100% cost recovery for services rendered

2022	2023	2024	2025	2026	2027
\$ 400,000	\$ 255,704	\$ 498,591	\$ 267,506	\$ 15,013	\$ 92,600



Beginning of Year Cash Balances



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ESTIMATED END OF YEAR CASH BALANCES

Fund Type	EOY Balance	Required Balance	Notes
General Fund	\$ 6,621,854	\$ 2,398,025	25% of 2027 Budget
Street Fund	\$ 356,272	N/A	No Policy
Development Services Fund	\$ 484,059	N/A	No Policy
Tree Fund	\$ 27,046	N/A	No Policy
Levy Stabilization Fund	\$ 2,685,000	\$ 2,000,000	Per Levy
Contingency Fund	\$ 1,750,000	\$ 2,398,025	Max Balance
Capital Projects Fund	\$ 9,150,766	N/A	No Policy
Equipment Replacement Fund	N/A	N/A	2027 Add
Storm Water Fund	N/A	N/A	2027 Add
Total Cash:	\$ 21,074,997		

- State requirement to carry over a minimum balance of 25% from year to year to cover General Fund expenses in Q1.
 - Expected 66.4% Carryover for 2027.
 - Large one-time sales tax allocation caused the growth of fund balance.
- Please note that a large portion of the Development Services Fund Balance is held in Advanced Deposits and ROW Permit Bonds.

QUESTIONS?