



MEDINA, WASHINGTON

AGENDA BILL

Tuesday, November 12, 2024

Subject: 2025 Final Budget and Salary Schedule

Category: Ordinance/Public Hearing

Staff Contact: Ryan Wagner, Director of Finance and HR

Summary, History and Background Information:

July 08, 2024, Regular Meeting: Public Hearing to consider the 2025-2030 Six Year Capital Improvement and Transportation Plan (CIP/TIB/Non-TIB).

September 9, 2024, Regular Meeting: The City Council held its first meeting on the 2025 Budget.

September 23, 2024, Study Session: The 2025 Preliminary Budget was reviewed by Fund and by Department as presented in the 2025 Preliminary Budget document. Detailed line-item spreadsheets were also made available. Key Revenue and Expense items were discussed, and Department Directors were present to answer specific questions.

October 14, 2024, Regular Meeting: The City Council held its first public hearing on the 2025 Budget.

November 12, 2024, Regular Meeting: The City Council will hold its second public hearing on the 2025 Budget.

2025 Budget Assumptions:

General Fund & Street Operations (81.1% of Total City Budget):

- A property tax increase of 3.29% reflects an increase to the regular levy, \$56K due to new construction.
- Sales tax is predicted to increase by 3.1% from 2024, following trends.
- Utility tax predicted to increase from 2024 due to rate adjustments and an anticipated colder winter which will impact usage.
- Investment Interest is predicted to stay relatively flat to what was budgeted for in 2024. Rates are expected to continually drop as inflation levels out.
- 61% of General Fund and Street Operations spending is on direct labor and consultants. A notated version of the 2025 draft budget ordinance's attachment, representing the salary schedule detailed by position, is included at the end of this brief. Direct staff's COLA adjustments are based on the following:

- Police Guild Contract (9 FTEs), 3.6%-- contract expiring 12/31/2026.
- Teamsters Clerical Contract (4 FTEs), 3.6%-- contract expiring 12/31/2024.
- Teamsters Public Works Contract (4 FTEs), 3.6%-- contract expiring 12/31/2024.
- Unrepresented Employees, including City Manager (7.7 FTEs), based on June 30th CPI-W (Seattle-Tacoma-Bellevue) of 3.6%.

Employee benefit rates have been finalized by AWC and are reflected in this budget. In 2024 the city saw a 4.1% increase in medical rates. In 2025, we expect an increase in medical rates in the ballpark of 7.3%. Dental and Vision will stay flat and will not see an increase. The City pays 90% of medical premiums for employees and their dependents plus 100% of dental, vision, employee only LTD/life insurance.

- 76% of General Fund and Street Operations budgeted spending is for State Mandated Services: Public Safety, City Manager & Finance. 24% is spent on the Essential Services that support the need for delivering effective and efficient public service and a reliable public infrastructure such as IT, park & building maintenance, and risk management.

Development Services Fund (11.5% of Total City Budget):

- The City, to meet its goal of greater transparency, decided to extract the Development Services Department's related revenues, expenses (direct and allocated) and customer deposits from the General Fund and place them in a newly created Development Services Fund, starting with Budget Year 2022. Development Services is a State Mandated program which funds itself through fees and occasional grants.
- Revenue in 2024 follows the trend of 2022 with lower revenue numbers than what was budgeted. 2025 is estimated to continue this trend. If this continues, alternative funding options will need to be discussed to make sure the city can cover the cost of development long term.

Capital Projects Fund and Tree Fund (8.4% of Total City Budget):

- 2025's anticipated REET revenue of \$1.350M has been budgeted conservatively. It assumes there is a finite amount of developable inventory within the city as well as available local industry and customers with an appetite to take on the types of homes that we have seen built.
- Project list for 2025 is smaller than 2024, hence the reduction in planned expenditures.

Attachments

1. 2025 Budget Ordinance No. 1035 and 2025 Salary Schedule **Exhibit A**
2. 2025 Proposed Budget Memo
3. 2025 Budget Workbook

Budget/Fiscal Impact: See attached

Recommendation: Adopt Ordinance No. 1035.

City Manager Approval: 

Proposed Council Motion: “I move approval of Ordinance No. 1035, adopting the 2025 Budget for the City of Medina setting forth the summary of estimated revenues and expenditures for each fund and the 2025 Salary Schedule.”

Time Estimate: 15 minutes