



AGENDA
DES MOINES CITY COUNCIL
STUDY SESSION
City Council Chambers
21630 11th Avenue S, Suite C
Des Moines, Washington
Thursday, February 5, 2026 - 5:00 PM

CITY COUNCIL COMMITTEE OF THE WHOLE

5:00 p.m. - 5:50 p.m.

CALL TO ORDER

ROLL CALL

COMMITTEE OF THE WHOLE ITEMS

- Item 1. **Discussion on City Sponsored Events**
Staff Presentation By:
Assistant City Manager Adrienne Johnson-Newton

- Item 2. **Parks Projects & King County Parks Levy Update**
Staff Presentation by:
Public Works Director Mike Slevin

CITY COUNCIL STUDY SESSION

6:00 p.m. - 10:00 p.m.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

COMMENTS FROM THE PUBLIC

Comments from the public must be limited to the items of business on the Study Session Agenda. Please sign in prior to the meeting and limit your comments to three (3) minutes.

DISCUSSION ITEMS

- Item 1. **Parks Projects & King County Parks Levy Update**
Staff Presentation by:
Public Works Director Mike Slevin

- Item 2. **Seahawks Blue Friday Proclamation**
Staff Presentation by:
City Attorney Tim George

Motion: "I move to pass the proclamation declaring Friday, February 6, 2026, as "Blue Friday" in the City of Des Moines in recognition of the Seattle Seahawks advancing to the Superbowl."

- Item 3. **Long-Range Budget Forecast Analysis Presentation**
Staff Presentation by:
City Manager Katherine Caffrey

- Item 4. **Revenue Enhancement Options Update**
Staff Presentation by:
Finance Director Jeff Friend

EXECUTIVE SESSION

NEXT MEETING DATE

February 12, 2026 Regular Council Meeting

ADJOURNMENT

Members of the public who wish to provide comment during the meeting via Zoom must register in advance. To register, please email cityclerk@desmoineswa.gov by 12:00 p.m. (noon) on the Wednesday before the meeting.

City Council meeting can be viewed live on the City's website, Comcast Channel 21/321, on the City's [YouTube](#) channel or via [Zoom](#).

[Projected Future Agenda Items](#)

**City Council
AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Discussion on City Sponsored Events

Staff Presentation By:
Assistant City Manager Adrienne Johnson-Newton

ATTACHMENTS:

1. 2026 City Sponsored Signature Events Discussion Presentation

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Community Enrichment Services

DATE SUBMITTED:

January 29, 2026

CLEARANCES:

Purpose and Recommendation

The purpose of this agenda item is to provide background and context on the City’s current approach to community special events and to seek Council direction on the future approach to City-led events. This discussion is intended to help determine whether the City should continue to center its event resources on a single City-led signature event or consider a different overall approach moving forward.

No formal action is requested. Staff is seeking Council direction to guide upcoming special event planning and resource alignment.

Suggested Motion:

Background

The City supports community special events through a combination of allowable funding sources, including Lodging Tax revenues and General Fund resources. Historically, a significant portion of the City’s special events effort has been concentrated on an annual 4th of July celebration, which has been treated as a City-led signature event due to its scale, visibility, and level of participation.

In this context, a City-led signature event refers to a large-scale event organized and delivered by the City that is intended to serve both residents and visitors. Other community events may be smaller in scale, occur throughout the year, and are often

more resident-focused.

Special event planning requires substantial lead time for vendor coordination, permitting, logistics, and marketing. Because this planning occurs well in advance of event execution, early clarity regarding the City's overall event approach is important for planning and effective use of resources.

Recent community survey results indicate strong positive feedback on City events and reflect interest in having more opportunities for community engagement throughout the year. In light of this feedback, staff is bringing forward to confirm Council direction on the City's overall approach to community signature events.

Discussion

Staff will present information and facilitate discussion on the City's current special events approach, including:

- A high-level overview of the City's current City-led signature event
- Combined baseline and cost-to-reach context to frame the scale of investment and attendance at a high level
- Summary of community feedback related to interest in events and community experiences
- Considerations associated with continuing a single City-led signature event versus shifting to a different overall approach
- Planning, resource, and funding considerations associated with different event models

This discussion is intended to support a policy-level determination about whether the City should continue to concentrate resources on a single City-led signature event or take a different overall approach to community events.

Staff also notes that a vendor contract related to the upcoming 4th of July event includes an early cancellation provision and that final event execution has not yet occurred. Council direction at this stage will help determine how staff proceeds to avoid late-stage adjustments.

Alternatives

None

Financial Impact

No immediate financial action is associated with this item. Future financial impacts will depend on Council direction regarding the City's overall approach to community special events.

City-led signature events and other community events may rely on different mixes of funding sources. The City's current signature event is primarily supported through

Lodging Tax revenues and General Fund resources. Other signature community events may rely on different funding combinations depending on scale and approach.

Some event-related costs are part of normal City operations, while others are driven by event scale and timing and may require additional resources or subsidies. If Council direction results in a change to the current signature event plan, there may be contract-related costs associated with early cancellation. Any such impacts would be evaluated and brought back to Council as appropriate.

Recommendation

As this is a Committee of the Whole discussion item, no formal alternatives are presented for action. Council direction and feedback may inform future options to be brought forward at a later meeting.

Following Council discussion, staff will use Council direction to:

- Confirm the desired overall approach to City-led community events
- Align upcoming event planning and resource allocation accordingly
- Identify any additional information needed
- Determine whether and when to return to Council with a future agenda item

A large, stylized graphic of a sailboat in dark blue, positioned on the left side of the page. The sailboat's sails are filled with a reflection of a harbor scene, showing numerous masts and rigging of other boats. The hull is a simple white shape.

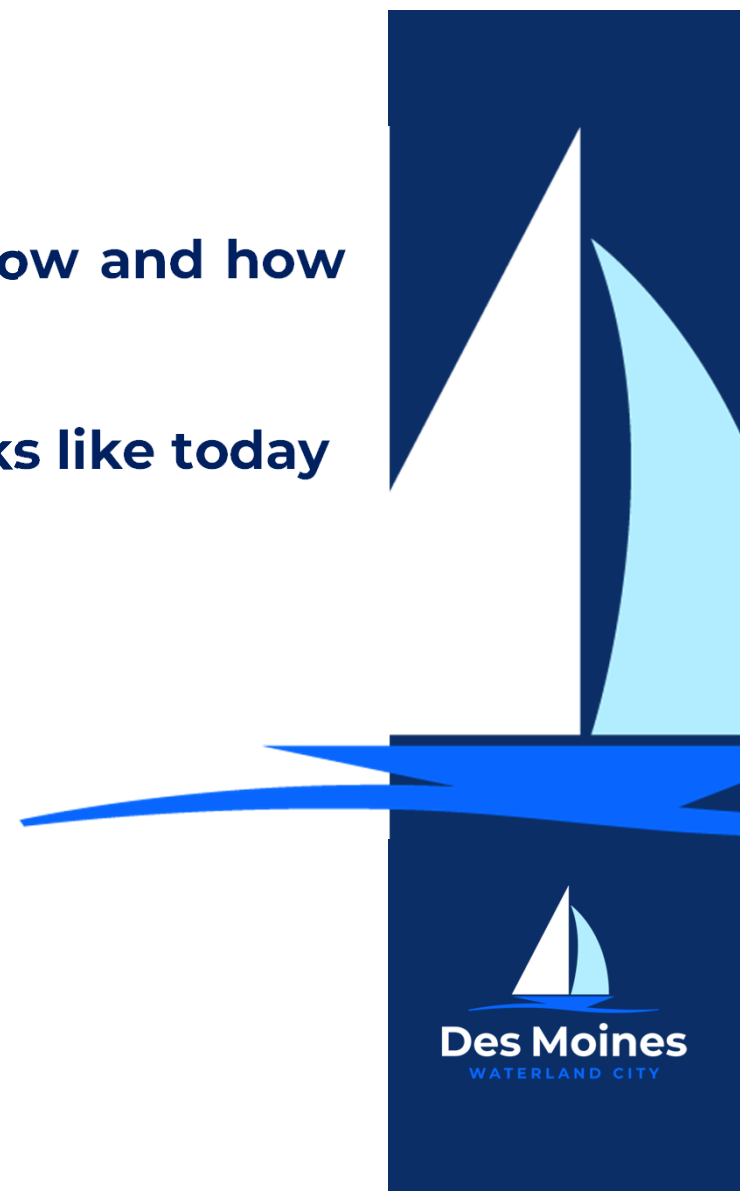
CITY SPONSORED SIGNATURE EVENTS DISCUSSION

Creating Community and Connection

02.05.2026

Tonight's Discussion

- Why we're discussing community events now and how this fits into CES retooling
- What the City's current signature event looks like today
- High-level cost and attendance context
- What we heard from the community
- Policy choices in front of Council
- Direction staff is seeking
- Next steps



Setting the Context

- Builds upon the October 2, 2025 presentation around Community Enrichment Services ongoing retooling efforts.
- Feedback from the Community Survey indicates public desire to have more opportunities to engage throughout the year through events.
- Question before Council: Put resources towards one signature event, or distribute funds throughout year for more events?
- This is a policy and direction-setting discussion for Council, not a decision on specific events or event details.



Why We're Seeking Direction Now

- Events require advance planning
- Community wants year-round engagement and events
- Early direction improves staff planning and resource alignment
- Vendor contract limits timing for changes
- Funding levels may fluctuate, impacting scale of event



Baseline Overview (Current State)

Signature events are intended to serve both residents and visitors, while other community events are often more resident-focused and occur throughout the year.

Primary Signature Event: 4th of July celebration

City role: Event planning and coordination, staffing, permitting, logistics, and on-site operations.

- **2025 Lodging Tax support:** ~\$117,175 (*actual*)
- ***2025 Estimated General Fund Costs:** ~\$5,900 (*estimated*)
TOTAL: ~\$123,075
 - ****Estimated 2025 attendance:** ~2,000
 - **Estimated Total Cost per Attendee:** ~\$61.50

Important Notes

- *Some General Fund costs, such as baseline staff time, are part of normal operations and are not currently tracked separately by event.
- 4th of July is a City holiday, staffing the event creates additional General Fund costs above normal operations, including overtime, comp time, or temporary staffing.
- Cost information is provided for high-level context only
- **Does not capture qualitative value, tradition, or community experience**
- **Attendance includes residents and visitors; residency is not tracked



Community Input and Alignment

 **Resident Survey:** Gathered input on facilities, programs, events and what the community values most.

Takeaways:

- Community Events are well received, with over **(80)%** of respondents rating events as very or mostly positive
- Community events were referenced by approximately **(60)%** of respondents as a point of interaction with the City.
- Events were the primary way residents experience community connection.



