



INFORMATIONAL MEMORANDUM

TO: City Council
CC: Mayor McLeod
FROM: Aaron BeMiller, Finance Director
BY: Tony Cullerton, Deputy Finance Director
CC: Mayor McLeod
DATE: October 27, 2025
SUBJECT: 2025 Biennium Budget Amendment Ordinance

ISSUE

Approval of Administrative Budget Amendments.

BACKGROUND

A budget amendment is necessary only when a fund as a whole risks exceeding its approved allocation. Budget amendments provide organizations the opportunity to incorporate best practices, adjust to substantial changes in financial plans or policy decisions, and enhance transparency for key decisions. The proposed amendments will make the following adjustments to the General Fund for the current biennium:

- Transfer from General Fund to Sewer Fund for early repayment of interfund loan. Budget impact of \$947,112.
- Transfer from Land Acquisition Fund to General Government Improvements Fund for TCC HVAC costs. Budget impact of \$405,000.
- Transfer funds from the Urban Renewal Fund to the General Fund with the intent of closing the Facilities Replacement Fund. Budget impact of \$947,112.
- An increase to the Insurance – LEOFF 1 fund to cover additional miscellaneous LEOFF retiree expenditures. Budget impact of \$100,000.
- Authorization to add a limited term position to HR to extend through 2026. Budget impact of \$0.

DISCUSSION

On November 21, 2022, the City authorized an interfund loan from the Sewer fund (402) for the purchase of a fire apparatus. The interfund loan was scheduled for repayment in 2026. However, the City is in a position to pay the interfund loan off in 2025. This resulted in approximately \$30k savings in interest expense.

The Tukwila Community Center incurred unexpected necessary repairs to the HVAC unit. A transfer from the Land Acquisition Fund to the General Government Improvement Fund was necessary to absorb the costs to repair the HVAC unit and equipment.

In 2024 through the 2025-2026 budget process the City was authorized to close the Urban Renewal (302) fund. There are unassigned funds associated with that Fund that will be transferred to the General Fund prior to closing. The amount planned for transfer is \$947,112.

An increase in the amount of \$100,000 is needed for the LEOFF 1 Self Insurance Plan Fund. This increase is necessary due to unbudgeted miscellaneous health care costs attributed to the retirees' covered by this insurance fund.

Human Resource identified a need for a limited term position to assist with a variety of HR functions. It was determined that the cost of this role would be absorbed by the department. This position was approved by city leadership. This amendment item has zero financial impact to the budget and solely seeks Council authorization.

The total year-end budget amendment is \$2,399,224.

Fund	2025 Adopted Revenues	2025 Proposed Revenues	Difference	2025 Adopted Expenditures	2025 Proposed Expenditures	Difference
Fund 000 - General	\$ 78,322,596	\$ 79,269,708	\$ 947,112	\$ 77,768,407	\$ 78,715,519	\$ 947,112
Fund 105 - Contingency	120,000	120,000	-	-	-	-
Fund 101 - Hotel/Motel Tax	1,047,750	1,047,750	-	1,644,765	1,644,765	-
Fund 103 - Residential Streets	4,869,000	4,869,000	-	4,953,000	4,953,000	-
Fund 104 - Bridges & Arterial Streets	11,042,001	11,042,001	-	10,537,131	10,537,131	-
Fund 109 - Drug Seizure	98,100	98,100	-	73,000	73,000	-
Funds 2XX-LTGO Debt Service Funds	4,736,172	4,736,172	-	4,736,172	4,736,172	-
Fund 206 - LID Guarantee	8,000	8,000	-	-	-	-
Fund 213 - UTGO Bonds	4,905,000	4,905,000	-	5,059,475	5,059,475	-
Fund 233 - 2013 LID	453,500	453,500	-	453,000	453,000	-
Fund 301 - Land Acq, Rec, Park Develop	5,665,690	5,665,690	-	6,663,000	7,068,000	405,000
Fund 302 - Urban Renewal	-	-	-	-	947,112	947,112
Fund 303 - General Government Imp	401,000	806,000	405,000	400,000	400,000	-
Fund 304 - Fire Improvements	600,000	600,000	-	600,000	600,000	-
Fund 305 - Public Safety Plan	1,115,000	1,115,000	-	1,317,849	1,317,849	-
Fund 306 - City Facilities	5,000	5,000	-	825,238	825,238	-
Fund 401 - Water	10,254,836	10,254,836	-	11,023,093	11,023,093	-
Fund 402 - Sewer	13,101,957	14,049,069	947,112	15,917,066	15,917,066	-
Fund 411 - Foster Golf Course	2,787,500	2,787,500	-	3,287,832	3,287,832	-
Fund 412 - Surface Water	14,978,410	14,978,410	-	17,088,102	17,088,102	-
Fund 501 - Equip Rental & Replacement	6,093,106	6,093,106	-	4,946,807	4,946,807	-
Fund 502 - Self-Insured Healthcare Plan	8,346,309	8,346,309	-	7,031,880	7,031,880	-
Fund 503 - LEOFF I Self-Ins Health Plan	474,514	474,514	-	599,903	699,903	100,000
Fund 611 - Firemen's Pension	155,000	155,000	-	82,000	82,000	-
Total All Funds Combined	\$ 169,580,441	\$ 171,879,665	\$ 2,299,224	\$175,007,720	\$177,406,944	\$ 2,399,224

