



2027- 2028 Recommended Budget

Presented by:

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Work Session Schedule



September 15 Service Delivery and Community Investments	September 22 Internal Operations, Governance, and Utilities	October 13
Overall Themes and Citywide assumptions	Police Services	Additional follow-up based on Council questions, direction, or items requiring further discussion Consideration of alternatives
Community Services	Information & Employee Services	
Community Development, Housing & Sustainability	Finance, Executive, Legal, and Judicial Services	
Transportation Services	Utilities	



Police Services

Administration

Patrol

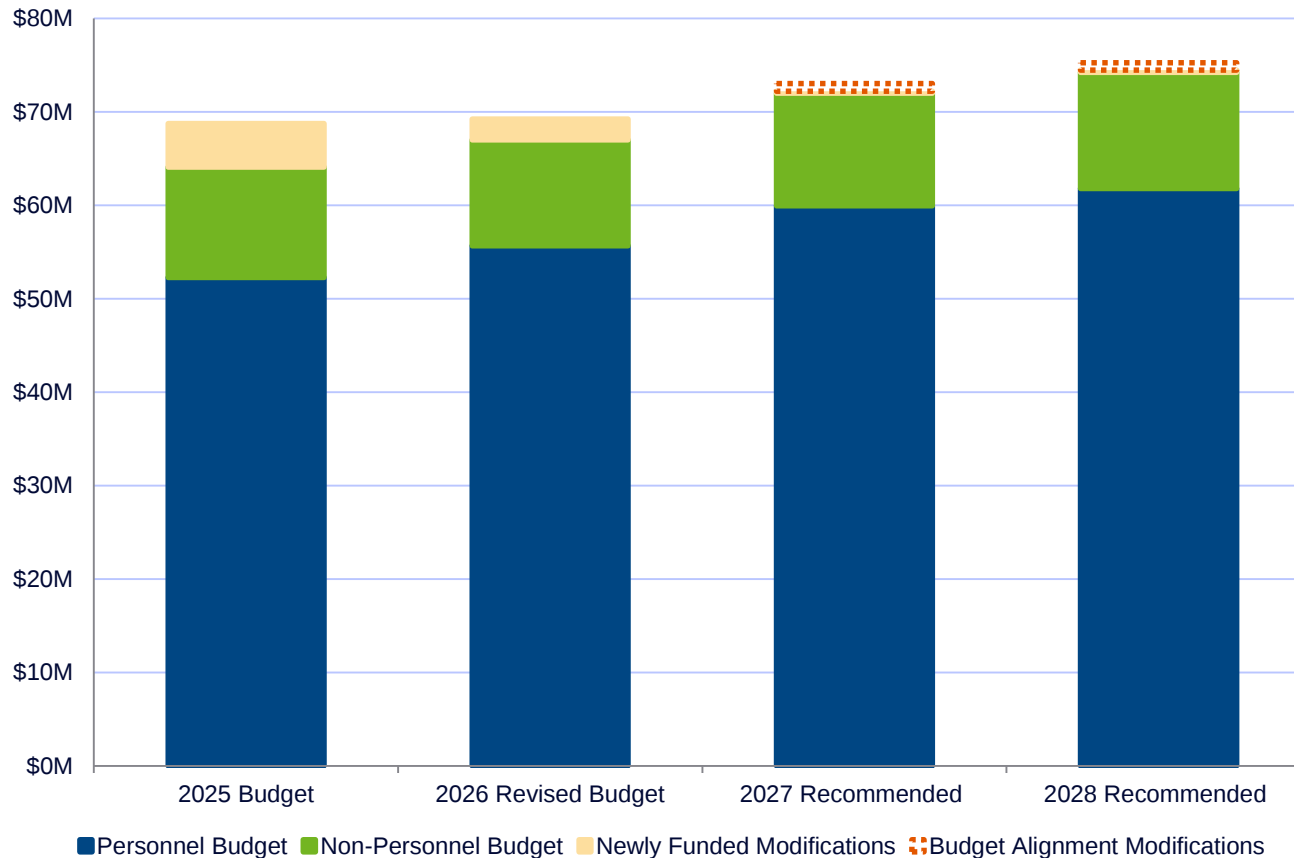
Special Operations

Criminal Investigations

Information Services

Budget over time by department

Police Operating Budget



Budget Modification Highlights:

- Police Services faces sustained budget pressure from rising personnel and operating costs and the ongoing need to invest in workforce, technology, and equipment for responsive public safety.
- Two vacant administrative/records positions reduced, one vacant sworn detective converted to a Criminalist, and one Sergeant position held vacant under evaluation.
- Renegotiates a key equipment and services contract to reduce upfront costs while maintaining required services and equipment.

