



Office of the Town Manager
Frank Cassidy

Warrenton Town Council
Carter Nevill, Mayor
Roy Francis, Ward 1
William Semple, Ward 2
Larry Kovalik, Ward 3
Michele O'Halloran, Ward 4
Eric Gagnon, Ward 5
Paul Mooney, At Large
David McGuire, At Large

STAFF REPORT

Council Meeting Date:	March 11, 2025
Agenda Title:	Proposed Budget Discussion
Requested Action:	Discussion and feedback for the FY 2026 proposed budget
Department / Agency Lead:	Finance
Staff Lead:	Brooke Campbell, Budget Manager

EXECUTIVE SUMMARY

Staff is seeking input from council for the FY 2026 proposed budget, which is required to be delivered on or before April 1, 2025. The proposed budget must be balanced, meaning that current revenues must cover the proposed operating expenditures.

BACKGROUND

Review of items provided for the last council meeting:

Several attachments were provided as part of the February council meeting packet and are attached here again for reference.

Preliminary Combined Budget Summary: This attachment shows the preliminary FY 2026 budget figures. Current revenues fall short of operating expenditures by \$799,667 for the General Fund.

Based on council's direction, staff will adjust these figures to produce the FY 2026 proposed budget.

Attachment 1 – Outside Funding Overview: Staff is seeking input from council on what level of funding for these items council would like to see in the proposed budget. The attachment provides details on past levels of funding and FY 2026 requests.

Attachment 2 – Legal Expenses: Staff is seeking input from council on anticipated legal expenses for FY 2026. The attachment provides details on spending year to date.

Attachment 3 – Real Estate Bill Examples: Staff is seeking input on how council would like to balance the FY 2026 proposed budget. An increase on the real estate tax rate is one potential method to do so.

Attachment 4 – Example of Possible Sanitation Fee: Staff is seeking input on how council would like to balance the FY 2026 proposed budget. The addition of a new fee is one potential method to do so.

Attachment 5 – General Fund Capital and Maintenance Projects: Staff is seeking input from council on capital projects for the FY 2026 proposed budget. General Fund capital projects will be funded by the issuance of debt.

General Fund:

Staff is required to deliver a balanced FY 2026 proposed budget to council on or before April 1, 2025. Preliminary figures summarized in the Combined Budget Summary attachment project an operating deficit of \$799,667 in the General Fund.

The Town Manager has reviewed departmental budget requests and has concluded that any additional reduction in the General Fund operating budgets will result in the reduction of services.

Staff has identified methods through council can increase revenue in the General Fund:

Addition of a sanitation fee

The addition of a sanitation fee would generate an estimated \$700,000 in revenue. Figures presented in Attachment 4 are approximate. If council wishes to explore this option, the finance department will work with public works to refine the figures for the proposed budget.

Increase to real estate tax rate

Each \$0.01 increase on the real estate tax rate will provide an estimated \$200,000 in additional revenue for the General Fund.

Combination

Council may elect to use a combination of the above approaches. For example, the addition of the sanitation fee and a \$0.01 cent increase on the real estate tax rate would provide enough revenue to balance the FY 2026 proposed budget.

Water and Sewer Operating and Capital Funds:

FY 2026 is year three of rate increases as prescribed by the Water and Sewer rate study. The rate increase in FY 2026 will allow the Water and Sewer operating fund to transfer approximately two million dollars to the Water & Sewer Capital Fund for cash funding of capital projects. Attachment 6 - Water & Sewer Income contains a slide from our auditor's December presentation that illustrates the impact of rate increases on the Water & Sewer Fund's operating income. Without the income generated from rate increases, the Water & Sewer Fund would be required to take on increased debt to fund these critical capital projects.

Stormwater Management Fund:

This is an unfunded mandate from the State. This fund is stable and is projected to remain flat when compared to FY 2025.

STAFF RECOMMENDATION

Staff requests that council provide feedback on the preliminary figures to guide the development of the FY 2026 proposed budget.

ATTACHMENTS

Preliminary Combined Budget Summary
Attachment 1 – Outside Funding Overview

Attachment 2 – Legal Expenses

Attachment 3 – Real Estate Bill Examples

Attachment 4 – Example of Possible Sanitation Fee

Attachment 5 – General Fund Capital and Maintenance Projects

Attachment 6 - Water & Sewer Income