REQUEST FOR COUNCIL ACTION

DATE ACTION IS REQUESTED: November 16, 2026 **REVIEW:** October 19, 2026 November 2, 2026	**TITLE:** An Ordinance amending the 2026 Budget **ATTACHMENTS:** • Ordinance & Exhibits • Memo: Public Hearing on the 2026 Year-End Budget Adjustment	**TYPE OF ACTION:** **X** ORDINANCE NO. 857 __ RESOLUTION NO. __ MOTION __ OTHER

SUBMITTED BY: Tho Kraus, Deputy City Manager

RECOMMENDATION: It is recommended that the City Council adopt this Ordinance amending the City's 2026 Budget.

DISCUSSION: The Revised Code of Washington (RCW) Chapter 35A.34 stipulates that a public hearing be held in connection with the modification process. Following the RCW guidelines, the City held a public hearing on the 2026 Year-End Budget Adjustment ordinance on November 2, 2026. The proposed budget adjustment makes the following types of modifications to 2026: revise the estimated beginning balance to reflect the 2025 ending fund balance; incorporate items previously approved by the City Council; appropriate projects funded by grants and contributions; continue capital projects; new allocations as necessary; and housekeeping corrections/adjustments; and

ALTERNATIVE(S): The City Council may approve the budget ordinance with modifications.

FISCAL IMPACT: The proposed budget adjustment for all funds:

Year 2026:

- Increases beginning fund balance by $0.08M, resulting in a revised estimate of $48.64M.
- Increases revenues by $2.36M, resulting in a revised estimate of $134.48M.
- Increases expenditures by $2.21M, resulting in a revised estimate of $150.86M.
- Increases ending fund balance by $0.24M, resulting in a revised estimate of $31.27M.

Tho Kraus Prepared by	City Manager Review
Department Director	

ORDINANCE NO. 857

AN ORDINANCE of the City Council of the City of Lakewood, Washington, amending the 2026 Budget.

WHEREAS, the tax estimates and budget for the City of Lakewood, Washington, for the 2025/2026 fiscal biennium have been prepared and filed on October 7, 2024 as provided by Titles 35A.34 and 84.55 of the Revised Code of Washington; and

WHEREAS, the budget was printed for distribution and notice published in the official paper of the City of Lakewood setting the time and place for hearing on the budget and said notice stating copies of the budget can be obtained on-line and at the Office of the City Clerk; and

WHEREAS, the City Council of the City of Lakewood held a public hearing on November 4, 2024, and having considered the public testimony presented; and

WHEREAS, the City Council of the City of Lakewood adopted Ordinance 819 on November 18, 2024; and

WHEREAS, the City Council of the City of Lakewood adopted Ordinance 830 on May 19, 2025 implementing the 2025 Carry Forward Budget Adjustment; and

WHEREAS, the City Council of the City of Lakewood adopted Ordinance 840 on November 17, 2025 implementing the 2025/2026 Mid-Biennium Budget Adjustment; and

WHEREAS, the City Council of the City of Lakewood adopted Ordinance 851 on May 18, 2026 implementing the 2026 Carry-Forward Budget Adjustment; and

WHEREAS, the City Council of the City of Lakewood finds it necessary to revise the 2026 Budget to: revise the estimated beginning balance to reflect the 2025 ending fund balance; incorporate items previously approved by the City Council; appropriate projects funded by grants and contributions; continue capital projects; new allocations as necessary; and housekeeping corrections/adjustments; and

WHEREAS, the City Council of the City of Lakewood held a public hearing on the 2026 Year-End Budget Adjustment on November 2, 2026.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON DO ORDAIN as follows:

Section 1. Budget Amendment. The budget for year 2026 of the biennium as set forth in Ordinance 851, and as shown in Exhibit B (Current Revised Budget by Fund – Year 2026) is amended to adopt the revised budget for year 2026 in the amounts and for the purposes as shown in Exhibit A (Proposed Revised Budget by Fund – Year 2026).

Section 2. Severability. If any section, sentence, clause or phrase of this Ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality or inapplicability shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance or its application to any other person, property or circumstance.

Section 3. Copies of the Budget to Be Filed. A complete copy of the final budget as adopted herein shall be transmitted to the Office of the State Auditor, the Association of Washington Cities and to the Municipal Research and Services Center of Washington. Copies of the final budget as adopted herein shall be filed with the City Clerk and shall be made available for use by the public.

Section 4. Effective Date. This Ordinance shall be in full force and effective five (5) days after publication as required by law.

ADOPTED by the City Council this 16th day of November, 2026.

