



2025-2026 Preliminary Mid-Biennium Budget Update

Mayor Greg Wheeler



City of Bremerton

November 13, 2025





Budget Workshop

City of Bremerton

November 13, 2025

Agenda

November 13th

- Finance presenting data for mid-biennium updates – All Funds

Economic Update



Despite weak consumer sentiment (the lowest in 3+ years, and worsened by the government shutdown), household spending, particularly among wealthier consumers remains resilient through vulnerable market downturns. Meanwhile, high prices continue to put more strain on the budgets of lower and middle-income households. The sentiment slump is expected to reverse when furloughed government workers return to work, receive their back pay, and the effects on the broader economy from the shutdown recede.

Hiring has slowed sharply, and layoffs are rising in white-collar sectors. While unemployment claims remain low, questions remain about the sustainability of this momentum.

- Interest rates changed little last week with the 2-year Treasury note falling by 3 basis points to 3.57%, while the 5-year note fell two basis points to 3.69%.
- The Supreme Court is hearing arguments over the legality of imposed tariffs, with a wide range of possible outcomes.

Summary of significant changes affecting the proposed adjustments to the 2026 Preliminary Budget



Revenues and Fund Balance

Revenues and beginning fund balance exceeded projections.



Jail Contract Costs

Increase of \$500k YTD over budgeted expenditures.



WCIA Insurance Increases

224% increase in 2025 compared to 2022.



Labor Contract Increases

Cost of personnel per contract settlements.

General Fund

Revenue Comparison by Major Source



General Fund

Expenditures Comparative to Revenues

2026 budget as adopted compared to the preliminary 2026 mid-biennium update

General Fund

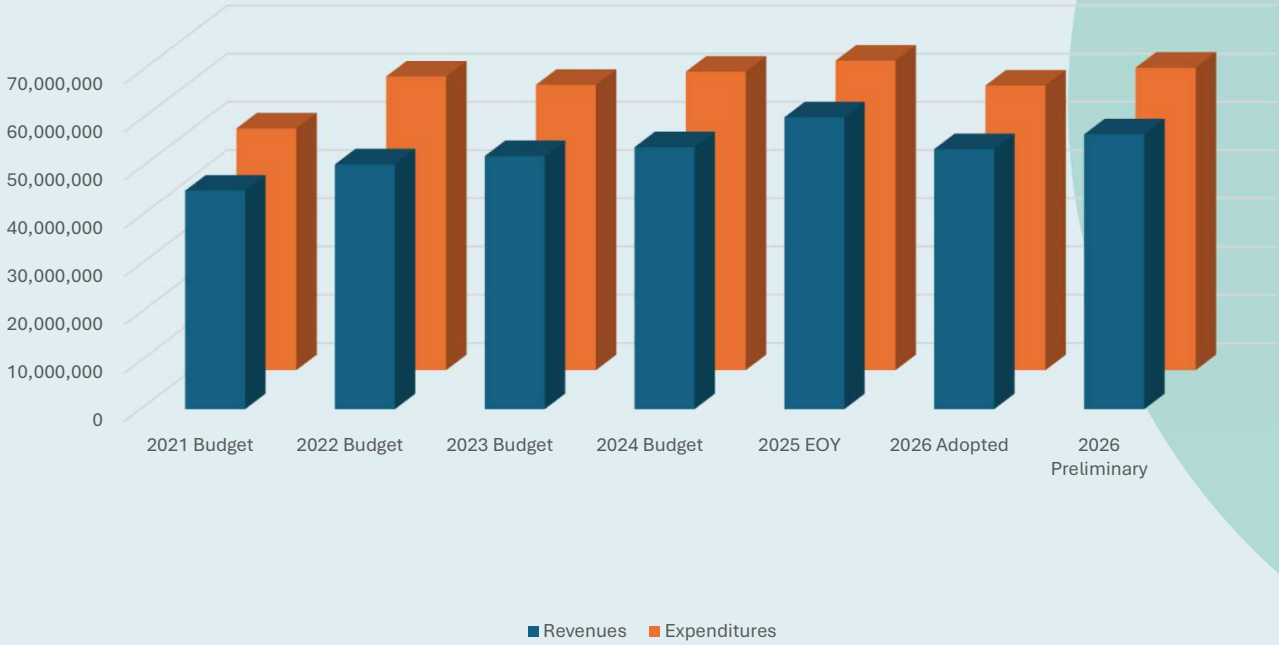
	2026 Adopted Budget	2026 Preliminary Mid-Biennium	Adjustment
Beginning Fund Balance	11,090,920	13,981,154	2,890,234
Revenues	53,918,287	56,996,704	3,078,417
Expenditures	(59,037,082)	(62,727,684)	(3,690,602)
Ending Fund Balance	5,972,125	8,250,174	2,278,049
Expenditures Over Revenues	(5,118,795)	(5,730,980)	(612,185)



