



**One Community Around The Lake**

# Council Retreat 2026 Budget Discussion

SEPTEMBER 13, 2025





# Today's Agenda

- Mayor's Message
- General Fund Outlook & Review
- Summary of Requests
- Mayor's Proposed Budget

## Upcoming Presentations

- Department Reports
- Revenue Sources & Strategies
- City Facilities Update
- Capital Projects

# *Mayor's Message*

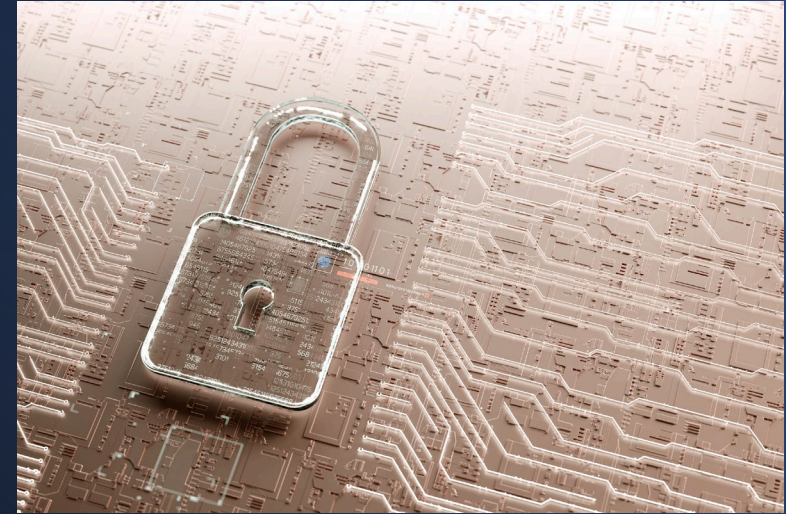
In 2026, Lake Stevens will deliver on major commitments while preparing for the next chapter.

The new Municipal Services Campus will provide a one-stop hub for residents, while Cavalero Park and the potential Lake Stevens Community Park offer opportunities for expanded community space and more efficient facilities. West Lake Park activation and trail expansions will continue to enhance recreation and lake access.

