



One Community Around The Lake

2026 Budget Public Hearing No. 1

BARB STEVENS, FINANCE DIRECTOR
NOVEMBER 18, 2025

Budget Process Timeline

January - July

- Project Dashboard
- Citywide Strategic Planning Sessions

Early August

- Base Budget & Forecast created by Finance
- Instructions to DH

Mid - Late August

- DH Budget Requests are compiled and presented to Mayor and City Administrator
- Executive Staff Roundtable

September

- Budget Presentations
- Council Review & Discussion

October

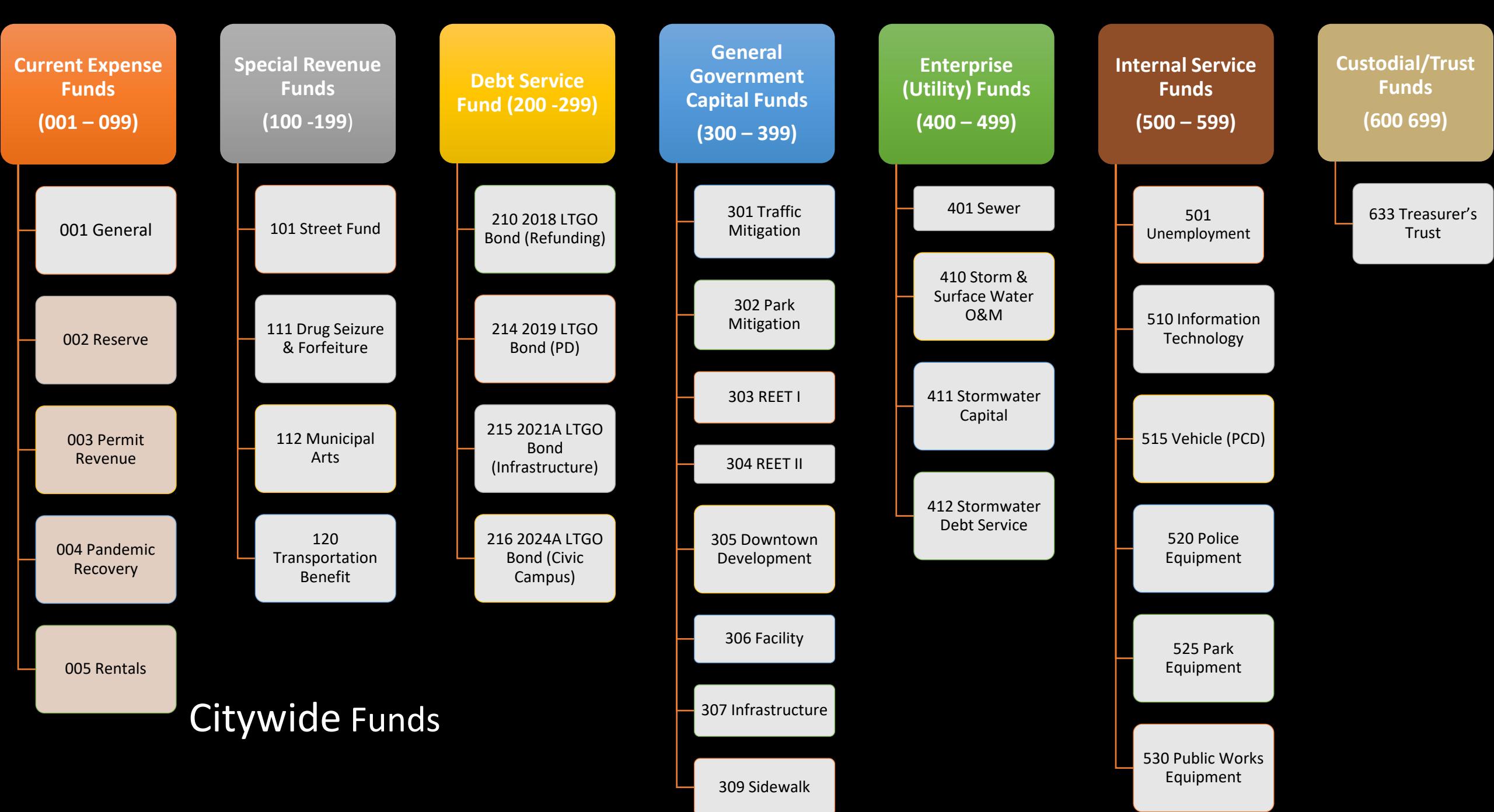
- Council Budget Sessions
- Proposed Budget Finalized
- Available to the Public

October - November

- Public Hearings
- Property Tax Levy Hearing
- Proposed Budget

November

- Final Public Hearing
- Adopt Budget



2026 Budget Priorities

Public Safety

- Implement Traffic Safety Camera Program

Information Technology

- Safeguard Data
- Critical System Support

Maintain Infrastructure & Programs

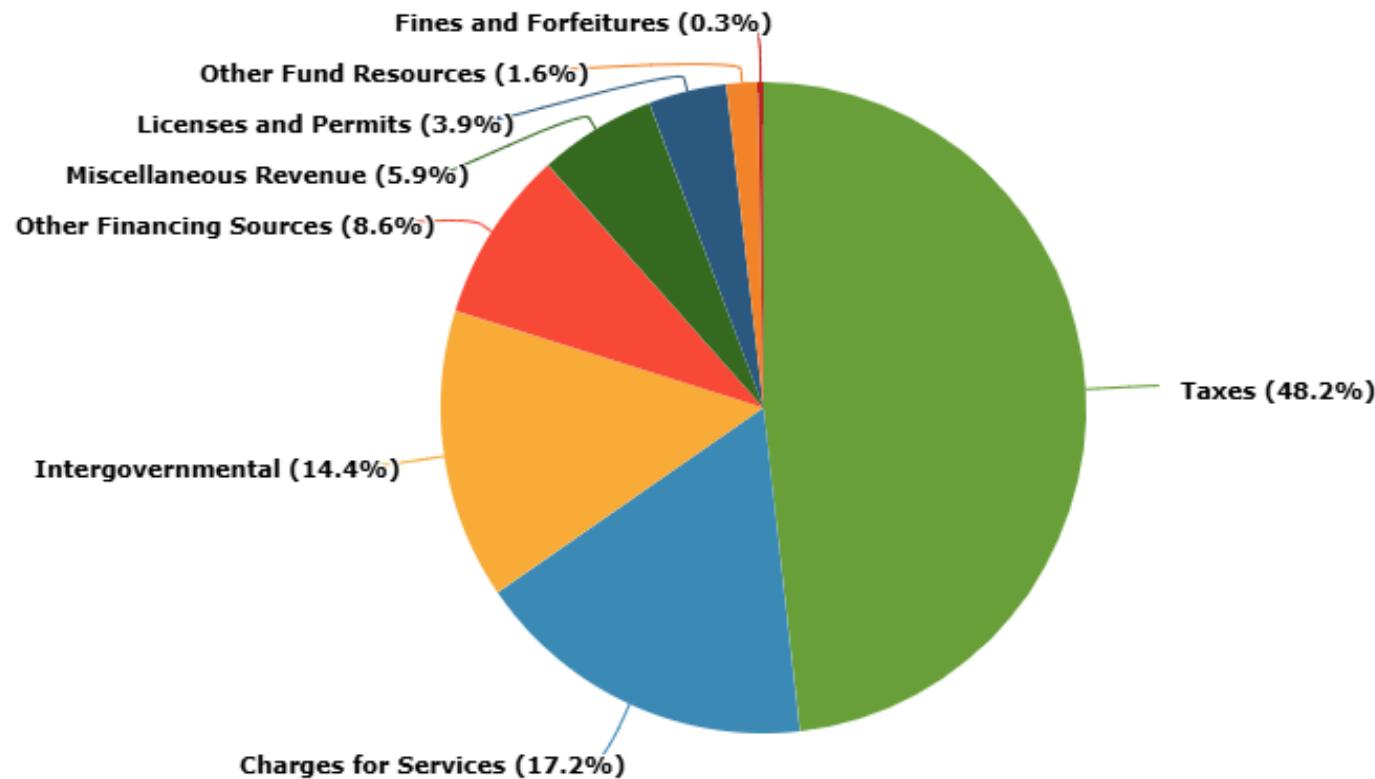
- Maintain Levels of Service
- Encourage Innovative Process Improvement

