

**MAYOR'S BUDGET MESSAGE
PROPOSED 2026 ANNUAL BUDGET
OCTOBER 6, 2025**

Overview

At Tuesday's meeting, I will be presenting the 2026 preliminary budget. My proposed budget reflects our annual process of evaluating costs by line item, including adjusting projections based on recent & historical trends, regulatory & contractual obligations, revised priorities and expectations, and new one-time revenues and/or expenses. While this process sounds complex, the city has few significant revenue sources, our police department accounts for a substantial portion of our expenditures, and the city is very leanly staffed. As a result, there generally are not substantial variations in our annual budget.

I am projecting an approximately \$400,000 revenue increase in our Operating Budget revenue compared to 2025, this increase is due largely to the utility tax that will go into effect in January 2026, and a \$200,000 projected increase in expenses due to wages, insurance, voter/election costs, increases from our interlocal agreements with Sno911, DEM and Puget Sound Clean Air. In 2025, we projected expenses of \$3.5 million and appear to be on track to only expend \$3.15 million. There are a number of areas where expenses increase or decrease, largely offsetting each other. One item of note is an increase in state audit expenses (the audit occurs every other year and we are due for an audit in 2026).

We continue to budget conservatively, accounting for revenues that might not be realized and being prepared for expenditures to increase due to inflation.

Items of Note

Operating Revenues:

Property taxes remain the primary revenue source for the City. We are projecting an increase of 1 % in 2026, consistent with State law. Our sales tax revenue has remained relatively steady despite continually high inflation. We continue to invest a substantial amount of our unallocated funds, which has produced increased interest earnings.

Operating Expenses:

The City's operating budget can be categorized in three areas: Mandatory, Essential and Discretionary expenses. The expenses in each of these categories remain largely consistent over the years, with most of the City's operating expenses falling within what we would describe as mandatory or essential services.

Mandatory By law, we are required to have a Mayor, a Council, a clerk, a treasurer, a building official, an attorney, and a police chief. We also are required to perform the functions of a building inspector, a planner, permit technician, and certain responsibilities generally

performed by public works. There also are mandatory costs, such as State Auditor charges, County election charges, etc.

Essential: Traffic enforcement, police patrols, and even police response are not required by law. Paved roads, surprisingly, are not required. However, most residents would categorize each of these services as essential.

Discretionary: The City's discretionary expenses are limited. While discretionary, expenses that would fall within this category include items that many would find important. A non-exhaustive list of these expenses would include park maintenance and operations and park events.

As noted above, I am projecting increased expenses largely due to inflationary increases in our employee compensation, and insurance rates.

- Per our bargaining agreements police will receive a 3.7% COLA increase and our laborer's union and non-represented staff will receive the 2.7% COLA based on the June-to-June increase to the CPI-W. Our benefit costs are projected to increase 9%.
- Public Safety expenses are our largest expense - accounting for nearly half of our operating expenses (44.48%).
- Municipal insurance rates continue to increase over the past year. A significant factor in this increase relates to property and liability insurance costs associated with the provision of police services. I have included a \$27.8k increase to account for this expense.

Capital Revenues and Expenses:

We are maintaining our REET revenue estimate at \$400k. As a reminder these expenses are limited in what they can be used for.

We have several projects that are accounted for in this budget:

- Decant Facility with a cost of \$1,500,000 total and we will receive grant funding from DOE for approximately \$1,125,000.
- Brier Park Bathrooms with a projected cost of \$650,000 and grant funding from Snohomish County of \$155,000 and from the State of Washington of \$479,000.
- Should we be successful in receiving a TIB grant we will come back with a budget amendment for grind and overlay of Vine Road.

Conclusion

Overall, our budget and financial forecast remains similar to prior years.

In 2026, we expect annual operating fund revenues to increase due to the utility tax & TBD fees adopted and anticipated for the coming year. However, we will need to develop a strategy to engage in a thoughtful discussion with our community on how to provide long-term stability to the funding of services that we all consider important.

