

# AB 6814

## 2025-2026 Mid-biennial Budget



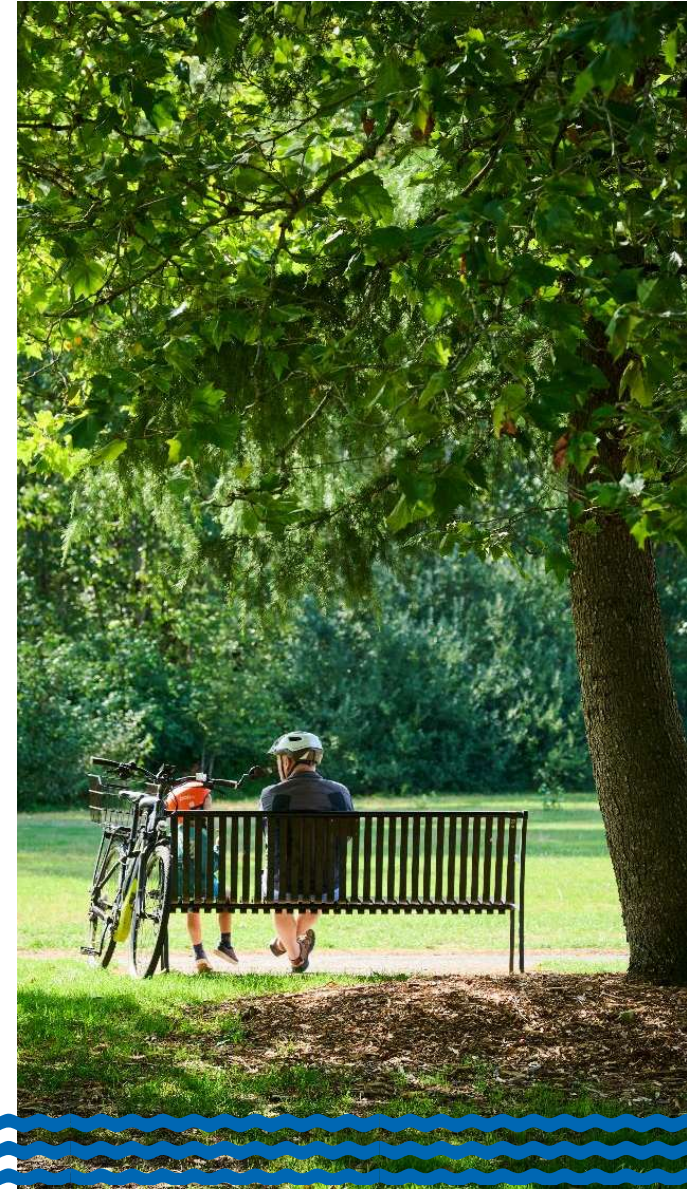
Nov 18, 2025



# Agenda

- 1. Financial Status Update thru Q3 2025**
- 2. Mid-biennial Budget Adjustments**
  - ☐ **Property Tax Ordinances**
  - ☐ **Emergency Dispatch Services**
  - ☐ **Proposed Budget Amendments**
- 3. Questions**

# Financial Status Update | Q3 2025



# General Fund Revenues

- ❑ Revenues are 72% of budget at the end of September.
- ❑ Up \$300,000 compared to 2024, largely due to sales tax, B&O tax revenues, and parks and recreation revenues.
- ❑ Compared to the prior year,
  - ❑ Sales tax revenues (Feb thru Sept) up \$380,000.
  - ❑ B&O taxes up \$370,000.
  - ❑ Parks and Recreation revenues up \$411,000.



