



2027 PRELIMINARY BUDGET - EXPENDITURES

Presented by Finance Director Ryan Wagner

2027 BUDGET INTRODUCTION – JEFF SWANSON, CITY MANAGER

Baseline budgeting approach

- Taking the 2026 baseline and incorporating revenue forecasts and expense assumptions to create the 2027 baseline and assess expected revenue/expenditure balance
- Considering 2027 budget additions
 - *Are they one-time or ongoing? What are the forecasted impacts to balance? Are ongoing revenues forecasted to cover ongoing costs?*
 - *Evaluation rubric:*
 - (*) Emergency (rare)
 - (1) Essential
 - (2) Compliance
 - (3) Risk Management
 - (4) Discretionary

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

2027 BUDGET INTRODUCTION – JEFF SWANSON, CITY MANAGER

Goal/Initiative	Status	Deliverables
E-bikes and bicycle safety	Implemented	Oct. 2026 safety program; May 2027 safety program; public information
Undergrounding utilities	In process	18th Street AC water main replacement design implementation; project delayed
Strategic planning and budgeting	In process	(1) 2026 budget document modified consistent with GFOA rubric; additional changes in 2027 (and beyond) budget for greater transparency (2) Council adoption of HB 2015 public safety sales tax and receipt of CJTC grant (3) Modifications to development services fund cost allocations; updated forecast (4) Review of stormwater services expenses consistent with enterprise account (5) Updated forecasts for 2027 budget (6) Proposed establishment of fully-funded ER&R fund in 2027
Reorganization, performance management, and public information and outreach program	In process	Reorganization and Performance Management (1) Draft org chart and position descriptions produced (2) Work plans developed with City Council, Planning Commission, and Park Board and incorporated into City Manager performance evaluation (3) Succession and professional development plans and related policies under consideration Public Information and Outreach (1) Proviso in 2027 budget to address resources for functional area
ROW Management	In process	Addressed St. Thomas pickup/dropoff traffic, sidewalk cleaning and maintenance, and significantly increased code enforcement and vegetation management activity to improve sight distance limiting obstructions

2027 BUDGET INTRODUCTION – JEFF SWANSON, CITY MANAGER

Goal/Initiative	Status	Deliverables
Technology use	In process	Negotiating ILA with NORCOM to serve as City's IT provider; proviso for ERP system in 2027 budget
Resource sharing with regional partners	In process	Increased collaboration with Bellevue for public safety and utilities; more participation in ARCH on housing-related policies and legislative changes to GMA; draft ILAs with Hunts Point and Beaux Arts Village for public works resource sharing
Park donations policy	In process	Developing park donation policy to incorporate into city financial policy adopted in 2026
Planning Commission work plan	In process	Outdoor lighting adopted in 2026; Development impacts phase 1 in process/near completion Projects included in the 2027 budget include Compliance: Conversion of nonresidential use to residential Unit-lot subdivision Residential lot-splitting Siting of childcare centers 2024 State Building Code update Discretionary: Tree management code update Development impacts phase 2 and affordable housing