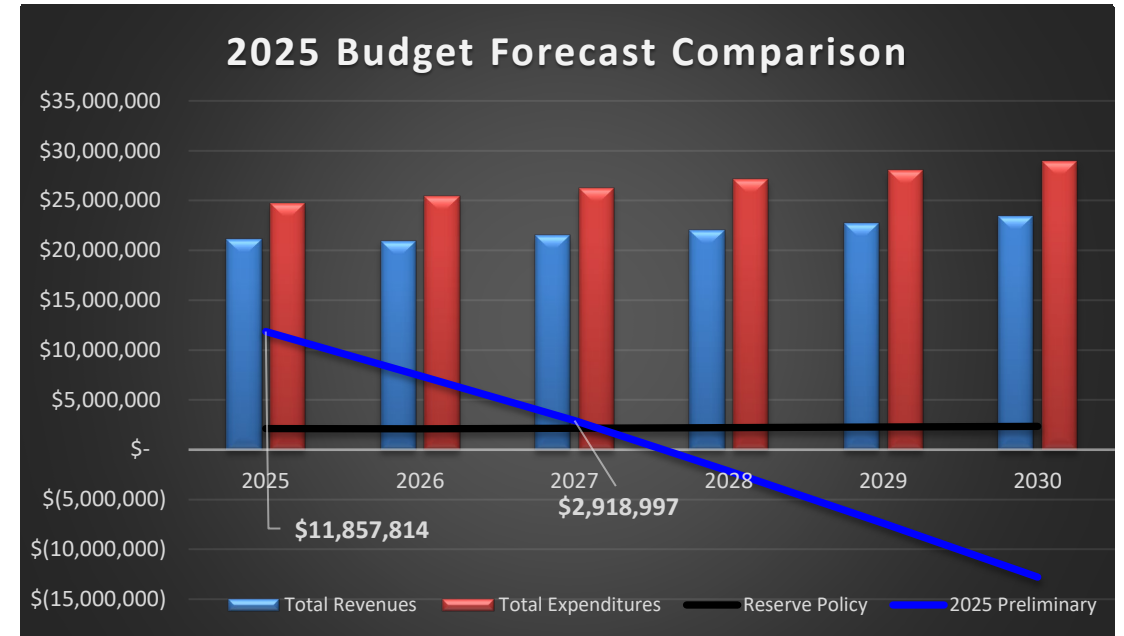
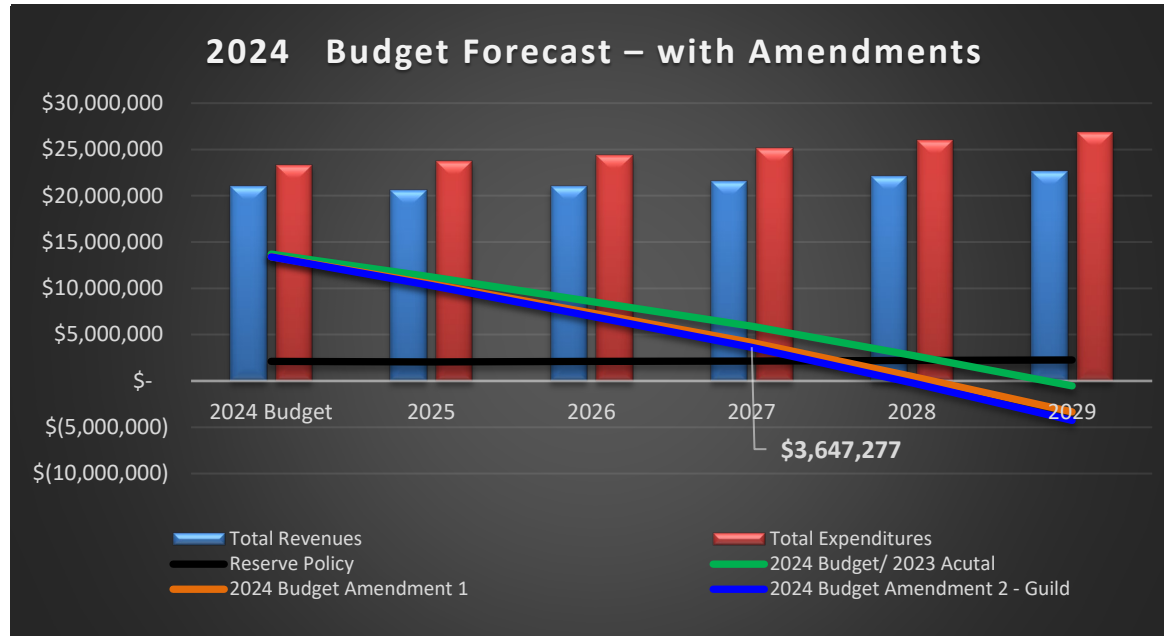
We are also expanding our focus on safety—advancing Transportation Benefit Program projects and maintaining strong operational excellence through continued audits, SOP standardization, and disciplined fiscal management.

Looking forward, Lake Stevens must position itself for the future through innovation and technology—from smart infrastructure to AI-enabled tools that improve efficiency and customer service.

While these priorities set a bold course, we must remain cautious on spending until additional revenues are secured to ensure sustainability and long-term financial health.



