



**One Community Around The Lake**

# Council Retreat 2026 Budget Discussion

OCTOBER 21, 2025



# Today's Agenda

## General Fund Outlook & Review of Mayor's Proposals

- Revenue Strategies
- Cost Allocations
- Citywide Cost Reductions

# 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

# Revenue Strategies

Resource	Description	2025	2026
Pandemic Recovery (M)	Redistribute expenses to Capital Project Funds		\$1,200,000
Property Tax	Redistribution between Street & General		\$940,000
Interest Earnings	Sweep Interest from Allowable fund to GG	\$115,000	\$10,000
Credit Card Fees	Recoup fees – Resolution Passed		\$54,000
Technology Fees	Recoup fees – Resolution Passed		\$25,000
Utility Tax	Impose Tax on City's Stormwater Utility		\$560,000
Sales Tax	Impose Councilmanic Public Safety Sales Tax		\$375,000
<i>Permit Reimbursement</i>	<i>Eliminate Reimbursement for Permit Related Wages</i>		<i>(\$-2,000,000)</i>
	<i>Subtotal</i>	<i>6% &gt; Base</i>	<i>\$1,164,000</i>

# Revenue Strategies

- Utility Tax – Stormwater
  - Absorb the tax internally
  - 10%
  - \$560,000 annually
  - Required 60-day Notice
- Public Safety Sales Tax
  - 0.1% sales tax
  - Councilmanic
    - If Imposed April 2026
      - Receipts in June
      - \$375,000 in 2026
  - Some challenges

## Utility Taxes Imposed by City – Filtered to Snohomish County

Source: AWC 2024 Utility Tax Survey

Organization	Utility tax rate - Natural gas	Utility tax rate - Electricity	Utility tax rate - Telephone	Utility tax rate - Cable TV	Utility tax rate - Garbage	Utility tax rate - Water	Utility tax rate - Sewer	Utility tax rate - Stormwater	Franchise fee amt - Cable TV	Franchise fee amt - Garbage	Franchise fee amt - Water	Franchise fee amt - Sewer	County
City of Gold Bar	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%							Snohomish
City of Arlington	6.00%	6.00%	6.00%	8.00%	8.00%	5.00%	5.00%	5.00%	5.00%				Snohomish
City of Mukilteo	6.00%	6.00%	6.00%	6.00%	6.00%		5.00%	6.00%	5.00%	7.00%	4.00%	4.00%	Snohomish
City of Snohomish	6.00%	6.00%	6.00%		5.33%	5.33%	5.33%						Snohomish
City of Monroe	6.00%	6.00%	6.00%			10.00%	10.00%		6.00%	6.00%			Snohomish
City of Granite Falls	6.00%	6.00%	6.00%			20.00%	20.00%		5.00%	7.00%			Snohomish
City of Everett	6.00%	6.00%	6.00%	6.00%	6.00%								Snohomish
City of Brier	6.00%	6.00%	6.00%	5.00%		1.00%				3.00%	1.00%		Snohomish
City of Stanwood	6.00%	6.00%	6.00%	3.00%	6.00%	10.70%	6.00%	6.00%					Snohomish
Town of Darrington	6.00%	5.00%	6.00%	6.00%	8.00%	8.00%							Snohomish
Town of Woodway	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		10.00%	10.00%	Snohomish
City of Lake Stevens	6.00%	6.00%	6.00%		6.00%	6.00%			5.00%				Snohomish
City of Lynnwood	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%					Snohomish
City of Marysville	5.00%	5.00%	6.00%										Snohomish
City of Bothell	6.00%	6.00%	6.00%	8.00%	5.00%	11.15%	6.00%	6.00%					Snohomish
City of Edmonds	6.00%	6.00%	6.00%	6.00%	6.00%	10.00%	10.00%	10.00%					Snohomish
City of Mountlake Terrace	6.00%	6.00%	6.00%	5.00%	10.00%	13.80%	10.00%	10.00%					Snohomish
City of Sultan	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%						Snohomish
City of Index	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Snohomish
City of Mill Creek	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Unkown	Snohomish

### Notes:

Some cities were not included in the results of the AWC survey. This occurs if a city fails to fill out the survey or does so late. In these cases, information was gathered from entity websites where readily available. No information was readily available for the Cities of Index and Mill Creek.