# Parks and Recreation

## 2025 Gross Revenues

- ❑ **Target**      \$1.41 million *for the year*
- ❑ **Actuals**      \$1.53 million *as of 9/30/25*

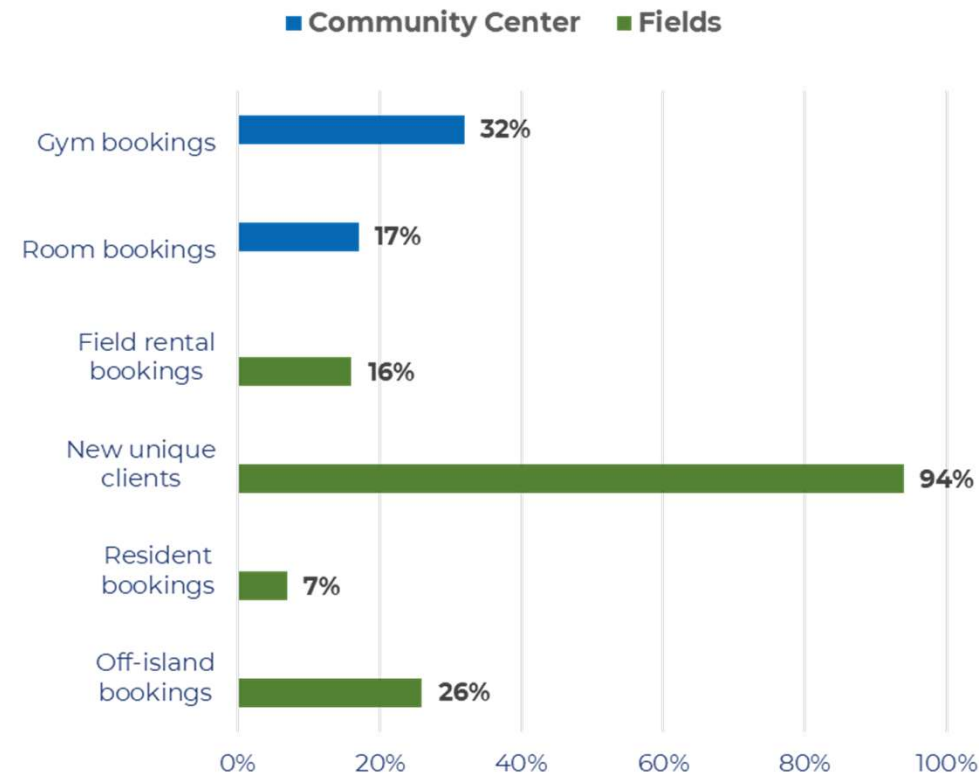
## Improvements managing rentals is driving revenue growth.

- ❑ Online viewability.
- ❑ Online self-booking for fields.
- ❑ Rental stacking.

**Aim to build on this trend in 2026.**

## Rentals at a Glance

Percent Increase Jan - Sept 2025 relative to 2024



# General Fund Expenses

- At 78% of budget as of Q3, within budget expectations.
- Expenses are \$2.0 M more compared to 2024.
  - Transfer of one-time resources for building acquisition and 2 of 3 payment to transfer time-accrual liability to Eastside Fire & Rescue.

GENERAL FUND EXPENDITURES (\$ in millions)	FY 2025 AMENDED BUDGET	% of AMENDED BUDGET	FY 2024 QUARTER 3 ACTUALS	FY 2025 QUARTER 3 ACTUALS	YTD as % of AMENDED BUDGET
Personnel	\$17.40	41%	\$14.29	\$12.93	74%
Supplies	0.65	2%	0.46	0.44	68%
Contractual Services	10.78	25%	1.78	8.20	76%
Other Services & Charges	5.09	12%	11.00	4.62	91%
Interfund Transfers Out	8.54	20%	3.85	7.14	84%
<b>TOTAL EXPENDITURES</b>	<b>\$42.46</b>	<b>100%</b>	<b>\$31.38</b>	<b>\$33.32</b>	<b>78%</b>

# REET Revenues

- ❑ 0.5% real estate excise tax on property transactions.
- ❑ Primary resource for Capital Improvement Program.