2026 Proposed Budget

Ordinance No. 1205

Fund #		Fund Name	Estimated Beginning Balance	Revenues	Expenditures	Ending Balance
000	General Funds		\$19,318,440	\$24,896,346	\$31,103,157	\$13,111,629
101	Street		\$2,187,549	\$3,742,969	\$4,445,586	\$1,484,932
111	Drug Seizure & Forfeiture Fund		\$59,988	\$2,260	\$51,000	\$11,248
112	Municipal Arts Fund		\$33,365	\$33,400	\$25,000	\$41,765
120	Transportation Benefit Program		\$1,947,798	\$2,212,600	\$2,992,653	\$1,167,745
210	2008 Bonds		\$0	\$209,335	\$209,335	\$0
214	2019 LTGO Bond PD		\$0	\$460,702	\$460,702	\$0
215	2021A LTGO Bond		\$456	\$606,950	\$606,950	\$456
216	2024A LTGO Bond		\$18,281	\$596,900	\$589,300	\$25,881
301	Cap. Proj.-Dev. Contrib.		\$4,353,886	\$806,000	\$303,000	\$4,856,886
302	Park Mitigation		\$2,493,705	\$3,719,352	\$4,261,892	\$1,951,165
303	Cap. Imp.-REET		\$8,458,596	\$1,300,000	\$1,233,637	\$8,524,959
304	Cap. Improvements REET 2		\$4,879,483	\$1,684,000	\$6,198,776	\$364,707
306	Facility Cap Project - PD		\$437,335	\$0	\$0	\$437,335
307	Infrastructure Capital Project		\$0	\$0	\$0	\$0
309	Sidewalk Capital Project		\$318,594	\$19,000	\$200,000	\$137,594
401	Sewer		\$61,419	\$1,348,936	\$1,340,436	\$69,919
410	Storm and Surface Water		\$1,784,127	\$5,670,649	\$6,765,744	\$689,032
411	SWM Capital		\$5,964,171	\$1,698,000	\$3,448,200	\$4,213,971
412	SWM Debt		\$0	\$290,177	\$290,177	\$0
501	Unemployment		\$7,737	\$40,950	\$35,000	\$13,687
510	Equipment Fund - Computers		\$179,284	\$862,700	\$962,441	\$79,543
515	Equipment Fund--Vehicles		\$111,944	\$0	\$0	\$111,944
520	Equipment Fund-Police		\$1,000,180	\$261,000	\$300,700	\$960,480
525	Equipment Fund - Parks		\$31,205	\$62,000	\$77,835	\$15,370
530	Equipment Fund-PW		\$610,210	\$188,500	\$191,342	\$607,368
633	Treasurer's Trust		\$34,642	\$405,100	\$406,161	\$33,581
	Total All Funds		\$54,292,395	\$51,117,826	\$66,499,024	\$38,911,197

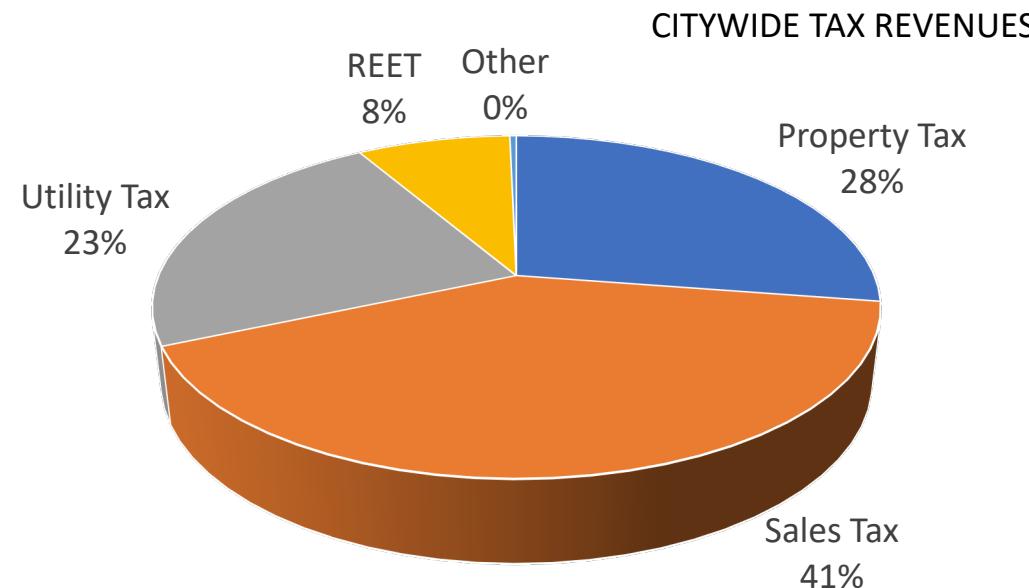
2026 Citywide Revenue Breakdown



- Taxes (48%)
 - Property Tax
 - Sales Tax
 - REET
 - Utility
- Charges for Services (17%)
 - Zoning & Subdivision
 - Impact Fees
 - Storm Water Fees
- Intergovernmental (14%)
 - Grants
 - State Shared

Other Financing Sources are interfund transfers and the anticipated sale of property