The Town of Woodway imposes a 6% utility tax on Sewer and a 10% franchise fee on the sewer utility as well.

The City of Mukilteo does not impose a utility tax on Sewer but does charge a 4% franchise fee on the sewer utility.

# Property Tax Overview

AV increased 5.5%

2026 Estimated Levy - \$6,740,885

2026 Levy Rate - \$0.692

- *Redistributed* Property Tax

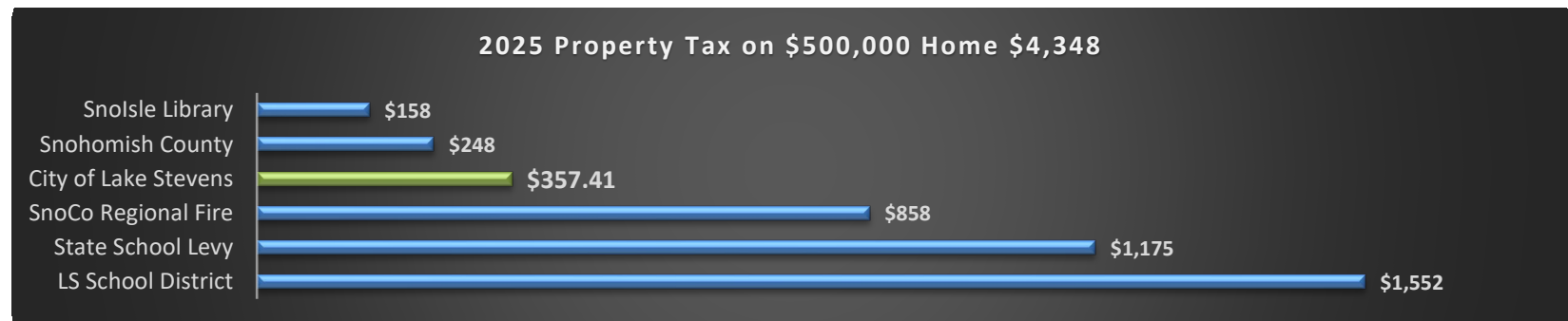
- General Fund Allocation 86%
  - \$5,797,000
- Street Fund Allocation 14%
  - \$ 944,000

- Approximately 2.1% Increase Overall

- 1% Regular Levy increase \$32,933
  - Lower of 1% of HLL or PY Levy
- New Construction \$67,925
- Refunds \$38,025

				City Portion Per \$1000
Year	AV	/1000	Levy Rate	AV
2025	\$100,000	100	\$0.7148	\$71.48
2025	\$500,000	500	\$0.7148	\$357.41
2025	\$1,000,000	1000	\$0.7148	\$714.83
				2026 Levy Rate @ City Portion Per \$1000
Year	5.5% AV Increase	/1000	1%	AV
2026	\$105,500	105.5	\$0.6920	\$73.00
2026	\$527,500	527.5	\$0.6920	\$365.01
2026	\$1,055,000	1055	\$0.6920	\$730.02

City Portion Variance 2025 v 2026			
Years	AV	/1000	Variance Per \$1000 AV @ 1%
2025 v 2026	\$5,500	5.5	\$1.52
2025 v 2026	\$27,500	27.5	\$7.60
2025 v 2026	\$55,000	55	\$15.19