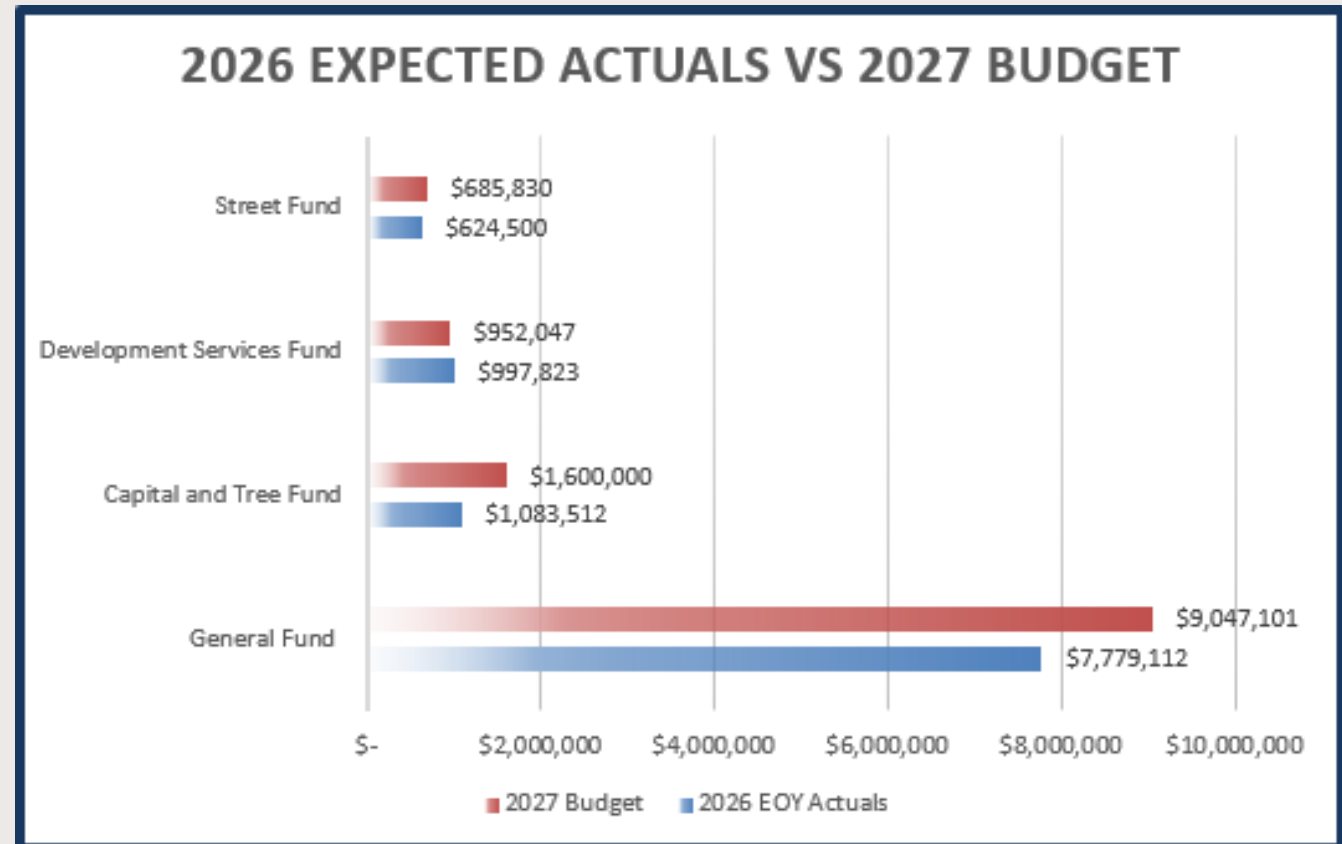


AGENDA

1. 2027 Expenditures Overview
2. General Fund Baseline
3. General Fund Adds
4. 2027 Capital Fund
5. 2027 Development Services Fund
6. Questions?

2027 BUDGET OVERVIEW

- The City Expects to Spend \$10,484,947 in 2026
- Total 2027 Budget Across all Funds: \$12,284,978

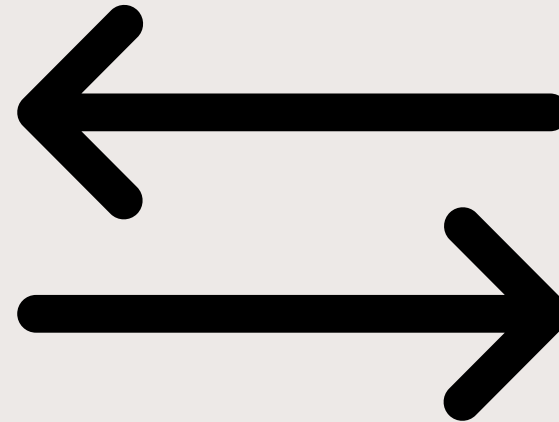


WHY TRANSFER MONEY BETWEEN FUNDS?

- 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 rules require that funds be used for their intended purposes. Transfers help ensure that financial restrictions on certain funds are honored, and that internal designations are respected.