# 6-Year Financial Forecast (2024 & 2025)



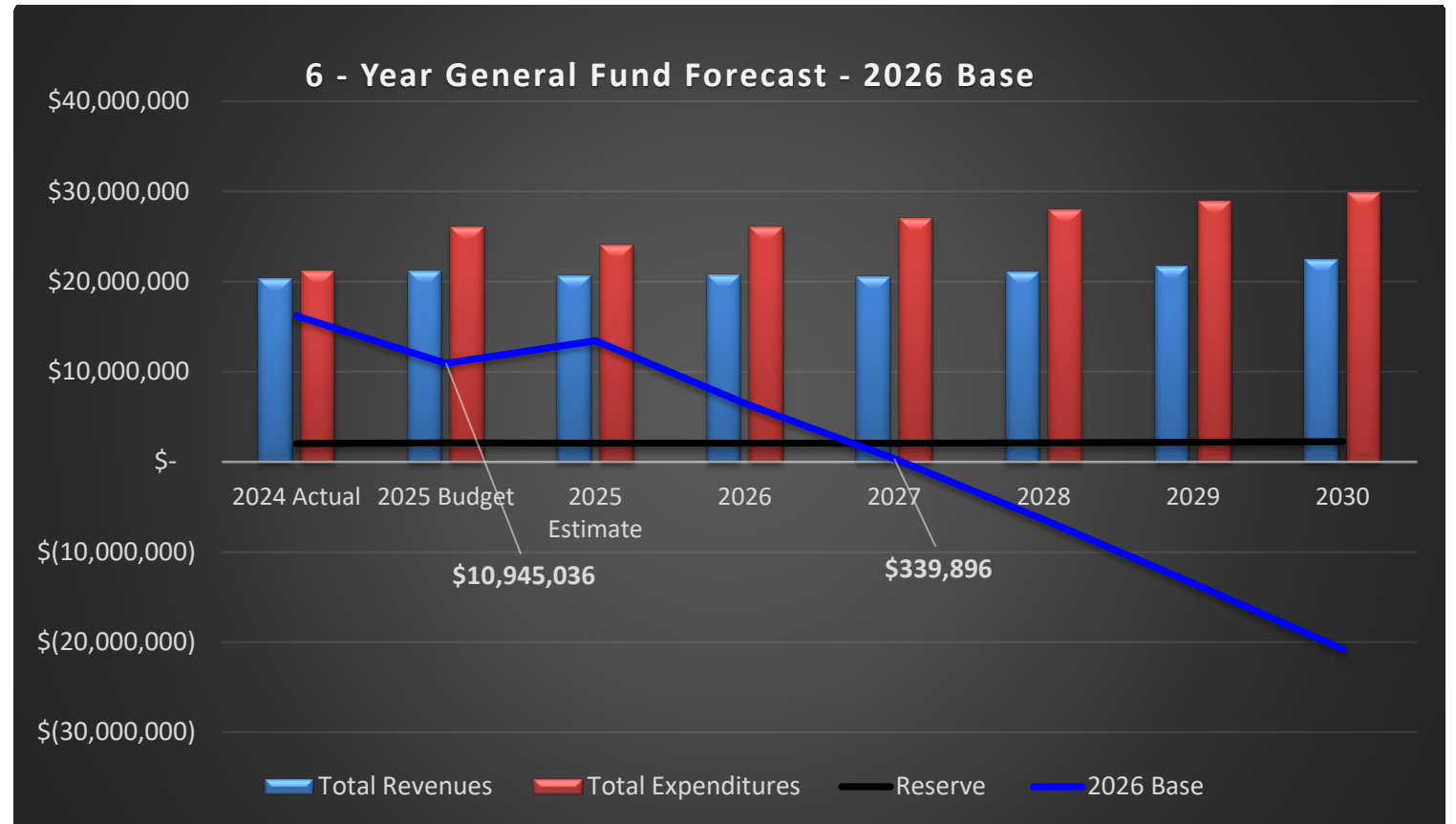
The 2024 Budget Forecast includes the original 2024 budget and the effects of the first and second budget amendments. The 2025 Budget Forecast shows the original budget only and does not include the additional positions or costs added post budget adoption.

Long-term General Fund forecast often go in a negative fund balance, usually by the third or fourth year. This does not mean the City will run out of money but instead illustrates the path the City could realize if no adjustments are made during the first two years.



