



# MEDINA, WASHINGTON

## AGENDA BILL

Monday, October 26<sup>th</sup>, 2026

|                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Subject/Topic:</b> 2026 Budget Amendments and 2027 Preliminary Budget Discussion<br><br><b>Dept. Origin:</b> Finance/HR<br><br><b>Category:</b> City Business<br><br><b>Prepared by:</b> Ryan Wagner – Finance Director<br><br><b>Attachments:</b><br><br>Attachment A – 2027 Budget Workbook (Updated) | <b>Proposed Council Action/Motion:</b><br><input type="checkbox"/> Information Only<br><input type="checkbox"/> Receive and File<br><input checked="" type="checkbox"/> <b>Discuss</b><br><input checked="" type="checkbox"/> <b>Provide Direction</b><br><input type="checkbox"/> Public Hearing<br><input type="checkbox"/> Adopt/Approve<br><input type="checkbox"/> Other: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Proposed Council Action

Discuss and provide direction regarding 2026 budget amendments and the 2027 preliminary budget.

### Summary

As the City proceeds through its budget programming for 2027, staff have prepared an option for 2026 budget amendments that are impactful to the 2027 preliminary budget. Specifically, staff propose recognizing the expense related to acquisition of police take home vehicles in 2026 along with other 2026 budget amendments previously discussed with Council. Doing so will significantly change the assumptions for the 2027 preliminary budget, negating the need to draw from accumulated funds to balance the budget.

### 2026 Budget Amendments

The City's practice with respect to amending current year budgets is to obtain Council approval at the time the proposed change is occurring and accumulate each change for omnibus approval near the end of the budget cycle. These items include:

#### Street Fund

- 1) Public Works Kubota Skidsteer - \$50,803.00. Approved by Council in Q2 of 2026, this piece of equipment is multi-use and is currently being utilized to clean city sidewalks. The replacement schedule for equipment in this category is 15 years.
- 2) Crosswalk Striping - \$14,574. The city had all the crosswalks and handicap park spots redone, along with the striping for parking at the Green Store.

#### Capital Fund

- 1) Medina Park and Beach Park Bathrooms Automatic Locks and Cameras (Outside) - \$36,091. Approved by Council in Q1 of 2026, the purchase and installation of cameras and automatic locks for our outdoor public spaces was in direct response to continued vandalism of those spaces.
- 2) Public Works Shop Storage Project - \$27,630. Originally in the 2025 Capital Budget, this project was pushed into 2026. The storage project's goal is to get city equipment and resources out of the elements to extend its useful life.

#### Emergency Replacements – Capital Fund

- 1) Lake Lane Dock Repair - \$80,691. In May of 2026, the public dock at Lake Lane was vandalized and sustained substantial damage. The dock was closed over the summer, and after permitting with the state, the dock was restored in August of 2026. Covered by insurance.
- 2) CH Server Room Cooling HVAC - \$16,707. Replacement of a failed HVAC system in the server room. Necessary to keep the server room at a regulated temperature for City function.
- 3) PW Shop Hot Water Tank Installation - \$9,975. Replacement hot water tank for the Public Works shop.

Staff recommendations for additional amendments to the 2026 budget include:

#### Equipment Replacement Fund

- 1) Move payment for four police vehicles from the 2027 preliminary budget to the 2026 budget - \$330,000. One of the four vehicles will be reimbursed in 2027 through the CJTC grant awarded to the City. Ordering the vehicles in 2026 will result in earlier delivery to the City.

#### Transfers

- 1) Levy Stabilization Fund - \$1,000,000. This transfer would extend the forecasted timeline for the levy to cover the General Fund deficit from 2033 to 2034.
- 2) Contingency Fund - \$250,000. A transfer to the Contingency Fund would bring the fund balance to \$2,000,000. This would be just below the maximum balance allowed by City policy.

Staff propose taking the following actions to balance the budgetary impacts of all of the foregoing amendments:

General and Street Fund – The proposed amendments above have a combined cost to the 2026 General Fund of \$1,645,377. Accordingly, the City would recognize the unanticipated one-time revenue from WSDOT SR520 construction the sales tax of \$1,732,744. Transferring \$65,377 from the General Fund to the Street Fund balances the impact of the 2026 amendments listed above.