List of Transfers:

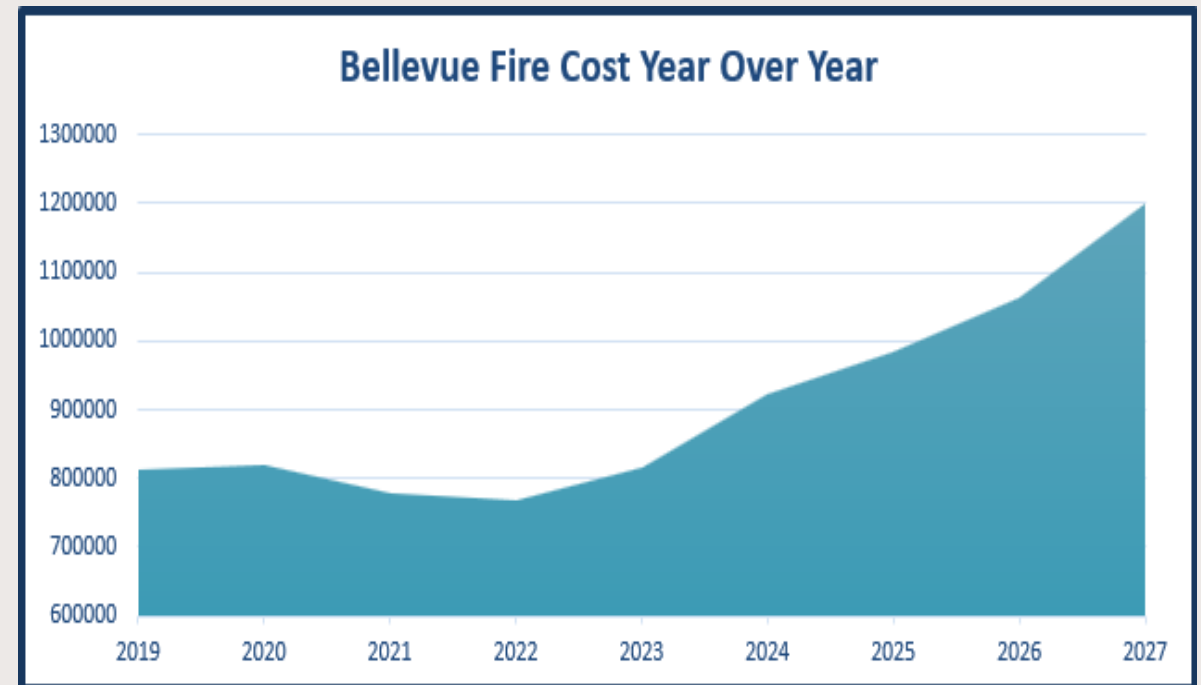
- General Fund to Street Fund
 - \$470,000
- General Fund to Equipment Replacement Fund
 - \$457,109
- General Fund to DS Fund
 - \$75,000
- Capital Fund to Street Fund
 - 100,000



2027 GENERAL FUND BASELINE (\$8,597,992)

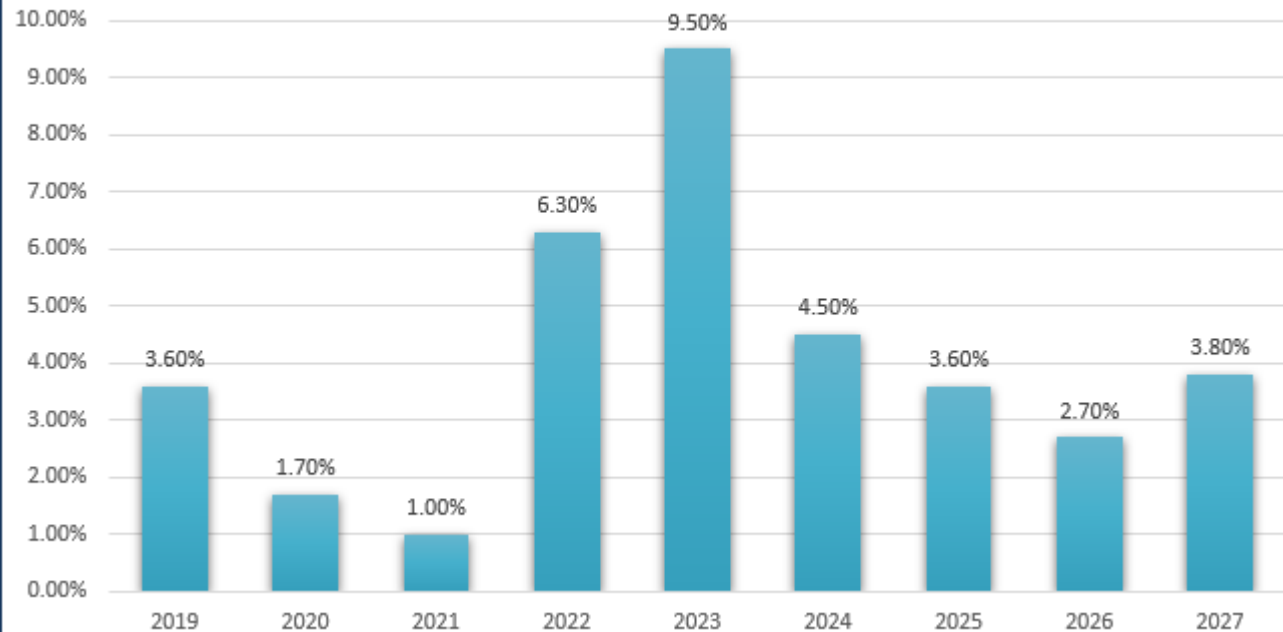
The 2027 baseline consists of all continuous city costs carried over from the 2026 budget including mandatory services and operating expenditures:

- Public Safety Services
 - *Law Enforcement* - \$3,210,187
 - *Fire and EMS Through Bellevue Fire* - \$1,198,836
 - *Seasonal Lifeguard Program* - \$46,350



2027 GENERAL FUND BASELINE CONT'D...

Consumer Price Index Over the Years



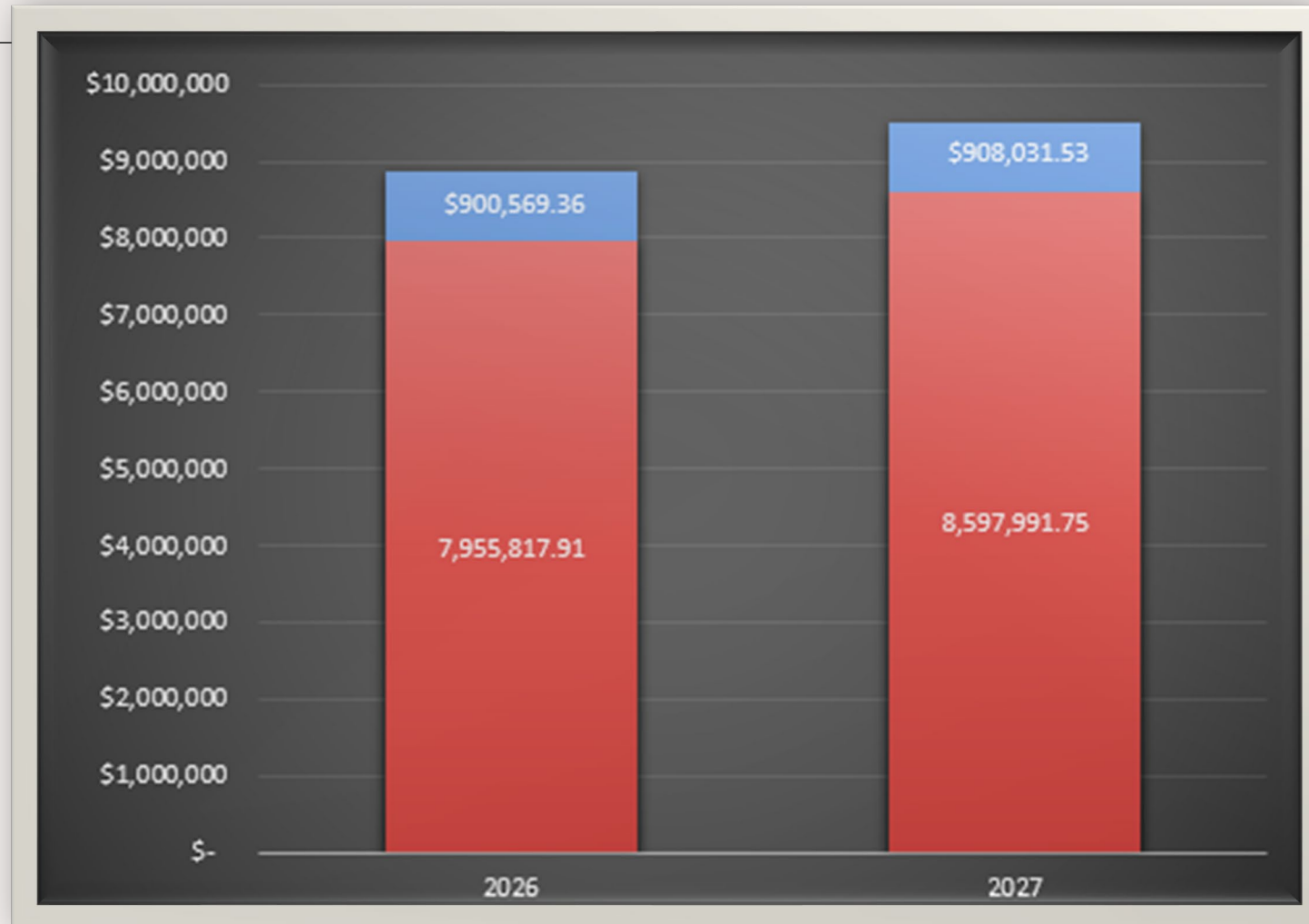
Departmental Baseline Expenditures

- Central Services/Contracted IT - \$987,511
- Parks - \$671,731
- Finance (Includes Liability Insurance) - \$650,287
- General Legal - \$470,000
- Executive - \$344,903

