

Budget Sustainability 2026 Operating Budget

Council Study Session - June 24, 2025

Jay Burney, City Manager



Agenda

Purpose: Update Council on the efforts underway to achieve long-term budget sustainability and begin discussions on the approach to balancing 2026 operating budget.

Approach for Balancing Operating Budget

- Current Financial Position
- Short-Term and Long-Term Approaches Summary
- Shared approach and guidelines for reductions
- Budget Calendar/Next Steps



Approach to Balancing 2026 Operating Budget

Current General Fund Financial Position

Current Fund Balance (12.5%)	\$14,298,893
Minimum 10% Reserve (2025)	\$11,452,159
Fund Balance Above 10% Reserve	\$2,846,734

Fund Balance Policy – Between 10% and 25%



Short-Term/Long-Term Capacity Building Considerations

Short-Term Considerations for Building 2026 Capacity

Temporary/Short-Term – Priority Order

1. Decreased PERS/PSERS Contribution Rate 2026 (Est. \$845,000)
2. Temporary reduction of indirect charges for 2026 (Est. \$500,000)
3. Delay street striping in 2026 (Est. \$40,000)
4. Temporary transfer of Transportation capital dollars to fund operational expenses (Est. \$1 million - \$3 million)
5. Declare exigent financial circumstances in Parks (Est. \$500,000)

Total Short-Term Considerations - \$2.9 Million - \$4.9 Million

Long-Term Considerations for Building Capacity

Long Term – Priority Order

1. 1/2 of 1% Non-Voted Utility Tax to General Fund (Est. \$500,000)
2. B&O (Est. \$2.3 million)
 - .002 and \$500K Threshold
3. Public Safety – HB 2015 (Est. \$3 million)
 - Cover gaps in existing programs
4. Lease rather than purchase passenger vehicles (Est. \$500,000 in 2026)
5. Shift Additional Climate Expenses to Utility (Est. \$200,000)
6. Transportation Re-Organization (Est. \$40,000)
7. Elimination of Assistant City Manager Position (Est. \$300,000)

Total Long-Term Considerations - \$6.8 million

Expense Reduction Approach

Summary of 2025 General Fund

Departments	Appropriation	Dedicated Revenue	Remaining Appropriation
Legislative	\$ 835,409	\$ 0	\$ 835,409
City Manager's Office	\$ 891,342	\$ 0	\$ 891,342
Organizational Development and Performance	\$ 1,169,287	\$ 0	\$ 1,169,287
Human Resources	\$ 1,649,262	\$ 0	\$ 1,649,262
Information Services	\$ 4,553,008	\$ 0	\$ 4,553,008
City Clerk	\$ 633,655	\$ 0	\$ 633,655
Climate	\$ 832,646	\$ 0	\$ 832,646
Housing and Homeless Services	\$ 543,217	\$ 0	\$ 543,217
Economic Development	\$ 537,530	\$ 0	\$ 537,530
Strategic Communications	\$ 1,369,897	\$ 0	\$ 1,369,897
Municipal Court	\$ 3,047,282	\$ 712,000	\$ 2,335,282
Finance	\$ 4,813,226	\$ 128,138	\$ 4,685,088
Legal	\$ 2,402,374	\$ 0	\$ 2,402,374
Public Defense	\$ 1,422,559	\$ 0	\$ 1,422,559
Fire Department	\$ 24,194,947	\$ 5,893,336	\$ 18,301,611
Non-Departmental	\$ 8,244,632	\$ 0	\$ 8,244,632
Police Department	\$ 30,766,501	\$ 9,493,681	\$ 21,272,820
Parks, Arts and Recreation	\$ 14,354,186	\$ 14,354,186	\$ 0
Public Works	\$ 12,260,624	\$ 0	\$ 12,260,624
Total	\$ 114,521,584	\$ 30,581,341	\$ 83,940,243

Summary of 2025 Reductions

Department	FTE	Non-Personnel	Amount
City Manager's Office	2 FTE		\$ 290,585
Information Services	2 FTE		\$ 328,631
Human Resources	1 FTE		\$ 137,645
Economic Development		Intern, Professional Services	\$ 27,059
Climate		Professional Services	\$ 46,700
Strategic Communications	1 FTE		\$ 126,448
Legal	1 FTE	Legal Services	\$ 96,279
Finance	2 FTE		\$ 235,757
Fire Department	3 FTE		\$ 381,559
Police Department	2 FTE		\$ 230,684
Public Works	3 FTE	Seasonal Workers, ADA Projects	\$ 604,845
TOTAL	17 FTE		\$ 2,506,192



DISCUSSION - Considerations for Permanent Reductions If Needed

- Look for Revenue Offsets/Efficiencies - PBB?
 - No Cuts to Front Line Public Safety (Police/Fire)?
 - No Cuts to Homeless Response Staffing?
 - Other Tier 2 Community Priorities?
 - Transportation
 - Climate
 - Economic Development
 - Reduce levels of service?
 - Other Council Considerations?
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2026 Budget Calendar

Date	Meeting	Description
June 2	City Departments	2026 Budget Kick off - COMPLETE
Sept. 15	Finance Committee	2026 Budget Update
Oct. 7	City Council	Presentation of 2026 Preliminary Budget
Oct. 14	City Council Study Session	
Oct. 21	City Council	Public Hearings: 2026 Ad Valorem 2026 Operating Budget 2026-2031 CFP Other Business: Fees, Rates, and Special Revenue Funds
Nov. 10	City Council	Public Hearing: 2026 Operating Budget
Nov. 17	Finance Committee	Prepare 2026 Budget Balancing Recommendation for Council
Nov. 18	City Council	2026 Final Budget Balancing
Dec. 9	City Council	Adopt 2025 Operating and CFP Budget

Thank You