Signature Event Approaches: Key Differences

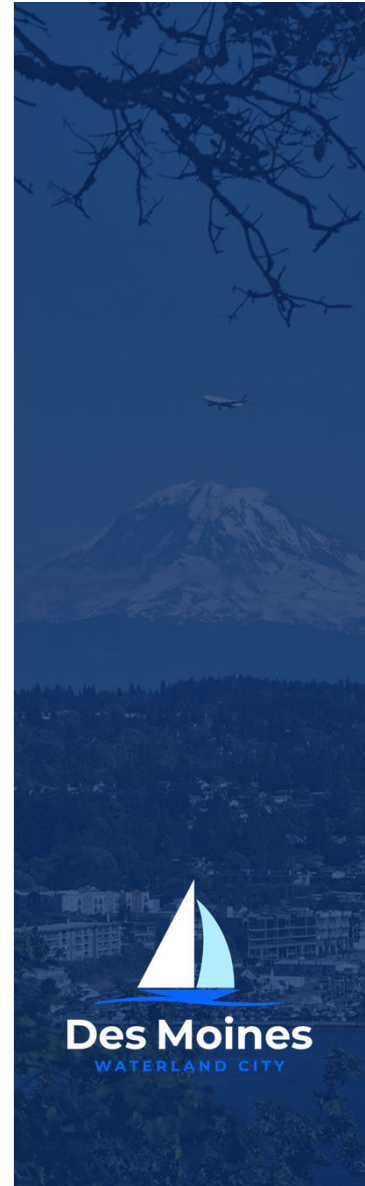
Model 1 Status Quo: 4th of July Signature Event

□ Benefits

- One large event that brings the community together at the same time
- Well-known City tradition with strong visibility
- Planning and promotion focused on one primary event
- Historically funded in part of by Lodging Tax
- Fewer cities host large-scale 4th of July events, which can increase regional draw

□ Considerations

- Occurs once a year
- Uses a significant share of funding and staff capacity
- Since the event occurs on a City holiday, staffing costs are higher due to overtime, comp time, or additional staffing needs
- Less flexibility to adjust scale year to year



Signature Event Approaches: Key Differences

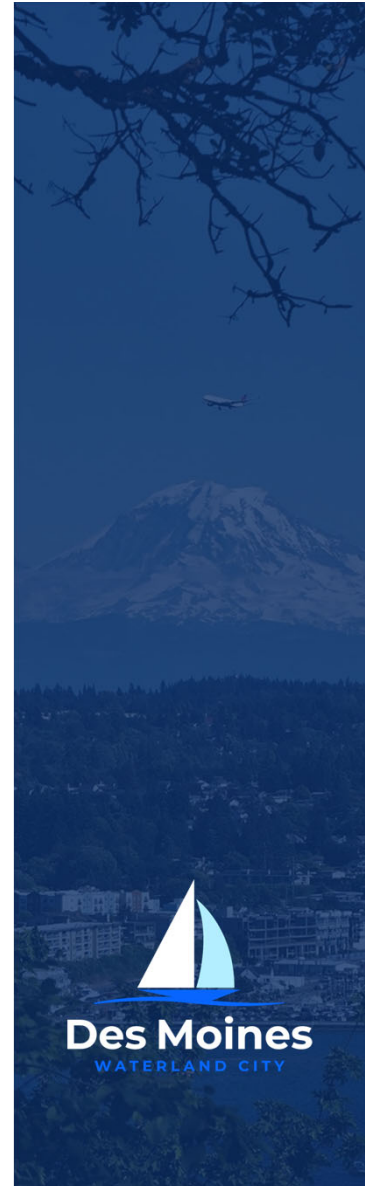
Model 2: Year-Round Signature Events

□ Benefits

- Ability to design multiple signature-level events intended to attract both residents and visitors
- Opportunity to distribute visitor-focused events across the year rather than a single date
- Flexibility to vary event size, theme, and timing while maintaining destination appeal
- Continued ability to align events with Lodging Tax eligibility and tourism-related objectives

□ Considerations

- No single event creates the same one-day, citywide moment
- Requires coordination across multiple dates, locations, and partners
- Event scale and frequency must align with available funding and planning capacity



Funding Considerations

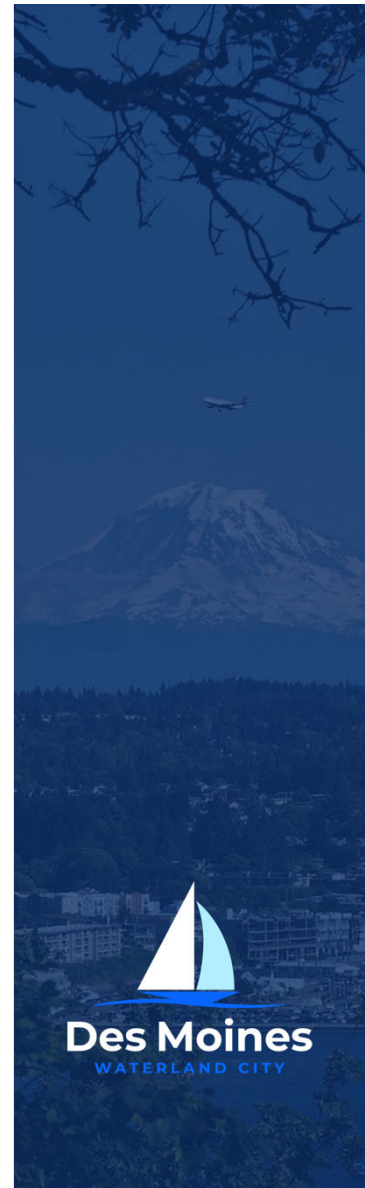
Lodging Tax 101

- ❑ Lodging Tax is collected on overnight stays in the City.
 - The current lodging tax rate is **(1.0)%**.
 - The rate is scheduled to decrease to **(.08)%** beginning April 2026.
 - Revenues fluctuate based on travel and lodging activity.

- ❑ Funds are used to support tourism, promotion and community events.

- ❑ The 4th of July event has been supported in part by Lodging Tax.

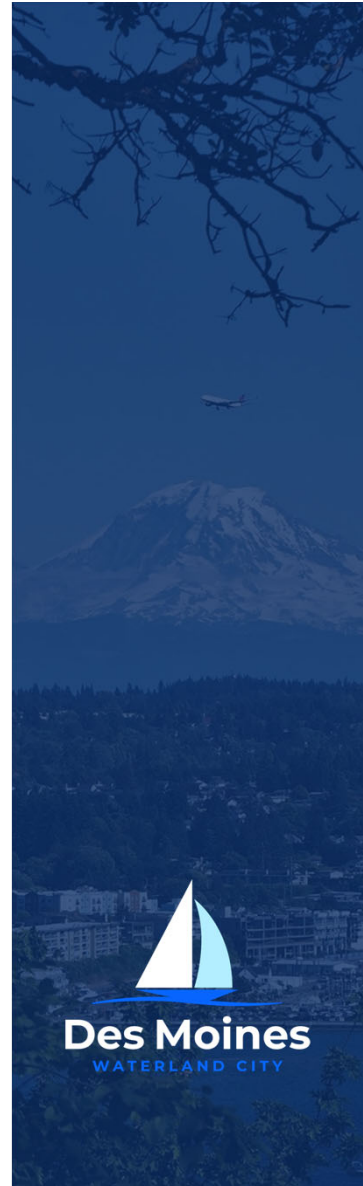
- ❑ Lodging Tax is one of several funding sources that can be used to support signature-level community events.
 - A shift to multiple signature events would require a separate Council discussion on the approach to allocating Lodging Tax funds.



Funding Considerations

General Fund

- ❑ Some event-related costs are part of normal City operations, including base staffing and administrative support.
- ❑ *Events typically create costs above and beyond normal operations, particularly:*
 - Holiday staffing costs
 - Event-specific supplies and materials
 - Professional services (security, performers, restrooms)
- ❑ The General Fund serves as the backstop for expenses for the 4th of July.



Funding Considerations

Sponsorships and Partnerships

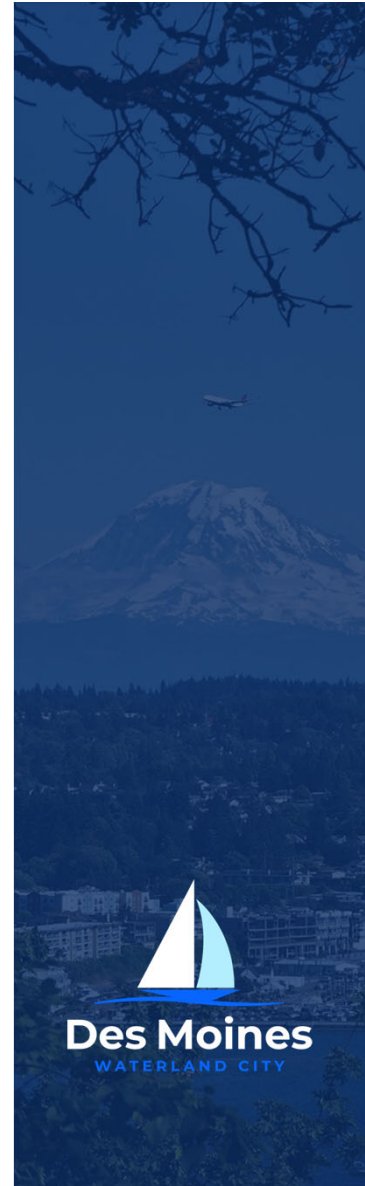
Partnerships and sponsorships complement, but do not replace, City funding for community events.

□What They Help With:

- Help offset event costs and extend the City's capacity.
- Strengthen community relationships.
- Enhance event quality and visibility.

□Planning Considerations:

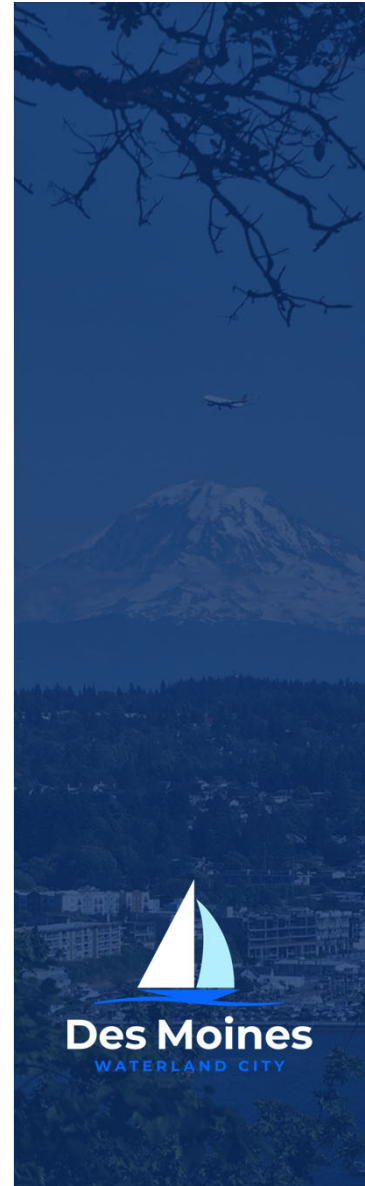
- Sponsorship funding is not guaranteed and varies by event and year.
- Larger sponsorships require time and relationship development.
- Sponsorship revenue cannot be assumed for every event.



Key Considerations for Council

As Council considers whether to continue the current signature event model or pursue a different approach, the following considerations may be helpful:

- Community Outcomes:** What does Council want residents and visitors to experience from City- supported community events?
- Reach and Access:** Is it more important to create one shared, citywide experience, or to offer multiple opportunities to engage throughout the year?
- Use of Limited Resources:** How should existing funding and staff capacity be balanced between one large event and multiple smaller events?
- Engagement:** How should success be understood? (attendance, community experience, reach over time, or a combination)
- Tradition and Adaptability:** How important is maintaining a long-standing citywide tradition compared to increasing flexibility and year-round engagement?