General Fund

Expenditures Comparative to Revenues

Year over year comparison from 2021-2026 preliminary

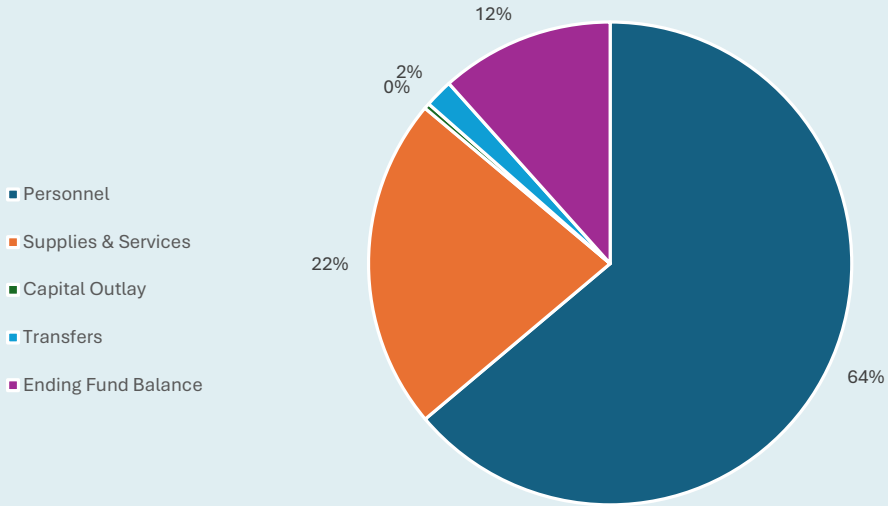


■ Revenues ■ Expenditures

General Fund

Categories of Expenditures

2026 Preliminary Budget, inclusive of ending fund balance

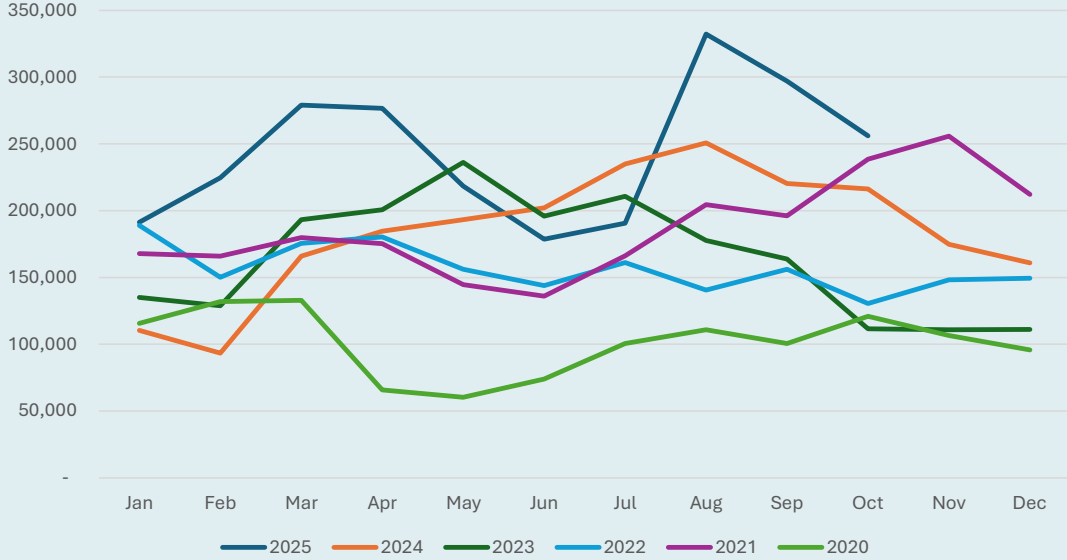


Personnel	45,328,850
Supplies & Services	15,785,584
Capital Outlay	268,000
Transfers	1,345,250
Ending Fund Balance	8,250,174
Total	<u>70,977,858</u>



General Fund

Kitsap County Corrections Contract



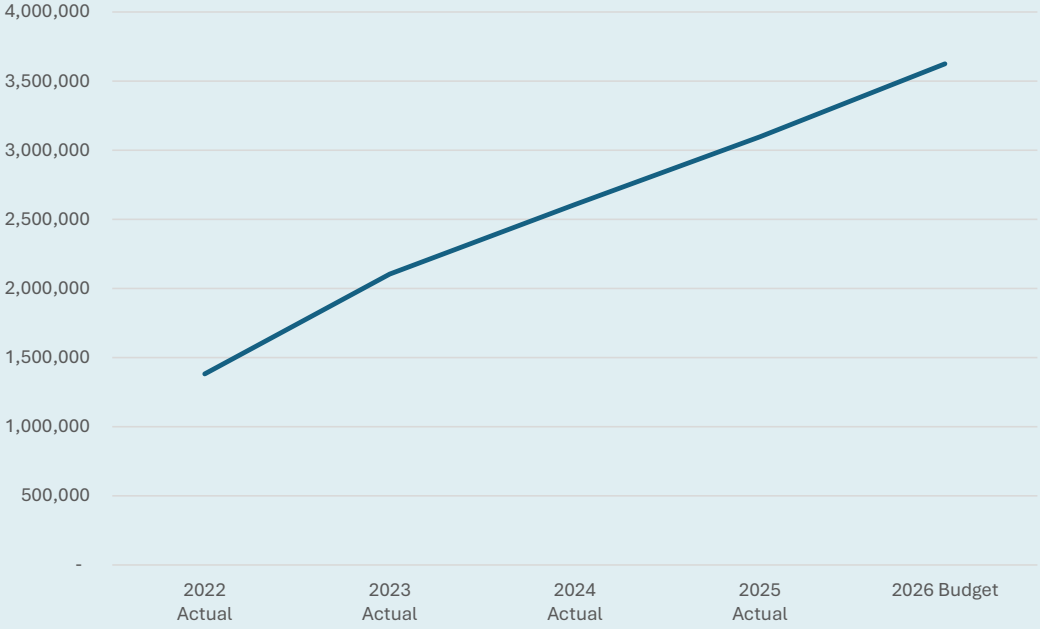
2025 contract costs have exceeded 2.4M as of October, which is a 131% increase in costs year to date over 2024.

Corrections contract costs have increased an average of 121% per year over the last 5 years.



