

To: Common Council

From: Administrator Casey Bradley and Finance Director Kaitlyn Krueger

RE: 2026 Proposed Budget (Update 10/13/2025)

As previously discussed during the first Committee of the Whole meeting on September 15th, there were quite a few items still outstanding for budget compilation. The following list details the major items that have been adjusted from the preliminary budget to the proposed budget.

Health/Dental Insurance Rates

The insurance rates have been finalized based on guidance from the City's insurance broker, USI, for 2026. The final 2026 rate increase for health insurance is 9.20% and dental insurance is 13.87%. All budgets with health insurance or dental insurance lines have been adjusted accordingly.

General Fund

Property Tax Levy _____ **Budget Impact: \$42,493**

Account #: 101-411100

The tax levy that was previously allocated to the Transit Fund in place of CDBG grant funding has been reallocated to the General Fund budget for balancing purposes.

Interfund Transfers In _____ **Budget Impact: \$25,000**

Account #: 101-492000

The Wastewater Utility is charged an internal transfer fee for the support that is received from the General Fund on an annual basis. This amount has remained the same since 2010. This adjustment matches the facility cost that is currently being charged to the Motor Vehicle Department of \$125,000 in consideration for the overhead amounts for staffing and vehicle storage.

Department of Transportation – Highway/Road Aids _____ **Budget Impact: -\$345,410**

Account #: 101-435310 & 101-435360

The notices from the Department of Transportation were received shortly after the preliminary budget was published. There was a decrease in the anticipated amount of Connecting Highway and State Transportation Aids.

CVMIC Grant**Budget Impact: -\$3,000**

Account #: 101-437005

Due to population fluctuating below 50,000 residents, the City has been changed from a large municipality to medium-sized municipality at CVMIC. This results in a decrease in the safety grant from \$10,000 to \$7,000.

Parks – Utilities**Budget Impact: -\$26,425**

Account #: 101520-555100

Adjustment made due to the historical trends that have been recognized of the actual usage of utilities within the Parks facilities.

Streets Maintenance – Street Maintenance & Repair**Budget Impact: - \$194,000**

Account #: 101331-553100

To better account for projects meeting the capital asset definition, the costs associated with resurfacing projects meeting the capitalization threshold have been moved to the Capital Fund. This had resulted in a duplicate amount in the General Fund. These projects remain budgeted within the Capital plan and are anticipated to be completed during 2026.

During the September Committee of the Whole meeting, the list of projects was discussed. For clarity, the following projects are anticipated to be completed in-house during next year's road program:

- Mehrtens Avenue (N 15th to End)
- Prospect Avenue (N 2nd to N 3rd)
- Lake Court (2nd to Barrett)
- North Point Drive / North Point Court
- 15 various pavement repair projects

Public Works Staffing Adjustment**Budget Impact: Dept Specific**

Various Salary/Benefit Lines (Org Codes 101310, 101331, 101520 & 101695)

Adjustments to positions primarily based on Bold Path study.

Ambulance Revenue**Budget Impact: \$82,474**

Account #: 101-462300

The City will be receiving an annual amount from the Federal government to offset some of the costs associated with Medicare trips. This is an estimate of the additional revenue that will be recognized, not previously accounted for in the budget.

Transit Fund

Move Revenue from Tax Levy to CDBG Grant **Budget Impact: \$0**

Account #: 651-411100 & 651-433300

This is a net neutral change on the expense side of the Transit Fund. When the budget was originally being prepared, there was a cut to the Federal CBDG spending. This change decreased the Property Tax Levy line and increased the HUD Subsidy line by the same amount of \$42,493. The available property tax levy was reallocated to the General Fund for balancing.

TID Funds

TID Tax Increment **Budget Impact: TID Specific**

Account #: Object Code 411200

All TID funds were updated to reflect the anticipated increment collected with the estimated assessed tax rate and assessment valuations.

Removal of Land Purchase (TID 18) **Budget Impact: \$4,000,000**

Account #: 418660-621100

The City does not anticipate the need for the land purchase in TID 18 in 2026. The expense and associated debt proceeds have been removed.

Removal of Site Clean-Up Costs (TID 21) **Budget Impact: \$2,500,000**

Account # 421660-531100

The City anticipates finishing the Mayline site clean-up during 2025 and the line item was previously carried forward to 2026 budget.

Outstanding Budget Items

The following items are still outstanding as of the finalization of this memo:

- 1) Finalization of Wastewater User Fees and budget
- 2) State– Department of Revenue release of Manufacturing assessed values

Estimated Tax Rate

The tax levy for 2026 increases by \$747,937 or 2.55% compared to 2025. The estimated tax rate is expected to decrease by 5.62% to \$6.2507 per \$1,000 of value. Of this amount, the net new construction attributes to 1.07% of the allowable increase ([DOR 2025 Net New Construction](#)).