CITY OF LAKEWOOD

_____
Paul Bocchi, Mayor

Attest:

_____
Briana Schumacher, City Clerk

Approved as to Form:

_____
Heidi Ann Wachter, City Attorney

EXHIBIT A

PROPOSED REVISED BUDGET BY FUND - YEAR 2026

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
General Government Funds:	**$ 21,692,818**	**$ -**	**$ 21,692,818**	**$ 73,768,255**	**$ 1,918,852**	**$ 75,687,107**	**$ 82,978,334**	**$ 1,572,423**	**$ 84,550,758**	**$ 12,829,167**
001 General	11,804,451	-	11,804,451	54,952,140	765,638	55,717,778	59,123,015	419,209	59,542,224	7,980,005
101 Street	-	-	-	3,301,018	60,312	3,361,330	3,301,018	60,312	3,361,330	(0)
103 Transportation Benefit District	454,265	-	454,265	805,000	-	805,000	696,188	-	696,188	563,077
104 Hotel/Motel Lodging Tax Fund	4,268,348	-	4,268,348	1,351,250	-	1,351,250	3,205,850	-	3,205,850	2,413,748
105 Property Abatement/RHSP/1406	1,028,326	-	1,028,326	486,625	-	486,625	1,514,952	-	1,514,952	-
106 Public Art	31,251	-	31,251	32,552	-	32,552	63,803	-	63,803	-
180 Narcotics Seizure	29,415	-	29,415	18,385	249,886	268,271	47,800	249,886	297,686	-
181 Felony Seizure	431	-	431	-	4,778	4,778	431	4,778	5,209	-
182 Federal Seizure	1,230	-	1,230	-	32,393	32,393	1,230	32,393	33,623	-
190 CDBG	2,369,333	-	2,369,333	3,480,788	356,719	3,837,507	5,850,121	356,719	6,206,840	-
191 Neighborhood Stabilization Prog	14,148	-	14,148	45,500	-	45,500	59,648	-	59,648	-
192 SSMCP	129,345	-	129,345	1,514,620	246,828	1,761,448	1,643,964	246,828	1,890,792	-
195 Public Safety Grants	-	-	-	508,876	157,298	666,174	508,876	157,298	666,174	-
196 ARPA (American Rescue Plan Act)	118,694	-	118,694	1,079,887	45,000	1,124,887	1,198,581	45,000	1,243,581	0
201 GO Bond Debt Service	-	-	-	5,093,172	-	5,093,172	5,093,172	-	5,093,172	-
202 LID Debt Service	79,965	-	79,965	91,294	-	91,294	171,259	-	171,259	-
204 Sewer Project Debt	1,265,455	-	1,265,455	1,007,148	-	1,007,148	498,427	-	498,427	1,774,176
251 LID Guaranty	98,161	-	98,161	-	-	-	-	-	-	98,161
Capital Project Funds:	**$ 8,666,156**	**$ -**	**$ 8,666,156**	**$ 38,821,006**	**$ 370,936**	**$ 39,191,942**	**$ 46,712,328**	**$ 370,936**	**$ 47,083,264**	**$ 774,834**
301 Parks CIP	1,786,885	-	1,786,885	9,516,253	(10,800)	9,505,453	11,187,950	(10,800)	11,177,150	115,188
302 Transportation CIP	3,859,447	-	3,859,447	24,988,889	381,736	25,370,625	28,722,029	381,736	29,103,765	126,307
303 Real Estate Excise Tax	736	-	736	2,400,000	-	2,400,000	2,100,000	-	2,100,000	300,736
311 Sewer Project CIP	3,019,088	-	3,019,088	1,915,864	-	1,915,864	4,702,349	-	4,702,349	232,603
Enterprise Fund:	**$ 13,299,826**	**$ 79,997**	**$ 13,379,823**	**$ 5,987,258**	**$ -**	**$ 5,987,258**	**$ 7,445,790**	**$ 190,156**	**$ 7,635,946**	**$ 11,731,135**
401 Surface Water Management	13,299,826	79,997	13,379,823	5,987,258	-	5,987,258	7,445,790	190,156	7,635,946	11,731,135
Internal Service Funds:	**$ 4,905,840**	**$ -**	**$ 4,905,840**	**$ 13,542,772**	**$ 75,177**	**$ 13,617,949**	**$ 12,512,384**	**$ 75,177**	**$ 12,587,561**	**$ 5,936,228**
501 Fleet & Equipment	4,805,840	-	4,805,840	2,158,173	-	2,158,173	1,027,785	-	1,027,785	5,936,228
502 Property Management	100,000	-	100,000	1,946,250	75,177	2,021,427	2,046,250	75,177	2,121,427	-
503 Information Technology	-	-	-	5,167,666	-	5,167,666	5,167,666	-	5,167,666	-
504 Risk Management	-	-	-	4,270,683	-	4,270,683	4,270,683	-	4,270,683	-
Total All Funds	**$ 48,564,638**	**$ 79,997**	**$48,644,635**	**$ 132,119,291**	**$ 2,364,965**	**$134,484,256**	**$ 149,648,837**	**$ 2,208,692**	**$151,857,529**	**$ 31,271,362**

