



# MEDINA, WASHINGTON

## AGENDA BILL

Monday November 10<sup>th</sup>, 2025

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**Subject:** 2026 Proposed Budget and Salary Schedule

**Category:** Ordinance, City Council Business, Public Hearing

**Staff Contact(s):** Ryan Wagner, Finance Director

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### **Summary**

#### **History and Background Information:**

July 28, 2025 Regular Meeting: Public Hearing to consider the 2026-2031 Six Year Capital Improvement and Transportation Plan (CIP/TIB/Non-TIB).

September 8, 2025 Regular Meeting: The City Council held its first public hearing on the 2025 Budget.

September 22, 2025 Study Session: The 2026 Preliminary Budget was reviewed by Fund and by Department as presented in the 2026 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 13, 2025 Regular Meeting: The City Council held its second public hearing on the 2026 Budget.

November 10, 2025 Regular Meeting: The City Council will hold its second public hearing on the 2026 Budget.

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#### **2026 Budget Assumptions:**

##### **General Fund & Street Operations (80% of Total City Budget):**

- Property tax increase of 2.65% reflects an increase to the regular levy, \$76K due to new construction.
- Sales tax is predicted to increase by 2.98% from 2025, following trends.
- Utility tax predicted to increase from 2025 due to high rate adjustments, and higher usage.
- Creation of the Equipment Replacement Fund, which will push the City towards better tracking and maintain our high dollar assets.
- Direct staff's COLA adjustments are based on the following:
  - Police Guild Contract (9 FTEs), 3.0%-- contract expiring 12/31/2026.
  - Teamsters Clerical Contract (4 FTEs), 3.0%-- contract expiring 12/31/2027.
  - Teamsters Public Works Contract (4 FTEs), 3.0%-- contract expired 12/31/2027.
  - Unrepresented Employees, including City Manager (7.7 FTEs), based on June 30<sup>th</sup> CPI-W (Seattle-Tacoma-Bellevue) of 2.7%.

Employee benefit rates have been finalized by AWC and we expect an increase for Medical insurance of 8.7%, with Dental increasing by 4.3%. 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 (9% 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 2025 was down from what was expected, 2026 has been budgeted in a similar fashion and a one-time transfer from the General Fund will be utilized to cover the deficit. If this continues, alternative funding options will need to be discussed to make sure the city can cover the cost of development long term.
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**Capital Projects Fund and Tree Fund (11% of Total City Budget):**

- 2025's anticipated REET revenue of \$1.200M 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.
- Please refer to the Capital Projects list, located within the budget workbook for additional details.

**Attachment(s)**

1. 2026 Budget Schedule
2. Organization Chart
3. 2026 Proposed Salary Schedule
4. 2026 Proposed Budget Memo
5. 2026 Budget Workbook
6. Long-Term Forecast

**Budget/Fiscal Impact:** See attached

**Recommendation:** Discussion and Direction.

**City Manager Approval:**



**Proposed Council Motion:** N/A

Time Estimate: 30 minutes