REET Analysis	January 1 - September 30					2024-2025
	2021	2022	2023	2024*	2025	% Chg
Properties Sold <i>(monthly avg.)</i>	45	28	26	25	23	<b>-7.1%</b>
Total Revenue <i>(\$ in thousands)</i>	\$4,536	\$3,097	\$2,877	\$2,746	\$2,739	<b>-0.2%</b>

*\* With the City's transition to cash basis, Jan 2024 cash receipts were accrued as revenue in Dec 2023.*

*Source: King County Assessor's Office, 2025.*

- ❑ Downward trend stabilized in 2024, holds steady through 2025.
- ❑ Revenues through September are meeting budget expectations.



# Questions?



# Mid-Biennial Budget Adjustments



# Property Tax Levies

- ❑ Cities may increase property taxes for the upcoming year by 1% or the implicit price deflator (2.57% for 2026 tax year), whichever is less.
- ❑ Assume a 1% increase in 2026 for both the Regular levy and 2022 Parks Operations and Maintenance (O&M) levy lid lift.
- ❑ Required to submit levy ordinances to King Council by Nov 30.

PROPERTY TAX LEVIES	2025 FINAL	2026 PRELIM
<i>Ord. No. 25-30 &amp; 25-31 (\$ in thousands)</i>	LEVY	LEVY
Regular Levy	\$ 13,297	\$ <b>13,582</b>
2022 Parks O&M Lid Lift	1,773	<b>1,808</b>
<b>Total Levy</b>	\$ 15,070	\$ <b>15,390</b>

# NORCOM 2026 Budget

- ❑ Emergency dispatch services provided by Northeast King County Regional Public Safety Communication Agency (NORCOM).
- ❑ Annual budget is adopted in December each fiscal year.
- ❑ Partner cities must adopt the 2026 contribution before Nov 30.

Mercer Island Allocation	2025	2026	\$ Chg	% Chg
Police	\$ 697,758	\$ 706,154	\$ 8,396	1.2%

# Budget Adjustments

- ❑ Standard practice the mid-biennium to adjust the budget in response to emerging needs since adoption in Dec 2024.
- ❑ Staff recommends \$450,000 in adjustments across three funds.

2025-2026 Mid-biennial Appropriations	Fund	Amount
9655 Building Debt Service	320	\$ 137,462
9655 Building Operating Costs	001	50,000
9655 Building Real Estate Services	001	30,000
Long-Range Planning Professional	001	200,000
Emergency Assistance for Food Security	160	30,000
<b>Total Appropriations</b>		<b>\$447,462</b>

# 9655 Building Acquisition

**Located at 9655 SE 36<sup>th</sup> Street**

- ❑ City sold \$1.5 M in LTGO bonds as part of the \$9.06 M building purchase.
- ❑ \$137,462 annual debt service in 2026, from Capital Improvement Fund unassigned fund balance.
- ❑ \$30,000 for real estate services to conclude the building acquisition, from General Fund unassigned fund balance.
- ❑ \$50,000 initial resources to operate & maintain building in 2026, offset by building lease revenue.



# Long Range Planning

- ❑ In August, Growth Management Hearing Board outlined mandatory revisions to the City's comprehensive plan due July 31, 2026.
- ❑ Work is underway to complete land capacity modeling, development scenarios, & project impacts to public infrastructure.
  - ❑ \$200,000 appropriation from unassigned fund balance in the General Fund.
- ❑ Significant impacts to work plan across departments. Staff return early 2026 to work through policy decisions with Council.

# Community and Food Security

**Mercer Island Youth & Family Services Foundation provided \$30,000 to help food insecure community members facing cuts to the federal SNAP program.**



# Recommended Actions

1. Adopt Ordinance No. 25-33, amending the 2025-2026 Biennial Budget.
2. Adopt Ordinance No. 25-30, appropriating funds and establishing the amount of property taxes to be levied for fiscal year 2026.
3. Adopt Ordinance No. 25-31, establishing the dollar amount and percentage increases of the regular property tax levy and the levy lid lifts for fiscal year 2026.
4. Adopt Resolution No. 1684, approving NORCOM's 2026 budget allocation to the City of Mercer Island.

# Questions

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Prepared By

Matt Mornick, Finance Director

LaJuan Tuttle, Deputy Finance Director

Ben Schumacher, Financial Analyst