EXHIBIT B

CURRENT REVISED BUDGET BY FUND - YEAR 2026

Ordinance 851 Adopted May 18, 2026

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
General Government Funds:	**$ 13,285,429**	**$ 8,407,389**	**$ 21,692,818**	**$ 63,742,221**	**$ 10,026,034**	**$ 73,768,255**	**$ 64,181,033**	**$ 18,797,301**	**$ 82,978,334**	**$ 12,482,739**
001 General	7,699,792	4,104,659	11,804,451	53,323,571	1,628,569	54,952,140	54,346,656	4,776,359	59,123,015	7,633,576
101 Street	-	-	-	3,225,437	75,581	3,301,018	3,225,437	75,581	3,301,018	-
103 Transportation Benefit District	22,529	431,736	454,265	835,000	(30,000)	805,000	835,000	(138,812)	696,188	563,077
104 Hotel/Motel Lodging Tax Fund	4,143,068	125,280	4,268,348	1,351,250	-	1,351,250	1,271,250	1,934,600	3,205,850	2,413,748
105 Property Abatement/RHSP/1406	-	1,028,326	1,028,326	486,625	-	486,625	486,625	1,028,327	1,514,952	-
106 Public Art	4,448	26,803	31,251	32,552	-	32,552	37,000	26,803	63,803	-
180 Narcotics Seizure	-	29,415	29,415	-	18,385	18,385	-	47,800	47,800	-
181 Felony Seizure	-	431	431	-	-	-	-	431	431	-
182 Federal Seizure	-	1,230	1,230	-	-	-	-	1,230	1,230	-
190 CDBG	-	2,369,333	2,369,333	550,000	2,930,788	3,480,788	550,000	5,300,120	5,850,120	-
191 Neighborhood Stabilization Prog	-	14,148	14,148	45,500	-	45,500	45,500	14,148	59,648	-
192 SSMCP	88,285	41,060	129,345	352,550	1,162,070	1,514,620	352,550	1,291,414	1,643,964	-
195 Public Safety Grants	-	-	-	-	508,876	508,876	-	508,876	508,876	-
196 ARPA (American Rescue Plan Act)	-	118,694	118,694	-	1,079,887	1,079,887	-	1,198,581	1,198,581	-
201 GO Bond Debt Service	-	-	-	2,441,294	2,651,878	5,093,172	2,441,294	2,651,878	5,093,172	-
202 LID Debt Service	59,178	20,787	79,965	91,294	-	91,294	91,294	79,965	171,259	-
204 Sewer Project Debt	1,173,557	91,898	1,265,455	1,007,148	-	1,007,148	498,427	-	498,427	1,774,176
251 LID Guaranty	94,572	3,589	98,161	-	-	-	-	-	-	98,161
Capital Project Funds:	**$ 1,164,636**	**$ 7,501,520**	**$ 8,666,156**	**$ 17,811,695**	**$ 21,009,311**	**$ 38,821,006**	**$ 18,848,877**	**$ 27,863,451**	**$ 46,712,328**	**$ 774,834**
301 Parks CIP	-	1,786,885	1,786,885	4,892,277	4,623,976	9,516,253	4,892,277	6,295,673	11,187,950	115,188
302 Transportation CIP	482,939	3,376,508	3,859,447	10,193,718	14,795,171	24,988,889	10,616,000	18,106,029	28,722,029	126,307
303 Real Estate Excise Tax	-	736	736	2,400,000	-	2,400,000	2,400,000	(300,000)	2,100,000	300,736
311 Sewer Project CIP	681,697	2,337,391	3,019,088	325,700	1,590,164	1,915,864	940,600	3,761,749	4,702,349	232,603
Enterprise Fund:	**$ 9,302,701**	**$ 3,997,125**	**$ 13,299,826**	**$ 5,714,735**	**$ 272,523**	**$ 5,987,258**	**$ 5,633,651**	**$ 1,812,139**	**$ 7,445,790**	**$ 11,841,294**
401 Surface Water Management	9,302,701	3,997,125	13,299,826	5,714,735	272,523	5,987,258	5,633,651	1,812,139	7,445,790	11,841,294
Internal Service Funds:	**$ 4,716,691**	**$ 189,149**	**$ 4,905,839**	**$ 11,258,669**	**$ 2,284,103**	**$ 13,542,772**	**$ 10,258,021**	**$ 2,254,363**	**$ 12,512,384**	**$ 5,936,228**
501 Fleet & Equipment	4,716,691	89,149	4,805,840	1,796,368	361,805	2,158,173	795,720	232,065	1,027,785	5,936,228
502 Property Management	-	100,000	100,000	983,210	963,040	1,946,250	983,210	1,063,040	2,046,250	-
503 Information Technology	-	-	-	4,198,528	969,138	5,167,666	4,198,528	969,138	5,167,666	-
504 Risk Management	-	-	-	4,280,563	(9,880)	4,270,683	4,280,563	(9,880)	4,270,683	-
Total All Funds	**28,469,455**	**$ 20,095,183**	**$48,564,638**	**$ 98,527,320**	**$ 33,591,971**	**$132,119,291**	**$ 98,921,582**	**$ 50,727,255**	**$149,648,837**	**$ 31,035,092**

