

# 2025-2026 Preliminary Budget

*Q3 2024 FSU*

*Property Tax Ordinances*

*Budget Resolutions*

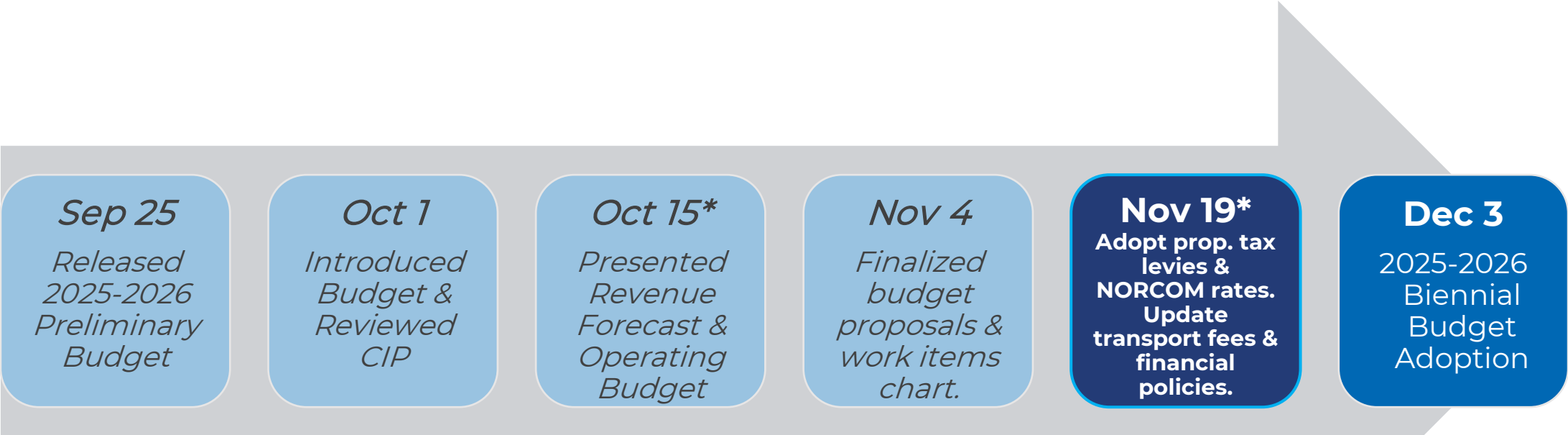


AB 6571, Nov 19, 2024

# Agenda

- 1. Q3 2024 Financial Status Update**
- 2. Summary of Council Direction on the Budget**
- 3. Remaining Budget Components**
  - a. Property Tax Ordinances**
  - b. NORCOM budget**
  - c. Ambulance Transport Fees**
  - d. Financial Management Policies**
- 4. Final Steps**