# Expense Strategies

Expense	Description	Total	General Fund
Vacant Positions	8 positions & 2 Reclassifications Remain on hold	\$700,000	
Redistribute Admin OH	Distribute share of Admin Costs to Permit Funds		\$282,000
Community Development	Direct Allocation of Staffing to Permit Fund		\$2,252,700
North Cove Project	Remove GF contribution to PD Boat Relocation Project		\$54,000
Janitorial	Eliminate 2 positions – Limited contract	\$140,000	\$112,000
Vehicle Lease Policy	Increase from 5-year standard replacement to 7 years	\$51,500	
<i>WCIA Insurance</i>	<i>Raise Deductible for Property Insurance to \$25,000</i>	<i>\$64,000</i>	<i>\$43,000</i>
City Attorney	Limit Use & Meeting Attendance		
VEBA/Vacation Cash Out	Hold Program Initiation	\$46,200	
Contribution to Art	No contribution in 2026		\$25,000
Tuition Reimbursement	Hold Program in 2026		\$10,000
Annexation / UGA	Hold Expenses for 2026		\$20,000
	<i>Subtotal</i>	<i>11% &lt; Base</i>	<i>\$2,798,700</i>

# Wages & Benefit - Insurance Benefits

Medical/Dental	Employee/Dependents	Estimated Cost for Self	Total	General Fund
Citywide - Current	0% / 10%	\$0	\$3,600,000	\$2,350,000

Medical/Dental	Employee/Dependents	Total	General Fund
Non-Represented	5% / 15%	(\$124,500)	(\$63,000)
Teamsters	5% / 15%	(\$53,000)	(\$19,800)
<i>Guild</i>	<i>5% / 15%</i>	<i>(\$96,300)</i>	<i>(\$96,300)</i>
<i>Estimated Cost for Employee to Insure Self Only</i>		<i>(\$1,000*5%)*12 = \$600 annually</i>	

Medical/Dental	Employee/Dependents	Total	General Fund
Non-Represented	10% / 20%	(\$210,000)	(\$106,000)
Teamsters	10% / 20%	(\$88,000)	(\$33,000)
<i>Guild</i>	<i>10% / 20%</i>	<i>(\$160,000)</i>	<i>(\$160,000)</i>
<i>Estimated Cost for Employee to Insure Self Only</i>		<i>(\$1,000*10%)*12 = \$1,200 annually</i>	

# Wages & Benefits

## HRA/VEBA – Dual Insurance Opt-Out Incentive

Provides incentive to employees to NOT cover dependents under city insurance when they covered elsewhere.

- Reduces potential costs to the city
  - 11 participants
  - Teamsters & Non-Represented

Incentive is based on 50% of “employee only” rate

- 2025 monthly incentive \$477.31
- 2026 will increase to \$518.85
- Maintain incentive under current %
- Freeze incentive – no increases
- Reduced flat rate incentive

Cost of Living Adjust	Notes	Total	General Fund
Non-Represented	90% CPI-W 2.44%	\$240,000	\$127,000
Teamsters	Negotiations (Using Non-Rep)	\$66,000	\$25,600
Guild	Comm: 3.00%; Non-Comm: 2.44%	\$168,000	\$168,000

# 2026 Mayor's Preliminary Budget – All Funds

Fund Name	Beginning Cash Balance	2026 Proposed Revenues	2026 Proposed Expenditures	2026 Proposed Ending Cash Balance	Revenue Over Exp (+)
<b>General Fund (000)</b>	\$3,865,732	\$22,104,926	\$23,470,382	\$2,500,277	(\$1,365,456)
<b>Other General Funds (000)</b>	\$15,444,954	\$3,150,450	\$7,538,577	\$11,056,827	(\$4,388,127)
<b>Special Revenue (100)</b>	\$4,228,970	\$5,897,845	\$6,984,417	\$3,142,398	(\$1,086,572)
<b>Debt Service (200)</b>	\$0	\$1,873,887	\$1,866,287	\$7,600	\$7,600
<b>Capital Projects (300)</b>	\$20,194,599	\$7,628,352	\$12,297,305	\$15,525,646	(\$4,668,953)
<b>Other Proprietary (400)</b>	\$61,419	\$1,348,936	\$1,340,436	\$69,919	\$8,500
<b>SWM Funds (400)</b>	\$7,765,986	\$7,658,826	\$10,465,863	\$4,958,948	(\$2,807,037)
<b>Internal Service (500)</b>	\$2,037,376	\$1,403,150	\$1,505,324	\$1,935,202	(\$102,174)
<b>Trust (600)</b>	\$34,642	\$395,900	\$396,961	\$33,581	(\$1,061)
<b>Totals</b>	<b>\$53,633,679</b>	<b>\$51,462,272</b>	<b>\$65,865,552</b>	<b>\$39,230,399</b>	<b>(\$14,403,280)</b>