2026 Citywide Tax Revenue Breakdown



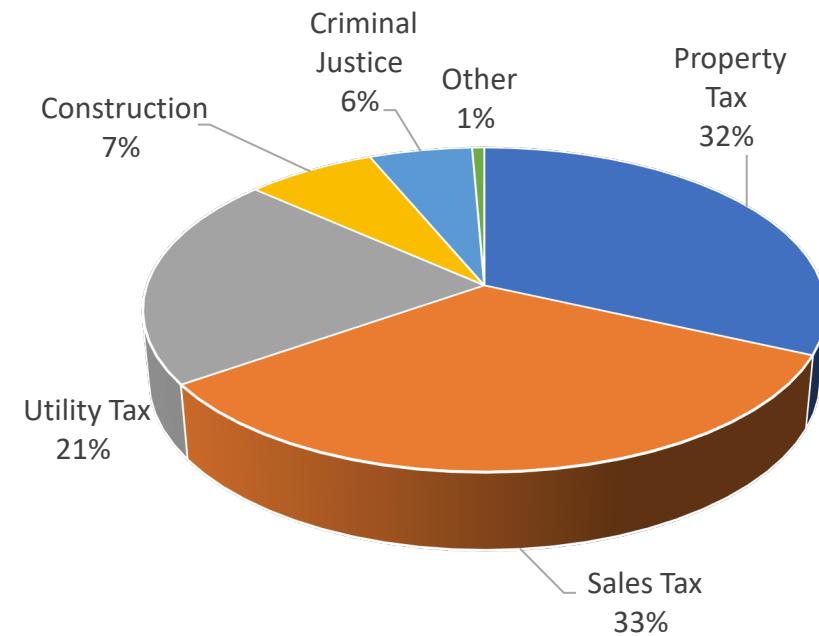
Tax Type	General Fund	GF Reserve	TBP	Street	REET 1	REE 2	Grand Total
Property Tax	\$5,798,000			\$944,000			\$6,742,000
Sales Tax	\$7,475,360	\$1,000,000	\$1,632,000				\$10,107,360
Utility Tax	\$3,880,389			\$1,776,855			\$5,657,244
REET					\$1,000,000	\$1,000,000	\$2,000,000
Other	\$85,100						\$85,100
Grand Total	\$17,238,849	\$1,000,000	\$1,632,000	\$2,720,855	\$1,000,000	\$1,000,000	\$24,591,704

General Fund Revenues for 2026

Total GF Revenues - \$24,896,346

Revenue Sources	2025 Budget	2025 Estimated Ending	2026 Proposed Budget
Tax	\$15,921,533	\$16,421,274	\$18,238,849
Charges for Service	\$489,026	\$529,751	\$552,659
Fines & Penalties	\$132,000	\$134,472	\$145,000
License & Permits	\$1,517,842	\$1,875,993	\$1,949,308
Intergovernmental	\$1,203,807	\$1,165,696	\$1,024,460
Interfund	2,339,967	\$2,074,223	\$1,300,000
Miscellaneous	\$1,960,098	\$1,884,566	\$1,686,070
Grand Total	\$23,564,273	\$24,085,975	\$24,896,346