# General Funds Financial Forecast

## 2026 Base Budget

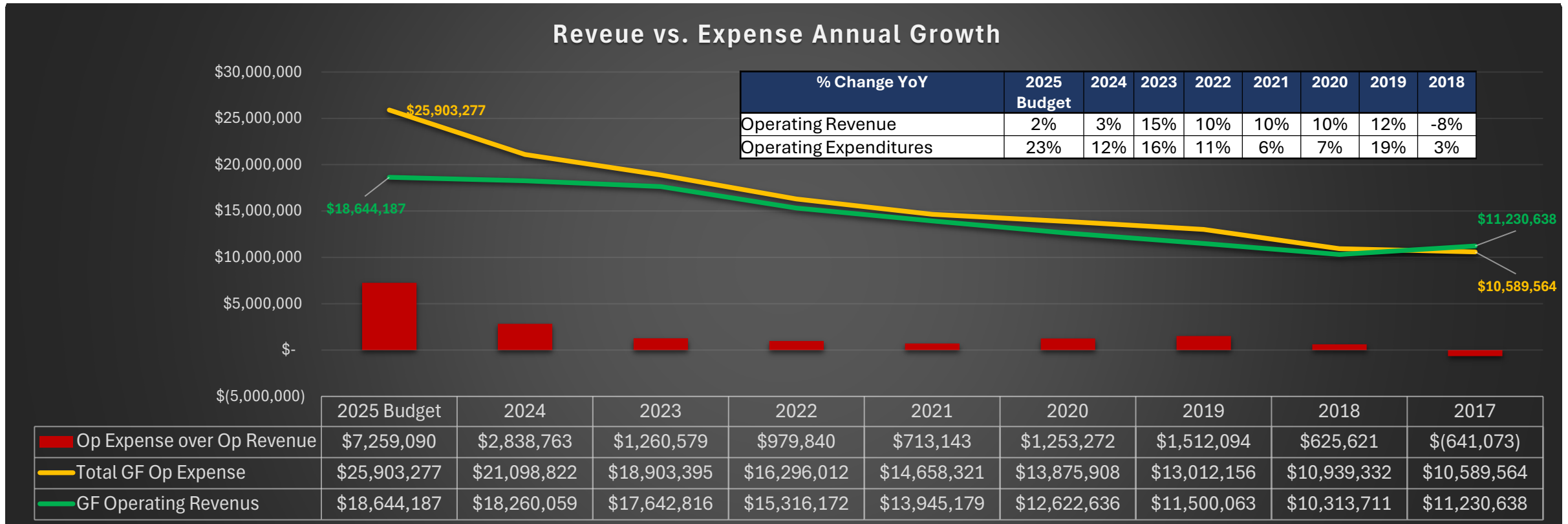


As noted in the previous forecast model, the 2025 budget amounts differ due to amendments that were made post adoption.

Numbers for years two through six are estimates and can change as 2025 continues and the 2026 Budget is developed and discussed.