General Fund

WCIA Insurance Premium Increases YoY



224% Comparing 2025 to 2022
119% 2025 over 2024
124% 2024 over 2023
152% 2023 over 2022



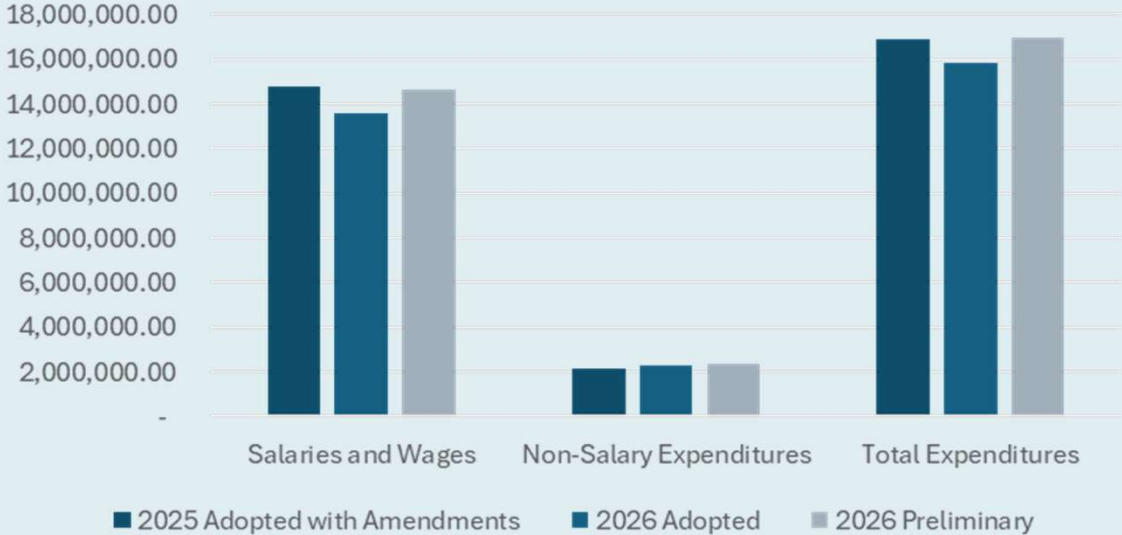
Impacts of Contract Settlements for Collective Bargaining Agreements (CBA's)

Collective Bargaining Unit	2025 dollar increases per unit
BPMA (estimate)	232,000
BPOG	896,470
Fire	950,600
Management & Professionals	163,800
Teamsters	329,770

General Fund

Police Department

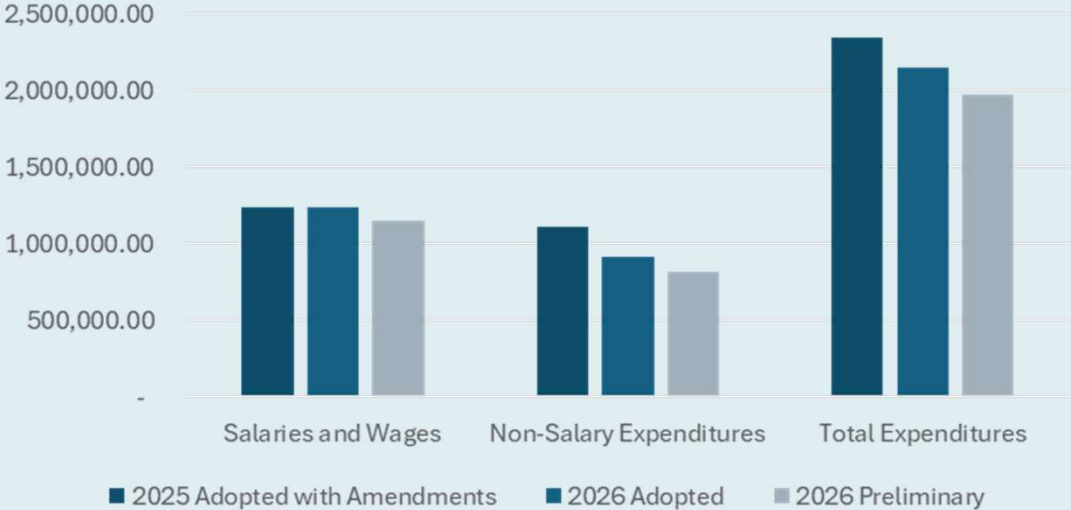
Law Enforcement 2026 Budget \$16,991,289