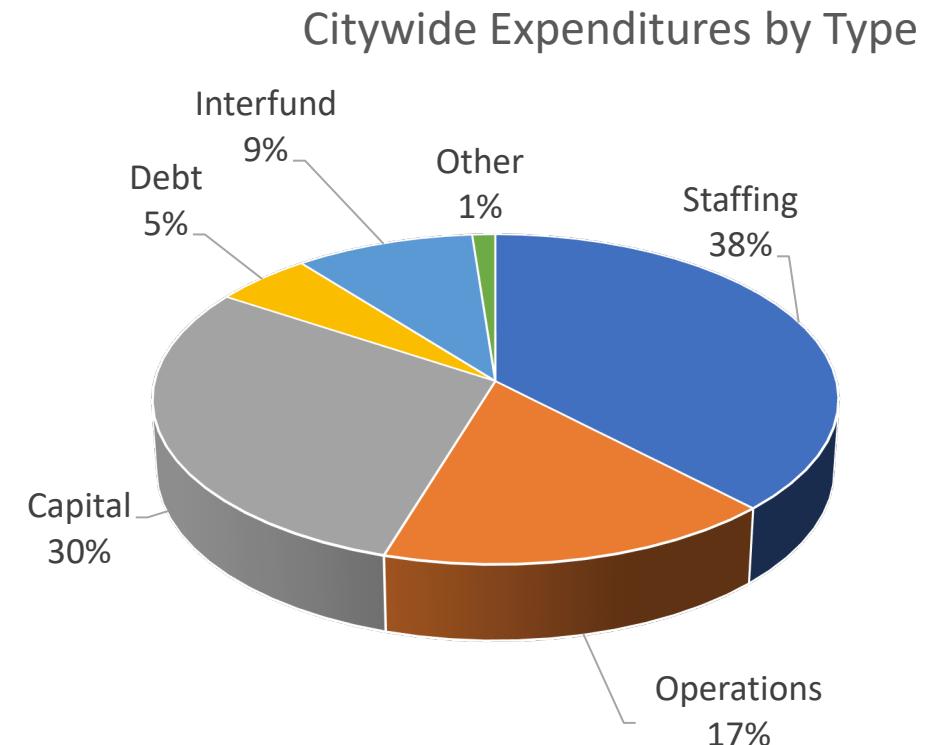
Total General Fund Taxes - \$18,238,849



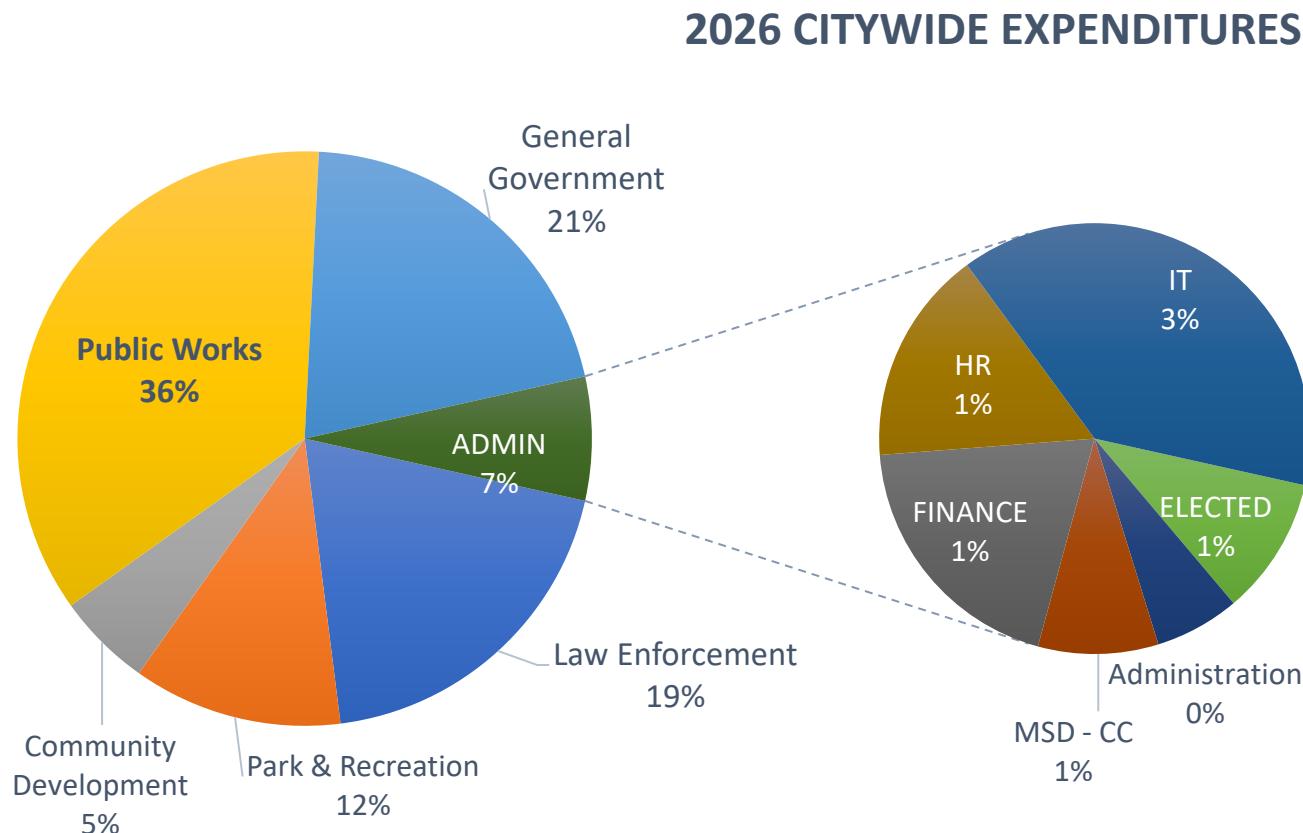
Citywide Expenditure Type for 2026

Citywide Expenditures \$66,499,024

Expenditure Type	2025 Budgeted	2025 Estimated Ending	2026 Proposed Budget
Wages	\$17,002,424	\$16,193,144	\$18,148,601
Benefits	\$6,845,705	\$6,355,373	\$6,951,367
Supplies	\$1,932,046	\$1,575,065	\$1,328,322
Services	\$10,356,814	\$9,694,338	\$9,974,340
Capital	\$43,781,686	\$30,893,080	\$19,616,986
Debt	\$3,165,069	\$3,160,815	\$3,427,381
Interfund	\$7,720,441	\$6,975,749	\$6,250,866
Other	\$1,088,961	\$511,557	\$801,161
Totals	\$91,893,146	\$75,359,119	\$66,499,024

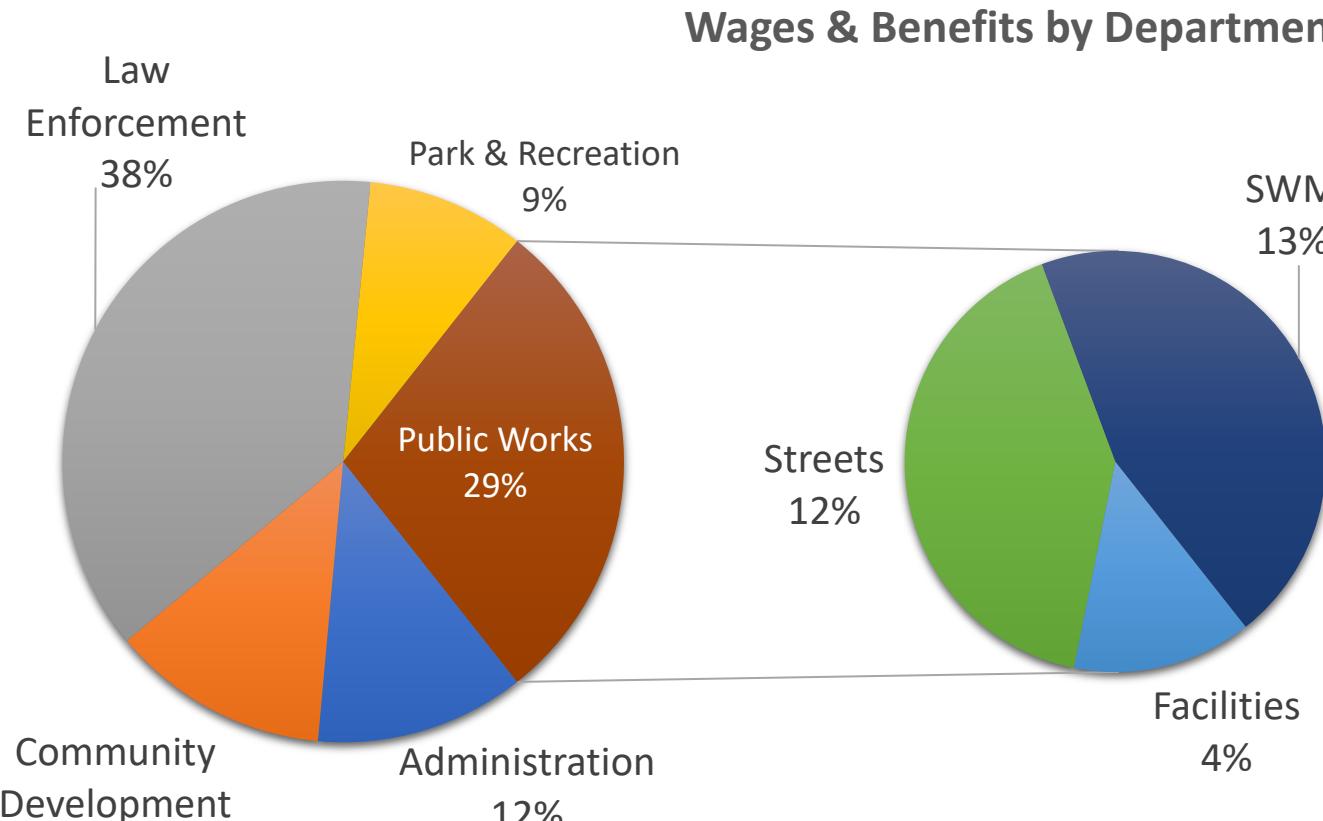


2026 Citywide Expenditures – By Department



- Public Works (36%)
 - Street
 - Storm/Surface Water
 - Facilities
- Park & Recreation (12%)
- General Government (21%)
 - Debt
 - Interfund (Transfers)
 - Legal
- Law Enforcement (19%)
- Community Development (5%)
- Administration (7%)
 - Elected Officials/Admin/MSD/Finance/HR/IT

2026 Citywide Wages & Benefits – By Department



- Law Enforcement (38%)
- Public Works (29%)
 - Street
 - Storm/Surface Water
 - Facilities
- Community Development (12%)
- Administration (12%)
 - Elected Officials/Admin/MSD/Finance/HR/IT
- Park & Recreation (9%)

Cost of Living Increases

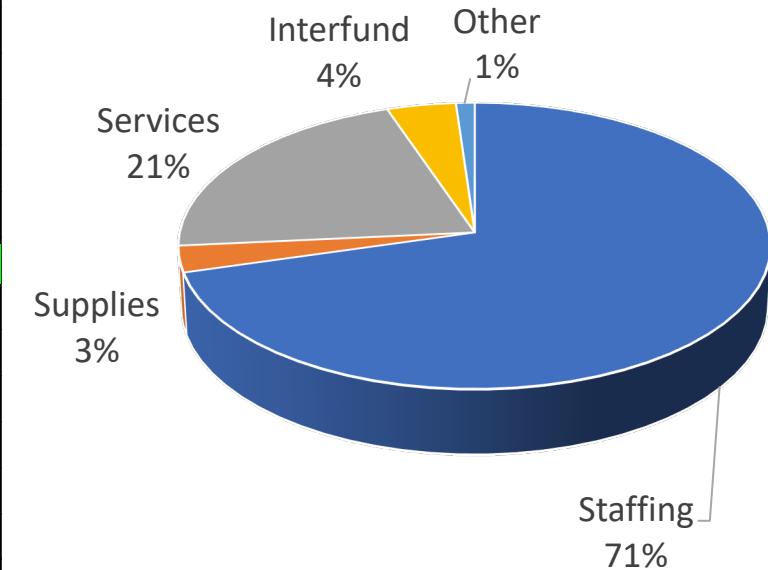
- Non-Represented - 2.44%
- Guild Commissioned – 3.00%
- Guild Non-Commissioned – 2.44%
- Teamsters – *In negotiations*

