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2025 / 2026 Mid-Biennium  
Adjustment Summary  
March 2026







# 2026 Amended Budget Summary

This document presents the Mid-Biennium Budget Amendment for fiscal year 2026, authorized by the City Council in late 2025. It details the specific adjustments to revenues, expenditures, and transfers made since the original biennial budget was adopted. While the amendment produces an updated financial outlook for the full year, this document serves as a companion to, not a replacement for, the 2025–2026 Biennial Budget, which remains the City’s foundational financial plan. For a full understanding of the budget, use this document alongside the [2025-2026 biennial budget document](#).

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## I. Purpose and Overview

Authorized by the City Council in late 2025, the 2026 Mid-Biennium adjustment updates cost estimates, changes some revenue projections, and allows the budget to better reflect operational and organizational changes that have taken place during the first year of the budgeted biennium. The City of Tukwila adopts a biennial budget every two years beginning on an odd numbered year. Like many other cities, Tukwila treats the adopted two-year budget as separate one-year budgets and incorporates a mid-biennium adjustment for necessary changes to the second-year budget.

**The General Fund's projected change in fund balance improved by \$856,000**, meaning the City is expecting operating costs to be fewer in 2026 than originally planned. Although new cost pressures and declines in certain revenues did emerge, reduced expenditures and transfers in from the closing Urban Renewal Fund (302) are set to improve the fund balance of the General Fund.

Other key highlights of the amended 2026 budget include:

- **New King County Parks Levy Fund (Fund 102):** A dedicated Fund 102 now isolates King County Parks Levy revenues, previously commingled in Fund 301, strengthening compliance and facilitating the hiring of a Parks Capital Improvement Project (CIP) Manager while ensuring no new costs to the General Fund.
- **Urban Renewal Fund Closure:** Fund 302 (Urban Renewal) is set to be formally closed, returning its remaining balance to the General Fund as a one-time fiscal benefit.
- **City Facilities Revenue Loss:** Fund 306 (City Facilities) is affected by an \$841,937 revenue loss following the expiration of a property lease. This reduction is contained within the fund and does not affect General Fund operations.
- **Utility Funds Reclassification:** A vacant position has been strategically repurposed into a shared Utilities Project Manager serving Water, Sewer, and Surface Water operations. This shared role increases City project management expertise across the entire utility portfolio. Even with this strategic organizational change, in 2026 all three funds are budgeted for lower expenditures than in 2025.
- **Self-Insurance Healthcare Adjustments:** Premium contributions to the Active Employee Self-Insurance Fund (Fund 502) are set to be \$609,000 lower than originally planned. This results in lower expenditures for all other funds Citywide but reduces the corresponding revenue in this fund. Excess-loss coverage increased by \$200,000 to guard against catastrophic claims.