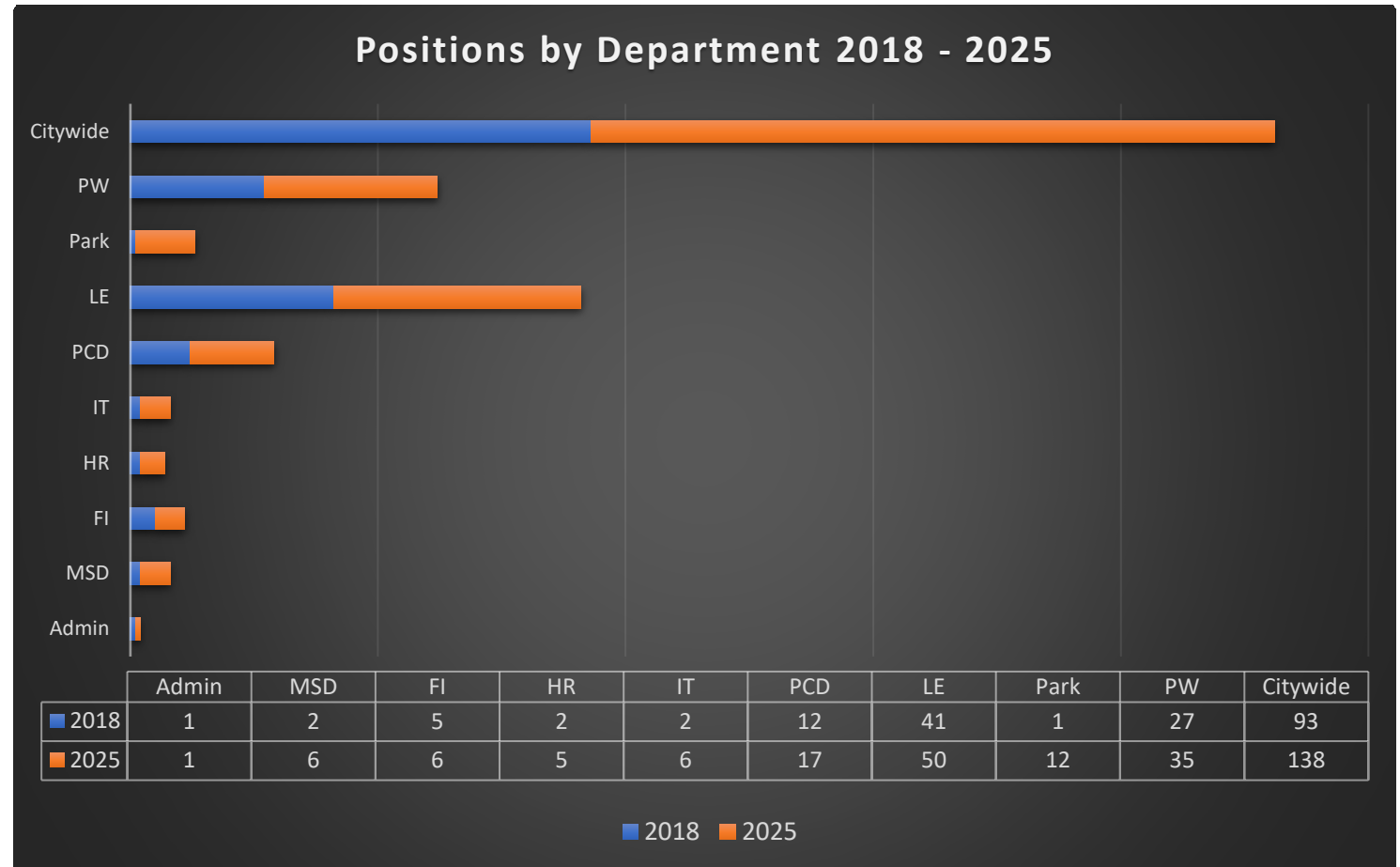
Adjustments to the forecast model will be made to illustrate cost savings measures soon to be implemented citywide.

# General Fund Operating Cost vs. Operating Revenues



- Operating revenues exclude interfund loans, grants, debt proceeds, and sale of assets
- Operating expenses exclude capital outlays
- Operating expenditure growth has outpaced operating revenue growth since 2022

# Staffing Levels



- Staffing costs have increased by \$4.3M (160%) since 2018 due to added positions, cost-of-living and rate adjustments, and rising benefit costs.
- Based on the 2020 5-year staffing plan, the city was projected to have 139.5 FTE. The city's 2025 budget includes 138 positions.

# Staff Positions Effected by Pandemic Recovery Funding

In 2021, there were 6 positions effected by the receipt of Pandemic Recovery Funds

- Human Resources Technician
  - Budgeted as a ½ time position, PR funds allowed position to become full time (½ PR funded for 3 years – approx. \$66K/year)
- Risk/Emergency Manager
  - Position was responsible for coordinated the APWA Accreditation efforts, as such ½ of the salary was funded with Street & SWM dollars (½ PR funded for 3 years – approx. \$72K/year)
- Accountant
  - Position was projected to be hired in 2022 to assist with Capital Project and Grant accounting. Position was hired early administer the Covid 19 and ARPA Pandemic Recovery grants as well. (½ PR funded for 3 years – approx. \$62K/year)
- Stormwater Field Technician
  - PR funded for 3 years. Now SWM funded (approx. \$118K/year)
- (2) Custodian/Facility Maintenance Workers
  - PR funded for 3 years (approx. \$165k/year - positions currently vacant)



# 2025 Operational Budget Staffing

- 14 Currently Vacant Positions
- 1 Reclassification
  - Holding all positions vacant until January 1, 2026, will save an estimated \$928,000 citywide (majority in General Fund)
  - Holding all positions vacant until April 1, 2026, will save an additional \$500,000
- Certain positions will likely need to be filled in January while some are able to be held vacant longer.