Council Direction Requested

Staff is seeking Council direction on the overall approach to City-led signature community events:

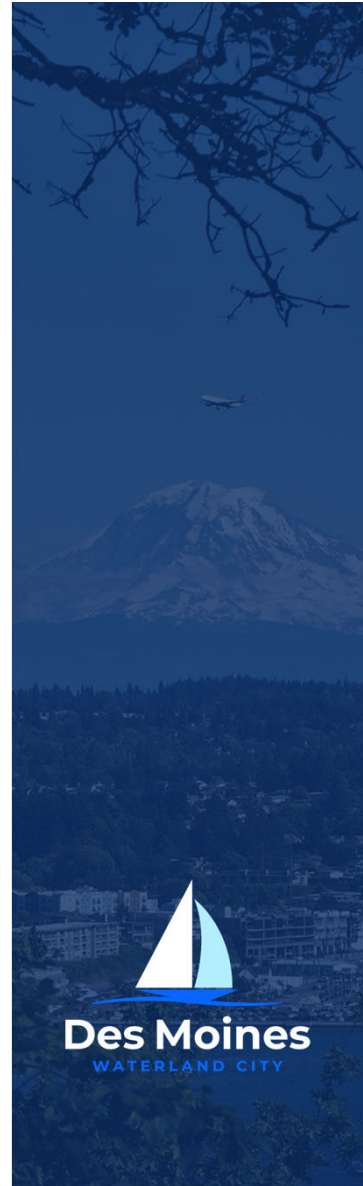
Option 1: Continue the Current Approach

- Maintain the City-led 4th of July as the primary signature community event.
- Continue focusing event resources on a single, citywide celebration.

OR

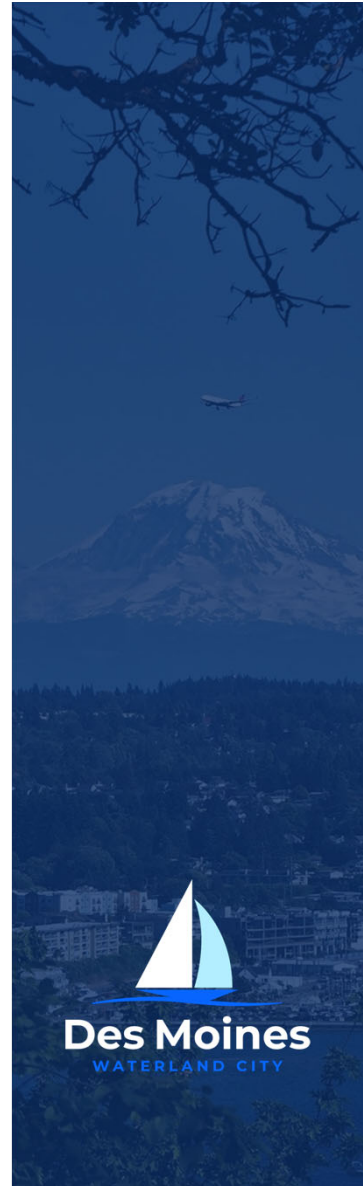
Option 2: Shift to a Year-Round Signature Event Approach

- Move away from a single City-led signature event
- Support multiple signature-level community events throughout the year
- Events would be designed to attract both residents and visitors, consistent with Lodging Tax purposes
- Could explore allocation of some Lodging Tax funds for other community-run events (i.e. Waterland)



Next Steps

- Staff will proceed with planning per Council direction
- Citizens Advisory Board will provide community input
- Citizens Advisory Board feedback will guide event scope, timing, and reach
- Staff will report back to Council as needed



**City Council
AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Parks Projects & King County Parks Levy Update

Staff Presentation by:
Public Works Director Mike Slevin

ATTACHMENTS:

1. Parks Projects & King County Parks Levy Update Presentation

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Public Works

DATE SUBMITTED:

January 23, 2026

CLEARANCES:

City Clerk
Finance
Marina
Parks Recreation & Senior Services
Public Works

Purpose and Recommendation

The purpose of this agenda item is to provide an update to Council on the 2025 Parks Projects and King County Park Levy Expenditures, as well as projected 2026 projects.

Suggested Motion:

Background

The purpose of this agenda item is to provide the City Council with an overview of the 2025 Parks Capital and Maintenance programs. Staff will highlight key projects and accomplishments from the past year and outline proposed priorities and work program elements for 2026.

Discussion

Significant progress was made in 2025 across the City of Des Moines Parks Capital and Maintenance programs. During the year, the City completed three capital park projects. New playground equipment was installed, certified, and placed into service at both Cecil

Powell Park and Field House Park, and the Des Moines Memorial Triangle Park was completed and opened to the public.

Parks Operations staff (part of Public Works) continued to actively maintain City park assets while also completing several in-house improvements. The largest in-house project in 2025 was the demolition of the Sonju Park barn, accompanied by enhancements to the Sonju Community Garden and trail system.

Substantial progress was also made on future projects. Design for Midway Park advanced to 90 percent completion. In addition, staff initiated a feasibility study to evaluate the development of a youth soccer field on the adjacent property, currently subject to a use permit from Puget Sound Energy (PSE). Staff are also exploring the potential purchase of this permitted area from PSE.

Work began on updates to the Steven J. Underwood Sports Complex in accordance with the lease agreement between the City and Perfect Game, which was approved by Council in fall 2025. Additionally, King County Parks Levy funds were utilized to initiate feasibility studies for the Cliff Avenue Overlook Park Connection and the North Redondo Bulkhead Restoration and Replacement Project.

Several major waterfront projects also advanced in 2025. The Des Moines Marina Steps construction contract was bid and awarded, with construction scheduled to begin in February 2026. The Redondo Pier reached a major structural construction milestone and is anticipated to reopen to the public in June 2026. Progress continues on the Beach Park Estuary project, with design nearing 30 percent completion and a grant secured to fund the project through 90 percent design.

2025 King County Parks Levy Expenditures

King County Parks Levy funds were expended in 2025 as follows:

- Des Moines Memorial Triangle Park: \$141,765
- Midway Park Youth Soccer Field Design: \$25,330
- Redondo Bulkhead and Esplanade: \$38,152
- Cliff Avenue Overlook Park Connection: \$35,298
- Beach Park Roof Moss Removal: \$15,137
- Parks Equipment and Vehicle Replacements: \$285,935

Total Expenditures: \$541,617

Note: This total includes carryover funding from prior levy years. The 2025 levy allocation funded \$210,042 of the total expenditures.

2026 Planned Work Program

In 2025, voters approved a new King County Parks levy. Based on the adopted pass-through formula, Des Moines is estimated to receive \$2,910,997 in direct pass-through funding over the entire levy. Based on this, the City expects to receive \$485,166 per year. These funds have not yet been programmed and may be used for operations, maintenance, and capital projects. Any levy funding not required for direct operations and maintenance would be applied toward advancing priority capital projects.

In 2026, the Public Works team will continue its efforts to enhance and invest in the City’s park system. Staff will advance Midway Park to 100 percent design, including the adjacent youth soccer field, and will continue to pursue funding opportunities for park construction. Due to safety concerns, staff have determined that the Founders Lodge at the Beach Park is best suited for demolition. Staff will discuss this potential project with the Council during this presentation. The structure is in very poor condition, and rehabilitation is not considered economically viable. Preliminary cost estimates—based on the recent rehabilitation of the Beach Park Dining Hall—indicate rehabilitation costs in the range of \$6–\$7 million, compared to an estimated demolition cost of \$300,000–\$400,000. It is not anticipated the City would achieve a return on investment on the rehabilitation of this project from facility rentals.

Alternatives

Informational Only

Financial Impact

N/A update purposes only

Recommendation

Requesting input on 2026 projects and direction if Council would like future presentations on specific individual projects.



Parks Projects and King County Levy Update

2025 Accomplishments

Completed Proj.



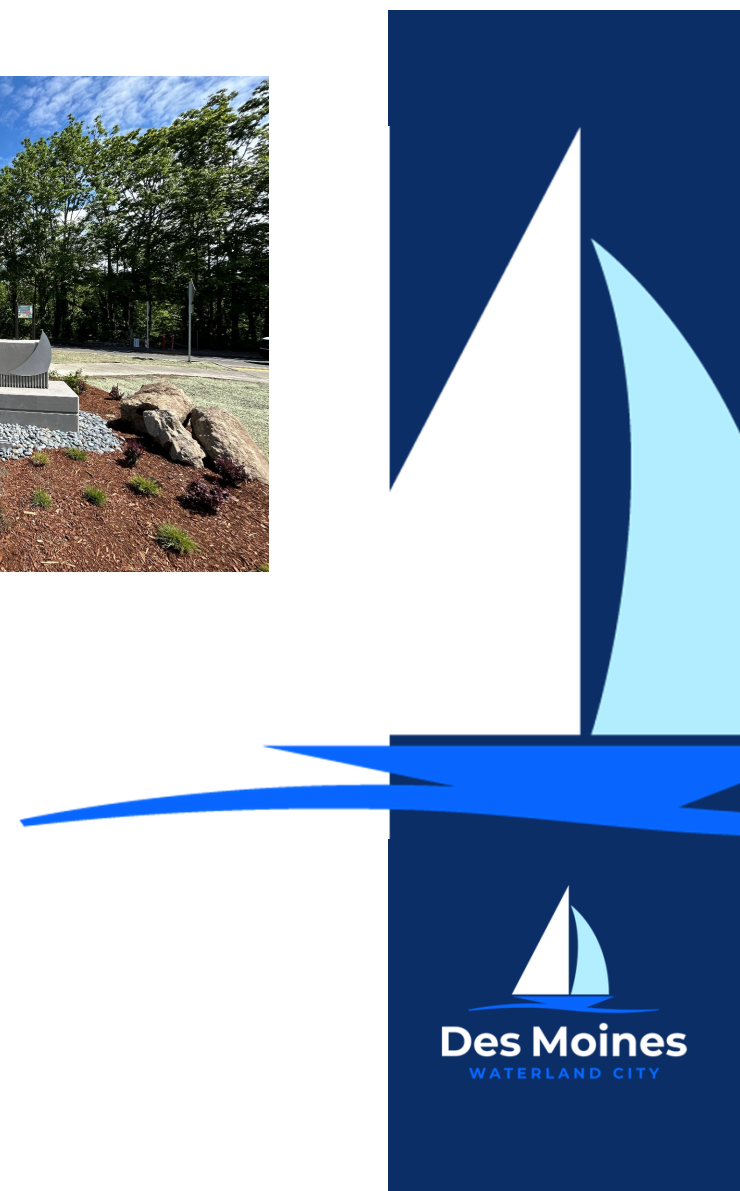
In Design



Conceptual Design

- Memorial Triangle
- Cecil Powell Park modernization and equipment
- Field House Park modernization and slide
- SJU Memorial Park lease agreement
- Sonju Community Garden barn demolition
- Sonju Community Garden and trail maintenance
- Beach Park roof
- Midway Park 90% Design
- Beach Park 30% design
- North Redondo Bulkhead and Esplanade feasibility study
- Overlook Park & Cliff Avenue connection feasibility study