General Fund

Municipal Court

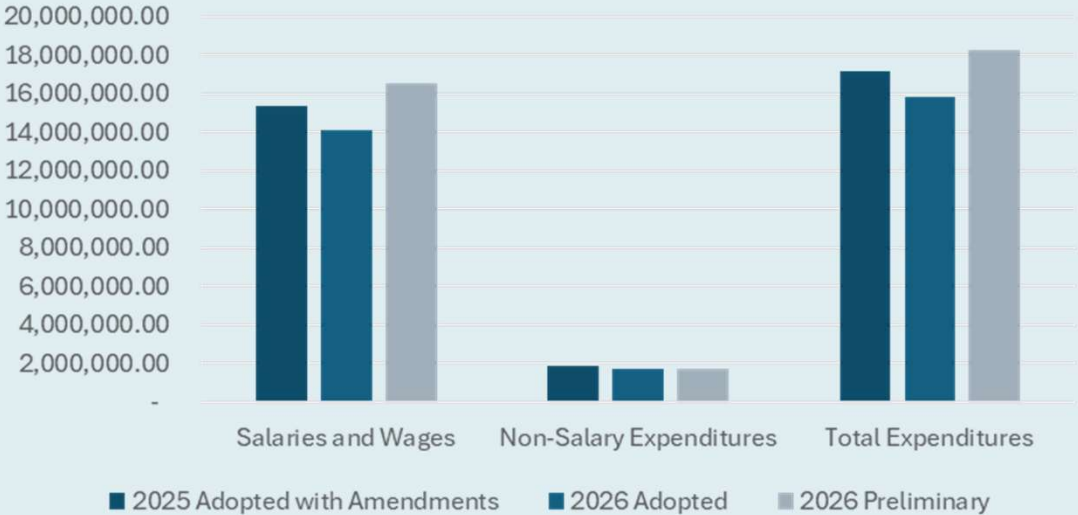
Municipal Court 2026 Budget \$1,970,671



General Fund

Fire Department

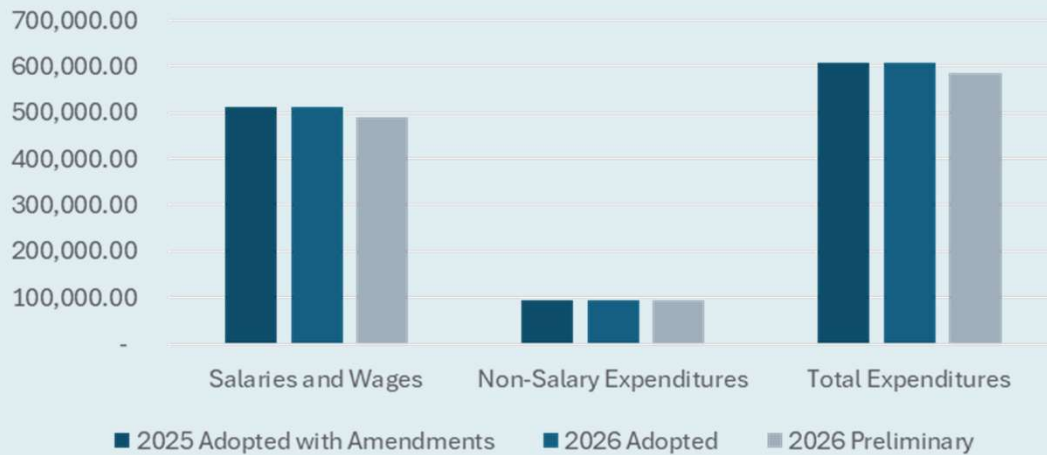
Fire Department 2026 Budget \$18,252,418



General Fund

Executive Department

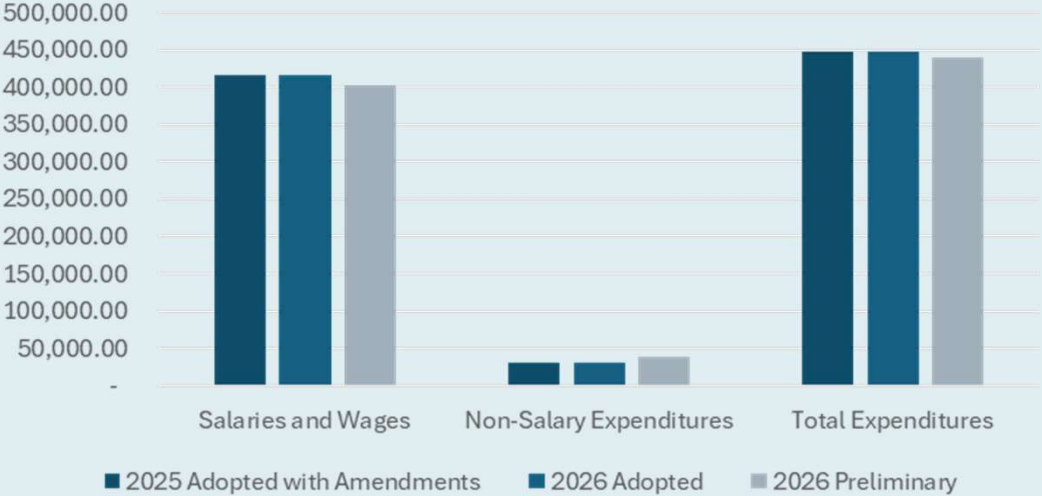
Executive (Mayor and Diversity and Engagement)
2026 Budget \$584,369



