



INFORMATIONAL MEMORANDUM

TO: **Tukwila City Council**

FROM: **Aaron BeMiller, Finance Director**

CC: **Thomas McLeod, Mayor & Marty Wine, City Administrator**

DATE: **October 6, 2025** [\(Revised October 27, 2025\)](#)

SUBJECT: **2026 Mid-Biennium Adjustment**

ISSUE

As provided in State law, the City Council adopts a biennial budget every two years, with the new biennial budget beginning on an odd numbered year. Like many Cities, the biennial budget adopted by City Council is constructed and viewed as two one-year budgets. Between the first year of the current budget (2025) and the second year (2026), the Mayor will propose changes to the 2026 budget. This process is called the Mid-biennium Adjustment and is important for adjusting the 2026 budget for any known and necessary changes from the time the 2026 budget was adopted in late 2024. These changes include but are not limited to adjusting CPI, healthcare, and retirement rate assumptions, carry-over or new initiatives that were unplanned at the time of adoption, and any other updates necessary for City operations/obligations.

BACKGROUND

The Mid-biennium adjustment is underway and below is a draft timeline for the Council process:

2026 Mid-Biennium Adjustment Ordinance

10/06/25 – Regular Meeting – Mayor's presents his 2026 Proposed budget changes
10/20/25 – Regular Meeting – 1st Public Hearing & discussion
10/27/25 – FIN Committee – Discussion only
11/03/25 – Regular Meeting – 2nd Public Hearing & discussion
11/10/25 – COW Meeting – Further discussion opportunity
11/17/25 – Regular Meeting – Further discussion opportunity & potential adoption
11/24/25 – Special Meeting (if necessary) – Budget adoption

2026 Property Tax Collection Ordinance

10/20/25 – Regular Meeting – Public Hearing
10/27/25 – FIN Committee – draft ordinance for review
11/10/25 – COW Meeting – Discussion
11/17/25 – Regular Meeting – Adoption

DISCUSSION

The Mayor is presenting his proposed changes to the adopted 2026 budget. The proposed changes reduces the overall expense budget by \$682.7 thousand and includes a General Fund expense reduction of \$843.2 thousand. Once the Mayor concludes his remarks on his 2026 Proposed Budget, staff will walk through his proposed changes in more detail.

The Mayor presented his proposed changes to the adopted 2026 budget to the City Council on October 6, 2025. The proposed expense budget for 2026 totals \$175,738,975 which includes the General Fund expense of \$77,768,407. The proposed budget for 2026 is a reduction to the overall expense budget of the City by \$682.7 thousand and a reduction to General Fund expenses by \$843.2 thousand. Staff provided a presentation on the significant changes included in the Mayor's proposed budget.

On October 20, 2025, the first of two public hearings on the proposed 2026 Mid-biennium budget adjustment will be held to allow residents and business communities to provide input on the City's budget plans.

The items for discussion on October 20, 2025 include:

- Check in on Council questions from 10/6 meeting.
- Discusses of any new changes to the proposed budget since the 10/6 meeting.
- Follow-up from Public Hearing.
- Municipal Court discussion of a budget request for the Better Life Community Development program.
- Council Q&A/wrap-up

[There is no new information expected for this conversation. We will address changes to the budget and questions from the City Council Meeting held on 10/20/2025.](#)

FINANCIAL IMPACT

Discussion item only. There is no financial impact associated with this agenda item. However, a formal Ordinance will be brought forward adjusting the adopted 2026 budget based on the Mayor's Proposed budget and any adjustments resulting from the Council budget approval process.

RECOMMENDATION

~~Information Only. There is no recommendation currently for future action.~~
[Forward to the November 3, 2025 Regular Meeting for a second public hearing.](#)

ATTACHMENTS

~~PowerPoint~~
[2026 Mid-Biennium Adjustment Change Tracker & Council Questions](#)
[Draft Ordinance](#)

2026 Mid-Biennium Adjustment Change Tracker & Council Questions

Change Tracker:

Date Provided	Fund/ Department	Expense/ Revenue	Change	Reason
10/20/2025	GF - Parks	Expense	\$312,000 125,000	Department of Natural Resources Community Forest Assistance Grant award. Notification of award on 10/8/2025. Grant will support restoration and conservation programs for local tree canopy and natural spaces. Grant revenue 100% supports these activities. Full multi-grant award is \$312,000 through mid-2028.
10/20/2025	GF - Parks	Revenue	\$312,000 125,000	Department of Natural Resources grant award. This grant provides resources for the activities listed above. Full multi-grant award is \$312,000 through mid-2028.
10/20/2025	Mayor's Office	Expense	\$60,000	Additional cost for public defense funding in response to the Washington State Supreme Court caseload standards for misdemeanor public defense attorneys to reduce by a minimum of 10% each year to achieve full compliance with the established caseload no more than 120 misdemeanor cases per attorney by 1/1/2036.
10/20/2025	Municipal Court	Expense	\$45,000	Funding for the Better Life Community Development service/program. The Court has secured grant funding for a significant portion of the costs of the service and this \$45K General Fund participation will ensure operations for the 2026 calendar year.
10/20/2025	Capital - Parks	Expense	\$198,072	1 FTE increase for a Parks Capital Improvement Program Project Manager. This position is funded outside of the General Fund through various sources such as the KC Parks Levy, REET 1, Park Impact Fee, and grants. Creation of the position allows for bringing this work in-house at a significant savings from contracting this work out and allows for better coordination of process. Parks CIP includes projects that are of a scale and complexity that requires advanced planning, multiple stages of environmental review, permitting, design, and construction administration. Continuation of this project position is contingent on available and allowable non-General Fund resources. The position will be reduced or eliminated should funding decline or not be sufficient to support the position.