2025 CIP Projects



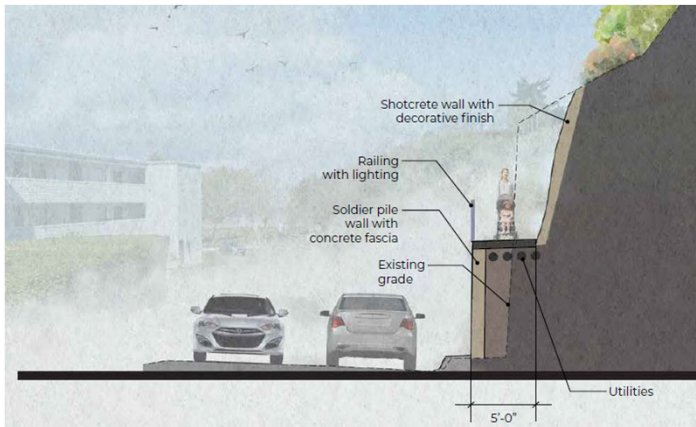
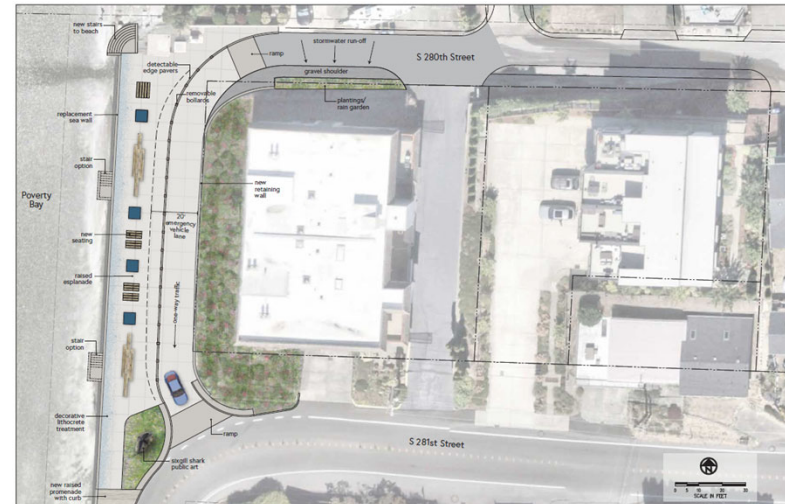
2025 Equipment for Maintenance



2025 In House Projects: Sonju Community Garden



Design Efforts



2025 King County Parks Levy Funds

- Des Moines Memorial Triangle - \$141,765
- Midway Park Youth Soccer Field Design – \$25,330
- Beach Park Roof Moss Removal - \$15,137
- Parks Equipment - \$285,935
- Cliff Avenue Overlook Park Connection - \$35,298
- Redondo Bulkhead and Esplanade - \$38,152

- Total- \$542,619 in 2025

Note: Includes carryover KC funds



2026 -2031 King County Levy

- Approved by voters August 2025
- \$485,166 annually
- \$2.91 million total over levy life
- Eligible for O&M and capital



2026 -2031 King County Levy: Proposed Priorities

- Midway Park + Soccer Field
- Founders Lodge: Address safety issue
- Priority capital/in-house projects



Founders Lodge: Condition & Next Steps

- Building is structurally deficient and environmentally compromised
 - Asbestos present throughout structure
 - Built in 1960s
 - Rehab would require elevation above creek
-
- Cost comparison (High level estimate):
 - Rehab: \$6-7M
 - Demolition: \$300k-\$400k
 - Unlikely to generate ROI on rehab from rentals





Des Moines
WATERLAND CITY

**City Council
AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Parks Projects & King County Parks Levy Update

Staff Presentation by:
Public Works Director Mike Slevin

ATTACHMENTS:

None

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Public Works

DATE SUBMITTED:

CLEARANCES:

City Clerk
Finance
Public Works
Parks Recreation & Senior Services
Marina

Purpose and Recommendation

Continuation from Committee of the Whole - If Necessary

Suggested Motion:

Background

Discussion

Alternatives

Financial Impact

Recommendation

**City Council
AGENDA ITEM**

**BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA**

SUBJECT: Seahawks Blue Friday Proclamation

Staff Presentation by:
City Attorney Tim George

ATTACHMENTS:

1. Seahawks Blue Friday Proclamation

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Administration

DATE SUBMITTED:

January 28, 2026

CLEARANCES:

City Clerk

Purpose and Recommendation

The purpose of this item is to consider a proclamation declaring Friday, February 6, 2026, as "Blue Friday" in the City of Des Moines in recognition of the Seattle Seahawks advancing to the Superbowl.

Suggested Motion:

Motion: "I move to pass the proclamation declaring Friday, February 6, 2026, as "Blue Friday" in the City of Des Moines in recognition of the Seattle Seahawks advancing to the Superbowl."

Background

The 2025-2026 Seattle Seahawks have set a franchise record with fourteen regular season victories in their 50th season in the National Football League (NFL). In addition, they earned the number 1 seed in the National Football Conference (NFC) and have beaten division rivals San Francisco 49ers and the Los Angeles Rams in the playoffs to earn a trip to Superbowl 60 in Santa Clara.

Discussion

The Seahawks will take on the New England Patriots on Sunday, February 8 in Superbowl LX. This proclamation recognizes their historic season and celebrates their accomplishments both for their team and for our entire community.

Alternatives

None

Financial Impact

None

Recommendation

None

PROCLAMATION

WHEREAS, the 2025-2026 Seattle Seahawks have set a franchise record with fourteen regular season victories in their 50th season in the NFL, and

WHEREAS, the three teams in the NFC with the best regular season records were all in the NFC West Division, making it the toughest division in the NFL, and

WHEREAS, the Seattle Seahawks won the NFC West Division and secured the number one seed in the playoffs with the best record in the NFC, and

WHEREAS, the Seattle Seahawks defeated their fierce division rivals the San Francisco 49ers and the Los Angeles Rams in the playoffs to win the NFC Championship for the fourth time in franchise history, and

WHEREAS, Head Coach Mike MacDonald in just two years has built the Seattle Seahawks into a Superbowl caliber team on disciplined special teams, a bruising running game anchored by Kenneth Walker III and Zach Charbonnet, and an elite defense that rivals the famed “Legion of Boom”, and

WHEREAS, the addition of first-year quarterback Sam Darnold has unlocked a potent passing attack to receivers Jaxon Smith-Njigba, Rashid Shaheed, and Cooper Kupp, and

WHEREAS, the Seattle Seahawks will compete against the New England Patriots on February 8, 2026 in Super Bowl LX, and

WHEREAS, we are the 12s, whose loyalty and sheer volume are unsurpassed in professional sports,

NOW THEREFORE; the City Council of the City of Des Moines declares Friday, February 6, 2026 to be “Blue Friday” in the City of Des Moines and encourages its citizens to celebrate the Seattle Seahawks and their fans throughout the weekend in their quest to win their second Superbowl championship.

Signed this 5th day of February, 2026

Yoshiko Grace Matsui, Mayor

**City Council
AGENDA ITEM**

**BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA**

SUBJECT: Long-Range Budget Forecast Analysis Presentation

Staff Presentation by:
City Manager Katherine Caffrey

ATTACHMENTS:

1. Des Moines Long Term Financial Planning FCS v3

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Administration

DATE SUBMITTED:

January 28, 2026

CLEARANCES:

Finance
City Clerk

Purpose and Recommendation

The purpose of this agenda item is to present the Long-Range Budget Forecast Analysis for the General Fund, Marina Fund, and Surface Water Management Fund prepared for the City of Des Moines by the FCS Group.

Suggested Motion:

Background

Discussion

At the September 11, 2025 regular City Council meeting, the Council received a presentation from FCS Group on the City's long-range financial outlook. That presentation assessed the City's overall financial health and included a fiscal forecast to help frame the City's structural financial challenges. Using that information, the Council began considering potential revenue enhancement options to strengthen the City's long-term financial position.

Building on that work, the City has now asked FCS Group to prepare a long-range fiscal sustainability analysis for the General Fund, Marina Fund, and Surface Water

Management Fund. This analysis will forecast future revenue needs and evaluate whether existing revenue sources are sufficient to support the delivery of essential services within each fund.

The Council may use this information to inform and guide future discussion, direction, and feedback related to potential additional revenue enhancement options.

Alternatives

Financial Impact

Recommendation



Des Moines ^{WA}
The Waterland City

Long-Range Financial Forecast



Todd Chase, AICP, LEED Principal
Tim Wood, Project Manager
Luke Nelson, Senior Analyst





Project Objective

- City contracted with FCS to evaluate the current and long-term financial health of the City's General Fund, Surface Water Management Fund, and Marina Fund.
- This builds on the recent FCS work from Fall 2025 that forecasted the general fund 10 years into the future.
- To develop the forecast, **City policies provide the following guidance:**
 - » **Conservative approach** to forecasting revenues and expenditures
 - » **Maintain minimum fund balance equivalent to 15 percent** of recurring expenses in each year of forecast (~\$129,000 in 2025)
 - » Forecast timeframe – 2026 to 2040
 - » Findings help inform future budgeting and need for enhanced revenue sources
- As forecast timeframe increases, more uncertainty is introduced.



Financial Forecast Objectives

- *Best practices* for government financial planning
 - » Evaluate current and future fiscal conditions to guide policy and programmatic decisions
 - » Identify future revenue and expenditure trends that may impact City's policies, goals, and services
 - » Integral part of the annual budgeting process
- City financial policy requires a six-year financial forecast as part of biennial budget development
 - » Evaluate revenue, operating, debt, and capital expenditures, and reserve management
 - » Achieve financial structural balance: one-time resources support one-time expenditures. Ongoing expenditures supported by ongoing resources.

Source: Government Finance Officers Association, Best Practices: Financial Forecasting in the Budget Preparation Process



Overall Findings

- General Fund
 - » General fund will require more revenues to maintain current levels of service.
 - » \$1 to \$2 million dollars annually would maintain reserves through next ten years
- Surface Water Management
 - » The surface water management fund is healthy with the policy induced rate increases.
 - » The fund will be able to dedicate rate revenues to needed capital improvements
 - » New revenues will be needed if more services are added.
- Marina Fund
 - » Marina Fund is expected to maintain a healthy fund balance over the forecast period
 - » Timing of project costs will determine if the fund will require debt servicing to fund needed capital over this period.