# 2026 Budget Priorities

## Public Safety

- Implement Traffic Safety Camera Program

## Information Technology

- Safeguard Data
- Critical System Support

## Maintain Infrastructure & Programs

- Maintain Levels of Service
- Encourage Innovative Process Improvement

# Budget Request Summary

## Position Requests

- 32 Requests for Positions
  - These include new positions and reclassifications
- Total Cost \$2,226,000

## “Item Requests”

- 43 Request for “Items”
  - These include additional operating costs, professional service contracts, program costs, repair & maintenance costs, and equipment needs.
- Total Cost \$1,686,000



# Ending Fund Balance Comparison - Citywide

Fund Name	2025 Budgeted Ending	2025 Estimated Ending	2026 Base Ending Cash Balance	2026 DH Ending Cash Balance
General Fund	\$2,186,999	\$3,788,197	(\$1,566,523)	(\$4,002,825)
Other General Funds	\$10,030,065	\$11,188,671	\$11,454,666	\$11,440,494
Special Revenue Funds	\$3,488,525	\$4,481,770	\$6,264,354	\$5,673,724
Debt Service	\$10,456	\$9,286	\$7,600	\$7,600
Capital Projects	\$18,105,007	\$22,128,839	\$22,212,288	\$22,180,250
Other Proprietary	\$54,578	\$62,429	\$70,929	\$70,929
SWM Funds	\$5,611,238	\$7,432,934	\$8,637,016	\$8,170,817
Equipment Funds	\$2,038,604	\$2,048,217	\$2,587,247	\$1,073,172
Trust Fund	\$27,443	\$61,472	\$60,411	\$60,411
<b>Totals</b>	<b>\$41,552,915</b>	<b>\$51,201,815</b>	<b>\$49,727,988</b>	<b>\$44,674,573</b>

# 2025 Preliminary Proposed Budget Recommendations



# 2026 Revenue Recommendation

## Property Tax Allocation Adjustment

Public Works and Parks & Recreation underwent significant changes from 2021 to 2026, shifting responsibilities and staff costs, but not revenues.

- Operations once paid for by the Street Fund were taken over by the General Fund
  - Facilities Division created in 2021
  - Park & Recreation department created in 2022
  - Reallocation of PW Administrative staff in 2025
- Decreased Street Fund's share of costs by 22%
- Increased General Fund's share of costs from 32% in 2021 to 46% in 2026
  - \$925,000 in additional cost burden to General Fund

The recommended budget reduces the allocation of property tax revenues to the Street from 28% to 14%, a redistribution of \$940,000 in 2026 to the General Fund to balance financial responsibilities.



# 2026 Operating Budget Increases

## Recommended “Item” Additions

\$525,000

(\$68,000 General Funds)

- Traffic Safety Camera Program – Streets (*cost not included*)
- Data Center Upgrade - IT
- Emergency Operation Costs – Risk Management
- AED/First Aid Equipment – Risk Management
- Forensic Investigation Program – Police
- Vehicle Replacement Plan – Police (*cost not included*)
- Pavement Preservation Software – Streets
- Increased Street Striping – Streets
- Increased Engineering Professional Services – Streets
- Continue EDDS Update (*required*) – Streets/SWM
- SWM Fee Evaluation - SWM
- Alum Treatment – SWM
- Building & Land Use Code Books (*required*) – PCD
- Increased Parks Op Costs (*added parks*) – Park & Recreation
- Shared Equipment (*added parks*) – PW/Parks & Recreation