Key 2027 Budget Assumptions (all departments)

- 3.8% COLA Adj (CPI-W)
- 8% Placeholder Increase for Medical/Dental/Vision

BASELINE BUDGET YEAR TO YEAR



2027 GENERAL FUND ADDITIONS (\$958,109)

This section of the budget includes everything that is new for the 2027 budget cycle. This includes both one-time purchases, along with year over year expenditures.

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

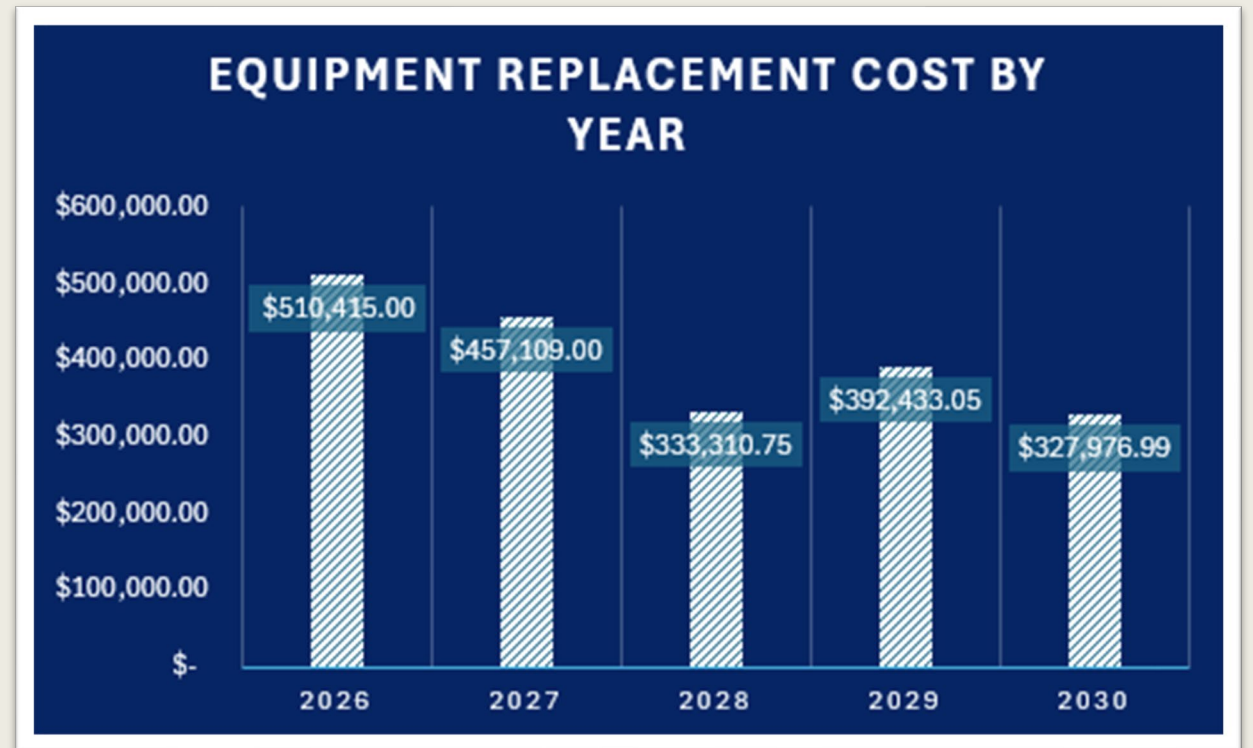
2027 GENERAL FUND ADDITIONS CONT'D...