To: Mayor and City Councilmembers

From: Tho Kraus, Deputy City Manager/CFO

Through: Doug Russell, City Manager

Date: November 2, 2026

Subject: Public Hearing on the 2026 Year-End Budget Adjustment

BACKGROUND

The proposed budget adjustment makes the following types of adjustments:

- Revise the estimated beginning balance to reflect the 2025 ending fund balance;
- Incorporate items previously approved by the City Council;
- Appropriate projects funded by grants and contributions;
- Continue capital projects;
- New allocations as appropriate; and
- Housekeeping corrections/adjustments.

NEXT STEPS

- Adoption - November 16, 2026

PROPOSED 2026 BUDGET ADJUSTMENT SUMMARY

- Increases beginning fund balance by $0.08M, resulting in a revised estimate of $48.64M.
- Increases revenues by $2.36M, resulting in a revised estimate of $134.48M.
- Increases expenditures by $2.21M, resulting in a revised estimate of $150.86M.
- Increases ending fund balance by $0.24M, resulting in a revised estimate of $31.27M.

The table below provides a breakdown of the proposed budget adjustment ($ in millions):

Fund Group	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance		
	Current Budget	Prop Adj	Proposed Revised Budget	Current Budget	Prop Adj	Proposed Revised Budget	Current Budget	Prop Adj	Proposed Revised Budget	Current Budget	Prop Adj	Proposed Revised Budget
Total Year 2026	$ 48.56	$ 0.08	$ 48.64	$132.12	$ 2.36	$134.48	$149.65	$ 2.21	$151.86	$ 31.04	$ 0.24	$ 31.27
General	$ 11.80	$ -	$ 11.80	$ 54.95	$ 0.77	$ 55.72	$ 59.12	$ 0.42	$ 59.54	$ 7.63	$ 0.35	$ 7.98
Special Revenue	$ 8.44	$ -	$ 8.44	$ 12.62	$ 1.15	$ 13.78	$ 18.09	$ 1.15	$ 19.25	$ 2.98	$ (0.00)	$ 2.98
Debt Service	$ 1.44	$ -	$ 1.44	$ 6.19	$ -	$ 6.19	$ 5.76	$ -	$ 5.76	$ 1.87	$ -	$ 1.87
Capital Projects	$ 8.67	$ -	$ 8.67	$ 38.82	$ 0.37	$ 39.19	$ 46.71	$ 0.37	$ 47.08	$ 0.77	$ -	$ 0.77
Enterprise	$ 13.30	$ 0.08	$ 13.38	$ 5.99	$ -	$ 5.99	$ 7.45	$ 0.19	$ 7.64	$ 11.84	$ (0.11)	$ 11.73
Internal Service	$ 4.91	$ -	$ 4.91	$ 13.54	$ 0.08	$ 13.62	$ 12.51	$ 0.08	$ 12.59	$ 5.94	$ -	$ 5.94