Police – New Investments

Investment	Funding Source	2027	2028
Police vehicle (mobile) radios	General Fund Reserves	\$400,000	\$400,000
Police Resource Navigator (1.0 FTE)	Restricted General Fund - Opioid Settlement	\$168,889	\$173,322
UCH licensed addiction clinician	Restricted General Fund - Opioid Settlement	\$50,000	\$50,000
		\$618,889	\$623,322



Questions? Police Services

Administration

Patrol

Special Operations

Criminal Investigations

Information Services

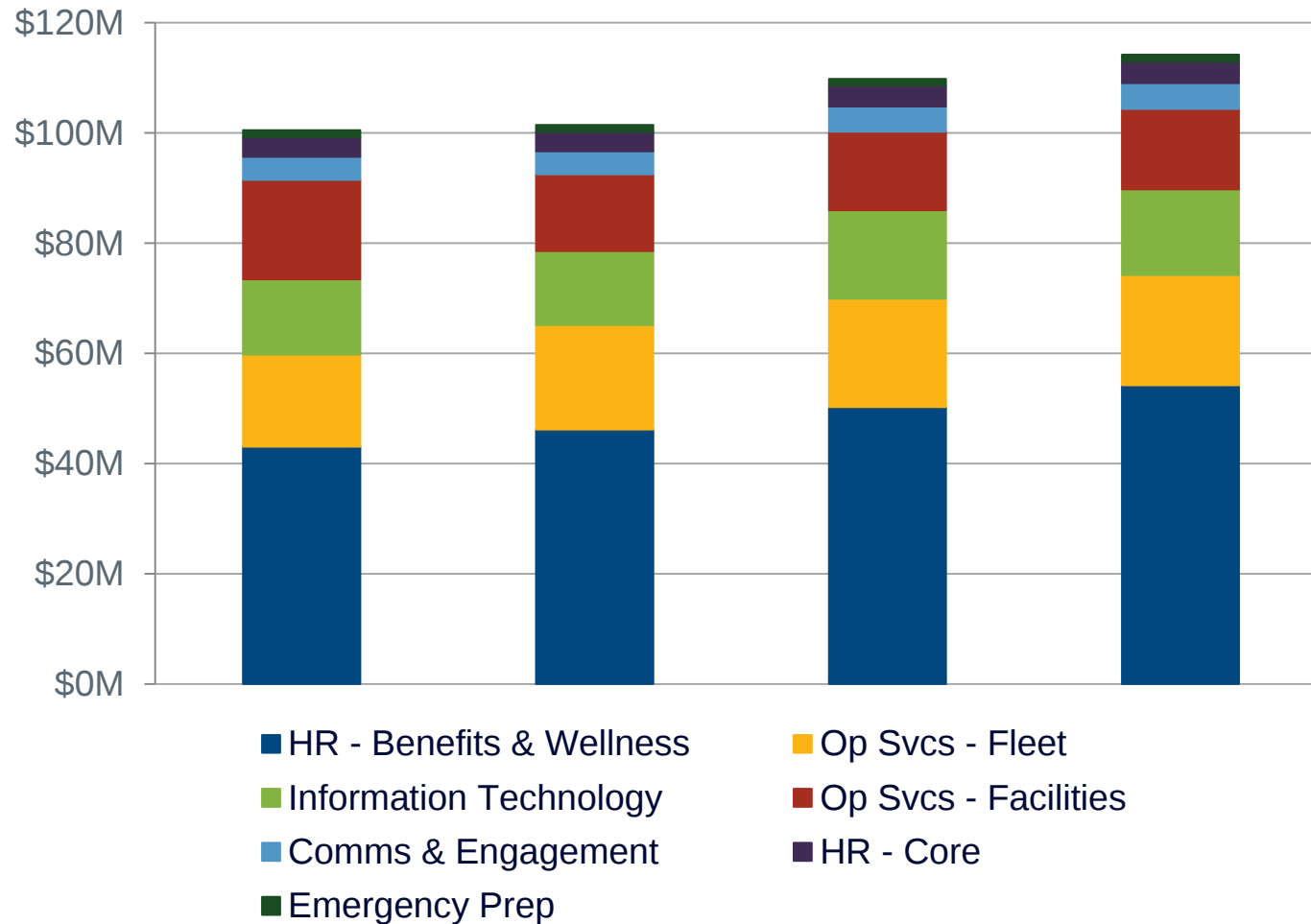


Information and Employee Services

Communications & Engagement
Emergency Preparedness & Security
Human Resources
Information Technology
Operation Services

Information & Employee Services (IES) Overview

Budget over time by department



Budget Highlights:

- Two Utilities engagement positions were redeployed to form a strategic engagement team to implement recommendations from the public engagement assessment.
- Benefits costs continue to experience significant expense pressure.
- Recommended new investment in Cybersecurity.
- Facilities Asset Management maintains the service level established through the 2026 budget revisions.