## II. General Fund

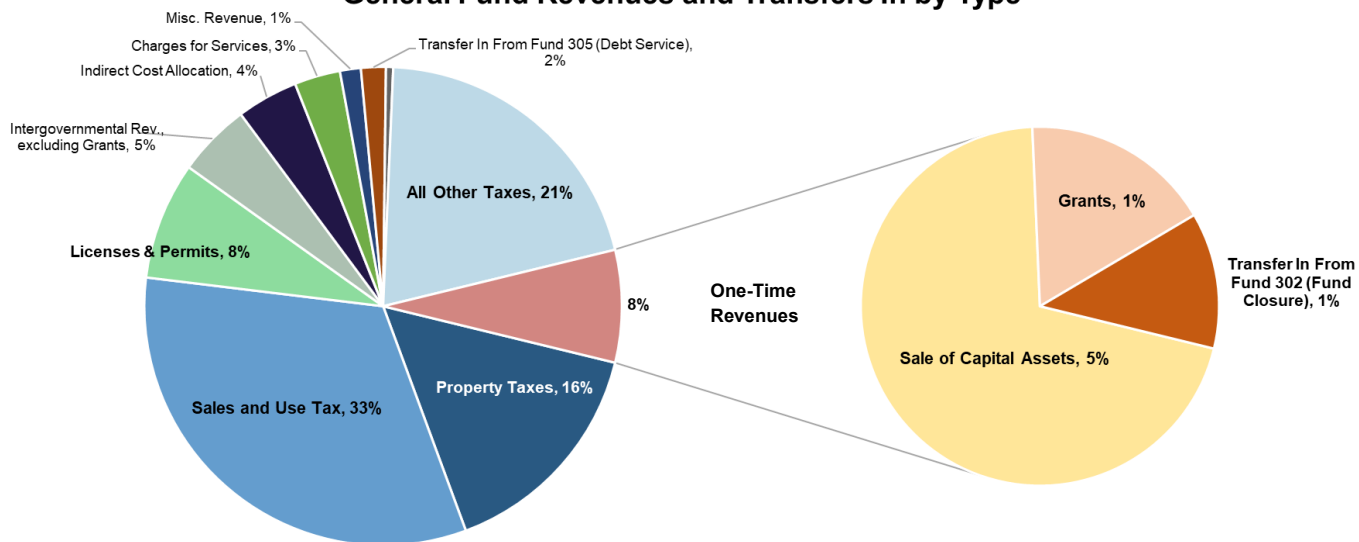
General Fund - Revenue, Expenditures, Changes in Fund Balance				
	Budgets			% Change
	Original	Amended	Difference	Original-to-
	2026	2026	2026	Amended
<b>Revenue</b>				
<i>General Revenue</i>				
Property Taxes	\$ 12,215,213	\$ 12,215,213	\$ -	0.0%
Retail Sales Tax	24,497,095	24,497,095	-	0.0%
Business & Occupation Taxes	2,424,000	2,424,000	-	0.0%
Use Tax	1,041,820	1,041,820	-	0.0%
Admissions Tax	885,012	885,012	-	0.0%
Utility Taxes	4,702,390	4,702,390	-	0.0%
Interfund Utility Tax	3,364,735	3,364,735	-	0.0%
Gambling/Excise Taxes	4,724,500	4,724,500	-	0.0%
<b>Total General Revenue</b>	<b>53,854,765</b>	<b>53,854,765</b>	<b>-</b>	<b>0.0%</b>
<i>Licenses and Permits</i>				
Business Licenses & Permits	3,479,655	3,479,655	-	0.0%
Rental Housing License	63,000	63,000	-	0.0%
Building Permits and Fees	1,998,800	1,998,800	-	0.0%
Franchise Fees	688,696	688,696	-	0.0%
<b>Total Licenses and Permits</b>	<b>6,230,151</b>	<b>6,230,151</b>	<b>-</b>	<b>0.0%</b>
<i>Intergovernmental Revenue</i>				
Sales Tax Mitigation	180,756	180,756	-	0.0%
Seattle City Light Agreement	2,832,836	2,832,836	-	0.0%
Grants	824,177	1,024,177	200,000	24.3%
State Entitlements	705,555	880,555	175,000	24.8%
<b>Total Intergov't Revenue</b>	<b>4,543,324</b>	<b>4,918,324</b>	<b>375,000</b>	<b>8.3%</b>
<i>Charges for Services</i>				
General Government	9,720	9,720	-	0.0%
Security	988,255	988,255	-	0.0%
Transportation	20,000	20,000	-	0.0%
Plan Check and Review Fees	662,000	662,000	-	0.0%
Culture and Rec Fees	781,045	756,045	(25,000)	-3.2%
<b>Total Charges for Services</b>	<b>2,461,020</b>	<b>2,436,020</b>	<b>(25,000)</b>	<b>-1.0%</b>
<i>Fines and Penalties</i>	384,405	384,405	-	0.0%
<i>Miscellaneous Revenue</i>	1,044,549	1,107,549	63,000	6.0%
<i>Indirect cost allocation</i>	3,267,278	3,267,278	-	0.0%
<b>Grand Total Revenue</b>	<b>71,785,492</b>	<b>72,198,492</b>	<b>413,000</b>	<b>0.6%</b>
Sale of Land	5,000,000	4,200,000	(800,000)	-16.0%
Transfer from Public Safety Plan	1,317,849	1,317,849	-	0.0%
Transfer from Land, Rec, & Park Dev	101,788	-	(101,788)	-100.0%
Transfer from Urban Renewal	-	731,255	731,255	0.0%
<b>Total Revenue</b>	<b>\$ 78,205,129</b>	<b>\$ 78,447,596</b>	<b>\$ 242,467</b>	<b>0.3%</b>



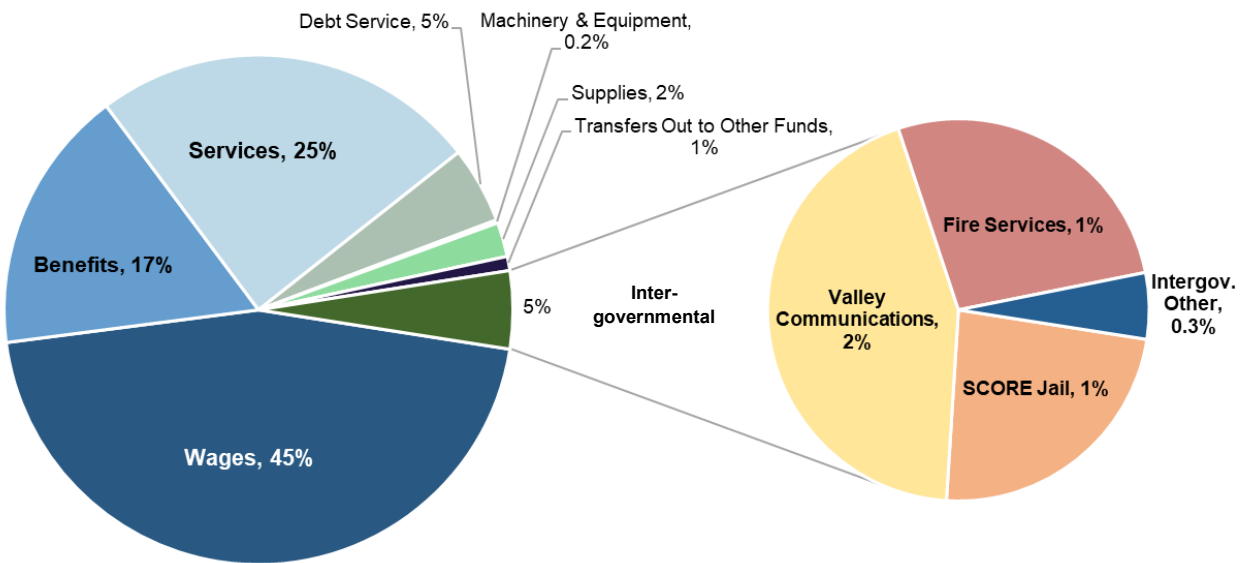
General Fund - Revenue, Expenditures, Changes in Fund Balance				
	Budgets			% Change
	Adopted 2026	Amended 2026	Difference 2026	Original-to- Amended
<b>Expenditures</b>				
City Council	\$ 431,254	\$ 456,810	\$ 25,556	5.9%
Mayor's Office	10,015,887	10,137,137	121,249	1.2%
Finance Department	4,429,561	4,666,108	236,547	5.3%
Parks and Recreation	7,050,622	6,886,199	(164,423)	-2.3%
Community Development (DCD)	5,978,627	5,854,564	(124,063)	-2.1%
Municipal Court	2,445,958	2,504,217	58,259	2.4%
Police Department	29,659,883	29,515,597	(144,287)	-0.5%
Fire Department	1,410,125	1,309,887	(100,238)	-7.1%
Public Works Department	10,205,851	10,176,496	(29,355)	-0.3%
Non-Departmental	2,497,046	2,007,046	(490,000)	-19.6%
<b>Total Department Expenditures</b>	<b>74,124,816</b>	<b>73,514,061</b>	<b>(610,755)</b>	<b>-0.8%</b>
Transfers - Debt Service	3,784,347	3,784,347	-	0.0%
Transfers - Capital, Other	702,450	700,000	(2,450)	-0.3%
Transfers - Contingency	-	-	-	0.0%
<b>Total Transfers</b>	<b>4,486,797</b>	<b>4,484,347</b>	<b>(2,450)</b>	<b>-0.1%</b>
<b>Total Expenditures</b>	<b>78,611,612</b>	<b>77,998,407</b>	<b>(613,205)</b>	<b>-0.8%</b>
<b>Change in Fund Balance</b>	<b>\$ (406,483)</b>	<b>\$ 449,189</b>	<b>\$ 855,672</b>	<b>-210.5%</b>