PROPOSED BUDGET ADJUSTMENT SUMMARY

	Adjustment Type	Ongoing/ 1-Time	Year 2026 Revenue	Year 2026 Expenditure
Grand Total - All Funds			**$ 2,364,965**	**$ 2,208,692**
Total - Fund 001 General			**$ 765,638**	**$ 419,209**
Municipal Court - Office of Public Defense Grant for Attorney Retention	Grant	1-Time	5,000	5,000
Municipal Court - SPAR (Simple Posession Advocacy & Representation Prog)	Grant	1-Time	32,500	32,500
Municipal Court - Therapeutic Court Grant	Grant	1-Time	156,183	156,183
Municipal Court - Foundation for WA State Courts Grant for X-ray Machine	Grant	1-Time	19,370	38,741
PRCS - HCA (Health Care Authority) CHOICE Grant	Grant	1-Time	145,000	145,000
Police - Pierce County Sex Offender for Background Checks	Continuation	1-Time	7,585	-
Internal Service Charges Account Corrections -Allocate to Operating Funds	Housekeeping	1-Time	-	(76,944)
Internal Service Charges Account Corrections - Allocate to Operating Funds	Housekeeping	Ongoing	-	1,212
Internal Service Charge - Phase 2 Clean Building Compliance	New	1-Time	-	57,205
Transfer In from Parks CIP - Return Unspent Downtown Design & Planning	New	1-Time	300,000	-
Transfer In from Parks CIP - Return Unspent Wards Lake	New	1-Time	100,000	-
General/Street Fund Subsidy	Housekeeping	1-Time	-	60,965
General/Street Fund Subsidy	Housekeeping	Ongoing		(653)
Total - Special Revenue Funds			**$ 1,153,214**	**$ 1,153,214**
Total - Fund 101 Street O&M			**60,312**	**60,312**
Internal Service Charges Account Corrections - Share of Charges	Housekeeping	1-Time	49,121	49,121
Internal Service Charges Account Corrections - Share of Charges	Housekeeping	Ongoing	(653)	(653)
Internal Service Charge - Phase 2 Clean Building Compliance	New	1-Time	11,844	11,844
Total - Fund 180 Narcotics Seizure			**$ 249,886**	**$ 249,886**
Narcotics Seizure Fund Program, Funded by Forfeitures & Interest Received through 9/30	Revenue Neutral	1-Time	249,886	249,886
Total - Fund 181 Felony Seizure			**$ 4,778**	**$ 4,778**
Felony Seizure Fund Program, Funded by Forfeitures & Interest Received through 9/30	Revenue Neutral	1-Time	4,778	4,778
Total - Fund 182 Federal Seizure			**$ 32,393**	**$ 32,393**
Federal Seizure Fund Program, Funded by Forfeitures & Interest Received through 9/30	Revenue Neutral	1-Time	32,393	32,393
Total - Fund 190 CDBG			**$ 356,719**	**$ 356,719**
HOME: LASA Gravelly Lake Commons	Grant	1-Time	166,719	166,719
HOME: American Lake Down Payment Assistance	Grant	1-Time	190,000	190,000
Total - Fund 192 South Sound Military Communities Partnership (SSMCP)			**$ 246,828**	**$ 246,828**
Department of Commerce Grant for North Clear Zone	Grant	1-Time	246,828	246,828
Total - Fund 195 Public Safety Grants			**$ 157,298**	**$ 157,298**
Police - Patrick Leavy Bulletproof Vest Partnership	Grant	1-Time	16,993	16,993
Police - WA State Criminal Justice Comm - Wellness Program	Grant	1-Time	18,320	18,320
Police - Wa Traffic Safety Commission - Pierce County Regional Phlebotomy Program	Grant	1-Time	115,485	115,485
Police - Wa State Attorney General's Office - National Sexual Assault Kit Initiative	Grant	1-Time	6,500	6,500
Total - Fund 196 ARPA Grant			**$ 45,000**	**$ 45,000**
Downtown/Edgewater Parks - Funded by ARPA Interest Earnings	Housekeeping	1-Time	45,000	45,000
Total - Capital Improvement Project Funds			**$ 370,936**	**$ 370,936**
Total - Fund 301 Parks CIP			**$ (10,800)**	**$ (10,800)**
301.0063 & 064 Edgewater Park - Reduce Department of Commerce Grant	Grant	1-Time	(10,800)	(10,800)
Total - Fund 302 Transportation CIP			**$ 381,736**	**$ 381,736**
302.0111 Kendrick St SW Improvements Funded by Lakewood Water District	Revenue Neutral	1-Time	250,000	250,000
302.0114 Lakewood Water District - Gravelly Lake	Revenue Neutral	1-Time	7,218	7,218
302.0159 Fee-in-Lieu - Idlewild Rd SW: Idlewild School to 112th SW	Revenue Neutral	1-Time	49,807	49,807
302.0160 Fee-in-Lieu - 112th St SW; Idlewild Rd SW to Interlaaken Dr SW	Revenue Neutral	1-Time	74,711	74,711
Total - Enterprise Funds			**$ -**	**$ 190,156**
Total - Fund 401 Surface Water Management			**$ -**	**$ 190,156**
Transfer to Trans CIP: 302.0121 Streets: 112th - Farwest Dr SW to Butte Dr SW	Housekeeping	1-Time	-	156,230
Internal Service Charges Account Corrections - Share of Charges	Housekeeping	1-Time	-	27,631
Internal Service Charges Account Corrections - Share of Charges	Housekeeping	Ongoing	-	(367)
Internal Service Charge - Phase 2 Clean Building Compliance	New	1-Time	-	6,662
Total - Internal Service Funds			**$ 75,177**	**$ 75,177**
Total - Fund 502 Property Management			**$ 75,177**	**$ 75,177**
City Hall Phase 2 Clean Building Compliance	New	1-Time	75,177	75,177