IES – All Modifications to align budget

Information & Employee Services Alignment Actions	Vacant FTE Reduced	2027	2028
Communications & Engagment		(\$0.1)	(\$0.1)
Emergency Prepardness Services		(\$0.1)	(\$0.1)
Human Resources	1.00	(\$0.2)	(\$0.2)
Information Technology		(\$0.3)	(\$0.3)
Operation Services		(\$1.1)	(\$1.1)
Information & Employee Services Total (\$M)	1.00	(\$1.8)	(\$1.8)

IES – New Investments

Investment	Funding Source	2027	2028
Investment in Data, Cyber & AI	Data & Communications Fund	\$300,000	\$300,000
Required Spinnaker support	General Fund	\$145,000	\$145,000
Information & Employee Services Subtotal		\$445,000	\$445,000



Questions? Information and Employee Services

Communications & Engagement
Emergency Preparedness & Security
Human Resources
Information Technology
Operation Services



Executive, Finance, Legal Services

Executive Services (City Manager's Office & City Clerk's Office)

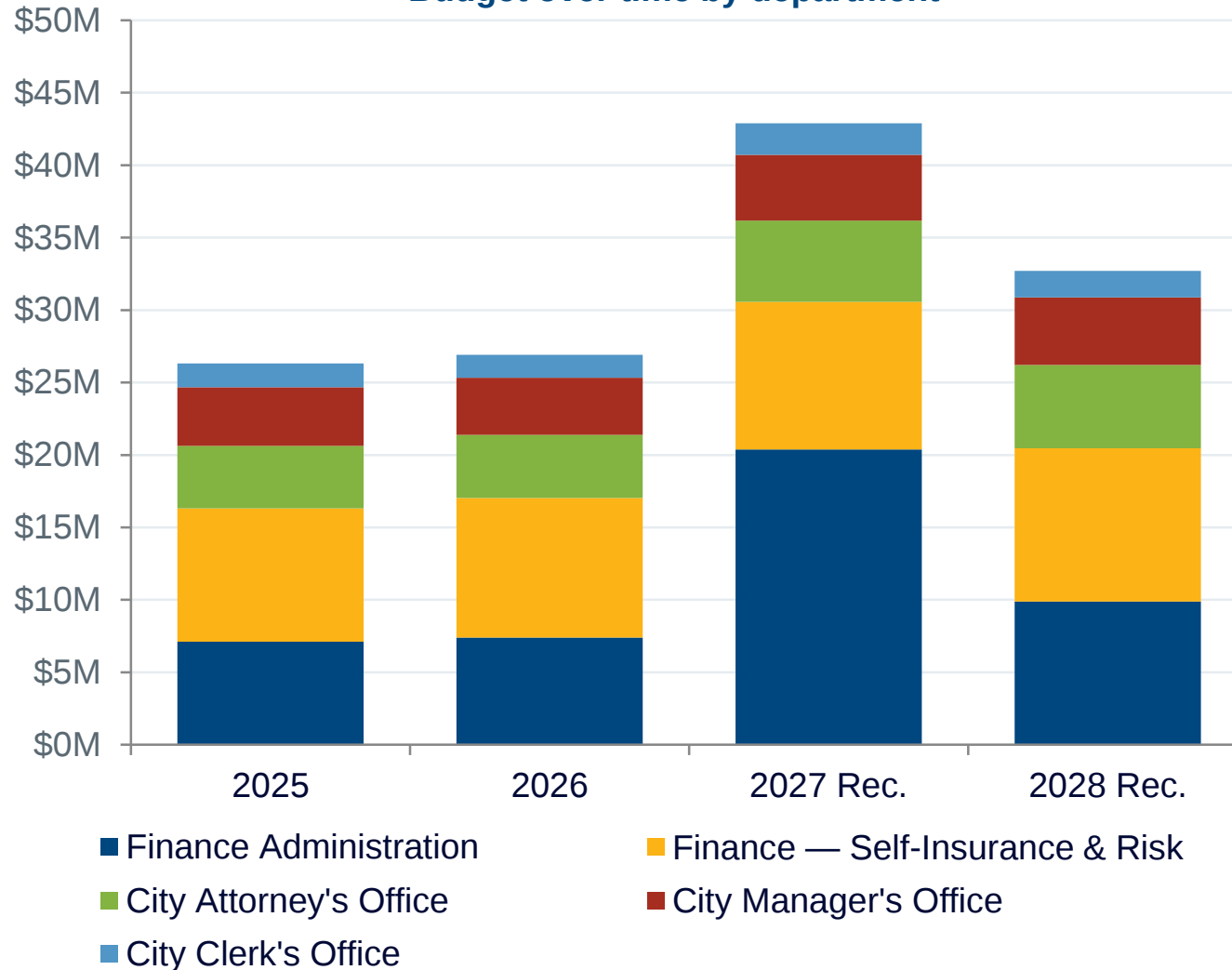
Finance and Strategic Services (Finance and Safety and Risk Management)

Judicial Services (Municipal Court)

Legal Services (City Attorney's Office)

Executive, Finance & Strategic, & Legal Services Overview

Budget over time by department



Budget Highlights:

- Finance Administration houses project costs for the new Enterprise Resource Planning (ERP) system, the core Citywide finance and HR platform
- Self-Insurance & Risk experiencing expense pressures
- Legal Services adds a Deputy City Attorney while eliminating three contractual Red-Light Camera positions and trimming travel, intern, and consulting budgets.
- City Clerk's 2027 bump driven by \$400K of reserve-funded odd-year election costs.