### General Fund Revenues and Transfers In by Type



### General Fund Expenditures By Type





**General Fund Line-Item Changes, 2026 Original Adopted to 2026 Original Amended**

Line Item	Revenues	Transfers In	Expenditures	Transfers Out	Net Increase / (Decrease) in Fund Balance
<b>Citywide Changes</b>					
Taxes resulting from Authorizing Cannabis Sales	175,000				175,000
Lower Proceeds Estimate from Fire Station Sale	(800,000)				(800,000)
Lower Records Storage Costs Associated with Fire Station Sale			(490,000)		490,000
Urban Renewal Fund Closure, Transfer in Proceeds		731,255			731,255
Administrative Fix: Correcting Calculation Error from Original Budget		(27,552)		(2,450)	(25,102)
<b>City Council</b>					
Councilor Pro Tem Position Mandated			19,259		(19,259)
All Other Labor Changes			6,297		(6,297)
<b>Mayor's Office</b>					
State Mandated Public Defense Cost Increase			60,000		(12,963)
State of the City Event Costs			15,000		(12,593)
Strategic Plan 2026 Costs			50,000		19,259
People's Project One-Time Costs			10,000		(19,629)
Community Leadership Initiative			10,000		(25,186)
Hazelnut Newsletter Costs			11,000		51,481
Minor Home Repair Costs			25,000		(26,665)
Increased State and Federal Lobbying Costs			21,500		(69,632)
Labor Cost Changes			(81,251)		122,592
<b>Finance</b>					
Budgeting Software (OpenGov)			151,800		(151,800)
Liability Insurance Cost Changes			105,882		(105,882)
Labor Cost Changes			(21,135)		21,135
<b>Parks and Recreation</b>					
4 Culture Grant	38,000		38,000		-
Youth Amateur Sports Grant	75,000		75,000		-
Department of Natural Resources Grant	125,000		125,000		-
Park Ranger Moved to Police Department		(74,236)	(170,505)		96,269
Contracted Security No Longer Needed			(96,000)		96,000
Misc Costs Reduced and Reallocated from Recreation to Parks			(1,009)		1,009
All Other Labor Changes			(134,909)		134,909
<b>Department of Community Development (DCD)</b>					
Labor Cost Changes			(124,063)		124,063
<b>Municipal Court</b>					
Better Life Contract			45,000		(45,000)
Labor Cost Changes			13,259		(13,259)
<b>Police Department</b>					
Park Ranger Labor Costs			145,505		(145,505)
Park Ranger Ancillary Costs			25,000		(25,000)
Park Ranger Truck Costs			9,025		(9,025)
Reduction in PD Costs to Offset Parks Ranger Costs			(78,530)		78,530
Costs for SCORE Jail Services Previously Overestimated			(215,369)		215,369
Liability Insurance Cost Changes			76,607		(76,607)
All Other Labor Changes			(106,524)		106,524