# Mercer Island's Budget Schedule



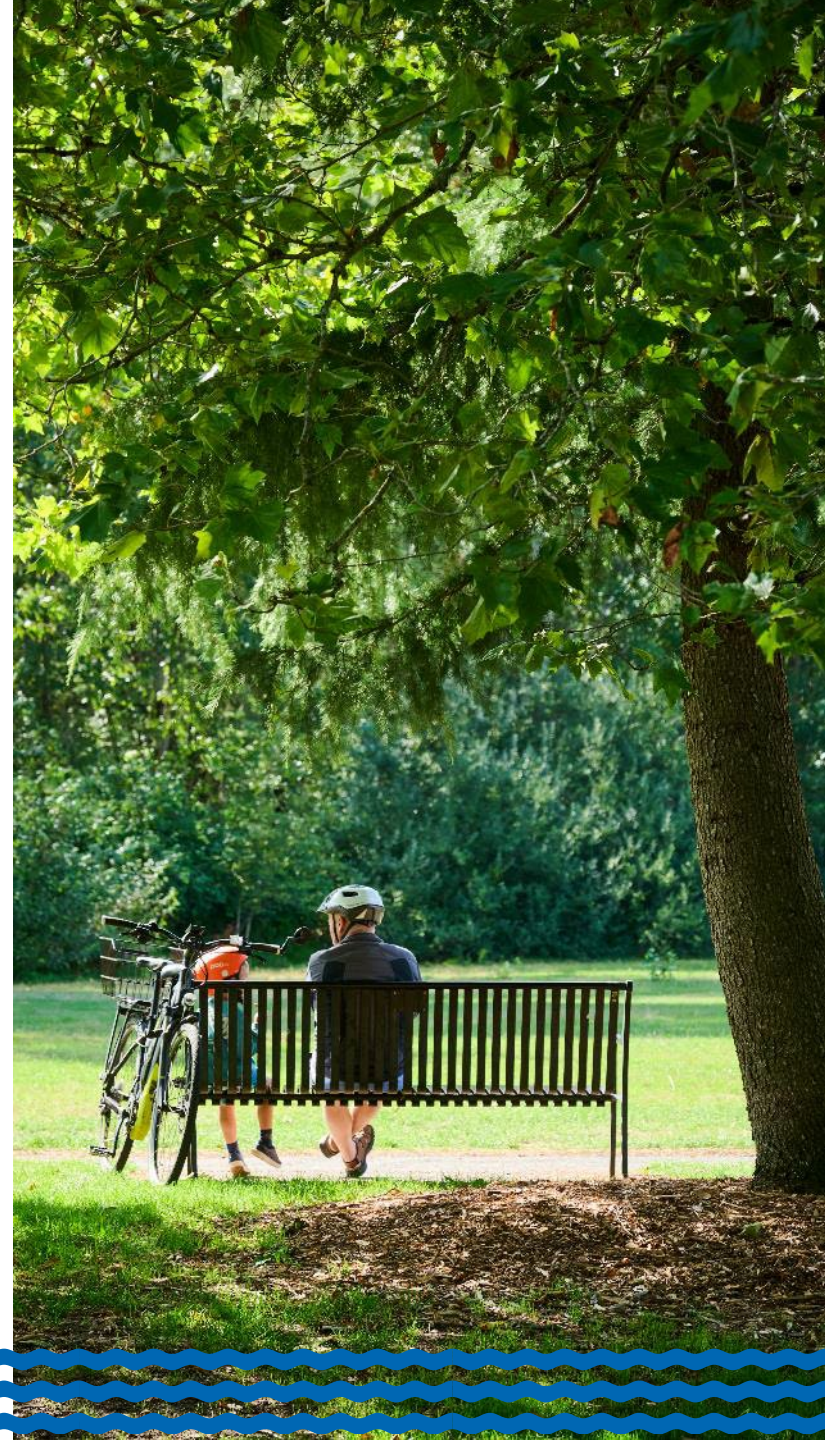
*\* Public hearings.*

□ Budget available at [www.mercerisland.gov/budget](http://www.mercerisland.gov/budget)





# Financial Status Update | Q3 2024



# Budget v. Actuals Overview

<b>FUNDS</b> <i>\$ in millions</i>	<b>Actuals thru 9/30/23</b>	<b>2024 Amended Budget</b>	<b>Actuals thru 9/30/24</b>	<b>2024 Actuals v Amended Budget</b>
<b>GENERAL FUND</b>				
<b>Revenues</b>	\$27.0	<b>\$43.3</b>	<b>\$26.4</b>	<b>62.0%</b>
<b>Expenditures</b>	\$26.7	<b>\$43.3</b>	<b>\$31.3</b>	<b>72.4%</b>
<b>UTILITY FUNDS</b>				
<b>Revenues</b>	\$20.9	<b>\$26.6</b>	<b>\$21.8</b>	<b>82.1%</b>
<b>Expenditures</b>	\$18.7	<b>\$60.3</b>	<b>\$22.6</b>	<b>37.0%</b>

*\*Differences may occur due to rounding.*

# General Fund Revenues

- ❑ Down \$607,000 compared to 2023, due to switch to cash basis accounting. Only affects timing of revenue.