PROPOSED BUDGET ADJUSTMENT DETAILS

Fund 001 General

MC – Office of Public Defense (OPD), Grant/1-Time

Add $5,000 revenue and expenditures for OPD grant received from Washington State Office of Public Defense. The grant period is 7/12026 - 6/30/2027 and will reimburse the City for costs related to signing/retention bonuses of public defenders.

MC – SPAR (Simple Possession Advocacy & Representation Program), Grant/1-Time

Add $32,500 revenue and expenditures for a total grant award of $32,500 received from Washington State Administrative Office of the Courts to support the Lakewood Municipal Court to provide defense counsel Consultation and Representation for defendants facing charges or charged with simple possession or public use offenses involving allegations of possession or public use of a controlled substance, counterfeit substance, or legend drugs. The grant period is 7/1/2026 – 6/30/2027.

MC – Therapeutic Court, Grant/1-Time

Add $156,183 in revenues and expenditures for grant received from Washington State Administrative Office of the Courts for Lakewood Municipal Court to continue the Therapeutic Court to serve Lakewood, DuPont and Steilacoom. The grant period is 7/1/2026 – 6/30/2027. Funds will be used for personnel salaries and benefits (coordinator, case manager, peer support, prosecution, defense, judicial), staff equipment, training, recovery support, and treatment services. Funds cannot be used for replacing or supplementing the salary of current employees of the Court.

MC – Foundation for Washington State Courts (FWSC), Grant/1-Time

Add $38,741 in expenditures for the purchase and installation of an X-ray Machine for the Municipal Court. $19,370 revenue from a FWSC grant, paying half the cost.

PRCS – CHOICE Grant, Grant/1-Time

Add $145,000 in revenues and expenditures for the grant period 7/1/2026 - 6/30/2027, funded by Washington State Health Care Authority (HCA) CHOICE. The City has been the fiscal agent for the Lakewood's CHOICE program since July 1, 2019. It is a behavioral health initiative that serves parents and youth directly with various programs and curricula in partnership with the school district and local nonprofit organizations. This initiative does high impact work and is a great partner in Lakewood.

PD – Pierce County Sex Offender Background Check, Continuation/1-Time

Add $7,485 in revenue available for drawdown under the contract for the verification of registered sex offenders' residences in Pierce County (Level I annually, Level II semiannually, and Level III quarterly). The grant period is 07/01/2026 - 06/30/2027, and the revenue will offset existing budgeted personnel costs.

Internal Service Charges Allocation – Housekeeping, 1-Time & Ongoing

Allocate internal service charges to operating departments for programs City Council previously approved in the carry forward budget adjustment. Reduce 1-time allocations by $40,279 and increase ongoing allocations by $1,212.

Internal Service Charges Allocation – City Hall Ph 2 Clean Building Compliance, New/ 1-Time

See Fund 502 Property Management section for details.

Fund 101 Streets O&M

Internal Service Charges Allocation – Housekeeping, 1-Time & Ongoing

Internal service charges allocated to operating departments for programs City Council previously approved in the carry forward budget adjustment. Add share of 1-time allocations of $49,121 and reduce ongoing allocations by $653.

Internal Service Charges Allocation – City Hall Ph 2 Clean Building Compliance, New/ 1-Time

See Fund 502 Property Management section for details.

Fund 180 Narcotics Seizure Fund

Narcotic Seizure, Revenue Neutral/1-Time

The purpose of this fund is to track assets seized as a result of involvement with the illegal sale, possession, or distribution of drugs or controlled substances, and for the purchase of controlled substances or drugs by law enforcement officers or agents, as well as other expenses to enhance and improve law enforcement activities having a close and demonstrable relationship to the enforcement of controlled substances. Funds may not be used to supplant existing funding sources.

Add $249,886 in expenditures funded by forfeiture settlement and interest earnings through 9/30.

Fund 181 Felony Seizure

Felony Seizure, Revenue Neutral/1-Time

The purpose of this fund is for tracking assets seized under RCW 10.105.101 and the related expenditures. The state statute authorizes the seizure of assets that have been or was actually employed as an instrumentality in the commission or in the aiding or abetting in the commission of any felony, or which was furnished or was intended to be furnished by any person in the commission of, as a result of, or as a compensation for the commission of, any felony, or which was acquired in whole or in part with the proceeds traceable to the commission of a felony. Funds shall be used exclusively by the City for the expansion and improvement of law enforcement activity; however, may not be used to supplant existing funding sources.