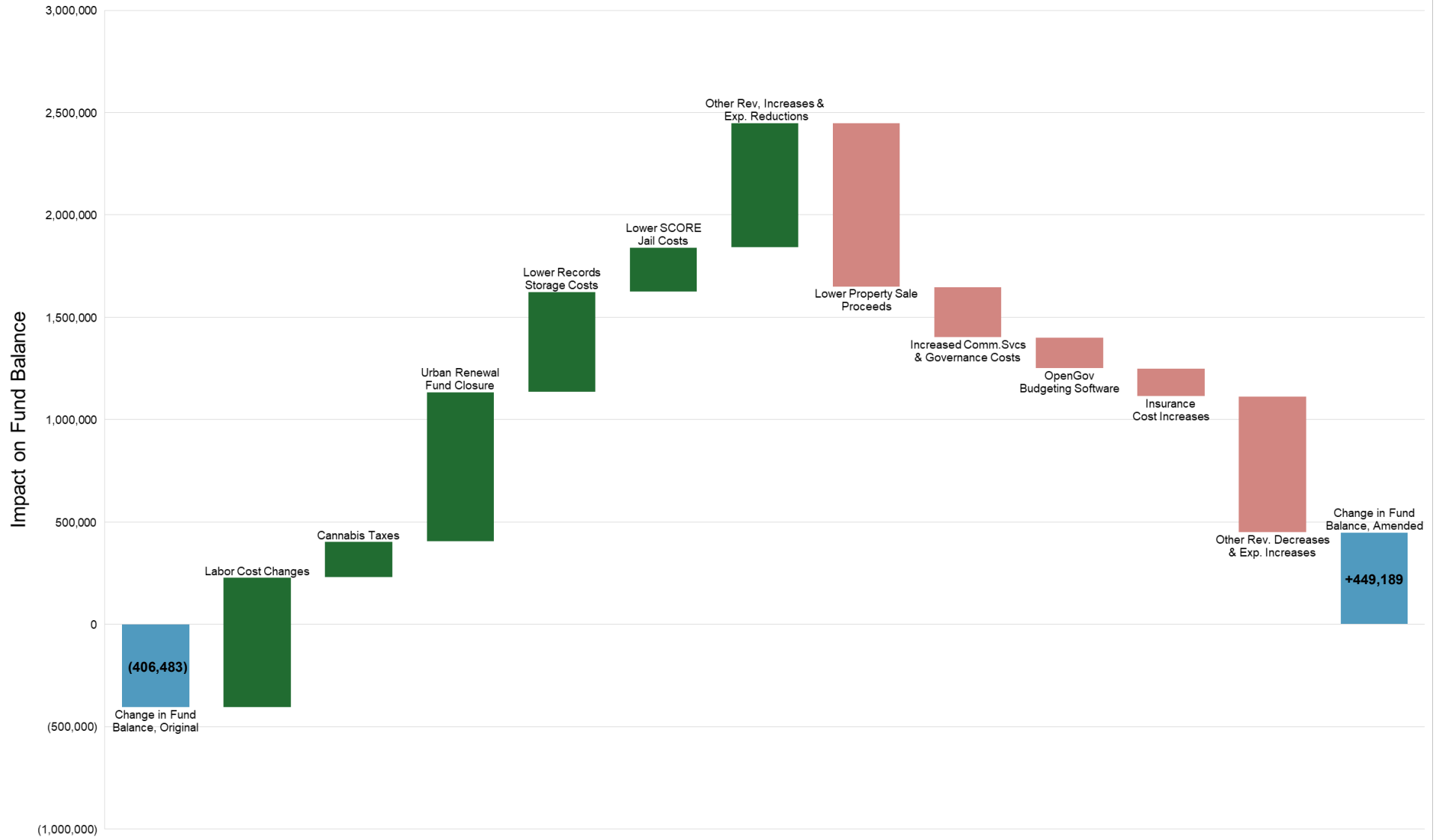


General Fund Line-Item Changes, 2026 Original Adopted to 2026 Original Amended					
Line Item	Revenues	Transfers In	Expenditures	Transfers Out	Net Increase / (Decrease) in Fund Balance
<b>Fire Department</b>					
Retiree Medical Contribution Changes			(100,238)		100,238
<b>Public Works</b>					
Increased Repair Costs			50,000		(50,000)
Utilities Costs Resulting from Lease Ending			76,000		(76,000)
Reduced Rent/Lease Costs			(21,135)		21,135
Property and Liability Insurance Cost Changes			(47,105)		47,105
All General Fund Labor Changes			(87,115)		87,115
<b>Total General Fund</b>	<b>\$(387,000)</b>	<b>\$629,467</b>	<b>\$(610,755)</b>	<b>\$(2,450)</b>	<b>\$855,672</b>



### General Fund: Path from Adopted to Amended Change in Fund Balance 2026 Mid-Biennium Budget Amendment

■ Increase ■ Decrease ■ Total





## General Fund Revenue and Transfers In

On a net basis, General Fund revenues decrease by \$387,000 relative to the original budget. The primary driver is an \$800,000 downward revision to anticipated Fire Station 51 sale proceeds: a one-time adjustment that does not diminish the City's recurring revenue base. Working in the opposite direction, new cannabis sales tax revenue and the transfer of remaining Urban Renewal Fund balances partially close that gap.

### New Cannabis Sales Tax Revenue

Tukwila's authorization of cannabis retail sales in 2025 introduces an estimated \$175,000 in new, recurring State Entitlement revenue for 2026. As the local retail market matures, this revenue stream is expected to grow in future budget cycles.

### Reduced Fire Station Sale Proceeds

The adopted budget projected \$5,000,000 in one-time proceeds from the sale of the former Fire Station 51 property. Updated market conditions have reduced that estimate by \$800,000, bringing the revised projection to \$4,200,000. Because these are one-time proceeds, the adjustment has no bearing on the City's recurring revenue outlook.

### Urban Renewal Fund Closure – Transfer to General Fund

With its original economic development purpose fulfilled, Fund 302 (Urban Renewal) is set to formally close in 2026. The remaining balance of \$731,000 transfers to the General Fund upon closure. This is a one-time, non-recurring benefit that bolsters the City's near-term fiscal position.