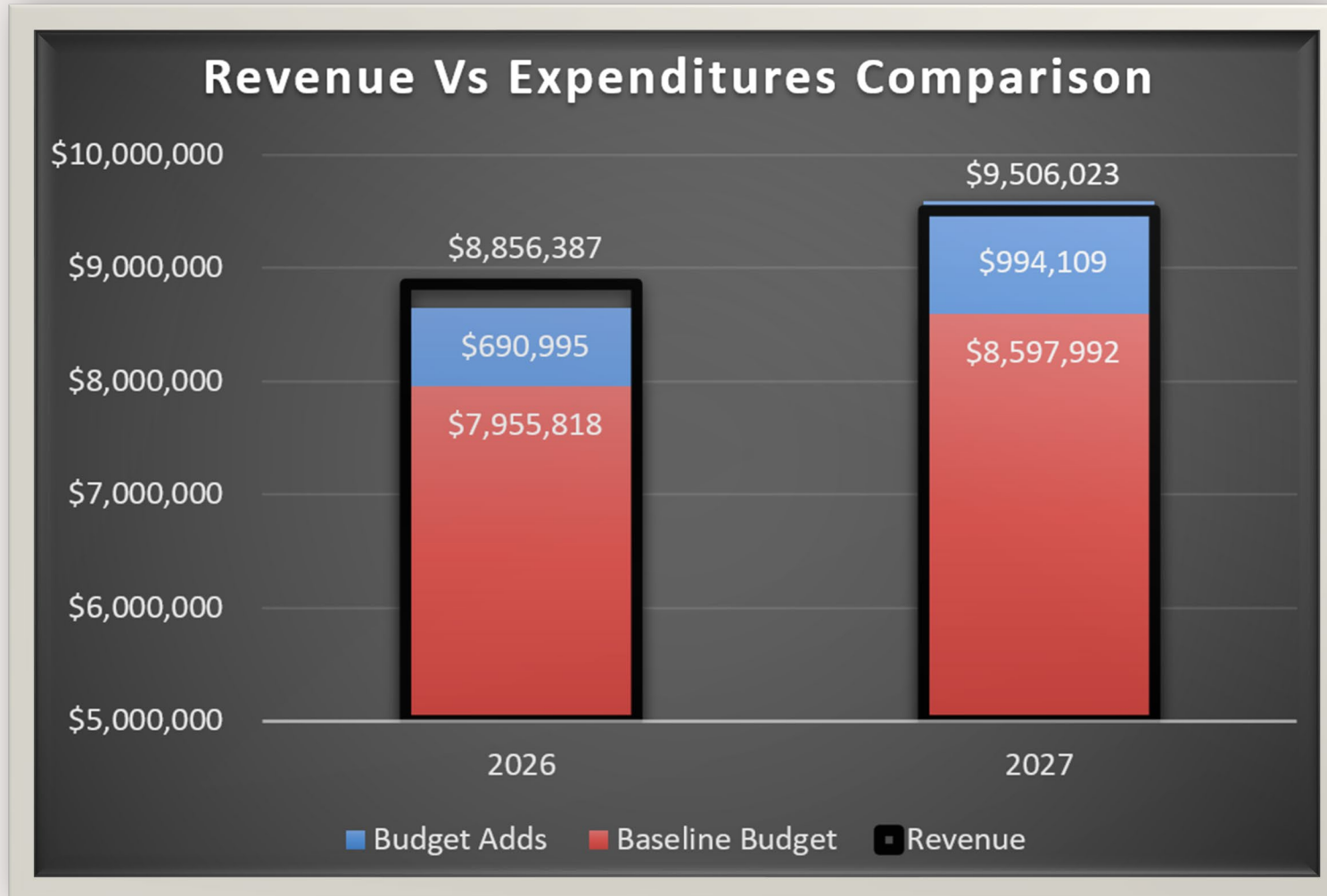
- Unfunded Mandate
 - \$75K *Legal*
 - \$75K *Long Range Planning*
- Communications Plan
 - \$40K *Under Central Services*
- ERP System
 - \$50K *Implementation Cost Under Finance*