RECOMMENDATION

Forward to the November 3, 2025 Regular Meeting as Unfinished Business and to November 10, 2025 Special Meeting to approve the Budget Amendment Ordinance.

2025 Year-End Budget Amendment

Presented by:

Tony Cullerton, Deputy Finance Director

October 27, 2025

Purpose

- Incorporate final year-end adjustments to close the 2025 fiscal year
- Ensure compliance with RCW 35A.34 and City financial policies
- Reflect accurate and transparent reporting of City funds and activities

Summary of Adjustments

Description	Fund(s)	Budget Impact
Interfund loan early payoff (Fire Apparatus)	General → Sewer	\$947,112
HVAC repairs – Tukwila Community Center	Land Acquisition → Gen Gov't Improvements	\$405,000
Close Urban Renewal Fund and transfer balance	Urban Renewal → General	\$947,112
Additional retiree health costs	LEOFF 1 Insurance Fund	\$100,000
HR Limited-Term Position (no cost impact)	General Fund	\$0
Total Year-End Adjustment		\$2,399,224

Discussion Highlights

- Early repayment of interfund loan saves approximately \$30,000 in interest expense
- HVAC repairs at TCC required prompt action to maintain facility operations
- Urban Renewal Fund (302) being closed; residual balance transferred to the General Fund
- Increase in LEOFF 1 fund covers unbudgeted retiree health expenses
- HR limited-term position added; cost absorbed by department, no budget impact

Fiscal Summary

- All adjustments incorporated into 2025 Year-End Budget Amendment Ordinance
- Ordinance amends TMC Ordinance No. 2749 (2025–2026 Biennium)
- Aligns with adopted budget policies and ensures financial transparency
- Maintains balanced funds across the biennium

Recommendation

Approve the 2025 Year-End Budget Amendment Ordinance to formally adopt the listed adjustments.

Next Steps

- Review at Finance & Governance Committee –
October 27, 2025
- Forward to City Council for formal adoption in
November
- Publish and transmit final adopted ordinance per
RCW 35A.34.200

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NO. 2749, WHICH ADOPTED THE CITY OF TUKWILA'S BIENNIAL BUDGET FOR THE 2025-2026 BIENNIUM, TO ADOPT AN AMENDED YEAR-END BUDGET; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on November 25, 2024, the City Council of the City of Tukwila adopted Ordinance No. 2749, which adopted the 2025-2026 Biennial Budget of the City of Tukwila; and

WHEREAS, the City has determined a need to amend the 2025-2026 Biennial Budget before fiscal year-end;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Ordinance Amended. Tukwila Ordinance No. 2749 is hereby amended with the City Council's adoption of the document entitled "City of Tukwila 2025-2026 Year-End Budget Amendment," attached hereto and incorporated by this reference as if fully set forth herein, in accordance with RCW 35A.34.200.

Section 2. Purposes of Year-End 2025 Budget Amendment. This year-end amendment updates the 2025 budget to reflect actual revenues, expenditures, and approved adjustments made during the year. It aligns the budget with current financial activity and project updates. Additionally, it ensures the City ends the year in compliance with state budget requirements.