General Fund

City Council

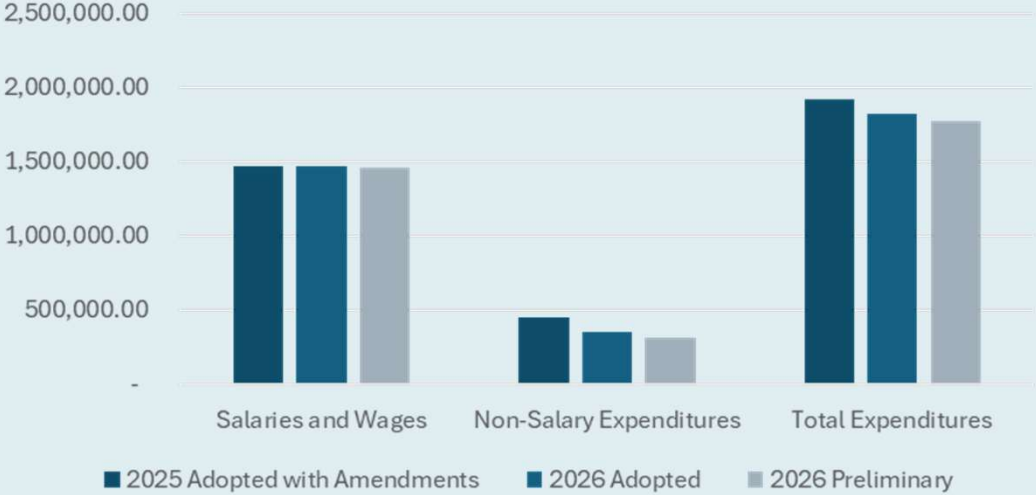
City Council 2026 Budget \$440,473



General Fund

Financial Services

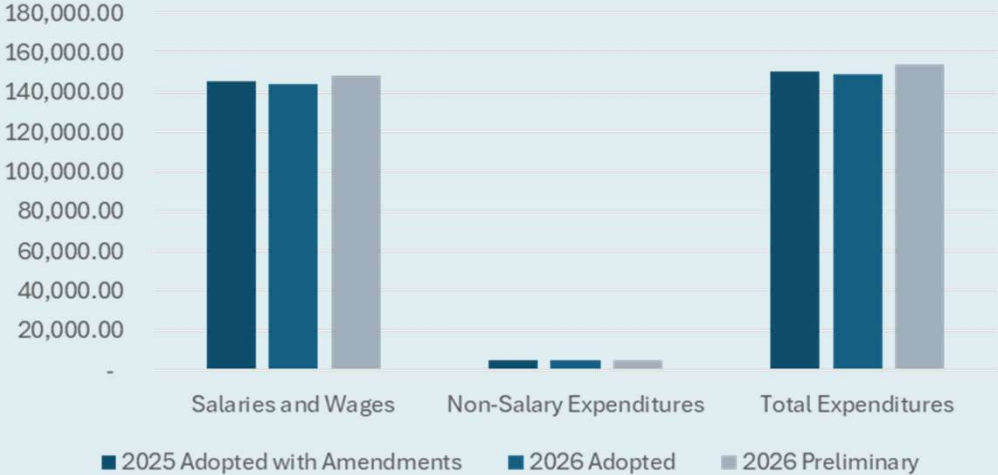
Financial Services 2026 Budget \$1,772,361