### Grant Revenues

The Parks and Recreation Department secured three additional grants totaling \$238,000: a 4 Culture Grant (\$38,000), a Youth Amateur Sports Grant (\$75,000), and a Department of Natural Resources Grant (\$125,000). Each grant is fully offset by a corresponding program expenditure, producing no net impact on the fund balance while expanding community programming capacity.

### Note: Public Safety Sales Tax

After new authorization from the Washington State Government, City Council approved a 0.1% Public Safety Sales Tax **after** this amendment was finalized; the associated revenue, estimated to be \$2.5 million, is therefore **not** reflected in these figures. This sales tax increase is set to be implemented April 1, 2026. The City anticipates incorporating this new revenue source into the 2027-2028 biennial budget.



## General Fund Expenditures and Transfers Out

General Fund expenditures decline by approximately \$611,000 in the 2026 amended budget. Favorable pension rates, one-time savings from the anticipated Fire Station 51 property transaction, and lower contracted services costs collectively outpace new investments in technology modernization, community programming, and higher insurance premiums. The sections below detail the most significant changes by functional area.

### Labor Cost Changes

The most significant driver of expenditure savings (\$636,000) stems from reduced labor costs. This decrease is primarily the result of lower state-mandated pension contribution rates, lower COLA (cost of living adjustment) rate than originally budgeted, as well as more favorable health insurance premiums than initially projected. A more comprehensive breakdown of these adjustments is detailed in the citywide labor costs section later in this document.

### Public Safety and Justice

Public safety accounts for the largest share of General Fund spending. This amendment makes targeted structural adjustments, reorganizing personnel and capturing contract savings, while preserving frontline service levels.

- **Park Ranger Reorganization (Net Zero Impact):** Originally housed in Parks and Recreation when the position was created, the Park Ranger has been reassigned to the Police Department to align this public safety officer with clearer operational command. The move is budget-neutral by design: Parks eliminated its private security contract and reduced interfund transfers, while the Police Department trimmed some supplies and services to absorb the position's full cost. Net General Fund impact: zero.
- **SCORE Jail Services (\$215,000 savings):** The City's required contributions to the South Correctional Entity (SCORE) are lower than previously expected, providing a meaningful cost savings.
- **State-Mandated Public Defense Increase (\$60,000 cost):** State-level changes regarding public defense case level standards have required the City to increase its level of Public Defense services. This is a mandated cost increase from the Washington State government.

### Operational Efficiencies and Technology

- **OpenGov Budgeting Software (\$151,800 cost):** The budget allocates \$151,800 to deploy OpenGov budget development and planning as well as tax and revenue software, modernizing the City's financial infrastructure. This investment, combining one-time implementation costs with ongoing licensing, will streamline how the City prepares, monitors, and communicates its budget, delivering long-term gains in efficiency, transparency, and accuracy for Finance staff, elected officials, and the public.



- **Records Storage Cost Savings – Fire Station Sale (\$490,000 savings):** The sale of Fire Station 51 in 2026 requires considerable one-time storage costs. During 2025, these costs were determined to be approximately \$510,000, which lowers expected expenses by \$490,000.

## Community Services and Governance

This amendment directs targeted funding toward community programs and long-range planning aligned with the City Council's strategic priorities:

- People's Project community engagement (one-time): +\$10,000
- Community Leadership Initiative: +\$10,000
- Minor Home Repair Program: +\$25,000, filling a gap left by the reduction of certain federal funding to help residents maintain safe, habitable housing.
- Strategic Plan development: +\$50,000 (the first half of a \$100,000 two-year initiative extending into 2027), charting the City's long-term policy direction.
- State of the City Event Costs: +\$15,000
- Increased State and Federal Lobbying Costs: +\$21,500
- Hazelnut Newsletter Production Costs: +\$11,000
- Municipal Court Better Life Community Development Contracted Services: +\$45,000, provides case management services to individuals.