## **For Feb – Sept**

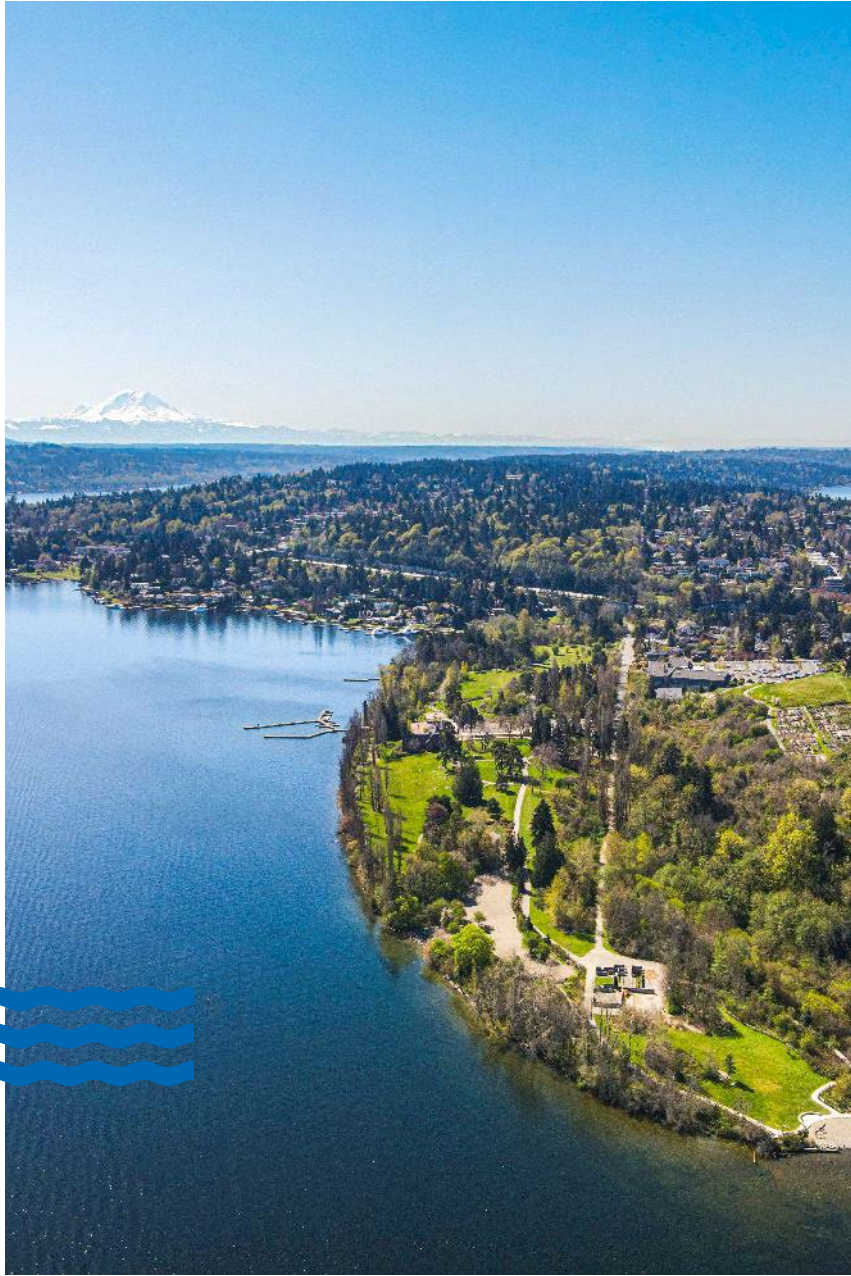
- ❑ Sales taxes tracking with 2023 revenues (up \$5,000).
- ❑ Permit revenues are performing well.
  - ❑ \$1.0 M from Town Center mixed-use project.
- ❑ Interest earnings thru Q3 are \$1.8 M, \$100,000 more than 2023.

# General Fund Expenses

- ❑ On track with budget expectations.
- ❑ Expenses are \$4.7 M more in 2024 compared to 2023.
  - ❑ Transfer of one-time resources for facilities, 1 of 3 payments to EF&R, increased employee compensation costs.

<b>GENERAL FUND EXPENDITURES</b> <i>(\$ in millions)</i>	<b>FY 2024 AMENDED BUDGET</b>	<b>% of AMENDED BUDGET</b>	<b>FY 2023 QUARTER 3 ACTUALS</b>	<b>FY 2024 QUARTER 3 ACTUALS</b>	<b>YTD as % of AMENDED BUDGET</b>
Salaries & Benefits	26.40	61%	18.53	14.29	54%
Supplies	0.83	2%	0.59	0.46	56%
Contract Services	4.10	9%	2.07	1.78	43%
Other Services & Charges	8.13	19%	5.01	11.00	135%
Interfund Transfers Out	3.90	9%	0.48	3.85	99%
<b>TOTAL EXPENDITURES</b>	<b>\$43.35</b>	<b>100%</b>	<b>\$26.67</b>	<b>\$31.38</b>	<b>72%</b>