General Operating Funds Expenditure Comparison by Department 2025-2026

Department	2025 Budget	2025 Estimated	% Change 2025 Budget to Est	2026 Proposed Budget	2026 % of Total Exp	% Change 2025 Est - 2026
Legislative & Executive	\$487,123	\$462,951	-5%	\$479,482	2%	4%
Administration	\$321,586	\$320,719	0%	\$295,208	1%	-8%
Municipal Services - CC	\$481,022	\$460,481	-4%	\$417,853	2%	-9%
Finance	\$978,160	\$837,939	-14%	\$805,123	3%	-4%
Human Resources	\$803,198	\$731,576	-9%	\$746,577	3%	2%
Information Technology	\$991,887	\$986,553	-1%	\$823,102	3%	-17%
Community Development	\$5,864,576	\$5,357,191	-9%	\$3,552,696	13%	-34%
Law Enforcement	\$11,960,344	\$11,157,517	-7%	\$12,171,495	46%	9%
Park & Recreation	\$3,012,583	\$2,985,038	-1%	\$3,154,099	12%	6%
Legal	\$903,134	\$1,031,818	14%	\$979,054	4%	-5%
Community	\$167,711	\$187,193	12%	\$206,972	1%	11%
General Government	\$1,878,937	\$1,730,749	-8%	\$1,860,418	7%	7%
Public Works	\$1,528,040	\$1,269,711	-17%	\$1,128,463	4%	-11%
Total Expenditures	\$29,378,301	\$27,519,435	-6%	\$26,620,542		-3%

Permit and Rental Managerial Funds are included in this table as they both are used for operating expenses, including wages/benefits.

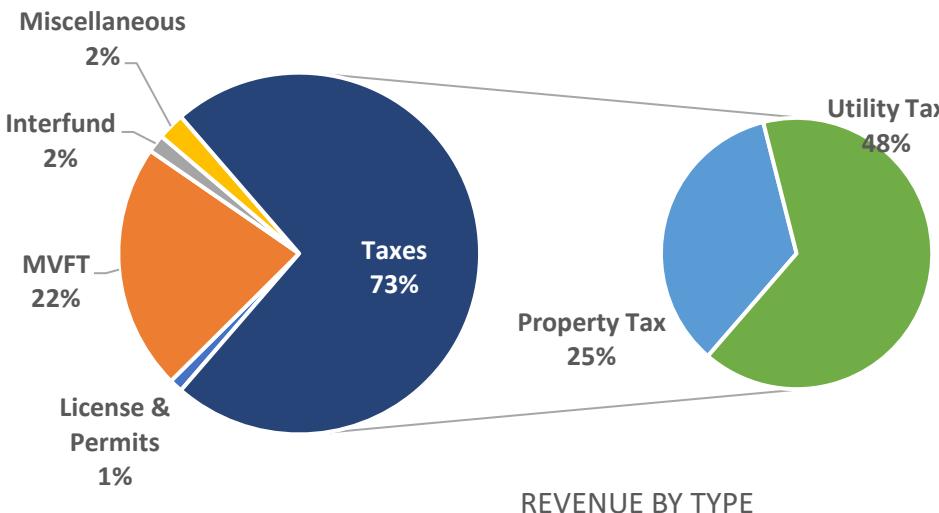
General Operating Fund Expenditures by Type



Street Fund Proposed Budget

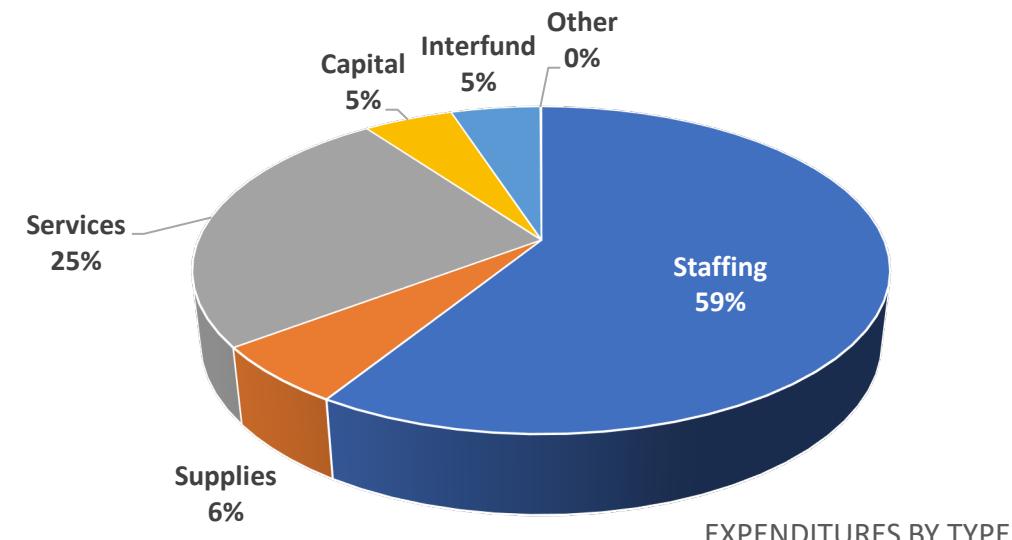
Revenues - \$3,742,969

- Property Tax \$944,000
 - Allocation Reduced to 14%
- Motor Vehicle Fuel Taxes \$825,884
- Garbage Utility Tax \$576,855
- Sewer Utility Tax \$1,200,000



Expenditures - \$4,445,586

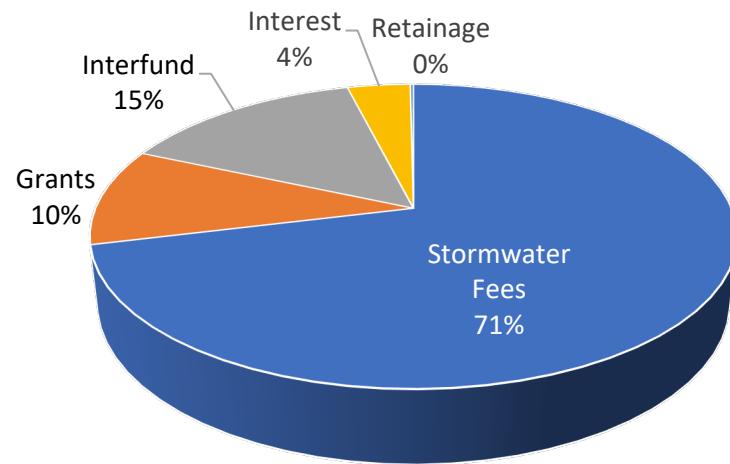
- Pavement Preservation Program \$200,000
 - Additional Funding in TBP
- Annual Striping Program \$100,000
- Traffic Safety Camera Program \$120,000
- Traffic Calming Program \$100,000