Executive, Finance & Legal Services – Alignment Modifications



Exec, Finance, & Legal Services Alignment Actions	Vacant FTE Reduced	2027	2028
City Clerk's Office	1.0	(\$0.1)	(\$0.1)
City Manager's Office	1.5	(\$0.2)	(\$0.2)
Municipal Court		(\$0.0)	(\$0.0)
City Attorney's Office	3.0	(\$0.4)	(\$0.4)
Finance & Strategic Services (and previous Transformation Management)	2.0	(\$0.4)	(\$0.4)
Exec, Finance, & Legal Services Services Total (\$M)	7.5	(\$1.1)	(\$1.1)

Executive, Finance & Strategic, & Legal Services – New Investment



Investment	Funding Source	2027	2028
Hybrid position — opioid use disorder support	Restricted General Fund - Opioid Settlement	\$29,000	\$29,000
Municipal Court Subtotal		\$29,000	\$29,000
Core HR & Finance Software (ERP)	Multiple Funding Sources	\$12,319,572	\$1,606,922
Debt Service for 2026 COP Southeast Community Center	Parks & Recreation 2050 tax	\$3,826,500	\$3,829,500
Finance & Strategic Services Subtotal		\$16,146,072	\$5,436,422
Deputy City Attorney (1.0 FTE)	General Fund	\$146,492	\$151,377
Legal Services Subtotal		\$146,492	\$151,377
		\$16,321,564	\$5,616,799



Questions? Executive, Finance, Legal Services

Executive Services (City Manager's Office & City Clerk's Office)

Finance and Strategic Services (Finance and Safety and Risk Management)

Judicial Services (Municipal Court)

Legal Services (City Attorney's Office)



Utility Services

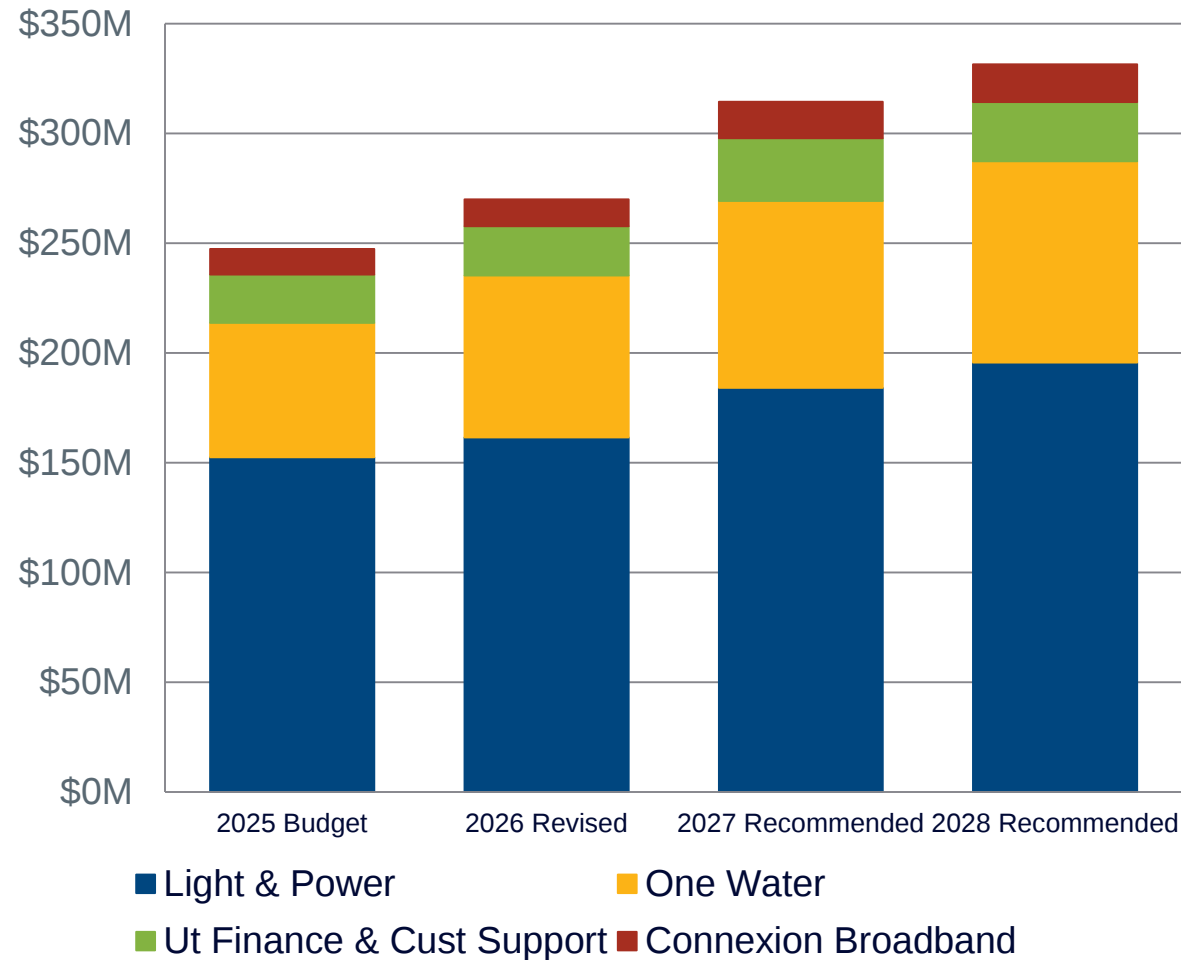
Light & Power

One Water (Water, Wastewater, Stormwater)