General Fund

Internal Auditor

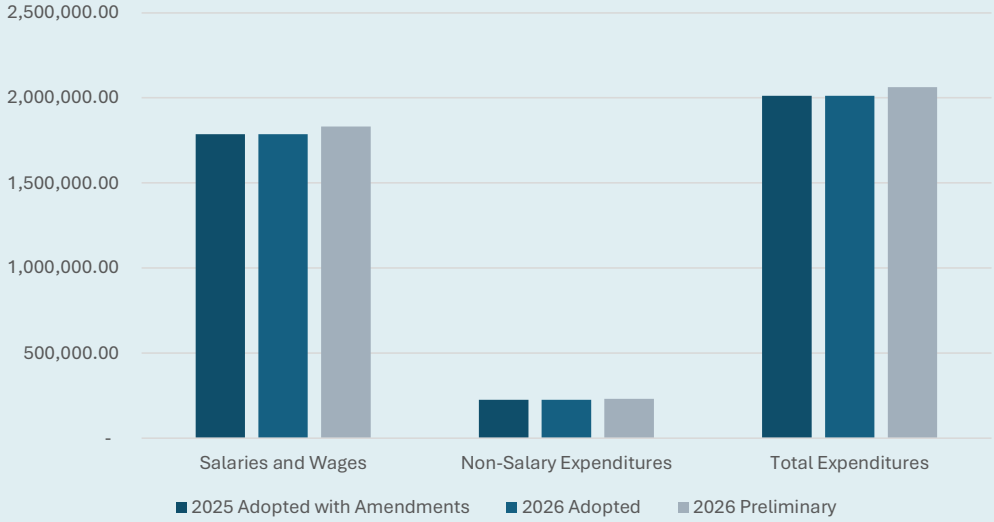
Internal Auditor 2026 Budget \$153,671



General Fund

Legal Services

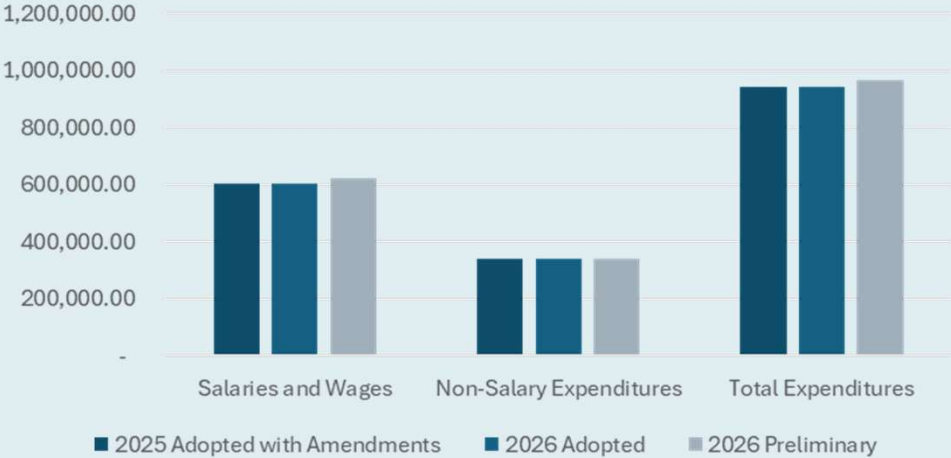
Legal Services 2026 Budget \$2,062,995



General Fund

Human Resources

Human Resources 2026 Budget \$966,190



General Fund

Community Development

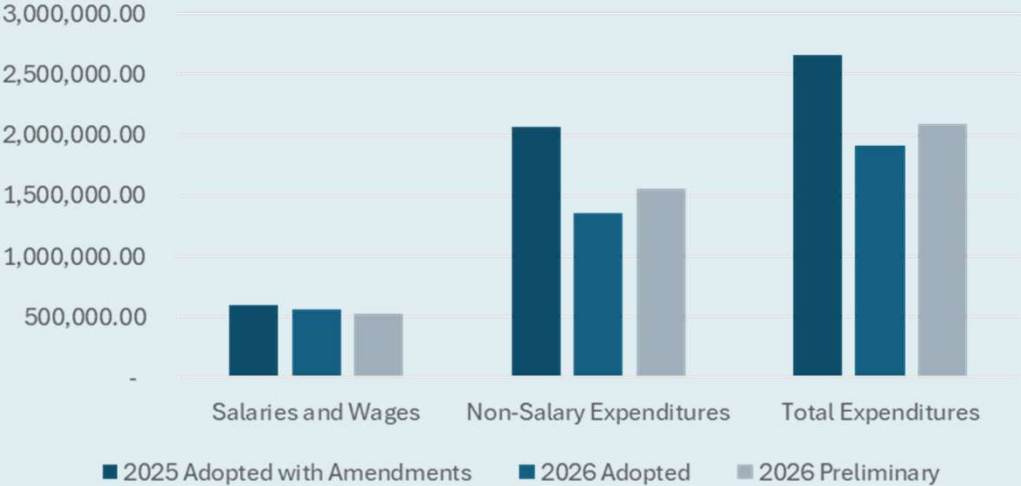
Community Development 2026 Budget
\$2,971,288