Storm Water Fund Proposed Budget

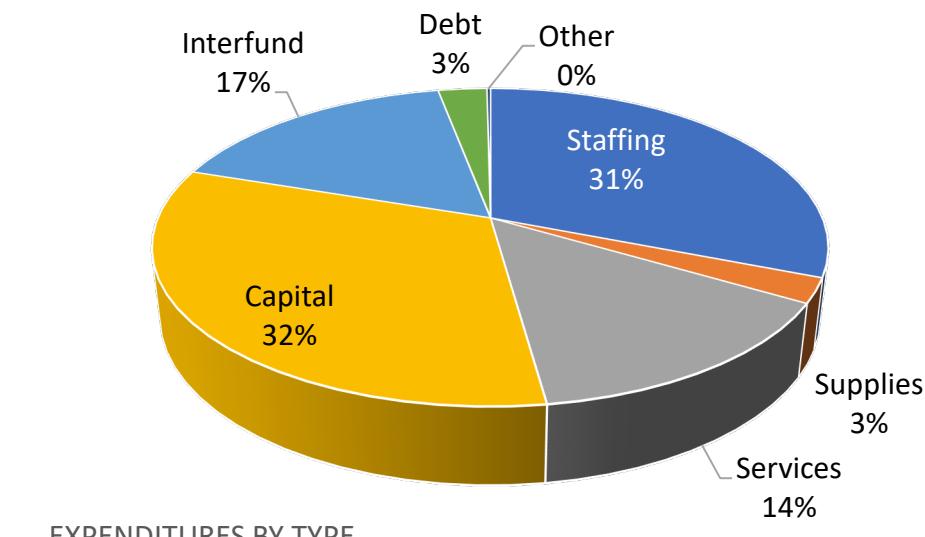
Revenues \$7,658,826

- Storm Drainage Fees \$5,451,649
 - 3% Increase – Rate Schedule
- Interfund Transfers \$1,110,177
- Grants \$795,000
- Interest \$287,000



Expenditures \$10,504,121

- Continue Weed Abatement & Phosphorus Treatments
- Capital \$3,398,200
- Debt Service \$292,177
- Interfund \$1,771,711



2026 Staffing Recommendations

IT - Application/Data Analyst

- Data Security, Mandatory ADA Updates, Critical System Support
- Q2 Hire - \$112,000
- 68% General Fund (\$76,000)

Traffic Engineer

- Develop and Implement traffic safety camera program
- Develop and Implement traffic calming program
- Q1 Hire - \$164,000
- Includes vehicle lease costs
- 100% funded by Traffic Safety Camera Program (reimbursed)

Council Member
Ryan DonoghueCouncil Member
Kurt HiltCouncil Member
Kim DaughtryCouncil Member
Gary PetershagenMayor
Brett GalleyCouncil Member
Steve EwingCouncil Member
Anji JorstadCouncil Member
Kymn Shipman