Please review the budget package and we will discuss as a group. I look forward to productive discussions during this budget cycle!

2026 Budget Calendar

Our procedure for reviewing the budget and approving it is guided by state regulations. The following should help us with the various deadlines.

- October 7 Presentation of Preliminary Budget.
- October 21 Review 2025 Budget Amendment
- October 28 Public Hearing (state requirement) on revenue sources including possible increases in property tax for levy setting. Possible vote to approve Property Tax Resolution.
- October 28 Public Hearing (state requirement) on Preliminary Budget.
- November 12 Public Hearing (state requirement) on Final Budget. Decisions reached on additions/deletions.
Review of final budget. Possible vote to approve budget.
- November 25 If budget has not been approved, continue reviewing budget. Possible vote to approve budget.
- December 23 Is the last opportunity to approve the budget for 2026 if not completed sooner.

CITY OF BRIER						
						10/3/2025
2026 DRAFT BUDGET PROJECTIONS						
FUND NUMBER		Beg Fund Bal	Revenue	Expenditures	Ending Fund Balance	
#001	GENERAL FUND (CJ 1-3/ 31) RES (Tree 41)COM (91) UNRES	\$ 75,507.41 \$ 39,476.12 \$ 3,487,319.32 \$ 3,602,302.85	\$ 9,000.00 \$ - \$ 3,262,400.00 \$ 3,271,400.00	\$ 10,000.00 \$ 1,000.00 \$ 3,739,725.00 \$ 3,750,725.00	\$ 74,507.41 \$ 38,476.12 \$ 3,009,994.32 \$ 3,122,977.85	
101	STREET FUND (51) ASSIGN	\$ 432,513.35	\$ 229,200.00	\$ 341,000.00	\$ 320,713.35	
105	PARKS ACQ. & DEV. (31) RES (51) ASSIGN	\$ 328,169.27 \$ 105,731.35 \$ 433,900.62	\$ - \$ 10,000.00 \$ 10,000.00	\$ 150,000.00 \$ - \$ 150,000.00	\$ 178,169.27 \$ 115,731.35 \$ 293,900.62	
108	CAP EQUIP (41) COMMIT	\$ 1,565,838.13	\$ 355,000.00	\$ 97,000.00	\$ 1,823,838.13	
111	CAPITAL IMPROV (31) RES (51) ASSIGN	\$ 640,976.10 \$ 47,700.34 \$ 688,676.44	\$ 200,000.00 \$ 635,000.00 \$ 835,000.00	\$ 25,000.00 \$ 500,000.00 \$ 525,000.00	\$ 815,976.10 \$ 182,700.34 \$ 998,676.44	
118	FRIENDS/PARK (41) COMMIT	\$ 4,528.15	\$ 1,050.00	\$ 1,000.00	\$ 4,578.15	
119	PARK MITIGATION (41) COMMIT	\$ 76,454.92	\$ 101,616.00	\$ -	\$ 178,070.92	
120	DRUG FORFEITURE (41) COMMIT	\$ 941.07	\$ 30.00	\$ 600.00	\$ 371.07	
300	CAPITAL FAC (31) RES (51) ASSIGN	\$ 2,454,187.54 \$ 468,002.69 \$ 2,922,190.23	\$ 200,000.00 \$ 930,000.00 \$ 1,130,000.00	\$ 370,000.00 \$ 930,000.00 \$ 1,300,000.00	\$ 2,284,187.54 \$ 468,002.69 \$ 2,752,190.23	
400	SEWER FUND (41) COMMIT	\$ 1,500,305.45	\$ 2,706,715.00	\$ 3,261,000.00	\$ 946,020.45	
407	STORMWTR MGMT (41) COMMIT	\$ 840,688.17	\$ 732,000.00	\$ 744,900.00	\$ 827,788.17	
630	TRUST FUND (21)	\$ 22,013.13	\$ 84,800.00	\$ 85,000.00	\$ 21,813.13	
	TOTALS	\$ 12,090,352.51	\$ 9,456,811.00	\$ 10,256,225.00	\$ 11,290,938.51	