Utilities Customer Service & Administration (CS&A)

Connexion Broadband

Budget over time by department



Budget Highlights:

- Operational expense inflation from water main break emergency repairs (materials, personnel, frequency of breaks) from aging infrastructure
- Water treatment facilities significant chemical cost increases
- Light & Power wholesale purchased power rate increase (7.5% for 2027 & 2028)
- Capital improvement plan projects including increase in debt service expense

Utility Services – All Modifications to align budget

Utility Services Alignment Actions	Vacant FTE Reduced	2027	2028
Asset Management Analyst (1.0 FTE) reduced to hourly support	1	(\$0.1)	(\$0.1)
Sr Director One Water Integrated Operations (1.0 FTE)	1	(\$0.2)	(\$0.2)
Utilities Executive Director (1.0 FTE) repurpose Deputy City Manager (0.7 FTE)	1	(\$0.1)	(\$0.1)
Utilities Communications (3.0 FTE) repurpose to Utilities Business Technology		\$0.2	\$0.2
Energy Services Incentive Programs Reduction		(\$0.6)	(\$0.6)
Environmental Regulatory Affairs (ERA) Regulatory Program Offerings		(\$0.0)	(\$0.0)
ERA Stormwater Spill Response		(\$0.0)	(\$0.0)
Water Production Technical Services Hourly Position		(\$0.0)	(\$0.0)
Household Hazardous Waste Event		(\$0.2)	(\$0.2)
Operational Technology - SCADA Consulting Services		(\$0.0)	(\$0.0)
Water Source of Supply Seasonal Crew		(\$0.0)	(\$0.0)
Utilities Information Technology		(\$0.1)	(\$0.1)
Water Conservation Communication - Printing and Mailing Water Use Reports		(\$0.2)	(\$0.2)
Water Conservation Xeriscape Incentive Program (XIP) Grant Backfill Reduction		(\$0.1)	(\$0.1)
Water Production ISO 14001 Environmental Certification		(\$0.0)	(\$0.0)
Water Field Office (WFO) Floodplain Inspections (Seasonal Hourly)		(\$0.0)	(\$0.0)
Water Field Office (WFO) Mowing (Contractual)		(\$0.1)	(\$0.1)
Utility Services Total (\$M)	3	(\$1.7)	(\$1.8)

Utility Services – New Investments & Capital

Service Area	Capital Projects	2027	2028
Utility Services	One Water Capital Improvement Plan	\$29.8	\$32.1
	Light & Power Capital Improvement Plan	\$33.0	\$25.6
	Connexion 2027 and 2028 Capital Projects	\$8.0	\$0.0
Grand Total		\$70.8	\$57.6

- Utilities Capital Improvement Plan adjustments since May 2026 Work Session:
 - Mulberry Water Reclamation Facility Decommissioning / DWRF Improvements
 - Utilities Customer Information System (CIS)
 - Light & Power Midtown Substation
 - Connexion Capital Improvements (\$8.0M Intrafund Loan Electric & Telecommunications Fund)

Utilities Rate Increases		
	2027	2028
Light & Power	7.0%	7.0%
Water	15.0%	15.0%
Wastewater	10.0%	10.0%
Stormwater	5.0%	5.0%

- Rate scenarios discussed at Council Work Session, Finance Committee, Boards & Commissions.
- Recommended rates support Utilities Capital Improvement Plans including major projects:
 - Water Storage Project
 - Drake Water Reclamation Facility Preliminary Treatment
 - One Water Quality Lab
 - Light & Power Cable and Transformer Replacement
 - Light & Power PRPA Wholesale Power



RESIDENTIAL MONTHLY BILL COMPARISON

2026 to 2027

	2026 RATES	2027 RATES	% CHANGE	\$ CHANGE
 ELECTRIC 620 kilowatt-hours/month	\$90.22	\$96.54	7.0%	\$6.32
 WATER 7,000 gallons/month	\$49.46	\$56.88	15.0%	\$7.42
 WASTEWATER 3,300 gallons/month WQA	\$38.24	\$42.06	10.0%	\$3.82
 STORMWATER 8,000 sq.ft. lot, light runoff	\$25.97	\$27.27	5.0%	\$1.30
AVG. Utility Bill Total	\$203.89	\$222.75	9.3%	\$18.86



Questions? Utility Services

Light & Power

One Water (Water, Wastewater, Stormwater)

Utilities Customer Service & Administration (CS&A)

Connexion Broadband

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Questions?