General Fund

Facilities

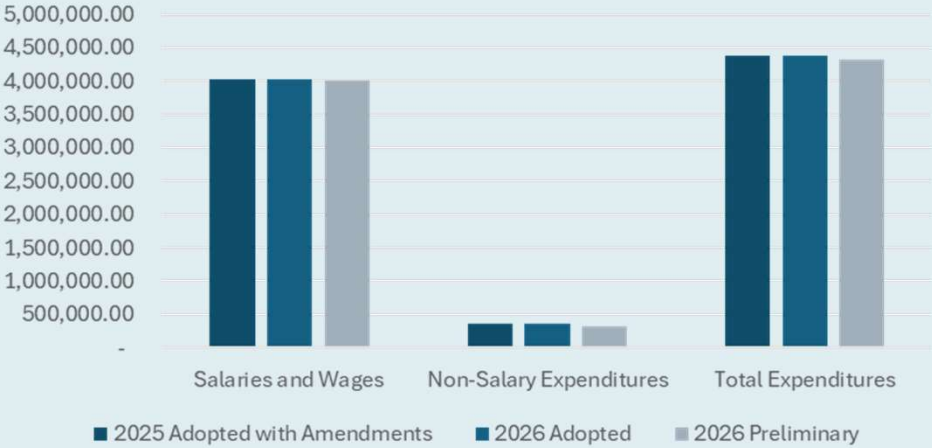
Facilities 2026 Budget 2,088,832



General Fund

Engineering Department

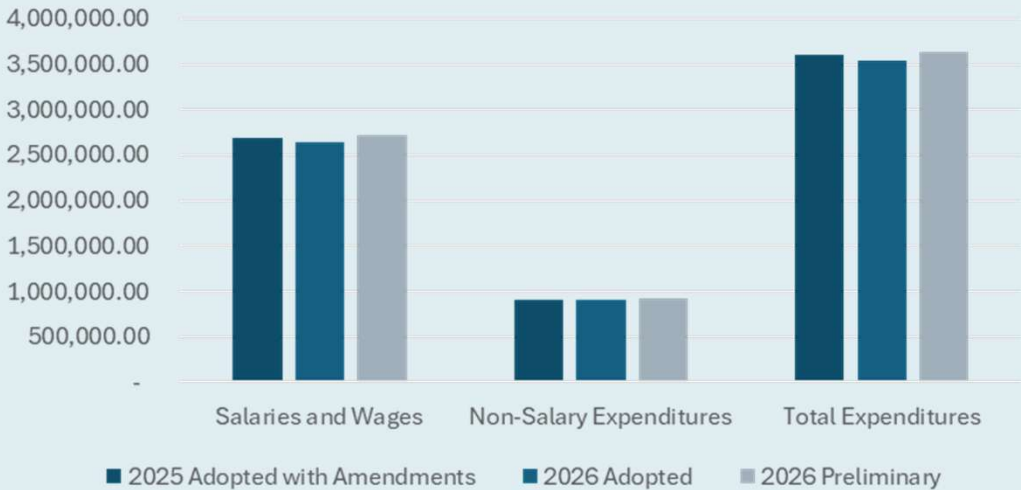
Engineering 2026 Budget \$4,324,786



General Fund

Parks Department

Parks Department 2026 Budget \$3,636,846



General Fund

Police and Fire LEOFF Pension

Police and Fire LEOFF Pension Fund

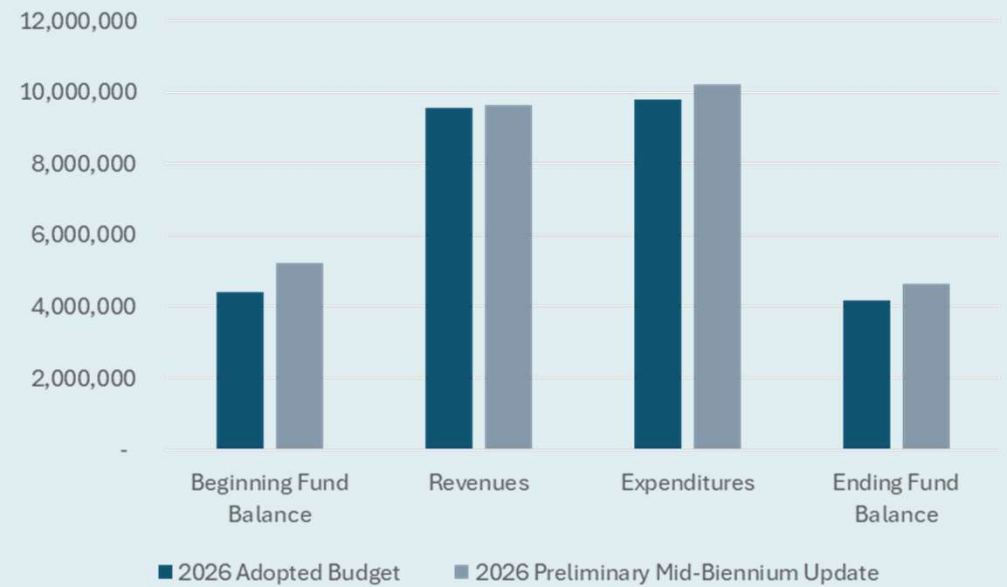


Special Revenue Funds

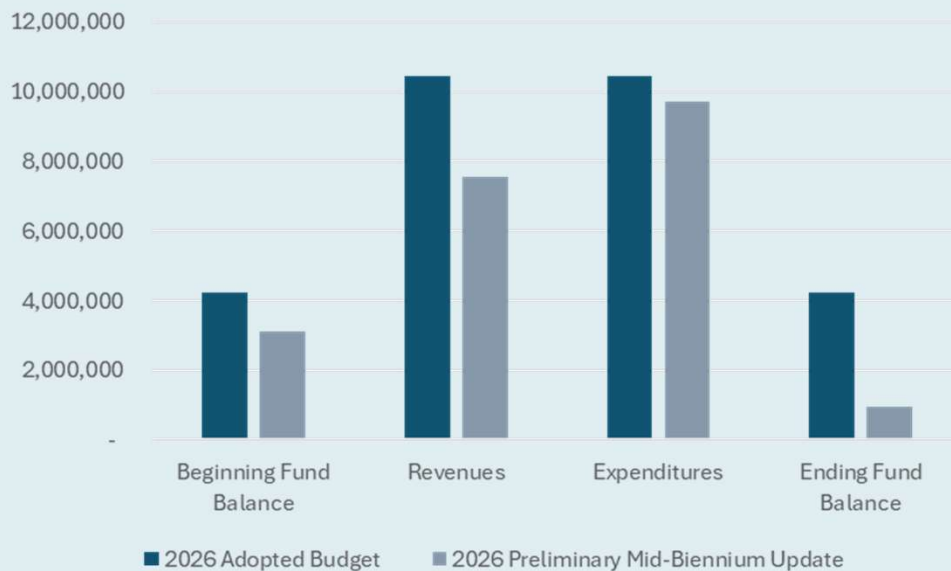
Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium update has increased \$795,066, from \$4.42M to \$5.21M.

Revenue projections are increasing \$77,959 to \$9.63M, while expenditures are increasing \$394,471 to \$10.21M.

Projected expenditures in all special revenue funds exceed projected revenues by \$573,122, with projected ending fund balance increasing by \$478,554 to \$4.64M.



Capital Funds - Transportation



Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium Update has decreased \$1,124,535 to \$3.09M.

Revenue projections are decreasing \$2,867,843 to \$7.57M, while expenditures are decreasing \$723,000 to \$9.71M.

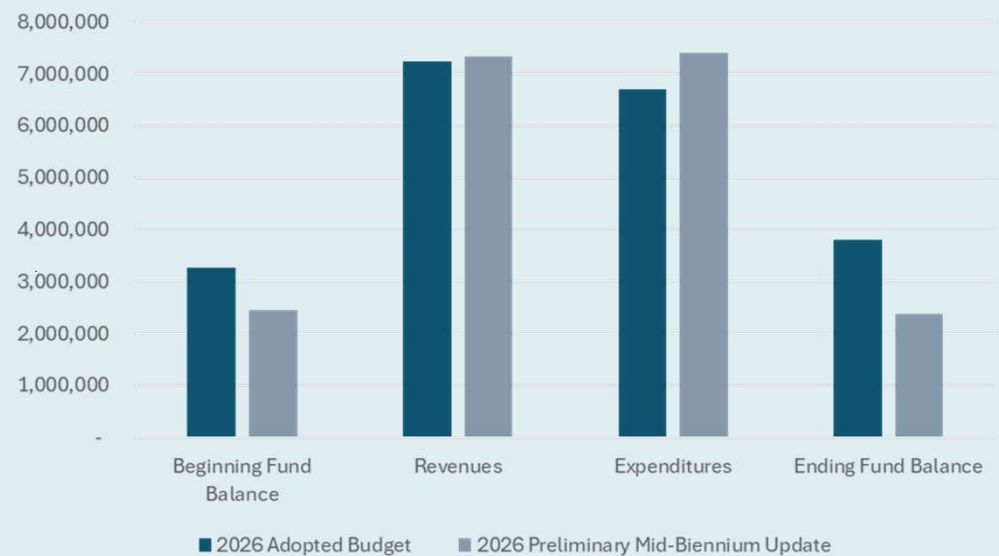
Projected expenditures in the Transportation Capital fund exceed projected revenues by \$2,138,657, and projected ending fund balance is expected to decrease by \$3,269,378 to \$954k.

Capital Funds - Golf

Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium Update has decreased \$813,307, from \$3.26M to \$2.44M.

Revenue projections are increasing \$86,735 to \$7.32M, while expenditures are increasing \$708,718 to \$7.40M.

Projected expenditures in the golf fund exceed projected revenues by \$77,105, with ending fund balance decreasing by \$1,435,290 to \$2.36M.