General Fund



Key General Fund Assumptions



Forecast Basis

2026 Adopted Budget with 95% Realization Factor



Sales Tax Revenue

4% Annual Increase
Adjust 2025 by +\$0.3M



Property Tax Revenue

1% Annual Increase



Labor Expense

4% Annual Increase



Benefit Expense

3% Annual Increase

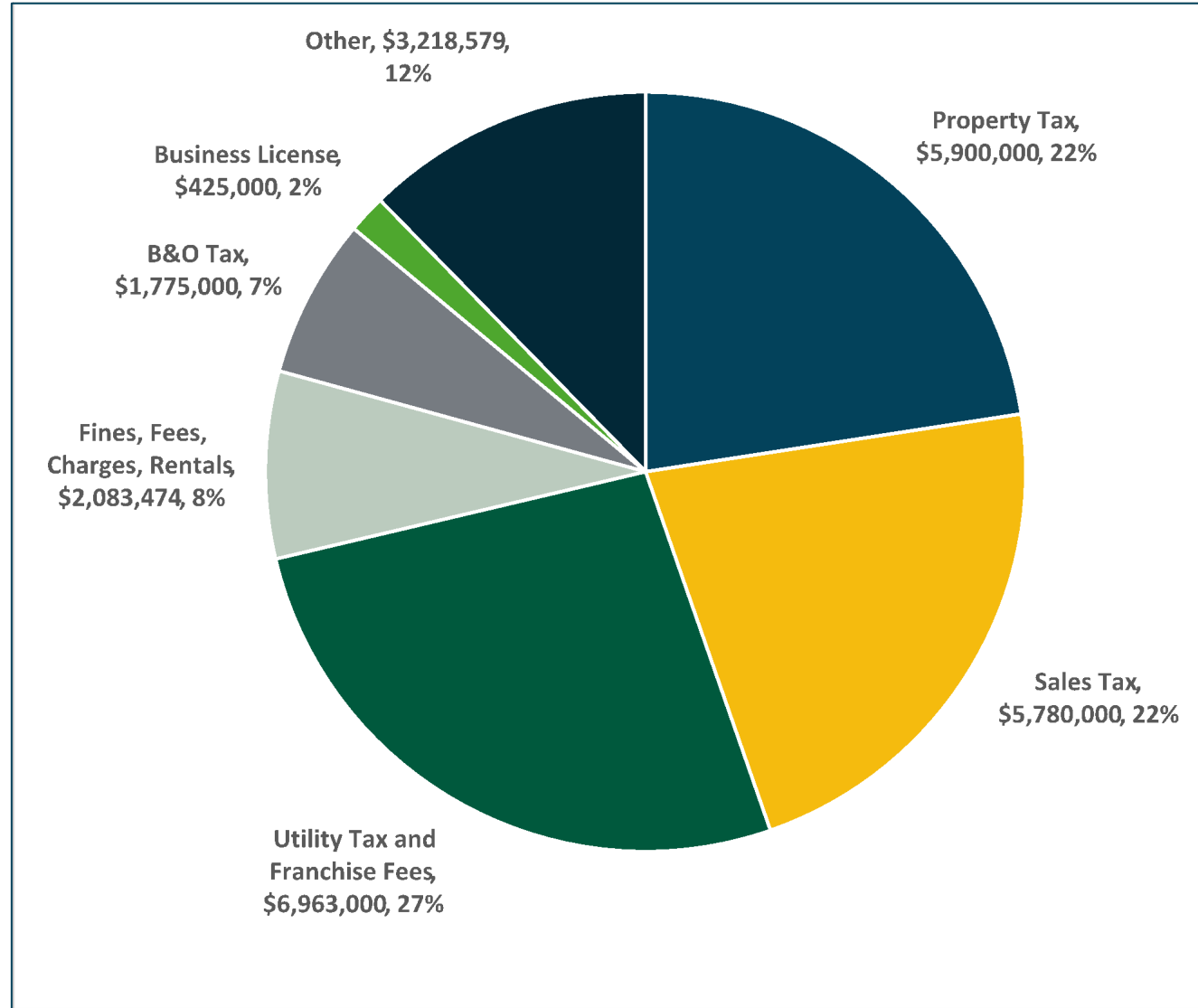


Union Contracts

3.5% Annual Increase

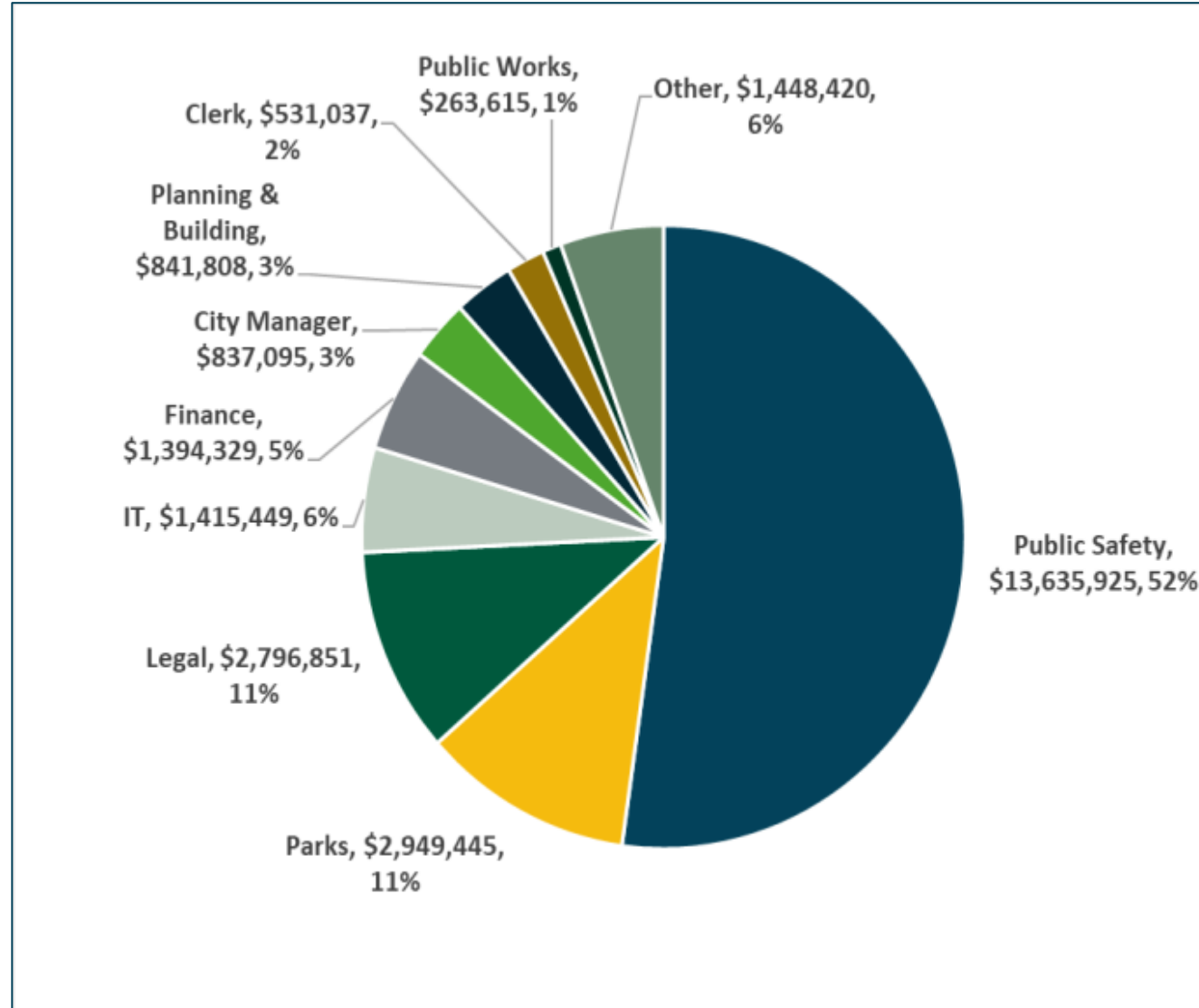


General Fund Revenue Sources (2026 Estimate)





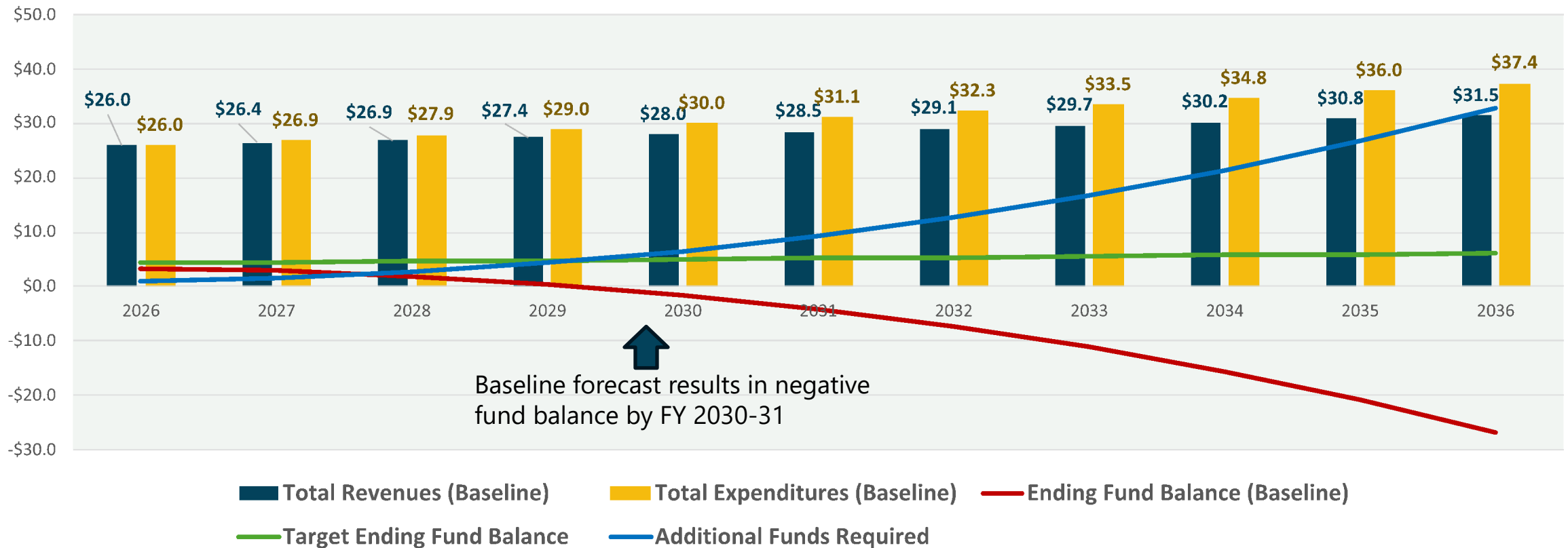
General Fund Expenditure Uses (2026)





Current General Fund Financial Forecast

10 -Year General Fund Forecast
In Millions (\$)





Current General Fund Financial Forecast



Category	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total Revenues (Baseline)	\$27.1	\$26.0	\$26.4	\$26.9	\$27.4	\$28.0	\$28.5	\$29.1	\$29.7	\$30.2	\$30.8	\$31.5
Total Expenditures (Baseline)	\$26.1	\$26.0	\$26.9	\$27.9	\$29.0	\$30.0	\$31.1	\$32.3	\$33.5	\$34.8	\$36.0	\$37.4
Ending Fund Balance (Baseline)	\$3.1	\$3.4	\$2.9	\$1.9	\$0.5	(\$1.6)	(\$4.2)	(\$7.4)	(\$11.2)	(\$15.7)	(\$20.8)	(\$26.7)
Ending Balance % of G.F. Exp.	12%	13%	11%	7%	2%	-5%	-13%	-23%	-33%	-45%	-58%	-71%
Target Ending Fund Balance (%)	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%
Target Ending Fund Balance	\$4.4	\$4.3	\$4.5	\$4.7	\$4.8	\$5.0	\$5.2	\$5.4	\$5.6	\$5.8	\$6.0	\$6.2
Additional Funds Required	\$1.2	\$0.9	\$1.6	\$2.7	\$4.4	\$6.6	\$9.4	\$12.7	\$16.8	\$21.5	\$26.8	\$33.0