2027 – 2028 Recommended Budget

Realignment Budget

The gap reflects both external pressures and deliberate choices to sustain community priorities and organizational resilience:



Costs of many goods and services rising faster than revenue



Making formerly ARPA-funded social services ongoing



Budgeting realistically for recurring costs such as snow removal



Investing in competitive employee compensation



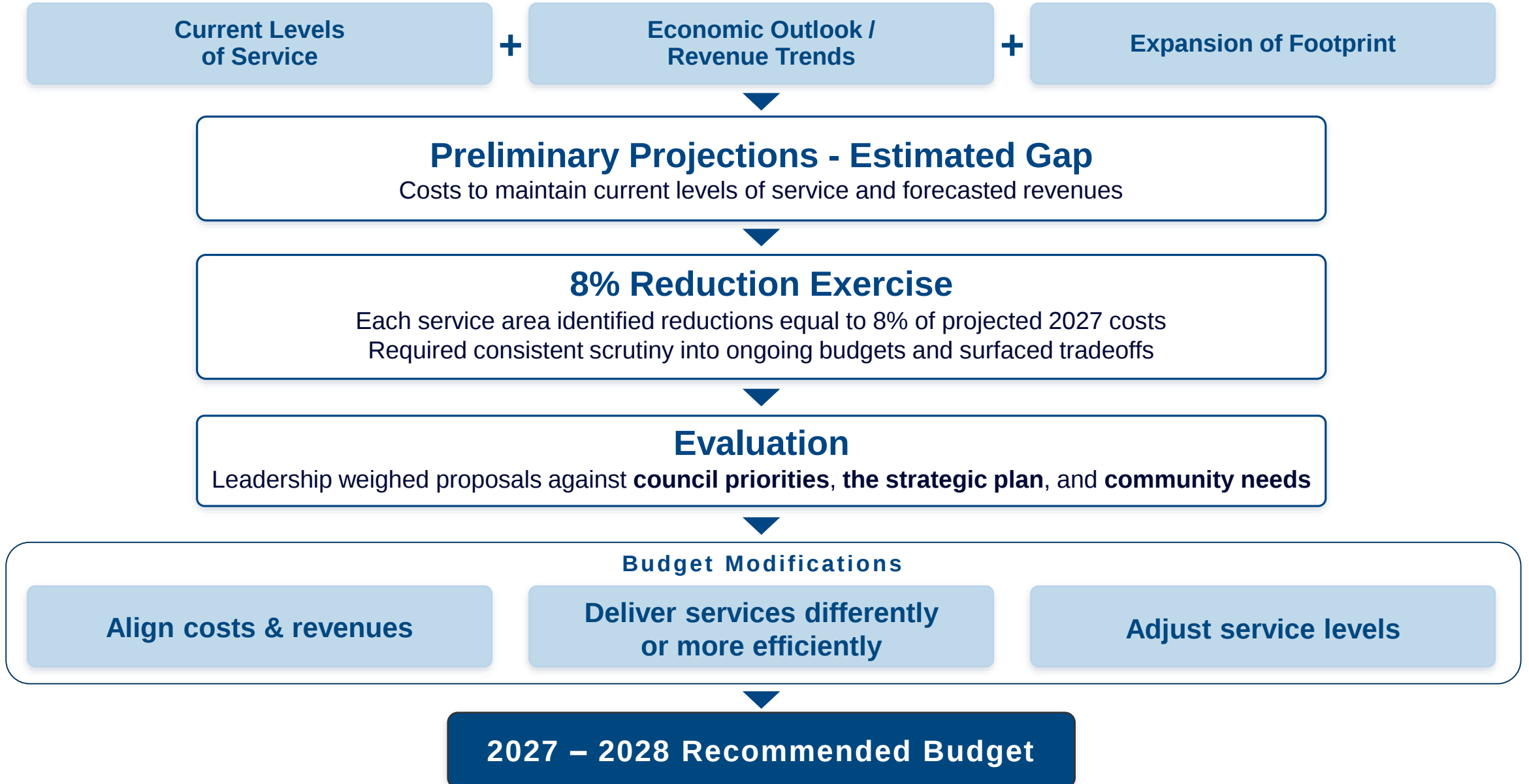
Supporting a growing community



Maintaining critical staffing in areas such as Police



Budget Development Process



Total and Net City Budget

	Adopted 2026	2027	% Change	2028	% Change
Operating	\$835.6	\$879.0	5.2%	\$862.1	(1.9%)
Debt	59.8	55.9	(6.5%)	59.6	6.7%
Capital*	680.4	104.4	29.8%	95.9	(8.2%)
Total City Appropriations**	975.8	1,039.2	6.5%	1,017.5	(2.1%)
Less					
Internal Service Funds	(109.5)	(119.9)	9.4%	(122.4)	2.1%
Transfer to Other Funds	(59.0)	(97.9)	66.0%	(84.3)	(13.9%)
GIDs	(0.3)	(0.4)	38.0%	(0.4)	0.3%
URAs *	(7.2)	(12.3)	72.2%	(12.8)	3.9%
DDA	(38.3)	(38.3)	0.0%	(38.3)	0.0%
Total	(214.3)	(268.8)	25.5%	(258.2)	(3.9%)
Net City Budget	\$761.5	\$770.4	1.2%	\$759.3	(1.4%)

