



**CITY COUNCIL
WORK SESSION
MEMORANDUM**

TO: Matthew R. Schmitz, MPA - City Manager

FROM: Susi Lampe, CMC, IaCMC, IaCFO – Assistant City Manager/City Clerk/Treasurer

DATE OF MEETING: February 17, 2026

ITEM TITLE: Department Operating Budgets

DISCUSSION:

These are the proposed operating budgets for all departments. Please note that the CIP account lines may show up, as this is how the report format was set up. The day-to-day operations will be discussed during the meeting.

As we went through this budget process this year to prepare an initial draft, at the direction of the City Manager, staff were asked to include the items needed to operate their departments, even if that meant increasing budget authority for individual line items, etc. As the City Manager met with Department Heads, he also reminded all Department Heads that due to the changes made at the State Level related to property taxes, there was a very high likelihood that these amounts would need to be decreased to align with expected revenues for FY2027.

After discussion at the February 2, 2026, Work Session, Department Heads worked to reduce expenses, and the City Manager and Assistant City Manager worked to determine how we could increase revenues to support the General Fund.

After extensive work on the budget, we have reduced the General Fund shortfall identified during the initial Work Session of \$690,115 to \$124,459. This was completed by reductions in budgets, as shown below, but also by the movement or removal of some CIP items that were to be funded by LOSST dollars, so that those funds can be transferred to the General Fund to supplement it. Without the LOSST funding, we would need to make much more drastic reductions and cuts.

Below is a table that shows the FY2026 Budgeted Amount for each Department, the FY2027 Initial Proposed Budget amount, and the FY2027 Revised Proposed Budgeted amount. These are ONLY for operating expenses and do not include Employee Benefits or CIP for each department (except those denoted with an *).

Department Name	FY2026 Budgeted	FY2027 Initial Proposed Budget	FY2027 Revised Proposed Budget
Airport	\$341,028.00	\$380,935.00	\$361,694.00
Animal Control	\$500.00	\$600.00	\$600.00
Building Codes	\$110,981.00	\$119,938.00	\$113,454.00
City Admin	\$652,010.00	\$676,214.00	\$675,309.00
Fire	\$484,732.00	\$660,970.00	\$545,534.00

Department Name	FY2026 Budgeted	FY2027 Initial Proposed Budget	FY2027 Revised Proposed Budget
Garbage	\$690,064.00	\$706,944.00	\$708,824.00
Library	\$474,789.00	\$512,711.00	\$501,950.00
Parks & Recreation	\$1,349,327.00	\$1,496,864.00	\$1,394,663.00
Police	\$1,375,533.00	\$1,448,216.00	\$1,435,983.00
Streets	\$857,530.00	\$892,410.00	\$923,842.00
Storm Water*	\$353,318.00	\$270,151.00	\$269,968.00
Utilities* **	\$3,834,679.00	\$4,036,954.00	\$4,030,125.00

* behind Department Name denotes departments that include Benefits and CIP in the totals listed.

** This now includes Water.

Salaries were adjusted to a 4% pool as directed by Council from the February 2, 2026, Work Session.

RECOMMENDATION:

Staff recommends discussion of this topic. No action is needed at this meeting, as any decision items needed would be brought forward to a City Council meeting for approval.