### III. All Funds



Fund		2026 Resources Original	2026 Resources Amended	Resources Difference	2026 Expenditures Original	2026 Expenditures Amended	Expenditures Difference
GENERAL & CONTINGENCY	Fund 000 - General	\$78,205,129	\$ 78,447,596	\$242,467	\$78,611,612	\$77,998,407	\$(613,205)
	Fund 105 - Contingency	120,000	120,000	0	0	0	0
	<b>Total General &amp; Contingency</b>	<b>78,325,129</b>	<b>78,567,596</b>	<b>242,467</b>	<b>78,611,612</b>	<b>77,998,407</b>	<b>(613,205)</b>
SPECIAL REVENUE	Fund 101 - Hotel/Motel Tax	1,047,750	1,047,750	0	1,656,409	1,644,765	(11,644)
	Fund 102 - KC Parks Levy	0	297,220	297,220	0	198,072	198,072
	Fund 109 - Drug Seizure	98,100	98,100	0	73,000	73,000	0
	<b>Total Special Revenue Funds</b>	<b>1,145,850</b>	<b>1,443,070</b>	<b>297,220</b>	<b>1,729,409</b>	<b>1,915,837</b>	<b>186,428</b>
<b>Total Debt Service Funds</b>		<b>10,102,672</b>	<b>10,102,672</b>	<b>0</b>	<b>10,248,647</b>	<b>10,248,647</b>	<b>0</b>
CAPITAL PROJECTS	Fund 103 - Residential Streets	4,869,000	4,869,000	0	4,953,000	4,953,000	0
	Fund 104 - Bridges & Arterial Streets	11,042,001	11,042,001	0	10,440,651	10,537,131	96,480
	Fund 301 - Land Acq, Rec, Park Develop	6,165,690	5,665,690	(500,000)	7,237,236	6,663,000	(574,236)
	Fund 302 - Urban Renewal	0	0	0	0	738,386	738,386
	Fund 303 - General Government Imp	401,000	401,000	0	400,000	400,000	0
	Fund 304 - Fire Improvements	600,000	600,000	0	600,000	600,000	0
	Fund 305 - Public Safety Plan	1,115,000	1,115,000	0	1,317,849	1,317,849	0
	Fund 306 - City Facilities	846,937	5,000	(841,937)	825,238	825,238	0
	<b>Total Capital Projects Funds</b>	<b>25,039,628</b>	<b>23,679,691</b>	<b>(1,341,937)</b>	<b>25,773,974</b>	<b>26,034,604</b>	<b>260,630</b>
ENTERPRISE	Fund 401 - Water	10,254,836	10,254,836	0	11,116,611	11,023,093	(93,518)
	Fund 402 - Sewer	13,101,957	13,101,957	0	16,030,741	15,917,066	(113,675)
	Fund 411 - Foster Golf Course	2,787,500	2,787,500	0	3,300,595	3,287,832	(12,763)
	Fund 412 - Surface Water	14,978,410	14,978,410	0	17,208,282	17,088,102	(120,180)
	<b>Total Enterprise Funds</b>	<b>41,122,703</b>	<b>41,122,703</b>	<b>0</b>	<b>47,656,229</b>	<b>47,316,093</b>	<b>(340,136)</b>
INTERNAL SERVICE	Fund 501 - Equip Rental & Replacement	6,084,081	6,093,106	9,025	4,968,756	4,946,807	(21,949)
	Fund 502 - Self-Insured Healthcare Plan	8,955,150	8,346,309	(608,841)	6,831,880	7,031,880	200,000
	Fund 503 - LEOFF I Self-Ins Health Plan	519,152	474,514	(44,638)	519,152	599,903	80,751
	<b>Total Internal Service Funds</b>	<b>15,558,383</b>	<b>14,913,929</b>	<b>(644,454)</b>	<b>12,319,788</b>	<b>12,578,590</b>	<b>258,801</b>
FIDUCIARY	Fund 611 - Firemen's Pension	155,000	155,000	0	82,000	82,000	0
<b>TOTAL BUDGET</b>		<b>\$171,449,365</b>	<b>\$170,002,661</b>	<b>\$(1,446,704)</b>	<b>\$176,421,659</b>	<b>\$176,174,178</b>	<b>\$(247,481)</b>



All Funds Line-Item Changes, 2026 Original Adopted to 2026 Original Amended					
Line Item	Revenues	Transfers In	Expenditures	Transfers Out	Net Increase / (Decrease) in Fund Balance
General Fund	\$ (387,000)	\$ 629,467	\$ (610,755)	\$ (2,450)	\$ 855,672
<b>Hotel/Motel Tax Special Revenue Fund (101)</b>					
Labor Cost Changes			(11,644)		11,644
<b>King County Parks Levy Special Revenue Fund (102, New Fund)</b>					
Parks Levy Increased And Collected in 102	297,220				297,220
Parks Capital Improvement Project (CIP) Manager			196,072		(196,072)
Parks CIP Manager Ancillary Costs			2,000		(2,000)
<b>Arterial Street Fund (104)</b>					
Labor Cost Changes			96,480		(96,480)
<b>Land Acquisition, Recreation, &amp; Park Development (301)</b>					
Transfer out to GF removed				(74,236)	74,236
Administrative Fix: REET Revenues Collected in 305 instead of 301	(500,000)			(500,000)	-
<b>Urban Renewal Fund (302)</b>					
Closure and Transfer into General Fund				738,386	(738,386)
<b>Public Safety Plan (305)</b>					
Administrative Fix: REET Revenues Collected in 305 instead of 301	500,000	(500,000)			-
<b>City Facilities Fund (306)</b>					
Business No longer leases City Property	(841,937)				(841,937)
<b>Utility Funds (401, 402, 412)</b>					
Liability and Property Insurance Cost Changes			60,385		(60,385)
Utilities Project Manager Ancillary Costs			1,500		(1,500)
Reduced Contracted Services Costs			(44,817)		44,817
Labor Cost Changes, includes Utilities Project Manager Replacing Unused Position			(344,440)		344,440
<b>Golf Fund (411)</b>					
Liability Insurance Cost Changes			10,855		(10,855)
Labor Cost Changes			(23,618)		23,618
<b>Equipment Rental Fund (Fleet, 501)</b>					
Park Ranger Truck Revenues for Operations, Maintenance, and Replacement	9,025				9,025
Labor Cost Changes			(21,950)		21,950
<b>Insurance - Active Employees, Self-Insurance Fund (502)</b>					
Insurance Contributions and Insurance-Related Expenditures	(608,841)		200,000		(808,841)
<b>Insurance - LEOFF I Retirees, Self-Insurance Fund (503)</b>					
Contributions, Medical Costs, and Dental Costs	(44,638)		80,751		(125,389)
<b>Total All Funds</b>	<b>\$(1,576,171)</b>	<b>\$129,467</b>	<b>\$(409,181)</b>	<b>\$161,700</b>	<b>\$(1,192,092)</b>



## Citywide Personnel and Labor Summary

At the midpoint of each biennium, the City recalibrates labor cost assumptions using the most current rate information from state agencies, collective bargaining outcomes, and insurance carriers. For 2026, that recalibration produced approximately \$941,000 in citywide labor cost reductions and was the single largest driver of the General Fund’s improved position. The savings are concentrated in pension contribution rates, which the Washington State Department of Retirement Systems set well below the levels assumed in the original budget.