\$172.0M

Total Capital in 2027 – 2028
Recommended Budget

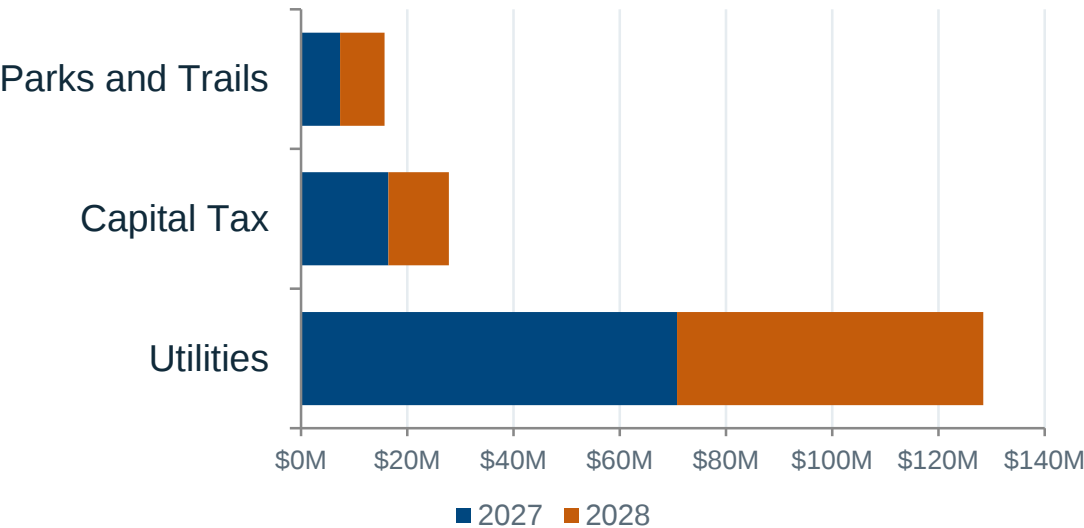
\$94.6M

2027 funding

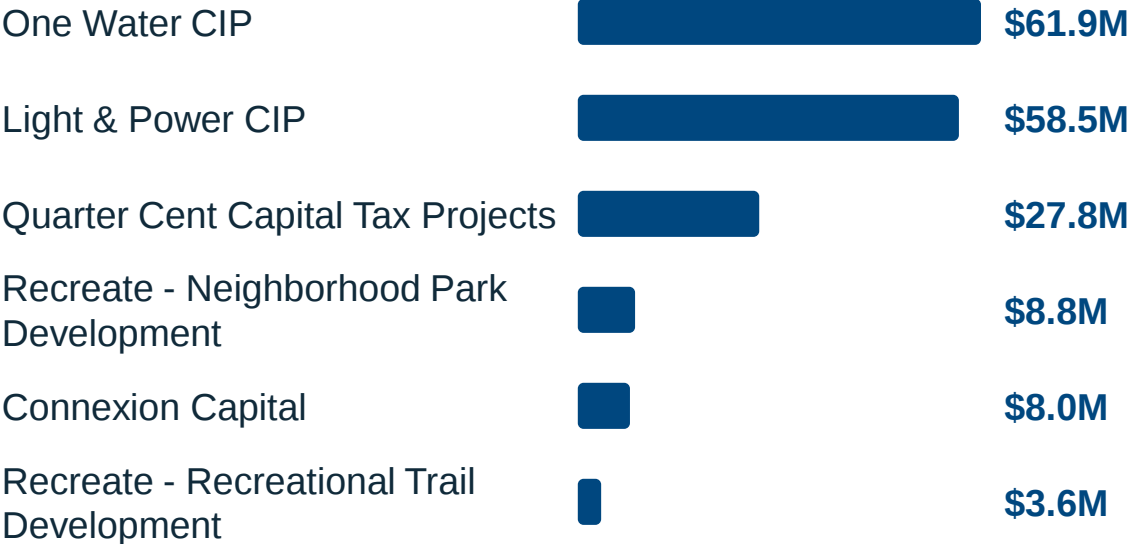
\$77.4M

2028 funding

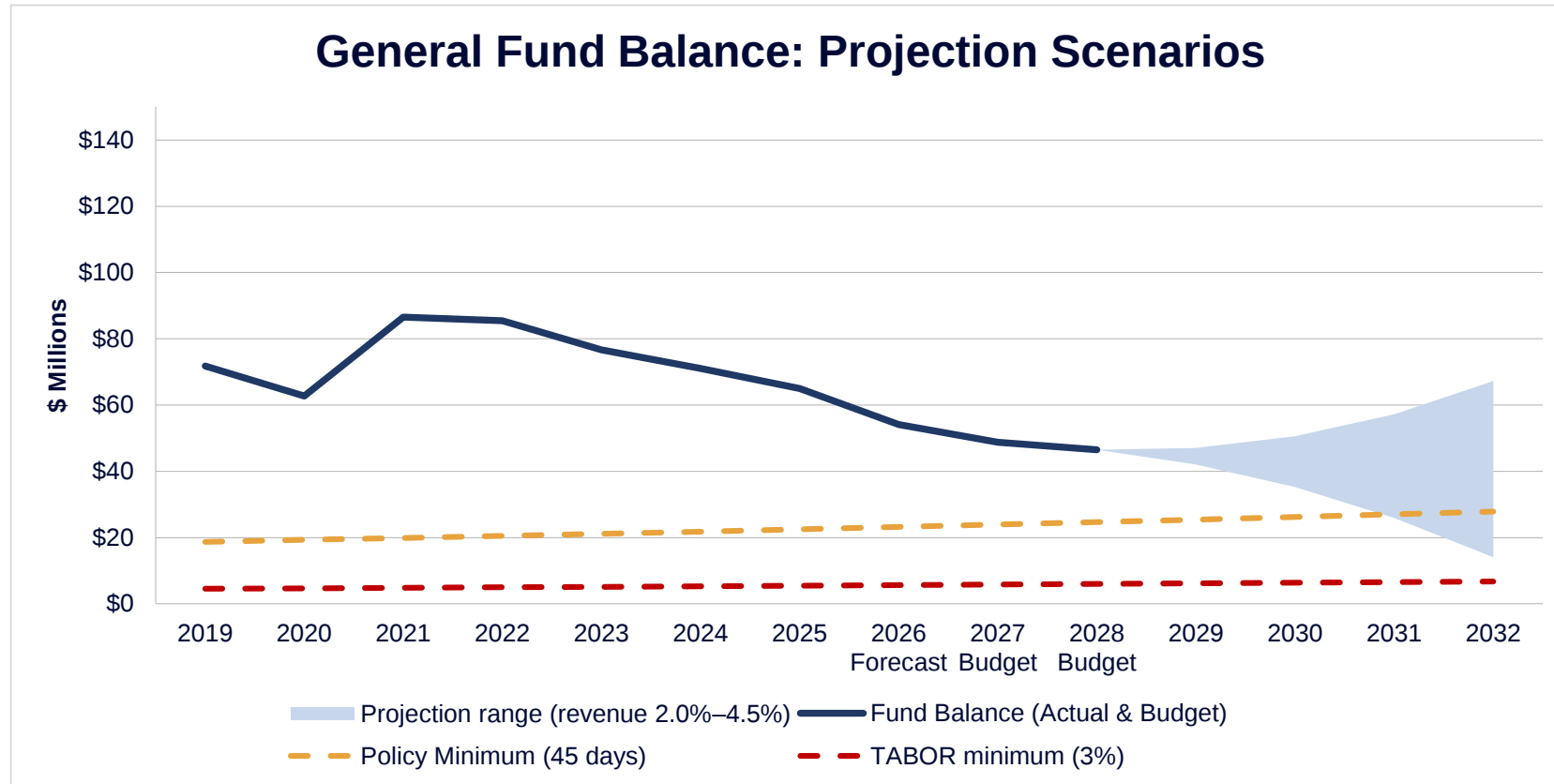
Capital by Area



Guiding Capital or Master Plans



General Fund Reserve Balance Outlook



- Assumes 10-yr average CPI growth of 3.1% for expenses
- Revenue scenarios between 2% (short-term budget assumption) and 4.5% (10-year average taxable sales growth)
- Fund balance project does not reflect assignments

\$1M

Align costs & revenues

Match sources and uses of funds more strategically with no change to level of investment or services provided.

- Dedicated funding paying for proportional labor costs
- Increased revenues, such as recreation, offsetting General Fund contributions

\$3M

Deliver services differently or more efficiently

Reduce costs through process improvements, innovation, and operational changes without significant service impacts.

- Consolidating vendors for similar services
- Insourcing training or studies
- Conversion of sworn position to civilian

\$6M

Adjust service levels

Intentional tradeoffs that reduce or delay services where necessary to keep the budget aligned.

- Reducing service frequency
- Holding budgets while footprint grows
- Prioritizing maintenance needs

Align \$1M

Deliver Services Differently \$3M

Adjust Service Levels \$6M

Areas with New Investment

Service Area	2027	2028
Community Services	\$1.0	\$2.9
Information & Employee Services	\$0.4	\$0.4
Transportation Services	\$0.9	\$0.5