Capital Fund – The proposed amendment for the Capital Fund is \$107,373. Offsetting this adjustment requires a one-time transfer from the Capital Fund balance. All of these projects are eligible for use of restricted real estate excise tax (REET) funds, so a transfer from the balance of restricted REET funds will be used.

| <b>Fund</b>  | <b>Revenue</b> | <b>Expenditures</b> |
|--------------|----------------|---------------------|
| General Fund | \$ 1,732,744   |                     |
|              |                | \$ 330,000          |
|              |                | \$ 65,377           |
|              |                | \$ 1,000,000        |
|              |                | \$ 250,000          |
| Street Fund  |                |                     |
|              | \$ 65,377      |                     |
|              |                | \$ 65,377           |
| Capital Fund |                |                     |
|              | \$ 107,373     |                     |
|              |                | \$ 107,373          |

Effects of the pre-approved and proposed 2026 budget amendments on 2027 preliminary budget beginning fund balances are shown on the following table:

|                                   | 2022             | 2023             | 2024             | 2025             | 2026               | 2027           |                                                                                                       |
|-----------------------------------|------------------|------------------|------------------|------------------|--------------------|----------------|-------------------------------------------------------------------------------------------------------|
| DESCRIPTION                       | Year-end Actuals | Year-end Actuals | Year-end Actuals | Year-end Actuals | Year-end Estimates | Prelim. Budget | General Fund Year End Carryover Balances                                                              |
| <b>GENERAL FUND</b>               |                  |                  |                  |                  |                    |                | <b>2027</b>                                                                                           |
| BEGINNING FUND BALANCE            | \$ 4,251,680     | \$ 3,909,675     | \$ 4,299,448     | \$ 3,641,979     | \$ 4,546,117       | \$ 6,621,854   | <b>Fund Balance</b>                                                                                   |
| REVENUES                          | 7,890,020        | 8,352,385        | 8,787,239        | 9,199,205        | 10,458,694         | 9,585,582      | <b>Excess/(Shortfall)</b>                                                                             |
| OPERATING TRANSFERS-IN            |                  |                  |                  |                  |                    |                | <b>\$4,226,282</b>                                                                                    |
| EXPENDITURES                      | 6,019,717        | 6,484,612        | 7,084,708        | 7,563,562        | 7,827,957          | 8,661,814      |                                                                                                       |
| OPERATING TRANSFERS-OUT           | 1,916,463        | 1,478,000        | 2,360,000        | 731,504          | 555,000            | 923,109        | <b>25% Policy Minimum</b>                                                                             |
| <i>Year end carryover balance</i> | \$ 4,205,519     | \$ 4,299,448     | \$ 3,641,979     | \$ 4,546,117     | \$ 6,621,854       | \$ 6,622,512   | <b>\$2,396,231</b>                                                                                    |
| <b>STREET FUND</b>                |                  |                  |                  |                  |                    |                | 69.1%                                                                                                 |
| 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            | 685,836        |                                                                                                       |
| OPERATING TRANSFERS-OUT           |                  |                  |                  |                  |                    |                |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 54,973        | \$ 92,592        | \$ 106,103       | \$ 271,425       | \$ 356,272         | \$ 359,042     |                                                                                                       |
| <b>DEV. SERVICES FUND</b>         |                  |                  |                  |                  |                    |                | <i>Note: \$366,666+ of DS Balance is Held within Advanced Deposits Is Not Considered Usable Funds</i> |
| BEGINNING FUND BALANCE            | \$ -             | \$ 835,726       | \$ 950,691       | \$ 716,489       | \$ 513,882         | \$ 484,059     |                                                                                                       |
| REVENUES                          | 974,237          | 1,402,320        | 1,045,491        | 1,070,525        | 868,000            | 885,000        |                                                                                                       |
| OPERATING TRANSFERS-IN            | 1,010,835        |                  |                  | 1,648            | 100,000            | 40,000         |                                                                                                       |
| EXPENDITURES                      | 1,149,347        | 1,287,355        | 1,279,693        | 1,274,780        | 997,823            | 928,413        |                                                                                                       |
| OPERATING TRANSFERS-OUT           | -                |                  |                  |                  |                    |                |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 835,725       | \$ 950,691       | \$ 716,489       | \$ 513,882       | \$ 484,059         | \$ 480,645     |                                                                                                       |