### Rates Affecting Labor Costs

The table below compares the key rates underlying the City’s labor cost calculations, highlighting the movement from adopted to amended assumptions:

Rates Affecting Labor Costs	Original	Amended	Change
Cost of Living Adjustment (COLA)	4.2%	2.7%	-1.5%
Social Security and Medicare Taxes (FICA)	7.65%	7.65%	-
Department of Retirement Systems:			
Law Enforcement Officers and Fire Fighters Retirement System (LEOFF)	5.32%	5.32%	-
Public Safety Employees Retirement System (PSERS)	9.51%	7.11%	-2.40%
Public Employees Retirement System (PERS)	9.11%	5.58%	-3.53%
Labor & Industries (Workers Compensation)	5.00%	10.49%	5.49%
Paid Family and Medical Leave (PFML)	0.21%	0.26%	0.05%
Disability and Life Insurance	5.0%	5.0%	-
Medical Insurance Premiums YoY Increase	10.0%	8.0%	-2.0%
Dental Premiums YoY Increase	0.0%	0.0%	-
Vision Premiums YoY Increase	0.0%	0.0%	-

Four rate movements stand out. First, the Cost-of-Living Adjustment (COLA) fell from 4.2% to 2.7%, reflecting a more modest wage environment than originally projected. Second, PSERS and PERS pension rates dropped by 2.40% and 3.53% percentage points respectively; these are actuarial determinations by the Washington State Department of Retirement Systems that represent the amendment’s largest source of labor savings. Third, medical insurance premiums increased at 8% year-over-year rather than the budgeted 10%, a favorable 2% variance. Fourth, Workers’ Compensation rates rose from 5% to 10.59%, a mandate from the Washington State Department of Labor & Industries. While this increase is the most visible cost pressure on the labor side, pension and COLA savings more than absorb it.



## Staffing Cost Changes by Fund

The table below details the net change in budgeted labor costs by department and fund. Negative values indicate savings; positive values indicate cost increases.

Fund	(Reduction) / Increase in Labor Costs
General Fund	(635,680)
City Council	6,297
Mayor's Office	(81,251)
Finance Department	(21,135)
Recreation Department	(25,469)
Community Development (DCD)	(124,063)
Municipal Court	13,259
Police Department	38,981
Fire Department	(100,238)
Public Works Dept	(14,707)
Park Maintenance Dept	(254,945)
Street Maintenance Dept	(72,408)
Hotel/Motel Tax Special Revenue (101)	(11,644)
Arterial Street Fund (104)	96,480
Water Utility Fund (401)	(78,947)
Sewer Utility Fund (402)	(72,724)
Foster Golf Course (411)	(23,618)
Surface Water Utility Fund (412)	(192,769)
Equipment Rental (501)	(21,950)
<b>Total Labor Cost Changes</b>	<b>(940,851)</b>

### Notable Staffing Changes, 2026 Amended Budget

Three personnel actions merit individual discussion:

#### **Parks Ranger – Transfer from Parks to Police Department**

The Parks Ranger, a public safety officer introduced in the 2025 budget, has moved from Parks Maintenance to the Police Department, placing the position under a direct public safety chain of command. As detailed in Section II, offsetting reductions ensure this transfer is budget-neutral. Parks FTE decreases by 1.0; Police FTE increases by 1.0.

Despite being budget neutral to the General Fund, this distorts the size of the change in staffing costs for the Police Department and Park Maintenance Department outlined in the



table above. Absent this organizational change, the reduction in staffing costs for Park Maintenance would be smaller and Police would have a reduction in staffing costs rather than an increase.

### **Municipal Court Judge Pay Increase**

Although still maintained at a 0.9 FTE, the City Council approved the Municipal Court Judge compensation increase of 11%, consistent with the salary set at 90% of District Court Judges as adopted annually by the Washington Citizens' Commission of Salaries for Elected Officials. This results in Municipal Court labor costs increasing in the amended 2026 budget, despite otherwise favorable labor cost changes.

### **Utilities Project Manager – Repurposed Position Across Utility Funds**

As detailed later in this document, the vacant Green Infrastructure Coordinator in Fund 412 (Surface Water) has been reclassified as a Utilities Project Manager shared across all utility funds. The restructuring responds to the City's growing cross-utility project management needs and is cost-neutral on a combined basis.

### **Notable Staffing Changes That Took Place in 2025**

The following two personnel changes occurred in 2025. These changes are *reflected* in the 2026 Amended Budget but *actually took place* during the 2025 operating year.

#### **Environmental Impact Statement (EIS) Project Director Contracted Position Extended**

In the original 2025-2026 budget, the EIS Project Director contracted position (0.6 FTE) was set to expire in 2025. This contract was extended into 2026. This increases budgeted expenditures for the Arterial Street Fund (104) over the baseline assumptions in the original budget.