- City needs approximately \$1 million dollars more in revenue annually starting in 2026 to be positive through 2030
- \$2 million annually would keep the City above its reserve target until 2036
- \$3.5 million annually would maintain reserves through 2040



General Fund Financial Forecast Summary

- Baseline Forecast is escalated based on 2026 expenditure budget with known changes since adoption
- The General Fund with existing revenue sources will be under the council reserve target by FY 2029-30.
- Key cost drivers of expenditure projected change in Public Safety and overall personnel increases.
- New revenue sources should be implemented in near-term



Surface Water Management Fund




SWM Forecast Assumptions



Forecast Basis
2026 Adopted Budget




Account Growth
0.20% Annual Increase



General Inflation
3.50% Annual Increase



Labor Expense
3.50% Annual Increase



Benefit Expense
4.5% through 2030
2.50% Annual Increase

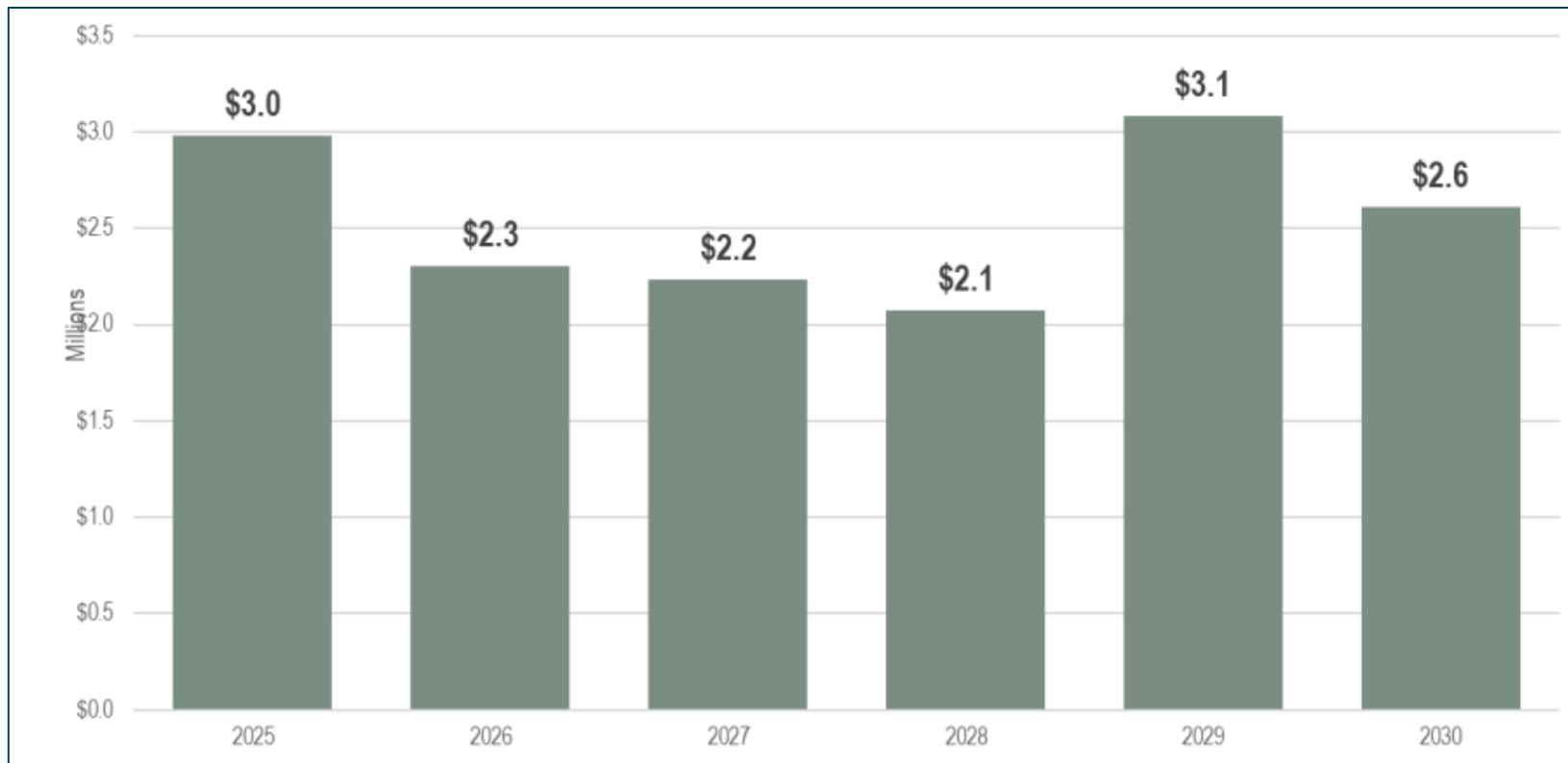


2026-2030 O&M Expenses
2.49% Annualized Increase



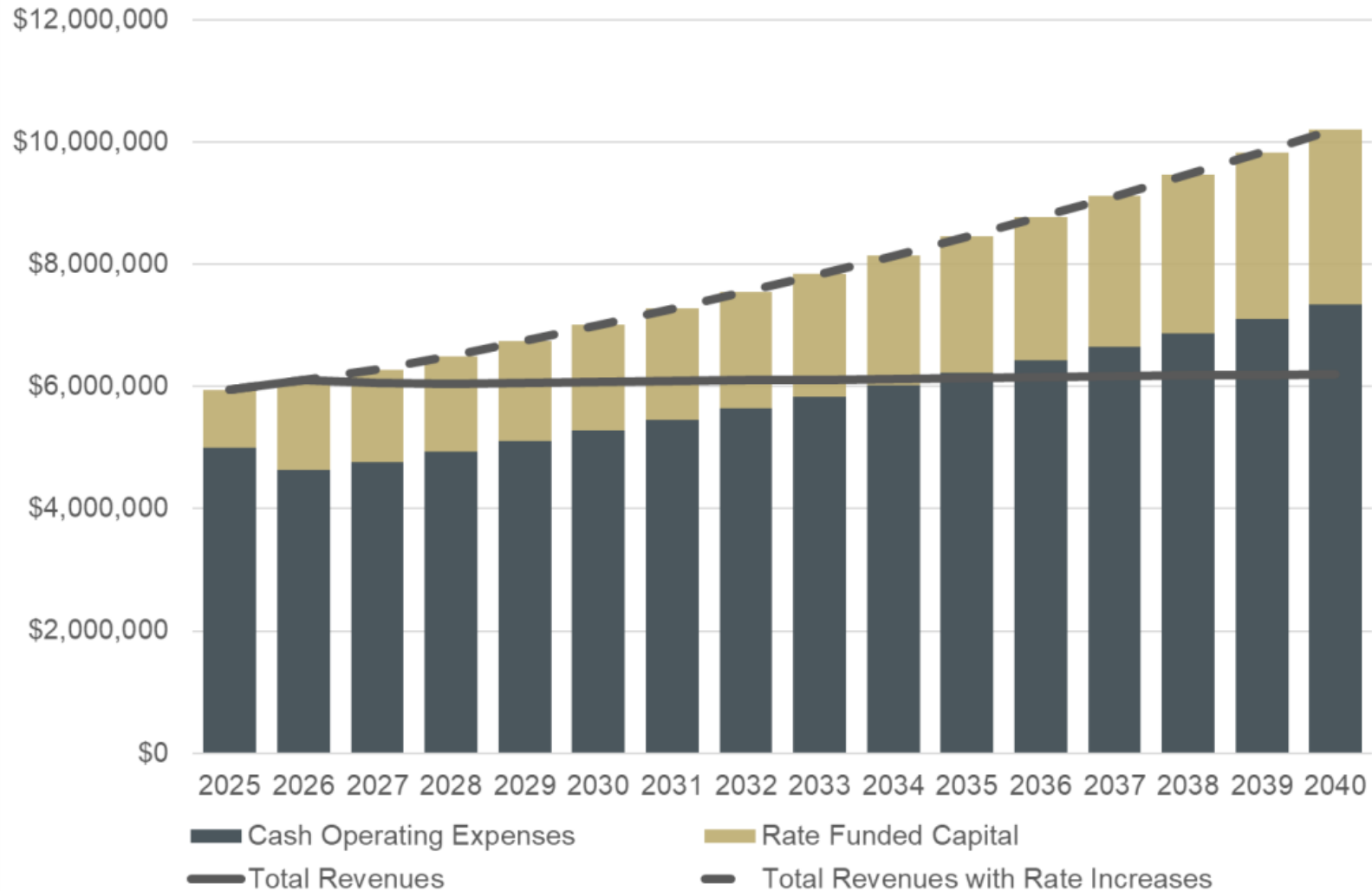
Surface Water Management CIP

\$16.3 million in capital investment expected over next 6 years
Funded by SWM rate revenues (Pay as you go)





Surface Water Management Forecast





SWM Financial Forecast Summary

- The Surface Water Management Fund operates with a current budget surplus of \$841,000.
- This surplus allows for the fund to save rate revenue to fund capital expenditures in the future
- Annual increases to storm drainage fees of 3.65% are expected for the planning period
- The Surface Water Management Fund is expected to carry a healthy balance over the planning period while dedicating revenue to funding capital improvements
- New revenues would be need if more services are added (ie. Open Space)

A scenic view of a marina at sunset. The sun is low on the horizon, casting a warm orange glow over the water and the sky. Several white yachts and sailboats are docked at the piers. In the foreground, there is a wooden deck with a metal railing and several wooden benches. The background shows a large body of water and distant mountains under a hazy sky.