| <b>EQUIP. REPLACEMENT FUND</b>    |                  |                  |                  |                  |                    |                |                                                                                                       |
| BEGINNING FUND BALANCE            |                  |                  |                  |                  |                    | \$ -           |                                                                                                       |
| REVENUES                          |                  |                  |                  |                  |                    | -              |                                                                                                       |
| OPERATING TRANSFERS-IN            |                  |                  |                  |                  |                    | 307,109        |                                                                                                       |
| EXPENDITURES                      |                  |                  |                  |                  |                    | 307,109        |                                                                                                       |
| OPERATING TRANSFERS-OUT           | -                |                  |                  |                  |                    |                |                                                                                                       |
| <i>Year end carryover balance</i> | \$ -             | \$ -             | \$ -             | \$ -             | \$ -               | \$ -           |                                                                                                       |
| <b>TREE FUND</b>                  |                  |                  |                  |                  |                    |                |                                                                                                       |
| 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           | -                |                  |                  |                  |                    |                |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 74,646        | \$ 48,457        | \$ 23,492        | \$ 40,546        | \$ 27,046          | \$ 121         |                                                                                                       |
| <b>LEVY STABILIZATION FUND</b>    |                  |                  |                  |                  |                    |                |                                                                                                       |
| 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           |                  |                  |                  |                  |                    |                |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 1,000,000     | \$ 2,000,000     | \$ 2,400,000     | \$ 2,685,000     | \$ 2,685,000       | \$ 2,685,000   | <b>Must have min. of \$2M by 12/31/2025</b>                                                           |
| <b>CAPITAL PROJECTS FUND</b>      |                  |                  |                  |                  |                    |                |                                                                                                       |
| 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      | <i>Note: CPF balances do not include contractor retainage activity amounts</i>                        |
| OPERATING TRANSFERS-OUT           | -                | 75,000           | 75,000           | 100,000          | 100,000            | 100,000        |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 5,986,306     | \$ 7,000,336     | \$ 7,045,916     | \$ 8,627,230     | \$ 9,150,766       | \$ 8,975,766   |                                                                                                       |
| <b>CONTINGENCY FUND</b>           |                  |                  |                  |                  |                    |                |                                                                                                       |
| 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           |                  | \$ -             |                  |                  |                    | \$ -           |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 250,000       | \$ 250,000       | \$ 1,750,000     | \$ 1,750,000     | \$ 1,750,000       | \$ 1,750,000   |                                                                                                       |
| <b>TOTAL ALL FUNDS BUDGET</b>     |                  |                  |                  |                  |                    |                |                                                                                                       |
| BEGINNING FUND BALANCE            | \$ 9,742,302     | \$ 11,907,170    | \$ 14,505,026    | \$ 15,547,482    | \$ 18,434,200      | \$ 21,074,997  |                                                                                                       |
| 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       | 10,297,280         | 11,876,064     |                                                                                                       |
| OPERATING TRANSFERS-OUT           | 1,916,463        | 1,553,000        | 2,435,000        | 831,504          | 655,000            | 610,000        |                                                                                                       |
| <i>Year end carryover balance</i> | \$ 11,907,170    | \$ 14,505,026    | \$ 15,547,482    | \$ 18,434,200    | \$ 21,074,997      | \$ 21,286,196  |                                                                                                       |

### **Council Priorities**

This proposal furthers Council Priorities 1 - 5.

1. Financial Stability and Accountability
2. Quality Infrastructure
3. Efficient and Effective Government
4. Public Safety and Health
5. Neighborhood Character and Community Building

**Budget/Fiscal Impact:** 2026 and 2027 Budget Impacts as presented.

**Recommendation:** Discuss and approve staff proposal for 2026 budget amendments and direct related adjustments to 2027 preliminary budget be made.

**City Manager Approval:** 

**Proposed Council Motions:** N/A