2026 Mid-Biennium Adjustment Change Tracker & Council Questions

Council Questions:

Inquiry Date	Response Date	Councilmember	Change/Question	Response
10/6/2025	10/20/2025	Papayan	What revenues go into the General Fund “security” line?	Reimbursement for Law Enforcement Services (e.g. Westfield Mall security) Booking Fees, Probation Fees and safety-related inspection fees.
10/6/2025	10/20/2025	Seal	Number of LEOFF retirees?	24 beneficiaries. The Law Enforcement Officers and Fire Fighters’ Retirement System (LEOFF) Plan 1 was available for law enforcement officers and firefighters hired before October 1, 1977. The plan includes survivor benefits for eligible spouses or dependents.
10/6/2025	10/20/2025	Sharp	Provide a cost breakdown of the Park Ranger program.	See slides in new presentation.
10/6/2025	10/20/2025	Camacho	Do other city’s Park Ranger position reside in PD?	Mukilteo & Mount Vernon host their park ranger in PD; Kirkland, Issaquah, Everett, Snohomish County, Bellevue- park rangers are in P&R departments.
10/20/2025	10/27/2025	Martinez	How does Fire Impact Fees impact Property Taxes	The 2026 budget includes \$600,000 in Fire Impact Fee revenue. Impact fees do not directly impact property taxes and are not part of the property tax statement. Impact fees are paid by developers to help pay for new or expanded public facilities and infrastructure that will directly address the increased demand for services created by new development. Impact fees are volatile based on development activity and are restricted by RCW. The City uses collected Fire Impact Fees to pay debt service.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NOS. 2749 AND [REDACTED], WHICH ADOPTED AND AMENDED THE CITY OF TUKWILA'S BIENNIAL BUDGET FOR THE 2025-2026 BIENNIUM, TO ADOPT AN AMENDED MID-BIENNIUM BUDGET; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on November 25, 2024, the City Council adopted Ordinance No. 2749, which adopted a mid-biennium budget amendment, in accordance with RCW 35A.34.130; and

WHEREAS, a mid-biennium budget amendment was presented to the City Council in a timely manner for their review, in accordance with RCW 35A.34.130; and

WHEREAS, on October 20, 2025 and November 3, 2025, following required public notification, the City Council conducted public hearings on the proposed mid-biennium budget amendment;

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

Section 1. Ordinances Amended. Tukwila Ordinance Nos. 2749 and _____ are hereby amended with the City Council's adoption of the document entitled "City of Tukwila 2025-2026 Mid-Biennium Adjustment," attached hereto and incorporated by this reference as if fully set forth herein, in accordance with RCW 35A.34.130.

Section 2. Purpose. The purpose of the 2026 Mid-Biennium budget adjustment is to correct the 2026 budget for known changes to rates and/or budget decisions made in 2025, which affect the 2026 budget.

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

	Fund	Estimated- Beginning Fund- Balance	Budgeted- Revenues	Budgeted- Expenditures	Estimated- Ending Fund- Balance
000	General	15,564,070	154,292,479	153,573,762	16,282,787
101	Hotel/Motel	3,410,870	1,945,500	2,677,822	2,678,548
103	City Street	1,858,573	5,999,000	5,803,000	2,054,573
104	Arterial Street	5,278,834	16,628,002	18,077,377	3,829,459
105	Contingency	7,304,961	470,639	0	7,775,600
109	Drug Seizure Fund	304,562	196,200	146,000	354,762
2xx	LTGO Debt Service Funds	0	9,481,650	9,481,650	0
213	UTGO Bonds	479,708	9,610,000	9,991,200	98,508
206	LID Guaranty	799,243	16,000	0	815,243
233	2013 LID	513,499	938,000	937,000	514,499
301	Land Acquisition, Recreation- & Park Dev.	4,130,437	9,006,990	10,320,841	2,816,586
303	General Government- Improvements	324,512	840,000	938,000	226,512
304	Fire Improvements	0	1,200,000	1,200,000	0
305	Public Safety Plan	1,056,573	2,230,000	2,636,673	649,900
306	City Facilities	422,811	2,693,874	1,825,238	1,291,447
401	Water	4,174,701	21,596,192	23,117,822	2,653,071
402	Sewer	10,310,151	25,629,062	33,381,410	2,557,803
411	Foster Golf Course	2,024,196	5,575,000	6,262,049	1,337,147
412	Surface Water	10,866,876	29,720,677	33,868,024	6,719,529
501	Equipment Rental	1,808,659	12,307,228	11,104,567	3,011,320
502	Insurance Fund	3,393,651	17,257,744	13,640,396	7,010,999
503	Insurance—LEOFF 1 Fund	36,695	1,065,499	1,021,856	80,338
611	Firemen's Pension-	1,722,466	310,000	164,000	1,868,466
-	Total	\$75,786,048	\$329,009,736	\$340,168,687	\$64,627,097