Section 3. Estimated 2026 Revenues and Appropriations. The totals of the estimated revenues and appropriations for the General Fund and the aggregate totals are as follows:

Fund	<u>2025 Beginning Fund Balance*</u>	<u>2025 Adopted Revenues</u>	<u>2025 Adopted Expenditures</u>	<u>2025 Adopted Ending Fund Balance</u>
Fund 000 - General	\$ 17,294,897	\$ 78,322,596	\$ 77,768,407	\$ 17,849,086
Fund 105 - Contingency	7,427,328	120,000	-	7,547,328
Fund 101 - Hotel/Motel Tax	3,728,106	1,047,750	1,644,765	3,131,091
Fund 103 - Residential Streets	1,770,619	4,869,000	4,953,000	1,686,619
Fund 104 - Bridges & Arterial Streets	7,326,170	11,042,001	10,537,131	7,831,040
Fund 109 - Drug Seizure	436,912	98,100	73,000	462,012
Funds 2XX-LTGO Debt Service Funds	-	4,736,172	4,736,172	-
Fund 206 - LID Guarantee	829,009	8,000	-	837,009
Fund 213 - UTGO Bonds	494,144	4,905,000	5,059,475	339,669
Fund 233 - 2013 LID	536,626	453,500	453,000	537,126
Fund 301 - Land Acq, Rec, Park Develop	4,359,134	5,665,690	6,663,000	3,361,824
Fund 302 - Urban Renewal	2,055,907	-	-	2,055,907
Fund 303 - General Government Imp	41,694	401,000	400,000	42,694
Fund 304 - Fire Improvements	-	600,000	600,000	-
Fund 305 - Public Safety Plan	1,617,834	1,115,000	1,317,849	1,414,985
Fund 306 - City Facilities	989,887	5,000	825,238	169,649
Fund 401 - Water	4,548,131	10,254,836	11,023,093	3,779,874
Fund 402 - Sewer	13,900,117	13,101,957	15,917,066	11,085,008
Fund 411 - Foster Golf Course	1,695,891	2,787,500	3,287,832	1,195,559
Fund 412 - Surface Water	13,081,527	14,978,410	17,088,102	10,971,835
Fund 501 - Equip Rental & Replacement	1,931,334	6,093,106	4,946,807	3,077,633
Fund 502 - Self-Insured Healthcare Plan	3,454,472	8,346,309	7,031,880	4,768,901
Fund 503 - LEOFF I Self-Ins Health Plan	(58,262)	474,514	599,903	(183,651)
Fund 611 - Firemen's Pension	1,652,177	155,000	82,000	1,725,177
Total All Funds Combined	\$ 89,113,654	\$ 169,580,441	\$ 175,007,720	\$ 83,686,375

* Based on 2024 ACFR ending balances

AMOUNTS ARE SUBJECT TO CHANGE DURING BUDGET PROCESS

Fund	2025 Adopted Revenues	2025 Proposed Revenues	Difference	2025 Adopted Expenditures	2025 Proposed Expenditures	Difference
Fund 000 - General	\$ 78,322,596	\$ 79,269,708	\$ 947,112	\$ 77,768,407	\$ 78,715,519	\$ 947,112
Fund 105 - Contingency	120,000	120,000	-	-	-	-
Fund 101 - Hotel/Motel Tax	1,047,750	1,047,750	-	1,644,765	1,644,765	-
Fund 103 - Residential Streets	4,869,000	4,869,000	-	4,953,000	4,953,000	-
Fund 104 - Bridges & Arterial Streets	11,042,001	11,042,001	-	10,537,131	10,537,131	-
Fund 109 - Drug Seizure	98,100	98,100	-	73,000	73,000	-
Funds 2XX-LTGO Debt Service Funds	4,736,172	4,736,172	-	4,736,172	4,736,172	-
Fund 206 - LID Guarantee	8,000	8,000	-	-	-	-
Fund 213 - UTGO Bonds	4,905,000	4,905,000	-	5,059,475	5,059,475	-
Fund 233 - 2013 LID	453,500	453,500	-	453,000	453,000	-
Fund 301 - Land Acq, Rec, Park Develop	5,665,690	5,665,690	-	6,663,000	7,068,000	405,000
Fund 302 - Urban Renewal	-	-	-	-	947,112	947,112
Fund 303 - General Government Imp	401,000	806,000	405,000	400,000	400,000	-
Fund 304 - Fire Improvements	600,000	600,000	-	600,000	600,000	-
Fund 305 - Public Safety Plan	1,115,000	1,115,000	-	1,317,849	1,317,849	-
Fund 306 - City Facilities	5,000	5,000	-	825,238	825,238	-
Fund 401 - Water	10,254,836	10,254,836	-	11,023,093	11,023,093	-
Fund 402 - Sewer	13,101,957	14,049,069	947,112	15,917,066	15,917,066	-
Fund 411 - Foster Golf Course	2,787,500	2,787,500	-	3,287,832	3,287,832	-
Fund 412 - Surface Water	14,978,410	14,978,410	-	17,088,102	17,088,102	-
Fund 501 - Equip Rental & Replacement	6,093,106	6,093,106	-	4,946,807	4,946,807	-
Fund 502 - Self-Insured Healthcare Plan	8,346,309	8,346,309	-	7,031,880	7,031,880	-
Fund 503 - LEOFF I Self-Ins Health Plan	474,514	474,514	-	599,903	699,903	100,000
Fund 611 - Firemen's Pension	155,000	155,000	-	82,000	82,000	-
Total All Funds Combined	\$ 169,580,441	\$ 171,879,665	\$ 2,299,224	\$ 175,007,720	\$ 177,406,944	\$ 2,399,224