#### **Temporary Term-Limited Senior Human Resources Analyst**

During 2025, the City hired a temporary term-limited Senior Human Resources Analyst for a two-year period, which was not included in the original 2025-2026 budget. This position is currently set to expire 12/31/2026.



## FTE Count by Fund/Department

Fund/Department	2025 Actual FTE	2026 Original Adopted FTE	2026 Amended FTE	Difference 2026 Adopted vs 2026 Amended	Notes
<b>General Fund</b>	250.44	249.44	250.44	1	
City Council	8	8	8	0	
Mayor's Office	31.29	30.29	31.29	1	Temporary Human Resources Position Added in 2025, Term Expires 2027
Finance	15	15	15	0	
Parks and Recreation	24.75	25.75	24.75	-1	Parks Ranger Moved to Police
Community Development	28.75	28.75	28.75	0	
Municipal Court	11.9	11.9	11.9	0	
Police	101	100	101	1	Parks Ranger Moved to Police
Public Works	29.75	29.75	29.75	0	
<b>Hotel/Motel Tax (101)</b>	0.25	0.25	0.25	0	
<b>Parks Levy Fund (102)</b>	N/A	N/A	1	1	Parks CIP Manager
<b>Arterial Street Fund (104)</b>	6.1	5.5	6.1	0.6	EIS Project Director contract extended into 2026
<b>Water (401)</b>	8.56	8.56	8.76	0.2	Reallocation of Utilities Project Manager
<b>Sewer (402)</b>	5.87	5.87	6.17	0.3	Reallocation of Utilities Project Manager
<b>Golf Course (411)</b>	10.5	10.5	10.5	0	
<b>Surface Water (412)</b>	18.28	18.28	17.78	-0.5	Reallocation of Utilities Project Manager
<b>Equipment Rental (501)</b>	5	5	5	0	
<b>Total</b>	<b>305</b>	<b>303.4</b>	<b>306</b>	<b>3.6</b>	



## **New King County Parks Levy Fund (Fund 102)**

King County Parks Levy revenues, previously collected with other capital resources in Fund 301 (Land Acquisition, Recreation & Park Development), now flow into a dedicated Fund 102, isolating \$297,000 in levy receipts for clearer tracking. This structural change strengthens the City's compliance with funding requirements and provides residents with a transparent view of how levy dollars are spent.

The levy funding supports the hiring of a new Parks Capital Improvement Project (CIP) Manager. This position provides dedicated project oversight to ensure Parks capital improvements are delivered on time and within budget. The position is fully funded between Fund 102 and Fund 301, with no cost to the General Fund.

## **Land Acquisition, Recreation & Park Development Fund (Fund 301)**

An administrative correction reclassifies \$500,000 in Real Estate Excise Tax (REET) revenues to be collected directly in Fund 305 (Public Safety Plan). In the original budget, these revenues were transferred into fund 305 after being collected in fund 301.

This is not a substantive change to the budget, even though it concerns a high dollar amount. This strengthens accounting accuracy and budgetary reporting.

## **Urban Renewal Fund (Fund 302)**

Having fulfilled its original economic development and redevelopment mission, Fund 302 is set to formally close. The plan in the amended budget is to transfer the remaining \$738,000 balance to the General Fund upon closure, providing the one-time fiscal benefit described in Section II. No ongoing obligations remain against this fund.

## **City Facilities Fund (Fund 306)**

The expiration of a commercial property lease removes \$842,000 in recurring revenue from Fund 306. Expenditures remain unchanged. This revenue loss is contained entirely within the City Facilities Fund and does not affect General Fund operations.



## **Utility Funds (Funds 401, 402, and 412)**

The most consequential change is the conversion of a vacant Green Infrastructure Coordinator position—previously budgeted solely in Fund 412 (Surface Water)—into a Utilities Project Manager shared across all three funds. This restructuring responds to the City’s evolving infrastructure needs by deploying project management expertise across the full utility portfolio.

Because the Utilities Project Manager carries a higher classification and compensation level, the utility funds changed their contracted services expenditures to offset the difference, resulting in this position classification change having a net-zero effect on each utility budget.

All three utility enterprise funds realize expenditure reductions in the amended budget.

## **Self-Insured Healthcare Funds**

Tukwila self-insures healthcare costs through two dedicated funds: Fund 502 for active employees and Fund 503 for retired Law Enforcement Officers and Fire Fighters (LEOFF I).

### **Active Employee Self-Insurance Fund (Fund 502)**

Actual claims experience came in below the assumptions embedded in the adopted budget, allowing the City to reduce premium contributions from participating departments by \$608,841. These savings flow through to every fund that contributes to the self-insurance pool—including the General Fund and all three utility funds—and represent one of the amendment’s most broadly distributed cost reductions.

At the same time, the City prudently increased excess-loss insurance premiums within Fund 502 by \$200,000 to maintain adequate protection against catastrophic individual claims. Within Fund 502 itself, expenditures rise by \$200,000 while revenues (inter-fund contributions) fall by \$608,841—a net accounting shift that reflects the recalibrated contribution levels rather than a deterioration of the fund’s financial health.

### **LEOFF I Retiree Self-Insurance Fund (Fund 503)**

Fund 503 covers healthcare costs for retired firefighters and law enforcement officers under the LEOFF I retirement system: a closed population that naturally decreases over time. Annual actuarial adjustments in this amendment reduce inter-fund contributions by \$44,638 while healthcare expenditures within the fund increased by \$80,751. These are routine actuarial recalibrations.