City Administrator

Police Chief

Policy Analyst

IT Director

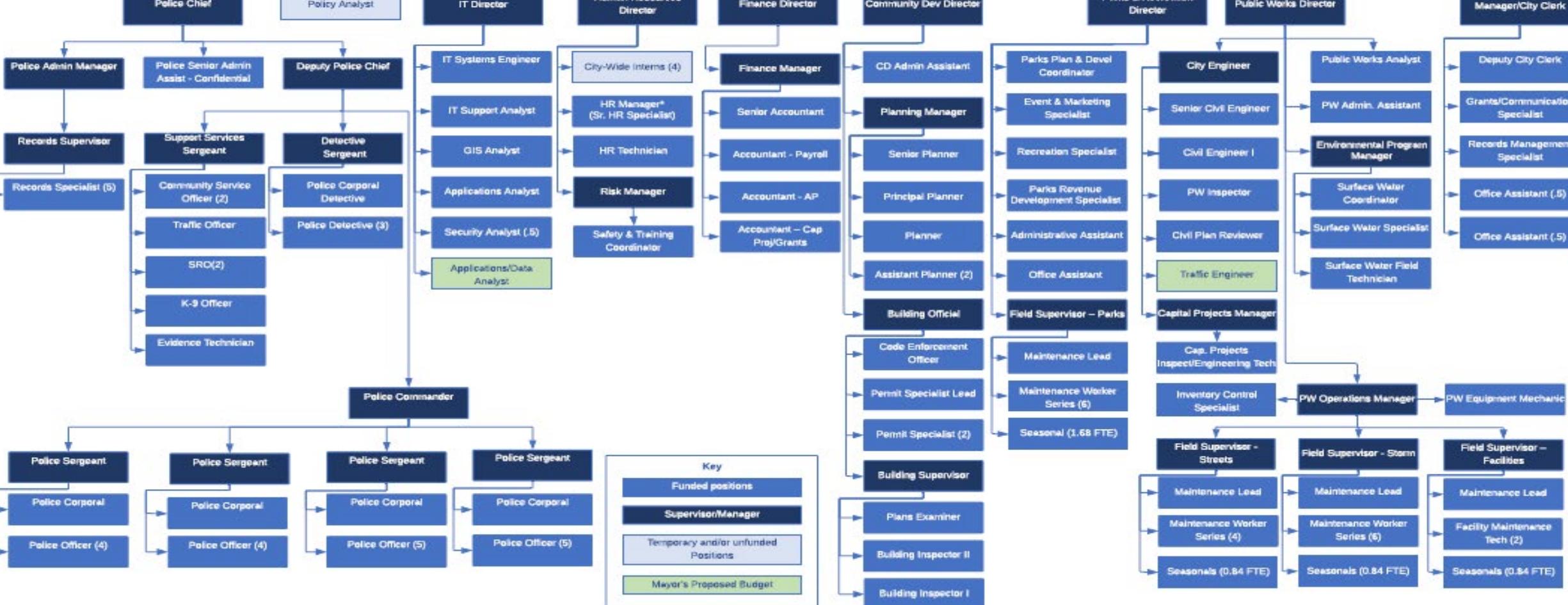
Human Resources
Director

Finance Director

Community Dev Director

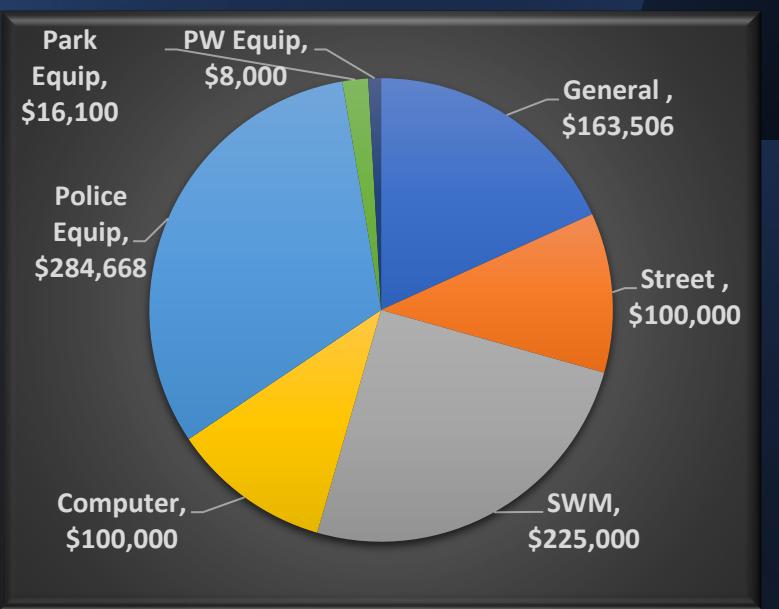
Parks & Recreation
Director

Public Works Director

Municipal Services
Manager/City Clerk

2026 Proposed Budget

Programs & Purchases



- AED/First Aid Equipment – Risk Management
- Emergency Operation Costs – Risk Management
- Building & Land Use Code Books (*required*) – PCD
- Forensic Investigation Program – Police
- Increased Parks Op Costs (*added parks*) – Park & Recreation
- Contributions to Senior Center & VOA – Human Services

- Pavement Preservation Software – Streets
- Increased Engineering Professional Services – Streets
- Continue EDDS Update (*required*) – Streets/SWM
- SWM Fee Evaluation - SWM
- Alum Treatment – SWM

- Shared Equipment (*added parks*) – PW/Parks & Recreation
- Equipment Attachments for Synthetic Turf Maintenance – Park
- Data Center Upgrade - Computer
- Vehicle Replacement Program – Police Equip

2026 Capital Improvement Plan

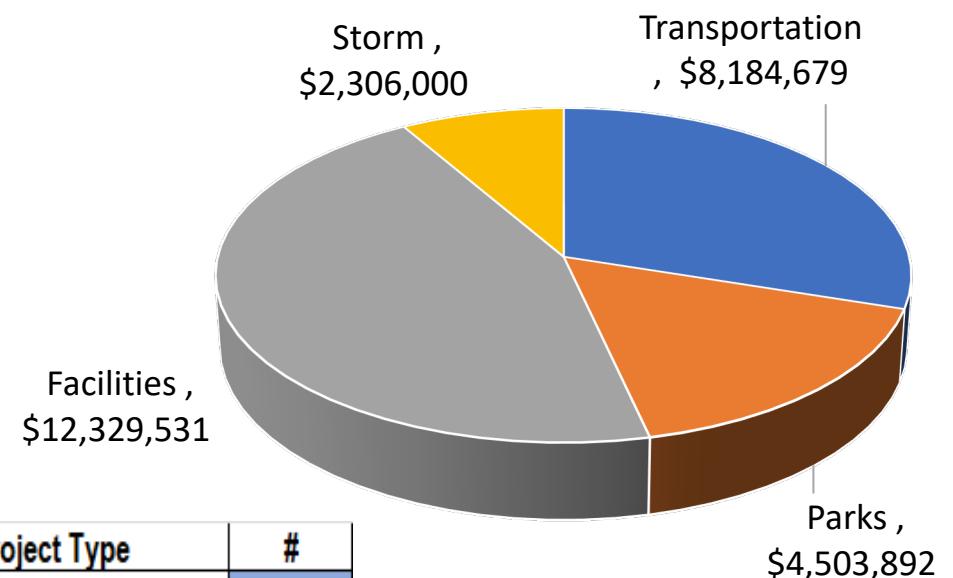
2026 – 30 Projects

- 27 Multiyear - \$79,710,425

2026 Budget - \$27,324,102

- 23 of these projects were budgeted in 2025 and approximately \$19.4M will roll forward into 2026 or have funds “set-aside”
- Remaining have been in planning stages or are phased projects except the Traffic Safety Camera Program

2026 PROJECTS BY TYPE



Project Type	#
Transportation	12
Parks	10
Facilities	3
Storm	5

2026 Capital Projects – Transportation & Stormwater

Project No.	Project Group/Name	Total Project Cost	2026	Forecasted 2027	Description
RD-101	Main St. Improvements (16th St NE to 20th St NE)	\$ 4,040,000	\$ 400,000		Multi-use path, street frontage improvements along Main Street between 16th St to 20th St.
FC-112	131st Avenue Infrastructure Improvements	\$ 2,500,000	\$ 2,379,826		Construct new sewer, storm and road improvements along 131st Ave NE from 20th Street NE to Hartford Drive.
RD-113	20th St NE and Main Street Roundabout	\$ 3,200,000	\$ 80,000	\$ 2,691,785	Construct roundabout and frontage improvements per the downtown subarea plan.
TBD-04	117th Ave NE Sidewalk (20th to 26th St NE)	\$ 1,650,000	\$ 1,374,853		TBD sidewalk along one side of 117th Ave NE between 20th St and 26th St. Includes ROW and typical frontage improvements including stormwater.
TBD-05	91st Ave SE Sidewalk (20th to 12th St SE)	\$ 2,300,000	\$ 2,120,000		TBD sidewalk along the east side of 91st Ave SE between 20th St SE and 12th St. Includes ROW and typical frontage improvements including stormwater.
TBD-07	Soper Hill Sidewalk & Sewer Improvements	\$ 3,800,000	\$ 570,000	\$ 3,230,000	TBD sidewalk along one side of Soper Hill Rd between Lake Dr and SR9. Includes ROW and typical frontage improvements including stormwater.
TBD-06	N Lakeshore Dr Sidewalk (Main St to 123rd Ave NE)	\$ 150,000	\$ 40,000	\$ 110,000	TBD sidewalk along one side of N Lakeshore Dr between Main St and 123rd Ave.
Ongoing	Annual Citywide Road Striping and Thermoplastic	\$ 600,000	\$ 100,000	\$ 100,000	Maintenance of city-wide striping
RD-202	Annual ADA & Sidewalk Improvements	\$ 1,200,000	\$ 200,000	\$ 200,000	Curb ramp and sidewalk repair, maintenance, reconstruction in support of the ADA Transition Plan.
RD-203	Annual Pavement Preservation Program	\$ 4,200,000	\$ 700,000	\$ 700,000	Annual pavement preservation activities including grind and overlay, crack sealing.
RD-205	Traffic Safety & Calming Program	\$ 600,000	\$ 100,000	\$ 100,000	Create Traffic Calming Program with stakeholder engagement, update code, notify public, implement.
*new	Traffic Safety Cameras Program and Equipment	\$ 120,000	\$ 120,000		City Council has authorized the ordinance to install traffic safety cameras. This ordinance grants the ability to put into place a program
Streets		\$ 42,790,000	\$ 8,184,679	\$ 8,381,785	
SW-104	Bridge 06 Replacement - 36th Street NE	\$ 4,000,000	\$ 731,000		Replacement of Bridge 06 to ensure safe access to the Hartford Industrial area by commercial traffic.
SW-111	Catherine Creek/Hartford Crossing Replacement	\$ 6,500,000	\$ 1,250,000	\$ 2,625,000	Lower Stevens Creek Phase 1A Replace fish passage barrier culvert on Catherine Creek at Hartford Dr. for restored channel realignment.
SW-108	36th St Culvert Replacement	\$ 1,725,000	\$ 225,000		Replace the fish barrier culvert at 36th Street NE that conveys a tributary to Catherine Creek.
SW-103	99th Ave SE/4th St SE Culvert Feasibility	\$ 2,090,000	\$ 50,000		Feasibility of a fish barrier culvert replacement project at 99th Ave SE/4th St SE.
*new	SWM Fee - Rate Study and Fee Adoption	\$ 50,000	\$ 50,000		This project is to hire a consultant to set surface water utility rates.
Storm		\$ 14,365,000	\$ 2,306,000	\$ 2,625,000	