Add $4,778 in expenditures funded by forfeiture settlement and interest earnings through 9/30.

Fund 182 Federal Seizure

Federal Seizure, Revenue Neutral/1-Time

The Federal Equity Sharing Guidelines lists the following (funds shall be used to increase or supplement and not be used to replace or supplant):

Permissible Uses**:** law enforcement investigations; law enforcement training, law enforcement and detention facilities; law enforcement equipment; law enforcement travel and transportation; law enforcement awards and memorials; drug and gang education awareness programs; matching fund for grants; pro rata funding of the law enforcement agency's percentage of costs associated with supporting multi-agency items or facilities; asset accounting and tracking of expenditures of federally shared funds; language assistance services in connection with law enforcement activity; transfers of cash to other law enforcement agencies; support of community-based programs (cash transfers to community-based programs are not permitted); and windfall situations to provide additional support to community –based programs.

Impermissible Uses: Salaries and benefits of permanent law enforcement personnel, except in limited circumstances (i.e. express statutory authorization, overtime of officers and investigators, new positions and temporary or not-to-exceed one year appointments and salary of an officer hired to replace an officer assigned to a task force, specialized programs that generally to not involve traditional law enforcement functions); use of forfeited property by non-law enforcement personnel; payment of education-related costs; uses contrary to the laws of the state or local jurisdiction; non-official government use of shared assets; purchase of food and beverage (except for conference and meals during local operations); extravagant expenditures extravagant expenditures or wasteful expenditures and entertainment; cash on hand, secondary accounts, and stored value cards (such as prepaid credit cards); transfers to other law enforcement agencies; purchase of items for other law enforcement agencies; costs related to lawsuits; loans; and money laundering operations.

Add $32,393 in expenditures funded by forfeiture settlement and interest earnings through 9/30.

Fund 190 Community Development Block Grant (CDBG) Fund

Fund 190 CDBG is predominantly comprised of U.S. Department of Housing and Urban Development funds for Community Development Block Grant Entitlements (CDBG), HOME program funding through the Lakewood and Tacoma HOME Consortium, and Section 108 Loan Guarantees. There is also a grant from the Nisqually Tribe for minor home repairs and West Pierce Fire & Rescue for emergency assistance for displaced residents.

Through the planning and citizen participation process, CDBG and HOME spending priorities are set on an annual basis, to be broken into funding projects for physical improvements, public service (not to exceed 15%), housing, economic development, and administration (not to exceed 20%).

In addition to annual allocations, CDBG unspent funds may be reprogrammed and used for other areas.

HOME: LASA Gravelly Lake Commons, Grant/1-Time

Add $166,719 in revenues and expenditures to provide development assistance for the purpose of constructing a 26-unit affordable rental housing project that will serve low- and moderate-income households. Funding will be provided to reimburse eligible construction-related expenses for the project located at 5516 Fairlawn Dr. SW (APN# 5130001640) and 5520 Fairlawn Dr. SW (APN# 5130001650), two contiguous parcels owned by LASA. Upon completion, the Developer will ensure that two (2) two-bedroom units and one (1) three-bedroom unit are designated as HOME units. The designated HOME units shall be considered floating units for compliance with HOME programmatic regulations. The current contract runs from 01/01/2025 - 01/01/2027.

HOME: American Lake Down Payment Assistance, Grant/1-Time

Add $190,000 in revenues and expenditures to provide HOME Investment Partnerships Program (HOME) funding to Tacoma/Pierce County Habitat for Humanity to administer down payment assistance for income-qualified homebuyers purchasing three newly constructed homes located at 15206 Portland Ave. SW, 15210 Portland Ave. SW, and 15211 88th Ave. Ct. SW in Lakewood. Funding will be reimbursed based on approved payment requests and supporting documentation during the term of the agreement. The current contract runs from 06/25/2026 - 06/26/2027.

Fund 192 South Sound Military Communities Partnership

Washington State Department of Commerce - North Clear Zone 2916 107th St S, Grant/1-Time

Add $246,828 to the previously appropriated $626,172, for a total grant award of $873,000 from the Washington State Department of Commerce to support the relocation of businesses out of the North Clear Zone. The scope of work includes costs associated with 2916 107th St S, such as utilities, reports, surveys, building demolition, unpaid rent, staff time, and professional services. The grant agreement has been executed, with a period of performance from 7/1/2026 – 6/30/2027.