No.	Fund Name	Beginning Cash Balance	2026 Proposed Revenues	2026 Proposed Expenditures	2026 Proposed Ending Cash Balance	Revenue Over Exp (+)
001	General Fund - Operating	\$3,865,732	\$22,104,926	\$23,470,382	\$2,500,277	(\$1,365,456)
002	Reserve Fund	\$9,700,006	\$1,000,000	\$0	\$10,700,006	\$1,000,000
003	Permitting - Managerial	\$1,311,120	\$1,740,000	\$2,749,250	\$301,870	(\$1,009,250)
004	Pandemic Recovery - Managerial	\$4,432,615	\$50,000	\$4,482,615	\$0	(\$4,432,615)
005	Rentals - Managerial	\$1,213	\$360,450	\$306,712	\$54,951	\$53,738
<b>000</b>	<b>General Funds</b>	<b>\$19,310,687</b>	<b>\$25,255,376</b>	<b>\$31,008,959</b>	<b>\$13,557,104</b>	<b>\$ (5,753,583)</b>

# 2026 Mayor's Preliminary Budget – All Funds

No.	Fund Name	2026 Beginning Cash			2026 Base Ending Cash	
		Balance	2026 Base Revenues	2026 Base Expenditures	Balance	Revenue Over Exp (+)
001	General Fund	\$3,865,732	\$20,744,781	\$26,134,340	(\$1,523,827)	(\$5,389,559)
002	Reserve Fund	\$9,700,006	\$900,000	\$0	\$10,600,006	\$900,000
003	Permitting - Managerial	\$1,311,120	\$1,740,000	\$2,281,000	\$770,120	(\$541,000)
004	Pandemic Recovery - Managerial	\$4,432,615	\$50,000	\$4,482,615	\$0	(\$4,432,615)
005	Rentals - Managerial	\$1,213	\$360,450	\$233,455	\$128,208	\$126,995
<b>000</b>	<b>General Funds</b>	<b>\$ 19,310,687</b>	<b>\$ 23,795,231</b>	<b>\$ 33,131,410</b>	<b>\$ 9,974,508</b>	<b>\$ (9,336,179)</b>

No.	Fund Name	Beginning Cash		2026 Proposed Expenditures	2026 Proposed Ending	
		Balance	2026 Proposed Revenues		Cash Balance	Revenue Over Exp (+)
001	General Fund - Operating	\$3,865,732	\$22,104,926	\$23,470,382	\$2,500,277	(\$1,365,456)
002	Reserve Fund	\$9,700,006	\$1,000,000	\$0	\$10,700,006	\$1,000,000
003	<i>Permitting - Managerial</i>	<i>\$1,311,120</i>	<i>\$1,740,000</i>	<i>\$2,749,250</i>	<i>\$301,870</i>	<i>(\$1,009,250)</i>
004	Pandemic Recovery - Managerial	\$4,432,615	\$50,000	\$4,482,615	\$0	(\$4,432,615)
005	Rentals - Managerial	\$1,213	\$360,450	\$306,712	\$54,951	\$53,738
<b>000</b>	<b>General Funds</b>	<b>\$19,310,687</b>	<b>\$25,255,376</b>	<b>\$31,008,959</b>	<b>\$13,557,104</b>	<b>\$ (5,753,583)</b>

# 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 have been made to illustrate cost savings measures as implemented citywide in 2025.