\*Capital Projects budget requests have not been reviewed

2026 Operating  
Budget Increases

Recommended  
Staffing

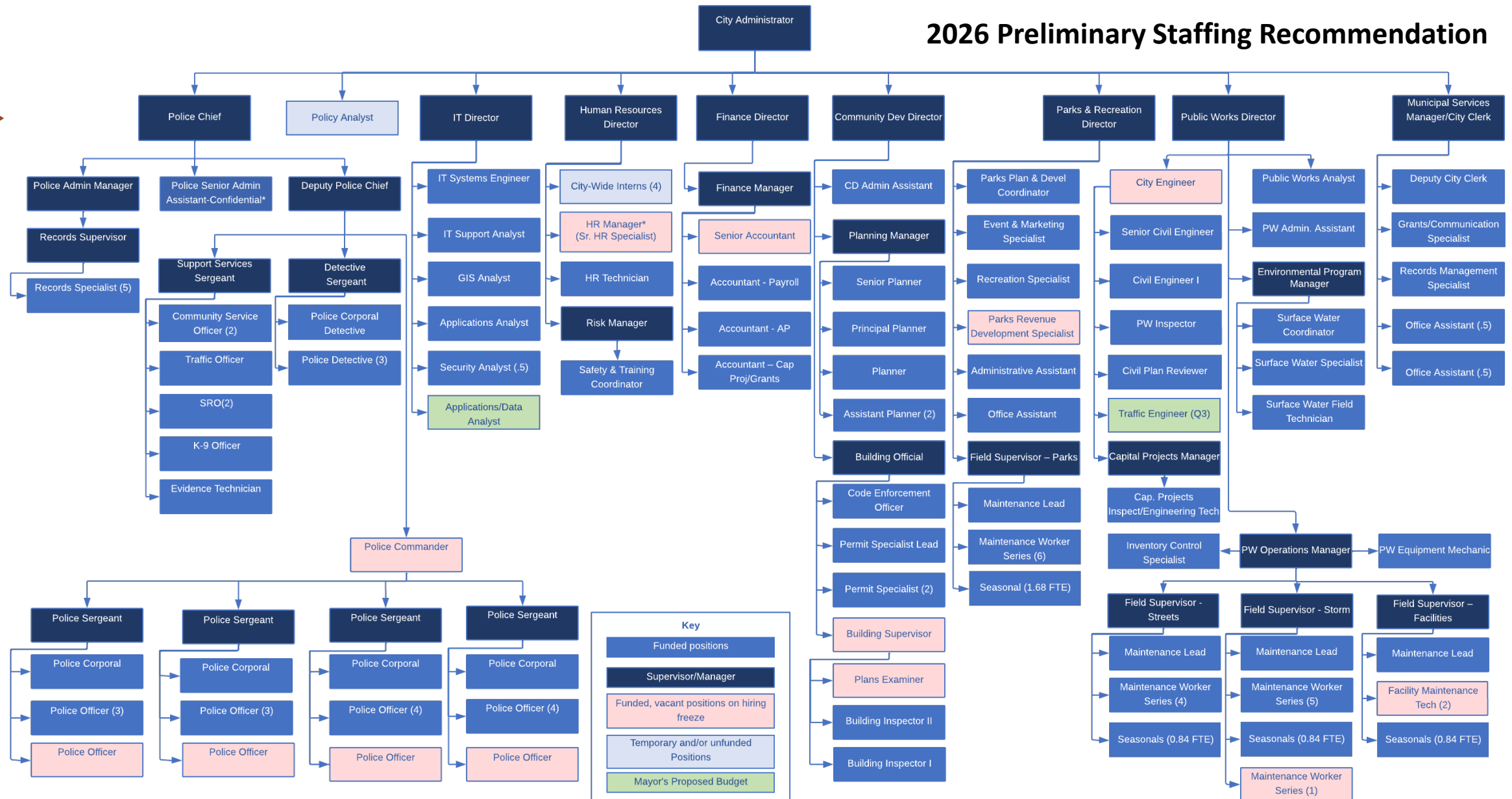
## IT - Application/Data Analyst

- Data Security, Mandatory ADA Updates, Critical System Support
  - Q2 Hire - \$112,000
  - 76% General Fund (\$85,000)

## Traffic Engineer

- Develop and Implement traffic safety camera program
- Develop and Implement traffic calming program
  - Q3 Hire - \$87,950 (*Dependent on program start date*)
    - Includes vehicle lease costs
  - 100% funded by Traffic Safety Camera Program