* Based on 2024 ACFR ending balances

Fund	2026 Estimated Beginning Fund Balance*	Proposed Revenues	Proposed Expenditure s	2026 Estimated Ending Fund Balance
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Fund	Beginning Fund Balance	Proposed Revenue	Proposed Expenditure	2025 Estimated Ending Fund Balance
Fund 000 - General			1,200,000	
Fund 402 - Sewer		1,200,000		
Fund 302 - Facility Replacement			1,700,000	
Fund 000 - General		1,700,000		
Fund 000 - General Fund		0	0	

Section 4. Copies on File. A complete copy of the amended budget for 2025-2026, as adopted, together with a copy of this amending ordinance, shall be kept on file electronically by the City Clerk and accessible from the City's website in accordance with Washington State records retention schedule requirements and City policy, and shall be made available to the public upon request. A copy of the amended budget for 2025-2026, as adopted, together with a copy of this amending ordinance, shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 5. Corrections by City Clerk or Code Reviser Authorized. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 6. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 7. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City and shall take effect and be in full force and effect five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2025.

ATTEST/AUTHENTICATED:

Andy Youn, CMC, City Clerk

Thomas McLeod, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Published: _____

Effective Date: _____

Ordinance Number: _____

Office of the City Attorney

Attachment: City of Tukwila 2025-2026 Year-End Budget Amendment

<u>Fund</u>	<u>2025 Adopted Expenditures</u>	<u>2025 Proposed Expenditures</u>	<u>\$ Difference</u>	<u>% Difference</u>	<u>Notes</u>
<u>Fund 000 - General</u>	<u>77,768,407</u>	<u>78,715,519</u>	<u>947,112</u>	<u>1.2%</u>	<u>Transfer out to Fund 402 repayment of Sewer Interfund Loan</u>
<u>Fund 301 - Land Acq, Rec, Park Develop</u>	<u>6,663,000</u>	<u>7,068,000</u>	<u>405,000</u>	<u>6.1%</u>	<u>Transfer out to Fund 303 for share of TCC HVAC Costs</u>
<u>Fund 302 - Urban Renewal</u>	<u>-</u>	<u>947,112</u>	<u>947,112</u>	<u>0.0%</u>	<u>Transfer out to General Fund for partial closure of thus fund.</u>
<u>Fund 503 - LEOFF I Self-Ins Health Plan</u>	<u>599,903</u>	<u>699,903</u>	<u>100,000</u>	<u>16.7%</u>	<u>Increase expenditures for additional miscellaneous LEOFF retiree expenditures</u>
<u>Total All Funds Combined</u>	<u>85,031,310</u>	<u>87,430,534</u>	<u>2,399,224</u>	<u>2.8%</u>	<u>-</u>

<u>Fund</u>	<u>2025 Adopted Revenues</u>	<u>2025 Proposed Revenues</u>	<u>\$ Differe nce</u>	<u>% Differen ce</u>	<u>Notes</u>
Fund 000 - General	78,322,596	79,269,708	947,112	1.2%	Transfer in from partial closure of Fund 302.
Fund 303 - General Government Imp	401,000	806,000	405,000	101.0%	Transfer out to Fund 303 for share of TCC HVAC Costs
Fund 402 - Sewer	13,101,957	14,049,069	947,112	7.2%	Transfer in from GF repayment of Sewer Interfund Loan
Total All Funds Combined	91,825,553	94,124,777	2,299,224	2.5%	