2026 Capital Projects – Parks & Facilities

Project No.	Project Group/Name	Total Project Cost	2026	Forecasted 2027	Description
PR-100	Frontier Heights Phase II	\$ 2,000,000	\$ 1,283,505		Phase 2 - multi use synthetic athletic field, 4 pickleball courts, parking, sensory garden, labyrinth.
PR-102	Eagle Ridge Park Phase II	\$ 3,332,387	\$ 332,387	\$ 3,000,000	Phase 2 of master plan - playground, walking trail, amphitheater, parking.
PR-104	Cedarwood Property	\$ 2,455,589	\$ 500,000	\$ 1,955,589	Site feasibility study for Cedarwood property.
PR-106	West Lake Park Recreation Amenities	\$ 100,000	\$ 100,000		Plan amenities for West Lake Park consistent with the powerline easements. (May inc revamping sports field, adding a playground or pump track.)
PR-113	Davies Beach Pier Resurfacing	\$ 180,000	\$ 180,000		Resurface public dock at Davies Beach. The wood is degraded and new light transparent decking is needed.
PR-201	N Cove Marina Feasibility & Marine Unit Relocation	\$ 4,125,000	\$ 400,000	\$ 3,725,000	Construct a marina to replace motorized, non-motorized and first responder's dock.
PR-207	North Cove Parking Lot & Recreation Building	\$ 1,300,000	\$ 300,000	\$ 1,000,000	Remove one of the administrative buildings, repurpose the other and construct new parking lot
PR-108	Lake Stevens Bayview Connector Phase 0.5	\$ 773,000	\$ 773,000		12th St to 8th St trail, realign 12th Street and connect to Phase 0 project
PR-203	Lake Stevens Bayview Connector Phase 1	\$ 2,835,000	\$ 635,000	\$ 2,200,000	8th St SE to SR 204, coordination with City of Marysville for Bayview Connector.
Parks		\$ 35,550,976	\$ 4,503,892	\$ 12,730,589	
Evergreen Office Building (HVAC, Alarm)		\$ 97,000	\$ 97,000		Replace the HVAC
Municipal Service Campus		\$ 15,152,545	\$ 7,949,910		Remodel existing buildings to house the city hall complex
FC-101	Museum	\$ 4,282,621	\$ 4,282,621		Complete final design of museum and construction of the new building
Facilities		\$ 21,532,166	\$ 12,329,531	\$ -	
2026 Capital Projects		\$114,238,142	\$27,324,102	\$23,737,374	

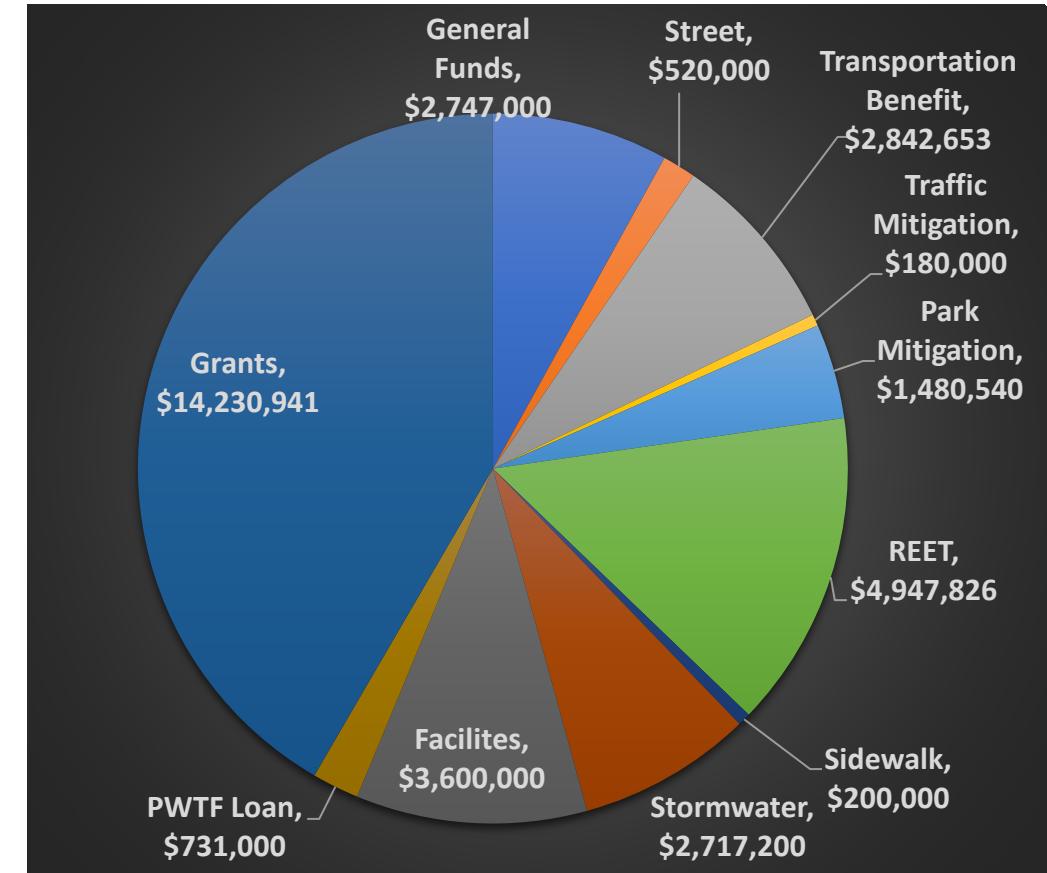
Total 2026 Planned Capital Projects \$27,324,102

2026 Capital Project Budget Summary

Funding Sources

General Funds	\$2,747,000
Street	\$520,000
Transportation Benefit	\$2,842,653
Traffic Mitigation	\$180,000
Park Mitigation	\$1,480,540
REET	\$4,947,826
Sidewalk	\$200,000
Stormwater Capital	\$2,717,200
Facilities	\$3,600,000
PWTF Loan	\$731,000
Grants	\$14,230,941

- *General Fund includes Pandemic Recovery and Rental Funds*
- *Facilities includes bonded debt for the Civic Campus and Museum*





2026 Budget – Next Steps

- Public Comment
- Approve First Reading of Budget Ordinance 1205
- Final Public Hearing & Budget Adoption

November 25, 2025