# 2026 Preliminary Staffing Recommendation



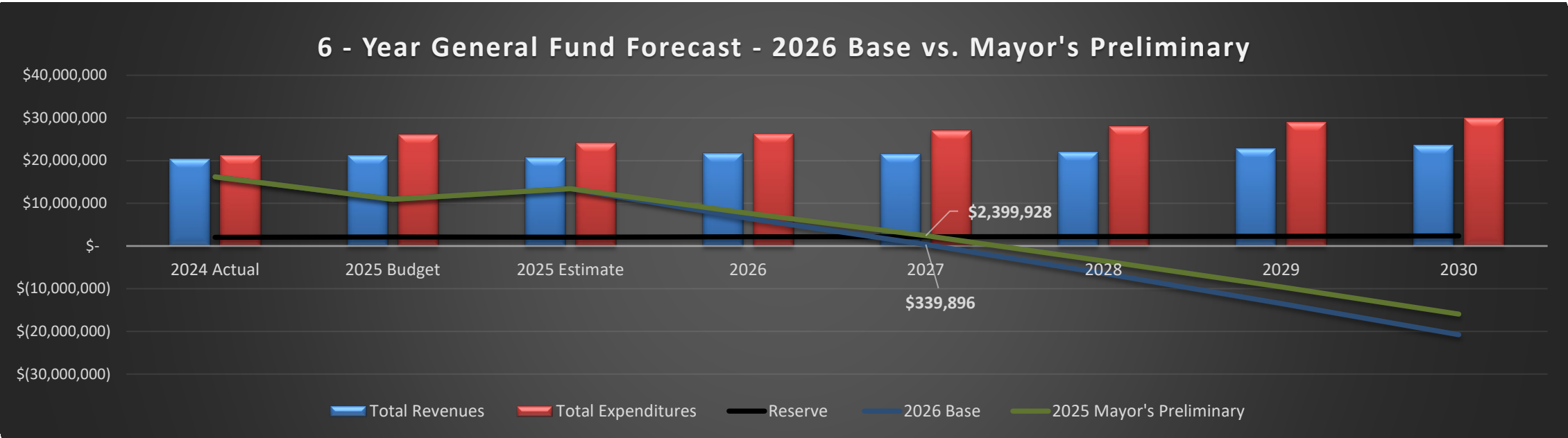


# 2026 General Fund Forecasted

All numbers are estimates. Numbers for years two through six can change as 2025 continues and the 2026 Budget is developed and discussed. Long-term General Fund forecast often go in a negative fund balance, usually by the third or fourth year. This does not mean the City will run out of money but instead illustrates the path the City could realize if no adjustments are made during the first two years.

Adjustments to the forecast model will be made to illustrate cost savings measures as implemented citywide in 2025.

**Note:** This model does not include holding vacant positions open. That scenario will be prepared and provided at the next budget workshop.



# 2026 Mayor's Preliminary Budget – All Funds

Beginning Cash Balance	2026 Proposed Revenues	2026 Proposed Expenditures	2026 Proposed Ending Cash Balance	Revenue Over Exp (+)
\$3,788,197	\$21,761,933	\$26,200,285	(\$650,154)	(\$4,438,352)
\$11,188,671	\$3,000,450	\$2,734,455	\$11,454,666	\$265,995
\$4,481,770	\$5,467,212	\$4,891,470	\$5,057,512	\$575,742
\$0	\$1,873,887	\$1,866,287	\$7,600	\$7,600
\$22,128,837	\$4,765,000	\$4,713,587	\$22,180,250	\$51,413
\$62,429	\$748,936	\$740,436	\$70,929	\$8,500
\$7,432,934	\$7,823,826	\$6,803,959	\$8,452,800	\$1,019,867
\$2,048,217	\$1,403,150	\$1,502,724	\$1,948,643	(\$99,574)
\$61,472	\$395,900	\$396,961	\$60,411	(\$1,061)
<b>\$51,192,527</b>	<b>\$47,240,294</b>	<b>\$49,850,164</b>	<b>\$48,582,657</b>	<b>(\$2,609,870)</b>