AMOUNTS ARE SUBJECT TO CHANGE DURING BUDGET PROCESS

Fund	2026 Estimated Beginning Fund Balance*	Proposed Revenues	Proposed Expenditure s	2026 Estimated Ending Fund Balance
<u>Fund 000 - General</u>	<u>21,907,434</u>	<u>78,322,596</u>	<u>77,768,407</u>	<u>22,461,623</u>
<u>Fund 105 - Contingency</u>	<u>7,603,807</u>	<u>120,000</u>	<u>-</u>	<u>7,723,807</u>
<u>Fund 101 - Hotel/Motel Tax</u>	<u>4,126,727</u>	<u>1,047,750</u>	<u>1,644,765</u>	<u>3,529,712</u>
<u>Fund 103 - Residential Streets</u>	<u>2,212,057</u>	<u>-</u>	<u>-</u>	<u>-</u>

		<u>4,869,000</u>	<u>4,953,000</u>	<u>2,128,057</u>
<u>Fund 104 - Bridges & Arterial Streets</u>	<u>9,973,264</u>	<u>11,042,001</u>	<u>10,537,131</u>	<u>10,478,134</u>
<u>Fund 109 - Drug Seizure</u>	<u>337,070</u>	<u>98,100</u>	<u>73,000</u>	<u>362,170</u>
<u>Funds 2XX-LTGO Debt Service Funds</u>	<u>-</u>	<u>4,736,172</u>	<u>4,736,172</u>	<u>-</u>
<u>Fund 206 - LID Guarantee</u>	<u>854,009</u>	<u>8,000</u>	<u>-</u>	<u>862,009</u>
<u>Fund 213 - UTGO Bonds</u>	<u>716,609</u>	<u>4,905,000</u>	<u>5,059,475</u>	<u>562,134</u>
<u>Fund 233 - 2013 LID</u>	<u>537,376</u>	<u>453,500</u>	<u>453,000</u>	<u>537,876</u>
<u>Fund 301 - Land Acq, Rec, Park Develop</u>	<u>5,426,691</u>	<u>5,665,690</u>	<u>6,663,000</u>	<u>4,429,381</u>
<u>Fund 302 - Urban Renewal</u>	<u>738,386</u>	<u>-</u>	<u>738,386</u>	<u>-</u>
<u>Fund 303 - General Government Imp</u>	<u>142,632</u>	<u>401,000</u>	<u>400,000</u>	<u>143,632</u>
<u>Fund 304 - Fire Improvements</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
<u>Fund 305 - Public Safety Plan</u>	<u>1,229,853</u>	<u>1,115,000</u>	<u>1,317,849</u>	<u>1,027,004</u>
<u>Fund 306 - City Facilities</u>	<u>856,836</u>	<u>5,000</u>	<u>825,238</u>	<u>36,598</u>
<u>Fund 401 - Water</u>	<u>2,452,749</u>	<u>10,254,836</u>	<u>11,023,093</u>	<u>1,684,492</u>
<u>Fund 402 - Sewer</u>	<u>12,339,840</u>	<u>13,101,957</u>	<u>15,917,066</u>	<u>9,524,731</u>
<u>Fund 411 - Foster Golf Course</u>	<u>1,940,092</u>	<u>2,787,500</u>	<u>3,287,832</u>	<u>1,439,760</u>
<u>Fund 412 - Surface Water</u>	<u>17,616,451</u>	<u>14,978,410</u>	<u>17,088,102</u>	<u>15,506,759</u>
<u>Fund 501 - Equip Rental & Replacement</u>	<u>1,100,839</u>	<u>6,093,106</u>	<u>4,946,807</u>	<u>2,247,138</u>
<u>Fund 502 - Self-Insured Healthcare Plan</u>	<u>4,003,451</u>	<u>8,346,309</u>	<u>7,031,880</u>	<u>5,317,880</u>
<u>Fund 503 - LEOFF I Self-Ins Health Plan</u>	<u>20,991</u>	<u>474,514</u>	<u>599,903</u>	<u>(104,398)</u>
<u>Fund 611 - Firemen's Pension</u>	<u>1,868,466</u>	<u>155,000</u>	<u>82,000</u>	<u>1,941,466</u>
<u>Total All Funds Combined</u>	<u>98,005,630</u>	<u>169,580,441</u>	<u>175,746,106</u>	<u>91,839,965</u>

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 in accordance with RCW 35A.34.130.

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