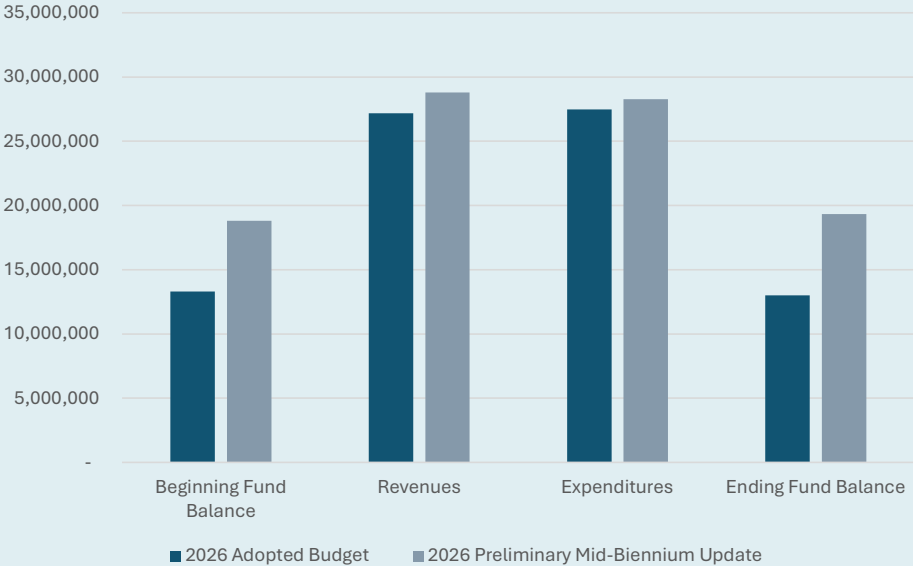


Water Funds

Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium Update has increased \$5,500,168 to \$18.80M.

Revenue projections are increasing \$1,624,981 to \$28.79M, while expenditures are increasing \$801,050 to \$28.27M.

Projected revenues in the Water funds exceed projected expenditures by \$525,325, and projected ending fund balance is expected to increase by \$6,324,099 to \$19.33M.

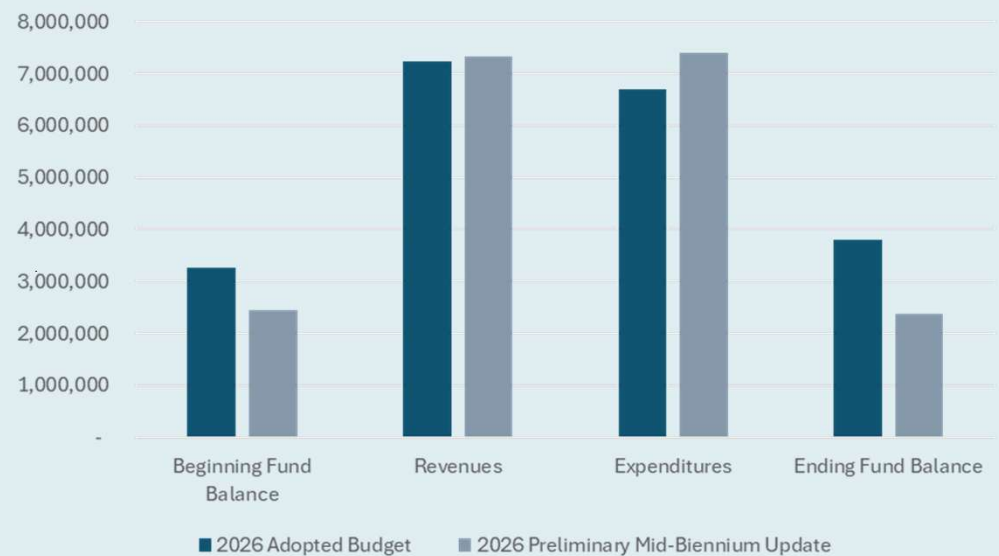


Wastewater Funds

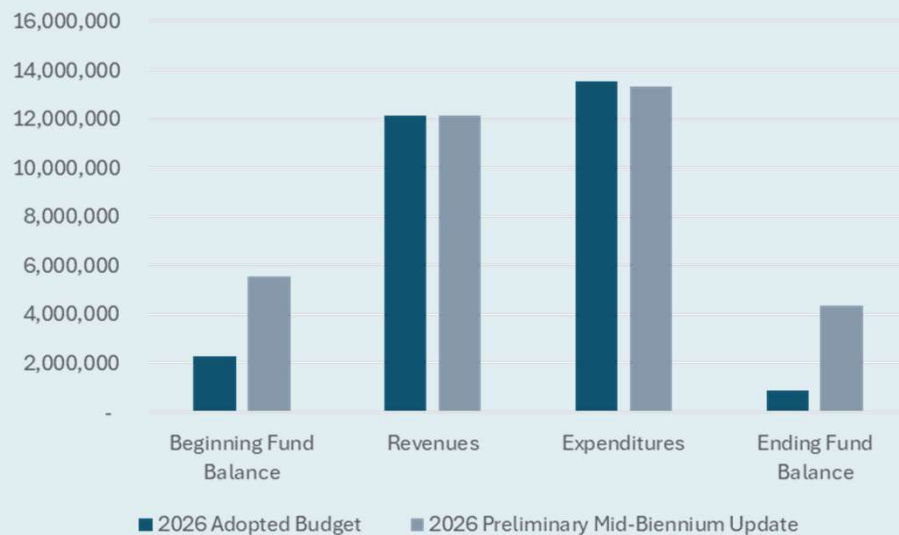
Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium Update has increased \$2,401,935, from \$15.16M to \$17.56M.

Revenue projections are increasing \$4.18M to \$37.04M, while expenditures are increasing \$2,766,814 to \$36.98M.

Projected revenues in the wastewater funds exceed projected expenditures by \$60,841, with ending fund balance increasing by \$3,819,863 to \$17.62M.



Stormwater Funds



Beginning balance between the 2026 Adopted Budget and 2026 Preliminary Mid-Biennium Update has increased \$3,280,214 to \$5.54M.

Revenue projections are decreasing \$100 to \$12.15M, while expenditures are decreasing \$185,998 to \$13.33M.

Projected expenditures in the stormwater funds exceed projected revenues by \$1,174,331, and projected ending fund balance is expected to increase by \$3.47M to \$4.37M.

Questions