Marina Fund




Marina Fund Forecast Assumptions



Forecast Basis
2026 Adopted Budget




Moorage Revenue Growth
5.50% Annual Increase



General Inflation
3.50% Annual Increase



Labor Expense
3.50% Annual Increase



Benefit Expense
4.5% through 2030
2.50% Annual Increase

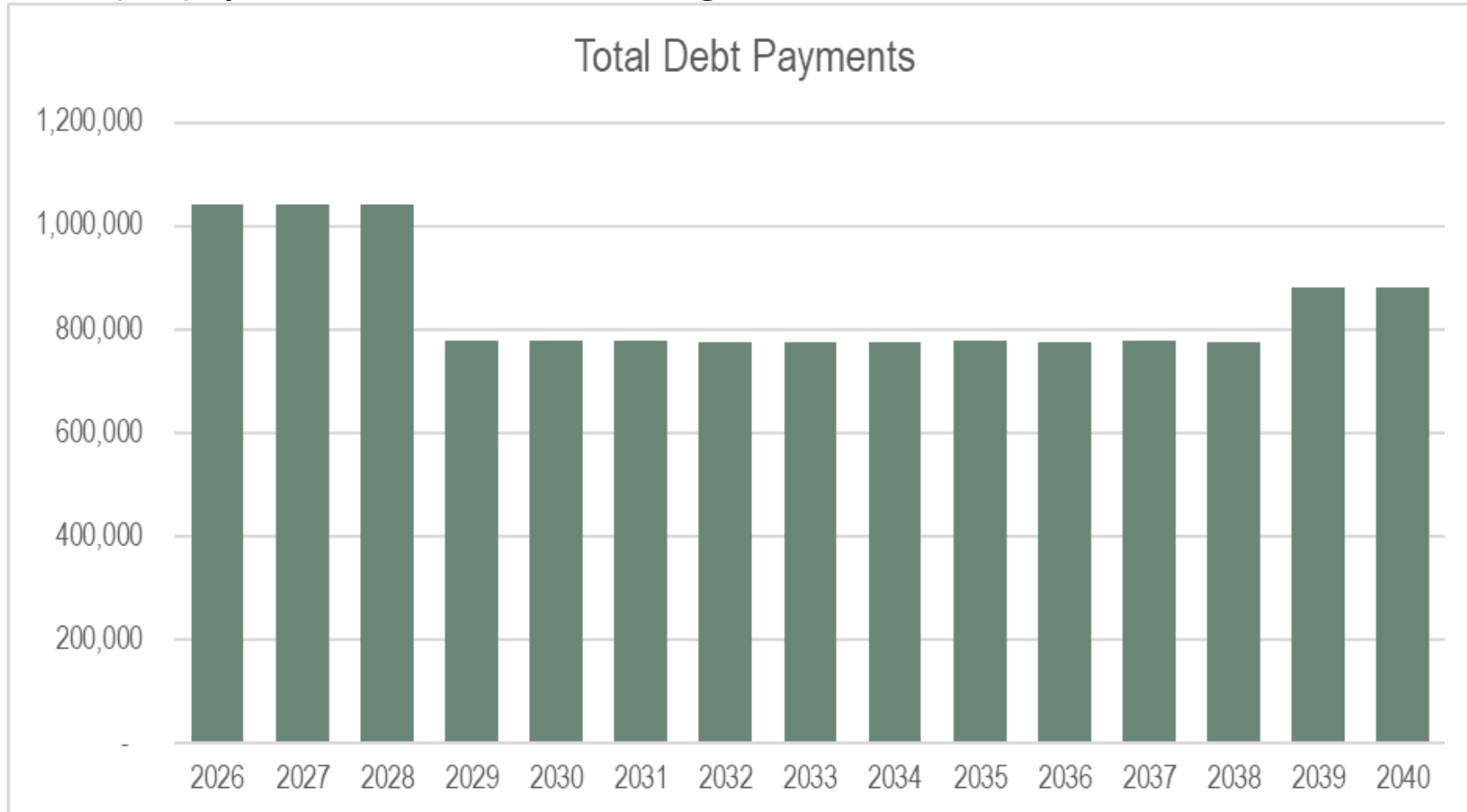


2026-2030 O&M Expenses
2.49% Annualized Increase



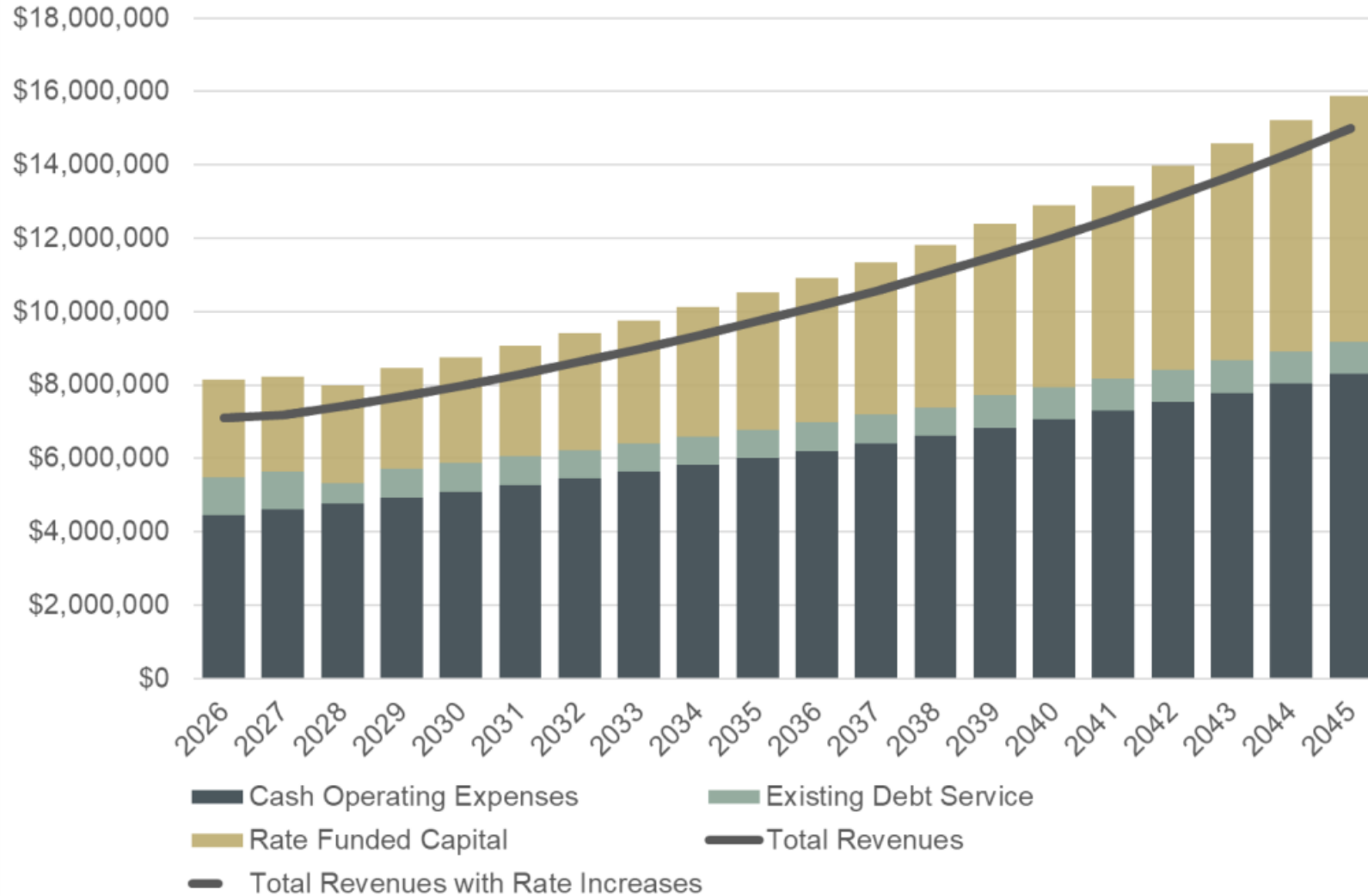
Marina Debt

Existing LTGO is retired in 2028,
Principal payments on 2023 bonds begin 2029





Marina Fund Forecast





Marina Financial Forecast Summary

- The Marina Fund operates with a current budget surplus of \$1.5 million.
- This surplus allows for the fund to save rate revenue to fund capital expenditures in the future
- Capital expenditures over the next 15 years include improvements and maintenance to the seawall and bulkhead for approximately \$26 million
- The fund balance is expected to decrease over the funding period to cover these capital costs.
- Marina may need additional debt to minimize impacts of project timing.
- The Marina Fund is expected to carry a healthy balance over the planning period while dedicating revenue to funding capital improvements



Overall Findings

- General Fund
 - » General fund will require more revenues to maintain current levels of service.
 - » \$1 to \$2 million dollars annually would maintain reserves through next ten years
- Surface Water Management
 - » The surface water management fund is healthy with the policy induced rate increases.
 - » The fund will be able to dedicate rate revenues to needed capital improvements
 - » New revenues will be needed if more services are added.
- Marina Fund
 - » Marina Fund is expected to maintain a healthy fund balance over the forecast period
 - » Timing of project costs will determine if the fund will require debt servicing to fund needed capital over this period.

Discussion



**City Council
AGENDA ITEM**

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Revenue Enhancement Options Update

Staff Presentation by:
Finance Director Jeff Friend

ATTACHMENTS:

1. Revenue Options Update Presentation

FOR AGENDA OF:

February 5, 2026

DEPT OF ORIGIN:

Finance

DATE SUBMITTED:

January 26, 2026

CLEARANCES:

City Clerk
Finance

Purpose and Recommendation

The purpose of this item is to provide an update and increase the Council's awareness of the revenue options and follow-up actions taken since the presentation to the City Council in September 2025, and confirm Council's intent for future actions. While there are revenue initiatives applicable to several City funds (including the Marina Enterprise Fund and the Surface Water Management Fund), this presentation focuses primarily on the General Fund, which supports the City's core services and continues to experience the greatest financial pressure.

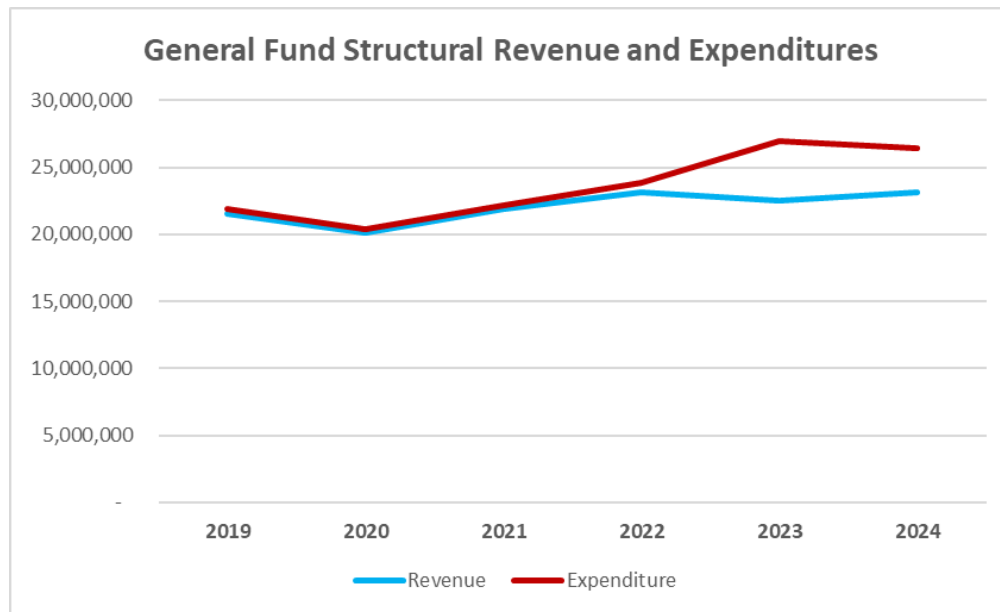
Suggested Motion:

Background

The City of Des Moines has faced ongoing budget deficits, especially in the General Fund, for many years, dating back to the passage of I-695 in 1999. Over time, the City has implemented various strategies to balance the budget, including staff cuts, using one-time revenues, introducing new revenue sources, furloughs, employees voluntarily reducing their Cost of Living Adjustments, changes to benefit programs, reorganizations, and more. Ultimately, the City still faces a structural imbalance between its recurring revenues and ongoing expenses. If this imbalance is not addressed, the General Fund will exhaust its reserves within a few years.

In September of 2023, the City Council was presented with a five-year financial forecast which projected the solvency of the General Fund's Fund Balance was to be vulnerable to decline due to the post-COVID economic impacts of inflation and rising labor costs. Revenues were growing, but could not keep pace with rapidly increasing costs. Balancing the 2024 budget required about \$1.3M in American Rescue Plan Act (ARPA) funds to help close the budget gap. Some expenditures, such as fleet replacement costs, were also significantly reduced in the budget.