Community Development, Housing & Sustainability	\$3.3	\$3.8
Police Services	\$0.6	\$0.6
Finance & Strategic Services	\$16.1	\$5.4
Legal Services	\$0.1	\$0.2
Connexion (Broadband)	\$0.3	\$0.8
Subtotal - Unrestricted Ongoing General Fund	\$1.0	\$1.1
Subtotal - Other	\$21.8	\$13.6
Grand Total (\$M)	\$22.8	\$14.7

Other Funding Requests Considered

	2027	2028
Facilities capital asset management (HVAC & roofs)	\$6.45M	\$3.13M
Sales tax & licensing software	\$1.4M	\$0.65M
Accelerating facility improvements	\$0.6M	\$0.6M
Emerging Council priority work*	—	—
Total additional considerations	~\$8.5M	~\$4.4M

- Opportunity to advance funding from anticipated 2026 year-end reserve availability
- Recommended Budget includes \$2M placeholder for Form-based code work or other sustainable growth funding in 2027

30.75

vacant FTE eliminated

currently authorized but unfilled

~ 15.75

net FTE reduction by 2028

after new & redeployed positions

2027: 4%

2028: 3%

wage adjustment funding

Rely on existing vacancies and anticipated normal turnover during 2027 rather than layoffs

- A hiring freeze created additional vacancies, further supported by ongoing organizational reprioritization
- Hourly position impacts vary by department

Continue to invest in talent through wage adjustment funding equivalent to 4% of the eligible wage base in 2027 and 3% in 2028.

- 2.5% across-the-board wage adjustment for eligible employees; 1.5% reserved for performance-based and other targeted adjustments in 2027
- Benefits expense also increasing faster than inflation/revenue