EQUIPMENT REPLACEMENT FUND

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



GENERAL FUND SPEND COMPARED TO REVENUE



- In 2027, the preliminary budget includes a deficit of \$86,077 due to one-time expenditures under the “Budget Asks” section.
 - \$457,109 Ongoing Vs \$537,000 One-Time Expenses
- This deficit will be paid for out of the surplus General Fund balance that is expected at the start of the 2027 fiscal year.

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

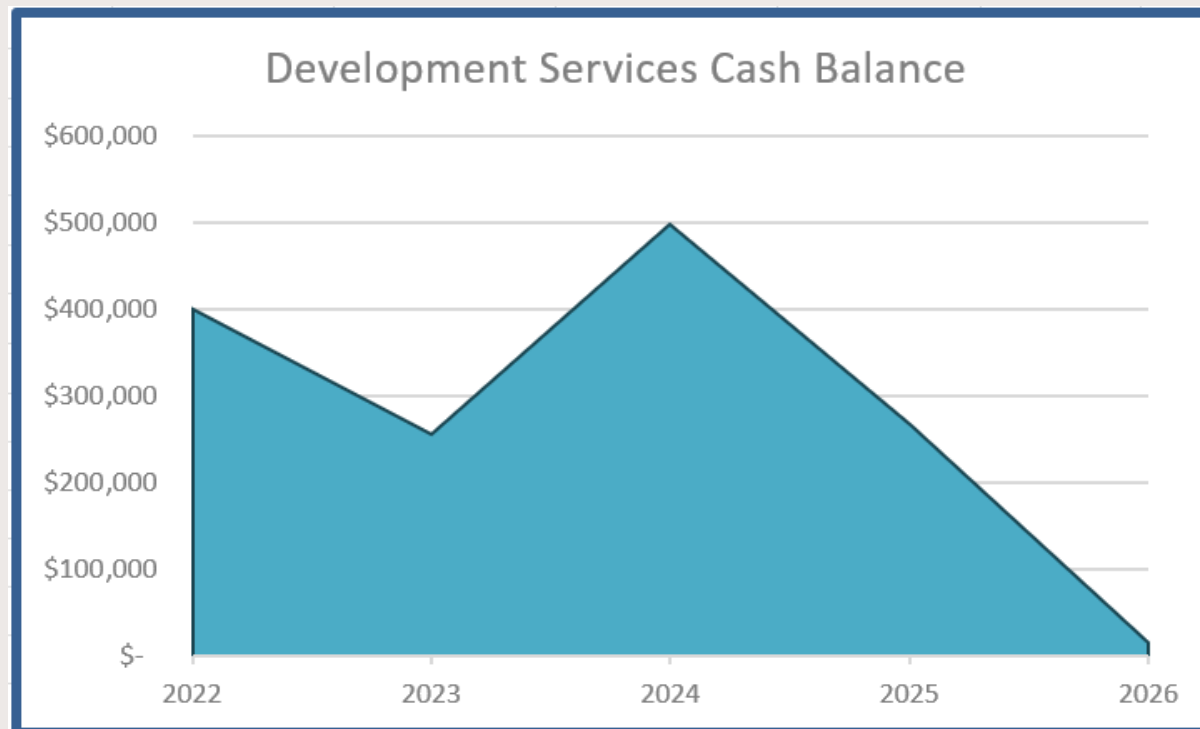
City Hall Project

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



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 7.23%
- 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

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 68.6% 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?