**Questions?**



# City Council Input on the 2025-2026 Biennial Budget



# City Council Feedback

*Adjustments to the Preliminary Budget over three workshops.*

- ❑ Adopted policies to increase regional awareness and deter retail crime.
- ❑ Invested over \$500,000 in one-time resources to:
  1. Develop a fee-in-lieu program to fund affordable housing.
  2. Draft the first phase of an EV infrastructure plan.
  3. Improve digital accessibility for Americans with disabilities.
  4. Undertake a gun buyback pilot program.
  5. Support communications and community outreach efforts.
- ❑ Funded 2.0 LTE to support capital investments in the Water System.
- ❑ Identified scrivener errors.

# **2025-2026 Biennial Budget**

**Council's feedback enhanced this two-year policy document.**

**The Budget is balanced, maintains service levels, and is built upon progress and a sustained practice to enhance the community each biennium.**



# Final Components of the 2025-2026 Preliminary Budget



# Property Tax Levies

- Assume the 1% increase in 2025 for the Regular levy and the 2022 Parks Operations and Maintenance levy lid lift.

<b>PROPERTY TAX LEVIES</b> <i>Ord. No. 24-19 &amp; 24-20 (\$ in thousands)</i>	<b>2024 FINAL LEVY</b>	<b>2025 PRELIM LEVY</b>
Regular Levy	13,177	<b>13,408</b>
2022 Parks Operations & Maintenance Lid Lift	1,646	<b>1,662</b>
<b>Total Levy</b>	<b>\$ 14,822</b>	<b>\$ 15,070</b>

# NORCOM 2025 Budget

<b>Mercer Island Allocation</b>	<b>2024</b>	<b>2025</b>	<b>\$ Chg</b>	<b>% Chg</b>
Police	560,337	697,758	137,421	25%

- ❑ Annual contribution for regional radio dispatch services.
- ❑ Must adopt resolution before NORCOM 2025 budget is adopted.
  - ❑ Long-range strategic planning and two new positions.
  - ❑ No rate increase from 2023 to 2024.



# Ambulance Transport Fees

## Background

- ❑ Updated in 2021 based on regional market in collaboration Eastside Fire & Rescue Leadership.
  - ❑ Established a financial forgiveness program.
  - ❑ Backstopped the program with collection services.
  - ❑ Tied base fee and per mileage fee to medical care CPI.
- ❑ After 2021 policy update, City averaged \$439,000 per year.

# Ambulance Transport Fees

- ❑ Current services provided by Eastside Fire & Rescue.
- ❑ Resolution No. 1666 aligns Mercer Island's rates with EF&R.
  - ❑ Improves administrative oversight.
  - ❑ Keep pace with market rates.
  - ❑ Recover costs primarily from Medicaid, Medicare, and private insurance.
  - ❑ Maintains forgiveness program.

<b>Proposed</b> <i>Fiscal Year 2025</i>	<b>Base</b>	<b>Mileage</b>
Eastside Fire & Rescue	\$1,323.00	\$ 24.46
City of Mercer Island	1,131.08	18.62
\$ Chg	\$ 191.92	\$ 5.84

# Financial Policies Update

- ❑ Policy clean-up with pending adoption of the 2025-2026 Biennial Budget. Incorporates:
  - ❑ Municipal Facility Replacement Fund (created Nov 2023).
  - ❑ Development Services Fund (active Jan 2025).
  - ❑ New Chart of Account references (active Jan 2025).



# Next Steps

**Date**

**Topic**

**12/03**

Adopt 2025 Master Fee Schedule

Adopt the final 2025-2026 Biennial Budget

# Recommended Actions

1. Adopt Ordinance No. 24-19, appropriating funds and establishing the amount of property taxes to be levied for fiscal year 2025.
2. Adopt Ordinance No. 24-20, establishing the dollar amount and percentage increases of the regular property tax levy and the levy lid lifts for fiscal year 2025.
3. Adopt Resolution No. 1665, approving NORCOM's 2025 budget allocation to the City of Mercer Island.
4. Adopt Resolution No. 1666, updating the City's Ambulance Transport Fees to align with those established by Eastside Fire and Rescue for fiscal year 2025.
5. Adopt Resolution No. 1667, updating the City's Financial Management Policies to incorporate policy and/or administrative decisions from the previous year.

# Questions

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