The chart below, presented to the City Council in September 2023, shows the increase in structural expenditures relative to the increase in structural revenue.



To help address the General Fund's financial situation, a Finance Committee was formed in 2024. The committee recommended that Council place a property tax levy lid lift on the ballot in hopes of maintaining and increasing public safety service levels. Voters rejected the ballot measure in August and November 2024.

Leading up to the development of the 2025-26 biennial budget, expenditures in the General Fund were projected to exceed revenue by about \$4.6 million in 2025. This was largely due to inflation, which totaled approximately 25% between 2020 and 2024, resulting in a significant cost in ongoing expenses. Despite expenses increasing dramatically, the 1% annual cap on property tax levies has kept revenue growth far below. American Rescue Plan Act (ARPA) funds helped mitigate the impact of this growing gap since the start of the pandemic, but those funds are now fully expended.

Staff and the Council aggressively pursued measures to reduce the large and still growing gap between revenue and expenses through the process of producing the 2025-2026 biennial budget. The strategies included increasing existing revenue, pursuing new revenue sources, making one-time expense cuts, and implementing

structural expense reductions. The resulting product reduced the gap between expected revenue and expected expenses in the general fund from approximately \$ 4 million to less than \$1 million, with the remainder covered by employee expenses and layoffs.

The 2025-26 biennial budget was passed in December 2024. While this budget largely addressed financial issues through the end of 2026, the City's long-term financial health remains challenged.

In April 2025, the City contracted with FCS Group to conduct a long-range financial plan and development impact analysis. The results of that analysis were presented to the City Council on September 11, 2025 and confirmed that without actions to reduce expenses or increase revenues, the City's general fund would have a negative fund balance by 2030. In order to maintain the City's existing level of services and the required 16.67% fund balance reserve, the City needs to generate an additional \$2 million per year in new revenue between 2026 and 2031 (source: FCS Group).

On September 25, 2025, staff provided the Council with an initial Revenue Enhancement Options presentation. This presentation was part of a multipronged approach to establish financial sustainability which, in addition to revenue enhancement, also includes cost containment, efficiency improvements and capital asset maintenance planning.

This item follows an update from FCS Group on its long-range financial plan and development impact analysis, and will review information on revenue enhancement options.

Discussion

In preparation for the recently adopted budget amendments for the 2025-26 biennial budget as well as for the 2027-28 budget and beyond, staff has been preparing revenue enhancement options to implement and to present to the Council for consideration. In the long term, a robust economic development strategy and land use changes aligned with the Council's vision and the community's desires are needed and will be implemented through the upcoming Strategic Plan development. However, economic development efforts take significant time to yield results, and financial decisions must be made now to ensure financial sustainability in the immediate future while we work aggressively to improve the City's long-term future.

The following items have already begun to be implemented:

- Restricted Funds Analysis (Completed)
- Square Footage (Warehouse) Tax Audit (Completed)
- Telecommunications Lease Audit (Completed)
- Use of Opioid Settlement Funds (In Progress)
- Implementation of Marina Rate Increases (Completed)

Lease of Steven J. Underwood Park (Completed)
In-House Production of City Currents (Completed)
Public Safety Sales Tax (Completed subject to approval from the State).

The following items are potential other revenue enhancements or expenditure reductions that have not been fully implemented, and still require future Council action:

- Open Spaces Transfer to SWM Utility (In Progress - Council update March 2026)
- Cost Recovery of Credit Card Fees (In Progress)
- Water/Sewer Utility Tax Increase/Franchise Amendments (In Progress)
- 24-Hour Traffic Safety Cameras in School Zones (In Progress - Council update Spring 2026)
- Additional Traffic Safety Cameras (In Progress - Council update Spring 2026)
- Increase in Car Tab Fees (In Progress- Council ordinance Spring 2026)
- Impact Fee Analysis (Still under review)
- Increase in Marina/Redondo Paid Parking Rates (Still under review)

The Council previously elected not to move forward with an increase in the SWM Utility Tax Rate.

Alternatives

The information in this agenda memo is intended to be a technical resource to support informed policy deliberation by the City Council. Staff welcome the Council’s follow-up questions and areas for further analysis.

Financial Impact

In order to maintain the City’s existing level of services and the required 16.67% fund balance reserve, the City needs to generate an additional \$2 million per year in new revenue between 2026 and 2031 (source: FCS Group). Implementation of some or all of these options will help contribute to closing this gap. However, more strategies will be needed to permanently ensure the City is on a sustainable path into the future.

Recommendation



Revenue Enhancement Options Update

February 5, 2026



Budget Challenges & Efforts

- City is facing a **structural imbalance**: ongoing revenues are not keeping pace with ongoing expenses
- **2025/26 Difficult Budget Decisions:**
 - Required tough expenditure reductions that impacted service levels, including frozen Police positions, elimination of animal control, staffing reductions (Parks and Rec, Emergency Management, Communications), reduction to Human Services funding, elimination of downtown beautification, closing Redondo substation, internal efficiencies
 - New revenue creation- fee adjustments, warehouse tax
- **Current Challenges:**
 - Long-term financial sustainability is a high priority
 - Council received updated financial forecast from FCS



Budget Challenges & Efforts

Managing Costs



Cost containment (program/service reductions, staffing freeze)



Efficiency improvements



Capital & asset maintenance scheduling

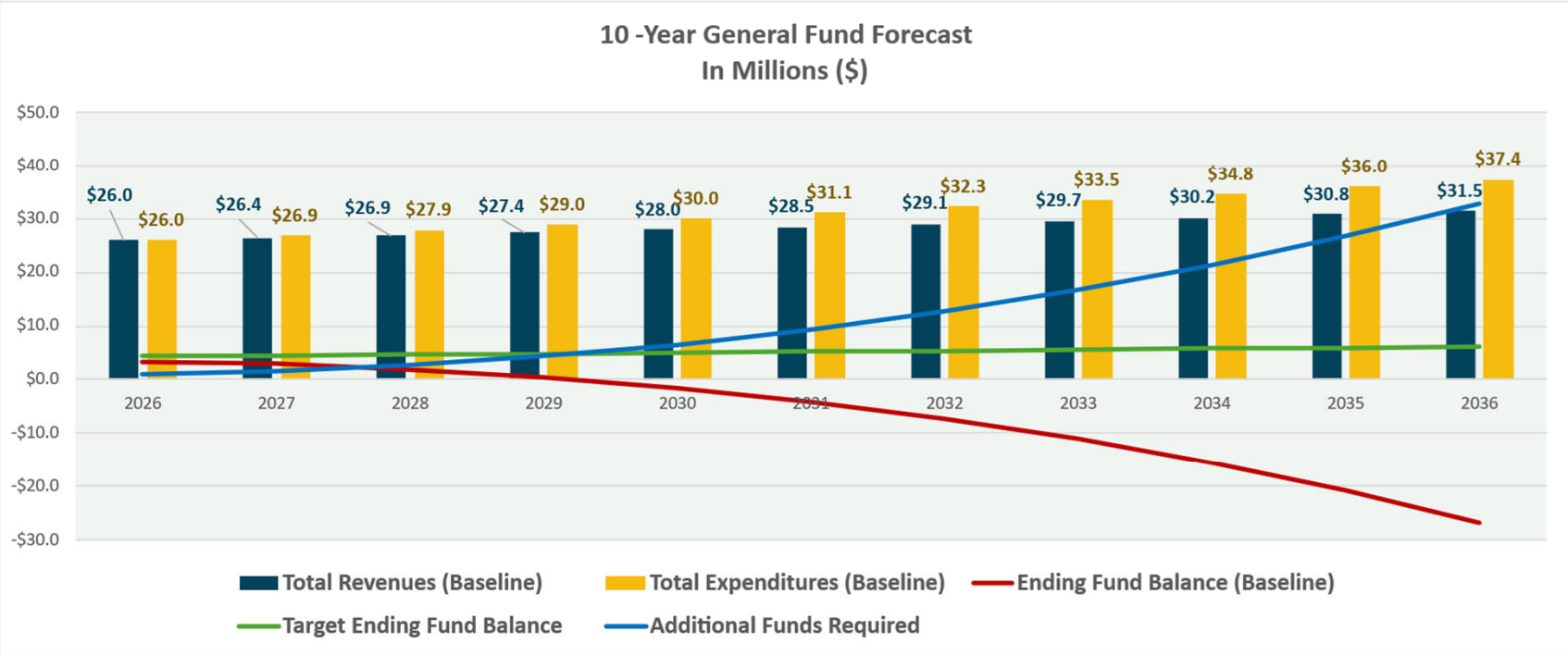


Revenue Opportunities

Exploring sustainable revenue enhancement options



General Fund Financial Forecast



General Fund Financial Forecast

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- City needs approximately **\$1 million** dollars more in revenue annually starting in 2026 to be positive through 2030
- **\$2 million** annually would keep the City above its reserve target until 2036
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Impact on Residents & Businesses

- These costs may directly impact our residents and businesses
- The financial challenges our city faces require stable and sustainable funding
- Necessary to sustain the level of service our community expects and deserves
- Priority to share this information in a transparent and accountable manner



Revenue Enhancement Process

- **General Fund focused**

- City's primary source for delivering day-to-day services our community depends on
 - Property tax, the largest General Fund revenue source is capped at a 1% annual growth, which lags behind the rising costs of providing services
 - To maintain and improve those services, we need to address immediate funding gaps and long-term sustainability
- Focuses on revenue **options currently available** under state law



Revenue Enhancement Process

NOW

- Immediate stop-gap revenue tools
- Stabilize finances while long-term strategies are built

NEAR TERM

- Transitional measures aligned with Council direction
- Focus on developing sustainable tools
- Incremental improvements to revenue & efficiency

LONG TERM

- Robust economic development strategy
- Land-use strategy
- Increase community trust
- Execution of the Strategic Plan

Revenue Enhancement Process

2025

- ✓ **September 25** – List of revenue enhancement options presented to Council.
- ✓ **October 9** – Council approves a .01% increase to sales tax allowed by new state legislation that restricts the revenue to funding public safety.
- ✓ **October 23** – Council directs staff to notify eligible utility providers of the City's intent to renegotiate existing franchise agreements.
- ✓ **November 6** – Council discusses a commercial parking tax
 - Council directs staff to create a draft ordinance that would raise car tab fees to \$50
 - Council requests staff return with an overview of all options/scenarios.



Completed Since September Update

- Restricted funds analysis
- Square Footage (Warehouse) Tax Audit
- Telecommunications Lease Audit
- Implementation of Marina Rate Increases
- Lease of Steven J. Underwood Park
- Public Safety Sales Tax (Pending State approval)



In Progress

- Use of Opioid Settlement Funds
- Cost Recovery of Credit Card Fees
- Open Space Transfers to SWM Utility (Council update March)
- Water/Sewer Franchise Agreements/Tax
- 24-Hour School Zone cameras (Council update Spring)
- Additional Traffic safety cameras (Council update Spring)



Needs Additional Council Direction

- Increase in car tab fees
- Impact Fee Analysis
- Increase in Redondo/Marina Paid Parking Rates



Council Questions & Discussion

- **Options there is interest in learning more about**
- **Questions**





Des Moines
WATERLAND CITY