



## CITY COUNCIL WORK SESSION MEMORANDUM

**TO:** Matthew R. Schmitz, MPA - City Manager

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

**DATE OF MEETING:** January 20, 2025

**ITEM TITLE:** Department Operating Budgets – FY 2026

### 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 we met with Department Heads, the City Manager 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 FY2026. Those modifications will still need to be made, but the City Manager wanted to put a budget that truly shows what is needed for all departments in front of the Council for discussion with the clear understanding that cuts will be required. As he has stated before, the goal for this year's budget process is to get the General Fund to balance, so that no funds are being removed from the General Fund – but no funds are being deposited to build the reserve either.

Below is a table that shows the FY2025 Budgeted Amount for each Department, the FY2024 amount expended, and the proposed FY2026 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	FY2024 Expended	FY2025 Budgeted	FY2026 Proposed Budget
Airport	\$250,785.75	\$297,112.00	\$334,928.00
Animal Control	\$2,324.99	\$1,000.00	\$500.00
Building Codes	\$90,287.54	\$103,953.00	\$111,706.00
City Admin	\$514,945.97	\$673,525.00	\$804,337.00
Fire	\$373,844.23	\$438,666.00	\$624,693.00
Garbage	\$624,527.73	\$667,466.00	\$690,064.00
Library	\$450,015.46	\$435,476.00	\$477,691.00
Parks & Recreation	\$1,196,128.29	\$1,183,480.00	\$1,411,103.00
Police	\$1,275,403.92	\$1,311,830.00	\$1,485,628.00
Streets	\$596,190.58	\$771,807.00	\$836,368.00

Storm Water*	\$17,593.45	\$300,638.00	\$289,496.00
Utilities*	\$2,602,676.39	\$2,121,482.00	\$1,694,716.00
Water*	\$907,954.16	\$1,366,192.00	\$1,663,243.00

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

**It should be noted that as staff developed the budget for FY2026, we included a 5% projected increase in salaries across the board.** As has been shared with Department Heads in meetings, this will very likely be reduced after additional discussion with the Council on how they would like to move forward—whether that's with Merit-Based increases or a straight across-the-board increase for FY2026.

**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.