Fund 195 Public Safety Grants

Patrick Leahy Bulletproof Vest Partnership, Grant/1-Time
Add $16,993 for revenues and expenditures for the grant period through 08/31/2028. This grant was received from the Department of Justice. The Patrick Leahy Bulletproof Vest Partnership (BVP). The program may be used for National Institute of Justice (NIJ) compliant armored vests. The federal portion of the costs for body armor vests purchased under the BVP Program may not exceed 50%.

WA State Criminal Justice Training Commission - Wellness Program, Grant/1-Time
Add $18,320 in revenues and expenditures for the grant period 07/01/2026 – 06/30/2027. The grant provides funding to establish officer wellness programs, including building resilience, injury prevention, peer support, physical fitness, proper nutrition, stress management, suicide prevention, physical health, mental health support/services, & other programs that focus on officer wellbeing.

WA Traffic Safety Commission - Pierce County Regional Phlebotomy Program, Grant/1-Time
Add $115,485 in revenues and expenditures for the grant period 06/01/2026 – 09/30/2026. The purpose of this project is to support and expand the Pierce County Regional Phlebotomy Program by training and certifying officers as Washington State Medical Assistant Phlebotomists, maintaining dedicated draw stations, expanding regional callout capacity, and enhancing public awareness of impaired driving enforcement. The strategy focuses on strengthening law enforcement phlebotomy programs, improving the timeliness of blood evidence collection, and reducing unnecessary time officers spend waiting at hospitals for evidentiary blood draws.

WA State Attorney General's Office - National Sexual Assault Kit Initiative, Grant/1-Time
Add $6,500 in revenues and expenditures for the grant period 07/17/2026 – 09/30/2026. The purpose of this grant is to purchase a refrigeration unit for the City of Lakewood Police Department to support the secure and proper storage of evidence collected during sexual assault investigations. Funded through the National Sexual Assault Kit Initiative (SAKI) and administered by the Washington State Attorney General's Office (WAAGO).

Fund 196 American Rescue Plan Act (ARPA)

196.6022 Edgewater Park Improvements & Downtown, Housekeeping & 1-Time
Increase budgeted revenue and program expenditures by $45,000 to reflect interest earnings already received or anticipated. The additional budget will allow charges to be applied against interest earnings and close out the project at the end of 2026.

Fund 301 Parks Capital

301.0063 Edgewater Park Phase 1 & 301.0064 Phase 2, Housekeeping & New/1-Time
Reduce Dept of Commerce grant (Legislative Ask) by $10,800 due to administrative fee retained by the granting agency. Grant funds are allocated to Phase 1 Park Improvements $178,092 and Phase 2 Boat Launch $171,108.

Fund 302 Transportation Capital

302.0111 Lakewood Water District - Kendrick ST SW Improvements, Revenue Neutral/1-Time
Add $250,000 for design expenditures, funded Lakewood Water District Interlocal Agreement 2026-068 for Kendrick St SW (111th St SW to 108th St SW) water main replacement.

302.0114 Lakewood Water District – 112th Sidewalks – GLD to BPW SW, Revenue Neutral/1-Time
Add $7,218 in expenditures funded by Lakewood Water District Interlocal Agreement 2025-185 for sidewalk repair.

302.0159 Streets: Idlewild Rd SW: Idlewild School to 112th SW, Revenue Neutral/1-Time
Add $49,807 in expenditures funded by for fee-in-lieu revenues from JK Monarch permits.

302.0160 Streets: 112th St SW: Idlewild Rd SW to Interlaaken Dr SW, Revenue Neutral/1-Time
Add $74,711 in expenditures funded by for fee-in-lieu revenues from JK Monarch permits.

Fund 401 Surface Water Management

302.0121: 112th - Farwest Dr SW to Butte Dr SW, Housekeeping
Add budgeted transfers into the project by $156,230 to cover surface water management expenditures omitted from the previous budget adjustment.

Internal Service Charges Allocation – Housekeeping, 1-Time & Ongoing
Internal service charges allocated to operating departments for programs City Council previously approved in the carry forward budget adjustment. Add share of 1-time allocations of $14,432 and reduce ongoing allocations by $367.

Internal Service Charges Allocation – City Hall Ph 2 Clean Building Compliance, New/ 1-Time
See Fund 502 Property Management section for details.

Fund 502 Property Management

City Hall Phase 2 Clean Building Compliance, New/1-Time
Add $75,177 for the early implementation of Phase 2 of the Clean Building Compliance program. Phase 1, which included the Certified Benchmarking for Tier 1 and Tier 2, has been completed. Phase 2 will focus on the Qualified Person Review and Submission, with the goal of securing early adopter incentives from the State to help offset implementation costs. The estimated State incentives are $146,031 for Tier 1 and $13,067 for Tier 2, for a total estimated incentive of $159,098.